FMO Privium
IMPACT FUND

ANNUAL REPORT

FMO Privium Impact Fund

Year ended 31 December 2018

The difference is the impact

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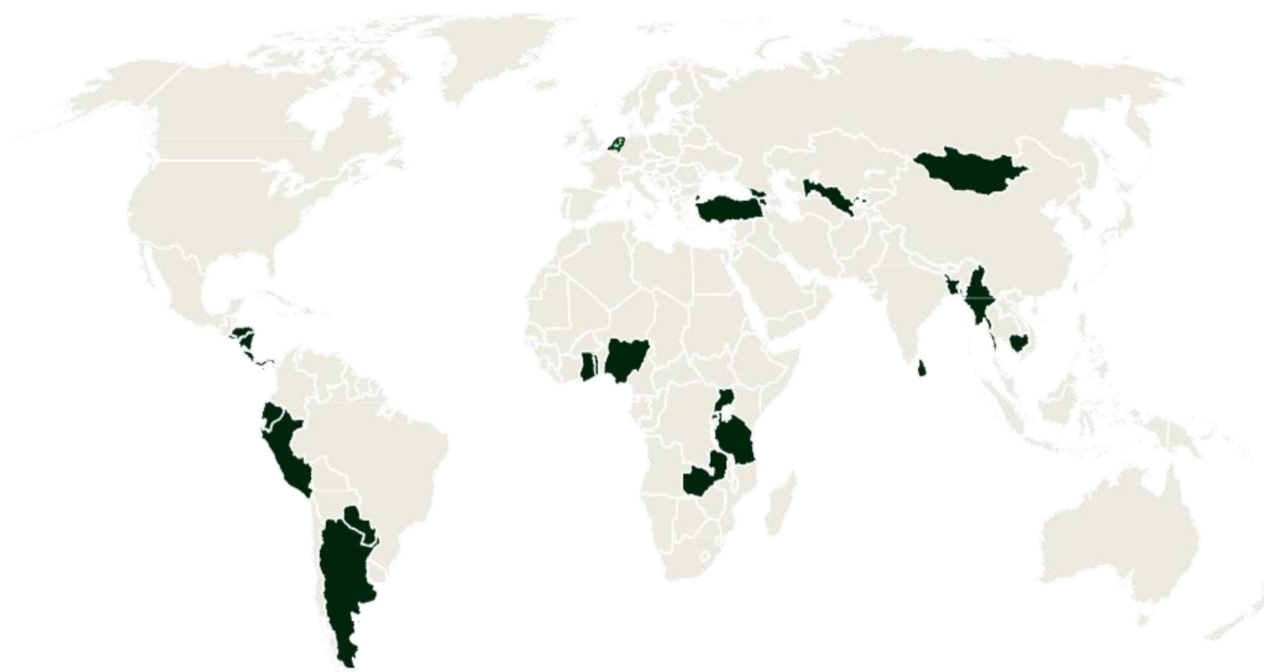

General information

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FMO Privium Impact Fund
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The Netherlands

Legal Owner
Stichting Juridisch Eigendom FMO Privium Impact Fund
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Banque Heritage SA
61 Route de Chêne
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Key figures

		2018	2017	2016[1]
Total for the Fund		**2018**	**2017**	**2016**
Net Asset Value at 31 December	USD	130,883,698	76,342,756	44,296,69
Number of outstanding units at 31 December		1,163,926.969	656,701.2045	426,100.0000
Investment result				
Direct result	USD	5,623,079	8,002,912	(911,262)
Revaluation	USD	(5,094,980)	(3,169)	73,693
Costs	USD	(1,567,968)	(986,904)	(305,993)
Total investment result for the period	USD	(1,039,869)	7,012,839	(1,143,562)

Investment result per unit[2]				
Direct result	USD	4.83	12.19	(2.14)
Revaluation	USD	(4.38)	(0.01)	0.17
Costs	USD	(1.34)	(1.50)	(0.71)
Total investment result per unit	USD	(0.89)	10.68	(2.68)

Total for the Fund – Impact	**2018**	**2017**	**2016**
Number of jobs supported	23,459	12,324	6,705
Greenhouse gas avoided (tCO2eq)	15,604	8,855	1,320
Number of SME loans	710	457	293
GWh electricity produced per annum	36.54	16.31	8.24
People served	40,645	17,522	8,057

General overview at 31 December	**2018**	**2017**	**2016**
Number of loans on the portfolio	56	32	18
Average exposure per loan (in USD)	2,247,459	2,104,475	2,243,401
Average maturity of the loans (years)	5.75	8.02	7.68
Average interest margin of the portfolio (bps)	486	480	515
Number of countries	26	21	15
Total number of loans in the portfolio, since launch	59	33	18
Total exposure in FMO loans	117,660,765	68,160,424	39,360,043
Total provision on the loans in the portfolio	1,250,000	n/a	n/a
Percentage of loans in the portfolio, denominated in USD	100%	100%	100%

[1] The results cover the period from commencement of operations of the Fund at 20 June 2016 through 31 December 2016.

[2] The result per unit is calculated using the total number of outstanding unit as per the end of the period.

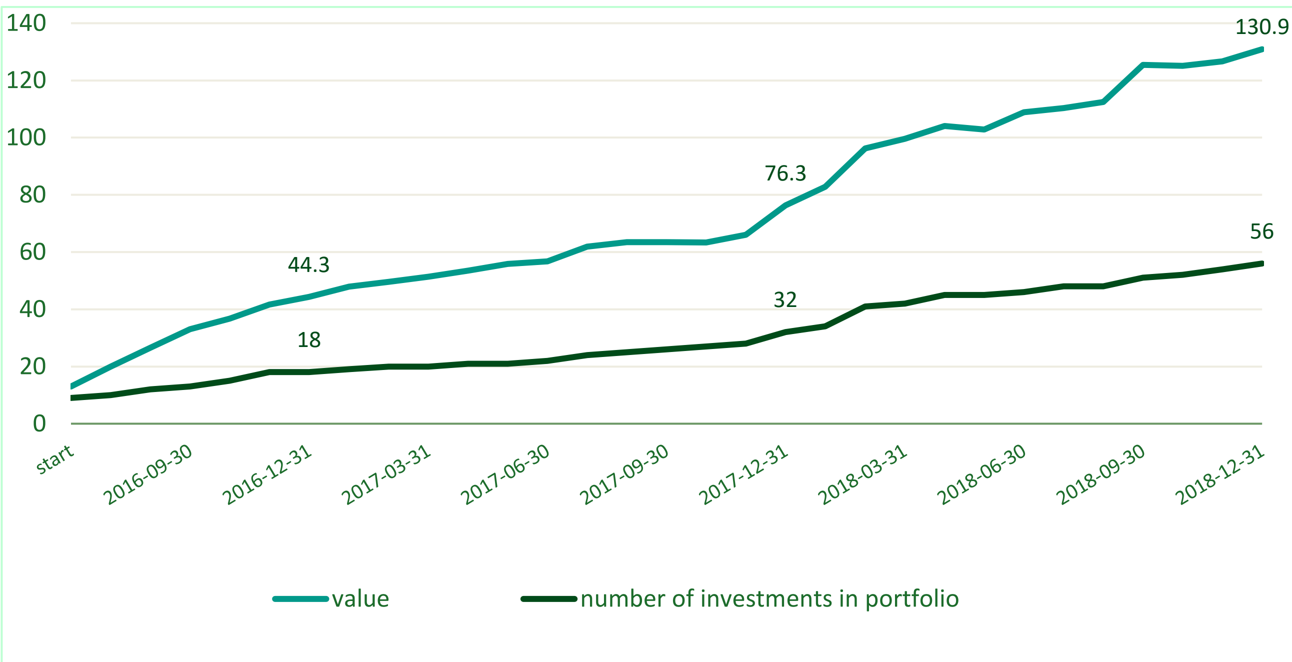
Class A (USD)				
Net Asset Value at 31 December	USD	44,895,436	18,454,668	14,523,695
Number of outstanding units at 31 December		*409,586.9676*	*174,893.3024*	*143,000.0000*
Net Asset Value per unit at 31 December	USD	109.61	105.52	101.24
Performance for the year		3.88%	3.89%	1.56%
Class B (EUR)				
Net Asset Value at 31 December	EUR	56,335,841	48,177,337	28,301,331
Net Asset Value at 31 December	USD	64,611,576	57,836,893	29,773,000
Number of outstanding units at 31 December		*567,489.0000*	*481,389.0000*	*283,100.0000*
Net Asset Value per unit at 31 December	EUR	99.27	100.08	99.77
Dividend distribution per unit	EUR	2.0112	2.0184	1.0078
Performance for the year		1.20%	2.13%	0.99%
Class F (EUR)				
Net Asset Value at 31 December	EUR	106,766	42,644	n/a
Net Asset Value at 31 December	USD	122,450	51,194	n/a
Number of outstanding units at 31 December		*1,036.2812*	*418.9021*	n/a
Net Asset Value per unit at 31 December	EUR	103.03	101.80	n/a
Performance for the year		1.21%	1.80%	n/a
Class I-A (EUR)				
Issue date August 1, 2018				
Net Asset Value at 31 December	EUR	16,750,041	n/a	n/a
Net Asset Value at 31 December	USD	19,210,622	n/a	n/a
Number of outstanding units at 31 December		167,785.6164	n/a	n/a
Net Asset Value per unit at 31 December	EUR	99.83	n/a	n/a
Performance for the year		-0.17%	n/a	n/a
Class I-D (EUR)				
Issue date August 1, 2018				
Net Asset Value at 31 December	EUR	1,781,859	n/a	n/a
Net Asset Value at 31 December	USD	2,043,614	n/a	n/a
Number of outstanding units at 31 December		18,029.1044	n/a	n/a
Net Asset Value per unit at 31 December	EUR	98.83	n/a	n/a
Dividend distribution per unit	EUR	0.9967	n/a	n/a
Performance for the year		-0.17%	n/a	n/a

Report of the AIFM

Introduction

In June 2016, Privium Fund Management B.V. launched the FMO Privium Impact Fund ("the Fund") in close cooperation with FMO Investment Management B.V. as investment advisor (Delegate) and the clients of ABNAMRO MeesPierson as exclusive investors. During 2017 the Fund opened up to the employees of FMO via the F-share class, but remained closed to other investors. This changed during the course of 2018 with the launch of two new Euro denominated share classes, both referred to as I-class with a distinction between an Accumulating and a Distributing characteristic. The fund is currently registered in The Netherlands, Switzerland, the UK, Spain, France and Luxembourg. As of March 1 2019, the fund will have two more share classes available referred to as the U-A and U-D classes which are USD denominated.

