ANNUAL REPORT

Privium Sustainable Alternatives Fund

Year ended 31 December 2018

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General information

Registered office
Privium Sustainable Alternatives Fund
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1082 MS Amsterdam
The Netherlands

Fund Manager
Privium Fund Management B.V.
Symphony Towers 26/F
Gustav Mahlerplein 3
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The Netherlands
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Legal Owner
Stichting Juridisch Eigendom Privium Sustainable Alternatives Fund
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The Netherlands

Delegate/Investment Advisor
ABN AMRO Investment Solutions SA
3 Avenue Hoche
75008 Paris
France

Administrator
Circle Investment Support Services B.V.
Smallepad 30F
3811 MG Amersfoort
The Netherlands

Legal and Tax Counsel
Van Campen Liem
J.J. Viottastraat 52
1071 JT Amsterdam
The Netherlands

Custodian
ABN AMRO Clearing Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Independent Auditor
Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Depositary
Darwin Depositary Services B.V.
Barbara Strozzilaan 101
1083 HN Amsterdam
The Netherlands

Key figures

	2018	2017	2016	2015	2014[1]
Total for the Fund					
(all amounts in EUR x 1,000)					
Net Asset Value at 31 December	602,934	324,077	288,111	240,334	238,163
Result from investments	10,382	5,560	4,922	6,854	2,341
Changes in value	(5,508)	(11,936)	3,448	12,527	6,402
Other results	(555)	2,074	(330)	134	-
Costs	(3,201)	(1,569)	(1,463)	(1,272)	(1,123)
Net result for the year	**1,118**	**(5,871)**	**6,577**	**18,243**	**7,620**
Outstanding participations at 31 December	5,828,749	3,061,794	2,620,223	2,151,361	2,305,091
Per participation[2]					
(in EUR x 1)					
Net Asset Value at 31 December	103.44	105.85	109.96	111.71	103.32
Result from investments	1.78	1.82	1.88	3.18	1.03
Changes in value	(0.94)	(3.90)	1.31	5.82	2.78
Other results	(0.10)	0.68	(0.12)	0.07	-
Costs	(0.55)	(0.51)	(0.56)	(0.59)	(0.49)
Net result	**0.19**	**(1.91)**	**2.51**	**8.48**	**3.32**

Dividend payment
During the year 2018, a dividend amount of EUR 10,821,572 (2017: EUR 5,565,353) was distributed by the Fund to the participation holders.

[1] The 2014 figures are for the period 18 July 2014 through 31 December 2014.
[2] The result per participation is calculated using the number of outstanding participations as per the end of the period.

Fund Manager report

Impact investments further expanded with four renewable energy funds

The Privium Sustainable Alternatives Fund (hereinafter referred to as the fund or PSAF) started on 31 August 2014 and currently consists of alternative investments in microfinance, renewable energy, student loans and sustainable real estate. The fund has a composite benchmark consisting of: 50% GPR 250 World Property and 50% Euro cash 3-month yield index + 2%. The return for 2018 of PSAF was +0.2% against +1.2% for the benchmark. The difference in return between PSAF and the benchmark was caused by the lower return on real estate shares in the PSAF portfolio.

Expansion with four British renewable energy funds in PSAF

The investments in renewable energy was expanded during 2018 with the addition of four UK investment funds. The new funds include the Bluefield Solar Income Fund, John Laing Environmental Assets, the NextEnergy Solar Fund and The Renewables Infrastructure Group. This brings the total number of renewable energy funds within PSAF to seven funds. This includes 6 UK funds and the Triodos Renewables Europe Fund. The capital invested in these funds rose from € 15 million to € 69 million as of 31 December 2018. As a result, the percentage of invested capital in renewable energy rose from 5% to almost 12% of the portfolio. This higher percentage reflects the positive outlook that we have on the renewable energy sector.

Bluefield and NextEnergy only invest in solar energy and especially in the United Kingdom. NextEnergy invests a small part of its assets in Italian solar parks as well. Both funds use the income from the solar parks largely for the distribution of dividends to investors. The dividends are generally about 6% of the share price. Normally the dividends rise in tandem with the UK inflation rate. This can be done because a large part of the income is also raised with inflation. This is the part of the income that comes from subsidies. The Renewables Infrastructure Group (TRIG) has invested in both solar and wind farms. About a quarter of the investments are outside the United Kingdom. These investments concern solar and wind projects in Ireland, France and Sweden. TRIG expects continued growth of its portfolio, especially outside the United Kingdom and in the offshore wind sector. John Laing Environmental Assets invests not only in solar and wind farms, but also in three British waste processing plants and in five British biomass power plants. These plants convert biomass into biogas through fermentation of, among other things, agricultural waste. This gas is supplied from the plant to the normal gas grid. JLEN now owns 6 such biomass power plants. Here the waste processing installations ensure that waste is not deposited but processed into energy or for re-use.

Microfinance funds continue to increase their impact

The funds within PSAF have an impact on the world. Impact that we make clear on the basis of practical examples and figures. But also the impact that we can map through the Sustainable Development Goals (SDGs) of the United Nations (UN). Various funds report their impact on the basis of these goals. The 17 SDGs are the successors of the Millennium Development Goals and have been implemented in January 2016. Together, the goals must put an end to poverty, inequality and climate change in 2030. The first and most important aim is to end extreme poverty. According to the UN, this is the biggest challenge of our time. There are also goals regarding health, education, clean drinking water, sustainable energy, less inequality, tackling climate change, etc.

