Twenty First Funds

Société d’Investissement à Capital Variable (SICAV)

Annual Report and audited financial statements
as at 31/12/23

R.C.S. Luxembourg B197170

Table of contents

Organisation and administration

Register Office	**Twenty First Funds** Société d'investissement à Capital Variable 5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
Board of the Directors of the SICAV	Bertrand Gibeau Chairman of the Board of Directors, Independent Director Chrysostomos Iliou Managing Director of Twenty First Capital - Chief Compliance Officer Kareen Wagner Independent Director
Management Company	**Twenty First Capital** 39, Avenue Pierre 1er de Serbie F-75008 Paris France
Management Board of the Management Company	Stanislas Bernard CEO of Twenty First Capital Chrysostomos Iliou Managing Director of Twenty First Capital - Chief Compliance Officer Benjamin Perray Managing Director of Twenty First Capital - Chief Investment Officer
Supervisory Board of the Management Company	Henri Danguy des Déserts Chairman of the Supervisory Board Hervé Touchais, Independent Director LBO France Gestion, represented by Robert Daussun Marie-Astrid Auriol, Managing Director of LBO France Gestion
Investment Manager	**For Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps):** **LBO FRANCE GESTION** 148, Rue de l'Université, F-75007 Paris France
Depositary, Registrar and Administration Agent	**CACEIS Bank, Luxembourg Branch** 5, Allée Scheffer L-2520 Luxembourg Grand Duchy of Luxembourg
Principal Placement Agent	**Twenty First Capital** 39, Avenue Pierre 1er de Serbie F-75008 Paris France
Independent Auditor	**Ernst &Young S.A.** 35E Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg
Legal Advisors	**Arendt & Medernach SA** 41, Avenue John F. Kennedy L-1855 Luxembourg Grand Duchy of Luxembourg

Management reports

Exclusif 21

The markets began the year on a resolutely euphoric note. Announcements from the three major central banks were the main driving force, fueling hopes of an imminent end to the interest rate hike cycle. On balance, we believed that the market rallied too sharply and too quickly. We therefore maintained a relatively cautious stance.

The markets were more jittery during February, with European indices remaining positive, but posting only marginal gains, while US markets returned slightly negative performances. At this point in the year, our pricing model suggested that the markets were overvalued. Further upside potential seemed limited unless there was a steady increase in earnings growth outlook. This was not our core scenario however and we considered risk to be insufficiently rewarded. In keeping with our portfolio objectives, we maintained a defensive positioning in the uncertain environment referred to above.

The markets ended March on a flat performance, demonstrating remarkable resilience. The bullish trend at the beginning of the year accelerated until several US banks filed for bankruptcy. This raised the prospect of a banking crisis and triggered a sharp downturn in the indices. The fund once again successfully weathered the roller-coaster market conditions due to our hedge positions, which significantly reduced volatility.

The markets proved remarkably resilient once again in April, but lost momentum at the end of the month. Despite strong headwinds created by inflation, geopolitical tensions, and less generous financing conditions, the resolutely positive trend remained unaltered. Although our hedge positions significantly reduced volatility, they nonetheless weighed on performance, with the fund returning -1.11%.

The financial markets' astonishing resilience referred to above finally buckled during May. Investors who had previously believed in a best-case scenario, based on inflation receding and interest rates falling, accompanied by a soft landing, now began pricing-in the risk of a recession which could no longer be ignored. Our hedge positions worked perfectly, enabling the fund to gain 0.91% on the month.

The financial markets resumed their bullish trend towards the end of June, recouping most of the losses recorded in May. The turnaround was triggered by fresh signs that the pace of inflation was slowing, combined with China announcing the potential launch of consumer stimulus measures. Due to the fund's cautious positioning, Exclusif 21 recorded a slight loss of 0.67% on the month.

Despite strong volatility in July, the financial markets nonetheless ended the month near to the highs recorded during May. The pace of inflation slowed further, combined with a potential pause by the US central bank in September. Our cautious positioning enabled the fund to contain volatility, while gaining 0.15% on the month. In keeping with our portfolio objectives, we maintained our defensive positioning, as referred to above.

August was a challenging month for the equity markets, with most of the major indices posting losses. The bearish trend was amplified by thin trading volumes, which wrong-footed the most bullish investors. The market losses were paired-back at the end of the month however. The fund ended the month on a slight downturn, returning -0.28%. In keeping with our portfolio objectives, we maintained our defensive positioning.

After another roller-coaster month, the leading global equity markets ended September in the red. Forward guidance from the US Federal Reserve regarding its monetary policy was the new development driving the trend. Interest rates were broadly expected to remain high for longer than had been anticipated. Against a backdrop of higher rates over a prolonged period and inflation remaining above the central banks' target levels, with the threat of a recession looming, we had little faith in an equity rally, particularly with markets still overvalued according to our model, despite the recent downturn. Our hedge positions enabled the fund to end the month on an almost flat performance, returning -0.14%.

October was a particularly challenging month for the financial markets, impacted by a sharp rise in long-term rates and an outbreak of armed conflict in the Middle East, following the attack by Hamas on Israel on the 7th. The downturn wiped out almost all of the year-to-date gains recorded by most indices. Our hedge positions once again enabled the fund to end the month on an almost flat performance, returning -0.19%. Following the two-month slide in equity prices, the markets returned to a normal valuation level, which enabled us to reduce our hedge positions, but without going as far as switching to a more bullish mode.

Equity markets rallied sharply in November. The bullish trend implied that investors had become convinced that the battle against inflation had been won. Across the board, the rate of inflation was effectively lower than at the start of the year. The fund posted a strong monthly performance, returning +2%. We reduced our hedge positions in order to capitalise on valuations which had returned to attractive levels, resulting from the combined effect of lower prices and interest rates easing slightly. However, the available economic and financial data we draw on to feed into our model restrained us from increasing our exposure at this stage, which was slightly above 40%.

The markets and economies demonstrated remarkable resilience throughout the year. This trend was maintained during December, which recorded further strong gains. Armed conflicts and tighter monetary conditions aiming to curb inflation failed to derail the bullish trend. The fund's annual performance was +4.54%, with reduced volatility, in line with the founders' objectives. Our equity exposure is slightly above 40%, as risks are not sufficiently priced-in by the markets to allow for any increase and could even justify a reduction.

France Engagement

European equity markets recovered strongly over the first four months of the year, with a significant gap between large and small caps in France.

The sharp rise in the markets since the start of the year reflected the markets' conviction that the long-awaited recession scenario has been delayed or ruled-out in favour of a soft landing, with the prospect of further support from the Chinese economy reopening.

During the first few months of the year, the results published during the 2022 annual reporting season proved more resilient than expected, and were relatively reassuring in view of the signals given by the fall in raw material and freight costs, and the easing of supply chain bottlenecks. The challenge for 2023 lay in the ability to absorb rising energy prices and on-board wage inflation, against a backdrop of consumer demand becoming more sensitive to purchasing power issues.

The rise in bond yields in the wake of exceptionally rapid monetary tightening, with its sudden changes in asset prices, led to initial banking stress in the US and Europe. This financial shock disrupted central banks' efforts to combat inflation, which was struggling to ease sufficiently rapidly. The tighter financial conditions imposed by central banks and relayed by the banking crisis, will have a major impact on access to credit for businesses. It should be noted that the holdings in the portfolio have very little debt, and even enjoy positive net cash positions.

The slowdown in the economy has so far been soft. The averted energy crisis, improved supply chains and the resilience of consumption, which is absorbing the shock to purchasing power thanks to solid labour markets, are keeping activity buoyant, without tipping the economy into recession. Nevertheless, the current tightening of financial conditions will continue over the coming months, fuelling a slowdown in credit, growth and, ultimately, inflationary pressures. The most fragile players are bound to suffer: bank balance sheets tested by the new interest-rate regime, indebted and unprofitable businesses, and households with reduced investment capacity.

During the second half of the year, economic indicators dominated market sentiment: recession vs soft landing for the economy, and, within central bank forward guidance, whether to halt monetary tightening or continue raising interest rates. The first signs of a fall in inflation at the end of October instilled confidence in the markets that central banks would be in a position to ease their monetary policy in the spring of 2024, without having to break the growth cycle.

