FMO Privium
IMPACT
FUND

The difference is the impact

ANNUAL REPORT

FMO Privium Impact Fund

Year ended 31 December 2019

Table of contents

General information

Involved parties

Registered office
FMO Privium Impact Fund
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands

AIFM
Privium Fund Management
Symphony Towers 26/F
Gustav Mahlerplein 3
1082 MS Amsterdam
The Netherlands

Management Board Legal Owner
Stichting Juridisch Eigendom
FMO Privium Impact Fund
Woudenbergseweg 11
3953 ME Maarsbergen
The Netherlands

Legal and Tax Counsel
Jones Day
Concertgebouwplein 20
1071 LN Amsterdam
The Netherlands

Investment Advisor/Delegate
FMO Investment Management B.V.
Anna van Saksenlaan 71
2593 HW The Hague
The Netherlands

Independent Auditor
Ernst & Young Accountants LLP
Wassenaarseweg 80
2596 CZ The Hague
The Netherlands

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

Depositary
Kas Bank N.V.
De Entrée 500
1101 EE Amsterdam
The Netherlands

Swiss Representative
ACOLIN Fund Services AG
6 Cours de Rive
1204 Geneva
Switzerland

Swiss Paying Agent
Banque Heritage SA
61 Route de Chêne
CH-1208 Geneva
Switzerland

On-line information

All relevant information is available on these websites:

- www.fmopriviumimpactfund.com
- https://www.priviumfund.com/strategies_amsterdam/

FMO Privium IMPACT FUND

Overview of the classes

Class	ISIN Bloomberg	Currency	Minimum Investment	Annual dividend (part of expected return)	First NAV	Available for	Management fee
A	NL0011765904 FPIFAUA NA	USD	100.-	N/A	June 2016	Privium Sustainable Impact Fund	0.90%
B-A	NL0013691314 FPIFBAE	EUR	100.-	N/A	November 2019	Seed investor class	0.98%
B-D	NL0011765912 FPIFBED NA	EUR	100.-	2%	July 2016	Seed investor class	0.98%
F	NL0012135750 FPIFFEA NA	EUR	1,000.-	N/A	March 2017	FMO employees	0.98%
I – A	NL0012818223 FPIFIEA NA	EUR	1,000.-	N/A	August 2018	NL, CH, ES, LU, UK, FR	1.15%
I – D	NL0012939029 FPIFIDE NA	EUR	1,000.-	2%	August 2018	NL, CH, ES, LU, UK, FR	1.15%
U – A	NL0013380173 FPIFUAU NA	USD	1,000.-	N/A	March 2019	NL, CH, ES, LU, UK, FR	1.15%
U – D	NL0013380181 FPIFUDU NA	USD	1,000.-	2%	March 2019	NL, CH, ES, LU, UK, FR	1.15%

FMO Privium IMPACT FUND

Key Figures

Totals for the Fund		2019	2018	2017	2016
Net Asset Value at 31 December	USD	156,575,599	130,883,698	76,342,756	44,296,69
Number of outstanding units at 31 December		1,410,025.7179	1,163,926.97	656,701.20	426,100.00
Investment result					
Direct result	USD	7,389,470	5,623,079	8,002,912	-911,262
Revaluation	USD	-5,814,769	-5,094,980	-3,169	73,693
Costs	USD	-1,854,401	-1,567,968	-986,904	-305,993
Total investment result for the period	USD	-279,700	-1,039,869	7,012,839	-1,143,562

Investment result per unit[2]					
Direct result	USD	5.24	4.83	12.19	-2.14
Revaluation	USD	-4.12	-4.38	-0.01	0.17
Costs	USD	-1.31	-1.34	-1.5	-0.71
Total investment result per unit	USD	-0.20	-0.89	10.68	-2.68

Total for the Fund – Impact				
Number of jobs supported	27,198	22,953	12,324	6,705
Greenhouse gas avoided (tCO2eq)	20,600	16,040	8,855	1,320
Number of SME loans	1,548	707	457	293
GWh electricity produced per annum	50.77	41.36	16.31	8.24
People served	64,171	41,946	17,522	8,057

General overview at 31 December				
Number of loans on the portfolio	70	56	32	18
Average exposure per loan (in USD)	1,909,292	2,247,459	2,104,475	2,243,401
Average maturity of the loans (years)	5.41	5.75	8.02	7.68
Average interest margin of the portfolio (bps)	485	486	480	515
Number of countries	31	26	21	15
Total number of loans in the portfolio, since launch	75	59	33	18
Total exposure in FMO loans	143,196,905	117,660,765	68,160,424	39,360,043
Total provision on the loans in the portfolio	4,250,000	1,250,000	n/a	n/a
Percentage of loans in the portfolio, denominated in USD	100%	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.

Key figures per class

		2019	2018	2017	2016 [1]
Class A (USD) - Issue date June, 2016					
Net Asset Value at 31 December	USD	54,240,992	44,895,436	18,454,668	14,523,695
Number of outstanding units at 31 December		*479,141.3374*	*409,586.9676*	*174,893.3024*	*143,000.0000*
Net Asset Value per unit at 31 December	USD	113.20	109.61	105.52	101.24
Performance for the year		3.28%	3.88%	3.89%	1.56%
Class B-A (EUR) - Issue date Nov, 2019					
Net Asset Value at 31 December	EUR	793,978	n/a	n/a	n/a
Net Asset Value at 31 December	USD	890,366	n/a	n/a	n/a
Number of outstanding units at 31 December		*8,000.0000*	n/a	n/a	n/a
Net Asset Value per unit at 31 December	EUR	99.25	n/a	n/a	n/a
Performance for the year		-0.75	n/a	n/a	n/a
Class B-D (EUR) - Issue date July, 2016					
Net Asset Value at 31 December	EUR	55,419,681	56,335,841	48,177,337	28,301,331
Net Asset Value at 31 December	USD	62,147,630	64,611,576	57,836,893	29,773,000
Number of outstanding units at 31 December		*567,705.0000*	*567,489.0000*	*481,389.0000*	*283,100.0000*
Net Asset Value per unit at 31 December	EUR	97.62	99.27	100.08	99.77
Dividend distribution per unit	EUR	1.9963	2.0112	2.0184	1.0078
Performance for the year		0.35%	1.20%	2.13%	0.99%
Class F (EUR) - Issue date March, 2017					
Net Asset Value at 31 December	EUR	107,121	106,766	42,644	n/a
Net Asset Value at 31 December	USD	120,126	122,450	51,194	n/a
Number of outstanding units at 31 December		*1,036.2812*	*1,036.2812*	*418.9021*	n/a
Net Asset Value per unit at 31 December	EUR	103.37	103.03	101.80	n/a
Performance for the year		0.33%	1.21%	1.80%	n/a

		2019	2018	2017	2016 [1]
Class I-A (EUR) Issue date August, 2018					
Net Asset Value at 31 December	EUR	25,861,567	16,750,041	n/a	n/a
Net Asset Value at 31 December	USD	29,001,161	19,210,622	n/a	n/a
Number of outstanding units at 31 December		258,516.2868	167,785.6164	n/a	n/a
Net Asset Value per unit at 31 December	EUR	100.04	99.83	n/a	n/a
Performance for the year		0.21%	-0.17%	n/a	n/a
Class I-D (EUR) Issue date August, 2018					
Net Asset Value at 31 December	EUR	6,248,224	1,781,859	n/a	n/a
Net Asset Value at 31 December	USD	7,006,759	2,043,614	n/a	n/a
Number of outstanding units at 31 December		64,370.9127	18,029.1044	n/a	n/a
Net Asset Value per unit at 31 December	EUR	97.07	98.83	n/a	n/a
Dividend distribution per unit	EUR	1,9859	0.9967	n/a	n/a
Performance for the year		0.22%	-0.17%	n/a	n/a
Class U-A (USD) - Issue date March, 2019					
Net Asset Value at 31 December	USD	1,943,846	n/a	n/a	n/a
Number of outstanding units at 31 December		*19,025.6682*	n/a	n/a	n/a
Net Asset Value per unit at 31 December	USD	102.17	n/a	n/a	n/a
Performance for the year		2.17%	n/a	n/a	n/a
Class I-D (USD) - Issue date March, 2019					
Net Asset Value at 31 December	USD	1,224,719	n/a	n/a	n/a
Number of outstanding units at 31 December		*12,230.2316*	n/a	n/a	n/a
Net Asset Value per unit at 31 December	USD	100.14	n/a	n/a	n/a
Dividend distribution per unit	USD	2.0310	n/a	n/a	n/a
Performance for the year		2.17%	n/a	n/a	n/a

