

Twenty First Funds



Société d'Investissement à Capital Variable (SICAV)

**Annual Report and audited financial statements
as at 31/12/22**

R.C.S. Luxembourg B197170

Twenty First Funds

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No subscription can be received on the basis of these audited financial statements. Subscriptions may only be accepted on the basis of the current prospectus accompanied by an application form, the latest available audited financial statements or unaudited semi-annual report or the KIID of the SICAV if published thereafter.

Twenty First Funds

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

Vanessa Bernard-Nelidow (until 04 April 2022)
Permanent Representative of Twenty First Capital Luxembourg Branch

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

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

Twenty First Funds

Annual report as at 31/12/2022 - Management reports

Twenty First Funds - Exclusif 21

Investors initially focused on earnings momentum, which had improved further, but soon began to fear the potential impact of monetary policy normalisation on growth, as the inflation rate continued to increase. The S&P 500 index in the US posted one of its worst January performances ever, losing 5% during the month. Equity market valuations returned to attractive levels according to our model, particularly among growth stocks. Despite the challenging market context, the fund resisted well and limited its losses to 0.28% on the month. We increased the portfolio's exposure slightly, following the heavy sell-off, as steeper interest rates have already been priced-in by investors, but will have no immediate impact on company earnings.

The Russian president Vladimir Poutine launched a full-scale invasion of Ukraine on 24 February. Western governments implemented sanctions against Russia in reprisal, impacting financials, the energy sector and transport stocks. The crisis has helped drive energy and commodities prices towards new highs, at a time when inflation was already very high. The US and the European Union are now planning to ban Russian oil imports. Europe, which is highly dependent on Russia for its oil and natural gas, has been more reticent over an embargo however. The fund returned a particularly strong performance, gaining 2.28% on the month. We further increased portfolio exposure slightly, after the recent sharp fall in the market, focusing our investments on the sectors likely to maintain their margins in a less buoyant and inflationary environment. We also maintained our energy and commodities investments.

The major equity indices ended March on a broadly flat performance, after a particularly sharp turnaround during the month. The war in Ukraine was the main cause of the high level of market volatility. The fund weathered the particularly challenging period facing the markets and gained 4.66% on the month, increasing our year-to-date returns to +6.75%. We capitalised on the rally over the last few days to reduce portfolio exposure, without modifying our preference for the energy and commodities sectors.

April failed to live up to its reputation as the most bullish month for financial markets, which all recorded negative performances, led by US indices, which fell by almost 10%, or even more in the case of the Nasdaq. Exclusif 21 resisted well against the market sell-off, limiting its losses to 0.94% on the month. Portfolio exposure remained at a reduced level and we maintained our preference for the energy and commodities sectors.

After initially tumbling, markets rallied mid-May and wiped out most of the losses recorded earlier in the month. Investor focus remained firmly set on monetary tightening, which had been implemented to curb surging inflation, and also on economic growth data, along with the war in Ukraine and its repercussions. The fund once again resisted well against the downturn in the markets, limiting its losses to 0.81% on the month. Although we maintained portfolio exposure at prudent levels, we increased our positions in several quality companies which we consider oversold.

In the US, the Fed raised its base rates by 75 bps in June, demonstrating that it has clearly opted to combat inflation, rather than promote growth. Although the fund limited its losses relative to the market, we nonetheless gave back 4.07% on the month. Volatility increased further during the month, amid choppy market conditions and driven by sector rotations, which weighed on the fund. We reduced our hedges, particularly our option positions, but maintained a prudent bias.

The rally began in the US in July, triggered by announcements from the Federal Reserve. Although the central bank raised its base rates by 75 basis points, its president, Jerome Powell, also indicated that the ensuing policy decisions will depend on future economic data and that certain indicators are showing signs of a recessionary trend. Although year-on-year inflation figures are expected to remain high until the end of December, there are nonetheless signs of a slowdown in the pace of month-on-month price increases and economic data also appears to be softening. Our more aggressive strategy announced in June enabled the fund to gain 3.90% on the month, increasing year-to-date returns to +4.54%. At the end of July, we built back up the hedges we had reduced in June.