This consensus was not reached without hesitation however, with the bond market doing the work for the Fed in phases of doubt over disinflation, as in September and October. The release of November's inflation figures reinforced the shift in the Fed's stance adopted at the end of October. The disinflation dynamic has been even faster than anticipated, confirming the idea that, in the absence of an exogenous price shock, rate hikes are well and truly over. The fact that the worst-case scenario, involving excessively resilient inflationary pressures in the United States, is now out of the question means that monetary policy is no longer likely to bring the economy to a halt, and that risk appetite is returning.

While the continued strength of US growth has come as a surprise, in Europe, financial conditions are beginning to take their toll on (German) industry, which is slowing down, and on consumers, whose purchasing power and discretionary spending decisions are doubly affected.

Earnings expectations for the European market are now slightly lower, under the combined pressure of unprecedented monetary tightening and the economic recovery in China failing to offset the weakness of the global growth cycle.

Half-yearly results were marked by stabilized or rising revenues, thanks to a sufficient price effect to offset the decline in volumes, and by margins continuing to benefit from inflation inertia. Company releases have generally confirmed poor visibility ahead and a greater difficulty in maintaining margins under the dual effect of reduced leverage and pricing power.

Thanks to the rally in November and December, many financial assets ended the year at all-time highs, capitalizing on the sharp easing in long-term rates. The market was quick to take on board the very aggressive monetary easing policy in the US, which may be thwarted by economic statistics tempering these expectations. While volatility is to be expected, to realign the expected easing, the momentum of a soft landing is not in any doubt.

However, even after two months of unprecedented absolute performance for small caps, we believe that the catch-up has only just begun. At historically low valuations, small caps will continue to attract the interest of funds associated with families for delistings, as witnessed by the announcements concerning Clasquin, SII and Chargeurs.

Over the month, delistings, notably SII, contributed to the fund's strong exposure to IT services.

Since October 27, resurgent risk appetite has been reflected in our search for stocks that have been particularly badly hit this year, positions that we have held or strengthened under a contrarian approach, making a strong contribution to this month's performance, such as SES imagotag, Ekinops and Ipsos.

The change of market regime after years of underperformance by the small caps asset class, while not avoiding probable bouts of volatility, is set to continue, given that valuations are still pricing-in extremely cautious scenarios.

The portfolio review confirms this confidence: the updating of each of the valuation models, with very conservative assumptions, gives us upside potential of 30%.

Slower growth and higher interest rates for a longer period will put overly-indebted balance sheets and overly-generous valuations at risk. The portfolio remains cautious on leverage and valuation multiples.

Main portfolio changes during the first half of the year:

The resumption of financial management led to a number of arbitrages, driven by the idea of reducing cycle risk (exit from Akwel, Manitou, Elis) or specific Bastide risk, and reallocating to stocks offering greater visibility (introduction of Lagardère and Spie). Worldline was also sold.

The position in Bénéteau was strengthened on the back of the group’s 2022 sales figures, the quality of which will enable us to raise our targets for the year and also consolidate growth for 2023.

NRJ: a stake was initiated in France's leading private radio operator and 2nd largest TV/radio broadcaster. The low valuation and low cyclicality of the business argues in favour of this investment. The speculative aspect in a context of renewed interest in media assets reinforces our conviction.

Graines Voltz: Despite a convincing European build-up business model, the poor quality of the company's corporate governance and financial communication, combined with a succession of profit warnings, convinced us to sell our holding.

Cegedim: in the absence of leverage on the governance of a majority-owned group, the asset undervaluation alone is not enough to support our investment case. Momentum provided by revitalized growth (with no assurance of associated profitability) means that we can exit the investment on good terms, following an increase in value of over 50% since the beginning of the year.

We sold our investment in Virbac following its revaluation.

Main portfolio changes during the second half of the year:

Boiron: the company was taken private by the family, the majority shareholder, with the support of a private equity fund. We sold our holding in Boiron at €54. At a premium of almost 10% over the offer price, we considered that the risk of remaining a shareholder in order to count on a sweetened bid was becoming highly asymmetrical. The cash from the sale of Boiron was partially reinvested in the fund's most discounted holdings, notably Ipsos.

SES imagotag: the company demonstrated that Gotham City Research's reports were groundless by responding to them point by point. SES imagotag needs to strengthen its governance and financial communications. Our engagement dialogue focuses on these two areas. The share price was boosted over the summer.

We added two new holdings to the portfolio:

LDC: the French market leader in poultry, the only growing meat product, structurally in a declining meat market and cyclically in an inflationary environment, LDC benefits from a return to pre-bird flu volumes and its ability to outpace inflation.

Like most of the holdings in the portfolio, LDC boasts a solid balance sheet and strong free cashflow generation, despite a high capital intensity that allows for an active external growth strategy, and a modest valuation given its visibility.

Guerbet: a specialist in contrast products for medical imaging and a victim of competition from global players such as GE and Bayer, the group renewed its management in 2020, with a new strategy and a refocusing of its business portfolio. The return to profitable growth should help reduce leverage and trigger a stock rerating.

Xilam's unexpected withdrawal from US platforms has deprived the animated film studio of its development and diversification prospects. We sold our stake.

Our stakes in Lagardère, Imerys, NRJ, Ipsos and Trigano were also strengthened.

Luxembourg, 09 February 2024

Ernst & Young
Société anonyme
35E, Avenue John F. Kennedy
L-1855 Luxembourg

B.P. 780
L-2017 Luxembourg

Tel : +352 42 124 1
www.ey.com/luxembourg

R.C.S. Luxembourg B 47 771
TVA LU 16063074

Independent auditor's report

To the Shareholders of
Twenty First Funds
5, Allée Scheffer
L-2520 Luxembourg

Opinion

We have audited the financial statements of Twenty First Funds (the "SICAV") and of each of its sub-funds, which comprise the statement of net assets, the securities portfolio and the notes to the financial statements – schedule of derivative instruments as at 31 December 2023, and the statement of operations and changes in net assets for the year then ended, and other notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the SICAV and of each of its sub-funds as at 31 December 2023, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the SICAV in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standard Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the SICAV is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the SICAV is responsible for assessing the SICAV's and each of its sub-funds' 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 SICAV either intends to liquidate the SICAV or any of its sub-funds 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 statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" 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 CSSF 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 SICAV'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 of the SICAV.

- Conclude on the appropriateness of the Board of Directors of the SICAV's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SICAV's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the SICAV or any of its sub-funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Nicolas Bannier

Luxembourg, 11 April 2024

Twenty First Funds

Combined financial statements

Combined statement of net assets as at 31/12/23

	Note	Expressed in EUR
Assets		**59,868,376.31**
Securities portfolio at market value	2.2	57,639,056.96
Cost price		*45,015,458.93*
Cash at banks and liquidities		2,107,874.82
Receivable for investments sold		82,251.05
Receivable on subscriptions		8,470.24
Dividends receivable, net		22,168.68
Interests receivable, net		8,554.56
Liabilities		**354,591.00**
Bank overdrafts		51,605.00
Payable on redemptions		79,480.57
Net unrealised depreciation on financial futures	2.7	129,740.68
Management fees payable	3	78,233.33
Depositary fees payable		1,220.07
Administration fees payable		2,459.77
Other liabilities		11,851.58
Net asset value		**59,513,785.31**

Combined statement of operations and changes in net assets for the year ended 31/12/23

	Note	Expressed in EUR
Income		**1,740,614.42**
Dividends on securities portfolio, net		1,596,784.61
Interests on bonds, net		62,743.54
Bank interests on cash accounts		81,005.81
Other income		80.46
Expenses		**1,393,391.07**
Management fees	3	969,354.19
Performance fees	4	3,199.61
Depositary and sub-depositary fees		15,013.01
Administration fees		36,811.98
Domiciliary fees		3,208.36
Audit fees		19,250.11
Legal fees		8,138.25
Transaction fees	5	291,431.90
Directors fees		8,910.79
Subscription tax ("Taxe d'abonnement")	6	7,991.38
Interests paid on bank overdraft		8,004.59
Other expenses		22,076.90
Net income / (loss) from investments		**347,223.35**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	701,811.20
- options	2.6	-965,971.00
- financial futures	2.7	-3,728,898.72
- foreign exchange	2.4	-149,457.27
Net realised profit / (loss)		**-3,795,292.44**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	7,033,378.62
- options	2.6	-19,000.00
- financial futures	2.7	-779,850.56
Net increase / (decrease) in net assets as a result of operations		**2,439,235.62**
Subscriptions of capitalisation shares		9,866,185.72
Redemptions of capitalisation shares		-15,789,260.08
Net increase / (decrease) in net assets		**-3,483,838.74**
Net assets at the beginning of the year		**62,997,624.05**
Net assets at the end of the year		**59,513,785.31**