The activities of the microfinancing, sustainable energy, impact and education funds in PSAF all ensure the achievement of these sustainable development goals. Microfinance has been developed as a way to combat poverty and thus contributes in concrete terms to the main goal. This is done by offering poor people in developing countries opportunities through financial services.

The microfinance institutions (MFIs) in PSAF contribute to multiple goals simultaneously. With its loans to the MFIs by BlueOrchard Microfinance Fund, these contributions can account for 11 out of 17 SDGs. Due to continued strong growth of the loan portfolio, the fund now reaches more than 1 million entrepreneurs in emerging countries. The average size of loans granted by the MFIs is approximately U$ 2,600. During 2018 the fund size of the BlueOrchard Microfinance Fund increased by U$ 593 million to U$ 1.87 billion at the end of 2018. Another Microfinance fund in the portfolio, the Triodos Microfinance Fund, also invests in the equity capital of the MFIs. These equity investments were a quarter of the fund portfolio at the end of 2018. These investments have a higher risk, but also a greater impact. The MFI can once again take out a multitude of loans for its customers with new equity capital. Last year, the fund invested in shares of the Accion Quona Inclusion Fund. This fund focuses on fintech companies in emerging markets. All the microfinance funds achieved a positive return in the past year. The Triodos Microfinance Fund was leading with a gain of +4.4% and with a return of +1.2%, the FMO Privium Impact Fund was the laggard. The return of the FMO Privium Impact Fund takes into account the hedging expenses because of the interest rate differential between the US and the Eurozone. The assets under management of the Microfinance funds rose again during 2018. Together these institutions reach a few dozen million, mostly poor, customers. The majority of these customers are women and the average amount that is lent is around U$ 1,400, =.

During the year 2018 the holding in FMO Privium Impact Fund was increased from € 15.5 million to € 39 million. This represents almost 7% of PSAF at the end of 2018. The holding in the BlueOrchard Microfinance Fund also increased to more than 7% of the PSAF portfolio. The holding in Triodos Microfinance has risen to € 50 million due to the higher price and remains the largest within PSAF with over 8% of the total portfolio.

Real estate - strong return fluctuations and sales in December

During the 2018, the return differences between the real estate stocks were once again very large. Prices fell sharply in the first quarter. This decline was followed by an even larger price recovery during the second quarter . Finally, in the second half of the year there was a small fall in returns so that the annual return was close to 0%. Looking at the various regions, European real estate stocks declined by almost 9% and Japanese and American real estate stocks, on the other hand, rose by 8% and 2% respectively. In the portfolio of PSAF, US domiciled HCP, which invests in real estate in the US health sector, was the best performer. The stock appreciated by almost 20%. The return of UK based Hammerson, which invests in retail property, was the worst performer. The stock dropped 37%. The negative consequences of a possible 'hard Brexit' and competition from online stores were the main reasons for the heavy losses.

In December, the fund sold almost all the sustainable real estate stocks. This is a consequence of a change in ABN AMRO´s strategic investment policy. This change is causing real estate investments to become part of ABN AMRO´s general equity investment category and these stocks no longer fall under the alternative investments category. As a result, they no longer belong to the same investment type as PSAF and that is why these positions have been sold.

Change of name to Privium Sustainable Impact Fund

In addition to the exclusion of real real estate investments, the weighting of alternative investments under the new ABN AMRO investment policy has also been reduced to 5% of the risk profile. In addition to the real estate stocks, the fund therefore also partly sold the positions in some of the UK renewable energy funds. The sales proceeds were paid in January 2019 to the participants. After these changes, the portfolio of the fund largely consists of impact investments in microfinance, renewable energy, student loans and the FMO Privium Impact Fund. The name of the fund has therefore been changed from Privium Sustainable Alternatives Fund into Privium Sustainable Impact Fund.

Economic growth stabilizes but downside risks remain

It is expected that the global economic environment remains positive in 2019, despite a slightly lower growth rate than in 2018. We note, however, that expectations are being revised down rather than up. At present, the US is driving the global economy. The US economy is still benefiting from president Trump's stimulus policy. But these effects will gradually lessen during the second half of 2019, causing a significant slowdown in the pace of growth after the summer in the US. Whilst growth is still strong in the US, it is weakening in Europe and China. The lower growth in Europe is largely due to the decreasing Global trade, but we also see indications of deceleration in the domestic economy. Producer confidence in the Eurozone has clearly not yet found the way up. Nor is the yellow vest movement in France helping sentiment or the economy. In fact, the European political scene as a whole is very unsettled. Merkel is struggling in Germany, while the new populist government in Italy is not shirking from a confrontation with European policy makers. In the UK, Brexit is the all-consuming issue in the political landscape where chaos rules. We think the risk of a hard Brexit has shrunk and that the chance of a new referendum has increased. For now, we continue to assume that a deal will be struck. The trade war is not yet over, but parties are back around the negotiation table. The trade conflict remains one of the biggest concerns for financial markets and a threat to the global economy.

