



# Triodos Organic Growth Fund

A sub-fund of Triodos SICAV II

Semi-annual report June 2019

Triodos  Investment Management

# Organic food and agriculture

Organic agriculture recognises the relationship between our environment, our health and the food we eat. The use of pesticides and chemical fertilisers is avoided and high standards of animal welfare maintained.

## Triodos SICAV II - Triodos Organic Growth Fund Semi-annual report June 2019

Triodos Organic Growth 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 Organic Growth 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 website: [www.triodos-im.com](http://www.triodos-im.com).

## Key figures

(amounts in EUR)	1st half 2019	1st half 2018	2018	2017	2016
Net assets (end of reporting period)	54,430,764	54,847,007	54,564,699	48,862,766	37,435,533
Income	241,136	408,451	1,149,802	904,301	878,455
Expenses	778,690	772,889	1,688,570	1,339,239	1,081,970
Net operating income	(537,554)	(364,438)	(538,768)	(434,938)	(203,515)
Realised and unrealised results on investments and foreign exchange contracts	(2,563,933)	(996,679)	(3,333,475)	4,864,272	2,495,294
Net result	(3,101,507)	(1,361,117)	(3,872,243)	4,429,334	2,291,779
<b>Ongoing charges per share class *</b>					
I-dis	2.99%	–	2.99%	–	–
Q-dis	2.89%	2.99%	2.99%	2.96%	3.00%

### Net asset value (NAV) per share

(amounts in EUR)	June 28, 2019	June 29, 2018	December 31, 2018	December 29, 2017	December 30, 2016
I-dis	91.41	–	96.64	–	–
Q-dis	106.49	117.80	112.60	120.64	109.34

### Return based on NAV per share \*\*

Share class	6-month return	1-year return	3-year return p.a.	5-year return p.a.	Return p.a. since inception
I-dis ***	-5.4%	-9.6%	0.2%	1.3%	1.2%
Q-dis	-5.4%	-9.6%	0.2%	1.3%	1.2%

\* 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. The ongoing charges for the I-dis share class is based on best estimate, since the I-dis share class was launched in September 2018.

\*\* NAV per share is based on share prices as per June 28, 2019, i.e. the last price at which shares were traded in the reporting period.

\*\*\* The I-dis share class has a limited history. Returns prior to the launch date of the I-dis share class is based on the returns of the comparable Q-dis share class.

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# General information

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## Legal structure

Triodos Organic Growth Fund (the fund) was launched in January 2014 as a sub-fund of Triodos SICAV II. The fund has a semi open-end fund structure and is not listed on any stock market. Triodos Organic Growth Fund has a euro-denominated share class for professional and certain qualified private investors.

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 Organic Growth Fund incorporated Triodos OGF Luxco S.à r.l. in June 2014. Triodos OGF Luxco S.à r.l. acts as a holding entity for a selection of investments by the fund.

## Investment policy

The fund invests primarily in mature and profitable, privately-owned organic and sustainable consumer lifestyle businesses in Europe. It aims to offer investors a unique opportunity to invest in the long-term development of the organic and sustainable consumer sector in Europe and to have positive social and environmental impact.

The investment focus is on selected values-based businesses with a track record of successful trading and profitability. Through an evergreen approach,

not driven by exits, the fund invests as an aligned co-owner, by providing succession and/or growth capital. As a long-term investment partner, the fund typically takes significant minority or majority (quasi-)equity positions, is represented on the board of directors and/or at annual shareholders meetings and adds value through a strategic, professional ownership approach.

## 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.

# Report of the Alternative Investment Fund Manager

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In the first six months of 2019, the fund's net assets decreased by -0,25% (EUR 0.1 million). The net asset value per Q-dis share class decreased by 5.4%, from EUR 112.60 per share on December 31, 2018 to EUR 106,49 on June 30, 2019. The I-dis share decreased from EUR 96.64 on December 31, 2018 to EUR 91.41 on June 30, 2019. This decrease was mainly due to lower growth rates than expected at Naty, DO-IT and Naturfrisk. All three companies are suffering from increased competition demanding increased efforts in sales and marketing and larger teams which results in higher costs on the short term but will contribute to the growth of the companies on the long run.