Twenty First Funds - Exclusif 21

Statement of net assets as at 31/12/23

	Note	Expressed in EUR
Assets		**43,821,442.54**
Securities portfolio at market value	2.2	42,095,026.96
Cost price		*31,409,007.69*
Cash at banks and liquidities		1,689,742.71
Receivable on subscriptions		6,019.32
Dividends receivable, net		22,168.68
Interests receivable, net		8,484.87
Liabilities		**256,667.10**
Bank overdrafts		51,605.00
Payable on redemptions		38,464.02
Net unrealised depreciation on financial futures	2.7	129,740.68
Management fees payable	3	36,857.40
Net asset value		**43,564,775.44**

Statement of operations and changes in net assets from 01/01/23 to 31/12/23

	Note	Expressed in EUR
Income		**1,234,415.15**
Dividends on securities portfolio, net		1,110,614.19
Interests on bonds, net		62,743.54
Bank interests on cash accounts		61,005.45
Other income		51.97
Expenses		**888,550.92**
Management fees	3	639,557.57
Performance fees	4	3,199.61
Transaction fees	5	237,789.15
Interests paid on bank overdraft		8,004.59
Net income / (loss) from investments		**345,864.23**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	1,163,221.12
- options	2.6	-965,971.00
- financial futures	2.7	-3,728,898.72
- foreign exchange	2.4	-149,457.27
Net realised profit / (loss)		**-3,335,241.64**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	6,142,821.02
- options	2.6	-19,000.00
- financial futures	2.7	-779,850.56
Net increase / (decrease) in net assets as a result of operations		**2,008,728.82**
Subscriptions of capitalisation shares		7,976,176.32
Redemptions of capitalisation shares		-11,079,956.36
Net increase / (decrease) in net assets		**-1,095,051.22**
Net assets at the beginning of the year		**44,659,826.66**
Net assets at the end of the year		**43,564,775.44**

Statistics

		31/12/23	31/12/22	31/12/21
Total Net Assets	**EUR**	**43,564,775.44**	**44,659,826.66**	**36,171,087.43**
C - EUR - Capitalisation				
Number of shares		13,988.4800	14,725.3700	12,738.2800
Net asset value per share	EUR	2,009.96	1,922.72	1,878.55
I - EUR - Capitalisation				
Number of shares		10,277.6700	11,441.6500	8,817.0400
Net asset value per share	EUR	1,503.11	1,428.74	1,388.40

Securities portfolio as at 31/12/23

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**42,095,026.96**	**96.63**
Shares			**41,182,537.60**	**94.53**
Canada			**2,009,708.27**	**4.61**
FRANCO NEVADA CORP	CAD	20,000	2,009,708.27	4.61
France			**22,511,670.00**	**51.67**
AXA SA	EUR	50,000	1,474,500.00	3.38
CREDIT AGRICOLE SA	EUR	100,000	1,285,200.00	2.95
DASSAULT AVIATION SA	EUR	10,000	1,792,000.00	4.11
DASSAULT SYST.	EUR	40,000	1,769,400.00	4.06
EURAZEO	EUR	15,000	1,077,750.00	2.47
L'OREAL SA	EUR	4,000	1,802,600.00	4.14
LVMH MOET HENNESSY LOUIS VUITTON SE	EUR	3,000	2,200,800.00	5.05
SAFRAN SA	EUR	12,000	1,913,520.00	4.39
SCHNEIDER ELECTRIC SE	EUR	10,000	1,817,800.00	4.17
TOTALENERGIES SE	EUR	25,000	1,540,000.00	3.53
VEOLIA ENVIRONNEMENT SA	EUR	60,000	1,713,600.00	3.93
VINCI SA	EUR	15,000	1,705,500.00	3.91
VIVENDI SA	EUR	250,000	2,419,000.00	5.55
Germany			**1,512,000.00**	**3.47**
INFINEON TECHNOLOGIES - REG SHS	EUR	40,000	1,512,000.00	3.47
Luxembourg			**1,540,500.00**	**3.54**
ARCELORMITTAL SA	EUR	60,000	1,540,500.00	3.54
Netherlands			**3,901,675.00**	**8.96**
ASM INTERNATIONAL NV	EUR	2,500	1,174,875.00	2.70
ASML HOLDING NV	EUR	4,000	2,726,800.00	6.26
United States of America			**9,706,984.33**	**22.28**
APPLE INC	USD	10,000	1,744,089.14	4.00
DELL TECHNOLOGIES PREFERENTIAL SHARE	USD	20,000	1,385,995.11	3.18
DIGITAL REALTY TRUST INC	USD	8,000	975,305.73	2.24
MICROSOFT CORP	USD	5,000	1,703,233.99	3.91
PHILIP MORRIS INTERNATIONAL INC	USD	15,000	1,278,376.66	2.93
SALESFORCE INC	USD	5,000	1,191,865.21	2.74
WALMART INC	USD	10,000	1,428,118.49	3.28
Bonds			**746,310.00**	**1.71**
France			**190,420.00**	**0.44**
LOXAM SAS 4.50 19-27 15/04S	EUR	200,000	190,420.00	0.44
Germany			**295,430.50**	**0.68**
CT INVESTMENT GMBH 5.5 21-26 29/04S	EUR	100,000	99,420.50	0.23
TECHEM VERWAL 675 2.00 20-25 15/07S	EUR	200,000	196,010.00	0.45
Italy			**99,625.50**	**0.23**
JUVENTUS FC SPA 3.375 19-24 19/02A	EUR	100,000	99,625.50	0.23
Luxembourg			**160,834.00**	**0.37**
GARFUNKELUX HOLDCO 3 6.75 20-25 01/11S	EUR	200,000	160,834.00	0.37
Convertible bonds			**166,179.00**	**0.38**
France			**166,179.00**	**0.38**
UBISOFT ENTERTA CV 0.0 19-24 24/09U	EUR	1,500	166,179.00	0.38
Warrants			**0.36**	**0.00**
France			**0.36**	**0.00**
PIERRE ET VACANCES 15.09.27 WAR	EUR	1	0.36	0.00
Total securities portfolio			**42,095,026.96**	**96.63**

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

Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps)

Statement of net assets as at 31/12/23

	Note	Expressed in EUR
Assets		**16,046,933.77**
Securities portfolio at market value	2.2	15,544,030.00
Cost price		*13,606,451.24*
Cash at banks and liquidities		418,132.11
Receivable for investments sold		82,251.05
Receivable on subscriptions		2,450.92
Interests receivable, net		69.69
Liabilities		**97,923.90**
Payable on redemptions		41,016.55
Management fees payable	3	41,375.93
Depositary fees payable		1,220.07
Administration fees payable		2,459.77
Other liabilities		11,851.58
Net asset value		**15,949,009.87**

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

Statement of operations and changes in net assets from 01/01/23 to 31/12/23

	Note	Expressed in EUR
Income		**506,199.27**
Dividends on securities portfolio, net		486,170.42
Bank interests on cash accounts		20,000.36
Other income		28.49
Expenses		**504,840.15**
Management fees	3	329,796.62
Depositary and sub-depositary fees		15,013.01
Administration fees		36,811.98
Domiciliary fees		3,208.36
Audit fees		19,250.11
Legal fees		8,138.25
Transaction fees	5	53,642.75
Directors fees		8,910.79
Subscription tax ("Taxe d'abonnement")	6	7,991.38
Other expenses		22,076.90
Net income / (loss) from investments		**1,359.12**
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	-461,409.92
Net realised profit / (loss)		**-460,050.80**
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	890,557.60
Net increase / (decrease) in net assets as a result of operations		**430,506.80**
Subscriptions of capitalisation shares		1,890,009.40
Redemptions of capitalisation shares		-4,709,303.72
Net increase / (decrease) in net assets		**-2,388,787.52**
Net assets at the beginning of the year		**18,337,797.39**
Net assets at the end of the year		**15,949,009.87**

Statistics

		31/12/23	31/12/22	31/12/21
Total Net Assets	**EUR**	**15,949,009.87**	**18,337,797.39**	**26,768,871.56**
C - EUR - Capitalisation				
Number of shares		38,544.6700	50,272.4000	61,703.7700
Net asset value per share	EUR	372.43	364.55	433.61
I - EUR - Capitalisation				
Number of shares		5,536.0000	40.0000	40.0000
Net asset value per share	EUR	287.91	280.45	331.29