By the end of 2018 the fund participated in 56 loans worth over USD 130.9 million. Whereas at year-end 2017 the number of loan participations was 32 representing USD 76.3 million worth of investments.



The majority of the Fund's value still comes from subscriptions in the Class B-shares (EUR) which remains exclusively available for ABNAMRO MeesPierson clients.

The year in summary

At December 31, 2017 the Fund portfolio was made up of 32 loan participations worth USD 76 million. During the year 2018 the inflow per month was on average USD 5.1 million. Combined with repayments and interest payments a total of USD 82.1 million was available for investment. Herewith a total number of 27 investments were made in 2018.

During 2018 the Fund Manager has taken two provisions on one of the underlying loan participations of the Fund. In total 50% was provisioned on the outstanding principal loan amount. In the August 2018 we took a first provision of 25% and in November 2018 we took a second provision of an additional 25%. This is the first situation where provisions had to be taken since the inception of the Fund in June 2016. The total contribution of the total provision on the Net Asset Value of the Fund has been -1.07%. FMO continues to be in close consultation with the company and other creditors. Discussions are pending regarding a possible restructuring. We are monitoring the progress closely and we will update investors when there are important developments accordingly.

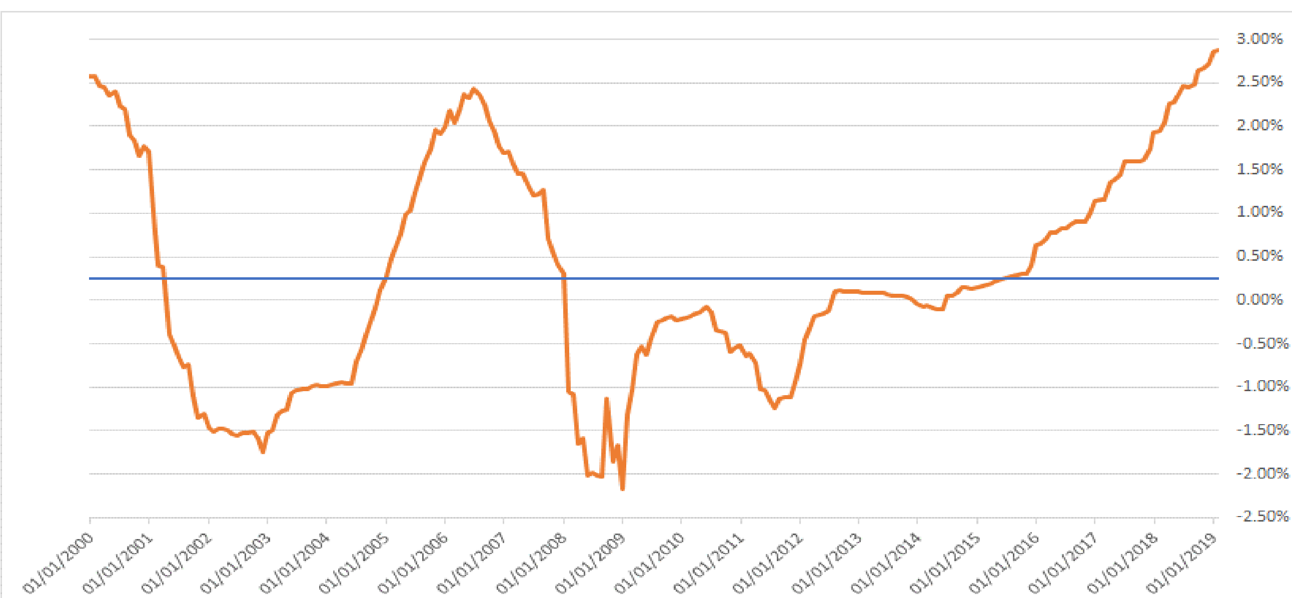
FMO continues to be in close consultation with the company and other creditors. Discussions are pending regarding a possible restructuring. We are monitoring the progress closely and we will update investors when there are important developments accordingly.

The gross interest income from the loan participations as of December 31, 2018 stood at 6.07% which is a little below expectations. This is primarily due to the first provisions the Fund had to take since its inception.

The two new I-classes were invested in as of August of 2018. As mentioned above there is one significant difference between the new I-classes which is that the I-A class accumulates all value versus the I-D class which will be distributing dividend annually when applicable.

During the reporting year, the Fund was registered in Switzerland, the UK, Spain, France and Luxembourg making it possible for investors from these countries to invest in the Fund as well. In compliance with local Swiss legislation the Fund has appointed Hugo Fund Services S.A. as its Swiss Representative and Banque Heritage S.A. as the Swiss Paying Agent. In Switzerland shares shall be distributed exclusively to qualified investors.

As all FMO loans in the portfolio are denominated in USD and most participants are Euro investors who are invested in a EUR hedged share class, we have hedged the USD exposure to EUR for class B (EUR), Class F (EUR), Class I-A and Class-I-D so that investors in these share classes are not exposed to movements in the EUR/USD exchange rate. In 2018 the USD appreciated over 4.5% vs the EUR. The hedging expenses were high due to the Interest Rate Differential between Euribor and Libor. Interest rates are substantially lower in the Eurozone when compared to the US where the FED has raised interest rates on a number of occasions. The Interest Rate Differential is effectively a cost component for the Fund.



From January 1, 2018 to December 31, 2018 the net returns of Class A, Class B and Class F were (including dividends for Class B):

Class A (USD)	3.88%
Class B	1.20%
Class F	1.21%

The inception date of Class I-A and Class I-D was August 1, 2018. The net return for these share classes between August 1, 2018 to December 31, 2018 were (including dividends for Class I-D) :
Class I-A - 0.17%
Class I-D - 0.17%

During 2018, the Fund performed well in terms of its various impact indicators such as 'number of jobs supported' and 'greenhouse gas avoided per year'. Just as we did last year, we present numbers about the development of the impact and numbers per invested million. More information on what these numbers are and represent can be found in the final section of this Fund Manager report. As the Fund aims to have both impact and a financial return we have deemed it fitting for the impact figures to have a place in the key figures of this annual report as well.

Portfolio overview and risk diversification

Until 2017 the Alternative Investment Fund Manager ("AIFM" – or 'Beheerder') aimed for participation amounts of USD 1.5 million per selected FMO loan in order to build and maintain the desired level of diversification. As of April 2018 the total Fund value surpassed USD 100 million allowing for slightly larger participations of USD 3.0 million per selected FMO loan.

During the reporting year the Fund's Investment Committee decided positively on fifteen different FMO loans and increased exposure on three FMO Loans where the Fund already held a participation. As a result of this approach the average participation amount at year-end was just under USD 2.5 million. The average outstanding participation amount stood at USD 2.2 million as per year end.

In addition to diversifying across eligible FMO loans, we have also continued to diversify the Fund's assets across sectors and geographies. We believe this results in risk diversification as well as deliver a stronger financial and social return.

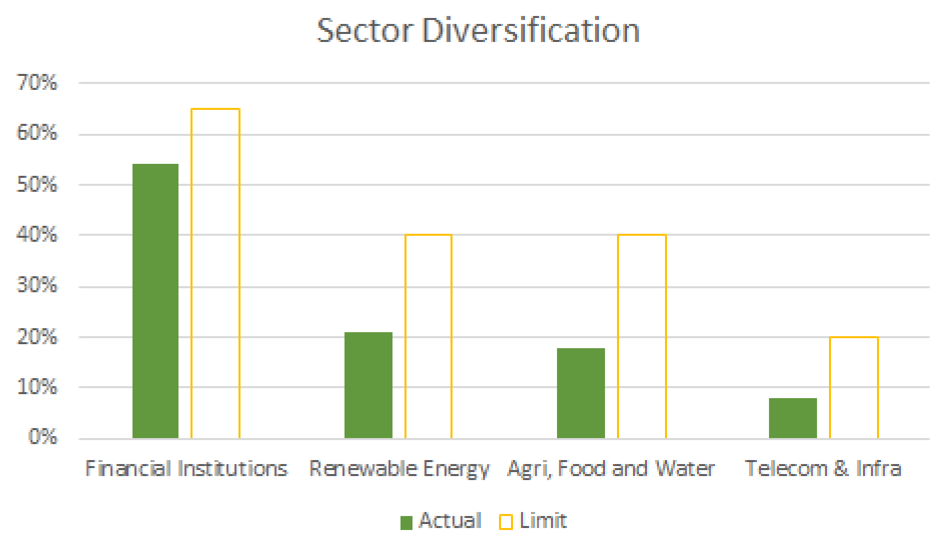
Since 2017 the Fund investment restrictions for sector and geographic concentration at Fund level are active and have been complied with. During the reporting year the Fund remained well within these concentration limits as can be seen in the next paragraph.

During the course of 2018, we have updated the prospectus and made some changes to the sector concentration limits following FMO's focus on its three key sectors. This included the following amendments:
1: The maximum concentration limit in Financial Institutions to be increased from a maximum of 60% of the Committed and Invested Amount to a maximum of 65% of the Committed and Invested Amount.
2: The maximum concentration limit in the Agribusiness to be increased from a maximum of 30% of the Committed and Invested Amount to a maximum of 40% of the Committed and Invested Amount.