At the Jackson Hole symposium on 26 August, Jerome Powell warned that the US Federal Reserve was determined to continue raising interest rates in order to stabilise prices, even if this policy hinders growth. The hedges which we had previously set back up, referred to in an earlier report, enabled the fund to limit its losses to 0.55% on the month. After integrating revised growth and interest rate forecasts, our model indicates that a high level of hedging should be maintained.

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After a particularly gloomy first half to the year, optimism appears to have been restored among the financial markets during the summer, at least until 26 August. Jerome Powell then warned that the US Federal Reserve was determined to raise interest rates in order to combat inflation. He reiterated his hawkish stance once again on 21 September, announcing a further US central bank rate increase of 0.75% and, more significantly, confirming plans to sharply hike rates even further before year-end. This forward guidance spooked the markets, which plummeted in response. Although our high level of hedging provided some protection, it was nonetheless insufficient to shelter the fund against returning a negative performance of -2.98% on the month. It was difficult to fare any better in a market where almost all sectors and stocks across the board were hit by the heavy sell-off among equities.

The markets were gripped by a sense of euphoria mid-October, driven by an anticipated slowdown in the rate-hike cycle, combined with confidence that corporate earnings would beat consensus forecasts. Paradoxically, the latest macroeconomic indicators from the US and Europe came in below expectations, which further fuelled these hopes. We reduced our hedge positions slightly. The fund was therefore able to capitalise on the more bullish trend and gained 2.97%.

The markets remained euphoric in November, almost entirely wiping out year-to-date losses in a straight line. Investors began to perceive inflationary pressures abating, while corporate earnings also came in above expectations. Hints of China loosening its Covid lockdown policy also contributed positively. The fund posted a gain of 0.99% on the month. We reduced portfolio exposure, as we believed that the market rally was becoming excessive.

2022 was a challenging year for equities. The MCSI World index lost 20% on the year, recording its worst performance since 2008. Meanwhile, bond markets, which are supposed to represent a more limited risk, also crashed heavily, although without much headline coverage. This situation refutes the illusion of security provided by blended portfolios comprised of both equities and bonds. From an objective point of view, it is difficult to find grounds for any optimism in the near term. Our hedges were insufficient to offset the fall in the markets and the fund lost 2.30% in December. The year-to-date performance nonetheless remains positive, with overall gains of 2.91%, which demonstrates the efficiency of our investment process during these turbulent times.

Twenty First Funds - ID France Smidcaps

Forward guidance from the Fed, inferring more rapid interest rate hikes than expected, brought the equity market rally underway in early 2022 to an abrupt halt. As a result, major global markets fell during the first quarter, after an extremely bullish start to the year. US indices nosedived, driven lower by a sharp correction among tech stocks, which are particularly sensitive to interest rate trends.

Members of the Fed policy committee decided to implement further measures in an attempt to curb inflation more rapidly, now that fears of an economic slowdown caused by Omicron have faded, due to this Covid variant's low level of virulency. Meanwhile for the ECB, inflation remains a temporary phenomenon according to Christine Lagarde, who is not calling for interest rate hikes, at least during 2022. This stance will be largely repudiated during the year.

The first quarter was also marked by the Russian invasion of Ukraine, which triggered a steep downturn across all financial markets and also drove commodities prices sharply higher and weighed on global growth.

Markets remained turbulent across the board throughout the second half of the year, amid resurgent volatility. Our French small & midcaps index fell by 10.9%. Prospects of the conflict on the Ukrainian front coming to an end appeared to become more remote with the introduction of a series of sanctions by the European Union and the US. In addition to the war in Ukraine, tighter monetary policy also weighed heavily on the markets. This was particularly the case as monetary policies may become even more restrictive than investors had anticipated at the start of the year, through a frontloading strategy involving short sharp rate hikes to curb inflationary pressures more rapidly.

The ECB therefore ultimately announced a progressive increase which would be sustained until normal levels are reached, targeting a return to an inflation rate of 2%. The aim is to return to neutral rates, i.e. levels which neither boost or weaken the eurozone economy. The ECB stated that "the path is straight but the slope is steep" and revised its annual inflation outlook for 2022 upwards to 6.8% vs 5.1% forecast in March.

Optimism was restored among investors during the summer, from early July until mid-August, amid hopes that the Fed would slow the pace and extent of its rate hike cycle. The market rally was short-lived however. Poor US inflation data released in mid-September dashed investor hopes, while further signs of a rapid deterioration in the economy gave rise to fears of a recession in 2023. The World Bank warned of a risk of global recession in 2023, while the IMF forecast a sharp slowdown during the third quarter.

