The difference is the impact

ANNUAL REPORT

FMO Privium Impact Fund

Year ended 31 December 2020

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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
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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%

Key Figures

Totals for the Fund		2020	2019	2018	2017
Net Asset Value at 31 December	USD	143,342,353	156,575,599	130,883,698	76,342,756
Number of outstanding units at 31 December		1,234,981.86	1,410,025.71	1,163,926.97	656,701.20
Investment result					
Direct result	USD	4,388,050	7,389,470	5,623,079	8,002,912
Revaluation	USD	6,392,900	-5,814,769	-5,094,980	-3,169
Costs	USD	-2,721,170	-1,854,401	-1,567,968	-986,904
Total investment result for the period	USD	8,059,780	-279,700	-1,039,869	7,012,839
Investment result per unit[1]					
Direct result	USD	3.55	5.24	4.83	12.19
Revaluation	USD	5.18	-4.12	-4.38	-0.01
Costs	USD	-2.20	-1.31	-1.34	-1.5
Total investment result per unit	USD	6.53	-0.20	-0.89	10.68
Total for the Fund – Impact [2]					
Number of jobs supported		4,386	27,198	22,953	12,324
Greenhouse gas avoided (tCO2eq)		15,645	20,600	16,040	8,855
Financed emissions (tCO2eq)		23,750	-	-	-
SDG 8 - % of the portfolio		100%	-	-	-
SDG 10 - % of the portfolio		41%	-	-	-
SDG 13 - % of the portfolio		30%	-	-	-
Number of SME loans		*Discontinued*	1,548	707	457
GWh electricity produced per annum		*Discontinued*	50.77	41.36	16.31
People served		*Discontinued*	64,171	41,946	17,522
General overview at 31 December					
Number of loans on the portfolio		70	70	56	32
Average exposure per loan (in USD)		1,842,957	1,909,292	2,247,459	2,104,475
Average maturity of the loans (years)		4,74	5.41	5.75	8.02
Average interest margin of the portfolio (bps)		481	485	486	480
Number of countries		32	31	26	21
Total number of loans in the portfolio, since launch		87	75	59	33
Total exposure in FMO loans		129,007,017	143,196,905	117,660,765	68,160,424
Total provision on the loans in the portfolio		9,234,697	4,250,000	1,250,000	n/a
Percentage of loans in the portfolio, denominated in USD		100%	100%	100%	100%

1: The result per unit is calculated using the total number of outstanding units as per the end of the period.

2: For additional information on the new impact model, we refer to page 14.

Key figures per class

		2020	2019	2018	2017
Class A (USD) - Issue date June, 2016					
Net Asset Value at 31 December	USD	66,649,864	54,240,992	44,895,436	18,454,668
Number of outstanding units at 31 December		*578,652.8537*	*479,141.3374*	*409,586.9676*	*174,893.3024*
Net Asset Value per unit at 31 December	USD	115.18	113.20	109.61	105.52
Performance for the year		1.75%	3.28%	3.88%	3.89%
Class B-A (EUR) - Issue date Nov, 2019					
Net Asset Value at 31 December	EUR	1,198,867	793,978	n/a	n/a
Net Asset Value at 31 December	USD	1,464,656	890,366	n/a	n/a
Number of outstanding units at 31 December		12,056.3837	8,000.0000	n/a	n/a
Net Asset Value per unit at 31 December	EUR	99.44	99.25	n/a	n/a
Performance for the year		0.19%	-0.75%	n/a	n/a
Class B-D (EUR) - Issue date July, 2016					
Net Asset Value at 31 December	EUR	47,255,952	55,419,681	56,335,841	48,177,337
Net Asset Value at 31 December	USD	57,732,597	62,147,630	64,611,576	57,836,893
Number of outstanding units at 31 December		*492,958.00*	*567,705.0000*	*567,489.0000*	*481,389.0000*
Net Asset Value per unit at 31 December	EUR	95.86	97.62	99.27	100.08
Dividend distribution per unit	EUR	1.9313	1.9963	2.0112	2.0184
Performance for the year		0.18%	0.35%	1.20%	2.13%
Class F (EUR) - Issue date March, 2017					
Net Asset Value at 31 December	EUR	102,160	107,121	106,766	42,644
Net Asset Value at 31 December	USD	124,810	120,126	122,450	51,194
Number of outstanding units at 31 December		*986.3910*	*1,036.2812*	*1,036.2812*	418.9021
Net Asset Value per unit at 31 December	EUR	*103.57*	*103.37*	103.03	101.80
Performance for the year		0.19%	0.33%	1.21%	1.80%

Class I-A (EUR) Issue date August, 2018					
Net Asset Value at 31 December	EUR	5,742,458	25,861,567	16,750,041	n/a
Net Asset Value at 31 December	USD	7,015,561	29,001,161	19,210,622	n/a
Number of outstanding units at 31 December		57,366.5785	258,516.2868	167,785.6164	n/a
Net Asset Value per unit at 31 December	EUR	100.10	100.04	99.83	n/a
Performance for the year		0.06%	0.21%	-0.17%	n/a

Class I-D (EUR) Issue date August, 2018					
Net Asset Value at 31 December	EUR	5,588,214	6,248,224	1,781,859	n/a
Net Asset Value at 31 December	USD	6,827,121	7,006,759	2.043.614	n/a
Number of outstanding units at 31 December		58,706.0795	64,370.9127	18,029.1044	n/a
Net Asset Value per unit at 31 December	EUR	95.19	97.07	98.83	n/a
Dividend distribution per unit	EUR	1.9184	1.9859	0.9967	n/a
Performance for the year		0.04%	0.22%	-0.17%	n/a

Class U-A (USD) - Issue date March, 2019					
Net Asset Value at 31 December	USD	2,922,617	1,943,846	n/a	n/a
Number of outstanding units at 31 December		28,181.4967	19,025.6682	n/a	n/a
Net Asset Value per unit at 31 December	USD	103.71	102.17	n/a	n/a
Performance for the year		1.50%	2.17%	n/a	n/a

Class U-D (USD) - Issue date March, 2019					
Net Asset Value at 31 December	USD	605,127	1,224,719	n/a	n/a
Number of outstanding units at 31 December		6,074.0754	12,230.2316	n/a	n/a
Net Asset Value per unit at 31 December	USD	99.62	100.14	n/a	n/a
Dividend distribution per unit	USD	2.0001	2.0310	n/a	n/a
Performance for the year		1.48%	2.17%	n/a	n/a