Securities portfolio as at 31/12/23

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			**15,544,030.00**	**97.46**
Shares			**15,544,030.00**	**97.46**
France			**15,544,030.00**	**97.46**
ASSYSTEM	EUR	19,800	980,100.00	6.15
AUBAY	EUR	17,100	712,215.00	4.47
BENETEAU	EUR	62,500	780,000.00	4.89
BIC(SOCIETE)	EUR	16,600	1,043,310.00	6.54
EKINOPS SA	EUR	60,000	351,600.00	2.20
FNAC DARTY SA	EUR	16,500	453,750.00	2.85
GAZTRANSPORT ET TECHNIGAZ SA	EUR	4,000	479,600.00	3.01
GUERBET SA	EUR	31,500	614,250.00	3.85
ID LOGISTICS	EUR	1,900	581,400.00	3.65
IMERYS SA	EUR	26,100	743,328.00	4.66
IPSOS SA	EUR	20,400	1,157,700.00	7.26
LAGARDERE SA	EUR	32,650	600,107.00	3.76
LDC SA	EUR	3,500	490,000.00	3.07
LUMIBIRD SA	EUR	30,500	371,490.00	2.33
MERSEN	EUR	27,685	974,512.00	6.11
NRJ GROUP	EUR	86,200	632,708.00	3.97
SES IMAGOTAG SA	EUR	5,300	719,740.00	4.51
SOPRA STERIA GROUP	EUR	5,600	1,107,680.00	6.95
SPIE SA	EUR	19,000	537,700.00	3.37
SYNERGIE	EUR	15,000	528,000.00	3.31
TRIGANO	EUR	7,600	1,127,080.00	7.07
VERALLIA SASU	EUR	16,000	557,760.00	3.50
Total securities portfolio			**15,544,030.00**	**97.46**

Twenty First Funds

Notes to the financial statements - Schedule of derivative instruments

Notes to the financial statements - Schedule of derivative instruments

Financial futures

As at December 31, 2023, the following future contracts were outstanding:

Twenty First Funds - Exclusif 21

Quantity Buy/(Sell)	Denomination	Currency	Commitment (in EUR) (in absolute value)	Unrealised (in EUR)	Broker
Futures on index					
-100.00	CAC40 10 EURO 01/24	EUR	7,543,180.00	21,500.00	CACEIS Bank, Paris
-100.00	EURO STOXX 50 03/24	EUR	4,521,650.00	26,500.00	CACEIS Bank, Paris
-25.00	EURO STOXX TECH 03/24	EUR	1,187,212.50	3,605.00	CACEIS Bank, Paris
-25.00	S&P 500 EMINI INDEX 03/24	USD	5,401,111.97	-181,345.68	CACEIS Bank, Paris
				-129,740.68	

Twenty First Funds

Other notes to the financial statements

Other notes to the financial statements

1 - General information

Twenty First Funds (the “SICAV”) is an investment company organised as a société anonyme under the laws of the Grand-Duchy of Luxembourg and qualifies as a société d'investissement à capital variable subject to Part I of the amended law of 17 December 2010. The SICAV was incorporated in Luxembourg on 22 May 2015. The SICAV is registered with the Registre de Commerce et des Sociétés of Luxembourg under number RCS Luxembourg B197170.

Twenty First Capital, a limited liability company by shares has been designated to serve as Management Company of the SICAV in accordance with the provisions of the UCI Law.

A Prospectus dated 1 January 2023 and approved by CSSF on 10 February 2023 has been issued in order to introduce the following changes :

By Circular Resolution dated 23 November 2022, the Board of Directors approve the change of name of the Sub-Fund Twenty First Funds - ID France Smidcaps to Twenty First Funds - France Engagement.

By Circular Resolution dated 23 November 2022, the Board of Directors approve the appointment of LBO France Gestion - 148, Rue de l'Université, F-75007 Paris, France, as new Investment Manager for the Sub-Fund Twenty First Funds - France Engagement.

The SICAV is an umbrella structure with multiple Sub-Funds (the “Sub-Funds”) which offers two classes of shares:
- Class I Shares are open for investment by institutional investors
- Class C Shares are open for investment by retail clients.

As at 31 December 2023, the following Sub-Funds and shares are active:

Sub-Funds	Classes of Shares	Currency	Effective launch date	Closing date
Twenty First Funds - Exclusif 21	Class C	EUR	26 September 2016	-
	Class I	EUR	26 September 2016	-
Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps)	Class C	EUR	10 September 2019	-
	Class I	EUR	10 September 2019	-

2 - Principal accounting policies

2.1 - Presentation of the financial statements

The SICAV maintains books and records of each individual Sub-Fund in its respective currency and prepares combined statements in EUR. The financial statements have been prepared in conformity with legal and regulatory requirements in Luxembourg.

The financial statements are prepared based on the last Net Asset Value of the year which has been calculated on 31 December 2023 with the last available prices as at 29 December 2023 in accordance with the accounting valuation principles as mentioned in the last prospectus of the SICAV.

2.2 - Portfolio valuation

The Net Asset Value per Shares of each Sub-Fund shall be expressed in the reference currency of the relevant Sub-Fund. The Net Asset Value shall be determined by the Administration Agent on each Calculation Day and on any such day that the Board of Directors may decide from time to time by dividing the net assets of the SICAV attributable to each Class by the number of outstanding Shares of that Class.

The value of the assets of each Class of Shares of each Sub-Fund is determined as follows:

The assets of the SICAV contain the following:

• all fixed-term deposits, money market instruments, cash in hand or cash expected to be received or cash contributions including interest accrued;
• all debts which are payable upon presentation as well as all other money claims including claims for purchase price payment not yet fulfilled that arise from the sale of investment fund Shares or other assets;
• all investment fund Shares;
• all dividends and distributions due in favour of the SICAV, as far as they are known to the SICAV;
• all interest accrued on interest-bearing securities that the SICAV holds, as far as such interest is not contained in the principal claim;
• all financial rights which arise from the use of derivative instruments;
• the provisional expenses of the SICAV, as far as these are not deducted, under the condition that such provisional expenses may be amortised directly from the capital of the SICAV;
• all other assets of what type or composition, including prepaid expenses.

The value of such assets is fixed as follows:

Investment funds are valued at their net asset value.

Liquid assets are valued at their nominal value plus accrued interest.

Other notes to the financial statements

2 - Principal accounting policies

2.2 - Portfolio valuation

Fixed term deposits are valued at their nominal value plus accrued interest. Fixed term deposits with an original term of more than 30 calendar days can be valued at their yield adjusted price if an arrangement between the SICAV and the bank, with which the fixed term deposit is invested has been concluded including that the fixed term deposits are terminable at any time and the yield adjusted price corresponds to the realisation value. Other money market instruments with a residual maturity of no more than 12 months are valued as follows (linear valuation): the determining rate for these investments will be gradually adapted during repayment starting from the net acquisition price and keeping the resulting return constant. If there are notable changes in market conditions, the bias for valuation of money market instruments will be adapted to new market returns.

Commercial papers are valued at their nominal value plus accrued interest. Commercial papers with an original term of more than 90 calendar days can be valued at their yield adjusted price if an arrangement between the SICAV and the bank, with which the commercial paper is invested has been concluded including that the commercial papers are terminable at any time and the yield adjusted price corresponds to the realisation value.

Securities or financial instruments admitted for official listing on a Regulated Market are valued on the basis of the last available closing price at the time when the valuation is carried out. If the same security is quoted on Regulated Market, the quotation on the principal market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be made in good faith by the Board of Directors or their delegate.

Unlisted securities or financial instruments are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles in order to reach a proper and fair valuation of the total assets of each Sub-Funds.

Any other assets are valued on the basis of their probable value realisation as determined by the Board of Directors or their delegate using valuation principles, in order to reach a proper and fair valuation of the total assets of each Sub funds.

OTC derivative financial instruments must be value at their «fair value» in accordance with CSSF Circular 08/356.

2.3 - Net realised profits or losses on sales of investments

The net realised profits and loss on sales of investment securities are determined on the basis of the average cost of the securities sold and are recorded in the statement of operations and changes in net assets.

2.4 - Foreign currency translation

Investments as well as other assets and liabilities denominated in foreign currencies are converted at the exchange rates prevailing as at 31 December 2023. Transactions in foreign currency during the period are converted at the rates prevailing at the date of transaction. Realised and unrealised exchange gains and losses are recorded in the statement of operations and changes in net assets.