Sector diversification

The Fund aims to diversify across four sectors – Financial Institutions, Renewable Energy, Agribusiness and Telecom Infrastructure. In 2017 FMO adjusted its corporate strategy to apply further focus towards its three core-sectors: Financial Institutions, Renewable Energy and Agribusiness, Food & Water. FMO believes that this is where it can make the best investments for both impact and profit. This increased focus means that FMO no longer pursues new loans in the Telecom Infrastructure sector.

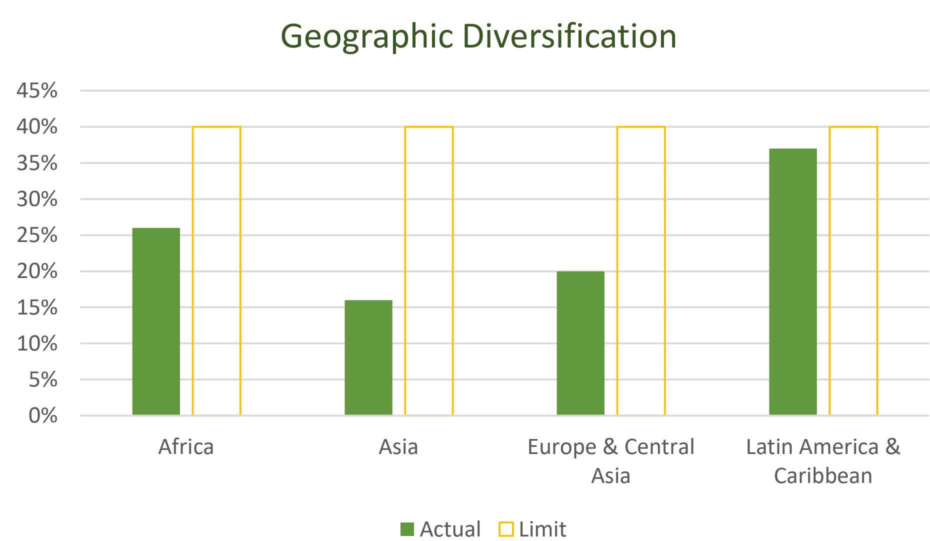
The graph below shows the actual sector diversification as of December 31, 2018 versus the Fund's limits. Diversification is well within the limits and in 2019 we will look to further diversify the portfolio towards underrepresented sectors subject to FMO Loans being available for participation.



Geographic diversification

Similar to 2016 and 2017, the pipeline of available and eligible FMO Loans in 2018 contained a relatively large number of projects with attractive impact characteristics and good risk/return profiles in the Latin America & Caribbean region, which meant that the high exposure of the Fund to this region was maintained throughout 2018. Our goal for 2019 will continue to be growth of the portfolio in the other three regions: Africa, Asia and Europe & Central Asia, but we acknowledge the fact that this is driven by FMO deal flow.

The graph shows the actual geographical diversification as of December 31, 2018 versus the Fund's limits.

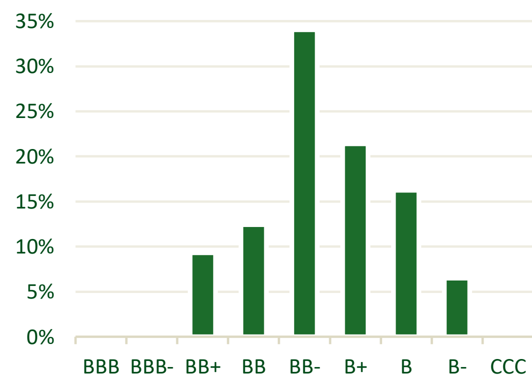


Currency diversification

On December 31, 2018, the entire portfolio consisted of USD denominated loans. The Fund's participations were selected from the pipeline of eligible FMO loans, which only includes USD or EUR denominated loans. Loans provided by FMO in local currency are not eligible for the Fund. Over 90% of the FMO pipeline of eligible loans is made up of USD denominated loans with only a limited number of EUR denominated loans. It is therefore not surprising that the current portfolio fully consists of USD denominated loans.

Risk diversification

Diversification across risk classifications is based on the risk assessment and risk ratings of the FMO Loans in which the fund invests. The classifications are derived from FMO's risk-rating model – a model that gives risk classifications to FMO projects and clients on the basis of approximately twenty variables. The model was established in collaboration with Moody's and, despite the fact that the risk ratings are an internal risk assessment by FMO, the classifications can be translated into Moody's credit scores. The graph provides the risk rating breakdown of the Fund as of December 31, 2018. It shows the same normal distribution when compared to FMO's risk diversification taking into account the potentially eligible transactions.



Limits for individual fund investments

In addition to sector limits and regional limits, the Fund's participations are also subject to individual limits:

- A participation by the Fund in an FMO loan may not exceed the portion of the loan that FMO holds on its own balance sheet;
- A participation by the Fund must total at least EUR 1 million;
- A participation by the Fund in one FMO Loan must not exceed 10% of the assets of the Fund.

In 2018, all the Fund's investments complied with these individual limits.

Country diversification

The three largest country allocations on December 31, 2018 are Armenia, Nigeria and Ecuador. Armenia remained at the number one position whereas Zambia and Peru left the top three compared to year-end 2017. The total value of the top three countries is USD 27.8 million (USD 15.6 million, 2017) which represents 24% (23%, 2017) of the total portfolio value of USD 117.7 million. The Fund's exposures to Zambia and Peru have been gradually decreasing during 2018 as a result of (partial) repayment of existing participations and no additions of new participations.

<u>Armenia</u>

Per December 31, 2018 the country with the largest exposure in the portfolio remained Armenia at 8.3%. The exposure of our Fund to Armenia consists of four participations worth in total USD 10.8 million.

The first participation in Armenia was done in June of 2016. It entails a loan to Ameriabank, the largest universal bank in Armenia with a market share of ~15% and a good professional reputation offering a wide range of services. The loan in which the fund participates has specific utilization clauses to ensure the loan will be used to support SMEs and green finance. This loan is expected to remain in the portfolio at least until Q3 2020. A new participation was made in March of

2018 to a newly available FMO loan to Ameriabank with a specific utilization clause for on-lending to young customers of the bank.

The second participation in Armenia is in an FMO loan to Inecobank. This loan has also been provided to support financial solutions for SMEs in Armenia. Inecobank continues to have a market share of 6% and enjoys strong relationships with international development financial institutions. These participations positively contribute to Sustainable Development Goal 8 “decent work and economic growth” as the available finance will support SME development and this is where the most jobs are created. These jobs can then contribute to lowering the current unemployment in Armenia, which is 19% (est. data 2017, CIA worldfactbook).

The last participation in Armenia was made in February 2017 in the Vorotan renewable energy project. It entails the acquisition and rehabilitation of three existing run-of-the-river hydropower facilities on the Vorotan River. Before the purchase by ContourGlobal, a key-client of FMO, the facilities were owned by the Armenian state and required a major rehabilitation of the electro-mechanical sections and an upgrade of the (existing) civil works and dams: this is necessary to ensure the continued energy supply to approximately 500.000 households in Armenia. Official figures state that all Armenians have access to energy of which for 58% is produced by fossil fuels and 32% by hydroelectric plants. This is a slight shift of 2% to renewables compared to the previously available figures. By the refurbishment of the renewable energy plant Sustainable Development Goal 7 “affordable and clean energy” as well as Goal 13 “climate action” continue to be supported.

Armenia is a lower-middle-income country where little over 3 million people live of which almost 30% of the population still lives below the poverty line (2016, World Bank data[1]). The economy of Armenia has undergone a profound transformation since its independence from the Soviet Union in 1991 with sustained growth and ambitious reforms, but the country was significantly impacted by the financial crises. Since then its Central Bank has set new capital requirements, to bring them in line with Basell III requirements, with which all banks have been able to comply. From 2017 onwards, Armenia experienced its highest growth rate in a decade. This favourable macroeconomic trend was not disrupted by the difficult relationship with its neighbours Azerbaijan and Turkey and has - together with low inflation and rising remittance inflows - contributed to the further declining poverty rates.

Nigeria

Nigeria entered the top three on the back of one existing and two new participations, namely Ecobank Nigeria Ltd, Access Bank Plc, and Int Towers Ltd respectively. The total value of these investments is USD 8.7 million, representing 6.7% of the portfolio.

The oldest (and existing) investment dates back to August 2017 and involves Ecobank Nigeria Ltd. Ecobank is a commercial bank with a well-diversified portfolio servicing both retail and business customers. It is also well represented across the country through its network of branches and is considered one of the system banks of Nigeria. Ecobank Nigeria is part of Ecobank Transnational Inc. which is a financial holding with bank subsidiaries in over 36 African countries.

In March 2018, the Fund participated in the FMO loan to Int Towers Ltd, what is possibly the last telecom infrastructure financing to be added to the portfolio of the Fund. Since 2017 this sector is no longer a sector where FMO feels it can make a difference through its financing. Int Towers is also part of a larger group, in this case IHS Holding. This holding is currently the largest mobile phone tower operator in Africa with activities in Nigeria, Cameroon, Ivory Coast, Rwanda and Zambia.

The third participation in Nigeria took place in September 2018. The Fund participated in an FMO loan to Access Bank Plc, that was part of a larger syndicated loan of USD 75 million. Access Bank has been a client of FMO since 2005 and in 2012 Access Bank and FMO were the driving forces in setting up the Nigerian Sustainable Banking Principles. These principles have made the whole Nigerian financial sector more sustainable in terms of financing f.i. the oil and gas sector and more transparent in disclosing information.

[1] According to the data made available by the World Bank the latest information stems from 2016 which states that 29.4% of the population in Armenia lives below the poverty line https://data.worldbank.org/country/armenia

Ecuador

With two new participations made this year, in addition to one existing participation, Ecuador quickly rose to a top position in the country exposure list. The total value of all three participations in Ecuador per year end stood at USD 8.3 million representing 6.4% of the portfolio

The oldest participation is in a loan to Banco de la Producción SA also known as Produbanco. The participation was effectuated in June of 2017 and is currently worth USD 2.3 million as it is being regularly repaid. Produbanco is one of the largest banks of the country and focusses on banking services for corporates, SMEs and retail clients. As Produbanco is part of the Promerica Group (a large financial group with subsidiaries in many Latin American countries), it is bound to the sustainable policies of the Group and the Group is regarded as a front runner in this area in the region.