The Impact Report 2018 of Triodos Organic Growth highlights the importance and dynamics of the portfolio companies, presented in the context of activities, stories, films and numbers. See: [www.triodos-im.com/impact-report/2018/triodos-organic-growth-fund](http://www.triodos-im.com/impact-report/2018/triodos-organic-growth-fund).

## Fund data, June 30, 2019

Net assets	EUR 54,430,764
Portfolio value	EUR 42,243,026
Number of equity investments	8
Number of countries	5

In June 2019, Triodos Bank published its vision document "Towards ecologically and socially resilient food and agriculture systems" calling for a complete change of the food and agriculture systems. Balanced ecosystems, a healthy society and inclusive prosperity are closely related and all essential for well-functioning food and agriculture systems. However, they are often dealt with in isolation. We need to start looking at it from a holistic, systemic perspective, recognising the complexities and interdependencies. A transition is urgently needed to safeguard healthy nutrition for future generations without damaging the natural systems and without marginalising the millions of smallholder farmers in emerging economies who produce food for increasingly globalised food markets. We need to rethink the way we produce, store, trade, transport, process, market, and

consume (or dispose of) our food. For the full report see: [www.triodos-im.com/press-releases/2019/triodos-bank-calls-for-complete-change-of-food-and-agriculture-systems](http://www.triodos-im.com/press-releases/2019/triodos-bank-calls-for-complete-change-of-food-and-agriculture-systems).

## Market developments

Triodos Organic Growth Fund invests in sustainable food and consumer businesses in Europe. In the first place, the fund targets organic food companies and food companies that focus on sustainable diets, fair chains and/or have a circular business model.

The market for organic food continues to grow in most Western European countries. The latest European data available is from 2017, published by the Research Institute of Organic Agriculture (FiBL) during Biofach in February 2019. It is shown that in 2017, the total European organic retail sales amounted to EUR 37.3 billion indicating a growth rate of 11%. The European countries with the largest markets for organic food are Germany (EUR 10.0 billion), France (EUR 7.9 billion), Italy (EUR 3.1 billion) and Switzerland (EUR 2.4 billion). Switzerland has the highest per capita consumption worldwide at EUR 288, followed by Denmark (EUR 278) and Sweden (EUR 237).

Although only some European countries have published their market data on organic food for 2018, the general trend is that there is continuous growth. The Soil Association, the UK's leading food and farming charity and organic certification body, reports that in 2018 the organic market grew by 5.3%, resulting in a total value of GBP 2.3 billion. The fastest growing segment in the UK is the home delivery of organic food and box schemes, which grew by 14.2% in value during 2018. Also, conventional supermarkets are increasingly selling organic food, resulting in a growth rate of 3.3%.

Next to growth in the organic sector, there is increasing consumer awareness on the sustainability of the production of food and its health effects. This has resulted in market developments such as an increase in number of vegetarians and flexitarians and broader offering of

alternative protein products. This positively affects the portfolio companies of the fund active in this field, such as Beendi, and is an interesting market space for new investments, our impact and financial goals.

### Investments

At the end of June 2019, Triodos Organic Growth Fund was invested in eight sustainable consumer good companies in five different countries and across all parts of the value chain. The fund invests in these portfolio companies through equity participations and is represented on their boards.

During the first half of 2019 the Fund together with a consortium, invested in Naturgie, a French company offering a broad range of organic products. Founded by farmer Jean Verdier, a fervent proponent of organic farming from the Lot et Garonne region, Naturgie has been committed to the world of organic foods and nutrition for more than 30 years. The company offers a large range of organic products varying from jams, compotes and chutneys to chocolates and semi-candied fruits for both organic and conventional retail. Naturgie has a leading position in the market for jam and fruit-spreads in organic specialty networks. Its main organic brand Saveurs Attitudes is a well-known brand in France, standing for high-quality organic jams and fruit spreads. After the investment in Naturgie, the fund's net assets were invested at a level of 77.6% as per June 30, 2019 (December 31, 2018: 67.9%).