At the end of 2018, both the US central bank, the Fed, and the European central bank, the ECB, had moderated their tone. The ECB announced the end of its bond-buying programme from January onwards. However, the central bank will continue to reinvest the amounts released from maturing bonds and will continue doing so until after the moment it starts to hike rates. This latter commitment was new. The ECB also lowered its growth and inflation expectations for 2019. Based on the above and the economic developments within the Eurozone, rate increases are not likely anytime soon.

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 maintains a number of long only equity investments. Strong bottom-up company analysis is a very important item in mitigating risks during the holding period of a position. However price fluctuations due to general equity market movements during the holding period can't be mitigated or avoided in full by conducting company analysis. This risk is inherent when securities like equities are traded.	The Fund rose by +0.2% in 2018. The Fund outperformed most global equity and bond indices. The Fund underperformed its benchmark (50% GPR 250 World Property (EUR) Index and 50% Euro cash 3m + 2% per annum) mainly due to the exposure to UK and US Real Estate stocks. The benchmark rose by +1.2% in 2018.	As of January 1, 2019 the mandate of the Privium Sustainable Alternatives Fund has changed and the name of the Fund has been changed into Privium Sustainable Impact Fund. Real Estate stocks have been removed from the Fund´s mandate. It is expected that the equity market risk will be lower from January 1, 2019 onwards.	No
Manager Risk	No	The Fund maintains a number of investments in other investment funds. These are mostly Micro Finance funds or other Impact funds. These funds are mostly managed by external Fund Management companies. An exception is the FMO Privium Impact Fund. A rigid due diligence process is in place when investment funds are selected.	The Fund outperformed most global equity and bond indices. The Fund underperformed its benchmark as well.	Much will depend on the actual positioning of the underlying investment funds. However we expect that the the selected investments funds will perform better than general equity markets over the long term.	No
Emerging Market risk	No	A significant weight of the portfolio is allocated to micro finance investments and Impact funds. These investments are mainly made in Emerging Markets. This risk is partially mitigated by having rigid selection criteria in place by the underlying Fund Managers.	None	This will depend on general market circumstances.	No
Interest rate risk	No	The Fund maintains a number of positions in Funds which invest 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.	Much will depend on the actual positioning of the underlying investment funds.	No
Foreign Exchange risk	No	The fund has the possibility to hedge direct currency risks in full.	As of December 31, 2018 around 83% of the portfolio was allocated to EUR denominated investments. This includes cash. The Fund also maintained investments denominated in USD and GBP. Exchange risks were fully hedged.	Direct FX exposures are hedged in full.	Yes
Liquidity risk	No	Liquidity risk mostly has been mitigated by investing in positions that offer sufficient liquidity. However some of the underlying investments of PSAF, predominantly the Micro Finance Funds, may have a liquidity mismatch between the liquidity which is offered to investors and the liquidity of the underlying investments of those funds. When these funds receive large redemptions from investors the underlying Fund Managers may decide to gate redemptions. When at the same time PSAF is having large redemptions from investors as well, the Fund Manager may suspend redemptions to protect the remaining investors of PSAF.	None	We would not expect a negative NAV impact if this risk would materialize.	No
Credit risk	No	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.	None	None	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: 56.33% and Commitment method: 99.96%.	None	None	No

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 Privium Sustainable Alternatives Fund (as of January 1, 2019 Privium Sustainable 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.

Remuneration Investee Funds

The Privium Sustainable Alternatives Fund invests (as of January 1, 2019 Privium Sustainable Impact Fund), among other securities, in other Investee Funds. These Funds are managed by other Investment Managers. These Investment Managers are regulated and need to comply with the local legislation in the countries in which they are regulated.

The Investment Objective and Investment Strategy of the Investee Funds are guided by a clear framework and should avoid any excessive risk taking. The Investment Managers of the Investee Funds each have remuneration policies in place as required by law. This both includes fixed and variable remuneration. In the audited financial statements of the Investee Funds these remuneration policies are explained in greater detail. Also on the websites of the Investment Managers these remuneration policies have been published.

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/IC (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.

Financial statements

Balance sheet as at 31 December

(all amounts in EUR)	Notes	2018	2017
Assets			
Investments	1		
Investment funds		206,185,108	279,663,698
Bonds		30,800,164	14,860,500
Forward contracts		203,525	38,312
Total of investments		**237,188,797**	**294,562,510**
Receivables	2		
Other receivables		103,237	614,964
Total of receivables		**103,237**	**614,964**
Other assets			
Cash	3	365,873,069	59,023,708
Total of other assets		**365,873,069**	**59,023,708**
Total assets		**603,165,103**	**354,201,182**
Liabilities			
Net asset value	4		
Participations paid in surplus		604,247,337	315,686,958
Undistributed income prior years		(2,431,386)	14,261,490
Result current year		1,117,637	(5,871,304)
Total net asset value		**602,933,588**	**324,077,144**
Investments	1		
Forward contracts		-	39,816
Total of investments		**-**	**39,816**
Other liabilities			
Bank overdrafts	3	7,682	15,227,364
Payable for investments purchased		-	14,812,690
Other liabilities	5	223,833	44,168
Total other liabilities		**231,515**	**30,084,222**
Total liabilities		**603,165,103**	**354,201,182**