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Lastly, sentiment became more optimistic towards the end of the year, from the second half of October onwards. The markets began to rally, in the wake of US tech stocks and as the early reporting season got underway among banks, which restored optimism among investors. During November, investors focused their attention on US CPI data, which increased by a smaller margin than had been expected. Equity markets rallied strongly on the back of these figures. German industrial production data provided a further positive surprise, rising more sharply than consensus forecasts had predicted.

The fund returned an overall annual performance of -15.92% for the C share class and -15.33% for the I share class. The French small & midcaps index fell by 11.97%, weighed down chiefly by the small caps segment which underperformed further, returning -18.21%.

Luxembourg, 16 February 2023

The information contained in this report is historical and is not necessarily an indication of future performance.

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 2022, 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 2022, 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 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, 2023

Twenty First Funds
Combined financial statements

Twenty First Funds

Combined statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		63,739,865.96
Securities portfolio at market value	2.2	58,616,745.30
<i>Cost price</i>		<i>53,026,525.89</i>
Options (long positions) at market value	2.6	98,000.00
<i>Options purchased at cost</i>		<i>79,000.00</i>
Cash at banks and liquidities		4,311,259.57
Receivable on subscriptions		29,886.23
Net unrealised appreciation on financial futures	2.8	650,109.88
Dividends receivable, net		14,976.65
Interests receivable, net		18,888.33
Liabilities		742,241.91
Bank overdrafts		650,109.88
Payable on redemptions		7,833.14
Management fees payable	3	30,237.61
Depositary fees payable		3,564.73
Administration fees payable		43,594.54
Performance fees payable	4	1,072.69
Other liabilities		5,829.32
Net asset value		62,997,624.05

Twenty First Funds

Combined statement of operations and changes in net assets for the year ended 31/12/22

	Note	Expressed in EUR
Income		1,616,469.89
Dividends on securities portfolio, net		1,315,512.00
Interests on bonds, net		117,733.03
Bank interests on cash accounts		9,386.26
Other income		173,838.60
Expenses		1,633,968.38
Management fees	3	787,952.93
Performance fees	4	17,650.48
Depositary and sub-depositary fees		49,340.08
Administration fees		108,494.61
Domiciliary fees		3,833.41
Audit fees		552.86
Legal fees		40,722.70
Directors fees		22,123.39
Subscription tax ("Taxe d'abonnement")	5	23,924.19
Interests paid on bank overdraft		21,221.54
Other expenses		558,152.19
Net income / (loss) from investments		-17,498.49
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	3,905,839.85
- options	2.6	-55,738.00
- financial futures	2.8	797,708.45
- foreign exchange	2.4	419,737.28
Net realised profit / (loss)		5,050,049.09
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-9,647,335.19
- options	2.6	202,200.00
- financial futures	2.8	959,699.05
Net increase / (decrease) in net assets as a result of operations		-3,435,387.05
Subscriptions of capitalisation shares		15,819,560.16
Redemptions of capitalisation shares		-12,326,508.05
Net increase / (decrease) in net assets		57,665.06
Net assets at the beginning of the year		62,939,958.99
Net assets at the end of the year		62,997,624.05

Twenty First Funds - Exclusif 21

Twenty First Funds - Exclusif 21

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		45,353,248.18
Securities portfolio at market value	2.2	40,830,713.85
<i>Cost price</i>		<i>36,287,515.60</i>
Options (long positions) at market value	2.6	98,000.00
<i>Options purchased at cost</i>		<i>79,000.00</i>
Cash at banks and liquidities		3,710,698.26
Receivable on subscriptions		29,886.23
Net unrealised appreciation on financial futures	2.8	650,109.88
Dividends receivable, net		14,976.65
Interests receivable, net		18,863.31
Liabilities		693,421.52
Bank overdrafts		650,109.88
Payable on redemptions		6,364.90
Administration fees payable		35,874.05
Performance fees payable	4	1,072.69
Net asset value		44,659,826.66