The following exchange rates have been applied for the conversion as at 31 December 2023:

1 EUR	=	1.46061	CAD	1 EUR	=	1.1039	USD

2.5 - Combined financial statements

The combined financial statements of the SICAV are expressed in EUR and are equal to the sum of the corresponding captions in the financial statements of each Sub-Fund.

2.6 - Valuation of options contracts

Options contracts are valued at the last settlement or close price on the stock exchanges or regulated markets. Variations of unrealised profits and losses on options contracts are recorded in the statement of operations and changes in net assets.

2.7 - Valuation of futures contracts

Futures contracts are valued at the last settlement or close price on the stock exchanges or regulated markets. Unrealised profits and losses on futures contracts are recorded in the statement of net assets and their variations in the statement of operations and changes in net assets.

For the details of outstanding future contracts, if any, please refer to the section “Note to the financial statements - Schedule of derivative instruments”.

2.8 - Dividend and interest income

Dividend income is recorded as of the ex-dividend date and net of withholding tax. Interest income is recorded on an accrual basis and net of withholding tax.

2.9 - Formation expenses

Set-up costs and expenses are charged pro rata to the net assets of each Sub-Fund and are written off over a period of five years.

Other notes to the financial statements

2 - Principal accounting policies

2.10 - Abbreviations used in securities portfolios

A: Annual
Q: Quarterly
S: Semi-annual
M: Monthly
XX: Perpetual Bonds
CV: Convertible
FL.R : Floating Rate Notes
ZCP: Zero Coupon Bond

3 - Management fees

The Management Company receives management fees in payment for its services, which are payable in monthly instalments, and calculated and accrued in the calculation of the net asset value per Share for each Valuation Day.

Depending on the Sub-Fund, the maximum annual management fees are:

The rates applicable as at 31 December 2023 are as follows:

Twenty First Funds - Exclusif 21:

Sub-Funds	Classes of Shares	Annual rate
Twenty First Funds - Exclusif 21*	Class C	1.65%
	Class I	1.00%

*An all-in fees structure has been put in place for this Sub-Fund, meaning that the Management Company Fee includes:
- the amortisation of formation and restructuring expenses;
- the fees of the accounting valuator;
- the fees of the Depositary and the entities to which the depositary function may have been delegated by it;
- the custody fees;
- the domiciliation fees;
- the transfer agent fees;
- the fees related to the preparation of the financial statements;
- the fees related to the publication of financial statements and financial communications;
- the fees related to the calculation of the net asset value of the Compartment;
- the fixed management fees of the Management Company;
- the directors' fees;
- the insurance premiums of the Compartment;
- the audit fees;
- the CSSF subscription tax (taxe d’abonnement);
- the taxes related to the UCITS status of the Compartment;
- the entertainment expenses:
- the transaction costs of the Depositary;
- the costs related to the Compartment's banking service.

The management fees of the Sub-Fund Twenty First Funds - Exclusif 21 are calculated daily on an “all in” rate basis of 1.65% for Class C and 1.00% for Class I - the “Taxe d’abonnement” is included respectively for 0.05% and 0.01%, on an annualised basis since the beginning of the fiscal year.

Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps):

The management fees of the Sub-Fund Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps) are the following:

For Class C:

Management Fee charged by the Investment Manager
Maximum 0,55% including VAT while the amount of the Assets under Managment (AuM) of the Sub-Fund is less than € 25 millions.
Maximum 0,97% including VAT while the amount of AuM is above € 25 millions.

Management Fee charged by the Management Company
Maximum 1.40% including VAT while the amount of the AuM of the Sub-Fund is less than € 25 millions.
Maximum 0.98% including VAT while the amount of AuM is above € 25 millions.

Other notes to the financial statements

3 - Management fees

For Class I:

Management Fee charged by the Investment Manager
Maximum 1.35% including VAT.

Management Fee charged by the Management Company
Maximum 0.15% including VAT

4 - Performance fees

Twenty First Funds - Exclusif 21:

The Management Company is entitled to receive a performance fee applicable to the share classes of the Sub-Funds and as disclosed in the SICAV's prospectus.

The crystallization of any performance fee for the Sub-Fund will occur, where applicable, at the end of each period from 1 October of each year to 30 September of the following year (the "crystallization period"). The Performance Fee will be crystallized for the first time at the end of a crystallization period which is at least twelve months from the date of the creation of any class of Shares.

The reference period is the time horizon of five (5) crystallization periods, on a rolling basis (the "Reference Period").

The Performance Fee, if any, is payable yearly to the Management Company within ten (10) Business Days after the end of the crystallization period.

A Performance Fee is due only if the net asset value as of 30 September is higher than the net asset value as of the last Business Day on which Performance Fee has been crystallized, subject to a Hurdle Rate of 5% during the relevant Reference Period.

The Sub-Fund is subject to a Performance Fee of 10% upon Hurdle Rate of 5%, taking subscriptions and redemptions into account and payable yearly to the Management Company.

The Performance Fee is calculated net of all costs and accrued in the calculation of the net asset value per Share for each Valuation Day, on the basis of the number of Shares currently in issue, including Shares which fall to be redeemed and excluding Shares which fall to be issued.

The Performance Fee in respect of each crystallization period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

If a Share is redeemed (or converted) other than at the end of a crystallization period, the Performance Fee calculated in respect of such Share as at the Valuation Day as of which such Share is redeemed (or converted) shall be crystallized and become payable to the Management Company.

Any refund of this Performance Fee is not contemplated, even if the net asset value per Share falls down again after the Performance Fee has been paid.

Where a Performance Fee is payable out of the Sub-Fund, it shall be calculated upon the increase in the net asset value per Share calculated during the relevant crystallization period. Net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the relevant crystallization period will be taken into consideration. As a result, the Performance Fee may be paid on unrealised gains which may subsequently never be realised.

Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps):

The investment manager is entitled to receive a performance fee applicable to the share classes of the Sub-Funds and as disclosed in the SICAV's prospectus.

The Sub-Fund is subject to a performance fee of 15% for class I and C Shares above benchmark defined by:
- For Class I Shares : CACMS net dividend reinvested
- For Class C Shares: CACMS net dividend reinvested (being together referred to as the "Benchmark" or the "Benchmarks").

The crystallization of any performance fee for the Sub-Fund will occur, where applicable, at the end of each period from 1 January of each year to 31 December of the same year (the "crystallization period"). The Performance Fee shall be crystallized annually and will be crystallized for the first time at the end of a crystallization period which is at least twelve months from the date of the creation of any class of Shares.

The accrued performance fee (if any) will be paid to the Management Company within ten (10) Business Days of the end of each crystallization period.

The reference period is the time horizon of five (5) crystallization periods, on a rolling basis (the "Reference Period"). As the Sub-Fund employs a performance fee model based on the Benchmarks, any underperformance of the Sub-Fund compared to the relevant Benchmark over the Reference Period must be clawed back before any performance fee becomes payable. Investors should note that Performance Fees could also be payable in case the Sub-Fund has overperformed the Benchmark but had a negative performance during the relevant Reference Period.

The Performance Fee is calculated net of all costs and accrued in the calculation of the net asset value per Share, on the basis of the number of Shares currently in issue, including Shares which fall to be redeemed and excluding Shares which fall to be issued.

Other notes to the financial statements

4 - Performance fees

If a Share is redeemed (or converted) other than at the end of a crystallization period, the Performance Fee calculated in respect of such Shares as at the Valuation Day as of which such share is redeemed (or converted) shall be crystallized and become payable to the Investment Manager.

Any refund of this Performance Fee is not contemplated, even if the Net Asset value per share falls down again the Performance Fee has been paid.

The Performance Fee in respect of each cristallization period will be calculated by reference to the Net Asset Value before deduction for any accrued Performance Fee.

Where a Performance Fee is payable out of the Sub-Fund, it shall be calculated upon the increase in the net asset value per Share calculated at the end of the relevant crystallisation period. Net realised and unrealised capital gains plus net realised and unrealised capital losses as at the end of the relevant crystallisation period will be taken into consideration. As a result, the Performance Fee may be paid on unrealised gains which may subsequently never be realised.

In application of the ESMA Guidelines on performance fees (ESMA34-39-992) and Circular CSSF 20/764, the table below displays the actual amount of performance fees charged by each relevant Share Class and the percentage of these fees based on the Share Class Net Asset Value ("NAV"). Only the Share Classes for which performance fees have been charged are shown below.

