The difference is the impact

ANNUAL REPORT

FMO Privium Impact Fund

Year ended 31 December 2022

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General information

Involved parties

Registered office
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The Netherlands

AIFM
Privium Fund Management B.V.
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Gustav Mahlerplein 3
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FMO Privium Impact Fund
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Investment Advisor/Delegate
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Independent Auditor
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2596 CZ The Hague
The Netherlands

Administrator
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Depositary
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1101 EE Amsterdam
The Netherlands

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

Swiss Paying Agent
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61 Route de Chêne
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Switzerland

On-line information

All relevant information is available on these websites:

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

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		2022	2021	2020	2019
Net Asset Value at 31 December	USD	152,475,230	154,943,626	143,342,353	156,575,599
Number of outstanding units at 31 December		1,316,796.99	1,330,573.74	1,234,981.86	1,410,025.71
Investment result					
Direct result	USD	5,183,986	8,543,185	4,388,050	6,196,736
Revaluation	USD	-3,446,222	-6,451,498	6,392,900	-5,814,769
Other results	USD	-781,763	1,437,407	-802,230	1,192,734
Costs	USD	-1,775,899	-1,855,351	-1,918,940	-1,854,401
Total investment result for the period	USD	-819,898	1,673,743	8,059,780	-279,700
Investment result per unit[1]					
Direct result	USD	6.28	6.42	3.55	4.39
Revaluation	USD	2.62	-4.85	5.18	-4.12
Other results	USD	0.59	1.08	-0.65	0.85
Costs	USD	4.40	-1.39	-1.55	-1.32
Total investment result per unit	USD	13.89	1.26	6.53	-0.20
Total for the Fund – Impact [2]					
Number of jobs supported		11,002	7,896	11,377	27,198
Greenhouse gas avoided (tCO2eq)		40,406	31,172	15,645	20,600
Financed emissions (tCO2eq)		91,268	62,491	70,925	-
SDG 8 - % of the portfolio (as of invested capital)		100%	100%	100%	-
SDG 10 - % of the portfolio (as of invested capital)		38%	39%	41%	-
SDG 13 - % of the portfolio (as of invested capital)		37%	35%	30%	-
Number of SME loans		*Discontinued*	*Discontinued*	*Discontinued*	1,548
GWh electricity produced per annum		*Discontinued*	*Discontinued*	*Discontinued*	50.77
People served		*Discontinued*	*Discontinued*	*Discontinued*	64,171

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 16. Please note that the 2020 impact numbers have been revised due to the introduction of the new impact model (Joint Impact Model). To allow investors to compare end of year impact results we have applied the revised methodology to the portfolio as per year end 2020 as well. The differences are due to changes in portfolio composition and regular updates of impact related data during the following year.

General overview at 31 December

Number of loans on the portfolio	70	69	70	70
Average exposure per loan (in USD)	1,928,532	1,932,015	1,842,957	1,909,292
Average maturity of the loans (years)	5.11	5.07	4.74	5.41
Average interest margin of the portfolio (bps)	468	450	481	485
Number of countries	33	32	32	31
Total number of loans in the portfolio, since launch	116	103	87	75
Total exposure in FMO loans	141,367,226	137,004,481	129,007,018	143,196,905
Total provision on the loans in the portfolio	9,169,091	5,595,443	9,234,697	4,250,000
Percentage of loans in the portfolio, denominated in USD	97%	98%	100%	100%

Key figures per class

		2022	2021	2020	2019
Class A (USD) - Issue date June, 2016					
Net Asset Value at 31 December	USD	98,236,175	88,587,613	66,649,864	54,240,992
Number of outstanding units at 31 December		*795,729.8917*	*734,981.4043*	*578,652.8537*	*479,141.3374*
Net Asset Value per unit at 31 December	USD	123.45	120.53	115.18	113.20
Performance for the year		2.43%	4.64%	1.75%	3.28%
Class B-A (EUR) - Issue date Nov, 2019					
Net Asset Value at 31 December	EUR	3,013,983	2,480,044	1,198,867	793,978
Net Asset Value at 31 December	USD	3,226,468	2,819,810	1,464,656	890,366
Number of outstanding units at 31 December		29,002.1165	24,027.0239	12,056.3837	8,000.0000
Net Asset Value per unit at 31 December	EUR	103.92	103.22	99.44	99.25
Performance for the year		0.68%	3.80%	0.19%	-0.75%
Class B-D (EUR) - Issue date July, 2016					
Net Asset Value at 31 December	EUR	34,921,257	40,639,391	47,255,952	55,419,681
Net Asset Value at 31 December	USD	37,383,205	46,206,987	57,732,597	62,147,630
Number of outstanding units at 31 December		*362,866.0000*	*416,699.0000*	*492,958.0000*	*567,705.0000*
Net Asset Value per unit at 31 December	EUR	96.24	97.53	95.86	97.62
Dividend distribution per unit	EUR	1.9480	1.9561	1.9313	1.9963
Performance for the year (incl. distribution)		0.68%	3.78%	0.18%	0.35%
Class F (EUR) – Issue date March, 2017					
Net Asset Value at 31 December	EUR	97,252	96,594	102,160	107,121
Net Asset Value at 31 December	USD	104,108	109,827	124,810	120,126
Number of outstanding units at 31 December		*898.4808*	*898.4808*	*986.3910*	*1,036.2812*
Net Asset Value per unit at 31 December	EUR	108.24	107.51	103.57	103.37
Performance for the year		0.68%	3.80%	0.19%	0.33%

		2022	2021	2020	2019
Class I-A (EUR) Issue date August, 2018					
Net Asset Value at 31 December	EUR	2,924,600	5,675,854	5,742,458	25,861,567
Net Asset Value at 31 December	USD	3,130,785	6,453,446	7,015,561	29,001,161
Number of outstanding units at 31 December		*28,011.7893*	*54,678.8551*	*57,366.5785*	*258,516.2868*
Net Asset Value per unit at 31 December	EUR	104.41	103.80	100.10	100.04
Performance for the year		0.58%	3.70	0.06%	0.21%

		2022	2021	2020	2019
Class I-D (EUR) Issue date August, 2018					
Net Asset Value at 31 December	EUR	6,260,361	5,449,800	5,588,214	6,248,224
Net Asset Value at 31 December	USD	6,701,716	6,196,422	6,827,121	7,006,759
Number of outstanding units at 31 December		*65,641.4047*	*56,331.0354*	*58,706.0795*	*64,370.9127*
Net Asset Value per unit at 31 December	EUR	95.37	96.75	95.19	97.07
Dividend distribution per unit	EUR	1.9312	1.9413	1.9184	1.9859
Performance for the year (incl. distribution)		0.58%	3.67%	0.04%	0.22%

		2022	2021	2020	2019
Class U-A (USD) - Issue date March, 2019					
Net Asset Value at 31 December	USD	2,037,218	3,269,658	2,922,617	1,943,846
Number of outstanding units at 31 December		*18,422.8482*	*30,204.2967*	*28,181.4967*	*19,025.6682*
Net Asset Value per unit at 31 December	USD	110.58	108.25	103.71	102.17
Performance for the year		2.15%	4.38%	1.50%	2.17%

		2022	2021	2020	2019
Class U-D (USD) - Issue date March, 2019					
Net Asset Value at 31 December	USD	1,655,554	1,299,862	605,127	1,224,719
Number of outstanding units at 31 December		*16,224.4583*	*12,753.6453*	*6,074.0754*	*12,230.2316*
Net Asset Value per unit at 31 December	USD	102.04	101.92	99.62	100.14
Dividend distribution per unit	USD	2.0526	2.0407	2.0001	2.0310
Performance for the year (incl. distribution)		2.13%	4.35%	1.48%	2.17%

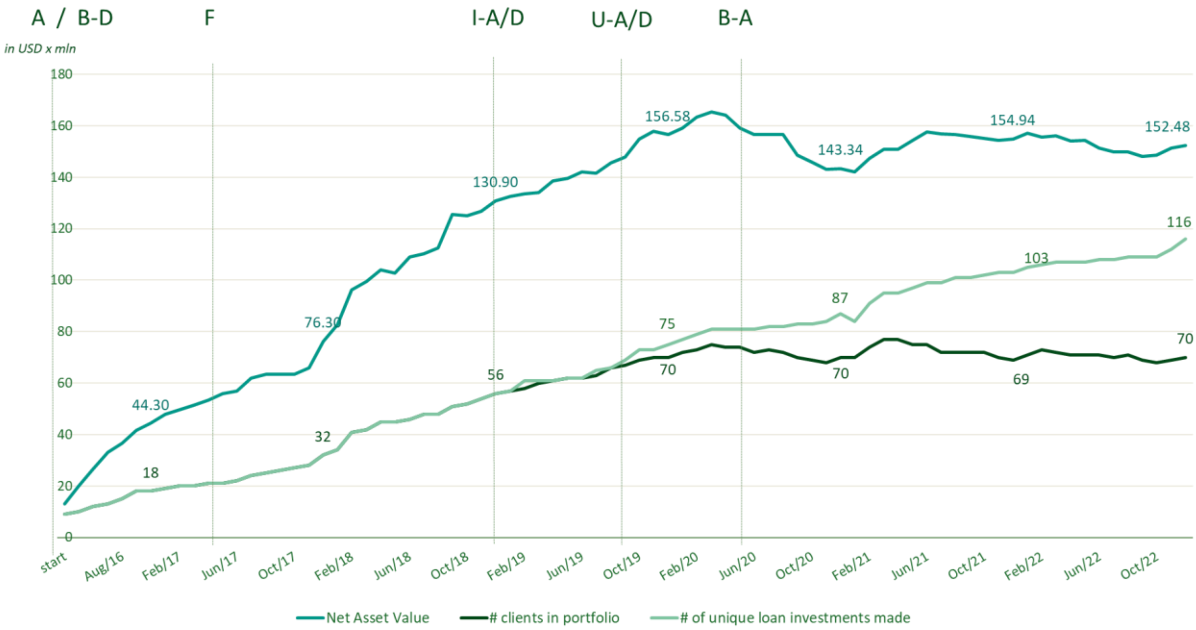
Report of the AIFM

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 ABN AMRO 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 ABN AMRO 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 slightly decreased from USD 154.9 million as of December 31, 2021 to USD 152.5 million as of December 31, 2022.



The year in summary

At the start of 2022 the Fund portfolio, which was made up of 69 loans, had a combined value of USD 137.0 million. During the year, 14 new loan participations were made of which 2 were increases of existing participations. In 2022, three loans were prepaid ahead of schedule and five loans were repaid in full according to their schedules.

2022 was a year of upheaval. The Ukraine war – first and foremost a humanitarian disaster – led to political and economic crises across the region and beyond. Inequality rose, the climate crisis continued to unfold, and a global recession began to loom, pushing more vulnerable people into food insecurity, reduced energy access and poverty. Combined with the fact that climate change disproportionately affects low- and middle-income countries – with the floods in Pakistan as an example – countless communities and countries face an even bleaker outlook. Since then, we have also learned about the devastating impact of the earthquakes in Turkey and Syria in February of this year.

While coming out of a two-year period of heavy measures to curb the global pandemic, FMO worked on the strategic priorities for 2022, which included building back business and adapting to regulatory changes. Part of building back business included enabling entrepreneurs and the communities they serve to regain their bearings after the COVID-19 crisis. Adapting to regulatory changes and compliance with current is an ongoing priority. In 2022, FMO invested further in its risk and compliance framework and kept on track with key regulatory projects such as the LIBOR transition and made progress in support of the implementation of the EU's Sustainable Finance Disclosure Regulation. In early 2022, FMO repurchased a loan from the Fund at book value. The participation was terminated early as the underlying company did not manage to fulfil the requirements of FMO's updated KYC/AML analysis.

The total level of provisions per December 31, 2022 represents 6% of the NAV and concerns only the specific provisioning for non-performing Fund investments. Per the end of December 31, 2022 the portfolio consisted of 70 loan participations representing a total value of USD 152.5 million. As per December 31, 2022 FPIF still held one loan to a Ukrainian agricultural distributor. In the first quarter of 2022, this loan was provisioned for 85% to reflect the temporary shutting down of company activities. This leaves FPIF's exposure to Ukraine at some 0.2% of NAV. The Fund has no exposure to Russia or Belarus. In response to the Ukraine-Russian conflict, FMO increased its risk ratings and monitoring frequency in the region. An analysis of the updated sanctions list revealed no sanctioned parties involved with FPIF's holdings.