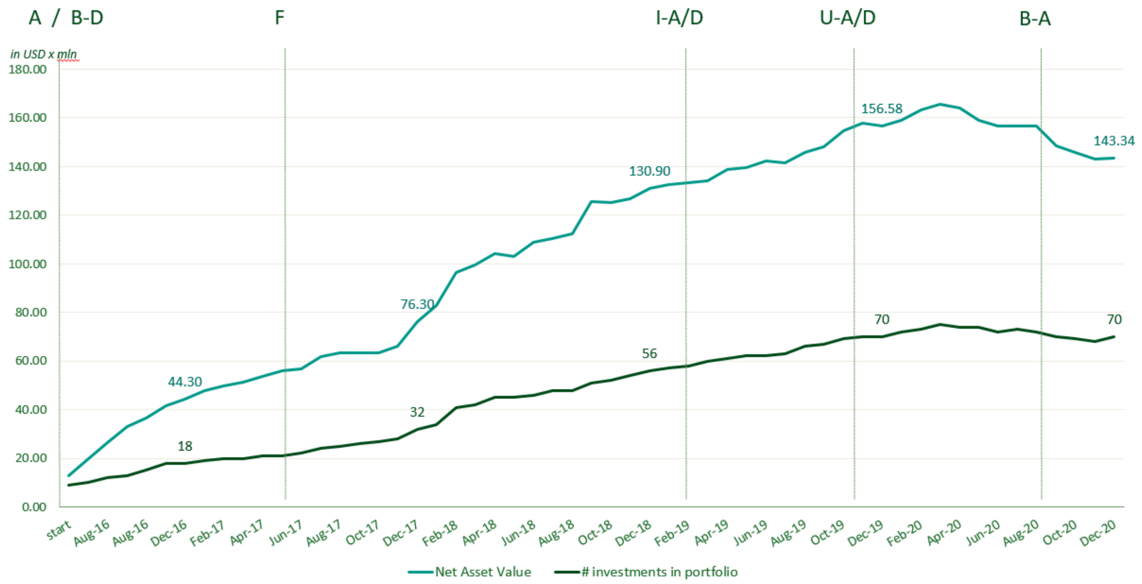
Report of the AIFM

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 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 opened exclusively for clients of ABNAMRO Meespierson (B-A), next to the existing Distributing share class for these investors (B-D).

During the year, the Net Asset Value of the fund decreased from USD 156.6 million as of December 13, 2019 to USD 143.3 million at December 31, 2020.



The year in summary

At the start of 2020 the Fund portfolio, which was made up of 70 loan participations, had a combined value of USD 143.2 million. During the course of the year, 11 new loan participations were made plus the amount of one existing participation was increased. In 2020, four loans were prepaid ahead of schedule and seven loans were repaid in full according to their schedules.

Just before the end of the first quarter the COVID-19 pandemic changed the world in which we live. FMO implemented intensified portfolio monitoring and started to explore how to support its clients in this unprecedented time. As a prudent measure, FMO also decided to incorporate a 'crisis override' in the client rating methodology which meant that country ratings effectively served as rating caps, whereas before this measure client ratings could be better than country ratings. As a result of downgraded client ratings FMO increased the general provisioning, which approach we decided to follow for our Fund in April 2020. Throughout the year the Fund portfolio continued to show a stable performance, and at the same time the Fund continues to have a few non-performing loans for which specific provisions have been made and are still in place. Next to that, a general portfolio Covid-19 provision was taken in March, 2020. Per the end of December 31, 2020 the total level of provisions represents 6.4% of the NAV. Per the end of December 31, 2020 the portfolio consisted of 70 loan participations representing a total value of USD 129 million.

In terms of impact reporting, FMO implemented an amended methodology at the end of the second quarter, the Joint Impact Model (JIM), to provide more insight into the impact of the portfolio. Among the most significant elements that changed is the way impact is reported, which changed from what is expected from an investment to what can currently be attributed to an investment. Due to this change the impact figures in the 2019 Annual Report of the Fund are not comparable to those in the 2020 Annual Report of the Fund.

Changes in registration

The Fund continues to be registered in The Netherlands, Switzerland, the UK, Spain, France and Luxembourg. Like in 2019, there are currently no plans to expand the registration beyond these domiciles.

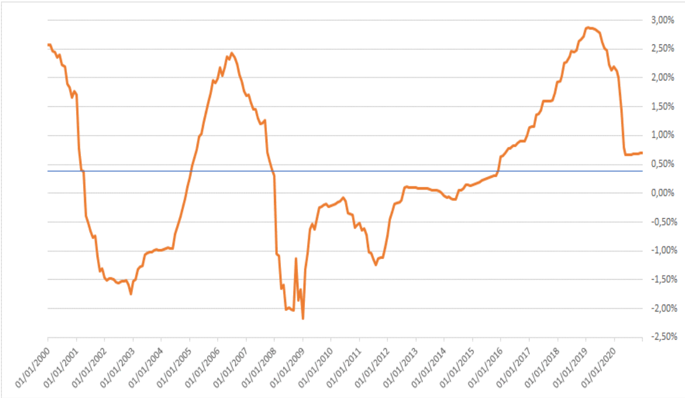
Kas Bank N.V. changed its name due to the takeover by CACEIS to CACEIS Bank. The service levels have not changed.

Portfolio performance in a nutshell

At year-end 2019 the number of loan participations in the portfolio stood at 70. During 2020 11 new participations were taken, by the end of 2020 the Fund portfolio also came out at 70 participations in FMO loans. Cumulatively over the life of the Fund, 87 investments have been made, 15 of which have been repaid or prepaid. The 11 new loan participations in 2020 have been made across six financial institutions, three agribusiness companies and one renewable energy project.

In 2020 the provisioned loan participations increased from three to four. As per 31 December 2020 the total provision amounts to USD 9,234,697 (2019: USD 4,737,862). Of this provision USD 7,866,658 (2019: USD 4,737,862) is attributable to the four (2019: three) individual provisions. The remaining USD 1,368,039 (2019: USD 0) has been the result of a general COVID-19 provision on the fund level. The first loan, for which the Fund already took a provision in 2018, further deteriorated and the provisioning has been increased to 94%. Two other loans, for which the Fund had to take a provision during 2019, ended the year with 53% and 89% provisioning respectively. During 2020, the Fund had to take a provision for one additional loan, which ended the year at 37% provisioning. 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. In March 2020 the Fund also took a general COVID-19 provision at the Fund level. In December 2020 this general COVID-19 provision was decreased in size due to an improved outlook.

During 2020, the portfolio continued to perform in a stable way, despite the challenges and increased risk levels due to the COVID-19 pandemic. The weighted average interest margin for the portfolio stood at 4.81% at year-end.



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 2020 the USD depreciated over 8% vs the EUR.

The hedging expenses continued to decline during 2020 since the Interest Rate Differential between Euribor and Libor declined further.

Interest rates are still lower in the Eurozone compared to the US, but the differential continued to become smaller since the US Federal Reserve continued to cut interest rates. The Interest Rate Differential is effectively a cost component for the Fund.

In 2020, the Net Asset Value of the fund decreased from USD 156.6 million to USD 143.3 million.