Twenty First Funds - Exclusif 21

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		1,240,656.94
Dividends on securities portfolio, net		940,935.05
Interests on bonds, net		117,733.03
Bank interests on cash accounts		8,176.98
Other income		173,811.88
Expenses		993,998.48
Management fees	3	386,064.66
Performance fees	4	17,096.79
Depositary and sub-depositary fees		30,793.32
Administration fees		57,110.11
Domiciliary fees		1,833.37
Legal fees		22,565.90
Directors fees		20,090.39
Subscription tax ("Taxe d'abonnement")	5	14,245.77
Interests paid on bank overdraft		17,143.02
Other expenses		427,055.15
Net income / (loss) from investments		246,658.46
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	2,327,605.47
- options	2.6	-55,738.00
- financial futures	2.8	797,708.45
- foreign exchange	2.4	419,737.28
Net realised profit / (loss)		3,735,971.66
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-4,321,630.02
- options	2.6	202,200.00
- financial futures	2.8	959,699.05
Net increase / (decrease) in net assets as a result of operations		576,240.69
Subscriptions of capitalisation shares		15,559,921.56
Redemptions of capitalisation shares		-7,647,423.02
Net increase / (decrease) in net assets		8,488,739.23
Net assets at the beginning of the year		36,171,087.43
Net assets at the end of the year		44,659,826.66

Twenty First Funds - Exclusif 21

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	EUR	44,659,826.66	36,171,087.43	23,207,118.87
C - EUR - Capitalisation				
Number of shares		14,725.3700	12,738.2800	7,597.3000
Net asset value per share	EUR	1,922.72	1,878.55	1,594.02
I - EUR - Capitalisation				
Number of shares		11,441.6500	8,817.0400	9,488.8300
Net asset value per share	EUR	1,428.74	1,388.40	1,169.47

Twenty First Funds - Exclusif 21

Securities portfolio as at 31/12/22

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			40,830,713.85	91.43
Shares			39,240,142.08	87.86
Belgium			1,125,400.00	2.52
ANHEUSER-BUSCH INBEV	EUR	20,000	1,125,400.00	2.52
Canada			1,908,489.30	4.27
FRANCO NEVADA CORP	CAD	15,000	1,908,489.30	4.27
France			18,982,890.00	42.51
AXA SA	EUR	50,000	1,302,750.00	2.92
CREDIT AGRICOLE SA	EUR	150,000	1,474,650.00	3.30
DASSAULT AVIATION SA	EUR	10,000	1,582,000.00	3.54
ERAMET SA	EUR	15,000	1,257,750.00	2.82
L'OREAL SA	EUR	4,000	1,334,400.00	2.99
LVMH MOET HENNESSY LOUIS VUITTON SE	EUR	3,000	2,039,700.00	4.57
SAFRAN SA	EUR	12,000	1,403,040.00	3.14
SCHNEIDER ELECTRIC SE	EUR	10,000	1,307,200.00	2.93
THALES	EUR	10,000	1,193,000.00	2.67
TOTALENERGIES SE	EUR	25,000	1,466,250.00	3.28
VEOLIA ENVIRONNEMENT SA	EUR	60,000	1,440,000.00	3.22
VINCI SA	EUR	15,000	1,399,350.00	3.13
VIVENDI SA	EUR	200,000	1,782,800.00	3.99
Germany			1,137,200.00	2.55
INFINEON TECHNOLOGIES REG SHS	EUR	40,000	1,137,200.00	2.55
Luxembourg			1,474,500.00	3.30
ARCELORMITTAL SA	EUR	60,000	1,474,500.00	3.30
Netherlands			3,697,250.00	8.28
ASM INTERNATIONAL NV	EUR	5,000	1,178,250.00	2.64
ASML HOLDING NV	EUR	5,000	2,519,000.00	5.64
Switzerland			2,112,450.71	4.73
CHUBB - NAMEN AKT	USD	5,000	1,030,359.65	2.31
NESTLE SA REG SHS	CHF	10,000	1,082,091.06	2.42
United Kingdom			1,588,800.00	3.56
SHELL PLC	EUR	60,000	1,588,800.00	3.56
United States of America			7,213,162.07	16.15
APPLE INC	USD	12,000	1,456,478.28	3.26
AT&T INC	USD	75,000	1,289,817.84	2.89
MICROSOFT CORP	USD	5,000	1,120,130.78	2.51
PHILIP MORRIS INTERNATIONAL INC	USD	15,000	1,418,169.08	3.18
TESLA MOTORS INC	USD	6,000	690,406.35	1.55
UNITEDHEALTH GROUP INC	USD	2,500	1,238,159.74	2.77
Bonds			1,215,961.83	2.72
France			472,173.00	1.06
CASINO GUICHARD 6.625 20-26 15/01S	EUR	200,000	109,355.00	0.24
LOXAM SAS 4.50 19-27 15/04S	EUR	200,000	168,692.00	0.38
PARPEC HOLDING SA 4.00 18-25 31/03S	EUR	200,000	194,126.00	0.43
Germany			273,681.50	0.61
CT INVESTMENT GMBH 5.5 21-26 29/04S	EUR	100,000	89,064.50	0.20
TECHEM VERWAL 675 2.00 20-25 15/07S	EUR	200,000	184,617.00	0.41
Italy			95,964.00	0.21
JUVENTUS FC SPA 3.375 19-24 19/02A	EUR	100,000	95,964.00	0.21