On March 10, 2021, the EU Sustainable Finance Disclosure Regulation (SFDR) came into force. The SFDR is intended to increase transparency of sustainability reporting among financial institutions, such as the Fund, and market participants, such as the Unit Holders. The regulation consists of disclosure requirements on the organizational, service and product levels to standardize sustainability reporting and enable comparisons for sustainable investment decisions. The SFDR includes requirements on sustainability disclosures in the Prospectus as well as the Fund's website and via the Fund Manager's website. Both have seen a structural overhaul to comply with the regulation. The Fund has been classified as Article 9, as it has as its objective to achieve long term capital growth with impact.

While the SFDR has now come into force, some aspects continue to remain uncertain including aspects regarding reporting. The regulation will continue to develop over the coming years. In 2020 FMO set up a project team on the EU Sustainable Finance Regulations, covering the SFDR and Taxonomy to track and prepare for these developments. FMO sees a risk that it could become harder to invest in emerging markets if institutions are not given the flexibility and time to align especially since the investments it makes are all in entities based in non-EU countries which do not directly abide by the same set of regulations. This could send a perverse signal that investing in emerging markets is not sustainable. FMO is advocating to stakeholders that the regulations should be more inclusive towards companies operating in emerging markets. As a response to these concerns, the European Commission has launched a High-Level Expert Group (HLEG) on scaling up sustainable finance in low and middle-income countries. The group's task is to identify challenges and opportunities of sustainable finance in partner countries and provide recommendations to the European Commission on how to scale up funding from the private sector. Even so the FMO Privium Impact Fund welcomes the concept of the SFDR as a standard for more and higher quality impact reporting.

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

Outlook and events post-reporting date

The year 2022 was shaped by several major events. The COVID-19 pandemic, which is no longer called a pandemic and remaining restrictions became more manageable, Russia invaded Ukraine, inflation soared, access to energy and food was more restricted and economic growth slowed down. The effects of these major events will continue to influence the Fund portfolio and its investment possibilities. Furthermore, following the devastating earthquakes in Turkey and Syria, that occurred in February 2023, FMO reached out to all of its customers in Turkey (currently there is no exposure in Syria). A few customers have part of their assets in the wider area affected by the earthquake, but preliminary assessment did not result in any reclassification of credit risk. Monitoring of potential future impact will be a key point of attention in the first half of 2023.

Portfolio performance in a nutshell

At year-end 2021 the portfolio was made up of 69 loans. During 2022 12 new participations were taken, by the end of 2022 the Fund portfolio came out at 70 loans to FMO to 62 clients. Cumulatively over the life of the Fund, 116 unique loan investments have been made. The new loan participations in 2022 have been made across nine financial institutions, two agribusiness companies and one renewable energy project.

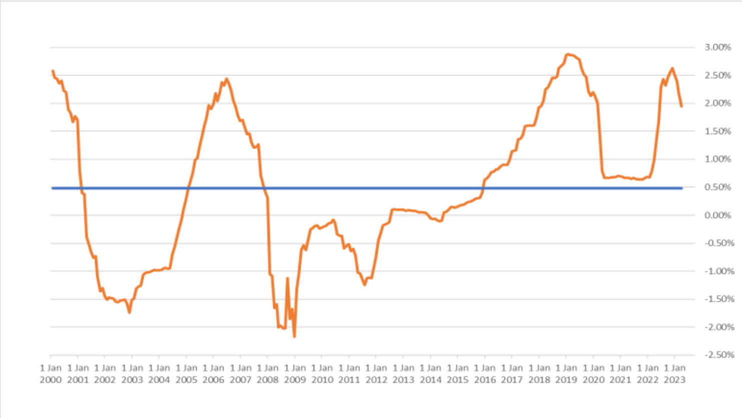
Per December 2022 the total number of provisioned loan participations stood at nine. As per 31 December 2022 the total provision amounts to USD 9,169,091 (2021: USD 5,595,443). The total level of provisions represents 6% of the NAV and covers provisions on 9 positions.

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.

Apart from these provisioned loans the vast majority of the portfolio continued to perform in line with expectations. The weighted average interest margin for the portfolio stood at 4.68% at year-end up from 4.50% last year.

As all but two of the 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 2022 the USD appreciated over 6% vs the EUR.



Interest rates are still lower in the Eurozone compared to the US. The Interest Rate Differential is effectively a cost component for the Fund. During the year 2022 direct foreign exchange exposures were hedged in full. Also during 2023 we anticipate to hedge direct foreign exchange exposures in full.

In 2022, the Net Asset Value of the fund decreased slightly from USD 154.9 million to USD 152.5 million.

From January 1, 2022 to December 31, 2022 the net returns for the various share classes were as follows (including dividends for Class B-D, Class I-D and Class U-D):

	2022	2021
Class A (USD)	+2.43%	+4.64%
Class B-A (EUR)	+0.68%	+3.80%
Class B-D (EUR)	+0.68%	+3.78%
Class F (EUR)	+0.68%	+3.80%
Class I-A (EUR)	+0.58%	+3.70%
Class I-D (EUR)	+0.58%	+3.67%
Class U-A (USD)	+2.15%	+4.38%
Class U-D (USD)	+2.13%	+4.35%

Following the implementation of a new impact model in 2020, the Joint Impact Model (JIM), used for impact reporting, the model continued to develop throughout 2021. The most significant change is the full alignment between the Partnership for Carbon Accounting Financials (PCAF) and the JIM announced in November 2021. While the collaboration is making the JIM available to all PCAF participating banks in developing countries, it did significantly increase the impact indicators outcomes. Where the JIM previously only took into account the impact data related the new financial instrument provided, the PCAF methodology requires to take into account also the previously existing impact. This adds in many cases a substantial number per indicator even if the actual investment is focused on e.g. financing a green line at a financial institution or used for a significant reduction in energy usage.

The JIM model is already being adopted by over 150 financial institutions and the number of participants of PCAF is >360. Due to this change the impact figures of the 2020 Annual Report of the Fund were not comparable to those reported by the end of 2021 while both represent the correct figure at that time following the then applicable methodology. Figures between 2021 and 2022 do represent the same methodology and are in that sense comparable. In the chapter Development Impact additional details are provided.

In 2022 FMO started to transition its USD LIBOR loan portfolio to either Term SOFR or daily compounded SOFR. All preparations, such as legal templates, system amendments, tooling, data, instructions, training, and internal and external communications is ongoing or already finalized. FMO is engaging with all its customers to discuss the conversion approach and the first loan contracts have been transitioned. FMO adhered to the ISDA 2020 Fallback Protocol for transitioning its derivatives portfolio. By the end of June 2023 all USD LIBOR contracts must be remediated into SOFR contracts.

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 in subsequent 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. In 2020, it was decided to reduce the length of the Dutch monthly report (while keeping the more extensive quarterly report), thereby increasing efficiency and further aligning and improving consistency across all three reports. Since the start of the Fund, case studies have been consistently provided on a quarterly basis to provide more insight into the investments made by the Fund. During the reporting year the following four case studies have been published.

The most recent reports are available on www.priviumfund.com and more is available via www.fmopriviumimpactfund.nl.

Annual Report FMO

The Fund Manager has taken note of the letter of the management board of FMO included in the annual report 2022 of FMO which states that in 2022 FMO initiated a follow-up on the recommendations the Dutch Central Bank (DNB) gave in its conclusions and observations, which included acknowledgement of the improvements FMO made. FMO has further enhanced its KYC capabilities by embedding the KYC department in the frontline of the investment process, giving KYC a natural position in any project decision. As a result of the file remediation, FMO reported a limited number of incidents to DNB at the end of 2021 and the beginning of 2022. These involved late notifications of unusual transactions to the Financial Intelligence Unit (FIU). DNB initiated an investigation into these incidents and the related KYC files. FMO expects this investigation to result in enforcement measures by DNB.

Q1 Access Bank, Nigeria


FMO Privium IMPACT FUND

Invest with Impact

Being a bank is more than providing financial services

Stuck in the micro bubble
Located on the West Coast of Africa and bordering Benin, Togo, and Burkina Faso, Ghana was the first Sub-Saharan African country to regain its independence in 1957. Thanks to its steady increase in production of cocoa, oil, and gold, Ghana has been named the world's fastest-growing economy according to the International Monetary Fund. The country has around 30 million inhabitants and what makes Ghana remarkable is that it champions all other countries by having the highest percentage of female business owners at 46.4%. In fact, the women labor force participation rate is 96.1%, challenging the preconceptions many might have of African countries.

That said, it is not all good news. While Ghana's business ecosystem is indeed significantly powered by female entrepreneurs, it is estimated that around 80% of all the entrepreneurs in Ghana are unable to escape the "micro bubble". With limited access to credit options and financial technology, combined with lacking infrastructure, the possibility of growing their business beyond a micro enterprise remains limited for most entrepreneurs. Should a business prove to be successful, expanding from their own home or small kiosk is challenging, if not impossible. With interest rates sometimes as high as 50%, capitalizing on one's initial success remains a pipe dream for most MSME businesses.

Being the bank of choice
Access Bank Ghana is a subsidiary of Nigerian Access Bank Plc, a full-service commercial bank with over 500 branches across Nigeria and offices across Africa with whom FMO has partnered for over 15 years. They provide comprehensive banking and financial services on a personal, business, and corporate level. Access Bank Ghana offers tailored services to SME clients across the country. What makes Access Bank truly stand out is its "W-Initiative", which aims to position Access Bank Ghana as "the bank of choice for women". By offering both (digital) financial and non-financial services, particularly aimed towards women, the W-Initiative has helped Access Bank Ghana position itself as a "one-stop shop" providing invaluable solutions and expertise to an underserved market.

The FMO loan
Since Access Bank Ghana's launch in 2009, they have had a close relationship with FMO. The most recent loan was a USD 25mln senior loan facility, with the goal of strengthening the bank's loan book. Most noteworthy is that a portion of the facility was set aside exclusively for female-led SMEs, further solidifying Access Bank Ghana's efforts to better serve and reach the growing women entrepreneurship field.

Ghana

Q2 Agrofertil, Paraguay


FMO Privium IMPACT FUND

Invest with Impact

A catalyst to the underserved for greater economic and social well-being

A real melting pot
Home to an estimated 1.35 billion people—roughly 1/6th of the globe's population—India is the 2nd most populous country in the world. While it is partly circled by the Indian Ocean and Arabian Sea, India shares borders with various countries, including Pakistan, China, Nepal, and Bangladesh. The country is home to many languages, ethnicities, cultures, and religions, making it a true melting pot in many respects. With a massive population boom—from 361 million in 1951 to 1.3 billion just 60 years later—the economy has become one of the fastest-growing in the world, with a strong reduction in poverty and an increase in per capita income leading to India becoming the world's 5th largest economy.

The Micro, Small, and Medium Enterprise (MSME) sector plays a crucial role for the Indian economy's socioeconomic development and evolution, and accounts for 30% of the GDP. Despite its importance, the MSME sector faces many challenges such as lack of credit, technology adaptation issues and capacity building. These issues, while prevalent across the entire country, can especially be harmful for smaller businesses in rural areas, limiting the (sustainable) growth and expansion of the sector.

The forgotten middle market
Vistaar Financial Services was the idea of two first-generation entrepreneurs who had witnessed first-hand the lack of both financial and non-financial support for smaller enterprises and businesses across the country. It was clear that a "one-size-fits-all" approach when it came to financing wasn't sustainable or practical in the long run; to truly help the local economy boom, customized products needed to be offered.

As a non-banking financial institution (NBFI), Vistaar exclusively targets the underserved "middle market" that is not properly reached by the country's financial system—often due to being too small and having insufficient documentation to be served by most banks. By providing loans and diversifying them across MSME sectors, Vistaar provides the support for those in most need. Their customers range from smaller general stores (kiranas) to home-based businesses, and much more. Today, with more than 175 branches across the country and more than 35,000 active customers, Vistaar's vision to be a catalyst to the underserved so that they can achieve greater economic and social well-being, has clearly already been successful.

