FMO Privium
IMPACT FUND

PRIVIUM
FUND MANAGEMENT

Pre-contractual disclosure for financial products referred to in Article 9(1), (2) and (3) of Regulation (EU) 2019/2088

This disclosure provides insights into the sustainable investment objective of the fund. This is not marketing material. This disclosure is required by law and is intended give an overview of how the fund pursues its sustainable objective, how the fund measures if its objective was attained and how the fund safeguards that it does no significant harm to other sustainable objectives that are outside of its scope.

FMO Privium Impact Fund

Class A **ISIN: NL0011765904**	**Class B-A** **ISIN: NL0013691314**	**Class B-D** **ISIN: NL0011765912**
Class F **ISIN: NL0012135750**	**Class I-A** **ISIN: NL0012818223**	**Class I-D** **ISIN: NL0012939029**
Class U-A **ISIN: NL0013380173**	**Class U-D** **ISIN: NL0013380181**	

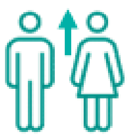
This fund is managed by Privium Fund Management B.V.

This product has sustainable investment as its objective. Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investments follow good governance practices.

A reference benchmark has not been designated for the purpose of attaining the sustainable investment objective of the financial product

What is the sustainable investment objective of the product?

The Fund's objective is to achieve long term capital growth with Impact. To achieve this, the strategy of the Fund is to invest in a diversified portfolio of both existing and new loans alongside FMO, the Dutch entrepreneurial development bank. The Fund therefore benefits from the long-standing expertise of FMO on impact investing in emerging markets and its established ESG research and impact measurement processes. Impact achieved by the fund is measured according to the impact methodology as adopted by FMO and reported through impact indicators on portfolio level and sector specific indicators. This includes the indicators below. An assessment or measurement of impact is often qualitative and subjective in nature and FMO, and therefore the Fund, must rely in part on information provided by its investees.



Number of jobs supported

Greenhouse gas emissions

Percentage of the Portfolio supporting SDG 8

Percentage of the Portfolio supporting SDG 10

Percentage of the Portfolio supporting SDG 13

For climate action (**SDG 13**), FMO's ambition is to have an investment portfolio which is aligned with the 1.5° pathway of the Paris agreement to limit global warming. The Fund therefore targets investments that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, and support climate adaptation.

SDG 10 is about promoting social and economic inclusion of all, which is supported by investing in the world's poorest countries and inclusive business. Reducing inequality also strives for gender equality as women are often underserved in low-income countries.

The central goal of **SDG 8** is increased economic growth and decent work for all. By investing in underserved markets, job creation, improved labor standards and economic prosperity are promoted. Jobs allow people to develop themselves and lift their families out of poverty.

The **number of jobs supported** indicator comprises two components: 1) The number of employees (FTEs) working at the company; 2) Indirect jobs created – this is based on an estimate based on the outcome of FMO's Joint Impact Model .

The **greenhouses gas emissions avoided** indicator is calculated as the investment's anticipated CO_2 emissions compared against the most likely alternative in the country. The required data is taken from independently verified documentation and is calculated as tons of CO_2 equivalents per year.

Additional details of FMO's impact measurement methodology can be found on its [website.]

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What investment strategy does the product apply to attain the sustainable investment objective?

The Fund invests currently in the following sectors: financial institutions, renewable energy, agribusiness and telecom infrastructure with loans ultimately benefitting borrowers in emerging countries or doing business in emerging countries. FMO applies an integrated process of project sourcing, financial analysis, ESG analysis, alignment with impact targets, minimum criteria, governance controls and engagement.

Process

1) **Borrower selection:** Each new project needs to contribute to at least one of the three key SDGs FMO focusses on. The borrower is filtered through FMO's country, exclusion list, the viability of the project and/or the business is investigated. The financing is than checked for its ' additionality', meaning that FMO can provide resources and share best practices that are critical for sustainable development and otherwise would not have been available to the company or project.
2) **Clearance in principle:** Here the initial assessment of risks and opportunities is completed. This step includes an initial Environmental and Social review to flag any serious risks or significant harm to stakeholders or the surrounding environment. These standards are based a.o. on the IFC Performance Standards and ILO labor standards. This includes freedom from forced and child labor, freedom from discrimination at work, freedom of association and the right to collective bargaining. Furthermore, a Know-Your-Customer assessment is completed to ensure that the borrower complies with anti-money laundering, anti-corruption and anti-terrorist financing regulations. During this step of the investment process the governance structure is also assessed.
3) **Due Diligence:** FMO performs an on-site visit, including visits to key stakeholders. ESG improvements are discussed with the borrower and a more detailed human rights risk assessment is conducted as informed by the results from step 2. This includes on-the-ground research and consultation with local civil society.
4) **Decision, disclosure and disbursement:** After investment approval, FMO discloses proposed investments for 30 days prior to contracting. This gives stakeholders the opportunity to share their concerns and feedback. ESG requirements and conditions are included in the loan documentation to ensure that they are legally binding. Disbursement can than take place upon achievement of the conditions.
5) **Monitoring:** Throughout the lifetime of the investment, FMO monitors performance and progress and works with borrowers to ensure implementation of ESG requirements.

Additional details of FMO's investment process can be found here.

What is the targeted asset allocation of the product?

While FPIF aims to select as much of its portfolio as possible to be aligned with its sustainable objective, this is not always possible. Fund assets that are not aligned with its sustainable objective are grouped in the category 'other'. Although the targeted allocation of assets classified as 'sustainable' or 'other' as mentioned here is not binding, as per the date of this disclosure an investor may reasonably expect a sustainable asset allocation in this range. An asset may be marked as 'other' for the following reasons:

Sustainable	80-100%
Other	0-20%

• Cash or money market instruments: the Fund may hold cash or money market instruments committed to a planned investment, cash freely available for investment or cash for portfolio management purposes.
• Foreign currency hedging: the Fund may hedge its foreign currency exposure for portfolio management purposes. The Fund does not apply hedging instruments or other derivatives for other purposes.
• Borrowings: the Fund may temporarily borrow up to 10% of its Net Asset Value (NAV) for portfolio management purposes or to benefit from an investment opportunity.

As all Fund assets marked as other in the definition above are either used for portfolio management purposes or are intended to be invested whenever a suitable investment opportunity presents itself, they do not affect the delivery of the sustainable investment objective.

Does this product take into account principal adverse impacts on sustainability factors?

FPIFs investments may have a principal adverse impact on sustainability factors as defined in Regulation (EU) 2019/2088. Therefore, the Fund will consider these and start reporting on the principal adverse impacts and any actions taken to mitigate them per 2023 in its annual report. The relevant indicators will be outlined in the prospectus. FPIF aims to report on all mandatory principal adverse impacts as outlined in the Regulation. However, the completeness of FPIFs reporting will depend in part on the reporting of its underlying investments. In its reporting, the Fund will indicate any missing or incomplete indicators and its efforts to towards full compliance with the SFDR.

Product specific information

More product-specific information can be found on the website of the Fund or the Fund Manager including the quarterly newsletter, case studies and annual report where the Fund reports on the impact achieved with its investments.

This disclosure is current per 10-03-2021