



Triodos Microfinance Fund

a sub-fund of Triodos SICAV II

Annual report 2019

Microfinance

is the provision of financial services to low-income people in developing countries. An inclusive financial sector, where the majority of people have access to financial services, provides a sustainable basis for balanced socio-economic development.

Triodos SICAV II - Triodos Microfinance Fund Annual report 2019

Triodos Microfinance Fund is a sub-fund of Triodos SICAV II (Société d'Investissement à Capital Variable), which is established in the Grand Duchy of Luxembourg. Triodos SICAV II, including its sub-funds, is supervised by the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF). Triodos Investment Management BV is the external alternative investment fund manager of Triodos SICAV II - Triodos Microfinance Fund. Triodos Investment Management BV is incorporated under the laws of the Netherlands and is a wholly-owned subsidiary of Triodos Bank NV. Triodos Investment Management BV is supervised by the Dutch regulator, Autoriteit Financiële Markten.

The value of investments may fluctuate. Past performance is no guarantee of future results.

No subscription can be accepted on the basis of financial reports. Subscriptions are only valid if they are made on the basis of the latest published prospectus accompanied by the latest annual report and the most recent semi-annual report, if published thereafter. The prospectus is available free of charge at the registered office of Triodos SICAV II in Luxembourg and from Triodos Investment Management BV: www.triodos-im.com.

Key figures

(amounts in EUR)	2019	2018	2017	2016	2015
Net assets (end of reporting period)	437,803,876	371,492,510	365,347,204	339,201,563	290,558,880
Income	28,050,002	24,990,618	22,612,293	19,728,202	17,371,442
Expenses	8,669,105	7,618,459	7,383,501	6,511,209	5,375,167
Net operating gain	19,380,897	17,372,159	15,228,792	13,216,993	11,996,275
Realised and unrealised gains/losses on investments, swaps and foreign exchange contracts	(5,590,998)	(1,632,713)	(12,874,985)	(2,384,961)	(3,598,013)
Net result	13,789,899	15,739,446	2,353,807	10,832,032	8,398,261
Ongoing charges per share class¹					
B-cap (EUR)	2.65%	2.60%	2.59%	2.54%	2.67%
B-dis (EUR)	2.72%	2.61%	2.63%	2.57%	2.71%
I-cap (EUR)	1.95%	1.92%	1.91%	1.92%	1.97%
I-dis (EUR)	1.95%	1.93%	1.91%	1.93%	1.96%
I-II-cap (EUR)	1.80%	1.77%	1.76%	n.a.	n.a.
R-cap (EUR)	2.68%	2.59%	2.65%	2.60%	2.73%
R-dis (EUR)	2.68%	2.61%	2.63%	2.60%	2.78%
Z-cap (EUR)	2.15%	2.12%	2.14%	2.12%	2.16%
Z-dis (EUR)	2.15%	2.13%	2.11%	2.11%	2.15%
K-I-cap (GBP) ²	1.96%	1.93%	2.00%	2.00%	2.00%
K-I-dis (GBP) ²	1.93%	1.93%	1.92%	1.92%	1.94%
K-Z-cap (GBP) ²	2.13%	2.12%	2.17%	2.14%	2.13%
K-Z-dis (GBP) ²	2.13%	2.13%	2.14%	2.12%	2.13%

Net asset value (NAV) per share

(amounts in EUR or GBP)	December 31, 2019	December 31, 2018	December 29, 2017	December 30, 2016	December 31, 2015
B-cap (EUR)	37.72	36.72	35.39	35.32	34.09
B-dis (EUR)	28.74	28.50	28.78	29.31	28.28
I-cap (EUR)	40.69	39.33	37.66	37.32	35.79
I-dis (EUR)	29.16	28.89	29.19	29.70	28.50
I-II-cap (EUR)	27.23	26.27	25.12	n.a.	n.a.
R-cap (EUR)	37.62	36.63	35.31	35.24	34.00
R-dis (EUR)	28.77	28.52	28.82	29.34	28.31
Z-cap (EUR)	31.30	30.31	29.08	28.88	27.75
Z-dis (EUR)	26.77	26.52	26.79	27.26	26.18
K-I-cap (GBP) ²	28.51	27.24	n.a.	n.a.	n.a.
K-I-dis (GBP) ²	23.13	22.65	22.66	23.00	21.91
K-Z-cap (GBP) ²	26.17	25.07	23.84	23.56	22.49
K-Z-dis (GBP) ²	22.33	21.86	21.86	22.19	21.15

¹ The ongoing charges reflect the total normalised expenses charged to the result, divided by the average net asset value. For the calculation of the average net asset value, each computation and publication of the net asset value is taken into account. The ongoing charges are calculated over the twelve-month period ending at the end of the reporting period.

² The GBP-denominated share classes are hedged against the euro.

Return based on NAV per share ³

Share class	1-year return p.a.	3-year return p.a.	5-year return p.a.	Return p.a. since inception
B-cap (EUR)	2.7%	2.2%	2.6%	4.0%
B-dis (EUR)	2.7%	2.2%	2.6%	4.0%
I-cap (EUR)	3.5%	2.9%	3.3%	4.6%
I-dis (EUR)	3.5%	2.9%	3.3%	4.6%
I-II-cap (EUR)	3.7%			3.2%
R-cap (EUR)	2.7%	2.2%	2.6%	4.0%
R-dis (EUR)	2.7%	2.2%	2.6%	4.0%
Z-cap (EUR)	3.3%	2.7%	3.1% ⁴	4.3% ⁴
Z-dis (EUR)	3.3%	2.7%	3.1% ⁴	4.3% ⁴
K-I-cap (GBP) ²	4.7%			5.1%
K-I-dis (GBP) ²	4.6%	3.8%	4.0%	4.9%
K-Z-cap (GBP) ²	4.4%	3.6%	3.7% ⁴	4.6% ⁴
K-Z-dis (GBP) ²	4.5%	3.6%	3.8% ⁴	4.5% ⁴

² The GBP-denominated share classes are hedged against the euro.

³ NAV per share is based on share prices as per December 31, 2019, i.e. the last price at which shares were traded in the reporting period.

⁴ The Z-share class and K-Z share class have a limited history. Returns prior to the launch date of the Z-share class and the K-Z-share class are based on the returns of the comparable R-share class and the K-B-share class (which was closed on June 30, 2017) respectively.

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Report of the Alternative Investment Fund Manager

General Information

Legal structure

Triodos Microfinance Fund (the fund) was launched in March 2009 as a sub-fund of Triodos SICAV II. The fund has a semi open-end fund structure and is not listed on any stock exchange. Triodos Microfinance Fund has euro- as well as British pound-denominated share classes for (i) retail investors, (ii) institutional investors and (iii) private banks and other investors who do not have access to the retail or institutional share classes.

Triodos SICAV II was incorporated under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) in the form of a “société anonyme” on April 10, 2006, for an unlimited period. Triodos SICAV II is governed by Part II of the Luxembourg Law of December 17, 2010, as amended. Triodos SICAV II is an alternative investment fund (AIF) subject to the requirements of Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Managers (AIFMD), as implemented in Luxembourg through the law of July 12, 2013 on alternative investment fund managers. Triodos SICAV II, including its sub-funds, is supervised by the Luxembourg regulator, the Commission de Surveillance du Secteur Financier (CSSF). The registered office of Triodos SICAV II is established at 11-13, Boulevard de la Foire, L-1528 Luxembourg. Triodos SICAV II is set-up as an umbrella fund with two sub-funds. The capital of the SICAV is denominated in EUR.

Investment policy

Triodos Microfinance Fund primarily invests, either directly or indirectly, in microfinance institutions (MFIs), banks that provide funding to small and medium-sized enterprises (SME FIs) and other relevant financial institutions with a solid track record that have gone through the first phase of rapid growth and are financially sustainable. The fund is also allowed to invest in greenfield MFIs. In most cases, institutions will be supervised by the relevant local government authorities.

Triodos Microfinance Fund invests in equity, subordinated debt, senior debt and other debt instruments of qualifying financial institutions. The fund will generally take minority equity positions in its investee companies. The fund's investments are denominated in US dollars, euros and/or local currencies. The geographic focus of the fund is on developing countries and emerging economies.

Alternative Investment Fund Manager

The Board of Directors of Triodos SICAV II has appointed Triodos Investment Management BV (Triodos Investment Management) as the Alternative Investment Fund Manager (AIFM) of Triodos SICAV II. Triodos Investment Management is incorporated under the laws of the Netherlands and is a wholly-owned subsidiary of Triodos Bank NV (Triodos Bank). Triodos Investment Management is supervised by the Dutch regulator, Autoriteit Financiële Markten (AFM). The Management Board of Triodos Investment Management consists of:

Jacco Minnaar (Chair)
Kor Bosscher
Dick van Ommeren

Depositary and Paying Agent, Domiciliary, Corporate and Administrative Agent, Registrar and Transfer Agent

RBC Investor Services Bank SA (RBC Investor Services Bank) has been appointed as depositary for Triodos SICAV II. Furthermore, RBC Investor Services Bank acts as Paying Agent, Domiciliary, Corporate and Administrative Agent, and Registrar and Transfer Agent for Triodos SICAV II.

Market developments

Global gross domestic product (GDP) has been growing below trend in 2019. The growth rate of the world economy decreased from 3.5% in 2018 to around 2.9% in 2019, with developed economies growing at a rate of 1.7% (2018: 2.3%). The economies of the US, the UK and eurozone experienced a synchronised growth slowdown, mainly due to stalling global trade and a global manufacturing downturn. The Japanese economy slightly improved during 2019, though the growth rate remained in a low gear.

Economic growth in emerging and developing economies slowed to a rate of 3.9% in 2019 (2018: 4.5%). Growth in China came under pressure and slowed to 6.2% (2018: 6.6%) as the trade war with the US intensified and the government simultaneously tried to reduce its debt level. Other key economies such as Argentina, Brazil, India, Iran, Mexico, Turkey and Russia all performed below par in 2019, as most of them experienced severe financial pressure. In Latin American countries, political unrest put a brake on economic growth. Tensions in the Middle East, sanctions of the US on Venezuela and Iran, continued strong US production and weak global demand were the main drivers of an increase in the oil price, though there were no sharp spikes during the year.

Currencies

In 2019, the US dollar continued its appreciation, strengthening by 2.3% against the euro over the full year. Emerging market currencies that are pegged to the US dollar, such as the Bolivian boliviano and the Jordanian dinar, also strengthened over the year. Overall, most currencies in the portfolio strengthened, with the exception of the Georgian lari (-4.2%), Ghanaian cedi (-12.4%), Indian rupee (-0.5%) and Uzbek som (-10.2%).

The financial inclusion sector continues to evolve

In line with last year, the topic of financial technology (fintech) and digitisation remain centre stage in the financial inclusion industry. With total global investments of 38 billion US dollars in these sectors

for the first half of the year alone, 2019 is expected to be the second highest investment-rich year after an all-time record in 2018¹. This is also echoed in the Financial Inclusion Compass 2019 survey², where digital transformation and digital innovations were ranked first and third of the top trends in the sector, respectively. While most of this capital is raised by fintechs serving urban, middle-high class customers with a strong focus on consumer finance, there is a need for investments in responsible fintechs specifically serving underserved, low-income consumers in rural areas. Though most of the attention in recent years has been towards the impact of new digital products, such as mobile wallets, mobile money transfer, peer-to-peer and other alternative lending platforms), digitisation of existing operations is an important consideration for traditional MFIs and banks to embrace digital transformation, building upon their relationships and customer understanding. The appearance of an increasingly wider array of digital financial products on the market is setting higher expectations, with customers clearly preferring a combination of high technology (high tech), coupled with a highly personal customer service (high touch). As an impact investor, Triodos Investment Management adheres to a fintech approach that focuses on 'responsible fintech', promoting a responsible approach among new players, while also promoting digitisation among incumbents.

The topic of client protection, which has shaped the development of the sector since the early days of microfinance, remained a key debate on the financial inclusion agenda. Recent media attention surrounding malpractices in the Cambodian microfinance sector confirm the fundamental importance of adopting and continuously developing strong responsible finance practices and solid client protection standards. Unsurprisingly, the increasing digitisation of the sector is also pointing out to the need for further attention on specific

¹ The pulse of Fintech 2019, <https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/07/pulse-of-fintech-h1-2019.pdf>

² The financial inclusion Compass 2019, <http://www.e-mfp.eu/sites/default/files/resources/2019/11/Financial%20Inclusion%20Compass%202019.pdf>

risks introduced by digital technologies, such as data protection and privacy. As the development of client protection practices has not kept up with the recent innovation pace, a number of initiatives have mushroomed in the sector to address this gap, including the Social Performance Task Force digital credit guidelines and the investor guidelines for responsible funding of inclusive digital financial services. These initiatives have been a collaborative approach of a wide range of several stakeholders in the sector, including Triodos Investment Management.

The diversification of investments beyond microfinance keeps growing, with the share of investments in agriculture finance, SME financing, housing finance and access to energy increasing across the sector³. In this spirit, Triodos Microfinance Fund continued the diversification of its impact portfolio by adding institutions focusing on addressing access gaps to specific basic needs, such as education and clean energy. Through different business models, all of these institutions aim to foster financial inclusion and access to basic needs, thereby contributing to the achievement of the Sustainable Development Goals.

Investments

Triodos Microfinance Fund's investment portfolio grew by 9.5% to EUR 372.8 million (2018: EUR 340.6 million), which represents 85.2% of the fund's net assets of EUR 437.8 million (2018: EUR 371.5 million). The fund made 52 disbursements (senior debt, subordinated debt and equity) in 2019 (2018: 48), for a total amount of EUR 63.2 million (2018: EUR 48.1 million). The geographical spread of the fund was further diversified through the addition of two new countries: Armenia and the Philippines. In 2019, the fund also fully divested from Azerbaijan, after receiving final repayments on two outstanding loan facilities (see also the provisions paragraph).