The FMO loan
FMO has provided funding to Vistaar since 2013. FMO's most recent loan of USD 30 million is aimed at supporting Vistaar's loan portfolio expansion, as well as assist in the on-lending to microbusinesses and the smaller SMEs.

VISTAAR

India

THE GLOBAL GOALS

Q3 Banco Promerica, El Salvador


FMO Privium IMPACT FUND

Invest with Impact

Increasing access to stable affordable renewable energy

El Salvador
is the smallest country in Central America and one of the most densely populated of the region with 6.4 million inhabitants. In the twentieth century the "Land of Volcanoes" suffered severe political turmoil and socioeconomic inequality that eventually led to the Salvadoran Civil War. Post-war progress did bring about economic reforms and increased access to international finance, although it was at times slowed down by drops in economic growth, natural disasters, and peaks in crime.

While its earlier rates of socioeconomic inequality have substantially declined—making it one of the most equal countries in Latin America and the Caribbean—economic growth averages at about 2.3% a year. COVID-19 however does play a role in limiting both poverty reduction and economic progress. El Salvador is the second most affected country by the pandemic in Latin America after Nicaragua.

El Salvador's energy sector plays a key role in the country's economic development, with a total installed capacity of 1.54 GW and an electrification rate of 98%. The energy industry is diversified across fossil fuels and renewable energy (such as hydropower, solar, wind and geothermal energy). To foster interest in renewable energy and minimize fossil fuel use, the government passed a decree in 2007 granting various tax incentives to companies developing renewable energy projects.

The project
Located in the Usulután province of El Salvador, roughly 100 kilometres to the southeast of the capital San Salvador, Capella Solar is a solar photovoltaic (PV) facility comprised of 2 plants: Albireo 1 and Albireo 2.

Each plant has a capacity of 50MW and was developed by French renewable power producer Neoen. This makes Capella Solar not only the largest solar plant in El Salvador, but also the facility supplying some of the cheapest energy into the market (~USD 49.55/MWh), thanks to purchase agreements with local distributors.

In addition to the solar plants, a 3MW storage battery was included in this project, meeting the country's minimum requirement of 3% primary reserve storage which applies to all energy producers in the country intended to absorb the intermittencies in the grid. Additional battery capacity is underway.

The loan
The loan to finance the construction of Capella Solar's power plant and battery system was co-arranged by IDB Invest and FMO. In this role FMO also facilitated a co-investment by Proparco, the French development finance institution. Each lender contributed almost equally, where FMO provided a USD 28 mln loan in which the fund is participating.

El Salvador

THE GLOBAL GOALS

Q4 Khan Bank, Mongolia


FMO Privium IMPACT FUND

Invest with Impact

Growth made possible through abundant renewable energy potential

Clean energy for growth
Due to its economic and population growth, Pakistan's energy needs are rapidly growing. Over the past decade, the country experienced a severe gap between energy demand and supply. This resulted in power shortages which have cost 2% of gross domestic product in recent years. Pakistan has seen its energy demand increase by over 5% annually in recent years, while it is still heavily dependent on fossil fuel imports. This makes it vulnerable to global oil price volatility. The Pakistan government underwrites the importance for access to a much more sustainable energy mix to meet energy demands.

Generally, there is a power shortage between 4GW and 6GW. The shortage for a substantial part, stems from a lack of investment in the infrastructure and has negatively impacted economic and social development in Pakistan. By end of 2019 some 65 million Pakistani had no access to electricity via a grid connection. At the same time the Pakistan government also sees the need to scale power production up with 24,000 Megawatts of additional capacity by 2030.

With tremendous potential to generate solar and wind energy and decreased technology costs, renewable energy presents a promising solution. Since 2018, the Pakistan Government is actively prioritizing and endorsing the potential for including clean, affordable and sustainable energy resources, to meet the energy needs in the country. Installed capacity of alternative and renewable energy sources in the power sector has already risen from 0.2% in 2013 to 5.2% of total installed capacity in 2018.

New technology for the market
In 2018 Gharo Solar (Pvt.) Limited (Gharo Solar) began the development and construction a 50 MW PV solar project.

The solar project makes use of innovative bi-facial solar panels, which increases the total energy generation. This is the first time that bi-facial solar panels are utilized in Pakistan. The project has been operational since 2019 and is able to serve power demands for around 190,000 Pakistanis.

As the project is situated in the province of Sindh, most of not all of the energy will be used in its provincial capital, Karachi. Karachi is not only the largest city of Pakistan, it is among the world's largest megacities.

The loan
In 2018, FMO provided USD 22.5 mln to Gharo Solar (Pvt.) Limited (Gharo Solar) for the development, construction and operation of a 50 MW PV solar project in Pakistan. Other loans were provided by two local commercial parties: Bank Alfalah and Bank of Punjab.

Pakistan

THE GLOBAL GOALS

Portfolio overview and diversification

Originally, 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 the total Fund value surpassed USD 100 million (in April 2018), allocation of slightly larger participations of USD 3.0 million per selected FMO loan became possible (while still maintaining the desired level of diversification). As of October 2019, the Fund value surpassed USD 150 million allowing for a further increase per participation to USD 4.0 million per selected FMO loan.

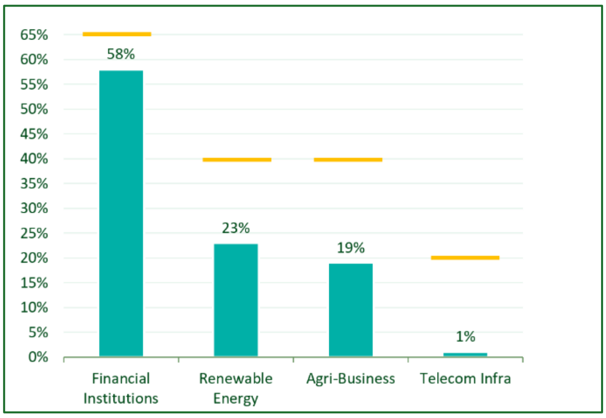
During the reporting year the Fund's Investment Committee decided positively on nine new FMO loans and increased exposure in three FMO loans where the Fund already held a participation. The average outstanding participation amount remained at USD 1.9 million as per year end.

In addition to diversifying across eligible FMO loans, we have also continued to diversify the Fund's assets across sectors and geographies, as we believe that diversification is a risk mitigant and enhances the likelihood of a stronger financial and impact return.

Sector diversification

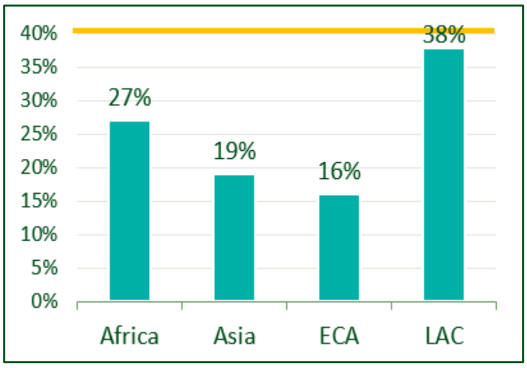
The Fund aims to maintain a diversified portfolio and thus continuously seeks to diversify across the eligible sectors – Financial Institutions, Renewable Energy, Agribusiness and Telecom Infrastructure. Since FMO adjusted its corporate strategy in 2017 to apply further focus towards its three core-sectors: Financial Institutions, Renewable Energy and Agribusiness, and Food & Water, no new investments are made 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, 2022 versus the Fund's limits. Diversification is well within the limits and in 2023 we will look to further diversify the portfolio towards the relatively underrepresented sectors Renewable Energy and Agribusiness, Food & Water subject to FMO loans being available for participation.



Geographic diversification

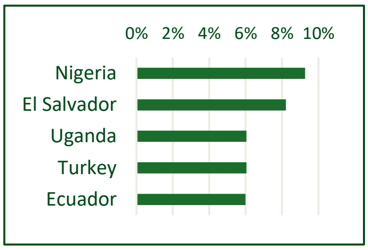
Since the inception of the Fund, the pipeline of available and eligible FMO loans contained a relatively large number of projects with attractive impact characteristics and good risk/return profiles in the Latin America & Caribbean (LAC) region. This continued to be the case for 2022 which meant that the exposure to LAC remained stable at 38%. Last year the Fund saw increases in Europe & Central Asia (ECA) and a decrease in Africa. This year we seen the reverse happening, plus a decrease in the Asia portion of the portfolio. In 2023 will continue to seek growth of the portfolio in the three regions of Africa, Asia and ECA, but we acknowledge the fact that this is driven by available FMO deal flow.



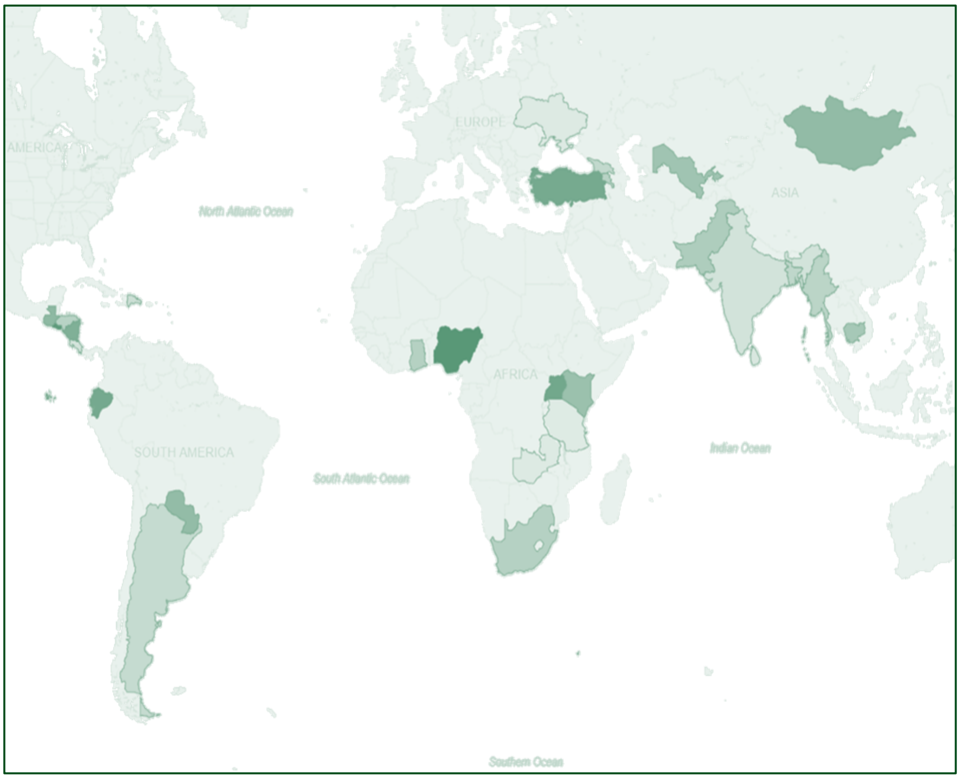
The graph shows the actual geographical diversification as of December 31, 2022 versus the Fund's limits of 40% per region.

Largest country exposures

Per December 31, 2022 the country with the largest exposure in the portfolio changed from El Salvador (8.2%) to Nigeria (9.3%).



The exposure of our Fund to the five largest countries combined amounts to USD 45.5 million and is spread across 17 customers together representing 35% of the Fund's portfolio. The portfolio is spread across 33 countries, These are shown on a world map in the Monthly and quarterly reports of the Fund. In the overview below this map is further enhanced to reflect the level of exposure per country.



Sustainable investment objective

The Fund has making sustainable investments as its objective and aims to make socially and environmentally responsible investments, hereby aiming to provide investors with an attractive financial return while at the same time endeavouring to create Impact in Developing and Emerging Economies.

The Fund does not compare its impact performance to a benchmark or index but instead reports its contribution to the SDG's both quantitatively and qualitatively.

Impact achieved by the Fund is measured according to the impact methodology as adopted by FMO and reported through impact indicators on portfolio level and sector specific indicators. These are aligned with the UN Sustainable Development Goals (SDGs)[3]. The Fund aims to support the Sustainable Development Goals 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities) and 13 (Climate Action).