In February of 2018 a participation was made in a loan to Banco Bolivariano. Banco Bolivariano is a locally-owned bank with a strong presence in the Guayaquil region and the coastal region of Ecuador, whereas most other banks are more focused and based in the countries capital Quito. The bank is predominantly focused on corporates and SME clients and to a much lesser extent on retail customers.

The most recent addition to the Ecuador portfolio is the participation in a loan to Hidronormandia S.A. This participation was effectuated in June 2018. Hidronormandia S.A is a project company incorporated in Ecuador to develop and construct a run-of-river hydroelectric power plant. The financing has been used to construct a 49.6 MW run-of-river hydroelectric power plant and an 85km transmission line.

Development impact indicators

The Fund reports on a quarterly and annual basis on the impact development of the Fund on the basis of its five impact indicators. Two of these indicators – “number of jobs supported” and “greenhouse gas emissions avoided” – are indicators which FMO also uses in its audited financial statements for impact reporting on its portfolio. The other three indicators – “number of SMEs financed”, “Gigawatt- hours of energy generated” and “Equivalent number of people served via power generation” – serve to further illustrate the development goals and impact of the Fund.

The values of the impact indicators are the outcome of calculations from FMO’s impact model[2] – a model that FMO specifically developed (together with consultant Steward Redqueen) to implement its strategy to become the leading impact investor in 2020. The model is designed to paint a picture as accurately as possible of the expected impact; its calculation makes use of macro-economic and greenhouse gas databases. This allows the model to look beyond the impact at the level of the direct underlying investment; it also looks at the impact through the local value chain. The results are always calculated by taking into account the ratio between the funding from the FMO Privium Impact Fund and the total value of the company or project. Only the share attributable to the Fund is reported. To enable you as an investor in the FMO Privium Impact Fund to interpret the impact figures, there is a short explanation of each indicator. The overview below reports the impact attributed to new investments made by the Fund in 2016, 2017 and where the Fund stands at the end of 2018 on a cumulative basis towards its five impact indicators. Certain indicators may be based on projections and expectations.

As per the second half of 2017 we started calculating the expected impact per million USD invested in relevant sectors. Our purpose is to create insight into which investments are expected to achieve more impact per million USD invested than others. This calculation will support us in our search for investments that combine risk, return and impact in the best way, creating the impact where it matters most. In practice though, comparing the expected impact of loans is usually not that simple. For example one renewable energy project with 10MW might score very well towards the number of households it reaches as the average energy consumption per household in the country is low, yet might score poorly on the avoidance of GHG when the project entails a refurbishment of an existing hydro plant: it will not help to avoid fossil fuel based energy as it potentially only keeps the renewable energy production in place. Comparing this to a new 10MW renewable energy project in a country where the average energy consumption is high, yet based on fossil fuel consumption, the reached households will be low, but the avoidance of GHG will score very high.

Please note that there have been slight adjustments on impact figures that were reported as per Q4 2018. The impact figures at Q4 2018 were based on latest archived impact data, however, the impact figures should reflect the data that has been reported on FMO contracting date.

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[2] For more information on the impact model and methodologies visit www.fmo.nl.

Number of jobs supported

This indicator comprises two components: 1) The number of employees (FTEs) working at the company – a figure that is relatively easy to come by via the annual reports; 2) Indirect jobs created – this is based on the outcome of FMO's Impact Model. This is an input-output model in which the expected impact of the investment on the chain is modelled. Together, these components form the outcome of the number of jobs supported.

Applicable sectors: Financial Institutions, Renewable Energy, Agribusiness, food & water, Telecom Infrastructure

2016	6,705
2017 (cumulative)	**12,324**
2018 (cumulative)	**22,953**
Impact per invested 1xMLN USD	**159.9**

Greenhouse gas emissions avoided

The greenhouses gas emissions avoided are calculated as the company's or project's anticipated CO2 emissions compared against the most likely alternative. The required data is taken from independently verified documentation. The data is calculated as tons of CO2 equivalents per year.

Applicable sectors: Financial Institutions (e.g. when a green line is provided), Renewable Energy

2016	1,320
2017 (cumulative)	**8,855**
2018 (cumulative)	**16,040**
Impact per invested 1xMLN USD	**516.24**

Number of SME loans

This number is measured for investments in the financial sector, by taking the number of outstanding SME loans at year end. This is not per se the same as the number of SMEs reached – a client could have multiple loans, but has proven to be a reliable proxy. It is a snapshot of the number of outstanding SME loans, not a sum of the number of loans funded during the term of the investment.

Applicable sector: Financial Institutions

2016	293
2017 (cumulative)	**457**
2018 (cumulative)	**707**
Impact per invested 1xMLN USD	**5.94**

GWh electricity produced

Energy production in the case of the FMO Privium Impact Fund only relates to renewable forms of energy. The figure reported here represents the annual production, based on the period of the last financial year per project. As soon as there are projects in the portfolio that are still under construction, we will also report a second figure that reflects expected annual production. The electricity generated and supplied is expressed in GWh (Gigawatt hours) per year.

Applicable sector: Renewable Energy

2016	8.24
2017 (cumulative)	**16.31**
2018 (cumulative)	**41.36**
Impact per invested 1xMLN USD	**1.80**

People served

The number of people served via power generation projects is estimated by dividing the annual amount of electric energy delivered to off-takers during the reporting period by the power consumption per connected capita. The power consumption per connected capita is calculated as the electric power consumption per capita divided by the electrification rate.

Applicable sector: Renewable Energy

2016	8,057
2017 (cumulative)	**17,522**
2018 (cumulative)	**41,946**
Impact per invested 1xMLN USD	**1,757**

Portfolio overview

Sorted by size of investment at 31 December 2018.

Borrower	Sector	Country	Loan Participation
Hidronormandia	Energy	Ecuador	$ 3.500.000,00
Tiryaki	Agri, Food and Water	Turkey	$ 3.500.000,00
INT Towers Ltd - Nigeria	Telecom Infrastructure	Nigeria	$ 3.176.875,00
Irrawaddy Towers Asset Holding PTE	Telecom Infrastructure	Myanmar	$ 3.066.032,11
ARARAT Bank	Financial Institutions	Armenia	$ 3.000.000,00
Access Bank Ghana	Financial Institutions	Ghana	$ 3.000.000,00
Access Bank	Financial Institutions	Nigeria	$ 3.000.000,00
IHS Rwanda Ltd	Telecom Infrastructure	Rwanda	$ 2.973.750,00
Montechristi	Energy	Dominican Republic	$ 2.931.525,00
Sugar Estates	Agri, Food and Water	Nicaragua	$ 2.850.000,00
ECOM 1	Agri, Food and Water	Switzerland	$ 2.500.000,00
Ameria Bank CJSC	Financial Institutions	Armenia	$ 2.500.000,00
Banco Bolivariano	Financial Institutions	Ecuador	$ 2.500.000,00
TBC Bank II	Financial Institutions	Georgia	$ 2.500.000,00
Banco Promerica	Financial Institutions	Guatemala	$ 2.500.000,00
Pacific Solar	Energy	Honduras	$ 2.500.000,00
Ecobank Nigeria	Financial Institutions	Nigeria	$ 2.500.000,00

DanPer Trujillo	Agri, Food and Water	Peru	$ 2.500.000,00
AK Lease	Financial Institutions	Turkey	$ 2.500.000,00
First National Bank Zambia	Financial Institutions	Zambia	$ 2.500.000,00
Molino Canuelas	Agri, Food and Water	Argentina	$ 2.500.000,00
ContourGlobal/ Vorotan	Energy	Armenia	$ 2.413.750,00
Bugoye Hydro	Energy	Uganda	$ 2.382.996,00
Vientos	Energy	Honduras	$ 2.282.658,97
Alisios Holdings	Energy	Costa Rica	$ 2.262.480,00
BAC San Jose	Financial Institutions	Costa Rica	$ 2.250.000,00
TBC Bank	Financial Institutions	Georgia	$ 2.250.000,00
Amret Company Ltd	Financial Institutions	Cambodia	$ 2.187.500,00
Penonomé	Energy	Panama	$ 2.150.000,00
Inversiones Eolicas de Orosi S.A.	Energy	Costa Rica	$ 2.126.698,14
One Bank 2	Financial Institutions	Bangladesh	$ 2.000.000,00
Yoma Strategic Holdings	Agri, Food and Water	Singapore	$ 2.000.000,00
Nations Trust Bank	Financial Institutions	Sri Lanka	$ 2.000.000,00
Mohammed Enterprises	Agri, Food and Water	Tanzania	$ 2.000.000,00
Itezhi Tezhi Power Corporation Limited	Energy	Zambia	$ 1.931.250,00
Banco Continental	Financial Institutions	Paraguay	$ 1.875.000,00
ECOM 2	Agri, Food and Water	Switzerland	$ 1.850.000,00
Banco Financiera Comercial Honduras	Financial Institutions	Honduras	$ 1.818.181,81
Inecobank CJSC	Financial Institutions	Armenia	$ 1.666.666,68
Zanaco	Financial Institutions	Zambia	$ 1.666.666,66
One Bank Bangladesh	Financial Institutions	Bangladesh	$ 1.500.000,00
Khan Bank	Financial Institutions	Mongolia	$ 1.500.000,00
National Microfinance Bank Plc	Financial Institutions	Tanzania	$ 1.500.000,00
Banco de America Central (BAC) Nicaragua	Financial Institutions	Nicaragua	$ 1.458.333,35
Commercial Leasing and Finance Ltd. (CLC)	Financial Institutions	Sri Lanka	$ 1.428.571,43
ProduBanco	Financial Institutions	Ecuador	$ 1.333.333,34
Sitio O de Quequén S.A.	Agri, Food and Water	Argentina	$ 1.275.000,00
Banco de America Central (BAC) El Salvador	Financial Institutions	El Salvador	$ 1.272.727,27
Ipak Yuli Bank	Financial Institutions	Uzbekistan	$ 1.250.000,00
Ameria Bank CJSC A1	Financial Institutions	Armenia	$ 1.250.000,00
National Development Bank Plc	Financial Institutions	Sri Lanka	$ 1.230.769,25
City Bank Bangladesh	Financial Institutions	Bangladesh	$ 1.125.000,00
Fidelity Bank Ghana	Financial Institutions	Ghana	$ 1.125.000,00
Acleda Bank PLC	Financial Institutions	Cambodia	$ 1.000.000,00
Produbanco 2	Financial Institutions	Ecuador	$ 1.000.000,00
Eastern Bank Bangladesh	Financial Institutions	Bangladesh	$ 800.000,00
			$ 117.660.765,01

General principles of remuneration policy Privium Fund Management B.V. (´Privium´)

Privium Fund Management B.V. has a careful, controlled and sustainable remuneration policy which meets all the requirements included in the Alternative Investment Fund Managers Directive (AIFMD) and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines). The remuneration policy is consistent with and contributes to a sound and effective risk management framework and does not encourage risk taking beyond what is acceptable for Privium Fund Management B.V..