Profit and loss statement

(For the year ended 31 December)

(all amounts in EUR)	Notes	2018	2017
Investment result			
Dividend income	6	9,027,633	5,506,705
Interest income	7	1,354,416	53,495
Total investment result		**10,382,049**	**5,560,200**
Revaluation of investments	6		
Realised results		(11,251,263)	6,122,989
Unrealised results		5,743,242	(15,998,145)
Total changes in value		**(5,508,021)**	**(9,875,156)**
Other results			
Foreign currency translation	9	(1,497,066)	(556,293)
Other income	10	941,751	569,383
Total other results		**(555,315)**	**13,090**
Operating expenses			
Management fee	11	(694,164)	(262,443)
Administration fees	12	(146,260)	(100,046)
Custody expenses	13	(119,768)	(84,235)
Depositary fees		(63,207)	(50,485)
Interest expenses	14	(621,457)	(233,918)
Brokerage fees and other transaction costs		(493,829)	(54,340)
Audit fees	15	(15,362)	(13,684)
Legal fees		(35,239)	(20,465)
Supervision fees		(21,015)	(21,015)
Tax advisory fees		(26,179)	(10,869)
Other expenses		(21,763)	(23,207)
		(2,258,243)	**(874,707)**
Result for the year before tax		**2,060,470**	**(5,176,573)**
Withholding tax	17	(942,833)	(694,731)
Net result for the year after tax		**1,117,637**	**(5,871,304)**

Cash flow statement

(For the year ended 31 December)

(all amounts in EUR)	Notes	2018	2017
Cash flow from operating activities			
Purchases of investments		(287,057,258)	(95,429,168)
Proceeds from sales of investments		324,070,444	72,369,297
Dividend received		8,587,446	4,778,777
Interest received		1,354,416	53,495
Interest paid		(621,457)	(233,918)
Operating expenses paid		(1,448,040)	(621,897)
Other income received		941,752	569,383
Net cash flow from operating activities		**45,827,302**	**(18,514,031)**
Cash flow from financing activities			
Proceeds from subscriptions to redeemable shares		334,486,125	78,120,096
Payments for redemption of redeemable shares		(45,925,746)	(30,717,784)
Dividend paid		(9,198,336)	(4,730,550)
Dividend tax paid		(1,623,236)	(834,803)
Net cash flow from financing activities		**277,738,807**	**41,836,959**
Net cash flow for the year		**323,566,109**	**23,322,928**
Cash at beginning of the year		43,796,344	21,029,709
Foreign currency translation	9	(1,497,066)	(556,293)
Cash at the end of the year	3	**365,865,387**	**43,796,344**

Notes to the financial statements

General information

Privium Sustainable Alternatives Fund (the "Fund") is an open ended investment fund ("beleggingsfonds") and a fund for joint account (fonds voor gemene rekening) organized and established under the laws of The Netherlands. The Fund was incorporated on July 18, 2014.

The Fund is not a legal entity but a contractual agreement sui generis between the Fund Manager, the Legal Owner and each of the Participants separately, governing the assets and liabilities acquired or assumed by the Legal Owner for the account and risk of the Participants. In view of its legal form of fund for joint account the Fund is not eligible for registration in the Trade Register (handelsregister) of The Netherlands.

Fund Manager is in possession of an AFM license as referred to in article 2:65 (1)(a) FSA, and as a consequence may offer the Fund to professional and non-professional investors within The Netherlands.

The Fund's office address is that of the Fund Manager, being Gustav Mahlerplein 3, 26th floor, 1082 MS Amsterdam, The Netherlands.

The Fund's objective is to achieve long term capital growth by investing in Investee Companies and Investment Funds focused on Sustainable alternatives.

To achieve the Fund Objective, the Fund will primarily invest in a diversified portfolio of Investment Funds and listed Investee Companies established worldwide (both developed countries and emerging markets) focused on Sustainable alternatives and instruments derived from them. The portfolio will be managed actively with a long term investment horizon and following a sustainability approach. Only those Investee Companies that score above the sector average in the relative analysis and are not substantially involved in controversies or controversial products are eligible for investment, based on policies and procedures as determined by the Fund Manager.

The performance objective of the Fund is to seek to outperform the following composite benchmark by 0.75% per annum, over rolling three-year periods:

a) 50% GPR 250 World Property (total return, EUR) Index (BB ticker: G250PGLE Index); and
b) 50% Euro cash 3 months (BB ticker: ECC0TR03 Index) + 2% per annum.

Subscription and redemption fee
In order to determine the total amount due by the subscriber to the Fund the total subscription price may at the sole discretion of the Fund Manager be increased by a surcharge in the event subscriptions on the applicable Subscription Note Date exceed redemptions on such day and the associated costs to the Fund are material. The surcharge shall not exceed 0.5% of the Total Subscription Price of the Participations subscribed for. For 2018 the Fund has not applied any such surcharges.