Report of the AIFM

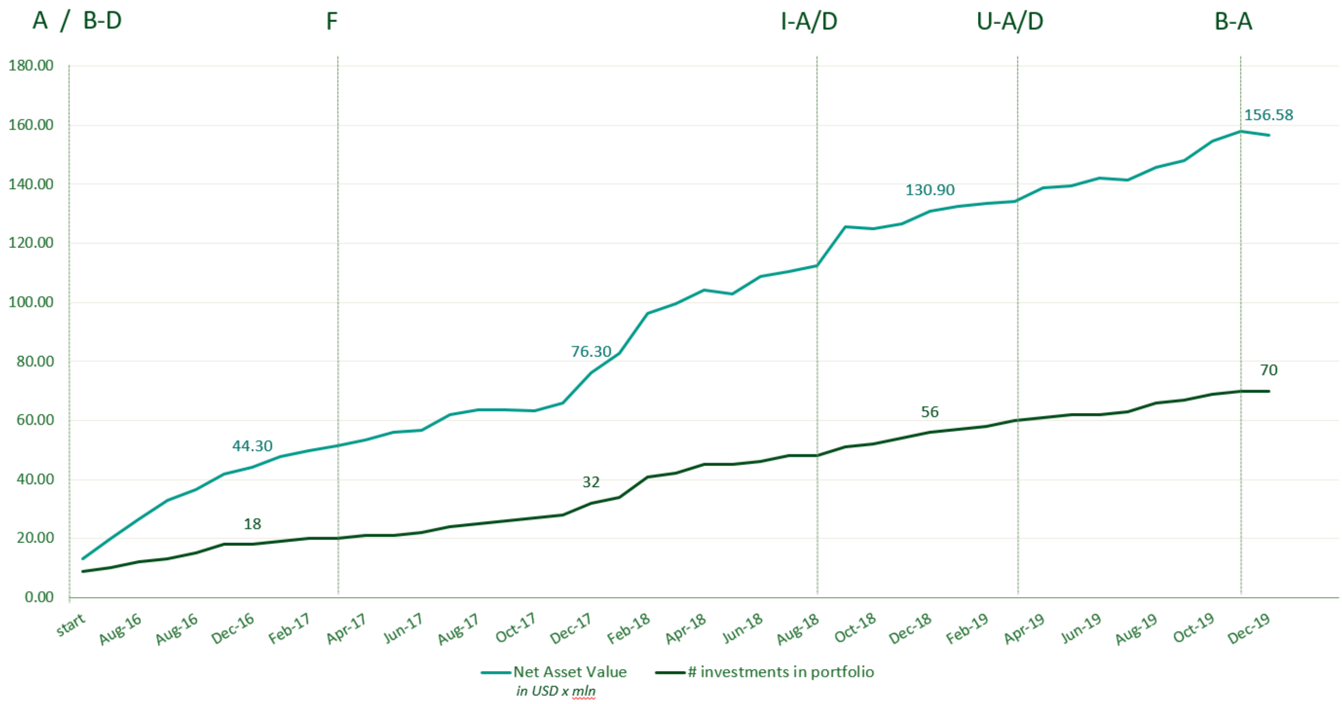
Introduction

The FMO Privium Impact Fund ("the Fund") was launched in June 2016 by Privium Fund Management B.V.. This was done in close cooperation with FMO Investment Management B.V. as investment advisor (Delegate) and initially the clients of ABNAMRO MeesPierson as exclusive investors.

The Fund has the purpose of granting investors access to FMO's portfolio of loans. The Fund may invest in a diversified portfolio of new and existing loans alongside FMO with the aim to contribute to the fight against climate change and support job creation in emerging and developing economies while targeting a financial return. It may invest in loans to financial institutions, renewable energy projects, agribusiness companies and telecom infrastructure projects.

After the initial launch in 2016, the Fund has opened up to the employees of FMO via the F-share class (2017), but remained closed to other investors. During the course of 2018 this changed, initially 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. As of March 1, 2019, the fund has opened two more share classes referred to as the U-A and U-D classes which are USD denominated and like the I-class have a distinction between an Accumulating and a Distributing characteristic. As of November 1, 2019 a second – accumulating - class was opened exclusively for clients of ABNAMRO Meespierson (B-A), next to the existing Distributing share class for these investors (B-D).

The Net Asset Value of the fund increased from USD 130.9 million at December 31, 2018 to USD 156.6 million as of December 13, 2019.



The year in summary

At the start of 2019 the Fund portfolio, which was made up of 57 loan participations, had a combined value of USD 117.7 million. During the course of the year, 15 new loan participations were made plus in the case of two existing participations the amount was increased. In 2019, two loans were prepaid ahead of schedule. The Fund also has a few loans for which provisions were and are still in place, currently representing 5.5% of the portfolio. At December 31, 2019 the portfolio consisted of 70 loan participations representing a total value of USD 143.2 million. The impact of these new loan participations means that additional jobs have been supported by the investments, now reaching a total of 27,198 supported jobs. The new loan participations support a renewable energy output of 50.77 GWh per annum.

Changes in registration

The fund continues to be registered in The Netherlands, Switzerland, the UK, Spain, France and Luxembourg. There are currently no plans to expand the registration beyond these domiciles. To facilitate the investors in these domiciles, the fund has started reporting on a quarterly basis also in French (which is a translation of the English quarterly report).

In 2018, 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 had appointed Hugo Fund Services S.A. as its Swiss Representative and Banque Heritage S.A. as the Swiss Paying Agent. In 2019 Hugo Fund Service S.A. was acquired by ACOLIN Fund Services AG which will continue in this new capacity to be the Swiss Representative. In Switzerland shares shall be distributed exclusively to qualified investors.

Portfolio performance in a nutshell

At year-end 2018 the number of loan participations in the portfolio stood at 57. By the end of 2019 the Fund portfolio increased to 70 participations in FMO loans. Cumulatively over the life of the Fund, 75 investment have been made, five of which have been repaid or prepaid.

The fifteen new loan participations in 2019 have been made across ten financial institutions, three agribusiness companies and two renewable energy projects.

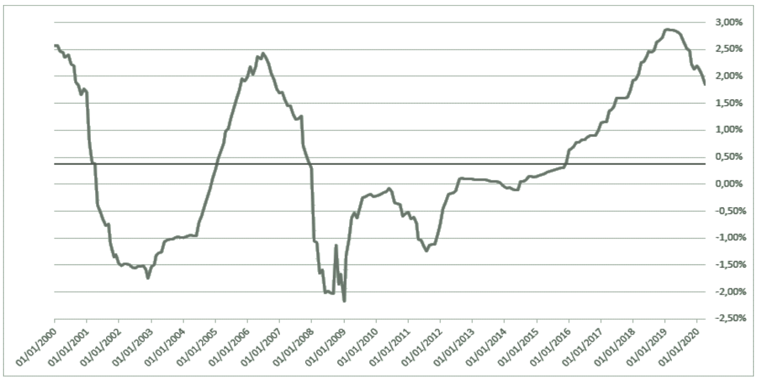
In 2019 the provisioned loan participations increased to a total number of three. The first loan, for which the Fund already took a provision in 2018, further deteriorated and the provisioning has been increased to 90%. For two other loans the Fund had to take a provision during 2019 and these stand at 25% and 50% at year-end 2019. FMO continues to be in close consultation with these companies and other creditors. We are monitoring the progress closely and we will update investors of the developments.

Primarily due to these provisions the interest margin from the loan participations as of December 31, 2019 stood at 4.85 % which is slightly below expectations.

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 continue to hedge the USD exposure to EUR for Class B-D (EUR), Class B-A (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 2019 the USD appreciated over 2.3% vs the EUR.
The hedging expenses were still relatively high due to the Interest Rate Differential between Euribor and Libor. Interest rates are still lower in the Eurozone compared to the US, but the differential has become smaller now that the US Federal Reserve has started cutting interest rates. During 2019 the Federal Reserve lowered interest rates three times, a 0.25% cut at each occasion. The Interest Rate Differential is effectively a cost component for the Fund.

In 2019, the Net Asset Value of the fund increased from USD 130.9 million to USD 156.6 million.