The Board of Privium Fund Management B.V. is responsible for establishing the Remuneration policy. The Board of Privium Fund Management B.V. reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remunerations at Privium Fund Management B.V. may consist out of a fixed salary (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium Fund Management B.V. may reclaim all or part of the variable remuneration paid if (i) this payment was made on the basis of incorrect information, (ii) in the event of fraud by the employee, (iii) in the event of serious improper behaviour by the employee or serious negligence in the performance of his tasks, or (iv) in the event of behaviour that has resulted in considerable losses for the Fund or Privium Fund Management B.V.

Remuneration policy 2018

This policy is based on the situation as of December 31, 2018. The financial year of the Fund Manager ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. In 2018 the aggregate costs for staff totalled EUR 3,946,370 -. The table below offers an overview of the remuneration at the level of Privium Fund Management B.V.. Information per fund is not available. The Board of Privium Fund Management is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

	Identified staff in senior management roles	Identified staff outside senior management roles	Total staff
Number of staff	2	26	28
Total fixed payment	€144,470	€ 3,714,487	€ 3,858,957
Total variable payment	€15,000	€72,413	€87,413
Total payment	**€159,470**	**€3,786,900**	**€3,946,370**

Privium Fund Management B.V. has delegated certain portfolio management duties of some of its funds to outside investment advisers (‘delegates’). Remuneration of identified staff of delegates is not included in the table. The delegates are subject to regulatory requirements on remuneration policies and disclosures that are comparable with the requirements applicable to Privium Fund Management B.V. Reference to the remuneration of the delegates is included in the Prospectus and annual report of the funds concerned.

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, and/or other performance/non-performance related criteria. In 2018 no variable payments regarding the FMO Privium Impact Fund have been paid to any Identified Staff of Privium. Privium Fund Management B.V., the Fund Manager of the various funds, does not charge any employee remuneration fees to the funds, except for the Supermarkt VastGoed fund.

Employee remuneration is paid out of the management and performance fees (if applicable). In total 28 staff members were involved during (some part of) the year, including consultants and including both part-time and full time staff. None of the staff members have earned more than EUR 1,000,000 or more during the year 2018.

Risk management and willingness to take risks

In the table below we list the various risk to which investors in the Fund are exposed and we discuss the measures applied to manage these risks and their potential impact on the Fund's NAV´s.

Sorts of risks	Risk hedged	Measures applied and expected effectiveness	Impact on 2018 NAV	Expected impact on 2019 NAV if risk materializes	Adjustments to risk management in 2018 or 2019
Price/Market Risk	No	The Fund invests in a diversified portfolio of new and existing loans alongside FMO. The Fund's operational and lending processes run parallel to FMO's processes where FMO (Delegate/Investment Advisor) will issue an advice to the Privium (AIFM) with respect to investment opportunities for the Fund as offered by FMO. Based on the expected (i) risk/return profile of the transaction as received from FMO, (ii) the Investment Restrictions, (iii) the (expected) Impact as received from FMO and (iv) portfolio fit of a transaction, the Delegate/Investment Advisor issues an investment advice to the AIFM. Subsequently, the AIFM takes the potential investment into further consideration with a view to the investment criteria and portfolio construction of the Fund, and then decides whether or not to approve the potential investment. However price impact due to general market movements or during the holding period can't be mitigated or avoided in full by conducting company or project analysis. This risk is inherent when securities like loans are traded.	During 2018 a provision was taken on one individual loan. The provision was taken in two steps and covered 50% of the outstanding loan amount. The contribution has been -1.07%	Investments are selected after a thorough due diligence process but largely this will also depend on general market circumstances.	No
Credit risk	No	The underlying borrowers may default on the respective loans. Therefore provisions or write-downs may need to be taken by the Fund. This will have a negative impact on the NAV of the Fund. Credit risk may also materialize if a counterparty event occurs as the Fund´s spare cash is maintained at ABN AMRO. ABN AMRO has an A credit rating (S&P credit rating) and we would reconsider the position if this changes.	See above	Provisions and write-downs may need to be taken if defaults occur.	No
Political Risk	No	Many of the countries where Borrowers are located in are subject to a greater degree of economic, political and social instability than other, more developed countries.	None	Much will depend what actually happens in the underlying countries where the Fund has exposures to.	No
Emerging Market risk	No	The markets of Emerging and Developing Economies can be more volatile than developed markets as a result of both internal and external factors, thus increasing the risk of material losses by the Fund.	None	This will depend on general market circumstances.	No
Interest rate risk	No	The Fund invests in interest bearing securities but these are mostly floating rate positions. An additional explanation on interest rate risk can be found in the risk paragraph of the annual accounts.	This has been limited.	The value of loan participations may decrease if the market interest rate increases, while the ability of Borrowers to repay their loans might be affected by changes in interest rates.	No
Foreign Exchange risk	Yes	Direct FX risk will be hedged for the EUR denominated share classes of the Fund.	None. During 2018 all loans in the portfolio of FPIF were USD denominated. The appreciation of the USD during the year 2018 had no impact on the EUR share classes since the increase in portfolio value, measured in EUR (but not reflected in the P&L), due to the appreciation of the USD was fully neutralized by the FX hedges that were maintained in the EUR denominated share classes.	None	No
Liquidity risk	No	The underlying loans generally have long term maturities and will be repaid according to a certain repayment schedule. The loans may even become illiquid under certain market conditions. Accordingly, it may not always be possible to receive or realise the full value of the loan.	None	This will depend on general market circumstances and certain ideosyncratic events around the Fund´s investments.	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. Because the Fund is hedging direct FX risk by using FX forwards, the fund is utilizing implied leverage. As of December 31, 2018 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 154.64% and Commitment method: 164.17%.	None	None	No

Risk management

Privium Fund Management B.V. has a clear and elaborate Risk Management framework, in line with current legislation, such as the Alternative Investment Fund Manager Directive (AIFMD). The Risk Management function within Privium is performed by an independent Risk Manager. Privium has a Risk Management Committee which meets at least on a monthly basis.

The Risk Management framework consists of several individual components, whereby Risk Monitoring is being performed on an ongoing basis.

Under the AIFM Directive, the Fund Manager is required to establish and maintain a permanent risk management function. This function should have a primary role in shaping the risk policy of each Alternative Investment Fund ("AIF") under management by the Fund Manager, risk monitoring and risk measuring in order to ensure that the risk level complies on an ongoing basis with the AIF's risk profile.

The risk management function performs the following roles:

- Implement effective risk management policies and procedures in order to identify, measure, manage and monitor risks;
- Ensure that the risk profile of an AIF is consistent with the risk limits set for the AIF;
- Monitor compliance with risk limits; and
- Provide regular updates to senior management concerning:
  1: The consistency of stated profile versus risk limits;
  2: The adequacy and effectiveness of the risk management process; and
  3: The current level of risk of each AIF and any actual or foreseeable breaches of risk limits.

As described by the AIFM Directive quantitative risk limits are, where possible, constructed for various risk categories: market risk, liquidity risk, credit risk, counterparty risk and operational risk. These risk limits should be in agreement with the risk profile of the fund.

The risk management function is fully independent from the portfolio management function of the Fund Manager. The risk manager has full authority to close positions or the authorization to instruct the closing of positions on his behalf in case of a risk breach.

To ensure that all risk management tasks are executed correctly and timely, the Fund Manager uses an automated system that registers all risk tasks, keeps a list of all pending risk tasks, and escalates risk tasks that have not been executed or report a violation of a risk rule. The system produces an audit log that can be verified by the internal auditor, the external auditor, the management board, the regulator or other stake holders. Not all risk variables have limits but to identify any new relevant risks, every variable that is reported in the system flows through a sanity check. The sanity check will raise an exception if the variable falls outside its “normal” boundaries. The Risk Manager is notified of these exceptions and will make an assessment whether the situation is stable or whether further escalation is needed.

The positions of the fund are administered and reconciled by using a professional portfolio management system. Risk reports such as Value at Risk and Stress Scenarios are run using Bloomberg.

The Fund Manager uses an API-based system in which positions and/or risk exposures are synced from the Portfolio Manager’s Excel (or alternative software) to a central database.

The CM system is responsible for monitoring of the pre-defined risk limits. The limits can either be configured as notification limits, soft limits or hard limits. In case of a breach of any of the limits, the escalation procedures are followed as described in the Risk Management Procedures (Annex 17) of the Privium Handbook.

The reoccurring risk tasks are:

- Weekly risk report by risk management, including Value at Risk for portfolios of listed assets.
- Monthly reporting by portfolio management* - Quarterly Operational risk management*
- Monthly stress scenarios for listed portfolios. On ad hoc basis extra stress scenarios can be done.
- Due Diligence on Service Providers.

* Funds with a lower NAV calculation frequency report with the same frequency as the NAV calculation frequency

On a monthly basis the Risk Committee of the Fund Manager meets to discuss the performances and risks of the Fund. Any breaches are discussed. On a yearly basis a Risk Evaluation and Product Review is conducted.