1: **SDG 8**: Promoting economic growth that is a) sustained, b) inclusive and c) sustainable; and employment that is a) full, b) productive and c) decent.

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

2: **SDG 10**: 1) Financing inclusive business that reduce inequalities within countries 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.

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

3: **SDG 13**: Providing finance to projects that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, support climate mitigation and climate adaptation in the region in which they operate.

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

Impact targets

The following targets have been defined:

1: 100% of the Fund's Invested Capital contribute to SDG 8 and therefore the Fund's social objective.

2: The Fund's target for investments contributing to SDG 10 is set at ≥30% of the Invested Capital of the Fund.

3: The Funds target for investments contributing to SDG 13 and the Fund's environmental objective is set at ≥30% of the Invested Capital of the Fund.

100% of the Fund's Invested Capital has a sustainable objective. Here Invested Capital means the total amount of the Fund's holdings in loan participations and is equal to the gross value of the loans in the portfolio plus interest receivable minus any provisions. While the Fund aims to select as much of its portfolio investments as possible to be aligned with its sustainable objective, this is not always possible. Fund assets that are not aligned with its sustainable objective are grouped in the category 'other'. An asset may be marked as 'other' for the following reasons:

- Cash or money market instruments: the Fund may hold cash or money market instruments committed to a planned investment, cash freely available for investment or cash for portfolio management purposes.
- Foreign currency hedging: the Fund may hedge its foreign currency exposure for portfolio management purposes. The Fund does not apply hedging instruments or other derivatives for other purposes.

[3] The mentioned SDG target definitions have been defined by the United Nations.

It can be assumed that the category other will make up no more than 25% of the Fund's total Net Asset Value, meaning that a minimum of 75% of the Fund's Net Asset Value will be invested into sustainable investments.

Per December 31, 2022 the portfolio of the fund is allocated as follows:

Sustainable investments	89.0%
Other	11.0%

Development impact

The Fund Manager reports on a quarterly and annual basis on the impact developments of the Fund. The Fund uses FMO's impact measurement methodologies to provide insight into the impact of its investments. This includes FMO's SDG labeling system to indicate how much of the portfolio supports the three Sustainable Development Goals (SDGs) FMO primarily focusses on as described in the previous paragraph, being: decent Work and Economic Growth (SDG 8), Reduced Inequalities (SDG 10), and Climate Action (SDG 13). The Fund also reports on three main impact indicators; Jobs supported, Avoided CO_2 emissions and Financed emissions. Performance data on these indicators are collected annually. This annual collection process occurs throughout the year and starts in principle 12 months after contracting. The labels are assigned during the loan's ESG analysis and are presented by the percentage of the label applicable to the outstanding amount. The Fund's reports always reflect the current information available at the moment of reporting.

As described the Fund pursues a sustainable investment objective. Following FMO's methodology, 100% of the investments of the Fund have a social object and are counted towards SDG 8. The Key Performance Indicator (KPI) is the number of jobs supported attributable to the Fund's investment. The Fund's target for investments contributing to SDG 10 Reduced Inequalities and to the social objective is set at ≥30% of the invested capital of the Fund. The KPIs for this objective are both the percentage of inclusive businesses and/or the investments in the poorest countries automatically resulting in a 100% application of the capital. While an investment may already receive the full applicability of the label for the customer being active in a specific country, a percentage may also be to the type of business the investment supports. This is however not double counted in the overall resulting percentage. An investment can never be more than 100% calculated to the SDG 10 label.

The Fund's target for investments contributing to SDG 13 (climate action) and to the environmental objective is set at ≥30% of the invested capital of the Fund. The KPIs are further quantified the number of avoided CO_2 emissions and the number of financed CO_2 emissions. While the aim is to over time be able to lower the financed CO_2 emissions, it should be recognized that each new investments in a financial institution will initially result in a total growing number of financed emissions.

Methodology developments

In 2020 a new model was created in cooperation with specialist consultancy firm Steward Redqueen and several other development banks; the Joint Impact Model (JIM). Co-creating has been a deliberate choice to improve further alignment and ultimately comparability between impact investors. During the course of 2021 further improvements were implemented which affected the impact outcomes. The most significant change took place in the fourth quarter of 2021. Until that time JIM considered the standards created by the Platform Carbon Accounting Financials (PCAF), based on the GHG protocol, to enhance alignment on GHG reporting, but only took into account the portion of the impact which was attributable to the additional finance provided. It excluded the previously existing impact data.

Although there were good reasons for focusing solely on the previously accounted for portion, it could be argued that it represented an incomplete picture of the impact supported by the portfolio, be it positive or negative. This further alignment with PCAF has also resulted in an official cooperation between PCAF and JIM, making the JIM available to all PCAF participating banks in developing countries. The PCAF model now has received commitments from well over 350 financial institutions globally. The JIM is being adapted by a rapidly growing number of financial institutions as well (close to 150 institutions globally).

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.

Generally, the differences are due to changes in portfolio composition and regular updates of impact related data during the following year.

Comparing results

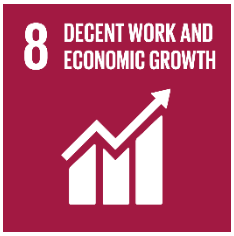
As FMO is a learning organization always seeking further improvements and alignment it is inevitable that methodologies change over time and previous data points may become incomparable. These improvements are always taken with careful consideration of a multitude of stakeholders including investor perspectives. This does not mean that all perspectives can be adhered to.

Following further alignment between the JIM and PCAF during the fourth quarter of 2021, comparability between previously reported impact data and across years has become impossible. Yet, comparability across those parties which use the same methodology has increased. This allowed investors to better compare impact across investments they may have in various funds or organizations.

At the same time, we believe that the data provided at the time of reporting was correct according to the then valid reporting methodology. This is why you will still find the five impact indicators on which the Fund reported cumulatively until early 2020. Two of these indicators – “number of jobs supported” and “greenhouse gas emissions avoided” – are indicators that FMO also continues to use in its audited annual report. 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 the JIM 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.

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

The below table provides an overview of the Key Performance Indicators (KPI’s) as of December 31, 2022 and December 31, 2021.



100%

2021: 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.

38%

2021

39%

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.

37%

2021

35%

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.

In the below table an additional explanation is being provide about the specific impact target that have been defined, the attached performance indicators and how these are being measured.

SDG	Target	Key Performance Indicator (KPI)	How is the impact being measured
8	Promoting economic growth that is a) sustained, b) inclusive and c) sustainable; and employment that is a) full, b) productive and c) decent.	The impact is being measured by the number of jobs supported (attributable to the Fund based on the invested capital of the Fund and on a four quarter rolling basis). All investments in the FPIF portfolio are considered to contribute to SDG 8.	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.
10	1) financing inclusive business that reduce inequalities within countries 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.	The impact is being measured by the percentage of inclusive businesses and by the percentage of low-income countries being supported (attributed to the Fund based on the invested capital of the Fund).	Investments which receive a Reduced Inequalities label (based on FMO's methodology) contribute positively towards SDG 10. Two tracks underlie the SDG 10 label: 1) investment in the poorest countries (reducing inequality among countries). This results in a 100% acknowledgement of the loan, and 2) investment in inclusive businesses (reducing inequality within countries) which may result in a percentage based on applicability of the underlying investment. These two tracks are combined in one target: a loan can acquire the Reduced Inequalities label by investing in a poorest country or in inclusive business.
13	Providing finance to projects that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, support climate mitigation and climate adaptation in the region in which they operate.	The impact is being measured by increasing the percentage of the portfolio which has received a Green label, increasing the number of avoided CO_2 emissions and lowering the number of financed CO_2 emissions.	Investments which receive a Green label (based on FMO's methodology) 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.
			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.
			Financed CO_2 emissions: This number indicates the greenhouse gas emissions equivalent of tCO_2 and is measured for all investments in the portfolio according to the methodologies of the Partnership for Carbon Accounting Financials (PCAF).

The below table provides the outcomes of the performance indicators during 2022 and 2021 for SDG 8 and 13. The percentages for SDG 10 reducing inequalities are provided in the full portfolio overview.

SDG	Key Performance Indicator (KPI)	2022 and 2021
8 DECENT WORK AND ECONOMIC GROWTH	Number of Supported Jobs	2022: 11,002 2021: 7,896
SDG	**Key Performance Indicator (KPI)**	**2022 and 2021**
10 REDUCED INEQUALITIES	Percentage of inclusive businesses	2022: 20% 2021: N/A. KPI was added during 2022
	Percentage of low-income countries being supported	2022: 18% 2021: N/A. KPI was added during 2022
SDG	**Key Performance Indicator (KPI)**	**2022 and 2021**
13 CLIMATE ACTION	Avoided CO2 emissions	2022: 40,406 2021: 31,172
	Financed CO2 emissions	2022: 91,268 2021: 62,491

ESG developments in the period ahead

With the introduction of the Joint Impact Model during the reporting year further improvements have been implemented regarding measuring the impact outcomes at portfolio level, enabling impact monitoring. Additional optimization regarding setting impact targets are expected to be made in the period ahead.

<u>Policy on the integration of sustainability risks into investment decisions</u>

Not all sustainability risks may have a material negative effect on the value of an investment. Also, the relevancy of each sustainability risk may differ based on the economic sector the investment is active in. Therefore, the Fund applies the Materiality Map of the Sustainability Accounting Standards Board ("SASB") to determine which sustainability risks are material to consider in the investment decision making process.

SASB has identified more than 25 sustainability risks divided across the E, S, and G topics. Dependent on the economic sector the investment is active in, these risks are marked either 1) not material, 2) not likely material, 3) likely material. For a risk to be classified as likely material, SASB has found that for over 50% of the companies active in that sector, the risk has a significant impact on the financial position or operational activities.

FMO's ESG risk assessment (and consequent categorizing in A-highest, B-medium and C-low risks) is based on the International Finance Corporation (IFC) Performance Standards. IFC's ESG Performance Standards are a sustainability data framework are widely used in the development finance community as a harmonized set of standards. This harmonization aims to reduce the ESG data reporting burden and enhance sustainability reporting in emerging capital markets. IFC's Environmental and Social Performance Standards and Corporate Governance Methodology uses the following indicators.

1: Assessment and Management of Environmental and Social Risks and Impacts.

2: Labor and Working Conditions.

3: Resource Efficiency and Pollution Prevention.

4: Community Health, Safety, and Security.

5: Land Acquisition and Involuntary Resettlement.

6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

7: Indigenous Peoples

8: Cultural Heritage

FMO's risk rating methodology relates to the SASB based ESG risk methodology of FPIF in the following manner:

SASB	FMO	
High risk sensitivity (-)	Direct Investments: Category A and B+	Financial Intermediaries: Category FI-A
Average risk sensitivity (=)	Direct Investments: Category B	Financial Intermediaries: Category FI-A
Low risk sensitivity (+)	Direct Investments: Category C	Financial Intermediaries: Category FI-A

Before each investment decision is taken the relevant material sustainability risks are investigated using the following focus points:

- Policy and practices: Investigating if relevant sustainability risks to the investment are well covered by policies informs if all risks are sufficiently in scope and in control. If so, then the value of the investment may be less sensitive to the relevant sustainability risk than its peers.

- Incidents: If the sector or the investment experienced significant incidents regarding the relevant sustainability risk recently, this may inform the understanding of both the frequency of it occurring, as well as the investments readiness and quality of response. Better preparedness and a strong response mean the value of the investment may be less sensitive to the relevant sustainability risk than its peers.

This analysis will provide a low, average or high estimated sensitivity of the value of the investment to material sustainability risks and informs the investment decision making process. A high sensitivity does not automatically disqualify an investment from inclusion in the Fund, but this information will be included in the decision-making process.