From January 1, 2020 to December 31, 2020 the net returns for the various share classes were as follows (including dividends for Class B-D, Class I-D and Class U-D):

Class A (USD)	+1.75%
Class B-A (EUR)	+0.19%
Class B-D (EUR)	+0.18%
Class F (EUR)	+0.19%
Class I-A (EUR)	+0.06%
Class I-D (EUR)	+0.04%
Class U-A (USD)	+1.50%
Class U-D (USD)	+1.48%

During 2020, the Fund changed its impact measurement system following FMO's new reporting methods. Detailed information on what these numbers are and represent can be found in the final section of this Fund Manager report.

As already reported in last year's 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 replace 50% of 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 invested and used for impact, return and a further diversification of the portfolio.

Investor reporting

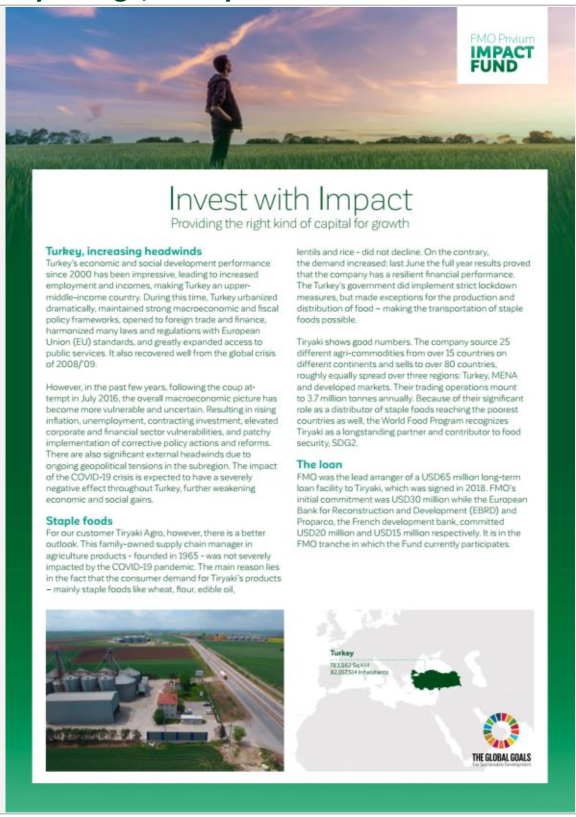
Since the launch of the Fund a monthly report has been issued to Dutch investors in Dutch. With the opening of new classes during the following years, the Fund started to issue reports on a quarterly basis in English as well. In 2019 the Fund Manager noticed an increasing desire among its growing international investor base (particularly those from France and Switzerland) to provide a French version of both the quarterly Fund reports and the accompanying case studies. Following the change in impact reporting by the end of Q2 2020 and less changes to the portfolio on a monthly basis, it was decided to reduce the length of the Dutch monthly report, thereby increasing efficiency and further aligning and improving consistency across all three reports. During the reporting year the following 4 cases studies have been published to provide more insight into the investments of the Fund. The most recent reports are available on www.priviumfund.com and more is available via www.fmopriviumimpactfund.nl

Zephyr Power (Pvt) Ltd, Pakistan

Hamkorbank, Uzbekistan

Orosi, Costa Rica

Tiryaki Argo, Turkey



Click on the case study to open the full document on-line.

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.

In 2020 the Fund value dropped below USD 150 million as a result of portfolio repayments and a modest level of new investments due to investor redemptions and increased cash buffers during more uncertain COVID-19 times. Following the method used before, the Fund preferred to invest in smaller sizes across more investments.

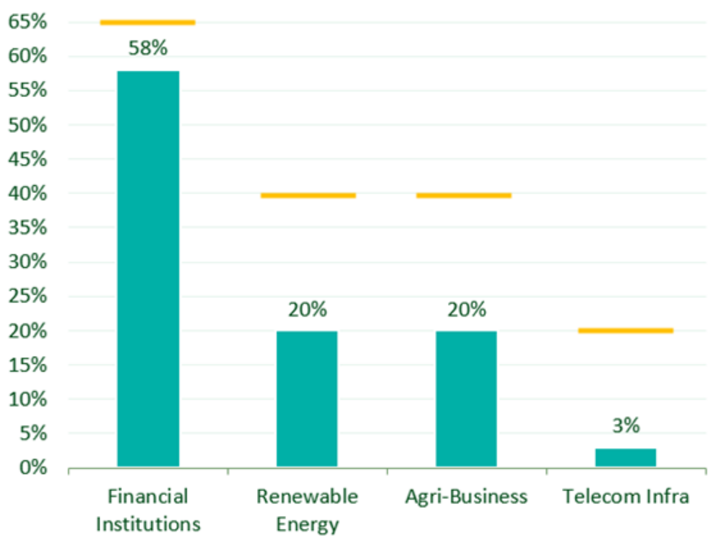
During the reporting year the Fund's Investment Committee decided positively on eleven different FMO loans and increased exposure in one FMO loan where the Fund already held a participation. The average outstanding participation amount stood at USD 1.8 million as per year end. This is slightly lower than the average participation amount at year-end 2019, which means that the Fund is slightly better diversified across number of investments.

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

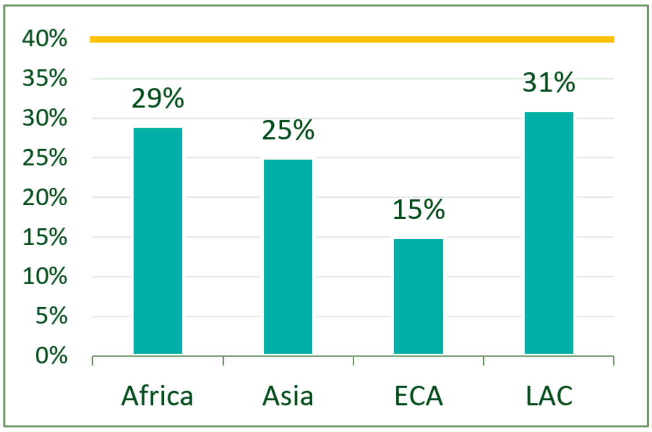
The Fund aims to maintain a diversified portfolio and thus continuously seeks to diversify across the eligible sectors – Financial Institutions, Renewable Energy, Agribusiness and Telecom Infrastructure. Since FMO adjusted its corporate strategy in 2017 to apply further focus towards its three core-sectors: 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 below shows the actual sector diversification as of December 31, 2020 versus the Fund's limits. Diversification is well within the limits and in 2021 we will look to further diversify the portfolio towards the relatively underrepresented sectors subject to FMO loans being available for participation.