Sub-Funds	Share Class	ISIN Code	Sub-Fund currency	Amount of performance fees as at 31/12/23 (in Sub-Fund currency)	Average NAV of the Share Class (in Sub-Fund currency)	% in the Share Class average NAV
Twenty First Funds - Exclusif 21	Class C	LU1373287983	EUR	2,963.48	28,523,045.94	0.01%
	Class I	LU1373288015	EUR	236.13	16,789,264.77	0.00%
			Total	**3,199.61**		

5 - Transaction fees

The transaction fees, i.e. fees charged by the brokers for securities transactions and similar transactions, are recorded separately in the Statement of Operations and Changes in Net Assets.

6 - Subscription tax *("Taxe d'abonnement")*

Under current law and practice, the SICAV is not liable to any Luxemburg income tax, nor are dividends paid by the SICAV liable to any Luxemburg withholding tax.

However, any Class reserved to retail investors is liable to a "taxe d'abonnement" of 0.05% per annum and any Class reserved to institutional investors is liable to 0.01 % per annum, such taxes being payable quarterly and calculated on the total net asset value of each Class at the end of the relevant quarter. For Sub-Funds whose exclusive policy is the investment in money market instruments, any class is liable to 0.01% per annum.

The rate of the annual tax is reduced to 0.00% on the value of the assets represented by shares or units in other undertaking for collective investment whose shares or units have already been subject to the "taxe d'abonnement".

7 - Miscellaneous

On 24 February 2022, Vladimir Putin ordered the invasion of Ukraine, triggering a panic in the capital markets. However, the impact on the Fund and its holdings was limited due to the lack of exposure to these countries.

8 - Changes in the composition of securities portfolio

The details of the changes in the composition of the portfolio are held at the disposal of the Shareholders at the registered office of the SICAV and are available upon request free of charge.

9 - Subsequent events

There are no subsequent events after the end of the year.

Twenty First Funds

Additional unaudited information

Additional unaudited information

Remuneration policy

Information regarding remuneration policy of TWENTY FIRST CAPITAL
For the financial year closing 31 December 2023

Foreword:

In accordance with the UCITS V and AIFM directives, TWENTY FIRST CAPITAL has implemented a compensation policy applicable to employees occupying positions which may influence the risk profile of the Management Company or its managed UCITS and AIFs.
This document, published under the compensation policy, aims to detail the quantitative and qualitative factors relating to remuneration paid for the 2023 financial year.

Qualitative factors:

In accordance with company compensation policy, remuneration allocation decisions are taken jointly by the Executive Committee in agreement with the Supervisory Board of TWENTY FIRST CAPITAL, and especially the Remuneration Committee.

Remuneration is established based on qualitative criteria as determined in the compensation policy, e.g. qualitative individual performance assessments and adherence to procedures and control and compliance rules, etc.

Variable remuneration is paid exclusively as exceptional bonuses designated as wages and salaries. Regarding the amounts determined for 2023, no payments were made in shares or units of UCITS or AIFs, or as deferred payments.

The Supervisory Board carries out an independent annual review of the compensation policy and ensures its respect by the Management Company and its compliance with applicable regulations.

Quantitative elements:

Relevant staff and related remunerations are detailed below:

- **Total employees on 2023:** 19, including 13 risk-takers,
- **Total payment for the year 2023:** 1,440 thousand euros, split as follows:

1. according to category of staff:
   - o 1,102 thousand euros payed to risk-takers,
   - o 338 thousand euros payed to other employees,
2. according to the nature of compensation:
   - o 1,385 thousand euros of fixed wages,
   - o 55 thousand euros of variable remuneration.

Information regarding remuneration policy of LBO France Gestion
For the financial year closing 31 December 2023

LBO France Gestion has adopted a remuneration policy responding mainly to the following principles: consistency between teams and within each team, a multi-year logic, objectives linked to the different functions occupied. In particular, LBO France Gestion has determined among its Employees an “ identified category”, whose variable remuneration obeys the principles set by the AIFM Directive, i.e. does not encourage excessive risk-taking. The Board carries out an independent annual review of the compensation policy and ensures its respect by the Management Company and its compliance with applicable regulations.

LBO France Gestion intends to adhere to the principle of equal pay for men and women, including taking into account career development. Moreover, LBO France Gestion employees can benefit from an annual assessment and skills assessment interview. This in-depth annual evaluation interview defines the objectives for the following year for all the company's employees. The variable part responds to a principle of equity which aims to motivate the greatest number of employees. Furthermore, in order not to encourage reckless risk-taking by employees, the Board of Directors has adopted a principle of balance between the portion of fixed remuneration and variable remuneration, so that the fixed component of the remuneration represents a sufficiently high share in relation to the overall remuneration. Variable remuneration is also a function of collective criteria: financial health of the company, company strategy, consideration of sustainability risks, team performance. LBO France Gestion's ESG approach is a collective objective, set for all employees, and is gradually becoming a factor in determining their annual variable remuneration. Risks regarding the sustainability of our investments are gradually taken into account in determining the variable remuneration of managers as well as members of the Board of Directors.

Regarding the amounts determined for 2023, no payments were made in shares or units of AIFs, or as deferred payments. The total amount of remuneration (including social charges) for the 2023 financial year for LBO France Gestion is estimated at 13,707,000 EUR broken down into 7,140,000 EUR of fixed remuneration (excluding charges) and 2,124,000 EUR (excluding charges) in variable remuneration, for a workforce of 52 employees as of 31 December 2023.

Additional unaudited information

Global Risk Exposure

Twenty First Funds - Exclusif 21

As part of its risk management process and in view of the long-only strategy that is pursued, the global exposure of the Sub-Fund Twenty First Funds - Exclusif 21 is measured and controlled by the Commitment Approach.

The global exposure of the Sub-Fund does not exceed 100% of its total net assets on average.

Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps)

As part of its risk management process and in view of the long-only strategy that is pursued, the global exposure of the Sub-Fund Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps) is measured and controlled by the Commitment Approach.
The global exposure of the Sub-Fund does not exceed 100% of its total net assets on average.

Securities Financing Transactions Regulation (SFTR) Disclosures

The Regulation on Transparency of Securities Financing Transactions and of Reuse (the « SFTR ») entered into force on January 12, 2016 aiming to improve transparency in securities and commodities lending, repurchase transactions, margin loans and certain collateral arrangements.

As at report date, the SICAV does not use any instruments falling into the scope of SFTR.

SFDR (Sustainable Finance Disclosure Regulation)

Pursuant to the SFDR, the Company is required to disclose the manner in which Sustainability Risks are integrated into the investment decision process implemented with respect to the Sub-Funds as well as the results of the assessment of the likely impacts of Sustainability Risks on the returns of each Sub-Fund.

Unless otherwise indicated in relation to the corresponding Sub-Fund, the Sub-Funds do not actively promote ESG characteristics, they remain exposed to Sustainability Risks. Such Sustainability Risks are integrated into the investment decision making and risk monitoring for all the Sub-Funds to the extent that they represent a potential or actual material risks and/or opportunities to maximizing the long-term risk-adjusted returns.

The impacts following the occurrence of a Sustainability Risk may be numerous and will vary depending on the specific risk, region and asset class linked to a Sub-Fund's strategy. Generally, where a Sustainability Risk occurs in respect of an asset, there will be a negative impact on, or entire loss of, its value.

More information on the incorporation of Sustainability Risks and opportunities into day-to-day business operations, are to be found on http://www.twentyfirstcapital.com.

Integration of Sustainability Risks Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund under the relevant appendix, the investment policy of all Sub-Funds shall comply with the rules laid down hereafter in relation to the integration of Sustainability Risks:

Evaluating Sustainability Risks is an integral part of each Sub-Fund's investment process as, in the Management Company's view; Sustainability Risks can materially affect a company's financial performance, competitiveness and overall risk profile.

The Management Company considers Sustainability Risks as part of its broader analysis of individual issuers, using inputs from the Management Company's team of ESG analysts to help identify exposure to Sustainability Risks, prepare for company engagement and collaborate on new research inputs. The factors which will be considered by the Management Company will vary depending on the security in question, but typically include ownership structure, board structure and membership, capital allocation track record, management incentives, labour relations history, and climate risks.

In assessing these risks, the Management Company draws upon a wide variety of internal and external research to assess any potential impact on the value of the assets over the time horizon of the Fund.