Twenty First Funds - Exclusif 21

Securities portfolio as at 31/12/22

Denomination	Currency	Quantity/ Notional	Market value (in EUR)	% of net assets
Luxembourg			282,726.33	0.63
ALTICE FRANCE HOLDING 8.00 19-27 15/05S	EUR	100,000	74,162.50	0.17
CIRSA FINANCE INT 6.2500 18-23 20/12S	EUR	48,265	48,051.83	0.11
GARFUNKELUX HOLDCO 3 6.75 20-25 01/11S	EUR	200,000	160,512.00	0.36
United States of America			91,417.00	0.20
SUPERIOR INDUSTRIES 6.00 17-25 15/06S	EUR	100,000	91,417.00	0.20
Floating rate notes			173,411.00	0.39
Spain			173,411.00	0.39
CAIXABANK SA FL.R 18-XX 23/03Q	EUR	200,000	173,411.00	0.39
Convertible bonds			199,828.84	0.45
France			199,828.84	0.45
MAISON DU MONDE CV 0.125 17-23 06/12A	EUR	4,300	199,828.84	0.45
Warrants			1,370.10	0.00
France			1,370.10	0.00
PIERRE ET VACANCES 15.09.27 WAR	EUR	22,835	1,370.10	0.00
Total securities portfolio			40,830,713.85	91.43

Twenty First Funds - ID France Smidcaps

Twenty First Funds - ID France Smidcaps

Statement of net assets as at 31/12/22

	Note	Expressed in EUR
Assets		18,386,617.78
Securities portfolio at market value	2.2	17,786,031.45
<i>Cost price</i>		16,739,010.29
Cash at banks and liquidities		600,561.31
Interests receivable, net		25.02
Liabilities		48,820.39
Payable on redemptions		1,468.24
Management fees payable	3	30,237.61
Depositary fees payable		3,564.73
Administration fees payable		7,720.49
Other liabilities		5,829.32
Net asset value		18,337,797.39

Twenty First Funds - ID France Smidcaps

Statement of operations and changes in net assets from 01/01/22 to 31/12/22

	Note	Expressed in EUR
Income		375,812.95
Dividends on securities portfolio, net		374,576.95
Bank interests on cash accounts		1,209.28
Other income		26.72
Expenses		639,969.90
Management fees	3	401,888.27
Performance fees	4	553.69
Depositary and sub-depositary fees		18,546.76
Administration fees		51,384.50
Domiciliary fees		2,000.04
Audit fees		552.86
Legal fees		18,156.80
Directors fees		2,033.00
Subscription tax ("Taxe d'abonnement")	5	9,678.42
Interests paid on bank overdraft		4,078.52
Other expenses		131,097.04
Net income / (loss) from investments		-264,156.95
Net realised profit / (loss) on:		
- sales of investment securities	2.2,2.3	1,578,234.38
Net realised profit / (loss)		1,314,077.43
Movement in net unrealised appreciation / (depreciation) on:		
- investments	2.2	-5,325,705.17
Net increase / (decrease) in net assets as a result of operations		-4,011,627.74
Subscriptions of capitalisation shares		259,638.60
Redemptions of capitalisation shares		-4,679,085.03
Net increase / (decrease) in net assets		-8,431,074.17
Net assets at the beginning of the year		26,768,871.56
Net assets at the end of the year		18,337,797.39