In 2016 Privium's senior management team decided to engage an external party in the annual evaluation of the internal processes. This audit primarily focusses on risk management and compliance processes. In Q4 2018 this audit was executed for third time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

Control Statement

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the "Wet op het financieel toezicht and the 'Besluit gedragstoezicht financiële ondernemingen ('Bgfo")". During 2018 we assessed the various aspects of the Privium operations as outlined in the AO/IB (Handbook). We have not identified any internal control measures that do not meet the requirements of Article 121 of the Bgfo and as such we declare that the operations in the year 2018 functioned effectively as described. During 2018 a number of independent service providers have conducted checks on Privium´s operations as part of their ongoing responsibility. No errors have been signalled.

Privium is updating its AO/IB (Handbook) on a regular basis as required by law. The 2018 update was completed in October 2018. During the fourth quarter of 2018 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager These are mostly related to Compliance and Risk Management. The external audit officer has reported his findings to the Fund Manager in a report. No meaningful errors have been signalled.

Amsterdam, June 11, 2019

The AIFM
Privium Fund Management B.V.

Financial statements

Balance sheet as at 31 December

(all amounts in USD)	Notes	2018	2017
Assets			
Investments	1		
Loans		117,660,765	68,160,411
Forwards		208,051	140,418
Total of investments		**117,868,816**	**68,300,829**
Receivables			
Other receivables	2	1,660,228	914,485
Total of receivables		**1,660,228**	**914,485**
Other assets			
Cash	3	14,118,651	57,890,810
Total of other assets		**14,118,651**	**57,890,810**
Total assets		**133,647,695**	**127,106,124**
Liabilities			
Net asset value	4	**130,883,698**	**76,342,756**
Investments	1		
Forwards		642	150,537
Total of investments		**642**	**150,537**
Other liabilities			
Bank overdrafts	3	-	50,496,049
Subscriptions received in advance		1,294,864	-
Provision on loans	5	1,299,410	-
Other liabilities	6	169,081	116,782
Total other liabilities		**2,763,355**	**50,612,831**
Total liabilities		**133,647,695**	**127,106,124**

The accompanying notes are an integral part of the financial statements.

Profit and loss statement

(For the year ended 31 December)

(all amounts in USD)	Notes	2018	2017*
Investment result			
Interest income		7,074,695	3,244,521
Provision on loans	5	(1,299,410)	-
Total investment result		**5,775,285**	**3,244,521**
Revaluation of investments	7		
Realized results		(5,312,508)	3,911,760
Unrealized results		217,528	(3,318)
Total changes in value		**(5,094,980)**	**3,908,442**
Other results			
Foreign currency translation	8	(152,206)	846,780
Total other results		**(152,206)**	**846,780**
Operating expenses			
Management fee	9	(1,107,217)	(602,300)
Administration fees	10	(59,071)	(43,710)
Depositary fees		(27,136)	(24,695)
Interest expenses		(160,141)	(145,262)
Brokerage fees and other transaction costs		(66,273)	(56,689)
Audit fees	11	(34,687)	(25,369)
Legal fees		(47,555)	(34,509)
Supervision fees		(1,809)	(2,023)
Other expenses	12	(64,079)	(52,347)
Total operating expenses		**(1,567,968)**	**(986,904)**
Result for the year		**(1,039,869)**	**7,012,839**

* The comparative numbers have been reclassified. More on this is mentioned under the general information.

The accompanying notes are an integral part of the financial statements.

Statement of cash flows

(For the year ended 31 December)

(all amounts in USD)	Notes	2018	2017
Cash flow from operating activities			
Participations in FMO loans		(63,709,571)	(36,500,000)
Repayments from FMO loans		14,209,217	8,699,632
Purchases of investments		(5,312,508)	-
Proceeds from sales of investments		-	3,911,760
Interest received		6,284,767	2,966,770
Management fee paid		(1,064,096)	(570,629)
Interest paid		(144,521)	(145,262)
Operating expenses paid		(262,867)	(140,269)
Net cash flow from (used in) operating activities		**(49,999,579)**	**(21,777,998)**
Cash flow from financing activities			
Proceeds from subscriptions		62,932,845	27,551,762
Payments for redemption		(4,742,475)	(1,523,319)
Dividend paid		(1,314,695)	(995,221)
Net cash flow from financing activities		**56,875,675**	**25,033,222**
Net cash flow for the year		**6,876,096**	**3,255,224**
Cash at beginning of the year		7,394,761	3,292,757
Foreign currency translation of cash positions		(152,206)	846,780
Cash at the end of the year	3	**14,118,651**	**7,394,761**

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements

General information

FMO Privium Impact Fund (the Fund) was constituted on 26 February 2016 and commenced operations on 20 June 2016.

The Fund is a fund for joint account (‘fonds voor gemene rekening’) organised and established under the laws of The Netherlands. The Fund is under Dutch law not a legal entity (rechtspersoon) nor a partnership, commercial partnership or limited partnership (maatschap, vennootschap onder firma or commanditaire vennootschap), but a contractual arrangement sui generis between the AIFM, the Legal Owner and each of the Unitholders separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the Unitholders.

The Fund has its principal offices at the offices of the AIFM at Symphony Towers 26/F, Gustav Mahlerplein 3, 1082 MS Amsterdam, The Netherlands. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Dutch trade register (handelsregister).

The Fund is established by the adoption of its Terms and Conditions by agreement between the AIFM and the Legal Owner and the subsequent admission of the first Unitholder, being the Launch Date.
The Fund is managed by the AIFM. The assets, rights and obligations of the Fund is held by the Legal Owner. The Unitholders invests in the Fund as participants (participanten) and acquires Units in the Fund.

The Fund Manager authorised these financial statements for issue on June 11, 2019.

Accounting policies

General
The financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and the the Dutch Act on Financial Supervision (‘Wet op het financieel toezicht’). The accounting principles of the Fund are summarized below. These accounting principles have all been applied consistently throughout the reporting period.

The comparative profit and loss has been amended to give a better representation of the numbers. The adjustment has impacted the currency result and the realized gains / losses on investments. This is only a reallocation of the numbers and has no impact on the NAV or the on the result of the year. The adjustment has no impact for the user of this annual report and thus all subscriptions or redemptions that have been made in 2017 are correct. This impacts note 7 and 8.

Basis of accounting
Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are valued according to the cost model.

Reporting period
The reporting period is from 1 January 2018 through 31 December 2018.

Measurement currency
The amounts included in the financial statements are denominated in USD, which is the functional and presentation currency.

Receivables
Upon initial recognition the receivables are included at fair value and then valued at amortised cost. The fair value and amortized cost equal the face value. Possible provisions deemed necessary for the risk of doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Investments

Recognition and basis of measurement
All investment securities are initially recognised at cost.

Valuation
Loan participations will be valued using an amortised cost minus provisions method. The AIFM follows the FMO provisioning as much as possible. The Investment Advisor advises the AIFM on any FMO provisioning of a loan invested in by the Fund.

Deposits are valued at their cost plus accrued interest.

Assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Gains and losses
Gains and losses are treated as realized for financial statement purposes on the trade date of the transaction closing or offsetting the open position. Unrealized gains and losses are the difference between the value initially recognized as cost of open positions and their fair value. All gains and losses are recognized in the profit and loss account.

Dividend and interest income
Dividends are recorded on the date that the dividends are declared, gross of applicable withholding taxes. Interest income is recognized on accrual basis.

Derivative financial instruments
Derivative financial instruments including foreign exchange contracts, stock market indexes and interest rate futures, forward rate agreements, currency and interest rate swaps, currency and interest rate options (both written and purchased) and other derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices. All derivative financial instruments are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund. Changes in fair values of derivatives are included in the income statement.

Translation of foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into the class currency at the rates of exchange prevailing at yearend. Transactions in foreign currencies are translated at the rates of exchange prevailing at the date of the transaction. Realized and unrealized gains and losses on foreign currency transactions are charged or credited to the profit and loss account as foreign currency gains and losses except where they relate to investments where such amounts are included within realized and unrealized gains and losses on investments.

Brokerage/expenses
Commissions payable on opening and closing positions are recognized on the trade date. Expenses are recorded in the period in which they originate. Transaction costs are borne by the Fund and charged to the Fund’s profit and loss account. Expenses on disposal of investments are deducted from the proceeds of disposal.

Cash
For the purpose of presentation in the balance sheet and the cash flow statement, cash is defined as cash at banks and brokers. The cash at bank and brokers is valued at face value. If cash is not freely available, this has been taken into account upon valuation.

Cash flow statement
The cash flow statement is prepared using the direct method. The cash flow statement shows the Fund's cash flows for the period divided into cash flows from operating and financing activities.

Due to the nature of the Fund's operations, cash flows related to the financial instruments are included under operating activities. Cash flows from financing activities include proceeds from subscriptions and payments for redemptions of units of the Fund.

Bank overdrafts that are repayable on demand form an integral part of the Fund's cash management and are a component of cash.

Ongoing charges figure (OCF)
The ongoing charges figure contains all costs that have been charged to the Fund for the period 1 January 2018 until 31 December 2018 excluding the transaction costs and interest costs. The ongoing charges figure is calculated by dividing all the costs of the period with the average net asset value. The average net asset value is calculated by adding all the monthly net asset values and divide them by the number of month's used.

Turnover ratio (TOR)
The turnover ratio is calculated the following way: the sum of all purchases of investments plus the sum of all the sales of investments minus the sum for the subscriptions and redemptions. The total of this number will be divided by the average net asset value of the Fund and multiplied by 100.