TAXONOMY DISCLAIMER

Where a Sub-Fund is not identified as subject to the disclosure requirements of Article 8 or Article 9 of the SFDR, such Sub-Fund is subject to Article 7 of the Regulation (EU) 2020/852 and must disclose that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

As at the 31/12/2023, the investments underlying the Sub-Funds which are not identified as subject to the disclosure requirements of Article 8 or Article 9 of the SFDR do not take into account the EU criteria for environmentally sustainable economic activities.

Twenty First Funds - Exclusif 21:

The portfolio of the Sub-Fund Twenty First Funds - Exclusif 21 is highly diversified; hence the Management Company believes that the Sub-Fund will be exposed to a broad range of Sustainability Risks, which will differ depending on the nature of each asset class. Some markets and sectors will have greater exposure to Sustainability Risks than others. For instance, the energy sector is known as a major Greenhouse Gas (GHG) producer and may be subject to greater regulatory or public pressure than other sectors and thus, greater risk.

However, it is not anticipated that any single Sustainability Risk will drive a material negative financial impact on the value of the Sub-Fund In light of the Sub-Fund's investment strategy and risk profile, the likely impacts of Sustainability Risks on the Sub-Fund's returns are expected to be low.

Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps)

The investment policy of the Sub-Fund Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps) is amended so as to reflect that the Sub-Fund Twenty First Funds - France Engagement (formerly Twenty First Funds - ID France Smidcaps) promotes environmental, social and governance (ESG) characteristics and hence classifies as Article 8(1) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: France Engagement

Legal entity identifier: Twenty First Capital, Société de Gestion et LBO France Gestion, délégataire de la gestion financière

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

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

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents sustainable investments]*

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

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

LBO France's approach combines expertise in the management of listed equities and that of Private Equity. Our goal is to create long-term value by being an active and constructive shareholder, including on ESG topics, in order to foster the adoption of best practices and the achievement of ESG progress among our issuers.

The environmental and social characteristics promoted by France Engagement and integrated into our ESG analysis methodology are as follows:

- Greenhouse gas emissions for scopes 1 (direct emissions) and 2 (indirect energy-related emissions) (in tonnes CO2 eq. per million euro);

- Social: Gender diversity of Managers M/F (Share of Women in the Executive Workforce);

- Governance: Independence of the Board of Directors;

- Human Rights: Share of the workforce operating under a collective agreement.

As of December 31, 2023, this Sub-Fund has been awarded the “Label ISR” (SRI Label regulated by the French government). The Sub-Fund abides by the Transparency established by LBO France and available online. The sub-Fund’s responsible investment approach is summarized as follows:

- Best-in-universe approach:
    - Exclusion of the 20% worst performers, based on the ratings provided by a third party issuer or LBO France when no third party rating is available);
- Overperformance goal:
    - The sub-Fund must outperform the investment universe on two indicators (GHG emissions and Board independence).

This sub-fund is not intended to make sustainable investments. It does not have a minimum proportion of sustainable investments. The percentage of investments in economic activities classified as environmentally sustainable activities within the meaning of Article 3 of Regulation (EU) 2020/852 shall be 0 %. The 'do no significant harm' principle only applies to investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

How did the sustainability indicators perform?

In order to measure the achievement of the above ESG characteristics, LBO France monitors the following indicators:

Percentage of issuers covered by an ESG rating methodology (minimum 90%). As of December 30, 2023, the percentage of issuers covered by a rating methodology was 97%.

The portfolio's average ESG rating was 65.6/100 as of 31/12/23 for a universe rating of 55/100, with the top 80% of stocks scoring above 40/100.

The breakdown by issuer of issuers' ESG rating was as follows as at 31/12/23:

Libellé	Poids	Pays	Note ESG	Note ESG 2022
ASSYSTEM	6,1%	France	70	68
AUBAY	4,5%	France	68	74
BENETEAU	4,9%	France	64	53
EKINOPS SAS	2,2%	France	62	82
GAZTRANSPORT ET TECHNIGA SA	3,0%	France	68	63
GROUPE FNAC	2,8%	France	67	70
GUERBET	3,8%	France	76	new
ID LOGISTICS GROUP	3,6%	France	74	68
IMERYS SA	4,7%	France	62	65
IPSOS	7,3%	France	73	65
L.D.C. SA	3,1%	France	57	new
LAGARDERE SA	3,8%	France	56	new
LUMIBIRD	2,3%	France	57	51
MERSEN (EX CARBON LORRAINE)	6,1%	France	73	73
NRJ GROUP	4,0%	France	46	new
SES IMAGOTAG	4,5%	France	57	57
SOCIETE BIC SA	6,5%	France	70	73
SOPRA STERIA GROUP	6,9%	France	81	78
SPIE SA	3,4%	France	70	new
SYNERGIE SA	3,3%	France	59	59
TRIGANO	7,1%	France	47	41
VERALLIA	3,5%	France	70	58
Note Moyenne du Portefeuille	97,4%		65,6	

Scoring methodologies use a third-party ESG provider and own methodology if not available.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

…and compared to previous periods?

The financial management of the France Engagement fund was taken over on 29/12/22.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Not applicable. The fund had no sustainable investment objectives.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

Not applicable. The fund had no sustainable investment objectives.

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

Not applicable.

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

Not applicable.

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

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

MANDATORY INDICATORS

RTS 1 GHG emissions	10 287,2	tonnes CO² e

$$\sum_{n}\left(\frac{\text{current value of investment}_i}{\text{investee company's entreprise value}_i} \times \text{investee company's Scope(x)GHG emissions}_i\right)$$

RTS 2 Carbon footprint	644,8	tonnes CO² e/M€ investis

$$\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{investee company's entreprise value}_i} \times \text{investee company's Scope1, 2 and 3 GHG emissions}_i\right)}{\text{current value of all investments (€M)}}$$

RTS 3 GHG intensity of invested companies	1 184,4	tonnes CO² e/M€ de revenus

$$\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{current value of all investments (€M)}} \times \frac{\text{investee company's Scope 1, 2 and 3 GHG emissions}_i}{\text{investee company's €M revenue}_i}\right)$$

RTS 4 Exposure to companies active in the fossil fuel sector	0,0%	
RTS 5 Share of non - renewable energy consumption and production	83,0%	
RTS 6 Energy consumption intensity per high impact climate sector	282,1	MWh/M€ de revenus

Total energy consumption/Consolidated turnover

RTS 7 Activities negatively affecting biodiversity-sensitive areas	pas de données
RTS 8 Emissions to water	pas de données

RTS 9 Hazardous waste ratio	1,6	Vol/M€ de revenus

Volume of hazardous waste

RTS 10 Violations of UN Global Compact principles and OECD Guidelir	pas de données
RTS 11 Lack of processes and compliance mechanisms to monitor cor	pas de données

RTS 12 Unadjusted gender pay gap	2,3%

difference between average gross hourly earnings of male paid employees
and of female paid employees as a percentage of average gross hourly earnings of male paid employees

RTS 13 Board gender diversity	44,3%

ADDITIONAL INDICATORS

ENERGY PERFORMANCE

RTS 5. Breakdown of energy consumption by type of non-renewable sources of energy	Total electricity consumption	Total oil consumption	Total gas consumption	Consumption of renewable energy
ASSYSTEM	94%	0%	6%	0%
AUBAY	86%	0%	10%	5%
BENETEAU	30%	0%	67%	3%
EKINOPS SAS	71%	0%	9%	20%
GAZTRANSPORT ET TECHNIGA SA	60%	1%	39%	0%
GROUPE FNAC	62%	0%	8%	29%
GUERBET	33%	0%	67%	0%
ID LOGISTICS GROUP	46%	28%	18%	8%
IMERYS SA	31%	28%	37%	4%
IPSOS	63%	6%	20%	11%
L.D.C. SA	65%	2%	33%	0%
LAGARDERE SA	69%	1%	16%	15%
LUMIBIRD	68%	1%	21%	10%
MERSEN (EX CARBON LORRAINE)	38%	0%	37%	25%
NRJ GROUP	89%	10%	1%	0%
SES IMAGOTAG	N/A	N/A	N/A	N/A
SOCIETE BIC SA	49%	0%	7%	43%
SOPRA STERIA GROUP	44%	1%	8%	46%
SPIE SA	8%	85%	6%	1%
SYNERGIE SA	61%	17%	5%	16%
TRIGANO	N/A	N/A	N/A	N/A
VERALLIA	77%	0%	0%	23%

SOCIAL AND EMPLOYEE MATTERS	
RTS 2. Accident frequency rate	Nombre d'accidents avec arrêt X 1 000 000 / Nombre d'heures travaillées
ASSYSTEM	0,9
AUBAY	1,0
BENETEAU	16,2
EKINOPS SAS	0,0
GAZTRANSPORT ET TECHNIGA SA	3,8
GROUPE FNAC	29,7
GUERBET	2,2
ID LOGISTICS GROUP	16,2
IMERYS SA	1,3
IPSOS	1,0
L.D.C. SA	38,2
LAGARDERE SA	7,4
LUMIBIRD	4,7
MERSEN (EX CARBON LORRAINE)	1,5
NRJ GROUP	6,7
SES IMAGOTAG	5,0
SOCIETE BIC SA	2,6
SOPRA STERIA GROUP	1,2
SPIE SA	5,7
SYNERGIE SA	7,51
TRIGANO	28,9
VERALLIA	3,5

What were the top investments of this financial product?

