



Sustainability Finance Real Economies SICAV-SIF

Annual report 2021

Sustainability Finance Real Economies SICAV-SIF

Public limited liability company (*société anonyme*)
qualifying as investment company with variable capital
– specialised investment fund (*société d'investissement à
capital variable – fonds d'investissement spécialisé*)

Audited Financial Statements

For the financial year ended
December 31, 2021



R.C.S. Luxembourg B 192.267
Registered office:
11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand Duchy of Luxembourg

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

No subscription can be accepted on the basis of the financial reports. Subscriptions are only valid if they are made on the basis of the latest published offering memorandum accompanied by the latest annual report. The offering memorandum is available free of charge at the registered office of Sustainability – Finance – Real Economies SICAV-SIF in Luxembourg and from Triodos Investment Management: www.triodos-im.com.

Report of the Alternative Investment Fund Manager

General information

Legal structure

Sustainability – Finance – Real Economies SICAV-SIF (SFRE or the Fund), has been incorporated in the Grand Duchy of Luxembourg on November 18, 2014 and for an unlimited duration as a public limited liability company (société anonyme) qualifying as an investment company with variable capital – specialised investment fund (société d'investissement à capital variable – fonds d'investissement spécialisé) governed by the Law of 13 February 2007. SFRE qualifies as an externally managed Alternative Investment Fund (AIF) under the AIFM Law. The Articles have been deposited with the Luxembourg Business Register (LBR) under the number B 192.267. According to the Law of 10 August 1915, SFRE shall be managed by the Board of Directors (the Board). The Board has in turn appointed the Alternative Investment Fund Manager (AIFM) to perform the portfolio management and risk management of SFRE, provided that the AIFM may make certain delegations in this respect, as further set out in section 4.6.2 of the General Section of the offering memorandum.

Investment policy

The objective of SFRE is to support the growth of real economy focused financial institutions by investing in their capital. These institutions play key roles in meeting human needs and advancing essential segments of local real economies. SFRE investees serve individuals and small and medium-sized enterprises (SMEs) through sustainable financial products and services. The Fund has an evergreen approach, thereby safeguarding its investee companies' independence, entrepreneurship and mission. The Fund invests in emerging and developed markets, reaching real economic banking models across the globe and it uses unique selection criteria facilitated by a distinct sustainability scoring system.

Alternative Investment Fund Manager

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

Fund report

Market developments

Rebounding from a synchronized recession in 2020, financial markets were propelled by a sense of optimism throughout most of 2021. Although the corona pandemic extended its grip on the world from the year 2020 into 2021, local economies showed good resilience to recover from the crisis. Due to this rapid recovery, the demand for commodities increased significantly. Commodity-exporting countries were able to ride this wave. In the last months of the year the shortages drew up inflation in most of the markets. Initially, central banks were hesitant to increase rates to temper inflation expectations, but by now, most have started a monetary tightening cycle. Signals from the Fed towards the end of the year that it may raise interest rates at a faster pace in 2022 have increased uncertainty in Emerging Markets (EMs), which has resulted in a weakening of most EM currencies relative to the euro in the fourth quarter.

Currency developments

As the economies recovered in the year 2021, so did the local currency and the dollar. The dollar appreciated to pre-pandemic levels compared to the Euro. Currencies like the GBP were able to keep pace with the US Dollar appreciation. Over the first half of the year, the British pound appreciated compared to the US dollar, however, once the fear for inflation grew investors lost this gain in value and depreciated for the whole year by 0.9% compared to the US dollar. A similar movement was visible for the Indian Rupee. That depreciated at a fast pace compared to the US dollar than in the first half. The overall depreciation of the Indian Rupee compared to the US Dollar was 1.7%. The Paraguayan guaraní kept pace with the US dollar and overall ended at the same exchange rate as it started. Overall, the fund's currency result was negative (-0.6%).

Sector developments

SME and micro financing have adapted rather swiftly to the developments brought about by the pandemic. As emerging markets governments refrain from imposing full lockdown restrictions in case of new variants which enables real economy activities to continue. More widespread EM vaccination, the lower virulence of the new variants than in previous waves, and the ability to cope better with the virus, as was the case in India, result in a modest fallout for emerging economies. Developed market governments benefitted from the higher vaccination rates and enforced restrictions on a more local basis. This in combination with government support allowed most sectors within the real economy to continue with their recovery.

This year has shown that local entrepreneurs are able to swiftly resume and adapt their activities during and after a crisis. They are generally very resilient and innovative. This further strengthens the funds believe in in people's strength and ability to recover and to emerge stronger from this crisis. The structural drivers behind financial inclusion in emerging markets, investing in real economies, are positive.

As COVID-19 stay prevalent throughout the whole year Fintech could further flourish. Amidst social distancing and other containment measures, technology has created new opportunities for financial institutions to further digitalize their operations, connect with their clients and continue offering financial products and services. For example, by providing access to digital financial products, payment options, knowledge sharing sessions and other services. COVID-19 has further underscored the importance of digitalization as a way to improve process efficiency and customer experience. Also, as it has become apparent that some measures of the pandemic like working from home are here to stay for the long term that allows Fintech to become even more important in the future.