Considering the sector focus of the Fund, the following sustainability risks are presumed to be likely material for the investments made by the Fund in the economic sector Financial Institutions, Energy, Agribusiness and Telecom as defined by SASB:

Commercial banks & Consumer Finance	Renewable Resources & Alternative Energy	Agricultural Products	Telecommunication Services
Data Privacy	Energy Management	GHG emissions	Energy Management
Data security	Water & Wastewater Management	Energy Management	Data Privacy
Access & Affordability	Product Design & Lifecycle management	Water & Wastewater Management	Data Security
Selling Practices & product Labeling	Materials Sourcing & Efficiency	Product quality & safety	Materials Sourcing & Efficiency
Product Design & Lifecycle management		Employee health & safety	Competitive behavior
Business ethics		Supply chain management	Systemic risk management
Systemic risk management		Materials Sourcing & Efficiency	

Monitoring of sustainability risks in the Fund

On a monthly basis, the sustainability risk exposure for the investments of the Fund are reviewed and updated if and when applicable. Here, material changes to the individual sustainability risks of an investment are not expected to occur often. An update of the estimated sensitivity of the value of the investment to a sustainability risk might be triggered by a change in the policies and practices of the investment, or by a significant incident regarding the sustainability risk.

The material sustainability risk exposures and the concentration of high sensitivity investments in the Fund are part of the risk management policy of the Fund Manager and are monitored on a monthly basis.

Adverse impact indicators

Potential investments may have a principal adverse impact on sustainability factors. Therefore, the Fund considers these in the selection process. Reporting on the principal adverse impacts regarding the year 2022 and any actions taken to mitigate them will be published in a dedicated PAI report that will be published on the website of the Fund Manager. The completeness of FPIF's reporting depend in part on the reporting of FMO and the underlying borrowers. In its reporting, the Fund will indicate any missing or incomplete indicators and its efforts to obtain them.

EU Taxonomy alignment

Considering FPIF's investments, the assessment of Taxonomy eligibility undertaken by FMO on its loan portfolio in 2022 informs the Fund's own alignment calculations. As FMO invests outside the EU, none of its counterparties are required to disclose their Taxonomy eligibility or alignment. There was also no voluntary disclosure by FMO's counterparties. Therefore, FMO reports that 0% of its balance sheet in 2022 is Taxonomy eligible (2021: 0%). From this, it follows that 0% of the holdings of the Fund are Taxonomy aligned.

As FMO's currently does not have a strategy or weighing for the financing of Taxonomy-aligned activities, FPIF does not target Taxonomy aligned investments. Until there is more clarity on the application outside the EU, FMO will continue to classify assets, steer, and report based on its Green label. At the same time, FMO will review developments in the Taxonomy to determine what can be aligned at each stage and fill data gaps when and where required. At such time, FPIF will reconsider its targeting of Taxonomy aligned investments.

Portfolio overview

Below overview is sorted by size of exposure at the borrower level as stated at 31 December 2022.

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
ACCESS BANK	Nigeria	Financial Institutions	4,375,000
BANCO DE LA PRODUCCION, S.A. PRODUB	Ecuador	Financial Institutions	4,000,000
FIRST CITY MONUMENT BANK LIMITED	Nigeria	Financial Institutions	4,000,000
LAAD AMERICAS N.V.	Curaçao	Financial Institutions	4,000,000
POLARIS ENERGY NICARAGUA S.A.	Nicaragua	Energy	3,927,732
SA TAXI DEVELOPMENT FINANCE (PTY) L	South Africa	Financial Institutions	3,875,000
KHAN BANK LLC	Mongolia	Financial Institutions	3,857,143
CAPELLA SOLAR S.A. DE C.V.	El Salvador	Energy	3,766,723
TRANSMISION DE ELECTRICIDAD S.A.	Guatemala	Energy	3,700,803
INDORAMA ELEME FERTILIZER CHEMICA	Nigeria	Agri, Food and Water	3,700,000
SUGAR CORPORATION OF UGANDA LIMITED	Uganda	Agri, Food and Water	3,666,822
AMRET PLC	Cambodia	Financial Institutions	3,555,556
TIRYAKI AGRO GIDA SANAYI VE TICARET	Turkey	Agri, Food and Water	3,333,333
JSC BANK OF GEORGIA	Georgia	Financial Institutions	3,200,000
SUDAMERIS BANK S.A.E.C.A.	Paraguay	Financial Institutions	3,200,000
BRAC	Bangladesh	Financial Institutions	3,111,111
ACCESS BANK GHANA PLC	Ghana	Financial Institutions	3,000,000
AGRI COMMODITIES FINANCE FZ-LLC	United Arabian Emirates	Agri, Food and Water	3,000,000
BANCO PICHINCHA C.A	Ecuador	Financial Institutions	3,000,000
EQUITY BANK (KENYA) LIMITED	Kenya	Financial Institutions	3,000,000
JSCB HAMKORBANK	Uzbekistan	Financial Institutions	3,000,000
VICENTIN S.A.I.C.	Argentina	Agri, Food and Water	3,000,000
BANCO PROMERICA S.A (EL SALVADOR)	El Salvador	Financial Institutions	2,741,937
BOSFORO LTDA DE C.V.	El Salvador	Energy	2,668,757
ZEPHYR POWER LIMITED	Pakistan	Energy	2,602,212
MONTECRISTI SOLAR FV, S.A.S.	Dominican Republic	Energy	2,555,700

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
AGROFERTIL SA	Paraguay	Agri, Food and Water	2,500,000
PACIFIC SOLAR ENERGY, S.A. DE C.V.	Honduras	Energy	2,500,000
CONTOURGLOBAL HYDRO CASCADE	Armenia	Energy	2,396,988
BANCO PROMERICA S.A.	Guatemala	Financial Institutions	2,382,353
YOMA STRATEGIC HOLDINGS LTD.	Singapore	Agri, Food and Water	2,340,000
KILIC DENIZ URUNLERI URETIMI IHRACA	Turkey	Agri, Food and Water	2,335,636
AFRICA EMS NYAMWAMBA LTD	Uganda	Energy	2,297,688
SIDIAN BANK LIMITED	Kenya	Financial Institutions	2,285,714
VISTAAR FINANCIAL SERVICES PRIVATE	India	Financial Institutions	2,250,000
AK LEASE (AK FINANSAL KIRALAMA A.S.	Turkey	Financial Institutions	2,141,000
JSICB IPAK YULI	Uzbekistan	Financial Institutions	2,000,000
XACBANK LIMITED LIABILITY COMPANY	Mongolia	Financial Institutions	2,000,000
BANCO IMPROSA S.A	Costa Rica	Financial Institutions	1,875,000
ECOM AGROINDUSTRIAL CORP. LIMITED	Switzerland	Agri, Food and Water	1,672,727
NICARAGUA SUGAR ESTATES LIMITED S.A	Nicaragua	Agri, Food and Water	1,650,000
BUGOYE HYDRO LIMITED	Uganda	Energy	1,642,169
GHARO SOLAR LIMITED	Pakistan	Energy	1,636,000
FEDERACION DE CAJAS DE CREDITO Y DE	El Salvador	Financial Institutions	1,500,000
ITEZHI TEZHI POWER CORPORATION LIMI	Zambia	Energy	1,417,810
NIBULON AGRICULTURAL LIMITED LIABIL	Ukraine	Agri, Food and Water	1,400,000
BANCO DE LA PRODUCCION, S.A. (BANPR	Nicaragua	Financial Institutions	1,375,000
EXIM BANK TANZANIA LIMITED	Tanzania	Financial Institutions	1,333,333
IRRAWADDY TOWERS ASSET HOLDING PTE	Myanmar	Telecom Infrastructure	1,287,716
VIENTOS DE ELECTROTECNIA S.A. DE C.	Honduras	Energy	1,235,260
SATHAPANA BANK PLC	Cambodia	Financial Institutions	1,125,000
NATIONS TRUST BANK PLC	Sri Lanka	Financial Institutions	1,041,667
ARMENIAN ECONOMY DEVELOPMENT BANK O	Armenia	Financial Institutions	928,571

Borrower	Sector	Country	Total amount in USD in Loan Participation(s)
NICHE COCOA INDUSTRY LIMITED	Ghana	Agri, Food and Water	900,000
BANCO BOLIVARIANO C.A.	Ecuador	Financial Institutions	833,333
SUCAFINA HOLDING S.A.	Luxembourg	Agri, Food and Water	750,000
CITIZENS DEVELOPMENT BUSINESS FINAN	Sri Lanka	Financial Institutions	750,000
DFCU BANK LIMITED	Uganda	Financial Institutions	517,857
ARARATBANK OJSC	Armenia	Financial Institutions	428,571
SITIO 0 DE QUEQUEN S.A.	Argentina	Agri, Food and Water	300,000
BANCO BAC SAN JOSE S.A.	Costa Rica	Financial Institutions	250,000
ONE BANK LIMITED	Bangladesh	Financial Institutions	250,000
Total amount			**141,367,222**

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

Privium Fund Management B.V ("Privium") has a careful, controlled and sustainable remuneration policy which meets all requirements included in the Alternative Investment Fund Managers Directive (AIFMD) and the guidelines on sound remuneration policies under the AIFMD (ESMA Guidelines). In line with the Sustainable Finance Disclosure Regulation (SFDR) the remuneration policy of Privium takes into account sustainability risks. 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.

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 salary (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 2022

This overview is based on the situation as of December 31, 2022. 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, 2022 and the second table shows the remuneration overview as of December 31, 2021.

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, 2022

-	**Identified staff in senior management roles**	**Identified staff outside senior management roles**	**Total staff**
Number of staff	3	38	41
Total fixed remuneration	€ 279,397	€ 9,303,709	€ 9,583,106
Total variable remuneration	€ 0	€ 479,953	€ 479,953
Total remuneration	€ 279,397	€ 9,783,663	€ 10,063,059

Overview as December 31, 2021

	Identified staff in senior management roles	**Identified staff outside senior management roles**	**Total staff**
Number of staff	2	37	39
Total fixed remuneration	€ 167,492	€ 9,691,135	€ 9,858,627
Total variable remuneration	€ 42,500	€ 9,326,680	€ 9,369,180
Total remuneration	€ 209,992	€ 19,017,815	€ 19,227,807

Variable payments to both identified staff members in senior management roles and identified staff outside senior management depend on financial and non-financial performance indicators, such as; positive results of and the effort of employees to the profitability of the company, the performance of the funds, extraordinary commitment to the firm, customer satisfaction, work according best practice ethical standards, compliance with risk management policies, compliance with internal and external rules among them sustainability (risks). The variable payments are for at least 50% based on non-financial performance indicators and variable payments are not granted when the non-financial performance criteria- such as having taken into account the set (sustainability) risks – are not met.

In 2022 no variable payments regarding the FMO Privium Impact Fund have been paid to any Identified Staff of Privium.

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.

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. The Supermarkt Vastgoed fund already had an ‘at cost’ fee model prior to Privium being appointed as Fund Manager, instead of the more common model where the Fund Manager receives a management fee that is a percentage of the AUM.

Employee remuneration is paid out of the management and performance fees (if applicable). In total 41 staff members were involved during (some part of) the year 2022 (2021: 39), including consultants and including both part-time and full-time staff.

No staff members have earned more than Euro one million in relation to the performance results during the year 2022 (2021: three).