During 2019, the fund added 11 new debt investments in MFIs, SME banks, leasing and

fintech companies in Africa, Asia, Latin America, and Central Asia to its portfolio and one new equity investment in an MFI in Africa, which are the following companies:

- ACBA - Credit Agricole Bank, Armenia
- First MicroCredit Company (FMCC), Kyrgyzstan
- HUMO, Tajikistan
- Lulalend, South Africa
- Microfund for Women, Jordan
- Maha Agriculture Microfinance, Myanmar
- Modalku, Indonesia
- Ohe Puhunan, The Philippines
- SA Taxi, South Africa
- Shiksha Finance, India
- Thardeep, Pakistan
- Centenary Bank, Uganda (equity)

The equity portfolio grew by 19.6%, from EUR 96.3 million in 2018 to EUR 115.2 million in 2019, representing 26.3% of the net assets of the fund on December 31, 2019 (2018: 25.9%). The growth of the equity portfolio was primarily due to a strong performance as well as expansion through several follow-up investments in existing investees. The fund also took an equity stake in Centenary Bank, the largest Ugandan MFI with a strong focus on small-scale farming and rural communities.

Overall, the performance of the equity investees was strong and continued to show an upward trend. The equity stakes in Bolivia, Uganda, India, and Kazakhstan were the top performers in the year. At the same time, the fund marked down its equity stake in Cambodia to reflect, inter alia, a change in fiscal regime in Cambodia.

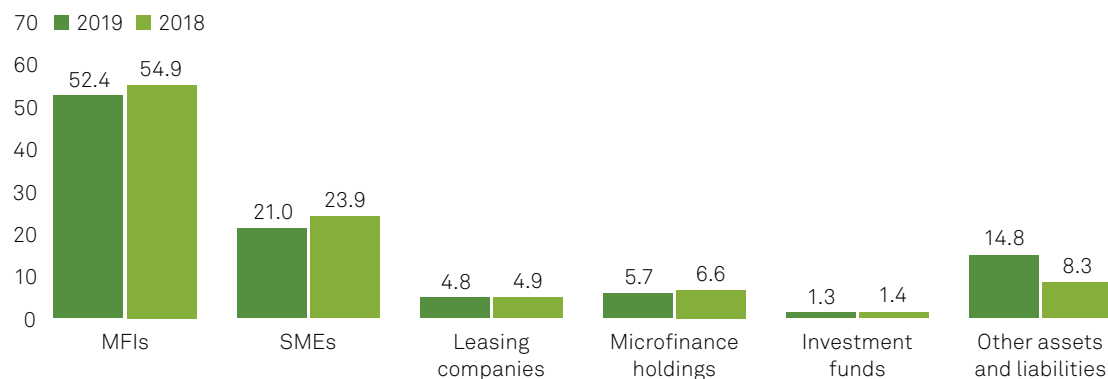
In addition to the overall positive operational performance, the appreciation of local currencies, particularly the Tunisian dinar and the Kyrgyz som, had a positive impact on the valuation of the investments, whereas the change in value of the Georgian lari, Indian rupee and Ghanaian cedi had a negative impact. The net effect of currency movements was positive. The effect on the investments in US dollar was offset by the hedging contracts that are in place.

³ Symbiotics platform, <https://www.syminvest.com/papers>

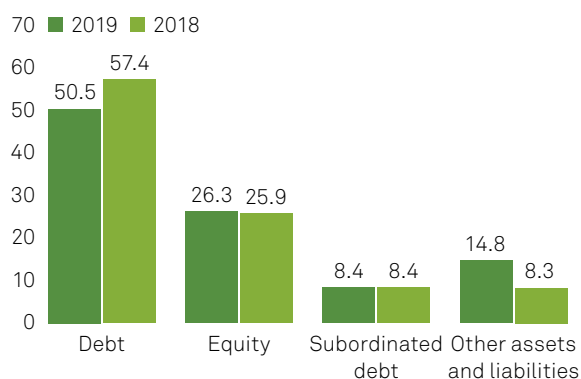
Fund data

	December 31, 2019	December 31, 2018
Net assets (EUR)	437,803,876	371,492,510
Portfolio value (EUR)	372,819,868	340,611,831
Number of investment funds	3	3
Number of SME financial institutions	22	23
Number of MFIs	68	62
Number of microfinance holdings	5	5
Number of leasing companies	5	4
Number of loans	128	116
Number of subordinated loans	17	13
Number of equity investments	18	19
Number of countries	43	42

Types of institutions (% of fund's net assets)



Asset allocation (% of fund's net assets)



Results

Financial results

Triodos Microfinance Fund's net assets grew by 17.8% to EUR 437.8 million at the end of 2019 (2018: EUR 371.5 million). The 2019 net result of Triodos Microfinance Fund amounts to EUR 13.8 million (2018: EUR 15.7 million).

The fund's interest income from loan investments in 2019 was EUR 23.6 million (2018: EUR 22.3 million). Dividend income from equity investments in 2019 was EUR 3.9 million (2018: EUR 2.2 million).

The net change in unrealised appreciation of investments was EUR 10.5 million for both debt and equity investments (net change in unrealised appreciation of investments in 2018: EUR 14.3 million). The realised gains on investments amounted to EUR 2.1 million (2018: EUR 1.6 million), and the realised losses on investments amounted to EUR 3.8 million (2018: EUR 3.7 million), of which 2.1 million (2018: EUR 1.8 million) constituted currency exchange losses on loans maturing during the year. During 2019, the fund suffered a net loss of EUR 6.2 million on foreign exchange contracts (2018: EUR 6.0 million).

Total operating expenses in 2019 came to EUR 8.7 million (2018: EUR 7.6 million). Most of these expenses consist of management, distribution and service fees, which rose to EUR 7.3 million (2018: EUR 6.8 million). This increase is in line with the growth of the net assets of the fund.

Provisions

The fund fully reversed provisions for an institution in Azerbaijan after receiving repayment of principals as part of the liquidation process. Provision levels were increased for three institutions in Nicaragua following the political unrest that plunged the country into recession. As at December 31, 2019, the total provisions for loans outstanding decreased to EUR 3.9 million, 0.9% of the fund's net assets (2018: EUR 4.2 million, 1.1% of the fund's net assets).

Return

In 2019, the EUR-denominated institutional share class generated a return of 3.5% (2018: 4.4%). The equity and debt portfolios contributed positively to the fund's overall return, both through strong performance of the underlying investments and because of an overall appreciation of currencies in the portfolio against the euro. Hedging contracts, on the other hand, had a negative impact and offset

Return based on net asset value (NAV) per share¹

Share class	1-year return p.a.	3-year return p.a.	5-year return p.a.	10-year return p.a.	Return p.a. since inception
B-cap (EUR)	2.7%	2.2%	2.6%	4.1%	4.0%
B-dis (EUR)	2.7%	2.2%	2.6%	4.1%	4.0%
I-cap (EUR)	3.5%	2.9%	3.3%	4.9%	4.6%
I-dis (EUR)	3.5%	2.9%	3.3%	4.9%	4.6%
I-II-cap (EUR)	3.7%				3.2%
R-cap (EUR)	2.7%	2.2%	2.6%	4.1%	4.0%
R-dis (EUR)	2.7%	2.2%	2.6%	4.1%	4.0%
Z-cap (EUR)	3.3%	2.7%	3.1% ²	4.5%	4.3% ²
Z-dis (EUR)	3.3%	2.7%	3.1%	4.5%	4.3%
K-I-cap (GBP) ³	4.7%				5.1%
K-I-dis (GBP) ³	4.6%	3.8%	4.0%	5.3%	4.9%
K-Z-cap (GBP) ³	4.4%	3.6%	3.7% ²		4.6% ²
K-Z-dis (GBP) ³	4.5%	3.6%	3.8% ²		4.5% ²

¹ NAV per share is based on share prices as per December 31, 2019, i.e. the last price at which shares were traded in the reporting period.

² The Z-share class and K-Z-share classes have a limited history. Returns prior to the launch date of the Z-share class and the K-Z-share classes are based on the returns of the comparable R-share classes and the K-B-share classes (which were closed on June 30, 2017) respectively.

³ The GBP-denominated share classes are hedged against the euro.

unrealised and realised gains due to currency movements. Interest income from the debt portfolio continued to increase compared to the previous year, in line with the growth of the debt portfolio. The return was furthermore positively affected by the partial reversal of provisions.

Differences in performance between the share classes are mainly attributable to the different management fees and to currency hedging for the GBP-denominated share classes.

Liquidity

Triodos Microfinance Fund aims to retain sufficient buffers in cash or cash equivalents to be able to facilitate redemptions in the fund. The fund's liquidity ratio at year-end 2019 amounted to 16.5% of the fund's net assets (2018: 9.5% of the fund's net assets). See also the Risks paragraph.

Costs

The largest item in the cost structure of Triodos Microfinance Fund is the management fee paid to the AIFM, Triodos Investment Management. The AIFM uses this fee primarily to cover staff-related costs, including travel expenses incurred in connection with the labour-intensive investment process. This is particularly true for the management of the fund's equity investments, which requires frequent trips to the countries where investments are made. The lead times for first investments are relatively long because of the thorough due diligence analysis that is required. Other costs include the fees paid to RBC Investor Services Bank for their depositary and administrative services.

The ongoing charges for Triodos Microfinance Fund, which include the management fee, ranged from 1.80% to 1.96% for the institutional share classes (2018: 1.78% to 1.93%) and from 2.13% to 2.72% for the other share classes (2018: 2.12% to 2.61%) as per December 31, 2019. More detailed information about management fees and ongoing charges can be found on pages 35 and 44.

Risks

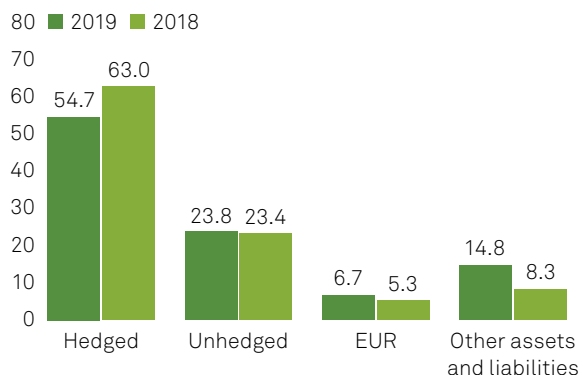
Investments in Triodos Microfinance Fund are subject to several risks, which are described in detail in the particulars relating to the sub-fund included in the prospectus of Triodos SICAV II. Some of the relevant risks are highlighted below.

Currency risk

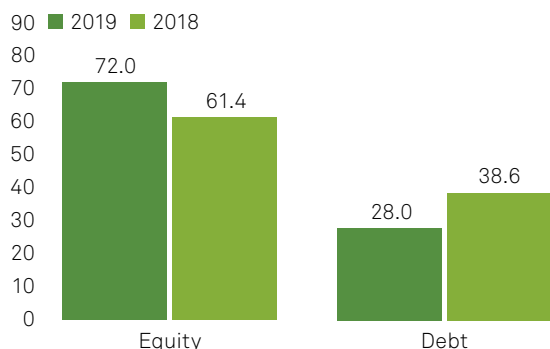
Currency risk is the risk that changes in exchange rates may have a negative impact on the fund's profits and assets. The reference currency for Triodos Microfinance Fund is the euro, whereas investments may be denominated in foreign currencies. Exposure to volatile exchange rates can affect the value of the investments and the fund's assets. Triodos Microfinance Fund is therefore exposed to currency risk. The currency risk is mitigated by restrictions on the relevant exposures and, where feasible and economically viable, by the use of hedging instruments. The fund's investments denominated in unhedged local currencies are restricted to a maximum of 60% of the fund's net assets. Furthermore, the unhedged exposure to any single local currency is limited to a maximum of 10% of its net assets. Currency exposures in the loan portfolio are mostly hedged, whereas currency exposures resulting from equity holdings are mainly unhedged. At year-end 2019, 78.5% of the net assets of the fund were invested in non-euro denominated assets (2018: 86.4%) and 23.3% of the net assets of the fund were invested in unhedged local currencies (2018: 22.7%). The largest single unhedged local-currency exposure as at December 31, 2019, was the Indian rupee (INR), at 4.6% of the fund's net assets (2018: 4.9%).

During 2019, the fund benefited from unrealised currency gains due to market fluctuations, totalling EUR 6.3 million (2018: unrealised gains of EUR 6.3 million). The result of the hedging contracts was negative and amounted to EUR -13.1 million, resulting in a net unrealised currency loss of EUR 6.8 million.

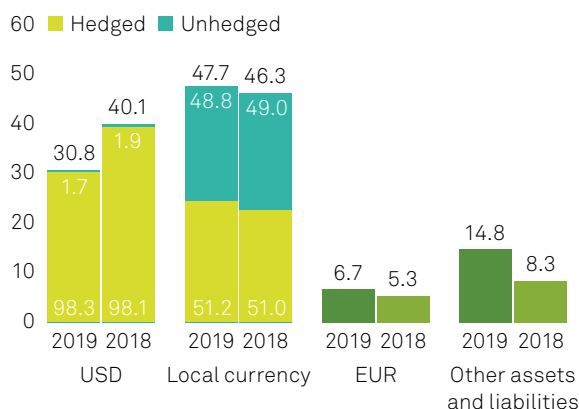
Hedged and unhedged positions (% of fund's net assets)



Allocation unhedged positions (% of unhedged positions)



Exposure by currency (% of fund's net assets)



Concentration risk

Triodos Microfinance Fund has a very specific, sector-based investment focus on microfinance and financial inclusion. The risks that are typically associated with microfinance will be spread to a limited extent only. The concentration risk is mitigated by applying an investment limit of up to 15% of the fund's net assets for securities and financing instruments issued by or provided to the same investee. The largest single investee exposure as at December 31, 2019, was ACLEDA Bank in Cambodia, representing 7.2% of the fund's net assets (2018: 9.5%).