Interest rate differential between Euribor and Libor

From January 1, 2019 to December 31, 2019 the net returns of Class A, Class B-D and Class F were (including dividends for Class B):

Class A (USD)	+3.28%
Class B-D (EUR)	+0.35%
Class F (EUR)	+0.33%
Class I-A (EUR)	+0.21%
Class I-D (EUR)	+0.22%

The inception date of Class U-A and Class U-D was March 1, 2019. The net return for these share classes between March 1, 2019 to December 31, 2019 were (including dividends for Class U-D) :

Class U-A (USD)	+2.17%
Class U-D (USD)	+2.17%

The inception date of Class B-A was November 1, 2019. The net return for this share class between November 1, 2019 to December 31, 2019 was:

Class B-A (EUR)	-0.75%

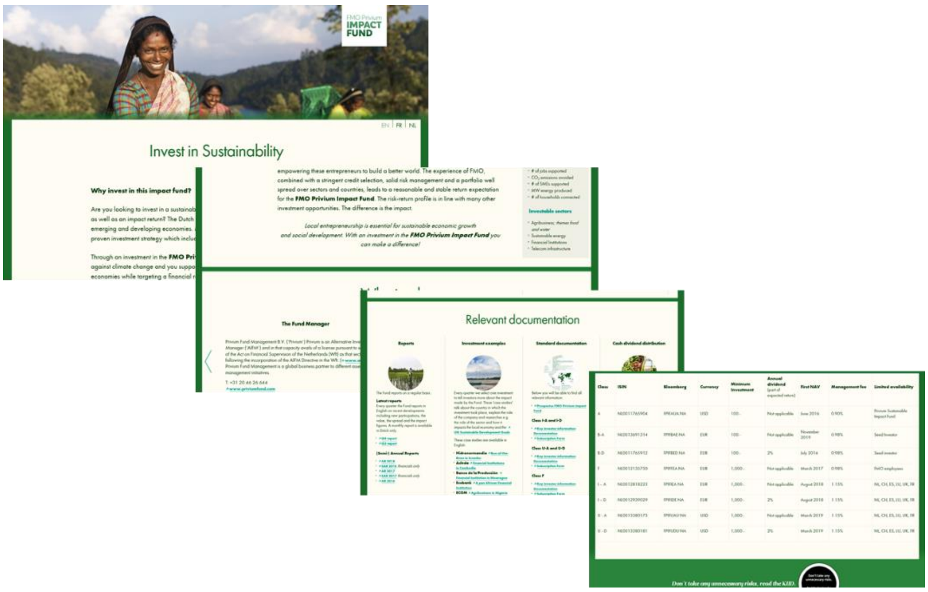
During 2019, the Fund performed well in terms of its five impact indicators. Detailed information on what these numbers are and represent can be found in the final section of this Fund Manager report.

In February 2020 a long-held wish of the Fund Manager and its Advisor has been realized: a bank guarantee has been issued by FMO N.V. This bank guarantee was provided to ABN AMRO Clearing Bank in order to reduce the cash collateral (margin) requirement that needs to be held by the Fund in order to be able to hedge the FX exposures for the various EUR denominated share classes. The maximum amount FMO N.V. will cover under the agreement is 50% of the outstanding margin. This is capped at EUR 7,500,000. This means that the cash portion that needs to be held will be significantly smaller and will therefore be less of a drag on the performance of the Fund. Especially in a negative interest rate environment. Additionally, in this way more capital can be used for impact, return and a further diversification of the portfolio.

Investor reporting

Since the launch of the Fund a monthly report has been issued to Dutch investors in Dutch. With the opening of new classes during the following years, the Fund has started to issue reports on a quarterly basis in English. In 2019 the Fund Manager noticed an increasing desire among its growing international investor base (particularly those from France and Switzerland) to provide a French version of both the quarterly Fund reports and the accompanying case studies.

In a further effort to improve the availability of information including the Fund's reports and case studies (snapshots on the next page), the website www.fmopriviumimpactfund.com was relaunched in Q1 of 2019 and now provides access to all relevant information in English, Dutch and French.



Invest with Impact

Long-term partnership with an African payment pioneer

Coping with economic volatility

SMEs form a key source of employment in African economies, especially among under-served segments of society such as women and young people. Yet access to finance remains a key constraint to SME development in emerging markets across Africa. Financial institutions trying to bridge this financing gap often have to deal with the cyclical nature of the economies in which they operate. So being well-diversified across countries helps to mitigate the potential risks involved.

Pan-African financial innovator

Ecobank Transnational Incorporated (Ecobank) is a pan-African holding company that controls the Ecobank banking network. It is active in 36 countries across much of west, central, eastern and southern Africa.
Providing banking services to more than 14 million customers across Africa, Ecobank is an important participant in the development of the markets.
Ecobank provides both wholesale and retail banking services, and manages a technical infrastructure that underpins 927 branches, 2,665 ATMs, 13,800 POS machines, internet and mobile banking. The bank has been a pioneer of the digital banking revolution that is helping to transform lives and build businesses across the African continent.

Like other financial institutions active in emerging markets, Ecobank has to deal with economic pressures affecting its local markets and regions. Across its geographical footprint, Ecobank has been able to perform consistently amid challenging conditions.
With the support of FMO Ecobank has been able to build on its existing environmental and social governance platform. This includes the development of more active risk monitoring tools on transactions where such aspects arise.

FMO Loan

FMO has been in a partnership with Ecobank since 1995 through funding mechanisms including syndicated loans and guarantees. The fund participation is part of a deployment of a syndicated USD 200 million loan facility to deliver much-needed funding to African SMEs. This stands as the largest development finance transaction ever concluded by an African financial institution and went on to receive an award for the year's most outstanding syndicated transaction.

Invest with Impact

Reduce inequality with digital banking

Remote, yet connected

Mongolia is one of the least densely populated countries in the world, with much of the population living in remote rural areas. Many still follow a nomadic or herder lifestyle that has not changed for centuries. For those especially, the realities of life in Mongolia are harsh; with monthly temperature variations of 45ºC not uncommon and no city or town within a day's travel for most people. Yet since a few years, more and more Mongolians have a bank account.
By now roughly 80% of the population have access via digital banking, supported by a widespread mobile telephony network, which serves as its backbone.

Reaching out to the rural unbanked

Khan Bank, first established in 1991 as the Cooperative Agricultural Bank, is the largest commercial bank in Mongolia. Khan Bank has made it a key priority to provide financial services to people living in remote rural areas that would otherwise lack access to banking services. At least 5% of the portfolio is dedicated to small or micro-entrepreneurs; mostly families involved in the production and sale of agricultural products. Approximately 67% involves services to retail customers; individuals.

Khan Bank has been able to become the country's largest commercial bank by pioneering mobile banking in 2007 and embracing digital banking in 2013. While it serves a huge number of customers predominantly via digital and mobile services, it has more than 530 branches around the country, servicing over 78% of country's 3.2 million inhabitants. It is also making considerable inroads into the micro, SME and corporate banking segments and intends to grow this part of its business further.

FMO Loan

Khan Bank has been an excellent FMO client since it first took out a loan facility in 2009. Most recently in 2018 FMO arranged a USD 120 million loan, the largest in the bank's history. As part of a financial sector-wide initiative to upgrade environmental and social standards led by the Mongolian Banking Association FMO will also support further initiatives to strengthen Khan Bank's environmental and social management system outside the loan facility.

Invest with Impact

How hydro-powerplants empower local population

Reliable renewable energy in Ecuador

There is not enough affordable energy available in Ecuador. Moreover a large proportion (approximately 40%) of the energy is not being generated in a sustainable manner. For a growing population and increasing workforce even more energy is needed in the future. The demand for energy has amply tripled in the past two decades, while the population growth was "only" 30%.

"Run-of-River" is small but powerful

Ecuador is very suitable for generating energy through "run-of-river" hydroelectric plants. These are relatively small-scale plants, ensuring the river and its environment are affected as little as possible.
Hidronormandia, an installation of 49.6 MW, is based in southwest Ecuador at the riverfront of Upano. This hydropower project is expected to annually produce 338.6 GWh of affordable electricity and meet the energy needs of approximately 170,000 Ecuadorian households.
Hidronormandia was set up in 2016 and borrowed a total amount of USD 110 million from FMO and other partners That is a substantial amount, which funded both the construction of the power plant itself as well as the 85 km long transmission line connecting the plant to the national energy grid.

