

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.

**Privium Sustainable Impact Fund
(ISIN: NL0010763587)**

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?

Sustainable objective

The objective of the Privium Sustainable Impact Fund (PSIF) is to achieve long term capital growth by making sustainable impact investments. Following the IFC definition, impact investing is defined as “investments made into companies, organizations, vehicles and funds with the intent to contribute to measurable positive social, economic and environmental impact alongside financial returns”.

Impact mapping and measurement

An established way to measure impact is to align the investment with the UN Sustainable Development Goals (“SDGs”), provided that such investments do no significant harm and follow good corporate governance practices. The SDGs is a set of 17 global goals for the benefit of people and the planet to be achieved by 2030, such as no poverty, gender equality and climate action. To identify how its investments are contributing to the SDGs, the activities of an investment are divided into economic sectors based on the definitions of the EU Taxonomy and the Sustainability Accounting Standards Board (SASB). Next, each category is grouped into an ESG theme and mapped to its relevant SDGs based on the definitions of the UN. The SDGs that an investment is mapped to will inform the indicators the investment is asked to report on at a minimum. An illustration of how these indicators are reported on, based on the portfolio as current per the date of this disclosure is presented below. As PSIF aims to make a broad impact, new themes and supported SDGs will be added when new investment projects targeting a different impact subset become available for the Fund to invest in.



Financial inclusion

SDG impact indicators

- 5 GENDER EQUALITY** Percentage of female borrowers
- 8 DECENT WORK AND ECONOMIC GROWTH** Number of entrepreneurs financed
- 10 REDUCED INEQUALITIES** Percentage of rural borrowers



Education

SDG impact indicator

- 4 QUALITY EDUCATION** Number of student loans
- 10 REDUCED INEQUALITIES** Percentage of loans to students from low and middle income countries



Renewable Energy

SDG impact indicator

- 7 AFFORDABLE AND CLEAN ENERGY** MWhs of renewable energy generated
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** MWhs of renewable generation capacity
- 13 CLIMATE ACTION** CO₂ emissions avoided

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

As the objective of PSIF is a combination of financial and sustainable return, apart from the sustainable investment process outlined below, any investment must also meet the financial targets of the Fund and the investment restrictions as laid out in the prospectus.

Sustainable investment process

1) Investment process, impact target and reporting:

Alignment with the impact investment objective of the Fund drives the initial screening of a potential investment. Investments that do not aim to significantly contribute to at least one SDG or cannot report on PSIFs required indicators to quantify their contribution, are excluded from the investable universe.

2) Exclusion:

PSIF maintains a list of unwanted sectors and activities that the Fund will not directly invest in through the selection of investment funds, investee companies or other financial instruments:

- manufacturing or sale of cluster weapons, anti-personnel landmines, biological weapons, chemical weapons, depleted uranium and nuclear weapons
- severe environmental abuse
- gambling
- human rights abuses
- activities related to prostitution
- animal testing for cosmetic purposes
- fur farming, manufacturing and trading
- genetic engineering
- nuclear energy
- tobacco and tobacco product manufacturing

Additionally, the Fund requires of its investees a strong policy to monitor the activities of their subsequent clients and ultimate borrowers and avoid involvement with the above-mentioned sectors or activities as much as possible. Despite this, the possibility that the ultimate client of an investee might be involved in one of the above-mentioned sectors or activities cannot be fully excluded.

3) Do no significant harm:

Dependent on the investment having an environmental or social objective (or both) and the economic sector it is active in, PSIF investigates the processes, policies, alignment with international conventions and transparency of the investment on relevant ESG risks and known issues in the sector. PSIFs analysis combines material ESG risk research from SASB with the do no significant harm criteria of the EU Taxonomy to prioritize its investigation of the potentially harmful effects of a potential investment and inform its analysis.

4) Good governance:

As a fund of funds, PSIF needs to investigate the quality of the companies, organizations, vehicles and funds managing the ultimate investments. This analysis is based on a combination of international standards from the UN Principles for Responsible investment (UNPRI), UN Global Compact, the OECD Guidelines for Multinational Enterprises and SASB. Focus points for this analysis are: employee engagement, diversity & inclusion; business ethics; operational and manager quality.

What is the targeted sustainable asset allocation of the product?

While PSIF 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.

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?

PSIFs 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. PSIF aims to report on all mandatory principal adverse impacts as outlined in the Regulation. However, as a fund of funds, the completeness of PSIFs 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.

Product specific information

More product-specific information can be found on the website: www.psif.nl including the impact report, monthly newsletter and annual report (from yearend 2021 onwards) where the Fund reports on the impact achieved with its investments.

This disclosure is current per 10-03-2021