Country risk

Country risk is the risk that political, fiscal or economic changes have a negative impact on the fund's profits and assets. Triodos Microfinance Fund invests in countries that may be subject to substantial political risks, that may be suffering from an economic recession, perhaps entailing high and rapidly fluctuating inflation, that often have poorly developed legal systems and where the standards for financial auditing and reporting may not always be in line with internationally accepted

Top ten country allocations (% of fund's net assets)

	December 31, 2019	December 31, 2018
India	12.3%	15.3%
Cambodia	8.3%	11.1%
Kazakhstan	5.6%	5.7%
Uganda	3.8%	0.7%
Uzbekistan	3.6%	2.1%
Ecuador	3.5%	4.7%
Bolivia	3.2%	3.2%
Sri Lanka	2.7%	3.9%
Peru	2.6%	3.2%
Georgia	2.6%	3.3%
Total	48.2%	53.2%

standards. The country risk is mitigated by applying an upper limit of 20% of the fund's net assets for securities and financing instruments issued by or provided to entities that operate in a single country. Representing 12.3% of the fund's net assets (2018: 15.3%), India was the fund's biggest country exposure as at December 31, 2019.

Following political and social unrest from last year, Nicaragua is becoming more stable over time. However, business confidence remains low. The fund continues to monitor the Nicaraguan portfolio intensively. As of December 31, 2019, the outstanding exposure in Nicaragua was 1.8% (2018: 3.0%).

Liquidity risk

Liquidity risk is the risk that the fund is unable to obtain the financial means necessary to meet its financial obligations at a certain point in time. Triodos Microfinance Fund aims to maintain sufficient liquid assets to meet its obligations under normal circumstances. As Triodos Microfinance Fund is a semi open-end fund, it may face large redemptions on each valuation day. This could potentially lead to a situation in which the fund needs to temporarily close for redemptions. The following measures can be taken to mitigate the liquidity risk:

- The fund aims to maintain sufficient buffers in the form of cash or cash equivalents or to offer sufficient other guarantees. The cash buffers are determined every month based on historical inflow and outflow, projections of the inflow and the results of certain stress tests.
- The investments in the fund are illiquid in nature, but can still be sold on a secondary market. Triodos Microfinance Fund has included transfer rights in its legal documentation.
- The fund may decide to temporarily close for redemptions or subscriptions by suspending or restricting the purchase and issue of shares of the fund.

On December 31, 2019, the fund held 16.5% of its net assets in cash and cash equivalents (2018:

9.5%). In 2019, Triodos Microfinance Fund received repayments of maturing loans representing 9.0% of the fund's net assets (2018: 8.6%) and received interest and dividend income on a quarterly basis. In 2019, liquidity was adequate for the fund to meet its payment obligations and facilitate the monthly subscriptions to and redemptions of its shares. Additionally, the fund may borrow up to 20% of its net assets, for which the fund has had a EUR 20 million stand-by credit facility since March 2019. Including this stand-by facility, the available cash and cash equivalents add up to 21.1% of the net assets.

Outlook

In 2020, weak global growth will likely continue. Aging populations, low productivity growth and closing output gaps are causing a growth slowdown in developed countries towards long-term potentials. In addition, continued geopolitical tensions like the frictions between the US and Iran pose a severe downside risk to global economic activity. There is some opportunity for a modest rise in the overall growth rate of emerging economies, as the US-China trade deal somewhat reduced global trade tensions. However, for most key economies this also depends on domestic (political) developments, including the US presidential election in November 2020. Asian countries are set to be the most important global growth engines of the emerging economies, even though its most important growth driver, China, goes through a structural slowdown that may continue for some years.

Continued monetary easing in advanced economies provides emerging markets the opportunity to follow trend, which could provide an economic impulse. The potential strengthening of the Brazilian and Mexican economies and softening of the contractions in Argentina and Venezuela could accelerate growth. In emerging Europe, the main reasons for an expected growth pickup are the recovery in Turkey and the improvement in Russia.

The financial inclusion market shows significant progress, with more people and businesses gaining access to the financial system. The recognition of the catalytic role that financial inclusion plays in supporting the Sustainable Development Goals and the disruption brought by technology are signs of a deep transformation of the sector, positioning access to finance as a strong means to supporting overall economic growth and meeting broader development goals. In this context of market evolution, Triodos Microfinance Fund will continue to diversify its portfolio with financial solutions to increase access to basic needs such as education, clean energy or affordable housing. The fund will also continue to promote digitisation and innovative solutions to accelerate financial inclusion.

COVID-19

The Risk management section refers to the impact of COVID-19 on Triodos Investment Management and its funds. Since the situation and the impact of COVID-19 may differ per day, the actual impact that COVID-19 may have on the fund is difficult to predict and cannot be foreseen. At this point in time, the impact on the fund - and more specifically the fund's operations - is assumed to be limited.

Additional information Triodos SICAV II

Risk Management

Operational risks

Triodos Investment Management ensures adequate control of relevant risks. The management company has therefore established an integral risk management system, which includes the risk management policy of each of the sub-funds of Triodos SICAV II and the risk management framework of the management company. The non-financial risks consist of operational risks and compliance risks. Operational risks are the risks of damage resulting from inadequate or failed internal processes, people and systems or from external events. Compliance risks are the risks related to failure to (timely) comply with laws and regulations.

These risks are determined, measured, managed and monitored on an ongoing basis by means of appropriate procedures and reporting methods. For the risk assessment, Triodos Investment Management uses a risk appetite based on the risk appetite on Triodos group level.

The risk control framework was developed on the basis of the 'three-lines-of-defence' model. The executive function of the management company, the risk management function and the internal audit function operate independently. The risk management function is functionally and hierarchically separated from the portfolio management function.

Risk management function

Triodos Investment Management has a Risk & Compliance Management application which allows for an integral management of all risk related matters.

It holds our Risk and Control framework, our internal Control Testing and the outcomes thereof, our procedures regarding Risk Event Management, as well as the outcomes of our so-called "Risk and Control Self-Assessments", including the translation of the outcomes of these sessions into our Risk and Control framework. The application provides an adequate audit trail on all fields mentioned above.

For new co-workers, Triodos Investment Management organizes knowledge sessions and an awareness training.

Valuation risk

In order to ensure an independent, sound, comprehensive, consistent and auditor-approved valuation methodology, Triodos Investment Management has implemented a comprehensive valuation framework including valuation methodologies and procedures. This framework sets out general requirements regarding the selection, implementation and application of valuation methodologies and techniques for all asset types, considering the varied nature of asset types and the related market practices for the valuation of these assets. In addition, this framework sets out

the requirements regarding the valuation function at the sub-fund level. It ensures consistent procedures regarding the selection, implementation and application of valuation methodologies and ensures a consistent approach to the valuation function, independent valuation committees and, in some cases, the use of external valuers at the sub-fund level.

Valuation risk refers to the risk that the values of assets do not reflect their fair market value because valuations are based on infrequent market-based data, assumptions and peer group comparisons. As the sub-funds of Triodos SICAV II invest almost exclusively in assets that are not traded on a regulated market and are not listed on any stock exchange, its investments may not have readily available prices and may be difficult to value. In order to determine the value of these investments, the sub-funds employ a consistent, transparent and appropriate valuation methodology.

Risk profile

The sub-funds of Triodos SICAV II each have a sector-specific focus and generally invest in risk-bearing, non-listed assets that cannot be made liquid in the short term and therefore have a relatively high-risk profile. In most cases, added value in the sub-funds is generated over the longer term. An investment in the sub-funds of Triodos SICAV II therefore requires a medium to long-term investment horizon of the investor. In general, the sub-funds of Triodos SICAV II will only take on such risks that are deemed reasonable to achieve their investment objectives. The sub-funds of Triodos SICAV II have different risk profiles. There is no guarantee that the sub-funds will achieve their objectives, due to market fluctuations and other risks to which the investments are exposed.

ISAE 3402

The objective of an ISAE 3402 Assurance Report is to provide assurance about the quality of the control measures related to the services provided. The ISAE 3402 guideline provides two types of reports. An ISAE 3402 type I report provides assurance about the design and the implementation of control

measures. An ISAE 3402 type II report does not only provide assurance about the design and implementation of control measures, but also about the operating effectiveness (adequate functioning) of the implemented control measures. These reports are issued by an external auditor.

On March 5, 2019, Triodos Investment Management obtained an ISAE 3402 type II report for the period January 1, 2019 until December 31, 2019. During this period, a control measure regarding the timely review of investments made by the Alternative Investment Funds of Triodos Investment Management did not operate effectively. As a result, the auditor issued a qualified opinion related to the non-achievement of two control objectives. In the ISAE report, Triodos Investment Management explains that some of the periodic investment reviews in 2019 were indeed performed with a delay. Throughout the reporting period, the underlying risk was addressed by periodic checks on loan covenants, arrears on payments and valuation / impairment assessments. Triodos Investment Management has taken the necessary steps to perform the overdue reviews and to ensure timely review in accordance with the implemented control measures going forward.

Solvency

Triodos Investment Management meets the minimum solvency requirements for asset managers. This makes Triodos Investment Management a solid party that is sufficiently able to absorb setbacks.

COVID-19

Triodos Investment Management considers the COVID-19 Pandemic as a significant event after closing the Annual Accounts 2019. The impact of the pandemic on people, companies and the economy at large cannot be assessed in full depth at this stage. However, for 2020 we are expecting the impact of the COVID-19 pandemic to have a downward effect on the growth of our funds and the overall growth of Triodos Investment Management. The main identified risk for Triodos Investment

Management is that a large number of employees or a highly concentrated group of employees become ill and cannot perform their duties to the extent that (critical) processes cannot be performed. The AIFM has made an inventory of the critical processes and persons and has taken appropriate measures, including that employees work from home as much as possible and that (international) travel is prohibited.

As to the impact on our funds, Triodos Investment Management expects that the impact of COVID-19 will be concentrated on the valuations of the investments and the possible outflow of investors/funds. A high level of outflow could lead to illiquidity of the funds. The current valuation processes of the funds' investments provide for periodic adjustments of the valuations - including the impact of COVID-19 on the valuations - if there is reason to do so and this impact can be quantified sufficiently. In addition, with respect to the outstanding loans, an increased credit risk is also taken into account. There is a risk that a counterparty may not be able to meet its interest and repayment obligations and therefore have a negative impact on the fund's profits and assets. This risk is also periodically evaluated – as part of the current processes – and if necessary, measures are taken and / or provisions are made.

In general, the funds managed by Triodos Investment Management are positioned well given the lower correlation with stock market developments for a large number of our funds and the cautious asset allocation that was already in place. However, in times of crisis correlations can and will likely increase. Outstanding loans may also have been provided with securities that mitigates (in part) the credit risk.

It should be noted that financial return is not the primary objective of the funds. The impact on people and nature prevails and this objective is often accompanied by a long-term investment horizon. The AIFM therefore expects that the potential outflow of participants / shareholders will be relatively limited.

For the above-mentioned reasons, the AIFM assumes that there is no material uncertainty regarding the continuity of its funds.

Remuneration policy

Triodos Bank and Triodos Investment Management believe good and appropriate remuneration for all its co-workers is very important. The core elements of the international remuneration policy of Triodos Bank are set out in the Principles of Fund Governance, which can be accessed via www.triodos-im.com. The wage system used by Triodos Bank and as per January 1, 2019 also used by Triodos Investment Management does not include bonuses or share option schemes. Financial incentives are considered an inappropriate way to motivate and reward co-workers. Variable remuneration is therefore limited. The Management Board of Triodos Investment Management annually assesses the remuneration policy. Identified staff include all co-workers who may influence the risk profile of the sub-funds. Besides the members of the Management Board of Triodos Investment Management, these include the fund manager and the managers of support departments.

In 2019, the total remuneration of the 186 co-workers working for Triodos Investment Management amounted to EUR 18,199,737 (2018: 186 co-workers, EUR 17,305,929). The increase in remuneration of 2019 versus 2018 can entirely be explained by a combination of a yearly increase in wages, a CLA impact and an increase in variable remuneration. The increase in variable remuneration is mainly caused by an increase in the number of one-off payments to leaving co-workers due to the termination of specific activities by the management company in 2019, and does not concern an increase in bonuses or distribution of profits.