Since 2018, the hydroelectric powerplant is operational and supplies energy to the national network. Around 350 local people worked on the construction. Now, in the operational phase, a small number of local people continue to have a job, e.g. working on the daily monitoring and maintenance of the plant. And whenever possible employees are hired from the local population. It is strongly encouraged by FMO at the implementation of a project that employment is offered to the local population. Involvement of the local population in several ways, including via employment, is an essential part to the success of a project, both during construction and afterwards. It has become proven concept that when local population is positive about the project and they feel involved, this will have a positive impact on how the plant operates.

The loan

In 2016 FMO granted a loan amounting to USD 40 million, part of which was provided by other DFI's. The fund acquired a USD 3.5 mln participation in the FMO loan in June 2018. The payments on the loan are proceeding as per the agreement.

Invest with Impact

Fueling the economy by helping the environment

Support in times of distress

Nicaragua is the second poorest country in the Americas by nominal GDP. Its agricultural sector is the country's main economic driver and includes coffee, beef, shrimp, lobster, sugar and peanuts.
Nicaragua maintained a good growth rate of 4.6% and 4.7% GDP in 2016 and 2017, but this changed in 2018. In April 2018, protests against proposed pension reform evolved into general protests against the regime resulting in a severe political crisis with significant effect on the country's economy. Due to the social and political unrest the economy suffered. Economists stated that in 2018 the economy overall had lost roughly 200,000 jobs. Elections are scheduled for 2021 and the outlook for the near to medium term remains uncertain.
Nicaragua's agribusiness sector has been able to weather the crisis partly given its export orientation, however the total amount of loans provided to the agribusiness sector has decreased.

Differentiator in the market

In 2014, FMO and Banco de la Producción S.A. (Banpro) co-designed a first green line financing with the aim to stimulate green modernization among its agricultural client base. Green line financing is a way to actively promote sustainable initiatives and endorse 'green' business.
Banpro is the largest bank in Nicaragua and plays an important role in the economic development of Nicaragua with a portfolio mostly allocated to corporates (61%) and SMEs (6%). The objective of the green lines is to strengthen the bank's ability to serve its agribusiness clients and to stimulate green development and as such be a differentiator in the market.

Promerica Financial Corporation (PFC), one of the largest financial groups in Central America and a long-standing partner of FMO, holds 62% of Banpro. After the successful Green Line cooperation with Banpro, FMO and PFC co-designed a Green Line financing initiative, whereby green lines to PFC subsidiaries were provided in Ecuador, Costa Rica, Guatemala and El Salvador. In addition to financing, group wide technical assistance was set up to support PFC's subsidiaries in building their green loan books. Banpro has an important role in coaching and knowledge sharing about green lines across the Group subsidiaries, and a leadership role for the Group's sustainable banking ambitions.

FMO Loan

The first FMO green loan was signed with Banpro in 2014 to 'green' the value chains of four sectors: coffee, sugar, peanuts and rice. Since then, Banpro established a dedicated green team and managed to generate a well-diversified green portfolio. This has resulted in a broader understanding of green, allowing the portfolio to grow further.
By 2018, the green portfolio reached USD 85 mln. That increase was supported by a second green line from FMO to Banpro in which the Fund participates, in the form of a USD 30 mln loan that was fully utilized by Banpro to finance businesses in the agribusiness sector. One of the projects that was financed was the installation of a biodigester of a cassava processing plant, saving firewood and generating clean energy.

Portfolio overview and risk diversification

Until 2017 the Alternative Investment Fund Manager ("AIFM" – or 'Beheerder') aimed for participation amounts of USD 2.5 million per selected FMO loan in order to build and maintain the desired level of diversification. Since April 2018 the total Fund value surpassed USD 100 million allowing for slightly larger participations of USD 3.0 million per selected FMO loan and as of October 2019 the Fund value surpassed USD 150 million allowing for a further increase per participation to USD 4.0 million per selected FMO loan.

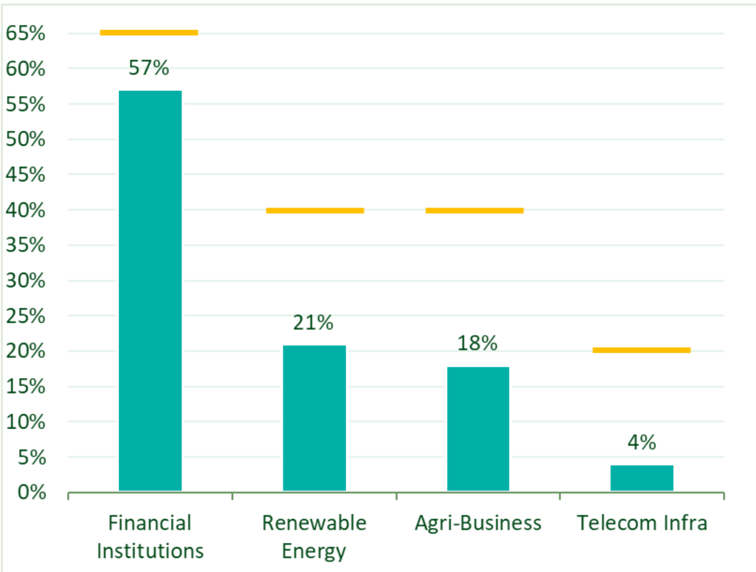
During the reporting year the Fund's Investment Committee decided positively on fifteen different FMO loans and increased exposure on two FMO loans where the Fund already held a participation. The average outstanding participation amount stood at USD 2.0 million as per year end.

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.

Sector diversification

The Fund aims to maintain a diversified portfolio and thus continuously seeks to diversify across four sectors – Financial Institutions, Renewable Energy, Agribusiness and Telecom Infrastructure. Since FMO adjusted its corporate strategy in 2017 to apply further focus towards its three core-sectors: Financial Institutions, Renewable Energy and Agribusiness, Food & Water, no new investments are possible in the Telecom Infrastructure sector. FMO believes that it is in the three selected sectors where it can make the best investments for both impact and financial return.

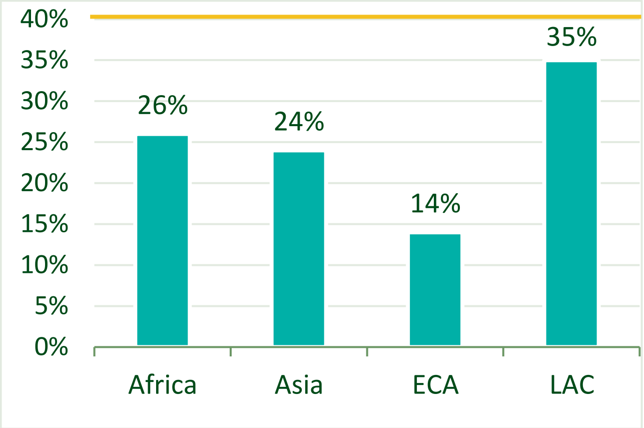
The Sector Diversification graph shows the actual sector diversification as of December 31, 2019 versus the Fund's limits. Diversification is well within the limits and in 2020 we will look to further diversify the portfolio towards the relatively underrepresented sectors subject to FMO loans being available for participation.



Geographic diversification

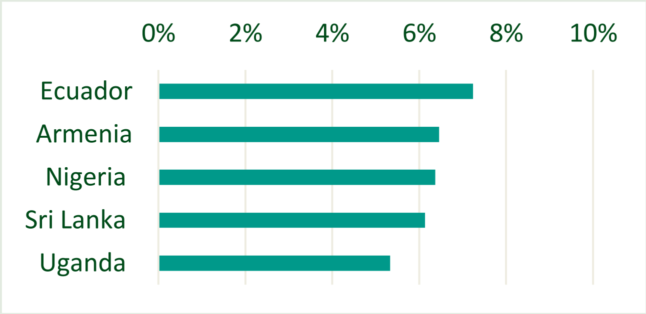
Since the inception of the Fund, the pipeline of available and eligible FMO loans contained a relatively large number of projects with attractive impact characteristics and good risk/return profiles in the Latin America & Caribbean (LAC) region. This continued to be the case for 2019, which meant that the high exposure of the Fund to this region was maintained throughout the reporting year. Our goal for 2020 will continue to be growing the portfolio in the other three regions: Africa, Asia and Europe & Central Asia (ECA), but we acknowledge the fact that this is driven by available FMO deal flow.

The graph shows the actual geographical diversification as of December 31, 2019 versus the Fund's limits of 40% per region.