Geographic diversification

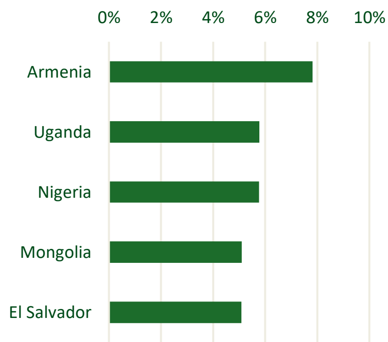
Since the inception of the Fund, the pipeline of available and eligible FMO loans contained a relatively large number of projects with attractive impact characteristics and good risk/return profiles in the Latin America & Caribbean (LAC) region. While this continued to be the case for 2020, the Fund was able to decrease from the 35% exposure of the Fund to this region and increase the others regions of which Africa most notably. Our goal for 2021 will continue to be growing the portfolio in the three regions of Africa, Asia and Europe & Central Asia (ECA), but we acknowledge the fact that this is driven by available FMO deal flow.



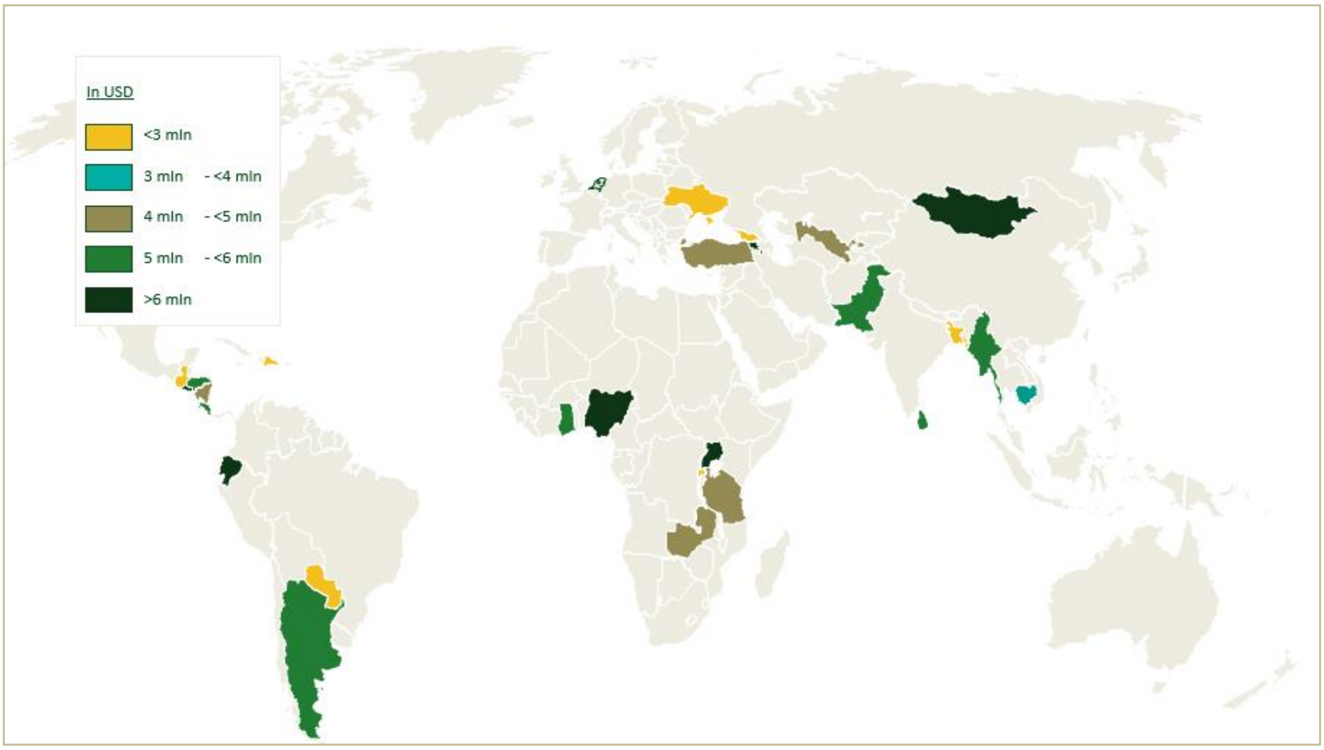
The graph shows the actual geographical diversification as of December 31, 2020 versus the Fund's limits of 40% per region.

<u>Largest country exposures</u>

Per December 31, 2020 the country with the largest exposure in the portfolio changed back from Ecuador to Armenia. Ecuador dropped from the top exposure list to position 6 primarily due to the prepayment of hydropower project Hidronormandia and the regular repayments on the other FMO loans in the country. The exposure of our Fund to the five largest countries combined amounts to USD 38.1 million and is spread across 15 customers together representing 29.5% of the Fund's portfolio.



The portfolio is spread across 32 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

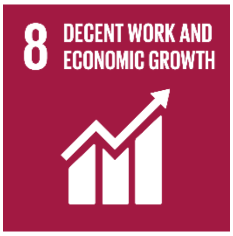
The Fund Manager reports on a quarterly and annual basis on the impact development of the Fund. Until the first quarter of 2020 the report contained five impact indicators on which it reported cumulatively. Two of these indicators – “number of jobs supported” and “greenhouse gas emissions avoided” – are indicators that 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” – served to further illustrate the development goals and impact of the Fund. In 2020 FMO implemented a new impact model which changed the basis of the impact report from ‘expected impact’ to ‘what can be contributed to the outstanding amounts of each participation’, thus showing the current status of the investments in the portfolio.

The new model was created in cooperation with specialist consultancy firm Steward Redqueen and several other development banks. It is therefore that the new model has been named the Joint Impact Model (JIM). Co-creating has been a deliberate choice to improve further alignment and ultimately comparability between impact investors. The new model also considers the standards created by the Platform Carbon Accounting Financials (PCAF), based on the GHG protocol, to enhance alignment on GHG reporting.

By applying the PCAF standards it has become possible to start reporting on negative impact via the GHG emissions attributable to the portfolio shown as Financed emissions. Like the previous model, it looks beyond the impact at the level of the direct underlying investment; it also looks at the impact through the local value chain, yet it is more stringent on allowing for indirect jobs supported as it is based on new insights on job attribution. The results continue to be 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. The implementation of the new model has not been without challenges. Towards the end of the reporting year, it became clear that there were omissions and inconsistencies in the reported outcomes that needed further investigation and corrections in source systems. The most significant omission was found in the attribution mechanism which resulted into stating 100% of the impact based on FMO’s full exposure vs the actual percentage for each investment by the Fund. Since then improvements have been made to the source systems, the internal procedure and the calculation method. Although we believe FMO has now found and solved the issues, it may still be the case that impact data for individual participations need to be adjusted outside the normal annual updates, based on new information and may result in different impact outcomes still. We do not expect these adjustments to have material impact though.

Over the past years FMO has developed a labeling system connected to the Sustainable Development Goals (SDG) which it deems most relevant for achieving its strategy. As the Fund realigned with FMO impact metrics, the decision was also made to start reporting along these same SDGs. It does so by showing the percentage of the portfolio that is considered to contribute positively towards each of these SDG’s.