Based on Article 22(2) of the AIFMD and section XIII (Guidelines on disclosure) of the 'ESMA Guidelines on sound remuneration policies under the AIFMD', AIFMs are required to at least disclose information about their remuneration practices for co-workers whose professional activities have a material

Triodos Investment Management

Applicable for the year 2019 (remuneration in EUR)	Co-workers at AIFM		'Identified staff' in senior management positions		Other identified staff	
	2019	2018	2019	2018	2019	2018
<i>Number of staff</i>	186	186	9	8	24	24
<i>Average FTEs</i>	158.3	158.6	8.8	8.3	20.2	22.1
Fixed remuneration	17,696,169	17,180,253	1,817,487	1,624,019	2,898,463	3,162,612
Variable remuneration	503,568	125,676	396,376	0	15,941	75,590
Total remuneration	<u>18,199,737</u>	<u>17,305,929</u>	<u>2,213,863</u>	<u>1,624,019</u>	<u>2,914,404</u>	<u>3,238,202</u>

Triodos Microfinance Fund

Applicable for the year 2019 (remuneration in EUR)	Co-workers directly involved in Triodos Microfinance Fund		'Identified staff' in senior management positions		Other identified staff	
	2019	2018	2019	2018	2019	2018
<i>Number of staff involved</i>	42	42	7	7	10	10
<i>Average FTEs</i>	26.1	26.2	1.1	1.3	2.2	2.7
Fixed remuneration	2,743,492	2,683,651	257,527	250,986	353,229	407,116
Variable remuneration	108,164	17,750	81,937	0	2,354	16,131
Total remuneration	<u>2,851,656</u>	<u>2,701,401</u>	<u>339,464</u>	<u>250,986</u>	<u>355,583</u>	<u>423,247</u>

impact on its risk profile (so-called 'identified staff'). The tables below provide an overview of the total remuneration, broken down into fixed and variable remuneration, and the remuneration of the senior management and the identified staff. The cost allocation model of the AIFM is used for the allocation of staff to Triodos Microfinance Fund. In 2018, Triodos Investment Management improved its allocation method for the allocation of indirect costs using the principles of Activity Based Costing. As of 2018, indirect expenses are allocated using a key three components approach (FTE, income and Assets under management). As these tables are

intended to show the remuneration of co-workers, all other costs incurred by the AIFM, such as housing, workplace and travel costs and the cost of outsourced activities and external consultants, are excluded. The amounts shown in the tables include income tax, social security contributions, pension contributions and tokens of appreciation.

Triodos Investment Management may provide additional bonuses to co-workers up to a maximum of one month's salary. These so-called tokens of appreciation are for extraordinary achievements and are at the discretion of management in consultation with Human Resources. Such a token is not based on

pre-set targets and is always offered in retrospect. An annual collective token of appreciation may be paid for the overall achievements and contribution of all co-workers. This very modest amount is the same for all co-workers, with a maximum of EUR 500 per co-worker. This amount may be paid in cash or in Triodos Bank NV depository receipts. In 2019 and 2018, no collective end-of-year token of appreciation was awarded. In 2018 and 2019, there are no co-workers at Triodos Investment Management with a total remuneration of EUR 1 million or more. Triodos SICAV II does not have any co-workers.

Report of the Board of Directors

The Board of Directors of Triodos SICAV II is responsible for Triodos SICAV II and each of its sub-funds. The Board aims to protect the best interests of investors, for example by overseeing the implementation of the defined strategy of each sub-fund, and by overseeing the AIFM, the auditor, and other service providers.

Board composition

In 2019, there were no changes to the composition of the Board of Directors. As at December 31, 2019, the Board of Directors consisted of:

Director	Qualification	Appointed in
Garry Pieters*	Independent director, Class-P director	2012
Monique Bachner	Independent director, Class-P director	2016
Marilou van Golstein Brouwers	Independent director, Class-P director	2010
Corinne Molitor	Independent director	2018
Jeroen Smakman	Class-P director	2017

* Chair of the Board since June 24, 2016

Biographies of the Directors are included in chapter 'Management and Administration'.

Board committees

The Board of Directors does not currently consider it necessary to create committees.

Board meetings

The Board of Directors meets at least four times a year. Additional meetings are arranged when necessary. In 2019, four regular Board meetings and four additional meetings were held. At each regular Board meeting, the AIFM, Triodos Investment Management, also reports on various topics, amongst others, the state of affairs of the sub-funds, anti-money laundering and 'know your customer' matters, regulatory changes, marketing and sales activities, investment compliance monitoring and risk management.

Attendance of the Board meetings

Director	Meetings attended
Garry Pieters	8
Monique Bachner	8
Marilou van Golstein Brouwers	8
Corinne Molitor	8
Jeroen Smakman	8

On December 3, 2019, the assets of Triodos Renewables Europe Fund and Triodos Organic Growth Fund were transferred to new alternative investment sub-funds in the Netherlands. More information on the restructuring of those funds is provided in the Additional information Triodos SICAV II paragraph of the Report of the AIFM and in the Notes to the financial statements.

Conflicts of interest

At each Board meeting, the Directors declare whether there are conflicts of interest regarding agenda items. A Director who has conflicts of interest relating to an agenda item will declare such conflicts and abstain from voting on any decisions relating to that agenda item. Following its conflicts of interest policy, the Board also monitors potential conflicts by maintaining a conflicts of interest register.

Board remuneration

According to the remuneration policy of Triodos SICAV II, each of the Directors not employed by the Triodos Group, has been paid an equal fixed annual remuneration. The Board believes the remuneration of the Board reflects its responsibilities and experience and is fair given the size and complexity of Triodos SICAV II. The remuneration of the Directors is disclosed in the notes to the financial statements and approved annually by the shareholders at the Annual General Meeting of shareholders. There was no change to the Director remuneration proposed during the Annual General Meeting of 2019. Details on the remuneration paid to directors are provided in the Notes to the Financial Statements.

Annual General Meeting of shareholders

The Annual General Meeting of shareholders was held in Luxembourg on April 24, 2019. During this meeting, the shareholders:

- received the management report of the Board of Directors and the report of the auditor for the financial year ended December 31, 2018;
- approved the audited statements of assets and liabilities and the statement of operations for the financial year ended December 31, 2018;
- approved the allocation of the net results for the financial year ended December 31, 2018;
- granted full discharge to the members of the Board of Directors with respect to their performance of duties for all or part of the financial year ended December 31, 2018;
- re-elected PricewaterhouseCoopers Société coopérative Luxembourg as the auditor to serve for the financial year ending December 31, 2019, and
- approved the remuneration of Directors for the financial year ending December 31, 2019.

No other meetings of shareholders were held in 2019.

Complaints handling policy

Triodos SICAV II has a complaints handling policy to ensure proper handling of complaints as and when they may arise. Triodos SICAV II has appointed a Complaints Handling Officer, who is responsible for implementation of the complaints handling policy.

The complaints handling policy is available upon request and available on www.triodos-im.com. During 2019, the Complaints Handling Officer did not receive any complaints relating to Triodos SICAV II.

Complaints can be submitted in writing to:

Triodos SICAV II
Attention: Complaints Handling Officer
11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand-Duché de Luxembourg
E-mail address: TriodosIM@triodos.com

Best practices

The Board of Directors aspires to best practices and good governance. For example, the Board has made efforts to ensure the diversity of its members, in terms of gender, complementary experience and expertise, and a good representation of independent Directors. The Board of Directors conducts periodic self-assessments in which it reflects on its performance and strategy.

The Board of Directors has adhered to the principles of the ALFI Code of Conduct and monitors its application.

Luxembourg, April 2, 2020

The Board of Directors of Triodos SICAV II

Garry Pieters (Chair)

Monique Bachner

Marilou van Golstein Brouwers (until February 1, 2020)

Corinne Molitor

Jeroen Smakman

Summary of annual accounts 2019

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Statement of net assets as at December 31, 2019

(amounts in EUR)	Notes	December 31, 2019	December 31, 2018
Assets			
Fixed assets			
Investment in financial assets (Historic cost: EUR 335,387,987 as at December 31, 2019, EUR 313,032,301 as at December 31, 2018)	2	367,006,965	334,177,669
Current assets			
Cash and cash equivalents		81,089,811	40,911,908
Net unrealised gain on swap contracts	10	–	158,039
Interest receivable	2	5,812,903	6,434,162
Other current assets		22,416	53,030
Total assets		453,932,095	381,734,808
Liabilities			
Liabilities due within one year			
Net unrealised loss on swap contracts	10	118,333	–
Net unrealised loss on forward foreign exchange contracts	9	13,747,022	5,849,651
Investment management, distribution and service fees payable	5	2,006,196	1,722,563
Accounts payable and accrued expenses	8	256,668	2,670,084
Total liabilities		16,128,219	10,242,298
Net assets		437,803,876	371,492,510

The accompanying notes form an integral part of these financial statements.

Statement of operations for the year ended December 31, 2019

(amounts in EUR)	Notes	December 31, 2019	December 31, 2018
Income			
Dividend income	2	3,860,427	2,231,509
Interest on loans	2	23,647,789	22,281,967
Bank interest		12,113	3,573
Other income	6	529,673	473,569
Total income		28,050,002	24,990,618
Expenses			
Investment management, distribution and service fees	5	7,265,487	6,782,591
Administrative and depositary fees	4	295,584	307,034
Audit and reporting expenses		49,837	41,707
Other interest paid		–	238,883
Other expenses	7	1,058,197	248,244
Total expenses		8,669,105	7,618,459
Net operating income/(loss)		19,380,897	17,372,159
Realised gain on investments		2,142,423	1,565,618
Realised loss on investments		(3,800,286)	(3,713,521)
Realised gain on swap contracts		259,594	462,564
Realised loss on swap contracts		(5,525,211)	(359,130)
Realised gain on forward foreign exchange contracts		8,174,044	2,939,175
Realised loss on forward foreign exchange contracts		(9,520,827)	(8,968,104)
Realised gain on foreign exchange		797,365	464,846
Realised loss on foreign exchange		(417,967)	(982,689)
Change in net unrealised appreciation on investments		10,473,610	14,320,858
Change in net unrealised depreciation on investments		–	(150,885)
Change in net unrealised depreciation on swap contracts		(276,372)	(1,376,720)
Change in net unrealised appreciation on forward foreign exchange contracts		–	70,059
Change in net unrealised depreciation on forward foreign exchange contracts		(7,897,371)	(5,904,784)
Net increase/(decrease) in net assets resulting from operations		13,789,899	15,739,446

The accompanying notes form an integral part of these financial statements.

Statement of changes in net assets for the year ended December 31, 2019

(amounts in EUR)	December 31, 2019	December 31, 2018
Operations		
Net operating income/(loss)	19,380,897	17,372,159
Realised gain on investments	2,142,423	1,565,618
Realised loss on investments	(3,800,286)	(3,713,521)
Realised gain on swap contracts	259,594	462,564
Realised loss on swap contracts	(5,525,211)	(359,130)
Realised gain on forward foreign exchange contracts	8,174,044	2,939,175
Realised loss on forward foreign exchange contracts	(9,520,827)	(8,968,104)
Realised gain on foreign exchange	797,365	464,846
Realised loss on foreign exchange	(417,967)	(982,689)
Change in net unrealised appreciation on investments	10,473,610	14,320,858
Change in net unrealised depreciation on investments	–	(150,885)
Change in net unrealised depreciation on swap contracts	(276,372)	(1,376,720)
Change in net unrealised appreciation on forward foreign exchange contracts	–	70,059
Change in net unrealised depreciation on forward foreign exchange contracts	(7,897,371)	(5,904,784)
Net increase/(decrease) in net assets resulting from operations	<u>13,789,899</u>	<u>15,739,446</u>
Capital transactions		
Capital subscriptions		
I Capitalisation Share Class (EUR)	61,087,454	13,890,132
I Distribution Share Class (EUR)	7,214,303	4,997,934
B Capitalisation Share Class (EUR)	10,036	–
B Distribution Share Class (EUR)	2,761,881	132,170
R Capitalisation Share Class (EUR)	6,874,334	4,722,479
R Distribution Share Class (EUR)	3,315,173	3,150,205
K-Institutional Capitalisation Share Class (GBP)	1,428,250	900,900
K-Institutional Distribution Share Class (GBP)	1,429,995	134,830
K-Z Capitalisation Share Class (GBP)	45,538	131,747
K-Z Distribution Share Class (GBP)	121,970	–
Z- Capitalisation Share Class (EUR)	6,364,428	3,838,148
Z- Distribution Share Class (EUR)	7,908,393	3,473,843
I-II Institutional Capitalisation Share Class (EUR)	5,000,000	–
P Capitalisation Share Class (EUR)	25	–
Total subscriptions	<u>103,561,780</u>	<u>35,372,388</u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in net assets for the year ended December 31, 2019 (continued)

(amounts in EUR)	December 31, 2019	December 31, 2018
Capital redemptions		
I Capitalisation Share Class (EUR)	(7,014,252)	(27,999,897)
I Distribution Share Class (EUR)	(9,283,325)	(3,901,356)
B Capitalisation Share Class (EUR)	(126,029)	(112,715)
B Distribution Share Class (EUR)	(543,129)	(267,943)
R Capitalisation Share Class (EUR)	(945,464)	(666,890)
R Distribution Share Class (EUR)	(814,778)	(1,970,120)
K-Institutional Capitalisation Share Class (GBP)	(71,089)	–
K-Institutional Distribution Share Class (GBP)	(172,879)	(186,411)
K-Z Capitalisation Share Class (GBP)	–	(176,557)
K-Z Distribution Share Class (GBP)	(12,075)	(67,245)
Z- Capitalisation Share Class (EUR)	(1,245,201)	(1,181,709)
Z- Distribution Share Class (EUR)	(2,528,377)	(1,656,568)
I-II Institutional Distribution Share Class (EUR)	(25,520,445)	–
Total redemptions	<u>(48,277,043)</u>	<u>(38,187,411)</u>
Net increase/(decrease) in net assets resulting from capital transactions	<u>55,284,737</u>	<u>(2,815,023)</u>
Net assets		
Net assets at the beginning of the period/year	371,492,510	365,347,204
Total increase/(decrease) in net assets	69,074,636	12,924,423
Dividend distribution (see note 11)	(2,763,270)	(6,779,117)
Net assets at the end of the period/year	<u>437,803,876</u>	<u>371,492,510</u>

The accompanying notes form an integral part of these financial statements.