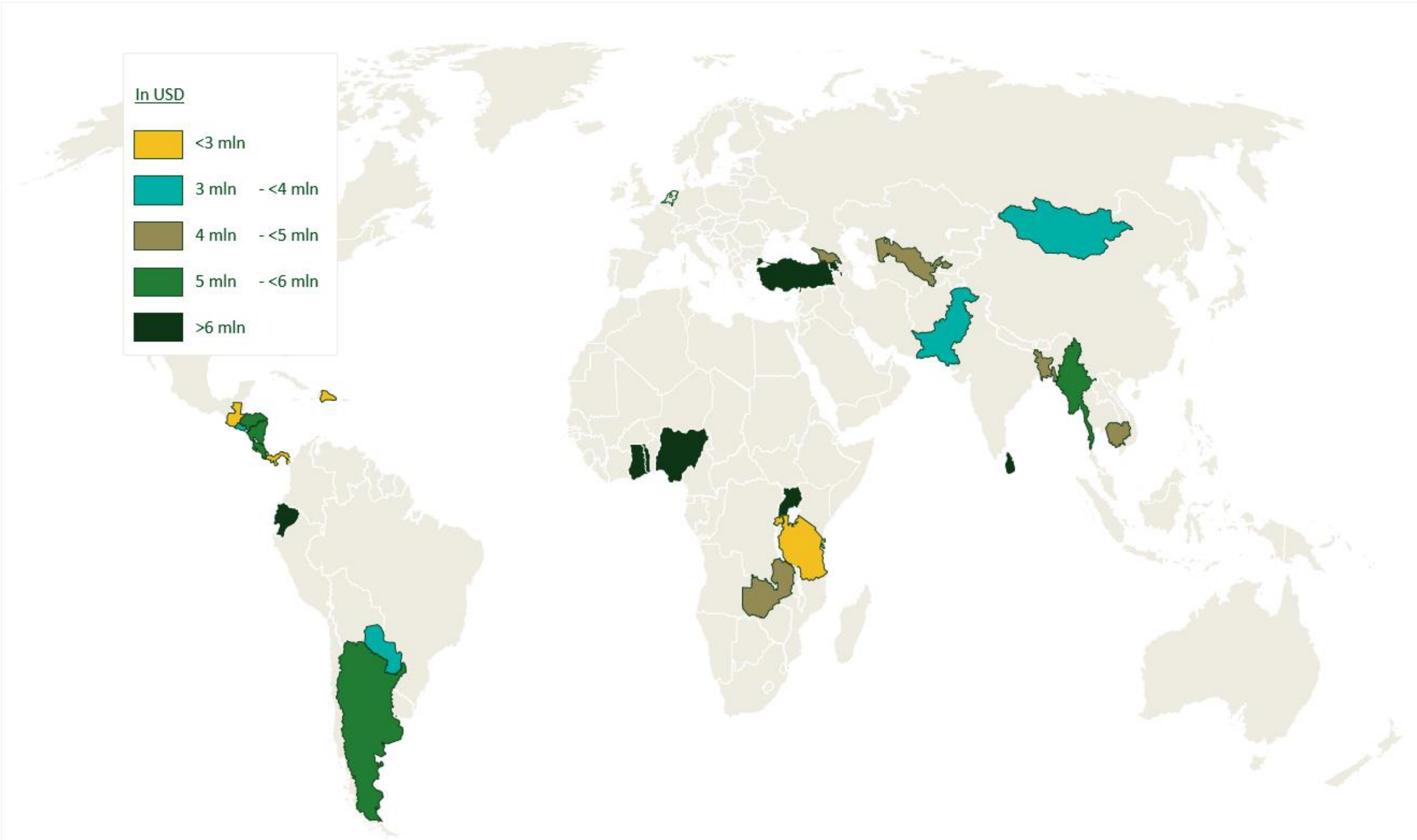


Largest country exposures

Per December 31, 2019 the country with the largest exposure in the portfolio changed from Armenia to Ecuador. Ecuador ranked third at the end of 2018, but surpassed Armenia, which now ranks second and Nigeria, which ranked second last year. The exposure of our Fund to the three largest countries combined amounts to USD 28.7 million and is spread across 10 customers together representing 19% of the Fund's portfolio.



The portfolio is spread across 31 countries. These are shown on a world map in the reports the Fund publishes frequently during the reporting year. In the overview below this map is further enhanced to reflect the level of exposure per country.



Development impact indicators

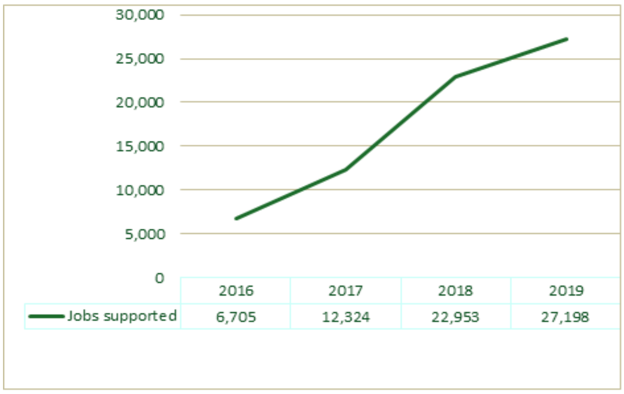
The Fund Manager reports on a quarterly and annual basis on the impact development of the Fund on the basis of its five impact indicators. Two of these indicators – “number of jobs supported” and “greenhouse gas emissions avoided” – are indicators which FMO also uses in its audited financial statements 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[1] – 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 below. The overview below also reports the impact attributed to all new investments made by the Fund year on year on a cumulative basis towards its five impact indicators. Certain indicators may be (partially) based on projections and expectations. We do not decrease the impact figures because of (early) repayment of a loan as the impact is expected to remain in place and remains (partially) attributable to the Fund’s investments.

Since the second half of 2017 we started experimenting with calculating the expected impact per million USD invested in relevant sectors. The purpose was to create further insight into which investments were expected to achieve more impact per million USD invested than others. As this calculation was intended to support us in our search for investments that combine risk, return and impact in the best way, creating the impact where it matters most, we intended to use the figure in the decision-making process. In practice though, comparing the expected impact per million USD was usually not that simple and more like comparing apples to oranges. We have found that we have often taken a more comprehensive look at comparing potential investments and slowly but surely abandoned this practice of using the impact per invested USD million as a metric. As the effect on the decision-making process is in practice absent, we will no longer show a figure per invested USD million. This obviously does not mean that we do not consider the impact for each and for every potential investment.

Number of jobs supported

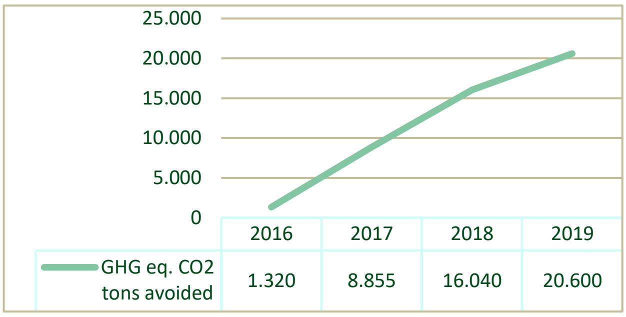
This indicator comprises two components: 1) The number of employees (FTEs) working at the company – a figure that is relatively easy to come by via the annual reports; 2) Indirect jobs created – this is based on the outcome of FMO’s Impact Model. This is an input-output model in which the expected impact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

Greenhouse gas emissions avoided

The greenhouses gas emissions[2] avoided are calculated as the company’s or project’s anticipated CO_2 emissions compared against the most likely alternative. The required data is taken from independently verified documentation and is calculated as tons of CO_2 equivalents per year.



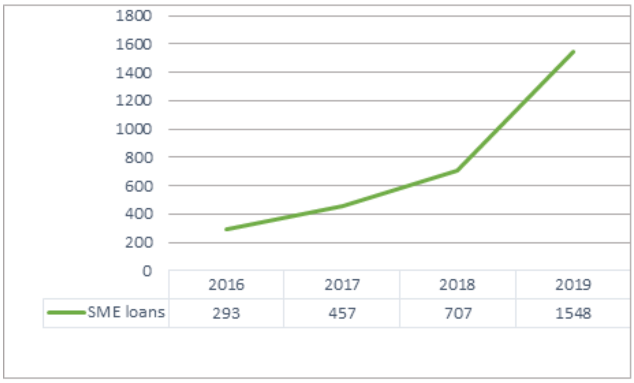
Applicable sectors: Financial Institutions (e.g. when a green line is provided), Renewable Energy

1 For more information on the impact model and methodologies visit https://www.fmo.nl/impact/how-we-measure-impact.

2 Greenhouse Gas (GHG, measured in CO2 equivalent) is the most frequently used environmental sustainability indicator, which has a global reporting standard (GHG protocol).