**Asset allocation (% of fund's net assets), June 30, 2019**



The performance of the portfolio companies was disappointing in the first half of 2019, due to two main reasons. Increased competition in the market from new entrants (both start-ups and conventional players moving into sustainability/organic) puts pressure on sales and margins. Additionally, there are increased strategic and operational transitions required on investee level, in some cases driven by the changed market circumstances. Triodos Organic Growth Fund pushes and supports its portfolio companies to go through these changes in order to realise their growth and impact objectives. However, the increased cost base as a result of some of the transitions does put pressure on the EBITDA in the short term and, in line with the fund's valuation policy, affects the fund's valuation.

Some of the investees seem to have tackled their challenges (Aarstiderne and Naty) while others are in the midst (Marqt) or the last phase of transition to become future proof (Naturfrisk and DO-IT). Although negative portfolio performance is to be expected on the short term, based on the discussions with investee management and annual budgets the fund expects the performance of the portfolio to be significantly better than last year and in line with fund's long-term projection.

### Results

#### Financial results

The fund's total income over the first half of 2019 amounted to EUR 0.2 million (first half of 2018: EUR 0.4 million), consisting of dividend income from one of its equity investments. Total expenses, the majority of which consist of management fees, amounted to EUR 0.8 million in the first half of 2019 (first half of 2018: EUR 0.8 million). The unrealised value loss in the fund's portfolio, including the related gain on forward foreign exchange contracts, amounted to EUR 2.6 million (first half year of 2018: 1.0 million). The net result of Triodos Organic Growth Fund for the first half of 2019 therefore amounts to a loss of EUR 3.1 million, against a loss of EUR 1.4 million in first half of 2018.

## Return based on net asset value (NAV) per share\*

Share class	6-month return	1-year return	3-year return p.a.	5-year return p.a.	Return p.a. since inception
I-dis (EUR) **	-5.4	-9.6	0.2	1.3	1.2
Q-dis (EUR)	-5.4	-9.6	0.2	1.3	1.2

\* NAV per share is based on share prices as per June 28, 2019, i.e. the last price at which shares were traded in the reporting period.

\*\* The I-dis share class (launched September 28, 2018) has a limited history. Returns prior to the launch date of the I-dis share class are based on the returns of the comparable Q-dis share class.

### Return

During the first half of 2019, the net asset value per share (Q-dis share class) decreased by 5.4%, from EUR 112.60 per share on December 31, 2018, to EUR 106.49 on June 28, 2019. The average return per annum since inception is 1.2%. The long-term net target return is 8.0% per annum, which Triodos Organic Growth Fund aims to achieve through a combination of dividend income and value gains in the portfolio.

### Liquidity

The liquidity (cash and cash equivalents) of Triodos Organic Growth Fund represented 22.4% of the fund's net assets as per June 30, 2019 (December 31, 2018: 32.1%). Over the first half of 2019, the net inflow amounted to EUR 3.0 million (first half of 2018: EUR 7.3 million). This includes a switch in shareholdings from the Q-class to the I-class.

### Costs

The main recurring item in the cost structure of Triodos Organic Growth Fund is the management fee paid to the AIFM, Triodos Investment Management. The AIFM uses this fee primarily to cover staff-related costs and travel expenses incurred in connection with investments. The investment process is labour-intensive. A new investment on average takes at least six months to be put into effect, from the initial meeting to the signing of contracts and other documentation. As the fund focuses on investment opportunities across a

number of European countries (with the initial focus on north-west Europe), relatively frequent travelling is required. Other costs include the fees paid to RBC Investor Services Bank for their depositary and administrative services.