Cash flow statement for the year ended December 31, 2019

(amounts in EUR)	December 31, 2019	December 31, 2018
Cash provided by operating activities		
Profit after taxation	13,789,899	15,739,446
(-) increase/(+) decrease in unrealised gains and losses on investments, forward foreign exchange contracts and swap contracts	(2,299,868)	(6,958,528)
(-) increase/(+) decrease in realised gains and losses on investments	1,657,863	2,147,903
(+) increase/(-) decrease in receivables and other assets	651,873	(1,017,526)
(+) increase/(-) decrease in payables	(2,129,783)	1,458,982
(-) Net cash from acquisitions and disposals of investments	(24,013,548)	(14,741,493)
Net cash provided by operating activities	<u>(12,343,564)</u>	<u>(3,371,216)</u>
Cash provided by financing activities		
(+) proceeds from shares issued	103,561,780	35,372,388
(-) decrease from shares redeemed	(48,277,043)	(38,187,411)
(-) distributions paid to shareholders	(2,763,270)	(6,779,117)
Net cash provided by financing activities	<u>52,521,467</u>	<u>(9,594,140)</u>
Cash		
Net increase/(decrease) in cash and cash equivalents	40,177,903	(12,965,356)
Cash at the beginning of the period/year	40,911,908	53,877,264
Cash at the end of the period/year	<u>81,089,811</u>	<u>40,911,908</u>

The accompanying notes form an integral part of these financial statements.

Statement of changes in the number of shares outstanding for the year ended December 31, 2019

	December 31, 2019	December 31, 2018
Number of Shares outstanding at the beginning of the period/year		
I Capitalisation Share Class (EUR)	3,263,174.701	3,629,471.501
I Distribution Share Class (EUR)	1,608,646.391	1,568,362.374
B Capitalisation Share Class (EUR)	5,965.486	9,100.749
B Distribution Share Class (EUR)	50,954.040	55,787.040
R Capitalisation Share Class (EUR)	856,837.348	743,507.313
R Distribution Share Class (EUR)	643,184.790	603,689.298
K-Institutional Capitalisation Share Class (GBP)	29,961.327	–
K-Institutional Distribution Share Class (GBP)	443,278.913	445,027.951
K-Z Capitalisation Share Class (GBP)	35,272.012	37,056.635
K-Z Distribution Share Class (GBP)	135,106.587	137,844.731
Z- Capitalisation Share Class (EUR)	774,661.694	684,913.505
Z- Distribution Share Class (EUR)	1,115,901.702	1,046,464.101
I-II Institutional Capitalisation Share Class (EUR)	1,915,049.798	1,915,049.798
I-II Institutional Distribution Share Class (EUR)	1,015,057.084	1,015,057.084
P Capitalisation Share Class (EUR)	–	–
Subscriptions over the period/year		
I Capitalisation Share Class (EUR)	1,518,596.542	365,030.751
I Distribution Share Class (EUR)	249,361.564	175,319.905
B Capitalisation Share Class (EUR)	266.000	–
B Distribution Share Class (EUR)	96,634.082	4,703.000
R Capitalisation Share Class (EUR)	185,146.469	131,941.138
R Distribution Share Class (EUR)	116,259.930	109,852.916
K-Institutional Capitalisation Share Class (GBP)	44,397.996	29,961.327
K-Institutional Distribution Share Class (GBP)	54,736.739	5,353.834
K-Z Capitalisation Share Class (GBP)	1,577.595	4,736.640
K-Z Distribution Share Class (GBP)	4,877.905	–
Z- Capitalisation Share Class (EUR)	206,458.378	129,951.189
Z- Distribution Share Class (EUR)	298,049.354	132,430.016
I-II Institutional Capitalisation Share Class (EUR)	183,755.972	–
I-II Institutional Distribution Share Class (EUR)	–	–
P Capitalisation Share Class (EUR)	1.000	–

The accompanying notes form an integral part of these financial statements.

Statement of changes in the number of shares outstanding for the year ended December 31, 2019 (continued)

	December 31, 2019	December 31, 2018
Redemptions over the period/year		
I Capitalisation Share Class (EUR)	176,615.122	731,327.551
I Distribution Share Class (EUR)	321,325.932	135,035.888
B Capitalisation Share Class (EUR)	3,442.486	3,135.263
B Distribution Share Class (EUR)	19,032.273	9,536.000
R Capitalisation Share Class (EUR)	25,768.000	18,611.103
R Distribution Share Class (EUR)	28,504.464	70,357.424
K-Institutional Capitalisation Share Class (GBP)	2,128.468	–
K-Institutional Distribution Share Class (GBP)	6,731.524	7,102.872
K-Z Capitalisation Share Class (GBP)	0.112	6,521.263
K-Z Distribution Share Class (GBP)	500.000	2,738.144
Z- Capitalisation Share Class (EUR)	40,529.628	40,203.000
Z- Distribution Share Class (EUR)	95,211.296	62,992.415
I-II Institutional Capitalisation Share Class (EUR)	–	–
I-II Institutional Distribution Share Class (EUR)	1,015,057.084	–
P Capitalisation Share Class (EUR)	–	–
Number of Shares outstanding at the end of the period/year		
I Capitalisation Share Class (EUR)	4,605,156.121	3,263,174.701
I Distribution Share Class (EUR)	1,536,682.023	1,608,646.391
B Capitalisation Share Class (EUR)	2,789.000	5,965.486
B Distribution Share Class (EUR)	128,555.849	50,954.040
R Capitalisation Share Class (EUR)	1,016,215.817	856,837.348
R Distribution Share Class (EUR)	730,940.256	643,184.790
K-Institutional Capitalisation Share Class (GBP)	72,230.855	29,961.327
K-Institutional Distribution Share Class (GBP)	491,284.128	443,278.913
K-Z Capitalisation Share Class (GBP)	36,849.495	35,272.012
K-Z Distribution Share Class (GBP)	139,484.492	135,106.587
Z- Capitalisation Share Class (EUR)	940,590.444	774,661.694
Z- Distribution Share Class (EUR)	1,318,739.760	1,115,901.702
I-II Institutional Capitalisation Share Class (EUR)	2,098,805.770	1,915,049.798
I-II Institutional Distribution Share Class (EUR)	–	1,015,057.084
P Capitalisation Share Class (EUR)	1.000	–

The accompanying notes form an integral part of these financial statements.

Statistics

(amounts in EUR)	December 31, 2019	December 31, 2018	December 31, 2017
Net asset value per share at the end of the period/year			
I Capitalisation Share Class (EUR)	40.69	39.33	37.66
I Distribution Share Class (EUR)	29.16	28.89	29.19
B Capitalisation Share Class (EUR)	37.72	36.72	35.39
B Distribution Share Class (EUR)	28.74	28.50	28.78
R Capitalisation Share Class (EUR)	37.62	36.63	35.31
R Distribution Share Class (EUR)	28.77	28.52	28.82
K-Institutional Capitalisation Share Class (EUR)	33.65	30.35	–
K-Institutional Capitalisation Share Class (GBP)	(GBP 28.51)	(GBP 27.24)	–
K-Institutional Distribution Share Class (EUR)	27.30	25.23	25.53
K-Institutional Distribution Share Class (GBP)	(GBP 23.13)	(GBP 22.65)	(GBP 22.66)
K-Z Capitalisation Share Class (EUR)	30.89	27.93	26.86
K-Z Capitalisation Share Class (GBP)	(GBP 26.17)	(GBP 25.07)	(GBP 23.84)
K-Z Distribution Share Class (EUR)	26.35	24.35	24.63
K-Z Distribution Share Class (GBP)	(GBP 22.33)	(GBP 21.86)	(GBP 21.86)
Z- Capitalisation Share Class (EUR)	31.30	30.31	29.08
Z- Distribution Share Class (EUR)	26.77	26.52	26.79
I-II Institutional Capitalisation Share Class (EUR)	27.23	26.27	25.12
I-II Institutional Distribution Share Class (EUR)	–	25.13	25.12
P Capitalisation Share Class (EUR)	25.05	–	–

The accompanying notes form an integral part of these financial statements

Notes to the financial statements

1. General

Triodos Microfinance Fund is a sub-fund of Triodos SICAV II.

Triodos SICAV II (the "SICAV") has been incorporated under the laws of the Grand Duchy of Luxembourg as a "*société d'investissement à capital variable*" (SICAV) under the form of a "*société anonyme*" on April 10, 2006 for an unlimited period. Triodos SICAV II is governed by Part II of the Luxembourg Law of December 17, 2010, as amended from time to time. The SICAV is an alternative investment fund ("AIF") subject to the requirements of the Directive 2011/61/EU of June 8, 2011 on Alternative Investment Fund Manager's Directive ("AIFMD") as implemented in Luxembourg through the law of July 12, 2013 on alternative investment fund managers (the "Law of 2013").

The Registered Office of the SICAV is established at 11/13, Boulevard de la Foire, L-1528 Luxembourg.

The Articles have been deposited with the Chancery of the District Court of Luxembourg on April 27, 2006 and published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial"). The SICAV has been registered with the Companies Register of the District Court of Luxembourg under number B 115.771. The Articles were last amended at the extraordinary general meeting of shareholders held on September 5, 2018 and published in the Recueil des Sociétés et Associations ("RESA") which replaced the "Mémorial".

The SICAV is structured as an umbrella fund, which provides both institutional and retail investors with a variety of sub-funds, each of which relates to a separate portfolio of assets permitted by law and managed within specific investment objectives. The capital of the SICAV is denominated in EUR.

As at December 31, 2019, the SICAV has two sub-funds: Triodos SICAV II - Triodos Renewables Europe Fund (in liquidation) and Triodos Microfinance Fund

Triodos Microfinance Fund, to which this annual report relates, does not constitute a separate legal entity, but there are two other sub-funds which together with Triodos Microfinance Fund form a single entity (Triodos SICAV II). The annual report of Triodos SICAV II, which has been fully prepared in accordance with the laws and regulations applicable for investment funds in Luxembourg, includes also the statement of investments of Triodos Microfinance Fund. This annual report is available at the registered office of the SICAV.

The overall objective of the sub-fund is to offer investors a financially and socially sound investment in the microfinance sector mainly through investments in microfinance institutions (MFIs). The sub-fund has the prospect of an attractive financial return combined with the opportunity for investors to make a pro-active, measurable and sustainable contribution to the development of the microfinance sector into an inclusive financial sector in which the majority of people have access to financial services.

The first subscription period ended on February 27, 2009, and the first net asset value was calculated on March 31, 2009.

Shares may be subscribed once a month, on the Business Day preceding the Valuation Date. The sub-fund is semi open-ended, i.e. shares may be redeemed in principle once a month subject to a notice period. However, the SICAV is entitled to (temporarily) stop trading and thus the execution of the redemption applications received, if trading is not possible, in accordance with the stipulations of the Prospectus.

The sub-fund may offer Shares of the following Classes:

- Euro-denominated Class “R” Shares Capitalisation
 - Euro-denominated Class “R” Shares Distribution
 - Euro-denominated Class “Z” Shares Capitalisation
 - Euro-denominated Class “Z” Shares Distribution
 - Euro-denominated Class “B” Shares Capitalisation
 - Euro-denominated Class “B” Shares Distribution
 - Euro-denominated Class “I” Shares Capitalisation
 - Euro-denominated Class “I” Shares Distribution
 - Euro-denominated Class “I-II” Shares Capitalisation
 - Euro-denominated Class “I-II” Shares Distribution
 - British Pound-denominated Class “K-Z” Shares Capitalisation
 - British Pound-denominated Class “K-Z” Shares Distribution
 - British Pound-denominated Class “K-Institutional” Shares Capitalisation
 - British Pound-denominated Class “K-Institutional” Shares Distribution
 - Euro-denominated Class “P” Shares Capitalisation
- Class “R” Shares is open to certain retail investors, dependent on their country of residence.
 - Class “Z” Shares is open to certain retail investors, dependent on their country of residence.
 - Class “B” Shares is open to clients of private banks and other investors, who do not have access to Class “I” Shares or to Class “R” Shares.
 - Class “I” Shares is restricted to Institutional Investors.
 - Class “I-II” Shares is restricted to Institutional Investors that invest an initial subscription amount larger than EUR 25 million.
 - Class “K-Z” Shares is open to certain retail investors who are resident in the United Kingdom. This Class of Shares is hedged towards the Euro.
 - Class “K-Institutional” Shares is open to Institutional Investors, which are resident in the United Kingdom. This class is hedged towards the Euro.
 - Class “P” Shares is open to entities of Triodos Group. Class “P” Shares gives the right, in accordance with the Articles, to propose to the general meeting of Shareholders a list containing the names of candidates for the position of director of the SICAV out of which a majority of the Directors must be appointed.

For the Classes of Shares which are of the Capitalisation type, there are no distributions of dividends. Income earned in these Classes of Shares is reinvested.

For the Classes of Shares which are of the Distribution type, there are distributions of dividends.

Initially, Shares are issued in registered form. At a later stage, Shares may also be issued in bearer form.

2. Summary of significant accounting principles

The financial year end of the SICAV is end of December each year.

Triodos SICAV II, including its sub-funds, is supervised by the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF).

Triodos SICAV II, including its sub-funds, is also registered with the Dutch Supervisory authorities, the Autoriteit Financiële Markten (AFM).

Presentation of the financial statements

The financial statements are prepared in accordance with Luxembourg legal and regulatory requirements relating to investment funds.

Investments are valued as follows:

- a) The valuation of private equity investments (such as equity, subordinated debt and other types of mezzanine finance) are based on the International Private Equity and Venture Capital Valuation Guidelines, as published from time to time by the European Venture Capital Association (EVCA), and is conducted with prudence and in good faith.
In Triodos Microfinance Fund, the subordinated debt investments are valued on the basis of the cost value less repayments and adjustments for any impairment. The private equity investments are valued based on the application of an earnings multiple valuation methodology.
- b) Investments in securities are accounted for on a trade date basis. Net realised profit/(loss) on sale of investments in securities are based on the average cost basis. The net realised profit/(loss) and change in net unrealised appreciation/(depreciation) on investments are recorded in the Statement of Operations and Changes in Net Assets.