The list includes investments that constitute the largest proportion of investments of the financial product during the reference period, namely: 01/01/2023-31/*12/2023*

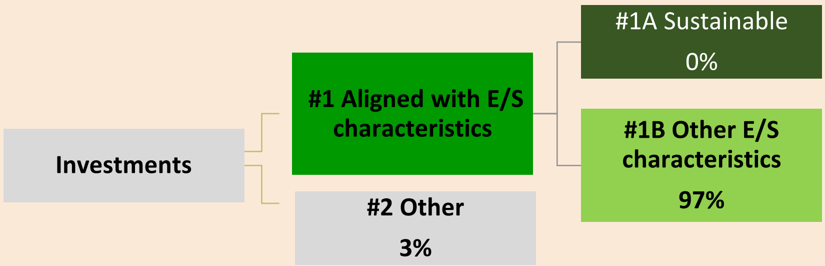
Libellé	Poids	Pays	Secteurs Industrie GICS
ASSYSTEM	6,1%	France	Services professionnels
AUBAY	4,5%	France	Services IT
BENETEAU	4,9%	France	Produits de loisirs
EKINOPS SAS	2,2%	France	Equipement de communication
GAZTRANSPORT ET TECHNIGA SA	3,0%	France	Vente au détail spécialisée
GROUPE FNAC	2,8%	France	Pétrole, gaz et combustibles
GUERBET	3,8%	France	Fournitures et équipements m
ID LOGISTICS GROUP	3,6%	France	Fret aérien et logistique
IMERYS SA	4,7%	France	Matériaux de construction
IPSOS	7,3%	France	Médias
L.D.C. SA	3,1%	France	Produits alimentaires
LAGARDERE SA	3,8%	France	Médias
LUMIBIRD	2,3%	France	Equipement, instruments et com
MERSEN (EX CARBON LORRAINE)	6,1%	France	Matériel électrique
NRJ GROUP	4,0%	France	Médias
SES IMAGOTAG	4,5%	France	Equipement, instruments et com
SOCIETE BIC SA	6,5%	France	Services et fournitures commer
SOPRA STERIA GROUP	6,9%	France	Services IT
SPIE SA	3,4%	France	Services et fournitures commer
SYNERGIE SA	3,3%	France	Services professionnels
TRIGANO	7,1%	France	Automobiles
VERALLIA	3,5%	France	Emballages et conteneurs
Total Portefeuille Investi	97,4%		

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

This product does not seek to perform sustainable investments, as such, the proportion of sustainability-related investments is 0%.

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

All investments of this sub-Fund are performed in accordance with the “best-in-univers” invstment strategy. As such, all investments of the sub-Fund promote environmental and social characteristics.

This sub-Fund does not seek to perform sustainable investments.

Assets in the “Other” category consist of cash and other monetary and treasury instruments. No ESG criteria are applied for the selection of these instruments, however, the localization and characteristics of their emitters provides minimal safeguards.

In which economic sectors were the investments made?

See the table of the section “What were the top investments of this financial product”

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

Not applicable.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

☐ Yes:

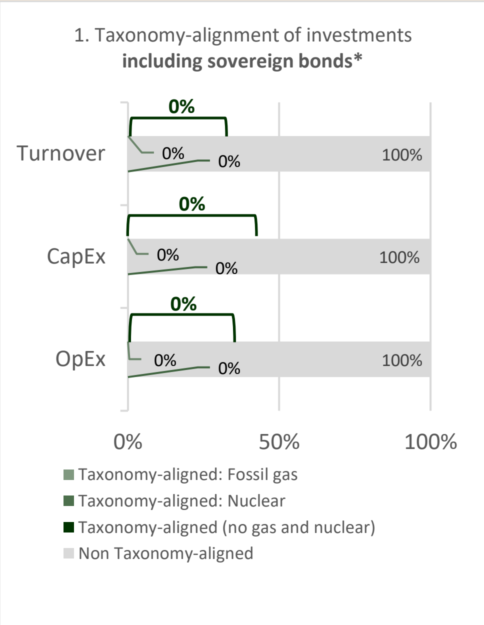
[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

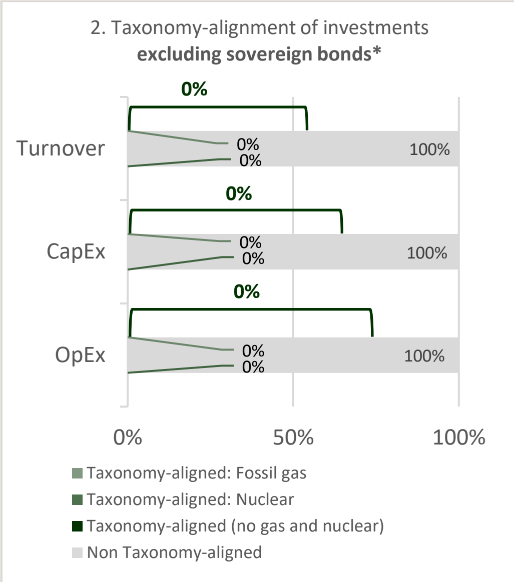
☐ In fossil gas ☐ In nuclear energy

☒ No

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What was the share of investments made in transitional and enabling activities?

Not applicable.

The symbol represents sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

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

Not applicable.

What was the share of socially sustainable investments?

Not applicable as this sub-Fund does not seek to perform sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Assets in the "Other" category consist of cash and other monetary and treasury instruments. No ESG criteria are applied for the selection of these instruments, however, the localization and characteristics of their emitters provides minimal safeguards.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

In the same way that investors rely on certified accounts in their financial analysis, we are convinced that strong governance is a guarantee to meet the environmental and social challenges of our investments. Therefore, focusing on governance is the prerequisite for achieving social and environmental objectives, assuming to be an active investor.

This is done first and foremost through the application of our voting policy available on our website. Voting is exercised regardless of the shareholding held.

In 2023, the fund participated in 92% of the AGMs of the fund's issuers and voted against 15 of the proposed resolutions. In two-thirds of the cases, this negative vote was motivated by authorisations to issue capital unfavourable to minority shareholders. The other cases concern an incompatibility with our principles of good governance (composition and size of boards of directors, appointment of directors, Say on Pay, regulated agreements to the detriment of minority shareholders).

The fund has 100% complied with LBO France's voting and shareholder engagement policy.

As a shareholder engagement fund, France Développement favours dialogue with issuers on topics E, S and G.

As mentioned above, these dialogues focus on raising awareness among issuers to improve their governance, which is a guarantee of compliance with social and environmental objectives.

6 dialogues were initiated in 2022:

- 1 on governance;
- 1 on the environmental axis to raise awareness of the electric transition of its products
- 2 on capital allocation
- 1 on the Social axis
- 1 respect for the interests of minority shareholders

The dialogue for a better allocation of capital with Cegedim was hampered by the impossibility of agreeing on our analysis; We divested our stake, aware that the control of the company by the majority shareholder did not allow us to advance this dialogue.

How did this financial product perform compared to the reference benchmark?

No benchmark was used to achieve environmental and/or social characteristics.

- ***How does the reference benchmark differ from a broad market index?***

- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

- ***How did this financial product perform compared with the reference benchmark?***

- ***How did this financial product perform compared with the broad market index?`***

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

More information about the product can be found on the website: https://www.lbofrance.com/investissement-cote/