The ongoing charges for the Q-dis share class, including the management fee, represented 2.89% of the fund's net assets on an annual basis as per June 30, 2019 (June 30, 2018: 2.99%). The ongoing charges ratio of the I-dis share class, which became active in 2018, is 2.99% (based on annualized costs). This is well below the upper limit of 3.50% set for the annual ongoing charges. More detailed information about management fees and ongoing charges can be found on pages 21 and 22.

### Outlook

The outlook for the second half of 2019 is cautiously positive. Most investees in the portfolio seem to have tackled their challenges or are in the last phase of transition to become future-proof. For this year, while there is pressure on short term performance, we expect full year performance to be better than last year and in line with fund's long-term projection. Next to focusing on increasing value within the existing portfolio the fund team is actively sourcing new investment opportunities in the European organic food and beverage market. It is expected that two investments will be closed in the second half of 2019.

# Summary of semi-annual accounts 2019

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## Statement of net assets as per June 30, 2019

(amounts in EUR)	Notes	June 30, 2019	December 31, 2018
<b>Assets</b>			
<b>Fixed assets</b>			
Investment in financial assets (Historic cost: EUR 40,652,547 as at June 30, 2019, EUR 32,551,545 as at December 31, 2018)	2	42,240,088	37,053,469
Formation expenses	3	–	10,257
<b>Current assets</b>			
Cash and cash equivalents		12,410,414	17,993,938
Net unrealised gain on forward foreign exchange contracts	10	107,383	–
Other receivable		106,602	106,228
Other current assets		–	119,999
<b>Total assets</b>		<b><u>54,864,487</u></b>	<b><u>55,283,891</u></b>
<b>Liabilities</b>			
<b>Liabilities due within one year</b>			
Net unrealised loss on forward foreign exchange contracts	10	–	188,180
Investment management, distribution and service fees payable	6	275,500	284,629
Accounts payable and accrued expenses	9	158,223	246,383
<b>Total liabilities</b>		<b><u>433,723</u></b>	<b><u>719,192</u></b>
<b>Net assets</b>		<b><u><u>54,430,764</u></u></b>	<b><u><u>54,564,699</u></u></b>

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

The figures in these financial statements have not been subjected to an external audit.

# Statement of operations for the period ended June 30, 2019

(amounts in EUR)	Notes	June 30, 2019	December 31, 2018
<b>Income:</b>			
Dividend income	2	237,502	1,002,488
Other income		3,634	147,314
<b>Total income</b>		<b><u>241,136</u></b>	<b><u>1,149,802</u></b>
<b>Expenses:</b>			
Amortisation of formation expenses	3	10,257	133,729
Investment management, distribution and service fees	6	538,900	1,108,097
Administrative and depositary fees	5	64,111	116,155
Audit and reporting expenses		631	35,001
Other interest paid		47,418	69,925
Other tax		65,043	42,520
Other expenses	8	52,330	183,143
<b>Total expenses</b>		<b><u>778,690</u></b>	<b><u>1,688,570</u></b>
<b>Net operating income</b>		<b>(537,554)</b>	<b>(538,768)</b>
Realised loss on investments		–	(50,500)
Realised gain on forward foreign exchange contracts		91,909	433,462
Realised loss on forward foreign exchange contracts		(20,864)	(25,891)
Realised gain on foreign exchange		15,456	54,380
Realised loss on foreign exchange		(31,634)	(17,992)
Change in net unrealised appreciation on investments		49,757	–
Change in net unrealised depreciation on investments		(2,964,140)	(3,446,665)
Change in net unrealised appreciation on forward foreign exchange contracts		295,563	–
Change in net unrealised depreciation on forward foreign exchange contracts		–	(280,269)
<b>Net increase/(decrease) in net assets resulting from operations</b>		<b><u>(3,101,507)</u></b>	<b><u>(3,872,243)</u></b>

The accompanying notes form an integral part of these financial statements.  
The figures in these financial statements have not been subjected to an external audit.