Risk management and willingness to take risks

There have been no risk breaches during the year 2022. 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 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 2022 NAV	Expected impact on 2023 NAV if risk materializes	Adjustments made or expected adjustments to risk management in 2022 or 2023
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 +0.68% in 2022 (Class B-D). During 2022 on some individual positions provisions were taken, mostly due to geopolitical circumstances including Ukraine, Sri Lanka and Myanmar.	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 or are anticipated.	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. A majority of the loans in portfolio are floating rate. An additional explanation on interest rate risk can be found in the risk paragraph of the annual accounts.	Due to the floating rate nature of the majority of the loans in portfolio, the increase of interest rates has been beneficial.	The value of loan participations may change, 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 2022 all but two loans in the portfolio of FPIF were USD denominated. Two loans are denominated in EUR. Currency risk is hedged on these positions. The appreciation of the USD during the year 2022 had no impact on the EUR share classes since the increase in portfolio value, measured in EUR (but not reflected in the P&L), due to the appreciation of the USD was fully neutralized by the FX hedges that were maintained in the EUR denominated share classes.	None	No
Liquidity risk	No	The underlying loans generally have long term maturities and will be repaid according to a certain repayment schedule. The loans may even become illiquid under certain market conditions. Accordingly, it may not always be possible to receive or realise the full value of the loan.	None	This will depend on general market circumstances and certain ideosyncratic events around the Fund´s investments.	No
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, 2022 the leverage calculations according to the Gross method and Commitment method are as follows: Gross method: 125.65% and Commitment method: 90.09%.	None	None	No
Sustainability Risk	No	Sustainability risks are categorized into Environmental, Social or Governance (ESG) issues and may pose a material risk to the value of an investment. Not all sustainability risks may have a material negative effect on the value of an investment. Therefore, the Fund applies the Materiality Map of the Sustainability Accounting Standards Board (SASB) to determine which sustainability risks are material to consider in the investment decision making process. Here a connection has been made between FMO's risk rating methodology and SASB based ESG risk methodology. In each investment decision the relevant material sustainability risks are investigated using the following focus points: * Policy and practices: Investigating if relevant sustainability risks to the investment are well covered by policies informs if all risks are sufficiently in scope and in control. If so, then the value of the investment may be less sensitive to the relevant sustainability risk than its peers. * Incidents: If the sector or the investment experienced significant incidents regarding the relevant sustainability risk recently, this may inform the understanding of both the frequency of it occurring, as well as the investments readiness and quality of response. Better preparedness and a strong response mean the value of the investment may be less sensitive to the relevant sustainability risk than its peers.	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"), 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;
  3. The current level of risk of each AIF and any actual or foreseeable breaches of risk limits.

To identify the Risk Profile and main risks, and ensure the right measurement, management and monitoring of these risks, the Fund Manager has a rigid Risk Onboarding Process. It ensures that the Investment Process is properly documented and the Product itself is properly reviewed.

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 Portfolio Management. 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 (CM) 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 CM system flows through a sanity check. The sanity check will raise an exception if the variable falls outside its “normal” boundaries. Risk Management 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 using SS&C Eze Investment Suite and risk metrics such as value at risk, stress scenarios and portfolio liquidity are obtained through Bloomberg.

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 Global Risk Management Framework (Annex 17) of the Privium Handbook.

On a monthly basis the Risk Committee of the Fund Manager meets to discuss the performances and risks of the Fund. Any breaches are thoroughly discussed during these meetings. Additionally, a yearly Risk Evaluation and Product Review is conducted.

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 2022 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 2022 functioned effectively as described. During 2022 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 2022 update was completed in November 2022. During the fourth quarter of 2022 and the first two months of 2023 the external audit officer performed its annual due diligence on a number of internal procedures at the Fund Manager. These are 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.

Amsterdam, 6 June 2023

The AIFM

Privium Fund Management B.V.

Financial statements

Balance sheet as at 31 December

(all amounts in USD)	Notes	2022	2021
Assets			
Investments	1		
Loans		141,367,226	137,004,481
Forwards		258,127	334,855
Total of investments		141,625,353	137,339,336
Receivables	2		
Other receivables		2,800,058	2,531,413
Total of receivables		2,800,058	2,531,413
Other assets	3		
Cash		17,435,870	23,949,153
Total of other assets		17,435,870	23,949,153
Total assets		161,861,281	163,819,902

(all amounts in USD)	Notes	2022	2021
Liabilities			
Net asset value	4	152,475,230	154,943,626
Investments	1		
Forwards		25,054	20,112
Total of investments		25,054	20,112
Other liabilities			
Subscriptions received in advance		-	3,073,700
Provision on loans	5	9,169,091	5,595,444
Other liabilities	6	191,906	187,020
Total other liabilities		9,360,997	8,856,164
Total liabilities		161,861,281	163,819,902

Profit and loss statement

(For the year ended 31 December)

(all amounts in USD)	Notes	2022	2021
Investment result			
Interest income		9,202,829	8,034,900
Movement in provisions on loans	5	(4,018,843)	508,285
Total investment result		5,183,986	8,543,185
Revaluation of investments	7		
Realized results		(3,364,552)	(7,162,389)
Unrealized results		(81,670)	710,891
Total changes in value		(3,446,222)	(6,451,498)
Other results			
Foreign currency translation	8	(937,323)	1,229,087
Other results		155,560	208,320
Total other results		(781,763)	1,437,407
Operating expenses			
Management fee	9	(1,481,587)	(1,504,275)
Administration fees	10	(73,347)	(72,787)
Depositary fees		(36,979)	(36,351)
Interest expenses		(7,396)	(26,375)
Brokerage fees and other transaction costs		(41,640)	(52,232)
Audit fees	11	(38,176)	(36,013)
Legal fees		(18,864)	(31,807)
Supervision fees		(25,089)	(23,305)
Legal owner fees	12	(9,187)	(10,022)
Other expenses	13	(43,634)	(62,184)
Total operating expenses		(1,775,899)	(1,855,351)
Result for the year		(819,898)	1,673,743

Statement of cash flows

(For the year ended 31 December)

(all amounts in USD)	Notes	2022	2021
Cash flow from operating activities			
Participations in FMO loans		(41,107,817)	(49,291,142)
Repayments from FMO loans		36,536,937	38,587,306
Proceeds from sales of investments		(3,364,552)	(7,162,389)
Interest received		8,934,615	7,684,438
Other income received		155,560	-
Management fee paid		(1,484,299)	(1,495,757)
Interest paid		(7,396)	(27,043)
Operating expenses paid		(724,945)	(281,873)
Net cash flow from (used in) operating activities		(1,061,897)	(11,986,460)
Cash flow from financing activities			
Proceeds from subscriptions		6,045,493	24,180,680
Payments for redemption		(9,839,165)	(10,684,372)
Dividend paid		(928,526)	(1,150,409)
Net cash flow from financing activities		(4,722,198)	12,345,899
Net cash flow for the year		(5,784,095)	359,439
Cash at beginning of the year		23,949,153	22,154,254
Foreign currency translation of cash positions		(729,188)	1,435,460
Cash at the end of the year	3	17,435,870	23,949,153

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 targeted return net of fees is expected to be between 2 and 4 percent per annum, over a multi-year cycle, while generating impact. In addition to achieving the Target Return, the Fund aims to make socially and environmentally responsible investments, hereby aiming to provide providing investors with an attractive financial return while at the same time endeavoring to create Impact in Developing and Emerging Economies. The Fund will be able to co-invest in both existing and new loans (to be) provided by FMO to its clients. The co-investments of the Fund will be structured as participations in such loans provided by FMO. The loans will include senior and subordinated loans.

Since the Fund has making sustainable investments as its objective in the context of the Sustainable Finance Disclosure Regulation (SFDR), the Fund is classified as an Article 9 Fund. Additional SFDR related disclosure regarding Article 9 can be found in the Prospectus of the Fund.

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.

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 6 June 2023.

Accounting policies

Basis of preparation

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. The financial statements of the Fund have been prepared on a going concern basis as the management has no indications that the activities cannot be continued in the near future.

Judgement, estimates, assumptions and uncertainties

The management of the Fund makes various judgements and estimates when applying the accounting policies and rules for preparing the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the financial statements in future periods.

Estimates and assumptions

The Fund based its assumptions and estimates on circumstances and information available when the financial statements were prepared. Assumptions about future developments (or future developments that do not occur, may change due to market changes or circumstances arising that are beyond the control of the Fund. These changes in estimates will be accounted for prospectively. The key estimates and assumptions are described below:

Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see "Investments" note.

Reporting period

The reporting period is from 1 January 2022 through 31 December 2022.

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 recognized 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 of the derivative financial instruments 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 2022 until 31 December 2022 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)	2022	2021
Loans		
Opening balance	137,004,481	129,007,018
Participations in FMO loans	41,107,817	49,291,142
Repayments from FMO loans	(36,536,937)	(38,587,306)
Loan written off	-	(2,500,000)
FX result	(208,135)	(206,373)
Balance as per 31 December	141,367,226	137,004,481

The fair value of the loans at 31 December 2022 equals USD 116,401,398 (2021: USD 131,469,911).

As per 31 December 2022 the total provision amounts to USD 9,169,091 (2021: USD 5,595,443).

(all amounts in USD)	2022	2021
Forwards		
Opening balance	314,743	(396,148)
Sales and expirations	3,364,552	7,162,389
Realised investment result	(3,364,552)	(7,162,389)
Unrealised investment result	(81,670)	710,891
Position as per 31 December	233,073	314,743

2. Other receivables

(all amounts in USD)	2022	2021
Interest receivable	2,799,278	2,531,064
Other receivables and prepayments	780	349
Position as per 31 December	2,800,058	2,531,413

3. Cash

(all amounts in USD)	2022	2021
Euro bank accounts	2,179,232	712,339
US Dollar bank accounts	15,256,638	23,236,814
Total cash	17,435,870	23,949,153

At 31 December 2022 and 31 December 2021, 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 2022 is as follows:

(all amounts in USD)	Opening balance	Subscriptions	Redemptions	Conversion	Dividend paid	Result	Net Asset Value
Class A	88,587,613	7,325,000	-	-	-	2,323,562	98,236,175
Class B-A	2,819,810	538,377	-	-	-	(131,718)	3,226,469
Class B-D	46,206,987	260,035	(4,812,219)	(1,047,209)	(761,230)	(2,463,159)	37,383,205
Class F	109,827	-	-	-	-	(5,719)	104,108
Class I-A	6,453,446	20,408	(3,027,631)	-	-	(315,438)	3,130,785
Class I-D	6,196,423	390,375	(483,845)	1,047,209	(133,996)	(314,450)	6,701,716
Class U-A	3,269,658	-	(1,282,114)	-	-	49,674	2,037,218
Class U-D	1,299,862	585,000	(233,356)	-	(33,302)	37,350	1,655,554
Total	154,943,626	9,119,195	(9,839,165)	-	(928,528)	(819,898)	152,475,230

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 2022, 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 3,013,983, EUR 34,921,257, EUR 97,252, EUR 2,924,600 and EUR 6,260,361.

The movement in units of the individual Classes during the year ended 31 December 2022 is as follows:

(in number of units)	Opening balance	Subscriptions	Redemptions	Conversion	Closing balance
Class A	734,981	60,749			795,730
Class B-A	24,027	4,975			29,002
Class B-D	416,699	2,450	(46,283)	(10,000)	362,866
Class F	898				898
Class I-A	54,679	175	(26,842)		28,012
Class I-D	56,331	3,631	(4,406)	10,085	65,641
Class U-A	30,204		(11,781)		18,423
Class U-D	12,754	5,753	(2,283)		16,224
Total	1,330,573	77,733	(91,595)	85	1,316,796

The movement of the individual Classes during the year ended 31 December 2021 is as follows:

(all amounts in USD)	Opening balance	Subscriptions	Redemptions	Dividend paid	Result	Net Asset Value
Class A	66,649,864	18,180,000	-	-	3,757,749	88,587,613
Class B-A	1,464,656	1,434,897	-	-	(79,743)	2,819,810
Class B-D	57,732,597	662,903	(9,486,897)	(999,453)	(1,702,163)	46,206,987
Class F	124,810	-	(10,817)	-	(4,166)	109,827
Class I-A	7,015,561	30,510	(355,444)	-	(237,181)	6,453,446
Class I-D	6,827,121	184,001	(451,457)	(129,894)	(233,348)	6,196,423
Class U-A	2,922,617	210,000	-	-	137,041	3,269,658
Class U-D	605,127	1,060,000	(379,757)	(21,062)	35,554	1,299,862
Total	143,342,353	21,762,311	(10,684,372)	(1,150,409)	1,673,743	154,943,626

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 2021, 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 2,480,044, EUR 40,639,391, EUR 96,594, EUR 5,675,854 and EUR 5,449,800.

The movement in units of the individual Classes during the year ended 31 December 2021 is as follows:

(in number of units)	Opening balance	Subscriptions	Redemptions	Closing balance
Class A	578,653	156,328	-	734,981
Class B-A	12,056	11,971	-	24,027
Class B-D	492,958	5,887	(82,146)	416,699
Class F	986	-	(88)	898
Class I-A	57,367	259	(2,947)	54,679
Class I-D	58,706	1,606	(3,981)	56,331
Class U-A	28,182	2,022	-	30,204
Class U-D	6,074	10,470	(3,790)	12,754
Total	1,234,982	188,543	(92,952)	1,330,573

5. Provision on loans

Per December 2022 the total number of provisioned loan participations stood at nine. As per 31 December 2022 the total provision amounts to USD 9,169,091 (2021: USD 5,595,443). The total level of provisions represents 6% of the NAV.