In order to determine the net amount due by the Fund to a Participant in consideration for the redemption of Participations, the Total Redemption Price may at the sole discretion of the Fund Manager be reduced by a discount in the event redemptions on the applicable Redemption Note Date exceed subscriptions on such day and the associated costs to the Fund are material. The discount shall not exceed 0.5% of the relevant Total Redemption Price of the Participations redeemed. For 2018 the Fund has not applied any such discounts.

Accounting policies

General
The financial statements are prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. The accounting principles of the Fund are summarized below. These accounting principles have all been applied consistently throughout the financial year and the preceding period.

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.

Measurement currency
The amounts included in the financial statements are denominated in euro, 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 recognized at cost.

Valuation
Investment securities are valued at the last reported sales price on the largest recognized market on which they are traded. For securities in which no trading took place on that date the securities are valued at the most recent official price. Securities which are neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, are not regularly traded thereon or in respect of which no prices as described above are available, will be valued at their probable realization value as determined by the Fund Manager (or Administrator as delegated party) in good faith having regard to its cost price. Investments in funds (fund-of-fund) will be valued on the basis of the latest available valuation of Investee Funds Interests provided by the administrators of the relevant Investee Fund. In the absence of quoted values or audited net asset value calculations, the valuation of the investments is based on the reported values of the respective funds in which the Fund has a position. Lacking any proper valuation, a fair price will be determined by the Fund Manager and Investment Advisor.

Cost of investment securities sold is determined on a FIFO method.

Financial 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 realised for financial statement purposes on the trade date of the transaction closing or offsetting the open position against the historical cost price. Unrealised gains and losses are the difference between the value initially recognized and the fair value of open positions. 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 profit and loss statement.

Translation of foreign currency
Monetary assets and liabilities denominated in foreign currencies are translated into Euro 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. Realised and unrealised 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 realised and unrealised gains and losses on investments.

Brokerage/expenses
Commissions payable on opening and closing positions are recognized when the trade is entered into the Fund. Expenses are recorded in the period in which they originate. Transaction costs are borne by the Fund and be brought at the charge of 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 disposable, then 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 operations 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 participations 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, interest costs and performance fees. 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 (for this period the number of months is 12).

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

(all amounts in EUR)	2018	2017
Investment funds	206,185,108	279,663,698
Bonds	30,800,164	14,860,500
Forward contracts Long	203,525	38,312
Forward contract Short	-	(39,816)
Position as per 31 December	**237,188,797**	**294,522,694**

The market value of the investments is based on quoted market prices. The movement of the financial instruments is as follows:

	2018	2017
Investment funds		
Opening balance	279,663,698	256,731,460
Purchases	206,764,933	105,241,457
Sales	(277,484,343)	(70,308,758)
Realised investment result	(9,116,942)	4,062,450
Unrealised investment result	6,378,762	(16,062,911)
Balance at 31 December	**206,185,108**	**279,663,698**
Bonds		
Opening balance	14,860,500	14,797,500
Purchases	65,500,635	-
Sales	(48,720,422)	-
Unrealised investment result	(840,549)	63,000
Balance at 31 December	**30,800,164**	**14,860,500**
Forward contracts		
Opening balance	(1,504)	(3,270)
Sales and expirations	2,134,321	-
Realised investment result	(2,134,321)	-
Unrealised investment result	205,029	1,766
Balance at 31 December	**203,525**	**(1,504)**

Portfolio breakdown to valuation methods

(all amounts in EUR)	2018	2017
Quoted prices	95,001,209	197,873,807
Net Present Value calculations	142,187,479	96,648,887
Balance at 31 December	**237,188,688**	**294,522,694**

2. Receivables

(all amounts in EUR)	2018	2017
Other receivables		
Dividend receivable	97,669	600,315
Deferred organizational fees	5,568	13,920
Prepaid administration fees	-	729
Balance at 31 December	**103,237**	**614,964**

3. Cash

At 31 December 2018 and 31 December 2017, no restrictions on the use of cash exist.

4. Redeemable participations

Redeemable participations are redeemable at the shareholders' option and are classified as financial liabilities.

On any Settlement Date, provided the requirements of the Terms and Conditions have been met, the Fund Manager may redeem Participations at the request of a Participant sent in writing to the Administrator.

The Fund Assets will be sufficiently liquid to, under normal circumstances, allow the Fund to redeem Participations as requested by its Participants for at least 10% of the assets managed.

Applications for the redemption of Participations should be submitted to the Administrator by means of a duly signed Redemption Notice specifying the details of the redemption. Redemption Notices are irrevocable once received by the Administrator.

The Redemption Price of a Participation redeemed, is equal to the Net Asset Value per Participation as at the Valuation Date of such Participation. The Total Redemption Price is the applicable redemption price multiplied by the number of redeemed Participations.

In order to determine the net amount due by the Fund to a Participant in consideration for the redemption of Participations (the "Total Redemption Amount"), the Total Redemption Price may at the sole discretion of the Fund Manager be reduced by a discount in the event redemptions on the applicable Redemption Notice Date exceed subscriptions on such day and the associated costs to the Fund are material. The discount shall not exceed 0.5% of the relevant Total Redemption Price of the Participations redeemed. The discount shall be for the benefit of the Fund.