Other assets are valued according to the following rules:

- c) Senior debt instruments, invested in/granted to companies not listed or dealt in on any stock exchange or any other Regulated Market, are valued at fair market value, deemed to be the nominal value, increased by any interest accrued thereon; such value is adjusted, if appropriate, to reflect the appraisal of the Advisor of the relevant sub-fund on the creditworthiness of the relevant debtor. The Board of Directors uses its best endeavors to continually assess this method of valuation and recommend changes, where necessary, to ensure that debt instruments are valued at their fair value as determined in good faith by the Board of Directors.

The senior debt instruments held by the sub-fund Triodos Microfinance Fund are valued on the basis of the cost value less repayments and adjustments for any impairment.

- d) The value of money market instruments not listed on any stock exchange or dealt in on any other Regulated Market and with a remaining maturity of less than 12 months is deemed to be the nominal value thereof, increased by any interest accrued thereon.
- e) The value of securities which are admitted to official listing on any stock exchange is based on the latest available price or, if appropriate, on the average price on the stock exchange which is normally the principal market of such securities, and each security dealt on any other Regulated Market is based on the last available price. In the event that this price is, in the opinion of the Board of Directors, not representative of the fair market value of such securities, for example in the case of illiquid securities and/or stale prices, the directors value the securities at fair market value according to their best judgment and information available to them at that time.
- f) Units or shares of open-end UCIs are valued at their last official net asset values, as reported or provided by such UCI or their agents, or at their last unofficial net asset values (i.e. estimates of net asset values) if more recent than their last official net asset values, provided that due diligence has been carried out by the relevant Advisor, in accordance with instructions and under the overall control and responsibility of the Board of Directors, as to the reliability of such unofficial net asset values.

- g) The liquidating value of futures, forward foreign exchange contracts or options contracts not admitted to official listing on any stock exchange or dealt on any other Regulated Market means their net liquidating value determined, pursuant to the policies established prudently and in good faith by the Board of Directors, on a basis consistently applied for each different variety of contracts.
- h) The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued, and not yet received are deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof is determined after making such discounts as the Board of Directors may consider appropriate to reflect the true value thereof.
- i) Swap contracts, as far as credit swaps are concerned, are valued at fair market values as determined prudently and in good faith by the Board of Directors. Cross-currency interest rate swaps are valued on the basis of the prices provided by the counterparty.
- j) All other securities and assets are valued at fair market value as determined in good faith pursuant to procedures established by the Board of Directors.
- k) Placements in foreign currency are quoted in euros with due observance of the currency exchange rates most recently known.
- l) Realised and unrealised changes in the value of investments are incorporated in the profit and loss account.
- m) The principle for determination of profit is based on the attribution of income and expenses to the relevant year. The income from payments of profit on equity participations is accounted for in the year in which they are made payable. Prepaid costs and costs still to be paid are taken into account in determining the expenses.
- n) Other assets and liabilities are recorded at nominal value after deduction of any provision in respect of anticipated non-recovery.
- o) The costs of investments expressed in currencies other than EUR are translated into EUR at the exchange rate prevailing at purchase date.
- p) Interest income is accrued pursuant to the terms of the underlying investment. Income is recorded net of respective withholding taxes, if any.
- q) Gain and losses arising from un-matured forward foreign exchange contracts are determined on the basis of the applicable forward exchange rates at the valuation date and are booked in the profit and loss accounts.
- r) Dividend income is recognised on cash basis, net of any withholding taxes.
- s) Equity investments of Triodos SICAV II are excluded from consolidation due to exemptions by temporary holding, size and time window (section XVI of the modified law of 10 August 1915).

3. Taxation

According to the law in force and current practice, the SICAV is not subject to any Luxembourg tax on income and capital gains nor are dividends paid by the SICAV subject to any Luxembourg withholding tax.

However, each of the SICAV's sub-funds is subject to a subscription tax (taxe d'abonnement) at an annual rate of 0.05% p.a. Such rate may be decreased to 0.01% p.a. for certain sub-funds or Classes of Shares, which are restricted to Institutional Investors as specified in the relevant sub-fund Particulars. This tax is calculated and payable quarterly on the basis of the Net Asset Value of each sub-fund at the end of each quarter. This tax is not due on that portion of the SICAV's assets invested in other Luxembourg UCIs.

Since January 1, 2010, microfinance funds are no longer subject to any subscription tax. Thus subscription tax is no longer applicable for the sub-fund TRIODOS SICAV II – Triodos Microfinance Fund.

In addition, the issue of Shares in the SICAV is not subject to any registration duties or other taxes in Luxembourg.

4. Administrative and depositary fees

The Depositary and Paying Agent, the Administrative Agent, the Domiciliary and Corporate Agent and the Registrar and Transfer Agent are entitled to receive fees in accordance with usual practice in Luxembourg and payable quarterly.

The administrative and depositary fees comprise the following:

Currency (EUR)	December 31, 2019	December 31, 2018
Investment compliance fee	2,870	2,818
Domiciliary agency fee	3,417	3,252
Administrative fee	43,034	57,101
Transfer agency fee	59,448	53,287
Depositary fee	186,815	190,576
Total	<u>295,584</u>	<u>307,034</u>

5. Investment management, distribution and service fees

For the services it provides, the Alternative Investment Fund Manager is entitled to an annual fee payable quarterly and calculated as described in the relevant sub-funds' Particulars.

Triodos Microfinance Fund pays for the provision of investment management services and supporting services an annual fee of 1.60% for Class "I-II" Shares, 1.75% for Class "I" Shares, Class "K-Institutional" Shares and Class "P" Shares (when launched), an annual fee of 2.50% for Class "R" Shares, Class "B" Shares, Class "K-Retail" Shares and Class "K-B" Shares and an annual fee of 1.95% for Class "Z" Shares and Class "K-Z" Shares, calculated on the relevant Class, net assets, accrued monthly and payable quarterly.

The costs for marketing and distribution activities related to retail investors and attributable to Class “R” Shares, Class “B” Shares, Class “K-Retail” Shares and Class “K-B” Shares will only be borne by Class “R” Shares, Class “B” Shares, Class “K-Retail” Shares and Class “K-B” Shares and will be part of the management fee. The costs for marketing activities incurred by the AIFM related to retail investors and attributable to Class “Z” Shares and Class “K-Z” Shares will only be borne by Class “Z” Shares and Class “K-Z” Shares and may amount to maximum 0.20% (on an annual basis) of the relevant Share Class, net assets.

6. Other income

The other income comprises the following:

Currency (EUR)	December 31, 2019	December 31, 2018
Administrative fee income on loans granted by the Fund	529,673	473,569
Total	<u>529,673</u>	<u>473,569</u>

7. Other expenses

The other expenses comprise the following:

Currency (EUR)	December 31, 2019	December 31, 2018
Supervisory fee	40,470	2,667
Remuneration of the Board of Directors	15,000	15,037
Legal fees	46,001	60,732
Consulting fees	60,200	71,941
Bank fees	253,063	8,615
Portfolio transaction costs	–	7,424
Other expenses	643,463	81,828
Total	<u>1,058,197</u>	<u>248,244</u>

8. Accounts payable and accrued expenses

As at December 31, 2019, the accounts payable and accrued expenses mainly include the following expenses: administrative fees, audit fees, depositary fees, domiciliary agency fees, legal fees and transfer agency fees.

9. Forward foreign exchange contracts

As at December 31, 2019, outstanding forward foreign exchange contracts are composed of:

Maturity Date		Purchase		Sale		Unrealised gain/ (loss) in EUR
08/01/2020	EUR	1,087,339	USD	1,250,000	EUR	(25,521)
09/01/2020	GBP	17,416,904	EUR	20,679,706	EUR	(130,930)
15/01/2020	EUR	792,544	USD	937,500	EUR	(41,777)
22/01/2020	EUR	6,049,990	USD	7,019,230	EUR	(193,978)
22/01/2020	USD	5,192,307	EUR	4,427,652	EUR	190,955
30/01/2020	EUR	1,861,642	INR	166,000,000	EUR	(206,452)
03/02/2020	EUR	414,586	TZS	1,416,600,000	EUR	(130,512)
05/02/2020	EUR	2,225,110	USD	2,500,000	EUR	3,330
12/02/2020	EUR	275,957	USD	309,523	EUR	1,001
19/02/2020	EUR	1,088,595	USD	1,224,893	EUR	959
04/03/2020	EUR	700,213	USD	783,334	EUR	5,278
06/03/2020	EUR	1,031,731	GEL	3,555,552	EUR	(50,287)
18/03/2020	EUR	557,389	USD	625,000	EUR	3,399
30/03/2020	EUR	641,156	KZT	304,254,000	EUR	(49,435)
01/04/2020	EUR	178,238	TJS	2,499,525	EUR	(43,967)
01/04/2020	EUR	606,976	GHS	4,420,000	EUR	(51,491)
08/04/2020	EUR	9,979,634	USD	11,136,274	EUR	122,378
15/04/2020	EUR	21,370,698	USD	23,943,120	EUR	186,169
22/04/2020	EUR	2,456,707	USD	2,916,666	EUR	(123,844)
04/05/2020	EUR	1,723,650	IDR	38,000,000,000	EUR	(688,404)
04/05/2020	EUR	4,617,226	INR	400,000,000	EUR	(284,141)
06/05/2020	EUR	44,790	USD	50,000	EUR	610
13/05/2020	EUR	53,315	USD	59,523	EUR	743
20/05/2020	EUR	990,759	USD	1,130,952	EUR	(7,869)
29/05/2020	EUR	176,381	IDR	3,333,333,333	EUR	(32,849)
01/06/2020	EUR	281,246	TJS	4,410,000	EUR	(102,490)
10/06/2020	EUR	661,496	USD	750,000	EUR	139
15/06/2020	EUR	969,528	INR	100,000,000	EUR	(251,974)
15/06/2020	EUR	90,744	UGX	537,430,728	EUR	(34,294)
15/06/2020	EUR	56,337	UGX	313,515,790	EUR	(16,598)
15/06/2020	EUR	78,384	TZS	260,693,961	EUR	(19,398)
15/06/2020	EUR	79,103	TZS	260,643,731	EUR	(18,659)
15/06/2020	EUR	100,418	UGX	572,684,841	EUR	(32,814)
15/06/2020	EUR	88,030	UGX	498,338,264	EUR	(27,904)
17/06/2020	EUR	333,838	USD	384,615	EUR	(5,231)
24/06/2020	EUR	320,716	USD	375,000	EUR	(9,786)
01/07/2020	EUR	483,864	IDR	10,000,000,000	EUR	(145,551)
01/07/2020	EUR	271,864	IDR	5,000,000,000	EUR	(40,256)

Maturity Date		Purchase		Sale	Unrealised gain/ (loss) in EUR	
03/07/2020	EUR	2,241,717	KZT	1,134,264,000	EUR	(265,054)
06/07/2020	EUR	1,251,739	USD	1,500,000	EUR	(69,676)
08/07/2020	EUR	2,677,194	USD	3,118,716	EUR	(69,010)
15/07/2020	EUR	1,115,805	USD	1,312,500	EUR	(39,578)
22/07/2020	EUR	498,077	USD	576,923	EUR	(9,478)
03/08/2020	EUR	1,496,392	CNY	12,928,080	EUR	(129,479)
03/08/2020	EUR	393,779	TZS	1,416,600,000	EUR	(132,628)
05/08/2020	EUR	1,430,936	CNY	12,928,080	EUR	(195,890)
12/08/2020	EUR	272,752	USD	309,523	EUR	864
19/08/2020	EUR	1,511,519	USD	1,724,893	EUR	(3,117)
31/08/2020	EUR	2,352,659	INR	220,000,000	EUR	(295,123)
03/09/2020	EUR	692,034	USD	783,334	EUR	4,898
09/09/2020	EUR	662,232	USD	750,000	EUR	4,573
16/09/2020	EUR	550,661	USD	625,000	EUR	2,828
28/09/2020	EUR	2,067,382	INR	195,000,000	EUR	(269,542)
01/10/2020	EUR	683,990	XOF	492,473,125	EUR	(44,504)
01/10/2020	EUR	611,337	IDR	12,500,000,000	EUR	(157,019)
08/10/2020	EUR	1,055,089	INR	99,200,000	EUR	(131,644)
21/10/2020	EUR	1,199,795	USD	1,416,666	EUR	(40,175)
02/11/2020	EUR	308,833	GHS	2,500,000	EUR	(23,155)
04/11/2020	EUR	177,163	USD	200,000	EUR	2,400
15/11/2020	EUR	662,397	KGS	73,236,870	EUR	(192,309)
18/11/2020	EUR	52,682	USD	59,523	EUR	713
20/11/2020	EUR	623,678	USD	714,285	EUR	(55)
09/12/2020	EUR	1,926,927	USD	2,259,192	EUR	(44,594)
15/12/2020	EUR	933,380	INR	100,000,000	EUR	(257,732)
15/12/2020	EUR	297,089	USD	350,000	EUR	(8,269)
16/12/2020	EUR	2,448,026	USD	2,865,623	EUR	(51,600)
21/12/2020	EUR	582,819	INR	62,500,000	EUR	(161,024)
23/12/2020	EUR	296,209	USD	350,000	EUR	(8,993)
05/01/2021	EUR	447,133	TJS	7,248,600	EUR	(137,384)
06/01/2021	EUR	1,933,924	USD	2,250,000	EUR	(25,443)
13/01/2021	EUR	769,768	USD	937,500	EUR	(47,163)
15/01/2021	EUR	449,286	XOF	327,978,500	EUR	(30,165)
20/01/2021	EUR	4,041,225	USD	4,815,431	EUR	(151,180)
20/01/2021	USD	494,315	EUR	367,767	EUR	62,228
01/02/2021	EUR	374,532	TZS	1,416,600,000	EUR	(132,554)
12/02/2021	EUR	52,399	USD	59,523	EUR	707
17/02/2021	EUR	333,929	USD	384,615	EUR	(108)
03/03/2021	EUR	291,172	USD	333,334	EUR	1,957
15/03/2021	EUR	1,232,761	PEN	5,720,750	EUR	(245,234)
16/03/2021	EUR	5,616,272	INR	555,000,000	EUR	(873,665)