Twenty First Funds - ID France Smidcaps

Statistics

		31/12/22	31/12/21	31/12/20
Total Net Assets	EUR	18,337,797.39	26,768,871.56	36,670,216.23
C - EUR - Capitalisation				
Number of shares		50,272.4000	61,703.7700	97,993.4100
Net asset value per share	EUR	364.55	433.61	364.51
I - EUR - Capitalisation				
Number of shares		40.0000	40.0000	3,443.5000
Net asset value per share	EUR	280.45	331.29	276.10

Twenty First Funds - ID France Smidcaps

Securities portfolio as at 31/12/22

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			17,786,031.45	96.99
Shares			17,786,031.45	96.99
France			17,786,031.45	96.99
AKWELSA	EUR	30,000	522,000.00	2.85
ASSYSTEM	EUR	21,500	872,900.00	4.76
AUBAY	EUR	13,000	633,750.00	3.46
BASTIDE LE CONFORT MEDICAL	EUR	10,000	368,000.00	2.01
BENETEAU	EUR	50,000	707,000.00	3.86
BIC(SOCIETE)	EUR	12,000	767,400.00	4.18
BOIRON	EUR	10,500	532,350.00	2.90
CEGEDIM	EUR	29,000	422,240.00	2.30
EKINOPS SA	EUR	60,000	504,000.00	2.75
ELIS SA	EUR	50,000	691,000.00	3.77
FNAC DARTY SA	EUR	16,500	568,260.00	3.10
GAZTRANSPORT ET TECHNIGAZ SA	EUR	3,000	299,400.00	1.63
GRAINES VOLTZ SA	EUR	3,000	225,000.00	1.23
HIPAY GROUP SA	EUR	21,905	76,448.45	0.42
ID LOGISTICS	EUR	2,300	616,400.00	3.36
IMERYS SA	EUR	19,700	715,898.00	3.90
IPSOS SA	EUR	15,000	877,500.00	4.79
KAUFMAN ET BROAD	EUR	21,000	576,450.00	3.14
LUMIBIRD SA	EUR	25,000	414,000.00	2.26
MANITOU BF SA	EUR	19,000	471,200.00	2.57
MERSEN	EUR	23,000	868,250.00	4.73
PRECIA SA	EUR	23,250	671,925.00	3.66
SES IMAGOTAG SA	EUR	6,900	841,800.00	4.59
SII	EUR	11,000	498,850.00	2.72
SOPRA STERIA GROUP	EUR	6,000	847,200.00	4.62
SYNERGIE	EUR	15,000	450,000.00	2.45
TRIGANO	EUR	6,000	765,600.00	4.17
VERALLIA SASU	EUR	16,000	506,880.00	2.76
VIRBAC SA	EUR	2,000	456,000.00	2.49
WORLDLINE SA	EUR	11,000	401,830.00	2.19
XILAM ANIMATION	EUR	18,000	616,500.00	3.36
Total securities portfolio			17,786,031.45	96.99

Twenty First Funds

Notes to the financial statements - Schedule of derivative instruments

Twenty First Funds

Notes to the financial statements - Schedule of derivative instruments

Options

As at 31 December 2022, the following options contracts were outstanding:

Twenty First Funds - Exclusif 21

Quantity	Denomination	Currency	Commitment (in EUR) (in absolute value)	Market value (in EUR)	Unrealised (in EUR)
Options purchased					
Listed options					
	Options on index				
200.00	EURO STOXX 50 FEB 3600.0 17.02.23 PUT	EUR	-	98,000.00	19,000.00
				98,000.00	19,000.00

The counterparty for listed options is Caceis Bank, Paris.
There is no commitment to present in case of a purchased option.

Twenty First Funds

Notes to the financial statements - Schedule of derivative instruments

Financial futures

As at 31 December 2022, 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					
-250.00	CAC40 10 EURO 01/23	EUR	16,184,400.00	531,250.00	CACEIS Bank, Paris
-100.00	DJ EURO STOXX 50 03/23	EUR	3,793,620.00	19,000.00	CACEIS Bank, Paris
-20.00	S&P 500 EMINI INDEX 03/23	USD	3,586,641.76	99,859.88	CACEIS Bank, Paris
				650,109.88	

Twenty First Funds

Other notes to the financial statements

Twenty First Funds

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.