Notes to the balance sheet

1. Investments

The movement of the financial investments is as follows:

(all amounts in USD)	2018	2017
Loans		
Opening balance	68,160,411	39,360,043
Participations in FMO loans	63,709,571	36,500,000
Repayments from FMO loans	(14,209,217)	(7,699,632)
Balance as per 31 December	**117,660,765**	**68,160,411**

The fair value of the loans at 31 December 2018 equals USD 116,646,155 (2017: USD 68,978,269)

(all amounts in USD)	2018	2017
Forwards		
Opening balance	(10,119)	(6,801)
Sales and expirations	5,312,508	(3,911,760)
Realised investment result	(5,312,508)	3,911,760
Unrealised investment result	217,528	(3,318)
Position as per 31 December	**207,409**	**(10,119)**

2. Other receivables

(all amounts in USD)	2018	2017
Interest receivable	1,551,255	761,327
Deferred organizational fees	108,973	153,058
Other receivables and prepayments	-	100
Position as per 31 December	**1,660,228**	**914,485**

3. Cash

(all amounts in USD)	2018	2017
Euro bank accounts	1,404,450	57,709,400
US Dollar bank accounts	12,714,201	181,410
Total cash	**14,118,651**	**57,890,810**
US Dollar bank accounts	-	(50,496,049)
Total bank overdrafts	**-**	**(50,496,049)**
Net cash position as per 31 December	**14,118,651**	**7,394,761**

At 31 December 2018 and 31 December 2017, cash and cash equivalents are partly restricted due to the required margin on the FX forwards of the Fund.

4. Net asset value

The movement of the individual Series during the year ended 31 December 2018 is as follows:

(all amounts in USD)	Opening balance	Subscriptions	Redemptions	Dividend paid	Result	Net asset value
Class A	18,454,669	25,000,000	-	-	1,440,767	44,895,436
Class B	57,836,893	15,013,319	(4,580,073)	(1,294,354)	(2,364,209)	64,611,576
Class F	51,194	78,046	-	-	(6,790)	122,450
Class I-A	-	19,508,935	(162,402)	-	(135,911)	19,210,622
Class I-D	-	2,037,681	-	(20,341)	26,274	2,043,614
Total	**76,342,756**	**61,637,981**	**(4,742,475)**	**(1,314,695)**	**(1,039,869)**	**130,883,698**

The units of Class B, Class F, Class I-A and Class I-D are issued in Euro. At 31 December 2018, the net asset values of Class B, Class F, Class I-A and Class I-D in their Class currency are respectively EUR 56,335,841, EUR 106,766, EUR 16,750,041 and EUR 1,781,859.

The movement in units of the individual Series during the year ended 31 December 2018 is as follows:

(in number of units)	Opening balance	Subscriptions	Redemptions	Closing balance
Class A	174,893	234,694	-	409,587
Class B	481,389	124,617	(38,517)	567,489
Class F	419	617	-	1,036
Class I-A	-	169,224	(1,438)	167,786
Class I-F	-	18,029	-	18,029
Total	**656,701**	**547,181**	**(39,955)**	**1,163,927**

The movement of the individual Series during the year ended 31 December 2017 is as follows:

(all amounts in USD)	Opening balance	Subscriptions	Redemptions	Dividend paid	Result	Net asset value
Class A	14,523,695	3,300,000	-	-	630,974	18,454,669
Class B	29,773,000	24,206,293	(1,523,319)	(995,221)	6,376,140	57,836,893
Class F	-	45,469	-	-	5,725	51,194
Total	**44,296,695**	**27,551,762**	**(1,523,319)**	**(995,221)**	**7,012,839**	**76,342,756**

The units of Class B and Class F are issued in Euro. At 31 December 2017, the net asset values of Class B and Class F in their Class currency are EUR 48,177,337 and EUR 42,644 respectively.

The movement in units of the individual Series during the year ended 31 December 2017 is as follows:

(in number of units)	Opening balance	Subscriptions	Redemptions	Closing balance
Class A	143,000	31,893	-	174,893
Class B	283,100	211,631	(13,342)	481,389
Class F	-	419	-	419
Total	**426,100**	**243,943**	**(13,342)**	**656,701**

5. Provision on loans

During 2018 the Fund Manager has taken a provision of USD 1,299,410 (2017: no provision) on one of the underlying loan participations and interest of the Fund. In total the Fund Manager took a 50% provision on the outstanding principal loan amount. This provision should cover a potential loss on the loan.

6. Other liabilities

(all amounts in USD)	**2018**	**2017**
Management fees payable	110,704	67,583
Interest payable	15,620	-
Audit fees payable	28,979	22,442
Administration fees payable	5,992	5,581
Depositary fees payable	2,582	17,575
Supervision fees payable	1,720	3,601
Bank and brokerage fees	3,484	-
Position as per 31 December	**169,081**	**116,782**

Notes to the statement of comprehensive income

7. Revaluation of investments

(all amounts in USD)	2018	2017
Net realized result on financial assets and liabilities at fair value through profit or loss		
Realized gains on forwards	5,215,444	5,879,754
Realized losses on forwards	(10,527,952)	(1,967,994)
	(5,312,508)	**3,911,760**
Net unrealized result on financial assets and liabilities at fair value through profit or loss		
Unrealized gains on forwards	217,528	235,306
Unrealized losses on forwards	-	(238,624)
Total unrealized result	**217,528**	**(3,318)**
Total revaluation of investments	**(5,094,980)**	**3,908,442**

8. Foreign currency translation

(all amounts in USD)	2018	2017
Foreign currency translation results on cash accounts	(152,206)	846,780
Total foreign currency translation	**(152,206)**	**846,780**

The currency results consist of translation differences on foreign currency cash accounts. The decrease in currency results in 2018 was caused by a significant decrease in the Euro cash accounts.

The following closing rate has been applied in preparation of these financial statements:

	2018	2017
Showing the equivalent of 1 USD		
Euro	0.8719	0.8330

9. Management fee

The AIFM receives an annual management fee for managing the Fund equal to 0.90% of the Net Asset Value of Class A of the Fund prior to deducting provision for fees payable to the AIFM. This management fee will be paid in full by the AIFM to the Investment Advisor.

The AIFM receives an annual management fee for managing the Fund equal to 0.98% of the Net Asset Value of Class B and Class F and 1.15% of the Net Asset Value of Class I-A and Class I-D, with a minimum of EUR 90,000. However, such minimum amount is limited to EUR 15,000 during the first period of the Fund only. Of the management fee, 0.08% (Class B and Class F) and 0.15% (Class I-A- and Class I-D) is for the benefit of the AIFM and 0.90% (Class B and Class F) and 1.0% (Class I-A- and Class I-D) will be paid in full by the AIFM to the Investment Advisor.

The fee is calculated monthly on the basis of the gross of fee Net Asset Value of each Series as of the Valuation Day that coincides with the last Business Day of the month and is paid monthly in arrears in EUR. This fee currently does not attract VAT.

The management fee for the period ended 31 December 2018 amounts to USD 1,107,217 (2017: USD 602,300).

10. Administration fees

The administration agreement between the AIFM and the Administrator provides for payment to the Administrator of an annual administrative fee equal to 0.045% of the Net Asset Value of the Fund (based on a Fund size of up to USD 100 million), subject to a minimum fee of USD 32,000 per annum in respect of the administration of the Fund. The Administrator will, in addition, be paid USD 5,500 annually for the preparation of the Fund's annual financial statements, plus USD 2,000 per report for providing support in connection with the requirements of AIFMD Reporting.

(all amounts in USD)	**2018**	**2017**
Administration fees	47,889	32,693
Reporting fees	6,869	6,768
FATCA fees	2,256	2,215
AIFMD fees	2,057	2,034
Total	**59,071**	**43,710**

11. Audit fees

The Fund has appointed Ernst & Young Accountants LLP as the independent auditor of the Fund. The Independent Auditor's remuneration for the audit of the annual report amounts to USD 34,687 (2017: USD 25,369). The Independent Auditor does not provide any other audit or non-audit services to the Fund.

12. Other expenses

(all amounts in USD)	**2018**	**2017**
Organisational fees	44,086	44,086
Legal owner fees	6,655	6,655
Miscellaneous fees	4,797	1,606
License fees	8,541	-
	64,079	**52,347**

13. Income and withholding taxes

The Fund is organized as an investment Fund ("Fonds voor gemene rekening") under the current system of taxation in The Netherlands. The Fund is transparent for Dutch corporate income tax purposes. As a consequence, the Fund is not subject to Dutch corporate income tax exclusive VAT and amounts are subject to an annual inflation correction. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin.

Other notes

Risk management
The nature of the Fund’s investments involves certain risks and the Fund may utilise investment techniques (such as leverage, short selling and the use of derivatives) which may carry additional risks. An investment in the Fund therefore carries substantial risk and is suitable only for persons who can afford the risk of losing their entire investment.

The Fund’s financial risks are managed by diversification of the financial instruments at fair value through profit or loss. For further explanation of the investment objectives, policies and processes, refer to the General section of the notes to the financial statements.

Market risk
Market risk is the risk that the value of a security fluctuates as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Market risk contains market price risk, currency risk and interest rate risk. Where non-monetary securities − for example, equity securities − are denominated in currencies other than the USD, the price initially expressed in foreign currency and then converted into USD also fluctuates because of changes in foreign exchange rates. The paragraph ‘Currency risk’ sets out how this component of price risk is managed and measured.

Market price risk
The prices of securities generally as well as those in which the Fund invests can and will rise and fall. A careful selection and spread of investments offers no guarantee of positive performance.

The markets of Emerging and Developing Economies can be more volatile than developed markets as a result of both internal and external factors, thus increasing the risk of material losses by the Fund.

Currency risk
As the Fund's Investments may be denominated in currencies other than the applicable Class Currency, while the Fund's accounts for such Class will be denominated in the Class Currency, returns on certain Investments may be significantly influenced by currency risk. An example is that a loan invested in is denominated in USD, while Class B is denominated in EUR.

Although the AIFM hedges a Class against a decline in the value of the Fund's Investments not denominated in the applicable Class Currency resulting from currency devaluations or fluctuations, as detailed in the applicable Class Details, the AIFM may not always succeed in realizing hedges under acceptable conditions and consequently such Classes shall be subject to the risk of changes in relation to the Class Currency value of the currencies in which any of the Investments attributable to that Class are denominated. Changes in exchange rates can adversely affect affordability of the loan for the Borrower since revenues of the Borrower might be in a different currency than the loan. As a result, the Fund may receive less interest or principal payments than expected or it may receive no interest or principal at all. This will adversely impact the Net Asset Value.