Maturity Date		Purchase		Sale		Unrealised gain/ (loss) in EUR
17/03/2021	EUR	964,662	USD	1,125,000	EUR	(11,130)
17/03/2021	USD	500,000	EUR	422,583	EUR	10,971
01/04/2021	EUR	363,101	KGS	41,059,500	EUR	(98,614)
07/04/2021	EUR	3,091,481	USD	3,750,000	EUR	(160,759)
21/04/2021	EUR	1,415,797	USD	1,666,670	EUR	(27,288)
04/05/2021	EUR	423,592	KGS	46,493,460	EUR	(94,694)
12/05/2021	EUR	52,121	USD	59,523	EUR	693
15/05/2021	EUR	281,933	MMK	568,537,500	EUR	(9,494)
19/05/2021	EUR	1,036,272	USD	1,214,285	EUR	(13,277)
28/05/2021	EUR	162,921	IDR	3,333,333,333	EUR	(33,637)
09/06/2021	EUR	647,277	USD	750,000	EUR	46
15/06/2021	EUR	901,149	INR	100,000,000	EUR	(261,675)
15/06/2021	EUR	293,600	USD	350,000	EUR	(8,612)
15/06/2021	EUR	125,518	TZS	454,993,954	EUR	(31,392)
15/06/2021	EUR	186,111	UGX	1,148,679,999	EUR	(58,002)
15/06/2021	EUR	161,098	UGX	1,077,967,992	EUR	(68,068)
15/06/2021	EUR	103,005	UGX	628,843,810	EUR	(30,629)
15/06/2021	EUR	159,368	UGX	999,557,096	EUR	(53,070)
15/06/2021	EUR	1,272,119	GTQ	13,300,000	EUR	(151,934)
15/06/2021	EUR	126,998	TZS	454,906,288	EUR	(29,872)
17/06/2021	EUR	326,277	USD	384,615	EUR	(5,667)
21/06/2021	EUR	562,711	INR	62,500,000	EUR	(163,478)
22/06/2021	EUR	2,377,676	UAH	127,375,872	EUR	(1,550,430)
23/06/2021	EUR	292,178	USD	350,000	EUR	(9,943)
01/07/2021	EUR	235,967	KGS	27,525,320	EUR	(66,349)
12/07/2021	EUR	2,245,849	GEL	8,547,700	EUR	8,821
14/07/2021	EUR	759,971	USD	937,500	EUR	(49,105)
21/07/2021	EUR	486,485	USD	576,923	EUR	(10,564)
01/08/2021	EUR	357,733	TZS	1,416,600,000	EUR	(123,210)
04/08/2021	EUR	318,823	USD	375,000	EUR	(3,910)
11/08/2021	EUR	1,697,518	USD	1,990,000	EUR	(14,230)
18/08/2021	EUR	1,497,880	USD	1,753,669	EUR	(9,905)
27/08/2021	EUR	842,623	KGS	91,087,500	EUR	(145,011)
01/09/2021	EUR	864,166	KZT	550,560,000	EUR	(217,685)
01/09/2021	EUR	986,842	ZAR	22,500,000	EUR	(290,563)
08/09/2021	EUR	288,040	USD	333,334	EUR	1,914
15/09/2021	EUR	1,828,160	USD	2,125,000	EUR	4,559
22/09/2021	EUR	415,697	USD	500,000	EUR	(13,767)
22/09/2021	USD	500,000	EUR	417,502	EUR	11,453
24/09/2021	EUR	1,384,658	INR	150,000,000	EUR	(330,615)
01/10/2021	EUR	314,173	KZT	199,500,000	EUR	(74,485)
01/10/2021	EUR	854,976	KZT	542,910,000	EUR	(202,701)

Maturity Date		Purchase		Sale	Unrealised gain/ (loss) in EUR	
15/11/2021	EUR	267,013	MMK	568,537,500	EUR	(10,005)
17/11/2021	EUR	415,007	USD	500,000	EUR	(13,140)
10/12/2021	EUR	580,938	KZT	371,800,000	EUR	(128,851)
15/12/2021	EUR	462,381	USD	550,000	EUR	(7,584)
15/12/2021	EUR	289,877	TJS	4,719,200	EUR	(48,135)
15/12/2021	EUR	209,846	UGX	1,382,672,640	EUR	(70,224)
15/12/2021	EUR	136,154	UGX	869,870,400	EUR	(40,010)
15/12/2021	EUR	242,996	UGX	1,588,952,160	EUR	(78,842)
15/12/2021	EUR	69,896	TZS	260,643,731	EUR	(14,695)
15/12/2021	EUR	211,818	UGX	1,491,137,280	EUR	(90,342)
15/12/2021	EUR	69,091	TZS	260,693,961	EUR	(15,524)
21/12/2021	EUR	545,178	INR	62,500,000	EUR	(164,251)
22/12/2021	EUR	611,069	USD	734,615	EUR	(16,680)
05/01/2022	EUR	1,037,689	USD	1,250,000	EUR	(29,721)
06/01/2022	EUR	2,143,347	USD	2,500,000	EUR	11,667
12/01/2022	EUR	194,441	USD	242,954	EUR	(13,268)
18/01/2022	EUR	409,836	GTQ	4,250,000	EUR	(28,004)
19/01/2022	EUR	1,551,748	USD	1,826,923	EUR	(5,491)
01/02/2022	EUR	285,839	TJS	4,719,200	EUR	(46,307)
01/02/2022	EUR	342,157	TZS	1,416,600,000	EUR	(112,714)
16/02/2022	EUR	326,776	USD	384,615	EUR	(527)
23/02/2022	EUR	693,059	USD	833,334	EUR	(16,519)
01/03/2022	EUR	220,386	TJS	3,539,438	EUR	(26,109)
07/03/2022	EUR	280,221	TJS	4,719,200	EUR	(47,829)
16/03/2022	EUR	942,985	USD	1,125,000	EUR	(13,441)
16/03/2022	USD	500,000	EUR	412,848	EUR	11,954
01/04/2022	EUR	453,034	KZT	265,417,000	EUR	(38,010)
01/04/2022	EUR	217,704	TJS	3,539,438	EUR	(25,977)
06/04/2022	EUR	2,383,144	USD	2,857,804	EUR	(44,126)
19/04/2022	EUR	2,553,916	CNY	22,500,000	EUR	(126,485)
02/05/2022	EUR	1,157,960	XOF	860,943,563	EUR	(37,573)
04/05/2022	EUR	857,670	USD	1,000,000	EUR	10,903
15/05/2022	EUR	251,779	MMK	568,537,500	EUR	(10,452)
18/05/2022	EUR	424,773	USD	500,000	EUR	1,525
15/06/2022	EUR	457,263	USD	550,000	EUR	(8,086)
21/06/2022	EUR	527,723	INR	62,500,000	EUR	(161,871)
22/06/2022	EUR	603,825	USD	734,615	EUR	(17,853)
15/07/2022	EUR	396,640	GTQ	4,250,000	EUR	(28,646)
20/07/2022	EUR	475,159	USD	576,923	EUR	(12,244)
15/08/2022	EUR	463,431	KGS	48,799,310	EUR	(19,140)
17/08/2022	EUR	1,978,418	USD	2,371,795	EUR	(20,725)
05/09/2022	EUR	4,209,463	USD	5,000,000	EUR	1,931

Maturity Date		Purchase		Sale		Unrealised gain/ (loss) in EUR
07/09/2022	EUR	421,799	USD	500,000	EUR	1,144
07/09/2022	EUR	1,607,217	INR	155,000,000	EUR	(22,530)
21/09/2022	EUR	525,608	USD	625,000	EUR	122
05/10/2022	EUR	1,125,746	USD	1,333,334	EUR	5,892
12/10/2022	EUR	1,033,817	USD	1,216,307	EUR	13,086
12/10/2022	EUR	784,601	INR	75,000,000	EUR	3,738
28/10/2022	EUR	351,296	ZAR	7,275,450	EUR	(29,140)
09/11/2022	EUR	169,535	USD	200,000	EUR	1,942
15/11/2022	EUR	237,163	MMK	568,537,500	EUR	(11,080)
15/11/2022	EUR	1,309,465	PHP	84,120,000	EUR	(15,509)
16/11/2022	EUR	420,239	USD	500,000	EUR	1,204
18/11/2022	EUR	895,180	TJS	14,543,100	EUR	(22,602)
09/12/2022	EUR	4,906,304	UZS	73,334,520,000	EUR	(30,008)
14/12/2022	EUR	168,421	USD	200,000	EUR	825
15/12/2022	EUR	283,745	USD	350,000	EUR	(9,755)
21/12/2022	EUR	512,946	INR	62,500,000	EUR	(157,259)
21/12/2022	EUR	596,851	USD	734,615	EUR	(18,885)
21/12/2022	EUR	266,601	ZAR	5,549,700	EUR	(21,887)
17/01/2023	EUR	382,194	GTQ	4,250,000	EUR	(30,551)
18/01/2023	EUR	469,710	USD	576,923	EUR	(13,030)
01/02/2023	EUR	1,286,190	XOF	983,955,500	EUR	(39,715)
15/02/2023	EUR	186,496	KGS	20,949,150	EUR	(11,099)
22/02/2023	EUR	677,673	USD	833,334	EUR	(18,311)
15/03/2023	EUR	520,010	USD	625,000	EUR	(547)
22/03/2023	EUR	261,488	ZAR	5,549,700	EUR	(22,094)
05/04/2023	EUR	1,113,710	USD	1,333,334	EUR	4,837
18/04/2023	EUR	676,748	KZT	437,183,661	EUR	(58,337)
02/05/2023	EUR	1,119,752	XOF	860,943,563	EUR	(29,172)
03/05/2023	EUR	671,225	USD	800,000	EUR	7,194
14/06/2023	EUR	166,694	USD	200,000	EUR	729
15/06/2023	EUR	280,381	USD	350,000	EUR	(10,405)
21/06/2023	EUR	499,492	INR	62,500,000	EUR	(152,902)
21/06/2023	EUR	590,027	USD	734,615	EUR	(19,986)
21/06/2023	EUR	256,426	ZAR	5,549,700	EUR	(22,477)
19/07/2023	EUR	464,594	USD	576,923	EUR	(13,638)
23/08/2023	EUR	2,954,744	USD	3,833,334	EUR	(227,072)
04/10/2023	EUR	250,641	ZAR	5,549,700	EUR	(23,140)
13/12/2023	EUR	6,169,848	USD	7,700,000	EUR	(163,274)
15/12/2023	EUR	316,882	USD	400,000	EUR	(12,386)
20/12/2023	EUR	1,793,379	USD	2,247,871	EUR	(55,412)
17/01/2024	EUR	459,368	USD	576,923	EUR	(14,454)
21/02/2024	EUR	663,215	USD	833,330	EUR	(19,834)

Maturity Date		Purchase		Sale		Unrealised gain/ (loss) in EUR
03/04/2024	EUR	2,991,146	USD	3,750,000	EUR	(74,506)
10/04/2024	EUR	974,811	USD	1,250,000	EUR	(48,714)
19/06/2024	EUR	305,153	USD	384,615	EUR	(8,022)
18/12/2024	EUR	301,686	USD	384,620	EUR	(8,556)
25/09/2025	EUR	270,596	GEL	1,633,995	EUR	993
25/09/2026	EUR	237,665	GEL	1,633,995	EUR	(2,883)
Total						<u>(13,747,022)</u>

The counterparties linked to the forward foreign exchange contracts are:

- RBC Investor Services Bank SA
- Triodos Bank NV
- MFX Solutions LLC
- Cooperatieve Rabobank UA
- ING Bank NV

10. Swap contracts

As at December 31, 2019, outstanding cross currency interest rate swap contracts are composed of:

Description	Maturity Date	Notional		Counterparty Notional in currency		Unrealised gain/(loss) in EUR
CIRS MFX USD/MMK	22/06/2020	USD	375,000	MMK	511,875,000	23,425
CIRS MFX USD/MMK	13/12/2023	USD	1,000,000	MMK	1,512,900,000	(37,584)
CIRS MFX EUR/USD	01/01/2021	EUR	730,727	USD	1,000,000	(168,940)
CIRS MFX USD/MMK	24/03/2020	USD	187,500	MMK	255,375,000	8,357
CIRS MFX USD/MMK	10/08/2020	USD	500,000	MMK	681,500,000	19,497
CIRS MFX USD/MMK	15/08/2020	USD	750,000	MMK	1,019,250,000	36,912
Total						<u>(118,333)</u>

The counterparty linked to the above is MFX Solutions LLC.

11. Dividend distributions

During the year ended December 31, 2019 the following dividends were paid by Triodos Microfinance Fund

Class: "I-II" Distribution Share Class (EUR)

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.66**

Class: "Z" Distribution Share Class (EUR)

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.61**

Class: "K-Z" Distribution Share Class (GBP) *

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.56** (GBP 0.50)

Class: "K-Institutional" Distribution Share Class (GBP) *

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.63** (GBP 0.56)

Class: "R" Distribution Share Class (EUR)

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.52**

Class: "I" Distribution Share Class (EUR)

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.72**

Class: "B" Distribution Share Class (EUR)

Ex-date: May 31, 2019

Payment date: June 12, 2019

Dividend per share: EUR 0.52**

* Payment of distribution is made in GBP, equivalent to the EUR amount at the exchange rate as of Ex- dividend date.