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. Loans are considered an SME loan if the outstanding value lies between USD 10,000 and USD 1,000,000.

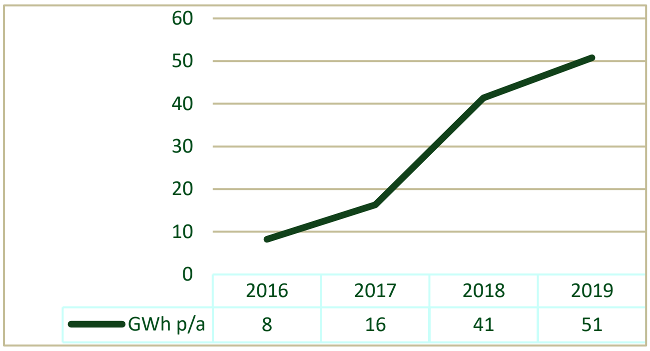


Applicable sector: Financial Institutions

GWh electricity produced

Energy production in the case of the FMO Privium Impact Fund only relates to renewable forms of energy. The electricity generated and supplied is expressed in GWh (Gigawatt hours) per year. A project has a certain amount of Wattage installed and therewith a maximum capacity. This is not the same as the reported figure as a project will never be able to use its installed capacity to 100% of its potential due to internal and external circumstances. This applies to any form of energy project, be it renewable or not. The figure reported here represents the actual annual production of electricity, based on the period of the last financial year per project.

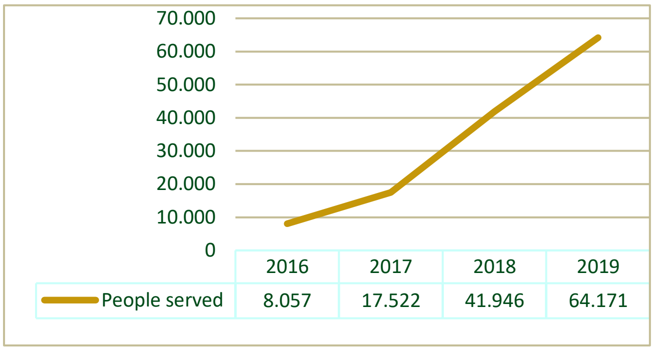
So far there are no projects in the portfolio that are still under construction.



Applicable sector: Renewable Energy

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 (source: World Bank / IEA data).



Applicable sector: Renewable Energy

Portfolio overview

Below overview is sorted by size of exposure at the borrower level as stated at 31 December 2019.

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
Access Bank Plc	Financial Institutions	Nigeria	6,625,000.00
TBC Bank	Financial Institutions	Georgia	4,250,000.00
Ecom Agroindustrial Corporation Ltd	Agri, Food and Water	Switzerland	4,181,818.18
Hamkorbank JSCB	Financial Institutions	Uzbekistan	4,000,000.00
DFCU Bank Limited	Financial Institutions	Uganda	3,625,000.00
Khan Bank	Financial Institutions	Mongolia	3,500,000.00
Tiryaki	Agri, Food and Water	Turkey	3,500,000.00
Zephyr Power (Pvt) Limited	Energy	Pakistan	3,500,000.00
Hidronormandia	Energy	Ecuador	3,392,200.00
Ameria Bank CJSC	Financial Institutions	Armenia	3,125,000.00
Access Bank (Ghana) Plc	Financial Institutions	Ghana	3,000,000.00
ARARAT Bank	Financial Institutions	Armenia	3,000,000.00
Banco Pichincha	Financial Institutions	Ecuador	3,000,000.00
Citizens Development Business Finance	Financial Institutions	Sri Lanka	3,000,000.00
Nations Trust Bank	Financial Institutions	Sri Lanka	3,000,000.00
Sathapana Bank	Financial Institutions	Cambodia	3,000,000.00
Vicentin	Agri, Food and Water	Argentina	3,000,000.00
Yoma Strategic Holdings	Agri, Food and Water	Singapore	3,000,000.00
Montechristi	Energy	Dominican Republic	2,916,900.00
Banco Promerica El Salvador	Financial Institutions	El Salvador	2,903,225.92
Africa EMS Nyamwamba Ltd.	Energy	Uganda	2,895,953.76
One Bank Limited	Financial Institutions	Bangladesh	2,750,000.00
Niche Cocoa Ghana	Agri, Food and Water	Ghana	2,700,000.00
Irrawaddy Towers Asset Holding PTE	Telecom Infrastructure	Myanmar	2,652,119.27
Sugar Estates	Agri, Food and Water	Nicaragua	2,550,000.00
IHS Rwanda Ltd	Telecom Infrastructure	Rwanda	2,526,875.00
Agrotec S.A.	Agri, Food and Water	Paraguay	2,500,000.00
AK Lease	Financial Institutions	Turkey	2,500,000.00
Banco Promerica	Financial Institutions	Guatemala	2,500,000.00
Ecobank Nigeria	Financial Institutions	Nigeria	2,500,000.00

Borrower (continued)	Sector	Country	Total amount in USD in Loan Participation(s)
First National Bank Zambia	Financial Institutions	Zambia	2,500,000.00
Molino Canuelas	Agri, Food and Water	Argentina	2,500,000.00
Pacific Solar	Energy	Honduras	2,500,000.00
ContourGlobal/ Vorotan	Energy	Armenia	2,293,750.00
Bugoye Hydro	Energy	Uganda	2,265,704.00
Alisios Holdings	Energy	Costa Rica	2,142,480.00
Banco Bolivariano	Financial Institutions	Ecuador	2,083,333.33
Vientos	Energy	Honduras	2,042,196.54
Penonomé	Energy	Panama	2,030,250.00
Banco de la Producion	Financial Institutions	Nicaragua	2,000,000.00
Inversiones Eolicas de Orosi S.A.	Energy	Costa Rica	1,954,869.91
ProduBanco	Financial Institutions	Ecuador	1,888,888.90
Ecobank Transnational	Financial Institutions	Togo	1,833,333.33
BAC San Jose	Financial Institutions	Costa Rica	1,750,000.00
Itezhi Tezhi Power Corporation Limited	Energy	Zambia	1,703,750.00
Amret Company Ltd	Financial Institutions	Cambodia	1,562,500.00
Mohammed Enterprises	Agri, Food and Water	Tanzania	1,500,000.00
Banco Financiera Comercial Honduras	Financial Institutions	Honduras	1,363,636.36
Banco Continental	Financial Institutions	Paraguay	1,250,000.00
Sitio O de Quequén S.A.	Agri, Food and Water	Argentina	1,125,000.00
Banco de America Central (BAC) Nicaragua	Financial Institutions	Nicaragua	1,041,666.69
National Microfinance Bank Plc	Financial Institutions	Tanzania	1,000,000.00
National Development Bank Plc	Financial Institutions	Sri Lanka	923,076.95
Banco de America Central (BAC) El Salvador	Financial Institutions	El Salvador	909,090.91
Inecobank CJSC	Financial Institutions	Armenia	833,333.36
Zanaco	Financial Institutions	Zambia	833,333.32
City Bank Bangladesh	Financial Institutions	Bangladesh	750,000.00
Fidelity Bank Ghana	Financial Institutions	Ghana	750,000.00
Commercial Leasing and Finance Ltd. (CLC)	Financial Institutions	Sri Lanka	714,285.71
Ipak Yuli Bank	Financial Institutions	Uzbekistan	625,000.00
Eastern Bank Bangladesh	Financial Institutions	Bangladesh	600,000.00
Acleda Bank PLC	Financial Institutions	Cambodia	333,333.33

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 2019

This policy is based on the situation as of December 31, 2019. 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 2019 the aggregate costs for staff totaled EUR 9,844,027,-. 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	33	35
Total fixed remuneration	€ 161,214	€ 5,323,500	€ 5,484,714
Total variable remuneration	€ 20,000	€ 4,339,313	€ 4,359,313
Total remuneration	€ 181,214	€ 9,662,813	€ 9,844,027

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 2019 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 35 staff members were involved during (some part of) the year, including consultants and including both part-time and full-time staff.