To enable you as an investor in the FMO Privium Impact Fund to interpret the impact figures, there is a short explanation about each indicator on the next page. For more information on the impact model and methodologies you can visit www.fmo.nl/impact/how-we-measure-impact.



100%

Private business activity, investment and innovation are major drivers of productivity, inclusive economic growth and job creation.

SDG 8 calls for promoting economic growth that is a) sustained, b) inclusive and c) sustainable; and employment that is a) full, b) productive and c) decent.

All investments in our portfolio are considered to contribute to SDG 8. Impact is measured e.g. via the jobs supported indicator as stated on the below.

41%

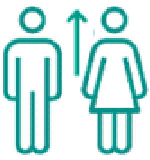
Investments which contribute to **SDG 10** have received a Reducing Inequalities label.

This label is applied via two tracks: 1) financing inclusive business that reduce inequalities within countries (e.g. investments made specifically in support of gender equality or smallholders) by expanding access to goods, services and/or increase livelihood opportunities on a commercially viable basis to people at the Base of the Pyramid by making them part of the companies' value chain of suppliers, distributors, retailers or customers; and 2) all investments made in low income countries.

30%

Investments which receive a Green label contribute positively towards **SDG 13.**

This includes finance to projects that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, support climate mitigation and climate adaptation. Impact data is presented as avoided GHG emissions in eq of tons CO_2 and emissions scope 3.



4,386

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

tCO2eq

15,645

Avoided CO_2 emissions
The greenhouses gas emissions 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.

23,750

Financed emissions
This number indicates the greenhouse gas emissions equivalent of tCO_2 measured for all investments in our portfolio according to the methodologies of the Partnership for Carbon Accounting Financials (PCAF).

Portfolio overview

Below overview is sorted by size of exposure at the borrower level as stated at 31 December 2020.

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
ACCESS BANK PLC.	Financial Institutions	Nigeria	5.875.000,00
ECOM AGROINDUSTRIAL CORPORATION LTD	Agri, Food and Water	Switzerland	4.845.454,54
JSCB HAMKORBANK	Financial Institutions	Uzbekistan	4.000.000,00
XACBANK LLC	Financial Institutions	Mongolia	4.000.000,00
FEDECREDITO SC DE RL DE CV	Financial Institutions	El Salvador	3.500.000,00
ZEPHYR POWER (PVT) LTD.	Energy	Pakistan	3.317.200,43
EXIM BANK (TANZANIA) LIMITED	Financial Institutions	Tanzania	3.111.111,11
ACCESS BANK (GHANA) LIMITED	Financial Institutions	Ghana	3.000.000,00
YOMA STRATEGIC HOLDINGS LTD	Agri, Food and Water	Singapore	3.000.000,00
BANCO PICHINCHA C.A.	Financial Institutions	Ecuador	3.000.000,00
VICENTIN S.A.I.C.	Agri, Food and Water	Argentina	3.000.000,00
TIRYAKI AGRO GIDA SANAYI VE TICARET	Agri, Food and Water	Turkey	2.863.700,00
MONTECRISTI SOLAR F.V., S.A.S.	Energy	Dominican Republic	2.829.300,00
AFRICA EMS NYAMWAMBA LTD	Energy	Uganda	2.783.237,14
CONTOURGLOBAL HYDRO CASCADE CJSC	Energy	Armenia	2.780.379,53
SATHAPANA BANK PLC	Financial Institutions	Cambodia	2.625.000,00
DFCU BANK LTD	Financial Institutions	Uganda	2.589.285,72
KHAN BANK LLC	Financial Institutions	Mongolia	2.571.428,58
NATIONS TRUST BANK PLC	Financial Institutions	Sri Lanka	2.541.666,66
BANCO PROMERICA S.A. (EL SALVADOR)	Financial Institutions	El Salvador	2.516.129,60
AMERIABANK CJSC	Financial Institutions	Armenia	2.500.000,00
FIRST NATIONAL BANK ZAMBIA LIMITED	Financial Institutions	Zambia	2.500.000,00
PACIFIC SOLAR ENERGY S.A. DE C.V.	Energy	Honduras	2.500.000,00
MOLINO CANUELAS S.A.C.I.F.I.A	Agri, Food and Water	Argentina	2.500.000,00
NICARAGUA SUGAR ESTATES LIMITED S.A	Agri, Food and Water	Nicaragua	2.250.000,00
CITIZENS DEVELOPMENT BUSINESS FINAN	Financial Institutions	Sri Lanka	2.250.000,00
IRRAWADDY TOWERS ASSET HOLDING PTE.	Telecom Infrastructure	Myanmar	2.176.873,86
ARARATBANK OJSC	Financial Institutions	Armenia	2.142.857,14
NICHE COCOA INDUSTRY LIMITED	Agri, Food and Water	Ghana	2.100.000,00
BUGOYE HYDRO LIMITED	Energy	Uganda	2.078.095,85

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
BANCO PROMERICA S.A. (GUATEMALA)	Financial Institutions	Guatemala	2.058.823,50
ALISIOS HOLDINGS S.A.	Energy	Costa Rica	2.016.240,00
ARMECONOMBANK OJSC	Financial Institutions	Armenia	2.000.000,00
BANCO DE LA PRODUCCION S.A.	Financial Institutions	Nicaragua	1.875.000,00
GHARO SOLAR (PRIVATE) LIMITED	Energy	Pakistan	1.853.400,00
INVERSIONES EOLICAS DE OROSI DOS,	Energy	Costa Rica	1.852.118,35
VIENTOS DE ELECTROTECNIA S.A. DE C.	Energy	Honduras	1.779.190,74
ONE BANK LIMITED	Financial Institutions	Bangladesh	1.750.000,00
BANCO BOLIVARIANO C.A.	Financial Institutions	Ecuador	1.666.666,68
AK LEASE	Financial Institutions	Turkey	1.666.666,66
ITEZHI TEZHI POWER CORPORATION	Energy	Zambia	1.590.000,00
IHS RWANDA LTD	Telecom Infrastructure	Rwanda	1.570.681,09
ECOBANK NIGERIA LIMITED	Financial Institutions	Nigeria	1.562.500,00
JSC BANK OF GEORGIA	Financial Institutions	Georgia	1.500.000,00
AGROFERTIL S.A	Agri, Food and Water	Paraguay	1.500.000,00
BANCO DE LA PRODUCCION S.A. PRODUBA	Financial Institutions	Ecuador	1.444.444,46
NIBULON AGRICULTURAL LIMITED LIABIL	Agri, Food and Water	Ukraine	1.400.000,00
MOHAMMED ENTERPRISES TANZANIA LTD	Agri, Food and Water	Tanzania	1.250.000,00
BANCO BAC SAN JOSE S.A.	Financial Institutions	Costa Rica	1.250.000,00
JSC TBC BANK	Financial Institutions	Georgia	1.250.000,00
ECOBANK TRANSNATIONAL INCORPORATED	Financial Institutions	Togo	1.218.326,21
AMRET PLC	Financial Institutions	Cambodia	937.500,02
BANCO FINANCIERA COMERCIAL	Financial Institutions	Honduras	909.090,89
SITIO 0 DE QUEQUEN S.A.	Agri, Food and Water	Argentina	900.000,00
INECOBANK CJSC	Financial Institutions	Armenia	666.666,66
BANCO CONTINENTAL S.A.E.C.A.	Financial Institutions	Paraguay	625.000,00
NATIONAL DEVELOPMENT BANK PLC	Financial Institutions	Sri Lanka	615.384,65
BANCO DE AMERICA CENTRAL EL SALVADO	Financial Institutions	El Salvador	545.454,56
NATIONAL MICROFINANCE BANK PLC	Financial Institutions	Tanzania	500.000,00
EASTERN BANK LIMITED	Financial Institutions	Bangladesh	400.000,00
THE CITY BANK LIMITED	Financial Institutions	Bangladesh	375.000,00