# Statement of changes in net assets for the period ended June 30, 2019

(amounts in EUR)	June 30, 2019	December 31, 2018
<b>Operations</b>		
Net operating income	(537,554)	(538,768)
Realised loss on investments	–	(50,500)
Realised gain on forward foreign exchange contracts	91,909	433,462
Realised loss on forward foreign exchange contracts	(20,864)	(25,891)
Realised gain on foreign exchange	15,456	54,380
Realised loss on foreign exchange	(31,634)	(17,992)
Change in net unrealised appreciation on investments	49,757	–
Change in net unrealised depreciation on investments	(2,964,140)	(3,446,665)
Change in net unrealised appreciation on forward foreign exchange contracts	295,563	–
Change in net unrealised depreciation on forward foreign exchange contracts	–	(280,269)
<b>Net increase/(decrease) in net assets resulting from operations</b>	<b><u>(3,101,507)</u></b>	<b><u>(3,872,243)</u></b>
<b>Capital transactions</b>		
<b>Capital subscriptions</b>		
I- Distribution Share Class (EUR)	3,378,000	16,327,593
Q- Distribution Share Class (EUR)	3,061,667	9,615,889
<b>Total subscriptions</b>	<b><u>6,439,667</u></b>	<b><u>25,943,482</u></b>
<b>Capital redemptions</b>		
Q- Distribution Share Class (EUR)	(3,472,095)	(16,369,306)
<b>Total redemptions</b>	<b><u>(3,472,095)</u></b>	<b><u>(16,369,306)</u></b>
<b>Net increase/(decrease) in net assets resulting from capital transactions</b>	<b><u>2,967,572</u></b>	<b><u>9,574,176</u></b>
<b>Net assets</b>		
Net assets at the beginning of the period/year	54,564,699	48,862,766
Total increase in net assets	(133,935)	5,701,933
<b>Net assets at the end of the period/year</b>	<b><u>54,430,764</u></b>	<b><u>54,564,699</u></b>

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

The figures in these financial statements have not been subjected to an external audit.

## Cash flow statement for the period ended June 30, 2019

(amounts in EUR)	June 30, 2019	December 31, 2018
<b>Cash provided by operating activities</b>		
Profit after taxation	(3,101,507)	(3,872,243)
(-) increase/(+) decrease in unrealised gains and losses on investments, forward foreign exchange contracts and swap contracts	2,618,820	3,726,934
(-) increase/(+) decrease in realised gains and losses on investments	–	50,500
(+) increase/(-) decrease in receivables and other assets	129,882	68,388
(+) increase/(-) decrease in payables	(97,289)	165,521
(-) Net cash from acquisitions and disposals of investments	(8,101,002)	(3,747,254)
<b>Net cash provided by operating activities</b>	<b><u>(8,551,096)</u></b>	<b><u>(3,608,154)</u></b>
<b>Cash provided by financing activities</b>		
(+) proceeds from shares issued	6,439,667	25,943,482
(-) decrease from shares redeemed	(3,472,095)	(16,369,306)
<b>Net cash provided by financing activities</b>	<b><u>2,967,572</u></b>	<b><u>9,574,176</u></b>
<b>Cash</b>		
Net increase/(decrease) in cash and cash equivalents	(5,583,524)	5,966,022
Cash at the beginning of the period/year	17,993,938	12,027,916
<b>Cash at the end of the period/year</b>	<b><u>12,410,414</u></b>	<b><u>17,993,938</u></b>

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

The figures in these financial statements have not been subjected to an external audit.

## Statement of changes in the number of shares outstanding for the period ended June 30, 2019

	June 30, 2019	December 31, 2018
<b>Number of Shares outstanding at the beginning of the period/year</b>		
Share Class I	163,275.933	–
Share Class P	1.000	1.000
Share Class Q	344,446.764	405,041.857
<b>Subscriptions over the period/year</b>		
Share Class I	34,954.470	163,275.933
Share Class Q	27,380.640	79,879.016
<b>Redemptions over the period/year</b>		
Share Class Q	30,835.656	140,474.109
<b>Number of Shares outstanding at the end of the period/year</b>		
Share Class I	198,230.403	163,275.933
Share Class P	1.000	1.000
Share Class Q	340,991.748	344,446.764

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

The figures in these financial statements have not been subjected to an external audit.