One of the staff members, active in portfolio management, has earned more than EUR 1,000,000 in relation to the performance results during the year 2019.

Risk management and willingness to take risks

There have been no risk breaches during the year 2019. The risk profile of the Fund hasn't changed during the reporting period. Neither did the investment objective (s) or any of the investment restrictions of the Fund changed during the reporting period.

Reference to the investment objective (s), risk profile and the investment restrictions of the Fund is made in the Prospectus of the Fund and the Key Investor Information Document.

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 2019 NAV	Expected impact on 2020 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2019 or 2020
Price/Market Risk	No	The Fund invests in a diversified portfolio of new and existing loans alongside FMO. The Fund's operational and lending process run parallel to FMO's processes where FMO Investment Management BV (Delegate/ Investment Advisor) will issue an advice to the Fund on each eligible loan 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 dur 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.	The Fund gained +0.35% in 2019 (Class B-D). During 2019 provisions were taken on a number of loans. The total contribution has been -2.26%	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 2019 all loans in the portfolio of FPIF were USD denominated. The appreciation of the USD during the year 2019 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
Operation al 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
Counterpa rty 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, 2019 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 151.69% and Commitment method: 161.28%.	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 2019 this audit was executed for fourth time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

Covid-19

At the time of writing this report global financial markets have been under severe pressure caused by the concerns of the effects of the COVID-19 (generally referred to as corona virus) outbreak. Some recovery has occurred, but the outlook remains uncertain.

COVID-19 will certainly have a large impact on the general economy and the supply chains of global commercial players across major industries such as electronics, car manufacturing, and consumer goods. Likely we will face a global recession and unemployment will be rising. There is clear uncertainty about the extent of this economic downturn. As such, there might be a further downward pressure on prices of various asset classes. Governments and central banks have already intervened on a large scale and have announced large fiscal and monetary stimulus packages. It is expected that they will continue to do so.

The Fund has received some redemptions but based on current available information there are no continuity issues for the Fund or whatsoever.

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 2019 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 2019 functioned effectively as described. During 2019 a number of independent service providers have conducted checks on Privium´s operations as part of their ongoing responsibility and investor demand. No errors have been signaled.

Privium is updating its AO/IC (Handbook) on a regular basis as required by law. The 2019 update was completed in June 2019. During the fourth quarter of 2019 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 signaled.

Amsterdam, 26 June 2020

The AIFM

Privium Fund Management B.V.

Financial statements

Balance sheet as at 31 December

(all amounts in USD)	Notes	2019	2018
Assets			
Investments	1		
Loans		143,196,905	117,660,765
Forwards		24,629	208,051
Total of investments		143,221,534	117,868,816
Receivables	2		
Other receivables		2,468,097	1,660,228
Total of receivables		2,468,097	1,660,228
Other assets	3		
Cash		19,710,492	14,118,651
Total of other assets		19,710,492	14,118,651
Total assets		165,400,123	133,647,695

(all amounts in USD)	Notes	2019	2018
Liabilities			
Net asset value	4	156,575,599	130,883,698
Investments	1		
Forwards		65	642
Total of investments		65	642
Other liabilities			
Bank overdrafts	3		-
Subscriptions received in advance		3,912,465	1,294,864
Provision on loans	5	4,737,862	1,299,410
Other liabilities	6	174,132	169,081
Total other liabilities		8,824,459	2,763,355
Total liabilities		165,400,123	133,647,695

Profit and loss statement

(For the year ended 31 December)

(all amounts in USD)	Notes	2019	2018
Investment result			
Interest income		9,635,189	7,074,695
Provision on loans	5	(3,438,453)	(1,299,410)
Total investment result		6,196,736	5,775,285
Revaluation of investments	7		
Realized results		(5,631,924)	(5,312,508)
Unrealized results		(182,845)	217,528
Total changes in value		(5,814,769)	(5,094,980)
Other results			
Foreign currency translation	8	863,931	(152,206)
Interest on cash accounts		280,560	-
Other results		48,243	-
Total other results		1,192,734	(152,206)
Operating expenses			
Management fee	9	(1,429,698)	(1,107,217)
Administration fees	10	(69,570)	(59,071)
Depositary fees		(34,211)	(27,136)
Interest expenses		(117,778)	(160,141)
Brokerage fees and other transaction costs		(70,087)	(66,273)
Audit fees	11	(34,212)	(34,687)
Legal fees		(31,144)	(47,555)
Supervision fees		(1,662)	(1,809)
Other expenses	12	(66,039)	(64,079)
Total operating expenses		(1,854,401)	(1,567,968)
Result for the year		(279,700)	(1,039,869)

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

Statement of cash flows

(For the year ended 31 December)

(all amounts in USD)	Notes	2019	2018
Cash flow from operating activities			
Participations in FMO loans		(48,040,275)	(63,709,571)
Repayments from FMO loans		22,504,135	14,209,217
Purchases of investments		(5,631,924)	(5,312,508)
Interest received		8,951,179	6,284,767
Management fee paid		(1,407,996)	(1,064,096)
Interest paid		(15,620)	(144,521)
Operating expenses paid		(220,791)	(262,867)
Net cash flow from (used in) operating activities		(23,861,292)	(49,999,579)
Cash flow from financing activities			
Proceeds from subscriptions		42,293,314	62,932,845
Payments for redemption		(12,301,037)	(4,742,475)
Dividend paid		(1,403,075)	(1,314,695)
Net cash flow from financing activities		28,589,202	56,875,675
Net cash flow for the year		4,727,910	6,876,096
Cash at beginning of the year		14,118,651	7,394,761
Foreign currency translation of cash positions		863,931	(152,206)
Cash at the end of the year	3	19,710,492	14,118,651

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 26 June 2020.

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 2019 through 31 December 2019.

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 2019 until 31 December 2019 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)	2019	2018
Loans		
Opening balance	117,660,765	68,160,411
Participations in FMO loans	48,040,275	63,709,571
Repayments from FMO loans	(22,504,135)	(14,209,217)
Balance as per 31 December	143,196,905	117,660,765

The fair value of the loans at 31 December 2019 equals USD 124,823,449 (2018: USD 116,646,155).

On February 24, 2020 the Investment and Review Committee (IRC) of FMO N.V. decided to increase the provision of one of the underlying loan participations from 50% to 75% as new information on the underlying company became available. FMO N.V. has decided to reflect the increased provision with retroactive effect until December 31, 2019. The Valuation Committee of the Fund Manager has decided to reflect the increased loan provision in the February 29, 2020 Net Asset Value of the FMO Privium Impact Fund.

For three loans with a total nominal amount of USD 8.000.000 a provision has been made. As per 31 December 2019 the total provision amounts to USD 4.737.862.

(all amounts in USD)	2019	2018
Forwards		
Opening balance	207,409	(10,119)
Sales and expirations	5,631,924	5,312,508
Realised investment result	(5,631,924)	(5,312,508)
Unrealised investment result	(182,845)	217,528
Position as per 31 December	24,564	207,409

2. Other receivables

(all amounts in USD)	2019	2018
Interest receivable	2,398,047	1,551,255
Deferred organizational fees	64,887	108,973
Other receivables and prepayments	5,163	-
Position as per 31 December	2,468,097	1,660,228

3. Cash

(all amounts in USD)	2019	2018
Euro bank accounts	4,076,680	1,404,450
US Dollar bank accounts	15,633,812	12,714,201
Total cash	19,710,492	14,118,651

At 31 December 2019 and 31 December 2018, 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 Classes during the year ended 31 December 2019 is as follows:

(all amounts in USD)	Opening balance	Subscriptions	Redemptions	Dividend paid	Result	Net Asset Value
Class A	44,895,436	7,870,000	-	-	1,475,556	54,240,992
Class B-A	-	892,160	-	-	(1,794)	
Class B-D	64,611,576	7,219,376	(7,138,690)	(1,272,081)	(1,272,551)	62,147,630
Class F	122,450	-	-	-	(2,324)	
Class I-A	19,210,622	15,333,839	(5,120,982)	-	(422,318)	29,001,161
Class I-D	2,043,614	5,181,057	(41,365)	(108,670)	(67,877)	7,006,759
Class U-A	-	1,950,282	-	-	(6,436)	1,943,846
Class U-D	-	1,229,000	-	(22,324)	18,043	1,224,719
Total	130,883,698	39,675,714	(12,301,037)	(1,403,075)	(279,701)	156,575,599

The units of Class B-A, Class B-D, Class F, Class I-A and Class I-D are issued in Euro. At 31 December 2019, the net asset values of Class B-A, Class B-D, Class F, Class I-A and Class I-D in their Class currency are respectively EUR 793,978, EUR 55,419,681, EUR 107,121, EUR 25,861,567 and EUR 6,248,224.