The ability of Borrowers to repay their loans might also be affected by changes in the value of a currency. A decrease of the value of such currency in relation to the currency of the loan, i.e. either USD or EUR, granted to the Borrower could decrease the ability of the Borrower to meet its obligations under such loan, possibly causing defaults on such loans thus lowering the value of any Investment of the Fund in such loans, and, consequently, lowering the Net Asset Value. Currency controls imposed by governments could further increase the risk of the Borrower not being able to repay its loans, resulting in defaults and a lower Net Asset Value.

The currency exposure of the Fund's portfolio at 31 December 2018 is as follows:

(all amounts in USD)	Gross amount	Forward contract	Net amount (2018)	% NAV (2018)
US Dollars	129,279,648	(85,571,356)	43,708,292	33.39
Euro	1,604,050	85,571,356	87,175,406	66.61
Total			**130,883,698**	**100.00**

Class B Class F, Class I-A and Class I-D are denominated in EUR, while the Fund and its loans are denominated in USD (loans may be denominated in EUR as well but as of December 31, 2018 that was not the case). FX forwards are used to hedge the currency risk in Class B, Class F, Class I-A and Class I-D. The outstanding forward contracts as of December 31, 2018 totalled USD 85,571,356 (2017: USD 61,416,239).

The currency exposure of the Fund's portfolio at 31 December 2017 is as follows:

(all amounts in USD)	Gross amount	Forward contract	Net amount (2017)	% NAV (2017)
US Dollars	18,643,475	61,416,239	80,059,714	104.86
Euro	57,709,400	(61,426,358)	(3,716,958)	(4.86)
Total			**76,342,756**	**100.00**

Interest rate risk
An investment in Units may involve the risk that subsequent changes in market interest rates may adversely affect the value of the Units. Changes in interest can both directly and indirectly affect the Net Asset Value. The value of loans may decrease if the market interest rate increases, while the ability of Borrowers to repay their loans might be affected by changes in interest rates. The interest rate risk exposure of the Fund's portfolio at 31 December is as follows:

	2018				
(all amounts in USD)	Less than 1 year	Between 1 and 5 years	Longer than 5 years	Non interest bearing	Total
Investments					
Loans	-	78,282,924	39,377,841	-	117,660,765
Forwards	-	-	-	207,409	207,409
Total investments	**-**	**78,282,924**	**39,377,841**	**207,409**	**117,868,174**

	2017				
(all amounts in USD)	Less than 1 year	Between 1 and 5 years	Longer than 5 years	Non interest bearing	Total
Investments					
Loans	-	44,779,405	23,381,006	-	68,160,411
Forwards	-	-	-	(10,119)	(10,119)
Total investments	**-**	**44,779,405**	**23,381,006**	**(10,119)**	**68,150,292**

Credit risk
The Fund could lose money if the borrower of a loan or money market instrument, the counterparty or clearing house of a derivatives contract or repurchase agreement, a Depository or Prime Broker at which a deposit or other assets are held, or the counterparty in a securities lending agreement does not honour his obligations.

(all amounts in USD)	2018	2017
Credit rating		
BB+	10,750,000	-
BB	14,318,182	4,642,857
BB-	38,721,036	21,157,893
B+	24,033,640	24,228,661
B	19,840,625	13,360,000
B-	7,497,282	4,771,000
CC	2,500,000	-
Total as per 31 December	**117,660,765**	**68,160,411**

The credit ratings of the portfolio are primarily based on the credit rating system used by the AIFM. The ratings from this system have been transferred to a Standard & Poor’s equivalent which is shown in the table above. The credit rating used by FMO rates their investments from F1, which is the highest rating equal to Standard & Poor’s AAA rating, to F21, equal to Standard & Poor’s C rating.

The Fund is also exposed to credit risk on its cash position held at ABN Amro Bank N.V. The Standard & Poor's credit rating for ABN AMRO Bank N.V. is A (2017: A).

The amount that best represents the maximum credit risk of the Fund at 31 December 2018 is USD 133,439,644 (2017: USD 126,965,706).

Liquidity risk
Liquidity risk is the risk that the Fund is not able to meet the financial obligations associated with its financial instruments or redemptions by unitholders. Liquidity risk can, among others, occur from the inability to sell a financial asset in the short term for (an amount close to) its fair value.

The units of the fund are traded on a monthly basis. The fund invests in loans granted by FMO which cannot easily be transferred into liquid assets. The fund is therefore exposed to significant liquidity risk.

To mitigate liquidity risk, the Fund has the following measures in place:
- Subject to certain terms and conditions Units can be redeemed monthly with 30 calendar days’ notice prior to the relevant Settlement Date; and
- The AIFM can impose a gate of 2% of the Net Asset Value per Class per month in its sole discretion; and
- Most loans are amortizing, so payments are made by the borrowers on a regular and agreed basis.

Concentration risk
The Fund may, especially during its first year after establishment, hold relatively few, large investments in relation to the size of the Fund. The Fund could be subject to significant losses if it holds a large position in a particular Investment that declines in value or is otherwise adversely affected. Lack of liquidity may aggravate such losses significantly. It may not always be possible to dispose of such Investments without incurring significant losses. Potential profits may not always be immediately realisable and may therefore be lost prior to realisation.

As the Fund will also primarily invest in loans granted by FMO, the Fund will also be reliant on the continuing services of FMO. If FMO for whatever reason would cease to be available for the provision and maintenance of the loans invested in by the Fund, this could materially affect the returns of the Fund.

Cross class risk
Notwithstanding that the units of the Fund may be issued in different classes, with separate accounting records, contributions, portfolio investments and investment results, the Fund is a single entity and the insolvency of the Fund would affect all issued units regardless of class, with the net assets attributable to each unit class available to satisfy the excess liabilities of another unit class.

Ongoing charges figure (OCF)

(all amounts in USD)	**2018**	**2017**
Average net asset value	110,430,635	59,156,358
Total ongoing expenses	2,640,964	784,953
Ongoing charges figure for the year	**2.39%**	**1.33%**

14. Turnover ratio's (TOR)
The turnover ratio for the Fund over the period 1 January 2018 until 31 December 2018 is 6 (2017: 24).

Related parties
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party making financial or operational decisions.

All services rendered by the AIFM therefore qualify as related party transactions. The fees of the AIFM are disclosed in note 9.

The Privium Sustainable Impact Fund maintains an investment in Class A of the FMO Privium Impact Fund. Class A has been created to make sure that fund of funds managed by the AIFM (such as the Privium Sustainable Impact Fund) can invest in this Fund without Privium making money on both sides. The annual Management Fee for this separate share class will be 0.90 per cent. of the Net Asset Value of Class A, excluding (i.e. before deduction of) the accrued Management Fee, which will be paid in full by the AIFM to the Delegate, subject to any VAT (if applicable).

Class F Units will only be issued to persons that are employees of FMO and its subsidiaries and are living in the Netherlands at the time of such issue. Any such transactions will be at arm´s length. In deviation other Share Classes of the Fund redemptions can only take place on a monthly with at least a six (6) months' notice period.

Core business and outsourcing
The following key task have been delegated by the Fund:

Administration
The administration has been outsourced to Circle Investment Support Services B.V, who carries out the administration of the Fund, including the processing of all investment transactions, processing of revenues and expenses and the preparation of the NAV. It also states, under the responsibility of the AIFM, the interim report and the financial statements of the Fund. For information on the fees of the Administrator refer to note 10.

Investment advisor
FMO is the investment Management B.V. for the loan investments of FMO Privium Impact Fund. For information on the fees of the Administrator refer to note 9.

Related party transactions
FMO Investment Management B.V., the Investment Advisor/Delegate, is a subsidiary of FMO N.V. The fund is co-investing in loans that have been provided by FMO N.V. to its clients. The loans include senior and subordinated loans. FMO N.V. remains the lender of record. FMO Investment Management B.V. is making loan recommendations to the Fund Manager regarding which loans to include the portfolio of the FMO Privium Impact Fund. FMO Investment Management B.V. has a clear allocation policy. This allocation policy provides a description of the allocation of FMO N.V. deal flow to investment funds, like the FMO Privium Impact Fund, to which FMO Investment Management B.V. provides investment advice.

Proposed appropriation of the result
The result for the period ended 31 December 2018 will be added to the Net asset value of the Fund.

Events after balance sheet date

New share classes
As of March 1, 2019 two new USD denominated share classes have been launched, both referred to as U-class with a distinction between an Accumulating and a Distributing characteristic. The new Class U Units will be denominated in USD and are open for subscription by the same type of Unitholders as the Class I Units.

Sole member
As of April 1, 2019 TCS Governance B.V. has been appointed as sole member of the Management Board of Stichting Juridisch Eigendom FMO Privium Impact Fund (the “Legal Owner”). TCS Governance B.V. will take over this role from Stichting Circle FGR Support."

Other Information

Personal holdings of the Board of Directors of the AIFM
The Board of Directors of the AIFM had no interests or positions at 1 January 2018 and 31 December 2018 in investments the Fund held in portfolio at these dates.

Independent Auditor’s report
The independent auditor’s report has been attached at the end of this report.

Independent auditor's report

To: the manager of FMO Privium Impact Fund

Report on the audit of the financial statements 2018 included in the annual report

Our opinion
We have audited the financial statements 2018 of FMO Privium Impact Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of FMO Privium Impact Fund as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
- The balance sheet as at 31 December 2018
- The following statements for 2018: profit and loss statement and cash flow statement
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of FMO Privium Impact Fund in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- General information
- Key figures
- Report of the AIFM
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the manager's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the manager for the financial statements
The manager of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment entity's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the investment entity or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the investment entity's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Concluding on the appropriateness of the manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

The Hague, June 11, 2019

Ernst & Young Accountants LLP

Signed by R.J. Bleijs