Participants shall economically be treated as having redeemed on the Valuation Date of the Participations redeemed and accordingly shall not receive any distributions declared by the Fund during the period from such Valuation Date to the Settlement Date of the Participations redeemed.

Movement schedule of net asset value

(all amounts in EUR)	2018	2017
Participations paid in surplus		
Opening balance	315,686,958	268,284,646
Subscriptions to redeemable shares	334,486,125	78,120,096
Redemption of redeemable shares	(45,925,746)	(30,717,784)
Closing balance	**604,247,337**	**315,686,958**
Undistributed income prior years		
Opening balance	14,261,490	13,250,106
Addition from undistributed result	(5,871,304)	6,576,737
Dividend paid	(10,821,572)	(5,565,353)
Closing balance	**(2,431,386)**	**14,261,490**
Undistributed result		
Opening balance	(5,871,304)	6,576,737
Addition to undistributed income prior years	5,871,304	(6,576,737)
Result current year	1,117,637	(5,871,304)
Closing balance	**1,117,637**	**(5,871,304)**
Total net assets value at 31 December	**602,933,588**	**324,077,144**

Movement schedule of participations

(in number of participations)	2018	2017
Outstanding participations		
Opening balance	3,061,794	2,620,223
Subscriptions to redeemable shares	3,206,294	725,537
Redemption of redeemable shares	(439,339)	(283,966)
Outstanding participations at 31 December	**5,828,749**	**3,061,794**

5. Other liabilities

(all amounts in EUR)	2018	2017
Management fees payable	150,771	23,273
Legal and audit fees payable	14,365	12,342
Reporting fees payable	3,071	3,025
AIFMD fees payable	323	318
Supervision fees payable	21,014	-
Administration fees payable	16,541	-
Custodian fees payable	12,538	-
Other liabilities	5,210	5,210
Balance at 31 December	**223,833**	**44,168**

Notes to the profit and loss statement

6. Dividend income

The dividend income have seen a rise compared to previous year due to more dividend distributions from securities.

(all amounts in EUR)	2018	2017
Dividend income	9,027,633	5,506,705
Total dividend income	**9,027,633**	**5,506,705**

7. Interest income

The interest income have seen a rise compared to previous year. The rise is attributable to four new Argentum bonds.

(all amounts in EUR)	2018	2017
Interest income	1,354,416	53,495
Total interest income	**1,354,416**	**53,495**

8. Revaluation of investments

(all amounts in EUR)	2018	2017
Net realised result on financial assets and liabilities at fair value through profit or loss		
Realised gains on investment funds	17,393,656	4,086,644
Realised gains on forward contracts	-	2,060,539
Realised losses on investment funds	(26,510,598)	(24,194)
Realised losses on forward contracts	(2,134,321)	-
Total realised result	**(11,251,263)**	**6,122,989**
Net unrealised result on financial assets and liabilities at fair value through profit or loss		
Unrealised gains on investment funds	11,819,251	1,974,834
Unrealised gains on bonds	-	63,000
Unrealised gains on forward contracts	205,029	85,509
Unrealised losses on investment funds	(5,440,489)	(18,037,745)
Unrealised losses on bonds	(840,549)	-
Unrealised losses on forward contracts	-	(83,743)
Total unrealised result	**5,743,242**	**(15,998,145)**
Total revaluation of investments	**(5,508,021)**	**(11,935,695)**

9. Foreign currency translation

Realised and unrealised exchange differences consist of realised and unrealised translation gains (losses) on assets and liabilities other than financial instruments at fair value through profit or loss and amount to a loss of EUR 1,497,066 (2017: a loss of EUR 556,293).

10. Other income

(all amounts in EUR)	2018	2017
Other income	941,751	569,383
Total other income	**941,751**	**569,383**

Other income in 2018 consists of a received tax reclaim from Unibail Rodamco in 2015 for the amount of EUR 126,037 and reclaimable dividend tax over the year 2017 for the amount of EUR 815,714.

11. Management fee

The Fund Manager is entitled to an annual Management Fee equal to EUR 20,000 plus 0.08% of the Net Asset Value (i.e. 8 basis points) excluding (i.e. before deduction of) the Management Fee, as at the last calendar day of each month, with a minimum of EUR 110,000 per annum, payable monthly in arrears out of the Fund Assets. Any changes to the Management Fee are subject to the prior approval of the Fund Manager and the Legal Owner.

The management fee for the year ended 31 December 2018 amounts to EUR 694,164 (2017: EUR 262,443). The Fund Manager has entered into a delegation agreement with ABN AMRO Investment Solutions (AAIS). Certain portfolio management responsibilities have been delegated to AAIS. A certain part of the management fee is paid to AAIS for their work.

12. Administration fees

The Fund has appointed Circle Investment Support Services BV as the administrator. The administrator is entitled to an annual administration fee of 0.031% of the Net Asset Value (3.1 basis points) of the Fund. The administration fee is payable quarterly in arrears and subject to an annual minimum of EUR 30,000.

13. Custody expenses

The Fund has appointed ABN AMRO Clearing Bank N.V. as custodian to the Fund. The administrator is entitled to a safekeeping fee of 2.5-3.0 bps of the value of the investments (depending on the type of investment). In addition, the custodian can charge a settlement fee, cash payment fee, corporate actions fee and proxy voting fee, all in accordance with their customary arrangements.