The movement in units of the individual Classes during the year ended 31 December 2019 is as follows:

(in number of units)	Opening balance	Subscriptions	Redemptions	Closing balance
Class A	409,587	69,554	-	
Class B-A	-	8,000	-	479,141
Class B-D	567,489	64,411	(64,195)	8,000
Class F	1,036	-	-	567,705
Class I-A	167,786	136,468	(45,738)	1,036
Class I-D	18,029	46,708	(366)	258,516
Class U-A	-	19,026	-	64,371
Class U-D	-	12,230	-	19,026
Total	1,163,927	356,397	(110,299)	1,410,025

The movement of the individual Classes 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-A	-		-	-	-	-
Class B-D	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
Class U-A	-	-	-	-	-	-
Class U-D	-	-	-	-	-	-
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 Classes 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-A	-	-	-	-
Class B-D	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-D	-	18,029		18,029
Class U-A	-	-	-	-
Class U-D	-	-	-	-
Total	656,701	547,181	(39,955)	1,163,927

5. Provision on loans

During 2019 the Fund Manager decided to take provisions on two loans. The provisions totalled USD 4,737,862 (2018: 1,299,410). The provisions should cover a potential loss on these two loans.

6. Other liabilities

(all amounts in USD)	2019	2018
Management fees payable	132,406	110,704
Interest payable	-	15,620
Audit fees payable	31,073	28,979
Administration fees payable	6,485	5,992
Depositary fees payable	-	2,582
Supervision fees payable	-	1,720
Bank and brokerage fees	4,168	3,484
Position as per 31 December	174,132	169,081

Notes to the statement of comprehensive income

7. Revaluation of investments

(all amounts in USD)	2019	2018
Net realized result on financial assets and liabilities at fair value through profit or loss		
Realized gains on forwards	5,484,704	5,215,444
Realized losses on forwards	(11,116,628)	(10,527,952)
	(5,631,924)	(5,312,508)
Net unrealized result on financial assets and liabilities at fair value through profit or loss		
Unrealized gains on forwards	-	217,528
Unrealized losses on forwards	(182,845)	-
Total unrealized result	(182,845)	217,528
Total revaluation of investments	(5,814,769)	(5,094,980)

Forward contracts are opened at the end of each month for a period of one month.

8. Foreign currency translation

(all amounts in USD)	2019	2018
Foreign currency translation results on cash accounts	863,931	(152,206)
Total foreign currency translation	863,931	(152,206)

The currency results consist of translation differences on foreign currency cash accounts. The decrease in currency results in 2019 was caused by a significant decrease in the Euro cash accounts.

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

Showing the equivalent of 1 USD	2019	2018
Euro	0.8917	0.8719

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/Delegate.

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

The fee is calculated monthly on the basis of the gross of fee Net Asset Value of each Class 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 2019 amounts to USD 1,429,698 (2018: USD 1,107,217).

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)	**2019**	**2018**
Administration fees	58,166	47,889
Reporting fees	6,996	6,869
FATCA fees	2,298	2,256
AIFMD fees	2,110	2,057
Total	69,570	59,071

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 34,212 (2018: USD 34,687). The Independent Auditor does not provide any other audit or non-audit services to the Fund.

12. Legal Owner fees

TCS Governance B.V. has been appointed as Management Board of the Legal Owner. The remuneration consists of an annual fixed fee of EUR 3,500 and variable remuneration of 0.0125%. This fee has been capped at EUR 6,500 per annum.

13. Other expenses

(all amounts in USD)	2019	2018
Organisational fees	44,086	44,086
Legal owner fees	8,463	6,655
Miscellaneous fees	2,578	4,797
License fees	2,939	8,541
	66,039	64,079

14. 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 2019 is as follows:

			2019	
(all amounts in USD)	Gross amount	Forward contract	Net amount	% NAV
US Dollars	156,418,087	(99,813,571)	56,604,516	36.15
Euro	157,512	99,813,571	99,971,083	63.85
Total			156,575,599	100.00

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

			2018	
(all amounts in USD)	Gross amount	Forward contract	Net amount	% NAV
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-A, Class B-D, 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, 2019 that was not the case). FX forwards are used to hedge the currency risk in Class B-A, Class B-D, Class F, Class I-A and Class I-D. The outstanding forward contracts as of December 31, 2019 totalled USD 99,813,571 (2018: USD 85,571,356).

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:

			2019		
(all amounts in USD)	Less than 1 year	Between 1 and 5 years	Longer than 5 years	Non-interest bearing	Total
Investments					
Loans	6,964,286	91,208,732	45,023,887	-	143,196,905
Forwards	-	-	-	24,564	24,564
Total investments	6,964,286	91,208,732	45,023,887	24,564	143,221,469

			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

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)	2019	2018
Credit rating		
BBB-	8,000,000	-
BB+	8,058,333	10,750,000
BB	12,593,886	14,318,182
BB-	60,548,653	38,721,036
B+	21,912,791	24,033,640
B	19,879,492	19,840,625
B-	5,500,000	7,497,282
CCC-	1,703,750	-
CC	5,000,000	2,500,000
Total as per 31 December	143,196,905	117,660,765

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 (2018: A).

The amount that best represents the maximum credit risk of the Fund at 31 December 2019 is USD 165,375,494 (2018: USD 133,439,644).

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)	2019	2018
Average net asset value	134,761,007	110,430,635
Total ongoing expenses	1,666,536	1,341,554
Ongoing charges figure for the year	1.16%	1.21%

Turnover ratio's (TOR)

The turnover ratio for the Fund over the period 1 January 2019 until 31 December 2019 is 9 (2018: 6).

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/Delegate

FMO is the investment Management B.V. for the loan investments of FMO Privium Impact Fund. For information on the fees of the Investment Advisor/Delegate 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 2019 will be added to the Net asset value of the Fund.

Events after balance sheet date

Increased provision

As a result of the Corona outbreak the Fund Manager has taken some a general portfolio provision. The provision was incorporated into the March 2020 Net Asset Value of the Fund.

Additionally, specific provisions were taken on two individual loans. In the February 2020 Net Asset Value, a provision on an existing was increased from 50% and 75%. In the May 2020 Net Asset Value a provision of 25% was taken on another loan position.

In total these provisions amounted to 5.54%.

Guarantee

In February 2020 a long-held wish of the Fund Manager and its Advisor has been realized: a bank guarantee has been issued by FMO N.V.. This bank guarantee was provided to ABN AMRO Clearing Bank in order to reduce the cash collateral (margin) requirement that needs to be held by the Fund in order to be able to hedge the FX exposures for the various EUR denominated share classes. The maximum amount FMO N.V. will cover under the agreement is 50% of the outstanding margin. This is capped at EUR 7,500,000. This means that the cash portion that needs to be held will be significantly smaller and will therefore be less of a drag on the performance of the Fund.

Covid-19

At the time of writing this report global financial markets have been under severe pressure caused by the concerns of the effects of the COVID-19 (generally referred to as corona virus) outbreak. Some recovery has occurred, but the outlook remains uncertain.

COVID-19 will certainly have a large impact on the general economy and the supply chains of global commercial players across major industries such as electronics, car manufacturing, and consumer goods. Likely we will face a global recession and unemployment will be rising. There is clear uncertainty about the extent of this economic downturn. As such, there might be a further downward pressure on prices of various asset classes. Governments and central banks have already intervened on a large scale and have announced large fiscal and monetary stimulus packages. It is expected that they will continue to do so.

The Fund has received some redemptions but based on current available information there are no continuity issues for the Fund or whatsoever.

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 2019 and 31 December 2019 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 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 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 2019, and of its result and its cash flows for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2019
- The following statements for 2019: 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.

Emphasis of matter relating to Corona developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis. The impact of these developments on FMO Privium Impact Fund are disclosed in the Report of AIFM on page 21 and the disclosure about events after balance sheet date on page 39. We draw attention to these disclosures. Our opinion is not modified in respect of this matter.

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, 26 June 2020

Ernst & Young Accountants LLP

Signed by R.J. Bleijs