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
FIDELITY BANK GHANA LIMITED	Financial Institutions	Ghana	375.000,00
COMMERCIAL LEASING AND FINANCE PLC	Financial Institutions	Sri Lanka	357.142,88
Total amount			**129.007.017,51**

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

Privium Fund Management B.V, Fund Manager of various funds, has a careful, controlled and sustainable remuneration policy which meets all the regulatory requirements as included in the Alternative Investment Fund Managers Directive (AIFMD), the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines) and the Sustainable Finance Disclosure Regulation. 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 is responsible for establishing the Remuneration policy. The Board of Privium reviews the Remuneration policy at least once a year and the policy may be amended if circumstances warrant that. Remunerations at Privium may consist out of a fixed remuneration (this may include a payment to cover certain expenses of staff members) and a variable remuneration.

Privium 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.

Remuneration policy 2020

This policy is based on the situation as of December 31, 2020. The financial year of Privium ends on December 31 of any year. For some of the funds the compensation consists of both a management and a performance fee. Amounts reflect remuneration related to funds managed by Privium, for the time Privium was the Fund Manager of those funds.

The two tables below offer an overview of the remuneration at the level of Privium. The first table shows the remuneration overview as of December 31, 2019 and the second table shows the remuneration overview as of December 31, 2020.

Information per fund is not available. The Board of Privium is being described as Identified Staff in senior management roles. All other staff members are categorized as identified staff outside senior management roles.

Overview as December 31, 2019

	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

Overview as December 31, 2020

	Identified staff in senior management roles	**Identified staff outside senior management roles**	**Total staff**
Number of staff	2	34	36
Total fixed remuneration	€ 148,421	€ 4,839,700	€ 4,988,121
Total variable remuneration	€ 35,000	€ 5,331,064	€ 5,366,064
Total remuneration	€ 183,421	€ 10,170,764	€ 10,354,185

Privium 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. 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 e.g. 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 2020 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 36 staff members were involved during (some part of) the year 2020 (2019: 35), including consultants and including both part-time and full-time staff.

One staff member, active in portfolio management, has earned more than EUR 1,000,000 in relation to the performance results during the year 2020 (2019: one staff member). As explained above, this is not related to the FMO Privium Impact Fund.

Risk management and willingness to take risks

There have been no risk breaches during the year 2020. 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 2020 NAV	Expected impact on 2021 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2020 or 2021
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 +0.18% in 2020 (Class B-D). During 2020 provisions were taken on a number of loans as well as general portfolio provision due to the Covid-19 pandemic. The total contribution has been -2.74%	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 2020 all loans in the portfolio of FPIF were USD denominated. The depreciation of the USD during the year 2020 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 depreciation of the USD was fully neutralized by the FX hedges that were maintained in the EUR denominated share classes.	None	No
Liquidity risk	No	The underlying loans generally have long term maturities and will be repaid according to a certain repayment schedule. The loans may even become illiquid under certain market conditions. Accordingly, it may not always be possible to receive or realise the full value of the loan.	None	This will depend on general market circumstances and certain ideosyncratic events around the Fund´s investments.	No
Operational risk	No	This risk is mostly mitigated by having rigid operational procedures in place. Next to that duties and responsibilities are clearly divided between Privium employees. The same is applicable at the service providers of the several Privium Funds.	None	None	No
Counterparty Risk	No	This risk is mostly mitigated by selecting and maintaining relationships with top tier counterparties and service providers.	None	None	No
Leverage Risk	No	The Fund is not utilizing any borrowings to take positions. Because the Fund is hedging direct FX risk by using FX forwards, the fund is utilizing implied leverage. As of December 31, 2020 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 138.61% and Commitment method: 100%.	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.
- Monthly reporting by portfolio management
- Quarterly Operational risk management
- Monthly stress scenarios. On ad hoc basis extra stress scenarios can be done.

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 2020 this audit was executed for fifth time and the findings were reported to Privium's management. The audit did not demonstrate any material deviations.

Control Statement

The Board of Privium Fund Management B.V. declares to have an AO/IB (Handbook) that meets the requirements of the "Wet op het financieel toezicht and the 'Besluit gedragstoezicht financiële ondernemingen ('Bgfo")". During 2020 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 2020 functioned effectively as described. During 2020 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 2020 update was completed in November 2020. During the fourth quarter of 2020 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager These are mostly related to Compliance and Risk Management. The external audit officer has reported his findings to the Fund Manager in a report. No meaningful errors have been signalled.

Introduction Sustainable Finance Disclosure Regulation (SFDR)

As per 10 March 2021 the EU Sustainable Finance Disclosure Regulation (SFDR) has come into force. In the context of the SFDR, the Fund is classified as an Article 9 fund. Additional SFDR related disclosures can be found in the Prospectus of the Fund.

Amsterdam, 18 June 2021

The AIFM

Privium Fund Management B.V.