## Statistics

(amounts in EUR)	June 30, 2019	December 31, 2018	December 31, 2017
<b>Total net asset value at the end of the period/year</b>			
Share Class I	18,120,050	15,779,039	–
Share Class P	107	113	121
Share Class Q	36,310,607	38,785,547	48,862,645
	<u>54,430,764</u>	<u>54,564,699</u>	<u>48,862,766</u>
<b>Net asset value per share at the end of the period/year</b>			
Share Class I	91.41	96.64	–
Share Class P	106.77	112.84	120.84
Share Class Q	106.49	112.60	120.64

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

The figures in these financial statements have not been subjected to an external audit.

# Notes to the financial statements

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## 1. General

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.

As at June 30, 2019, the SICAV has three sub-funds: Triodos Renewables Europe Fund, Triodos Microfinance Fund and Triodos Organic Growth Fund.

The objective of the sub-fund is to invest primarily in mature and profitable privately-owned organic and sustainable lifestyle businesses in Europe. It aims to offer investors a unique investment opportunity in the long-term development of organic and sustainable consumer sector in Europe and to contribute to a positive social and environmental impact. The investment focus will be on selected values-based businesses with a track-record of successful trading and profitability. Through an evergreen approach that is not driven by exits, the sub-fund will invest as an aligned co-owner, by providing succession and/or growth capital. As a long-term investment partner, the sub-fund will typically take significant minority or majority (quasi-) equity positions, be represented at the board of directors of Investees and add value through a strategic, professional ownership approach.

The Initial Offering Period ended on January 13, 2014, and the first net asset value of Triodos Organic Growth Fund was calculated on March 31, 2014.

Shares may be subscribed once a quarter, on each Valuation Date, subject to a 15 days subscription notice period. The sub-fund is semi open-ended, i.e. Shares may be redeemed in principle once a quarter on the Valuation Date, subject to a 45 days redemption notice period and subject to available liquidity. 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 "Q" Shares Distribution, Euro-denominated Class "I" Shares Distribution and Euro-denominated Class "P" Shares Capitalisation. Class "Q" Shares are open to Institutional Investors, professional investors and certain qualified private investors, such as clients of private banks and/or high net worth individuals, depending on their country of residence. Class "I" Shares are restricted to Institutional Investors. Class "P" Shares are open to entities of Triodos Group. Class "P" Shares give 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 Company out of which a majority of the Board of Directors of the Company must be appointed. Shares are issued in registered form..

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.

The sub-fund Triodos Organic Growth Fund incorporated Triodos OGF Luxco S.à r.l. ("the holding company") in June 2014. As a wholly-owned subsidiary of the sub-fund, all assets and liabilities, income and expenses of the holding company are consolidated in the statement of net assets, the statement of operations and the statement of changes in net assets of the sub-fund. All investments held by the holding company are disclosed in the financial statements of the sub-fund.

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).

## 2. Summary of significant accounting principles

### 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 the sub-fund, 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.

- 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. Formation expenses

The total formation expenses of the sub-fund amount to EUR 377,200 of which EUR 350,000 is related to the initial formation of the sub-fund. The formation expenses of Triodos OGF Luxco S.à r.l. amount to EUR 27,200. These formation expenses are amortised over a period of five years.

### 4. 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.

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

## 5. 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:

(amounts in EUR)	June 30, 2019	December 31, 2018
Investment compliance fee	718	1409
Domiciliary agency fee	7,387	15,498
Administrative fee	28,395	55,194
Transfer agency fee	4,333	6,302
Depositary fee	23,278	37,752
<b>Total</b>	<b><u>64,111</u></b>	<b><u>116,155</u></b>

## 6. 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-fund's particulars.

The sub-fund pays for the provision of investment management services and supporting services an annual fee of 2.00% for Class "I" Shares, Class "Q" Shares and Class "P" Shares, calculated on the relevant Class' net assets, accrued and payable quarterly.