14. Interest expenses

The interest expenses of EUR 621,457 have seen a rise compared to previous year EUR 233,918. The rise is attributable to the negative interest charge from the ABN AMRO Bank N.V. and a high cash position.

15. 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 EUR 15,362 (2017: EUR 13,684). The Independent Auditor does not provide any other audit or non-audit services to the Fund.

16. 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 Fund from the Fund Manager therefore qualify as related party transactions. During the period, the Fund paid management fees of EUR 566,666 (2017: EUR 260,045) to the Fund Manager.

The Privium Sustainable Alternatives Fund maintains an investment in Class A of FMO Privium Impact Fund. The value of the investment as per 31 December 2018 amounts to EUR 39,145,031 (2017: EUR 15,373,126).

17. Income and withholding tax

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 The Netherlands corporate income tax purposes. As a consequence, the Fund is not subject to The Netherlands corporate income tax. Certain dividend and interest income received by the Fund are subject to withholding tax imposed in the country of origin. During the year the average withholding tax rate incurred by the Fund was 10.44% (2017: 12.61%).

Other notes

Risk management
The nature of the Fund's investments involves certain risks and the Fund may utilize investment techniques (such as leverage 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 financial instrument 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 financial instruments – for example, equity securities – are denominated in currencies other than the EUR, the price initially expressed in foreign currency and then converted into EUR 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.

The Fund's investment strategy may include actively taking on equity-like exposure defined as exposure to equity, commodity and non-investment grade bond markets in various developed and emerging markets. The Fund may decide to hedge all or parts of these exposures.

As of 31 December 2018, the sector allocations of the Fund were as follows:

(in %)	**2018**	**2017**
Microfinance investments	22.0	34.9
Renewable energy investments	11.5	4.7
Education related investments	5.1	4.6
Sustainable real estate investments	0.7	44.4
Cash balances	60.7	11.4
Total	**100.0**	**100.0**

The total market risk that the Fund bears at 31 December 2018 is the total net financial assets and liabilities at fair value through profit or loss in the amount of EUR 237,188,688 (2017: EUR 294,522,694). If the prices had risen/fallen by 5%, the total financial assets and liabilities at fair value through profit or loss would have increased/decreased by EUR 11,859,434 (2017: EUR 14,726,135).

Currency risk
Participations are euro-denominated and are issued and redeemed in this currency. However, a large part of the Fund may be invested in securities and other instruments that are exposed to currencies other than the euro. Accordingly, the value of such assets may be affected favourably or unfavourably by exchange rate fluctuations. In addition, potential investors whose assets and liabilities are predominantly denominated in another currency than the euro should take into account the possibility of foreign exchange losses arising from fluctuations in the exchange rate between the euro and their home currency.

The Fund's investment strategy may include actively taking on foreign currency risk in various developed and emerging market currencies and is therefore exposed to a significant currency risk. The Fund may decide to hedge all or parts of the exposure to a foreign currency through an exchange traded instrument (such as a currency future or option) or through an OTC transaction (such as a forward rate agreement).

The currency exposure of the Fund at 31 December 2018 is as follows (no lookthrough applied for investments in funds):

(all amounts in EUR)			2018	
	Gross fair value	**Forward contract**	**Net fair value**	**% NAV**
Pound sterling	60,017,018	(59,751,990)	265,028	0.04
US dollars	42,163,305	(41,939,140)	224,165	0.04
Australian dollars	15,882	-	15,882	-
Singapore dollars	3,215	-	3,215	-
Hong Kong dollars	44,305	(39,195)	5,110	-
Total			**513,400**	**0.08**

The currency exposure of the Fund at 31 December 2017 is as follows (no lookthrough applied for investments in funds):

(all amounts in EUR)			2017	
	Gross fair value	**Forward contract**	**Net fair value**	**% NAV**
Pound sterling	32,379,009	-	32,379,009	9.99
US dollars	69,694,201	(15,385,414)	54,308,787	16.76
Australian dollars	12,898,810	-	12,898,810	3.98
Singapore dollars	11,013,632	-	11,013,632	3.40
Hong Kong dollars	15,467,933	-	15,467,933	4.77
Total			**126,068,171**	**38.90**

Interest rate risk

Interest rate risk refers to fluctuations in the value of, amongst others, fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of fixed-income securities will generally go down and vice versa. Financial assets and liabilities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. The Fund's income and operating cash flows are dependent on changes in market interest rates.

The Fund's exposure to market risk for changes in interest rates relates to the Fund's financial instruments at fair value through profit or loss. The Fund has interest bearing financial assets or financial liabilities except for cash at banks which are subject to normal market related short term interest rates. The Fund's interest bearing financial assets or financial liabilities consists less than 5% of the NAV. Therefore the Fund is not exposed to significant interest rate risks.