Financial statements

Balance sheet as at 31 December

(all amounts in USD)	Notes	2020	2019
Assets			
Investments	1		
Loans		129,007,018	143,196,905
Forwards		2,008	24,629
Total of investments		129,009,026	143,221,534
Receivables	2		
Other receivables		2,625,161	2,468,097
Total of receivables		2,625,161	2,468,097
Other assets	3		
Cash		25,412,741	19,710,492
Total of other assets		25,412,741	19,710,492
Total assets		157,046,928	165,400,123

(all amounts in USD)	Notes	2020	2019
Liabilities			
Net asset value	4	143,342,353	156,575,599
Investments	1		
Forwards		398,156	65
Total of investments		398,156	65
Other liabilities			
Bank overdrafts	3	3,258,487	-
Subscriptions received in advance		655,331	3,912,465
Provision on loans	5	9,234,697	4,737,862
Other liabilities	6	157,904	174,132
Total other liabilities		13,306,419	8,824,459
Total liabilities		157,046,928	165,400,123

Profit and loss statement

(For the year ended 31 December)

(all amounts in USD)	Notes	2020	2019
Investment result			
Interest income		8,884,885	9,635,189
Provision on loans	5	(4,496,835)	(3,438,453)
Total investment result		4,388,050	6,196,736
Revaluation of investments	7		
Realized results		6,813,612	(5,631,924)
Unrealized results		(420,712)	(182,845)
Total changes in value		6,392,900	(5,814,769)
Other results			
Foreign currency translation	8	(1,132,884)	863,931
Interest on cash accounts		62,399	280,560
Other results		268,255	48,243
Total other results		(802,230)	1,192,734
Operating expenses			
Management fee	9	(1,545,612)	(1,429,698)
Administration fees	10	(73,046)	(69,570)
Depositary fees		(38,172)	(34,211)
Interest expenses		(43,178)	(117,778)
Brokerage fees and other transaction costs		(50,823)	(70,087)
Audit fees	11	(35,540)	(34,212)
Legal fees	12	(373)[1]	(31,144)
Supervision fees		(38,054)[2]	(1,662)
Other expenses	13	(94,142)	(66,039)
Total operating expenses		(1,918,940)	(1,854,401)
Result for the year		8,059,780	(279,700)

1 The legal fee in 2019 was significantly higher compared to 2020 due to one-off costs for legal purposes.

2 The supervision fee in 2020 has increased significantly compared to 2019 due to invoices from previous years which were received in 2020.

Statement of cash flows

(For the year ended 31 December)

(all amounts in USD)	Notes	2020	2019
Cash flow from operating activities			
Participations in FMO loans		(23,000,000)	(48,040,275)
Repayments from FMO loans		37,189,887	22,504,135
Purchases of investments		-	(5,631,924)
Proceeds from sales of investments		6,813,612	-
Interest received		8,742,749	8,951,179
Management fee paid		(1,557,846)	(1,407,996)
Interest paid		(43,178)	(15,620)
Operating expenses paid		(18,418)	(220,791)
Net cash flow from (used in) operating activities		28,126,806	(23,861,292)
Cash flow from financing activities			
Proceeds from subscriptions		24,608,660	42,293,314
Payments for redemption		(47,876,290)	(12,301,037)
Dividend paid		(1,282,530)	(1,403,075)
Net cash flow from financing activities		(24,550,160)	28,589,202
Net cash flow for the year		3,576,646	4,727,910
Cash at beginning of the year		19,710,492	14,118,651
Foreign currency translation of cash positions		(1,132,884)	863,931
Cash at the end of the year	3	22,154,254	19,710,492

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 18 June 2021.

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.

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 2020 through 31 December 2020.

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 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 2020 until 31 December 2020 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)	2020	2019
Loans		
Opening balance	143,196,905	117,660,765
Participations in FMO loans	23,000,000	48,040,275
Repayments from FMO loans	(37,189,887)	(22,504,135)
Balance as per 31 December	129,007,018	143,196,905

The fair value of the loans at 31 December 2020 equals USD 124,206,370 (2019: USD 124,823,449).

In 2020 the provisioned loan participations increased from three to four. The first loan, for which the Fund already took a provision in 2018, further deteriorated and the provisioning has been increased to 94%. For two other loans, for which the Fund had to take a provision during 2019, ended the year with 53% and 89% provisioning respectively. During 2020, the Fund had to take a provision for one additional loan, which ended the year at 37% provisioning. In March 2020 the Fund also took a general COVID-19 provision on the Fund level. In December 2020 this general COVID-19 provision was decreased in size due to an improved outlook.

As per 31 December 2020 the total provision amounts to USD 9,234,697 (2019: USD 4,737,862).

(all amounts in USD)	2020	2019
Forwards		
Opening balance	24,564	207,409
Sales and expirations	(6,813,612)	5,631,924
Realised investment result	6,813,612	(5,631,924)
Unrealised investment result	(420,712)	(182,845)
Position as per 31 December	(396,148)	24,564

2. Other receivables

(all amounts in USD)	2020	2019
Interest receivable	2,603,250	2,398,047
Deferred organizational fees	20,801	64,887
Other receivables and prepayments	1,110	5,163
Position as per 31 December	2,625,161	2,468,097

3. Cash

(all amounts in USD)	2020	2019
Euro bank accounts	(3,122,960)	4,076,680
US Dollar bank accounts	25,277,214	15,633,812
Total cash	22,154,254	19,710,492

At 31 December 2020 and 31 December 2019, cash and cash equivalents are partly restricted due to the required margin on the FX forwards of the Fund.

A bank guarantee was provided to ABN AMRO Clearing Bank in order to replace 50% of 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.

4. Net asset value

The movement of the individual Classes during the year ended 31 December 2020 is as follows:

(all amounts in USD)	Opening balance	Subscriptions	Redemptions	Dividend paid	Result	Net Asset Value
Class A	54,240,992	11,350,000	-	-	1,058,872	66,649,864
Class B-A	890,366	471,120	-	-	103,170	1,464,656
Class B-D	62,147,630	3,237,523	(11,305,670)	(1,113,397)	4,766,511	57,732,597
Class F	120,126	-	(5,993)	-	10,677	124,810
Class I-A	29,001,161	9,348,906	(32,725,254)	-	1,390,748	7,015,561
Class I-D	7,006,759	2,455,245	(3,162,849)	(156,984)	684,950	6,827,121
Class U-A	1,943,846	1,003,000	(61,524)	-	37,295	2,922,617
Class U-D	1,224,719	-	(615,000)	(12,149)	7,557	605,127
Total	156,575,599	27,865,794	(47,876,290)	(1,282,530)	8,059,780	143,342,353

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 2020, 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 1,198,867, EUR 47,255,952, EUR 102,160, EUR 5,742,458 and EUR 5,588,214.

The movement in units of the individual Classes during the year ended 31 December 2020 is as follows:

(in number of units)	Opening balance	Subscriptions	Redemptions	Closing balance
Class A	479,141	99,512	-	578,653
Class B-A	8,000	4,056	-	12,056
Class B-D	567,705	28,865	(103,612)	492,958
Class F	1,036	-	(50)	986
Class I-A	258,516	83,904	(285,053)	57,367
Class I-D	64,371	22,935	(28,600)	58,706
Class U-A	19,026	9,759	(603)	28,182
Class U-D	12,230	-	(6,156)	6,074
Total	1,410,025	249,031	(424,074)	1,234,982

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)	890,366
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)	120,126
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	-	479,141
Class B-A	-	8,000	-	8,000
Class B-D	567,489	64,411	(64,195)	567,705
Class F	1,036	-	-	1,036
Class I-A	167,786	136,468	(45,738)	258,516
Class I-D	18,029	46,708	(366)	64,371
Class U-A	-	19,026	-	19,026
Class U-D	-	12,230	-	12,230
Total	1,163,927	356,397	(110,299)	1,410,025

5. Provision on loans

As of December 31, 2020 there are provisions outstanding on four individual loans. Next to that there is general portfolio COVID-19 provision outstanding. The provisions totalled USD 9,234,697 (2019: USD 4,737,862).