** In relation with the European directive 2003/48/EC of June 3, 2003, on taxation of savings income in the form of the interests payments (the "Saving Directive") as transposed into Luxembourg law, the Board of Directors decided that the interest payments do not fall in the scope of this directive.

12. Off-balance sheet commitments and contingencies

The sub-fund has committed itself to one investment for a total of EUR 1.1 million.

13. Ongoing charges cost ratios

	Ongoing charges December 31, 2019	Ongoing charges December 31, 2018
B Capitalisation Share Class (EUR)	2.65%	2.60%
B Distribution Share Class (EUR)	2.72%	2.61%
I Capitalisation Share Class (EUR)	1.95%	1.92%
I Distribution Share Class (EUR)	1.95%	1.93%
K-Institutional Capitalisation Share Class (GBP)	1.96%	1.93%
K-Institutional Distribution Share Class (GBP)	1.93%	1.93%
K-Z Capitalisation Share Class (GBP)	2.13%	2.12%
K-Z Distribution Share Class (GBP)	2.13%	2.13%
R Capitalisation Share Class (EUR)	2.68%	2.59%
R Distribution Share Class (EUR)	2.68%	2.61%
Z- Capitalisation Share Class (EUR)	2.15%	2.12%
Z- Distribution Share Class (EUR)	2.15%	2.13%
I-II Institutional Capitalisation Share Class (EUR)	1.80%	1.77%
P Capitalisation Share Class (EUR)*	1.76%	–

* This share class has been launched in October 2019, OCF has been normalized and based on best estimate.

14. Exchange rate

The exchange rates used as at December 31, 2019, are:

EUR = BOB 7.756464	EUR = MMK 1,653.166421
EUR = CNY 7.818976	EUR = NGN 407.441016
EUR = COP 3,680.327869	EUR = NIO 37.983893
EUR = DOP 59.895416	EUR = PEN 3.716715
EUR = GBP 0.847330	EUR = PHP 56.849835
EUR = GEL 3.210353	EUR = TJS 10.873145
EUR = GHS 6.398235	EUR = TND 3.114267
EUR = GTQ 8.641928	EUR = TZS 2,580.459770
EUR = HNL 27.652551	EUR = UAH 26.724282
EUR = IDR 15,583.784534	EUR = UGX 4,126.838235
EUR = INR 80.121342	EUR = USD 1.122500
EUR = JOD 0.795853	EUR = UZS 10,690.476190
EUR = KGS 78.173968	EUR = XOF 656.049094
EUR = KHR 4,544.534413	EUR = ZAR 15.696447
EUR = KZT 429.911911	

15. Transaction costs

The following table presents the transaction costs related to the portfolio of investments over 2019:

(amounts in EUR)	2019	2018
Triodos Microfinance Fund	264,135	5,394

16. Leverage

The leverage effect is determined by the AIFMD as being any method by which the AIFM increases the exposure of the sub-funds of Triodos SICAV II, whether through borrowing of cash or securities leverage embedded in derivative positions, or by any other means. The leverage creates risks for the subfunds.

The leverage is calculated on a frequent basis and shall not exceed such thresholds as further described in the sub-funds Particulars in the prospectus of Triodos SICAV II, using both the "gross method" and the "commitment method" in accordance with European regulations. The gross method gives the overall exposure of the sub-funds, whereas the commitment method gives insight in the hedging and netting techniques used by the AIFM.

The leverage ratios are calculated by means of the commitment method for Triodos Microfinance Fund is 101.95%.

17. Subsequent events

Triodos Investment Management considers the COVID-19 Pandemic as a significant event after closing the Annual Accounts 2019 (non-adjusted). Since the situation and the impact of COVID-19 may differ per day, the actual impact that COVID-19 may have on the fund is difficult to predict and cannot be foreseen. At this point in time, the impact on the fund – and more specifically the fund's operations – is assumed to be limited. For more information regarding the impact and possible consequences of COVID-19 for the funds, please refer to pages 15 and 16 of the management report.

Audit report

To the Shareholders of Triodos Microfinance Fund (a sub-fund of Triodos SICAV II)

Our opinion

In our opinion, the accompanying Financial Information of Triodos Microfinance Fund (the “Sub-fund”), which is a sub-fund of Triodos SICAV II (the “Fund”), as of and for the year ended 31 December 2019 is prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of the Financial Information.

What we have audited

The Sub-fund’s Financial Information comprises:

- the statement of net assets as at 31 December 2019;
- the statement of operations for the year ended 31 December 2019;
- the statement of changes in net assets for the year ended 31 December 2019;
- the cash flow statement for the year ended 31 December 2019;
- the statement of changes in the numbers of shares outstanding for the year ended 31 December 2019; and
- the summary of significant accounting policies and other explanatory notes to these statements (the “Financial Information”).

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Institut des Réviseurs d’Entreprises” (IRE). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the IRE are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the Financial Information” section of our report.

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

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF) together with the ethical requirements that are relevant to our audit of the Financial Information. We have fulfilled our other ethical responsibilities under those ethical requirements.

Emphasis of Matter - Basis of accounting and restriction on distribution and use

We draw attention to Note 2 of the Financial Information which describes the basis of accounting. The Financial Information is prepared at sub-fund level. As a result, the Financial Information may not be suitable for another purpose. This report, including the opinion, has been prepared for and only for the Shareholders in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed. Our opinion is not modified in respect of this matter.

Other matter

The Fund has prepared a separate set of financial statements for the financial year ended 31 December 2019 in accordance with Luxembourg legal and regulatory requirements, on which we issued a separate auditor’s report to the Shareholders of the Fund dated 2 April 2020.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report but does not include the Financial Information and our audit report thereon.

Our opinion on the Financial Information does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the Financial Information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the Financial Information

The Board of Directors is responsible for the preparation of this Financial Information in accordance with the accounting policies set out in Note 2 of the Financial Information, for determining that the basis of preparation is appropriate in the circumstance, and for such internal control as the Board of Directors determines is necessary to enable the preparation of Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Financial Information, the Board of Directors of the Fund is responsible for assessing the Sub-fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Sub-fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the Financial Information

The objectives of our audit are to obtain reasonable assurance about whether the Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the IRE will always detect a material misstatement when it exists. 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 this Financial Information.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the IRE, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the Financial Information 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 audit report. However, future events or conditions may cause the Sub-fund to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative

Luxembourg, 2 April 2020

Represented by

Andreas Drossel

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R.C.S. Luxembourg B 65 477 - TVA LU25482518

Other unaudited information

Belgian Savings Tax

Name sub-funds	In scope of Belgian Savings Tax	Method used to determine the status	Asset test ratio	Valid from	Valid until
Triodos Microfinance Fund	Yes	Asset testing	76.50%	1 May 2019	30 April 2020

Management and administration

Registered office

11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand-Duchy of Luxembourg

Board of Directors

G.R. Pieters

Chair, Partner of the Directors' Office Luxembourg

Garry Pieters is an ILA (Institut Luxembourgeois des Administrateurs)-certified director. In addition to his role as Chairman, he oversees the Money Laundering Reporting activities and the handling of complaints. Garry Pieters is a Board Member of several other Luxembourg investment entities, including Sustainability Finance Real Economies fund (SFRE, initiated by the Global Alliance for Banking on Values). He has over 30 years of experience in the field of finance, in particular with ING Group NV. He was fund manager for a number of ING Group's Luxembourg money market and fixed income funds and was Chief Executive Officer of NN Investment Partners Luxembourg SA and of its Singapore joint venture, as well as Executive Vice President of its Korean joint venture. He is also Chair of the Board of Triodos SICAV I. As at December 31, 2019, Garry Pieters did not hold any shares in Triodos Microfinance Fund.

M. Bachner

Independent, Founder of Bachner Legal

Monique Bachner is a lawyer and an ILA-certified director. She started her legal career in London, at Freshfields Bruckhaus Deringer, and later moved to Debevoise & Plimpton. She currently has her own law firm, Bachner Legal. Monique Bachner focuses her practice on corporate and funds law, as well as on corporate governance advisory services for Board of Directors. She has served as Member of the Board of several investment funds and non-profit organisations, including the Board of ILA (the Luxembourg Institute of Directors). Monique Bachner is also a Member of the Board of Triodos SICAV I. As at December 31, 2019, Monique Bachner

did not hold any shares in Triodos Microfinance Fund.

M.H.G.E. van Golstein Brouwers (Member of the Board until February 1, 2020)

Managing Director of Triodos Regenerative Money Centre

Marilou van Golstein Brouwers is the former Chair of Triodos Investment Management and Triodos Investment Advisory Services BV (until January 1, 2019). Since April 1, 2019 she is managing director of Triodos Regenerative Money Centre. In addition, she is a Member of the Board of Stichting Triodos Renewable Energy for Development Fund, and Chair of the Board of Stichting Triodos Foundation. She is also a Member of the Board of Triodos SICAV I (until February 1, 2020). Furthermore, Marilou van Golstein Brouwers is a Member of the Board of the Global Impact Investing Network (GIIN), Chair of the Supervisory Board of B Lab Europe, Chair of the Supervisory Board of Qredits, member of the Advisory Board Responsible Investment ('ABRI') of PGGM, member of the Supervisory Board of Stichting BRAC Foundation, Chair of the Supervisory Board of BRAC International Holdings BV and member of the We-Fi's Leadership Champions, the Women Entrepreneurs Finance Initiative housed in the World Bank. As at December 31, 2019, Marilou van Golstein Brouwers did not hold any shares in Triodos Microfinance Fund.

C. Molitor

Independent, Partner of Inn pact

After a career of more than 20 years in the Luxembourg financial sector, Corinne Molitor is a partner of Inn pact, a private company dedicated to consulting and management support services for innovative and sustainable impact finance initiatives. Corinne Molitor is furthermore actively involved in impact investing through a number of activities: she co-chairs the ALFI Responsible Investing Committee and is the chairperson of ADA Asbl, an NGO specialised in microfinance and inclusive finance. Corinne Molitor is also a Member of the Board of Triodos SICAV I. As at December 31,

2019, Corinne Molitor did not hold any shares in Triodos Microfinance Fund.

J.C. Smakman

Director Retail Banking Triodos Bank NV

Jeroen Smakman is Director Retail Banking for Triodos Bank NV at its head office, and in that role responsible for the strategy, support and coordination of all retail activities within Triodos Bank and its branches. He has a long-standing experience in the financial sector. Jeroen Smakman previously worked at ING Group NV in product management, marketing and HR. He has held several management positions in the Netherlands, Italy, Canada and the Czech Republic. As at December 31, 2019, Jeroen Smakman did not hold any shares in Triodos Microfinance Fund.

Alternative Investment Fund Manager

Triodos Investment Management BV

Registered office:

Nieuweroordweg 1

3704 EC Zeist

The Netherlands

Postal address:

P.O. Box 55

3700 AB Zeist

The Netherlands

Triodos Investment Management is the alternative investment fund manager of Triodos SICAV II. The Management Board of Triodos Investment Management has the following members:

J.J. Minnaar

Jacco Minnaar is Chair of the Management Board (as of January 1, 2019) of Triodos Investment Management and Triodos Investment Advisory & Services BV. In addition, he is a Member of the Board of Stichting Hivos-Triodos Fund. As at December 31, 2019, Jacco Minnaar did not hold any shares in Triodos Microfinance Fund.

K. Bosscher

Kor Bosscher is Director Risk and Finance (as of March 1, 2018) at Triodos Investment Management and Triodos Investment Advisory & Services BV. As at December 31, 2019, Kor Bosscher did not hold any shares in Triodos Microfinance Fund.

D.J. van Ommeren

Dick van Ommeren is Managing Director at Triodos Investment Management and Triodos Investment Advisory & Services BV. He is a Member of the Board of Triodos SICAV I and a Chair of the Dutch Fund and Asset Management Association (DUFAS). As at December 31, 2019, Dick van Ommeren did not hold any shares in Triodos Microfinance Fund.

Fund Manager

T. Crijns

Tim Crijns has been Fund Manager of Triodos Microfinance Fund since July 2018. He joined Triodos Investment Management in 2016 as Investment Officer Africa. In this role, he has built up direct relationships with various microfinance institutions in the region. In addition, he supported the then fund manager and gained extensive experience with the fund across the board. Tim joined Triodos Bank in 2014 as Secretary of the Board of Directors of Triodos Bank, Supervisory Board and Stichting Administratiekantoor Aandelen Triodos Bank. As at December 31, 2019, Tim Crijns did not have any shares in the sub-funds of Triodos SICAV II.

Distributor

Triodos Investment Management BV

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Nieuweroordweg 1

3704 EC Zeist

The Netherlands

Postal address:

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3700 AB Zeist

The Netherlands

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Corporate and Administrative Agent, Registrar and
Transfer Agent**

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Grand Duchy of Luxembourg

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2, rue Gerhard Mercator
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Grand Duchy of Luxembourg

Legal Advisor in Luxembourg

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L-2082 Luxembourg
Grand Duchy of Luxembourg

Rated by:



The Luxembourg Fund Labelling Agency (LuxFLAG) is an independent, non-profit association. The Agency, founded in 2006, aims to promote the raising of capital for Responsible Investment sectors by awarding a recognisable label to investment funds. Its objective is to reassure investors that the applicant investment fund invests, directly or indirectly, in the responsible investment sector. The applicant fund may be domiciled in any jurisdiction that is subject to a level of national supervision equivalent to that available in European Union countries.

Colophon

Triodos SICAV II - Triodos Microfinance Fund annual report 2019

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Contact

If you have comments or questions about this report, please contact Triodos Investment Management.

This document can be downloaded from: www.triodos-im.com.

Triodos  **Investment Management**