The SICAV is an umbrella structure with multiple sub-funds (the "sub-funds") which offers four 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 2022, the following sub-funds and shares are active:

<u>Sub-Funds</u>	<u>Classes of Shares</u>	<u>Currency</u>	<u>Effective launch date</u>	<u>Closing date</u>
Twenty First Funds - Exclusif 21	Class C	EUR	26 September 2016	-
	Class I	EUR	26 September 2016	-
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 Fund 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 period which has been calculated on 31 December 2022 with the last available prices as at 31 December 2022 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.

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.

Twenty First Funds

Other notes to the financial statements

2 - Principal accounting policies

2.2 - Portfolio valuation

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 2022. 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 2022:

1 EUR	=	1.45065	CAD	1 EUR	=	0.99012	CHF	1 EUR	=	0.8853	GBP
1 EUR	=	1.0705	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.

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

2.7 - Valuation of forward foreign exchange contracts

Forward foreign exchange contracts are valued at forward market rates for the remaining year from valuation date to the maturity of the contracts. Realised and unrealised profits and losses are recorded in the statement of operations and changes in net assets.

For the details of outstanding forward foreign exchange contracts, if any, please refer to the section "Note to the financial statements - Schedule of derivative instruments".

2.8 - 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".

2.9 - 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.

Twenty First Funds

Other notes to the financial statements

2 - Principal accounting policies

2.10 - 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.

2.11 - Abbreviations used in securities portfolios

A: Annual
Q: Quarterly
S: Semi-annual
M: Monthly
XX: Perpetual Bonds
CV: Convertible
FLR : 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 December 31, 2022 are as follows:

Sub-Funds	Classes of Shares	Annual rate
Twenty First Funds - Exclusif 21	Class C	1.65%
	Class I	1.00%
Twenty First Funds - ID France Smidcaps	Class C	1.95%
	Class I	1.30%

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.

4 - Performance fees

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.

Sub-Fund Twenty First Funds - Exclusif 21:

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.

Twenty First Funds

Other notes to the financial statements

4 - Performance fees

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.

Sub-Fund Twenty First Funds - ID France Smidcaps:

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.

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 Management Company.

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 crystallization 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 Compartment, 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 31/12/22 (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	14,972.76	26,444,071.59	0.06%
	Class I	LU1373288015	EUR	2,124.03	15,680,774.08	0.01%
			Total	17,096.79		
Twenty First Funds – ID France Smidcaps	Class C	LU1885494549	EUR	553.69	20,609,826.49	0.00%
			Total	553.69		

5 - Subscription tax ("Taxe d'abonnement")

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

Twenty First Funds

Other notes to the financial statements

6 - Liquidation of sub-funds

As at 31 December 2022, the outstanding cash for the Sub-fund Quant Fund (closed on 28 December 2021) amounts USD 9,857.70, EUR -406.69 and CHF -0.13.

7 - 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.

8 - Significant events during the year

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

9 - Subsequent events

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 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

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.

The investment policy of the Sub-Fund Twenty First Funds - France Engagement is amended so as to reflect that the Sub-Fund Twenty First Funds - France Engagement 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.

Twenty First Funds
Additional unaudited information

Twenty First Funds

Additional unaudited information

Remuneration policy

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 2022 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 2022, 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 2022:** 18, including 13 risk-takers,
- **Total payment for the year 2022:** 1 735 thousand euros, split as follows:
 1. according to category of staff:
 - o 1 487 thousand euros paid to risk-takers,
 - o 248 thousand euros paid to other employees,
 2. according to the nature of compensation:
 - o 1 371 thousand euros of fixed wages,
 - o 364 thousand euros of variable remuneration.

Global Risk Exposure

Twenty First Funds - Exclisif 21

As part of its risk management process and in view of the long-only strategy that is pursued, the global exposure of the Twenty First Funds - Exclisif 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 - 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 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.

Twenty First Funds

Additional unaudited information

SFDR (Sustainable Finance Disclosure Regulation)

SUSTAINABILITY RELATED DISCLOSURES

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 31/12/2022, 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.

Sub-Fund Twenty First Funds - Excluf 21:

The portfolio of the Sub-Fund Twenty First Funds – Excluf 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.

Sub-Fund Twenty First Funds - ID France Smidcaps:

The portfolio of the Sub-Fund Twenty First Funds - ID France Smidcaps 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.