(all amounts in USD)	2022	2021
Provisions	Fair value	Fair value
Opening balance	5,595,444	9,234,697
Mutation	4,018,843	(508,285)
Written-off	(445,196)	(3,130,968)
Closing balance	9,169,091	5,595,444

6. Other liabilities

(all amounts in USD)	2022	2021
Management fees payable	125,978	128,690
Audit fees payable	37,484	22,624
Administration fees payable	-	8,399
Depositary fees payable	19,505	27,307
Reporting fees payable	8,308	-
Other payables	631	-
Position as per 31 December	191,906	187,020

Notes to the statement of comprehensive income

7. Revaluation of investments

(all amounts in USD)	2022	2021
Net realized result on financial assets and liabilities at fair value through profit or loss	-	-
Realized gains on forwards	5,053,308	2,690,534
Realized losses on forwards	(8,417,860)	(9,852,923)
Total realized result	(3,364,552)	(7,162,389)
Net unrealized result on financial assets and liabilities at fair value through profit or loss	-	-
Unrealized gains on forwards	-	710,891
Unrealized losses on forwards	(81,670)	-
Total unrealized result	(81,670)	710,891
Total revaluation of investments	(3,446,222)	(6,451,498)

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

(all amounts in USD)					
Forwards 2022	**Currency amount bought**	**Currency**	**Currency amount sold**	**Settlement date**	**Fair value**
Currency sold					
USD	320,134	EUR	300,000	31-01-2023	(1,650)
USD	4,481,562	EUR	4,200,000	31-01-2023	(23,404)
Subtotal currency sold					(25,054)
Forwards 2022	**Currency amount sold**	**Currency**	**Currency amount bought**		**Fair value**
Currency bought					
USD	103,498	EUR	97,000	31-01-2023	546
USD	3,094,199	EUR	2,900,000	31-01-2023	16,373
USD	21,342,028	EUR	20,000,000	31-01-2023	110,192
USD	3,146,664	EUR	2,950,000	31-01-2023	17,538
USD	15,791,329	EUR	14,800,000	31-01-2023	83,314
USD	5,761,935	EUR	5,400,000	31-01-2023	30,165
Subtotal currency bought					258,128
Total					**233,073**

(all amounts in USD)					
Forwards 2021	**Currency amount sold**	**Currency**	**Currency amount bought**	**Settlement date**	**Fair value**
Currency sold					
USD	339,462	EUR	300,000	31-01-2022	(1,820)
USD	3,394,529	EUR	3,000,000	31-01-2022	(18,292)
Subtotal currency sold					(20,112)
Forwards 2021	**Currency amount bought**	**Currency**	**Currency amount sold**		**Fair value**
Currency bought					
USD	108,618	EUR	96,000	31-01-2022	591
USD	2,829,165	EUR	2,500,000	31-01-2022	14,853
USD	22,627,120	EUR	20,000,000	31-01-2022	125,020
USD	23,532,413	EUR	20,800,000	31-01-2022	129,813
USD	5,884,304	EUR	5,200,000	31-01-2022	31,252
USD	6,337,274	EUR	5,600,000	31-01-2022	33,326
Subtotal currency bought					334,855
Total					**314,743**

8. Foreign currency translation

(all amounts in USD)	2022	2021
Foreign currency translation results on cash accounts	(937,323)	1,229,087
Total foreign currency translation	(937,323)	1,229,087

The currency results consist of translation differences on foreign currency cash accounts and spot contracts. The currency results in 2022 were caused by a decrease in the Euro cash accounts.

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

Showing the equivalent of 1 USD	**2022**	**2021**
Euro	0.9610	0.8795

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 2022 amounts to USD 1,481,587 (2021: USD 1,504,275).

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)	2022	2021
Administration fees	60,769	60,966
Reporting fees	7,727	7,262
FATCA fees	2,529	2,377
AIFMD fees	2,322	2,182
Total	73,347	72,787

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 38,176 (2021: USD 36,013). The Independent Auditor will also be asked to provide assurance whenever there is an update of the Prospectus of 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)	2022	2021
Organisational fees	-	20,801
Miscellaneous fees	34,098	34,578
License fees	3,159	3,126
Register fees	-	3,679
Advisory fees	3,277	-
Compliance fees	3,100	-
	43,634	62,184

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 may be 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 certain Classes are 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 2022 is as follows:

			2022	
(all amounts in USD)	Gross amount	Forward contract	Net amount	% NAV
US Dollars	145,610,456	(44,583,114)	101,027,342	66.26
Euro	6,864,774	44,583,114	51,447,888	33.74
Total			152,475,230	100.00

The currency exposure of the Fund's portfolio at 31 December 2021 is as follows:

			2021	
(all amounts in USD)	Gross amount	Forward contract	Net amount	% NAV
US Dollars	150,837,313	(57,868,752)	92,968,561	60.00
Euro	4,106,313	57,868,752	61,975,065	40.00
Total			154,943,626	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, 2022 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, 2022 totalled USD 44,583,114 (2021: USD 57,868,752).

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:

			2022		
(all amounts in USD)	Less than 1 year	Between 1 and 5 years	Longer than 5 years	Non-interest bearing	Total
Investments					
Loans	8,870,238	80,905,989	51,590,999	-	141,367,226
Forwards	-	-	-	233,073	233,073
Total investments	8,870,238	80,905,989	51,590,999	233,073	141,600,299

			2021		
(all amounts in USD)	Less than 1 year	Between 1 and 5 years	Longer than 5 years	Non-interest bearing	Total
Investments					
Loans	11,466,404	71,347,294	54,190,783	-	137,004,481
Forwards	-	-	-	314,743	314,743
Total investments	11,466,404	71,347,294	54,190,783	314,743	137,319,224

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)	2022	2021
Credit rating		
BBB+	2,500,000	-
BBB	-	2,500,000
BBB-	8,782,353	10,670,588
BB+	12,936,914	16,412,026
BB	20,075,968	17,318,758
BB-	32,191,830	38,596,090
B+	19,127,888	23,608,916
B	10,752,503	9,866,931
B-	7,394,149	2,783,237
CCC	10,670,741	3,878,290
CCC-	900,000	1,609,645
CC	16,034,880	9,760,000
Total as per 31 December	141,367,226	137,004,481

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 F20, equal to Standard & Poor's C rating.

As per 31 December 2022 the total provision amounts to USD 9,169,091 (2021: USD 5,595,443).

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. at 31 December 2022 is A (2021: A).

The amount that best represents the maximum credit risk of the Fund at 31 December 2022 is USD 161,603,154 (2021: USD 163,485,047).

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.

Sustainability Risk

In each investment decision the relevant material sustainability risks are investigated using the following focus points:

- Policy and practices: Investigating if relevant sustainability risks to the investment are well covered by policies informs if all risks are sufficiently in scope and in control. If so, then the value of the investment may be less sensitive to the relevant sustainability risk than its peers.
- Incidents: If the sector or the investment experienced significant incidents regarding the relevant sustainability risk recently, this may inform the understanding of both the frequency of it occurring, as well as the investments readiness and quality of response. Better preparedness and a strong response mean the value of the investment may be less sensitive to the relevant sustainability risk than its peers.

This analysis will provide a low, average or high estimated sensitivity of the value of the investment to material sustainability risks. A high sensitivity does not automatically disqualify an investment from inclusion in the Fund, but this information will be included in the decision-making process.

Considering the sector focus of the Fund, the following sustainability risks are presumed to be likely material for the investments made by the Fund in the economic sector Financial Institutions, Energy, Agribusiness and Telecom as defined by SASB:

Commercial banks & Consumer Finance	**Renewable Resources & Alternative Energy**	**Agricultural Products**	**Telecommunication Services**
Data Privacy Data security Access & Affordability Selling Practices & product Labeling Product Design & Lifecycle management Business ethics Systemic risk management	Energy Management Water & Wastewater Management Product Design & Lifecycle management Materials Sourcing & Efficiency	GHG emissions Energy Management Water & Wastewater Management Product quality & safety Employee health & safety Supply chain management Materials Sourcing & Efficiency	Energy Management Data Privacy Data Security Materials Sourcing & Efficiency Competitive behavior Systemic risk management

Monitoring of sustainability risks in the Fund

On a monthly basis, the predominant sustainability risks of the investments of the Fund are monitored. An update of the estimated sensitivity of the value of the investment to a sustainability risk might be triggered by a change in the policies and practices of the investment, or by a significant incident regarding the sustainability risk.

The material sustainability risk exposures and the concentration of high sensitivity investments in the Fund are part of the risk management policy of the Fund Manager.

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)	2022	2021
Average net asset value	152,415,037	153,266,268
Total ongoing expenses	1,726,863	1,776,744
Ongoing charges figure for the year	1.13%	1.16%

Turnover ratio's (TOR)

The turnover ratio for the Fund over the period 1 January 2022 until 31 December 2022 is 36 (2021:35).

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 delegation

The following key task have been delegated by the Fund:

Administration

The administration has been delegated to Bolder Fund Services (Netherlands) 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 2022 will be added to the Net asset value of the Fund.

Events after balance sheet date

As of the date of the completion of these Interim Financial Statements FPIF's exposure to Ukraine is around 0.14% of NAV. The Fund has no exposure to Russia or Belarus. The Russian invasion in Ukraine continues to cause clear market volatility. On behalf of the Fund Manager, the administrator of the Fund carries out ongoing sanctions screening on the investors of the Fund. Here, no hits have been identified. Further escalation of the conflict is expected to dampen global growth and cause a recession, especially in Europe. This might have an impact on the performance of the Fund. No other material events occurred after the balance sheet date that could influence the transparency of the financial statements.

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 2022 and 31 December 2022 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 2022 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2022 of FMO Privium Impact Fund based in Amsterdam, The Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of FMO Privium Impact Fund as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2022
- The profit and loss account for 2022
- 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 "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the fund and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control as well as the outcomes.

We refer to risk management section of the annual report for management's risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in accounting policies' section of the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

These risks did however not require significant auditor's attention during our audit.

We considered available information and made enquiries of relevant executives, directors, and the management board.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section ''Basis of accounting'' in ''Accounting policies'' section of the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the management board made a specific assessment of the fund's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism.

We considered whether the management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the fund's ability to continue as a going concern. Based on our procedures performed, we did not identify material uncertainties about 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 a fund to cease to continue as a going concern.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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 for the management report and the other 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 substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of manager for the financial statements

The fund manager 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 fund manager is responsible for such internal control as management 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, management is responsible for assessing the fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the fund manager should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the fund 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 fund'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 engagement 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 detect all material errors and fraud during our audit.

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. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. 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 fund's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- 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

Communication

We communicate with the management 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, 6 June 2023

Ernst & Young Accountants LLP

signed by R.J. Bleijs

Appendix I: Annex V Disclosure SFDR

ANNEX V

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: FMO Privium Impact Fund **Legal entity identifier:** 724500QHNLXM39RBB475

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Sustainable investment objective

Did this financial product have a sustainable investment objective?	
☒ **Yes**	☐ **No**
☒ It made **sustainable investments with an environmental objective: 33**% (based on the Net Asset Value)	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☒ It made **sustainable investments with a social objective: 89**%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

Following FMO's impact strategy, the Fund aims to support the Sustainable Development Goals 8 (Decent Work and Economic Growth), 10 (Reduced Inequalities) and 13 (Climate Action). It does so by investing in loans to banks, businesses, and projects in emerging and frontier economies in the selected geographies and sectors. The Fund Manager, on behalf of the Fund, follows FMO's methodologies in how to evaluate and measure its contributions to the SDGs.

1: Decent Work and Economic Growth (SDG 8)
FMO deems all its investments in support of SDG 8 as all investments are based in emerging economies, supporting both direct jobs as well as indirect jobs.
All of the Fund's loan investments therefore contribute to SDG 8 and to the Fund's social objective.