(all amounts in USD)	2020	2019
Provisions	**Fair value**	**Fair value**
Opening balance	4,737,862	1,299,410
Increase	4,496,835	3,438,452
Decrease	-	-
Closing balance	9,234,697	4,737,862

6. Other liabilities

(all amounts in USD)	2020	2019
Management fees payable	120,172	132,406
Interest payable	668	-
Audit fees payable	12,678	31,073
Administration fees payable	5,360	6,485
Supervision fees payable	15,236	-
Distribution payable	3,790	-
Bank and brokerage fees	-	4,168
Position as per 31 December	157,904	174,132

Notes to the statement of comprehensive income

7. Revaluation of investments

(all amounts in USD)	2020	2019
Net realized result on financial assets and liabilities at fair value through profit or loss		
Realized gains on forwards	10,800,654	5,484,704
Realized losses on forwards	(3,987,042)	(11,116,628)
	6,813,612	(5,631,924)
Net unrealized result on financial assets and liabilities at fair value through profit or loss		
Unrealized gains on forwards	-	-
Unrealized losses on forwards	(420,712)	(182,845)
Total unrealized result	(420,712)	(182,845)
Total revaluation of investments	6,392,900	(5,814,769)

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

(all amounts in USD)					
Forwards 2020	**Currency amount sold**	**Currency**	**Currency amount bought**	**Settlement date**	**Fair value**
Currency sold					
USD	125,369	EUR	102,000	29-01-2021	(682.67)
USD	1,474,639	EUR	1,200,000	29-01-2021	(7,732.20)
USD	56,645,071	EUR	46,100,000	29-01-2021	(291,416.54)
USD	6,944,617	EUR	5,650,000	29-01-2021	(37,932.97)
USD	10,512,100	EUR	8,550,000	29-01-2021	(60,391.22)
Subtotal currency sold					(398,155.60)
Forwards 2020	**Currency amount bought**	**Currency**	**Currency amount sold**		**Fair value**
Currency bought					
USD	368,733	EUR	300,000	29-01-2021	2,006.76
Subtotal currency bought					2,006.76
Total					**(396,148.84)**

(all amounts in USD)					
Forwards 2019	**Currency amount sold**	**Currency**	**Currency amount bought**	**Settlement date**	**Fair value**
Currency sold					
EUR	300,000	USD	336,941	31-01-2020	(64.95)
Subtotal currency sold					(64.95)
Forwards 2019	**Currency amount bought**	**Currency**	**Currency amount sold**		**Fair value**
Currency bought					
EUR	108,000	USD	121,309	31-01-2020	13.02
EUR	800,000	USD	898,579	31-01-2020	104.40
EUR	26,000,000	USD	29,199,118	31-01-2020	8,073.00
EUR	56,100,000	USD	63,005,461	31-01-2020	14,670.15
EUR	6,300,000	USD	7,075,360	31-01-2020	1,767.15
Subtotal currency bought					24,627.72
Total					**24,562.77**

8. Foreign currency translation

(all amounts in USD)	2020	2019
Foreign currency translation results on cash accounts	(1,132,884)	863,931
Total foreign currency translation	(1,132,884)	863,931

The currency results consist of translation differences on foreign currency cash accounts. The decrease in currency results in 2020 was caused by an increase in the Euro cash accounts.

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

Showing the equivalent of 1 USD	2020	2019
Euro	0.8185	0.8917

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 is free of VAT.

The management fee for the period ended 31 December 2020 amounts to USD 1,545,612 (2019: USD 1,429,698).

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)	2020	2019
Administration fees	61,383	58,166
Reporting fees	7,172	6,996
FATCA fees	2,341	2,298
AIFMD fees	2,150	2,110
Total	73,046	69,570

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 35,540 (2019: USD 34,212). The Independent Auditor does not provide any other audit or non-audit services to the Fund.

12. Legal Owner fees

CSC 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)	2020	2019
Organisational fees	44,085	44,086
Legal owner fees	9,598	8,463
Miscellaneous fees	37,419	2,578
License fees	3,040	2,939
	94,142	66,039

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 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 2020 is as follows:

			2020	
(all amounts in USD)	Gross amount	Forward contract	Net amount	% NAV
US Dollars	147,415,374	(74,892,653)	72,522,721	50.59
Euro	(4,073,021)	74,892,653	70,819,632	49.41
Total			143,342,353	100.00

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

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, 2020 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, 2020 totalled USD 74,892,653 (2019: USD 99,813,571).

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:

			2020		
(all amounts in USD)	Less than 1 year	Between 1 and 5 years	Longer than 5 years	Non-interest bearing	Total
Investments					
Loans	5,676,588	88,326,268	35,004,162	-	129,007,018
Forwards	-	-	-	(396,148)	(396,148)
Total investments	5,676,588	88,326,268	35,004,162	(396,148)	128,610,870

			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

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)	2020	2019
Credit rating		
BBB-	2,125,000	8,000,000
BB+	1,500,000	8,058,333
BB	8,554,278	12,593,886
BB-	13,297,915	60,548,653
B+	44,291,478	21,912,791
B	25,471,832	19,879,492
B-	20,114,015	5,500,000
CCC	1,562,500	-
CCC-	-	1,703,750
CC+	2,500,000	-
CC	9,590,000	5,000,000
Total as per 31 December	129,007,018	143,196,905

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.

In 2020 the credit risk increased due to the Covid-19 crisis. As per 31 December 2020 the total provision amounts to USD 9,234,697 (2019: USD 4,737,862). Based on current available information, the credit outlook for 2021 has improved.

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 (2019: A).

The amount that best represents the maximum credit risk of the Fund at 31 December 2020 is USD 153,786,433 (2019: USD 165,375,494).

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)	2020	2019
Average net asset value	155,172,649	143,761,007
Total ongoing expenses	1,824,939	1,666,536
Ongoing charges figure for the year	1.18%	1.16%

Turnover ratio's (TOR)

The turnover ratio for the Fund over the period 1 January 2020 until 31 December 2020 is -6 (2019: 9).

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 2020 will be added to the Net asset value of the Fund.

Events after balance sheet date

Provisioning

During the first months of 2021 the Fund has been able to decrease the generic COVID-19 provisioning further due to an improved outlook.

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 2020 and 31 December 2020 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

Independent auditor's report

To: the management board of FMO Privium Impact Fund

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 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 2020, and of its result and its cash flows for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2020
- The following statements for 2020: profit and loss statement and cash flow statement
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

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

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- General information
- Key figures
- Fund Manager report
- 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 board 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 among others:

- 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, 18 June 2021

Ernst & Young Accountants LLP

signed by R.J. Bleijs