The costs for marketing activities may amount to maximum 0.20% (on an annual basis) of the net assets of the sub-fund.

## 7. Other income

The other income comprises the following:

(amounts in EUR)	June 30, 2019	December 31, 2018
Administrative fee and other income	3,634	147,314
<b>Total</b>	<b><u>3,634</u></b>	<b><u>147,314</u></b>

## 8. Other expenses

The other expenses comprise the following:

(amounts in EUR)	June 30, 2019	December 31, 2018
Supervisory fee	2,667	2,667
Remuneration of the Board of Directors/Manager*	11,333	24,765
Legal fees	2,987	56,512
Consulting fees	27,442	40,133
Bank fees	2,003	3,787
Portfolio transaction costs	–	(26,165)
Other expenses	5,898	81,444
<b>Total</b>	<b><u>52,330</u></b>	<b><u>183,143</u></b>

\* Amounts include the remuneration of the Board of Managers of the sub-fund's holding company Triodos OGF LuxCo S.à r.l.

## 9. Accounts payable and accrued expenses

As at June 30, 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.

## 10. Forward foreign exchange contract

As at June 30, 2019, outstanding forward foreign exchange contracts are composed of:

Maturity Date	Notional		Unrealised gain/(loss) in EUR
10/07/2019	purchase of EUR against SEK	p.m*	8,408
10/07/2019	purchase of EUR against DKK	p.m*	307
17/07/2019	purchase of EUR against GBP	p.m*	2,567
07/08/2019	purchase of EUR against DKK	p.m*	318
14/08/2019	purchase of EUR against SEK	p.m*	17,346
11/09/2019	purchase of EUR against SEK	p.m*	5,542
11/09/2019	purchase of EUR against DKK	p.m*	372
09/10/2019	purchase of EUR against DKK	p.m*	357
16/10/2019	purchase of EUR against SEK	p.m*	10,447
16/10/2019	purchase of EUR against GBP	p.m*	2,327
06/11/2019	purchase of EUR against DKK	p.m*	348
13/11/2019	purchase of EUR against SEK	p.m*	15,077
11/12/2019	purchase of EUR against SEK	p.m*	15,531
11/12/2019	purchase of EUR against DKK	p.m*	346
08/01/2020	purchase of EUR against DKK	p.m*	224
15/01/2020	purchase of EUR against GBP	p.m*	(1,635)
15/01/2020	purchase of EUR against SEK	p.m*	15,431
05/02/2020	purchase of EUR against DKK	p.m*	508
12/02/2020	purchase of EUR against SEK	p.m*	8,813
04/03/2020	purchase of EUR against SEK	p.m*	(579)
04/03/2020	purchase of EUR against DKK	p.m*	774
08/04/2020	purchase of EUR against DKK	p.m*	509
08/04/2020	purchase of EUR against SEK	p.m*	836
08/04/2020	purchase of EUR against DKK	p.m*	285
15/04/2020	purchase of EUR against GBP	p.m*	16,809
13/05/2020	purchase of EUR against DKK	p.m*	407
13/05/2020	purchase of EUR against SEK	p.m*	(11,706)
13/05/2020	purchase of EUR against DKK	p.m*	735
10/06/2020	purchase of EUR against SEK	p.m*	(3,614)
10/06/2020	purchase of EUR against DKK	p.m*	295
<b>Total</b>			<b><u>107,383</u></b>

The counterparties linked to the forward foreign exchange contracts are:

- Triodos Bank NV
- Cooperatieve Rabobank U.A.

\* The notional amount is closely related to the transaction price of the asset. This transaction price is confidential.

## 11. Ongoing charges cost ratios

	Ongoing charges June 30, 2019	Ongoing charges December 31, 2018
I- Distribution Share Class (EUR)	2.99%	2.99%
Q-Distribution Share Class (EUR)	2.89%	2.99%
P-Capitalisation Share Class (EUR)	2.86%	2.95%

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.