Credit risk

The Fund could lose money if the issuer of an underlying fixed income security or money market instrument, the counterparty or clearing house of a derivatives contract or repurchase agreement, a Custodian or Prime Broker at which a deposit or other assets are held, or the counterparty in a securities lending agreement does not honor his obligations. Issuers of fixed income instruments and other counterparties are subject to varying degrees of credit risks which are reflected in their credit ratings. The Fund's investment restrictions have been designed to limit the credit risk to any counterparty but this offers no guarantee that a credit event will not occur. The Fund is also exposed to credit risk on its cash which are held at ABN AMRO Bank N.V. The Standard & Poor's credit rating for ABN AMRO Bank N.V. is A (2017: A).

The Fund's maximum exposure to credit risk (not taking into account the value of any collateral or other security held) in the event that counterparties fail to perform their obligations at 31 December 2018 and 2017 in relation to the assets, is the carrying amount of EUR 396,776,579 (2017: EUR 74,499,172) as indicated in the statement of financial position.

Custody risk
The Fund's assets are held at ABN AMRO Clearing Bank N.V. All long positions and regular cash accounts are segregated and therefore their counterparty risk should be negligible. To manage the counterparty risk the credit rating of the custodian is monitored. The Standard & Poor's credit rating for ABN AMRO Clearing Bank N.V. is A (2017: A).

Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Most of the financial instruments in which the Fund has invested are exchange-traded. Under normal circumstances they are bought and sold based on the on-going demand and supply on an exchange. Despite the Fund Manager's policy, which intends to limit liquidity risk, if due to unforeseen circumstances financial instruments cannot be sold or bought under normal conditions, this could lead to significant direct and indirect transaction costs. OTC transactions may involve additional risks, as there is no exchange or market on which to close out open positions.

Capital management

The Fund has no equity. The redeemable participations issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's participations in the Fund's net assets at each monthly redemption date and are classified as liabilities. For a description of the terms of the redeemable participations issued by the Fund, we refer to note 4. The Fund's objectives in managing the redeemable participations are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions. The Fund's management of the liquidity risk arising from redeemable participations is discussed in this note. The Fund is not subject to any externally imposed capital requirements.

18. Ongoing charges figure (OCF)

(all amounts in EUR)	**2018**	**2017**
Average net asset value	433,376,801	303,032,452
Total ongoing expenses	1,142,957	592,827
Ongoing charges figure	**0.264%**	**0.196%**

For the calculation of the OCF, no lookthrough has been applied for investments in other investment funds.

The prospectus states that the total ongoing charges figure (excluding transactions costs, interest costs, and performance fees and assuming a net asset value of EUR 400,000,000) will be 0.264%.

Comparison of 2018 expenses with the prospectus

(all amounts in EUR)	**Expenses**	**OCF**	**Prospectus**
Management fee	694,164	0.160%	0.300%
Administration & Tax Advisory fees	140,362	0.032%	0.030%
Custody expenses (including depositary fee)	182,975	0.042%	0.040%
Audit & reporting fees	21,260	0.005%	0.010%
Organization fee	8,352	0.002%	0.010%
Other expenses	95,844	0.023%	0.020%
Total	**1,142,957**	**0.264%**	**0.410%**

19. Turnover ratio (TOR)

The turnover ratio for the Fund over the period 1 January 2018 until 31 December 2018 is: 50 (1 January 2017 until 31 December 2017: 22).

20. Core business and outsourcing

The following key task have been outsourced by the Fund:

Administration
The administration has been delegated 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 Manager, the interim report and the financial statements of the Fund. For information on the fees of the Administrator refer to note 12.

21. Events after balance sheet date

As of January 1, 2019 the Investment Strategy of the Fund has been changed from a hybrid Sustainable Alternatives Fund into a Fund which makes in investments that are classified as Sustainable Impact. To align the Fund with this focused approach, the real estate companies have been excluded from the Fund to reflect this focus, the name of the Fund has changed from 'Privium Sustainable Alternatives Fund' to 'Privium Sustainable Impact Fund'. The redemption procedure of the Fund has been amended and a redemption gate of 20% of the net asset value of the Fund has been introduced. These amendments have been implemented after taking into account a one (1) month period.

22. Personnel

The Fund did not employ personnel during the year (2017: nil).

23. Appropriation of the result

The primary objective of the Fund is to achieve capital growth. Distributions of Net Proceeds (including profit distributions) will be made when (i) they are required in connection with the fiscal status of the Fund as a fiscal investment institution (fiscale beleggingsinstelling); or (ii) there are no sufficient suitable investment opportunities to achieve the Fund Objectives of the Fund. All distributions (including profit distributions) to the Participants will be made in July of each calendar year and pro rata to the number of Participations held by each Participant.

Any distribution (including profit distributions) to the Participants, including the amount, composition and manner of payment, shall be published on the Fund Manager’s website.

In August 2019, the Fund will issue the FBI distribution to the Participants.

Amsterdam, 27 June 2019

Fund Manager
Privium Fund Management B.V.

Independent Auditor's report

The independent auditor's report is attached at the end of this report.

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Independent auditor's report

To: the manager of Privium Sustainable Alternatives 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 Privium Sustainable Alternatives Fund, based in Amsterdam, The Netherlands.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Privium Sustainable Alternatives 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 Privium Sustainable Alternatives 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 27, 2019

Ernst & Young Accountants LLP

signed by R.J. Bleijs