2: Reduced Inequalities (SDG 10)
A part of the loans also contributes to SDG 10 and receive a Reduced Inequalities label. SDG 10 addresses inequalities between countries (by supporting the Least Developed Countries or LDC's) and within countries (by supporting disadvantaged groups in the economy, such as small and medium sized enterprises, and is also connected to gender and equality of opportunity for women and men.
The Fund's target for investments contributing to this SDG and to the social objective is set at ≥30% of the invested capital of the Fund.

3: Climate Action (SDG 13).
For Climate Action, FMO developed a green label. It is given to those investments that are aimed at reducing greenhouse gas emissions, increasing resource efficiency, preserving, and growing natural capital, and supporting climate adaptation. The "Green methodology" document, which is available on FMO's website, describes the Green criteria, eligible investments and the internal green labelling process.
The Fund's target for investments contributing to this SDG and to the environmental objective is set at ≥30% of the invested capital of the Fund.

During 2022 all impact objectives have been achieved. Please see the table including the sustainability indicators on page 4.

Specific impact targets have been defined per SDG and performance indicators have been attached in order to be able to measure and compare the defined targets. Please see the below table for additional information:

SDG	Target	Key Performance Indicator (KPI)	How is the impact being measured
8	Promoting Economic growth that is a) sustained, b) inclusive and c) sustainable; and employment that is a) full, b) productive and c) decent.	The impact is being measured by the number of jobs supported (attributable to the Fund based on the invested capital of the Fund and on a four quarter rolling basis). All investments in the Fund's portfolio are considered to contribute to SDG 8.	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.

10	1)financing inclusive business that reduce inequalities within countries 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.	The impact is being measured by the percentage of inclusive businesses and by the percentage of low income countries being supported (attributed to the Fund based on the invested capital of the Fund).	Investments which receive a Reduced Inequalities label (based on FMO's methodology) contribute positively towards SDG 10. Two tracks underlie the SDG 10 label: 1) investment in the poorest countries (reducing inequality among countries). This results in a 100% acknowledgement of the loan, and 2) investment in inclusive businesses (reducing inequality within countries) which may result in a percentage based on applicability of the underlying investment. These two tracks are combined in one target: a loan can acquire the Reduced Inequalities label by investing in a poorest country or in inclusive business.
13	Providing finance to projects that reduce greenhouse gas emissions, increase resource efficiency, preserve and grow natural capital, support climate mitigation and climate adaptation in the region in which they operate.	The impact is being measured by the percentage of the portfolio which has received a Green label, the number of avoided CO2 emissions and lowering the number of financed CO2 emissions (based on the invested capital of the Fund).	Investments which receive a Green label (based on FMO's methodology) 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.
			Avoided CO2 emissions: The greenhouses gas emissions avoided are calculated as the company's or project's anticipated CO2 emissions compared against the most likely alternative. The required data is taken from independently verified documentation and is calculated as tons of CO2 equivalents per year.
			Financed CO2 emissions: This number indicates the greenhouse gas emissions equivalent of tCO2 and is measured for all investments in the portfolio according to the methodologies of the Partnership for Carbon Accounting Financials (PCAF).

How did the sustainability indicators perform?

SDG	Percentage attainment	Key Performance Indicator (KPI)
8 DECENT WORK AND ECONOMIC GROWTH	100% of invested capital	11,002 jobs supported
10 REDUCED INEQUALITIES	38% of invested capital with a Reduced Inequalities label	18% to Least Developed Countries 20% to Inclusive Businesses
13 CLIMATE ACTION	37% of invested capital with a Green label	40,406tCO2e Avoided CO2 emissions 91,268tCO2e Financed CO2 emissions

How did the sustainable investments not cause significant harm to any sustainable investment objective?

The Fund considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures regarding the Fund. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective.

By mapping the Principal Adverse Impact from the SFDR legislation to FMO's extensive analysis of local and international environmental, social and human rights regulations, each investment is thoroughly screened on potential significant harm and excluded from FMO's portfolio and therefore the Fund's portfolio if the criteria are not met.

FMO requires, that all clients comply with applicable environmental, social and human rights laws in their home and host countries.

In addition, FMO upholds a number of (inter)national standards as included in FMO's Sustainability Policy and its Sustainability Policy Universe.

Subject to its applicability criteria, FMO also applies the Equator Principles which are based on the IFC Performance Standards. The IFC Performance Standards guide FMO's human rights due diligence with respect to clients. FMO requires clients to assess the likelihood and severity of impact on human rights as part of their assessment of social and environmental impact, and to implement mitigation measures in line with the IFC Performance Standards. As part of the Sustainability Policy Universe FMO has published several position statements including ones on Human Rights, and Gender which aim to further clarify FMO's views and actions

How were the indicators for adverse impacts on sustainability factors taken into account?

By mapping the Principal Adverse Impact framework to FMO's extensive analysis of local and international environmental, social and human rights regulations, each investment is thoroughly screened on potential significant harm and excluded from FMO's portfolio and therefore the Fund's portfolio if the criteria are not met.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

With respect to the management of environmental and social impact, the primary standards that guide FMO's relationship with clients are the IFC Environmental and Social Performance Standards and the associated World Bank Group Environmental Health and Safety Guidelines. They cover the larger part of the ESG requirements in the OECD Guidelines on Multinational Enterprises, which also reference the UN Guiding Principles on Business and Human Rights.

In addition, to complete the analysis on the Principal Adverse Impacts, each holding was investigated on breaches of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. No breaches were found per December 31, 2022

How did this financial product consider principal adverse impacts on sustainability factors?

The Fund considered principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process and procedures. For sustainable investments this means ensuring that the investments do no significant harm to any environmental or social objective. By mapping the Principal Adverse Impact framework to FMO's extensive analysis of local and international environmental, social and human rights regulations, each investment is thoroughly screened on potential significant harm and excluded from FMO's portfolio and therefore FPIF's portfolio if the criteria are not met. The Fund's PAI statement, available on its website, contains a detailed explanation of the PAIs considered, collected and reported on.

What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Banco de la Produccion	*Financial Institutions*	*3.5%*	*Nicaragua*
Access Bank	*Financial Institutions*	*3.0%*	*Nigeria*
LAAD Americas	*Financial Institutions*	*2.7%*	*Curaçao*
AMRET	*Financial Institutions*	*2.7%*	*Cambodia*
First City Monument Bank	*Financial Institutions*	*2.6%*	*Nigeria*
Capella Solar	*Energy*	*2.6%*	*El Salvador*
Indorama Eleme Fertilizer & Chemical	*Agri, Food and Water*	*2.6%*	*Nigeria*
Transmission de Electricidad	*Energy*	*2.5%*	*Guatamala*
ECOM Agroindustrial	*Agri, Food and Water*	*2.5%*	*Switzerland*
Sudameris Bank	*Financial Institutions*	*2.4%*	*Paraguay*
Tiryaki Agro Gida Sanayi ve Ticaret	*Agri, Food and Water*	*2.4%*	*Turkey*
Polaris Energy	*Energy*	*2.3%*	*Nicaragua*
BRAC	*Fianancial Inclusions*	*2.2%*	*Bangladesh*

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: January 1, 2022 - December 31, 2022

JSC Bank of Georgia	***Financial Institutions***	***2.1%***	***Georgia***
Banco Pichincha	***Financial Institutions***	***2.0%***	***Equador***

These exposures are based on the average loan exposures during the year 2022.

What was the proportion of sustainability-related investments?

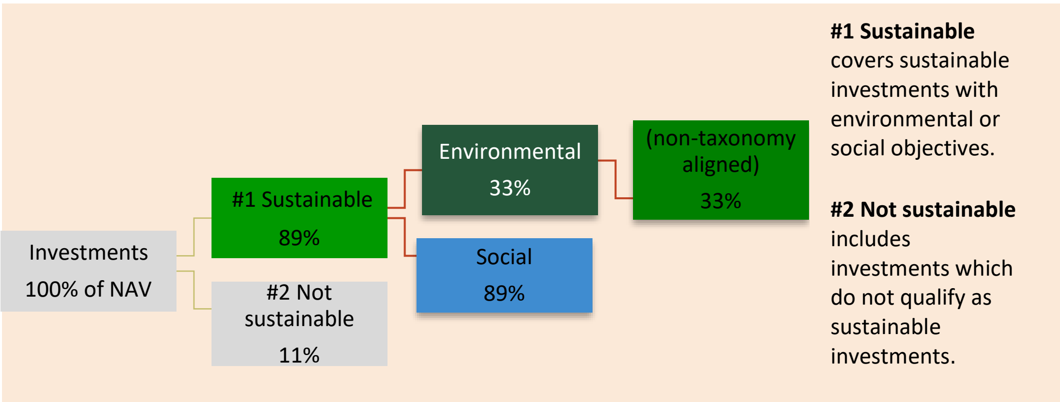
Of its assets not needed for cash and portfolio management activities during the year 2022, 100% of the Fund's investments were used to meet the sustainable investment objective. Given that the Fund co-invests with FMO, it will only take on loans that align with FMO's sustainable investment policy. Of the Fund's total NAV, 89% was allocated to sustainable investments.

All sustainable investments contributed to SDG 8 and may also contribute to SDG 10 and/or SDG 13. This means that a loan always had a social objective (SDG 8, Decent Work and Economic Growth), and may have additional social (SDG 10, Reduced Inequalities) or environmental (SDG 13, Climate Action) objectives

Telecom Infrastructure is no longer a focus sector for the Fund, and any remaining allocation will not be reinvested into this sector at maturity.The investments in this sector were made based on the same stringent FMO criteria, contribute 100% to SDG 8 at a minimum and are sustainable.

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.



In which economic sectors were the investments made?

The Fund invested in three focus sectors of FMO, i.e. financial institutions, energy, agribusiness. The fund also held a small legacy position in a prior FMO focus sector, telecom infrastructure.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

In its investment selection, FPIF did not target a specific EU taxonomy alignment. As all of FMO's loans are made outside the EU and in emerging markets, none of its counterparties are currently reporting their Taxonomy eligibility or alignment. Therefore FMO, and subsequently the Fund currently reports that 0% of its investments are Taxonomy eligible.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

100% of FPIF's investments with an environmental objective per December 31, 2022 were not aligned with the EU Taxonomy

What was the share of socially sustainable investments?

100% of the Fund's sustainable investments have a social objective. Of the Fund's total NAV per December 31, 2022 that was 89%.

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

Investments included under #2 are Cash and FX derivatives. These are used only for hedging and efficient portfolio management purposes and are held at the Fund's clearing bank. Minimum safeguards are ensured by the fact that this is an internationally established and properly regulated entity with strong corporate policies on both environmental and social issues.

What actions have been taken to attain the sustainable investment objective during the reference period?

For each investment, FMO assesses the environmental, social and governance risks, and identifies where improvements can and should be made. If deemed necessary, an Environmental and Social Action Plan (ESAP) is agreed upon before contracting and becomes part of the financing conditions which are legally binding. Compliance with and material completion of the ESAP is considered by the Fund before making an investment decision.

FMO accepts that when it first starts working with a borrower, the ESG performance may be below standard. FMO does, however, expect performance to improve over time in line with agreed action plans. Most borrowers show good progress towards these plans. FMO works with these borrowers to address such gaps, in order to fully realize their positive impact potential. The Fund accepts new participations in FMO loans when progress has been demonstrated sufficiently on the most material PAIs and therefore does not do any significant harm to an environmental or social objective.

FMO is making progress towards gathering more data points which are also relevant for example for capturing climate risk and its path towards Paris alignment. If data is not directly available from the borrower, information may be modelled for example via the Joint Impact Model (JIM), or information may be gathered via third party providers. In section A of this document per PAI the data source is explained and reference, including weblinks, is made where necessary to underlying models, methodologies or third-party providers (when available).

The JIM measures indirect jobs supported of the investments and the footprint effects of such investments. It calculates how a capital investment is expected to influence production, economic growth, jobs and greenhouse gas emissions in a country. The JIM uses macroeconomic and greenhouse gas emission databases, giving fair estimations – based on historic country averages – of the impact of FMO's investments on the economy and GHG emissions levels of a country. The JIM is a portfolio-level tool that relies on modelling, using statistics reflecting sector and country averages. Impact results from the JIM can be considered robust at the portfolio level.