## 13. Exchange rate

The exchange rate used as per June 30, 2019, is:

1 EUR =	7.463675	DKK
1 EUR =	0.8974791	GBP
1 EUR =	10.565968	SEK

## 14. Other information: Belgian savings tax

In scope of Belgian Savings Tax	Yes
Method used to determine the status	Asset testing
Result Belgian asset testing	33.91%
Period of validity of the status	1 May 2019 - 30 April 2020

# Management and administration

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## Registered office

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

## Board of Directors

### G.R. Pieters

Chair

Independent, 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 June 30, 2019, Garry Pieters did not hold any shares in Triodos Organic Growth Fund.

### M.D. Bachner

Independent, Founder Bachner Legal

Monique Bachner is 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 charitable institutions and is a Member of both the Board and the Management Committee of ILA (Institut Luxembourgeois des Administrateurs), as well as

Chair of ILA's Education Committee and Member of ILA's Investment Funds Committee. Monique Bachner is also a Member of the Board of Triodos SICAV I. As at June 30, 2019, Monique Bachner did not hold any shares in Triodos Organic Growth Fund.

### M.H.G.E. van Golstein Brouwers

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 April 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 Sustainable Trade Fund, Stichting Triodos Renewable Energy for Development Fund, Stichting Hivos-Triodos Fonds and Chair of the Board of Stichting Triodos Foundation. She is also a Member of the Board of Triodos SICAV I. 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 and member of the We-Fi's Leadership Champions, the Women Entrepreneurs Finance Initiative housed in the World Bank. As at June 30, 2019, Marilou van Golstein Brouwers did not hold any shares in Triodos Organic Growth Fund.

### C. Molitor

Independent, Director of Innpact S.à r.l.

After a career of more than 20 years in the Luxembourg financial sector, Corinne Molitor is a partner of Innpact, 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 June 30, 2019, Corinne Molitor did not hold any shares in Triodos Organic Growth 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 June 30, 2019, Jeroen Smakman did not hold any shares in Triodos Organic Growth Fund.

#### **Alternative Investment Fund Manager**

Triodos Investment Management BV

Registered office:

Nieuweroordweg 1

3704 EC Zeist

The Netherlands

Postal address:

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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 June 30, 2019, Jacco did not hold any shares in Triodos Organic Growth 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 June 30, 2019, did not hold any shares in Triodos Organic Growth 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 Member of the Board of the Dutch Fund and Asset Management Association (DUFAS). As at June 30, 2019, Dick van Ommeren did not hold any shares in Triodos Organic Growth Fund.

#### **Fund Manager**

#### **J. H. Appers**

Jurriën Appers has taken on the role as fund manager of Triodos Organic Growth Fund as per 1 January 2018. Jurriën Appers has been a Senior Investment Manager for Triodos Organic Growth Fund since 2012 and fulfils an active board position at two of the fund's portfolio companies: Naturfrisk in Denmark and DO-IT in The Netherlands. He joined Triodos Bank in 2004 as a Senior Relationship Manager at the business banking department where he developed, amongst others, Triodos Bank's sustainable real estate proposition. Jurriën Appers holds a Master in International Business from Maastricht University. As at June 30, 2019, Jurriën Appers did not hold any shares in Triodos Organic Growth Fund.

#### **Distributor**

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**Legal Advisor in Luxembourg**

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Grand Duchy of Luxembourg

## Colophon

Triodos SICAV II - Triodos Organic Growth Fund semi-annual report June 2019

### **Published**

August 2019

### **Text**

Triodos Investment Management, Zeist, The Netherlands

### **Design**

Michael Nash Associates, London, United Kingdom

### **Layout**

Via Bertha, Utrecht, The Netherlands

### **Photography**

Photos in this semi-annual report haven been provided by companies in which Triodos SICAV II - Triodos Organic Growth Fund invests.

If you have comments or questions about this report, please contact Triodos Investment Management. This document can be downloaded from: [www.triodos-im.com](http://www.triodos-im.com).

**Triodos**  **Investment Management**