For the entrepreneurs and small- and medium sized enterprises (SMEs) the recovery for the measurement and effects of the COVID-19 pandemic was prevalent. As the lockdown were lifted and local governments refrained from imposing new lockdown the entrepreneurs and small- and medium sized enterprises (SMEs) were the first to looking for new funding. As past experience in many countries showed that local entrepreneurs are able to swiftly resume their activities after a crisis, such as a pandemic. They are rooted in local communities and relate to real economic activities that continue even in times of crisis (for example, food production or providing other basic needs). And when necessary, they switch to other income-generating activities.

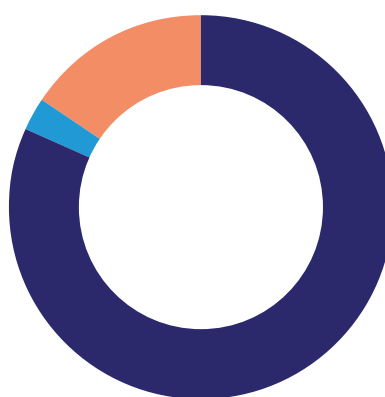
Investments

In 2021, SFRE's investment portfolio increased in size, to USD 36.3 million (2020: USD 33.0 million), which represents 84.6% of the Fund's net assets of USD 42.9 million (2020: USD 38.6 million). The Fund made a disbursement to Vision Banco in 2021 (no disbursements were made in 2020).

Fund data, December 31, 2021

Net assets	USD 42,895,186.35
Portfolio value	USD 36,281,649.55
Number of financial institutions	5
Number of loans	1
Number of equity investments	4
Number of countries	5

Asset allocation, December 31, 2021 (% of NAV)



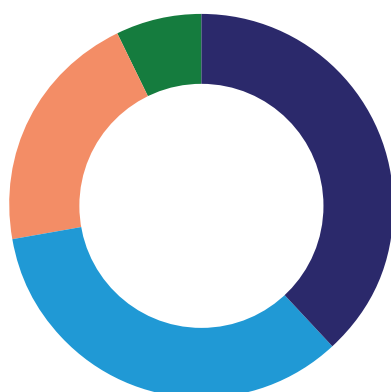
Equity	81.7%
Subordinated Debt	2.9%
Liquidity	15.4%

Regional allocation, December 31, 2021 (% of portfolio)



West and Central Europe	38.2%
North America	30.7%
South Asia	20.7%
Latin America	10.4%

Currency allocation, December 31, 2021
(% of portfolio)



British pound	38.2%
US dollar	34.1%
Indian rupee	20.7%
Paraguayan guarani	7.0%

Return

In 2021, the return of the Fund was 11.05% (2020: -1.6%)
The return of both the equity and debt portfolio was positive, contributing 14.1% and 0.4% respectively.
Operating expenses, including the management fee, detracted 3.4% (2020: 2.4%) from the yearly return.

Liquidity

SFRE aims to retain sufficient buffers in cash or cash equivalents in order to facilitate redemptions in the Fund.
The Fund’s net liquidity ratio at year-end 2021 was 15.4% of the Fund’s net assets (2020: 14.6%).

Costs

The largest item in the cost structure of SFRE is the management fee paid to the AIFM, Triodos Investment Management. The AIFM uses this fee primarily to cover staff-related costs and costs related to the labour-intensive investment process. Other costs include the fees paid to RBC Investor Services Bank for their depositary and administrative services and the director’s fee.

The ongoing charges for SFRE, which include the management fee, were 2.82% for Share class A (2020: 2.91%) and 2.82% for Share class B (2020: 2.91%) as per December 31, 2021. More detailed information about the management fee can be found on page 35

Risk management

All the investments of SFRE are exposed to a variety of risks. SFRE is intended for long-term investors who can accept the risks associated with investing primarily in the securities of the type held in SFRE. In addition, investors should be aware of the risks associated with the active management techniques that may be employed by the AIFM. An investment in shares of a fund does not constitute a complete investment program. Investors may wish to complement an investment in a fund with other types of investments.

Risk profile

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

Country allocations, December 31, 2021
(% of NAV)

United Kingdom	32.3%
United States	26.0%
India	17.5%
Costa Rica	2.9%
Paraguay	6.0%

Counterparty risk

The largest single entity exposure as of December 31, 2021 was Unity Trust Bank with 32.3% of the fund’s NAV.

Valuation risk

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

valuation function, independent valuation committees and, in some cases, the use of external valuers at the sub-fund level.

Valuation risk refers to the risk that the value of assets does not reflect their fair market value because valuations are based on infrequent market-based data, assumptions and peer group comparisons. As SFRE invests almost exclusively in assets that are not traded on a regulated market and are not listed on any stock exchange, its investments may not have readily available prices and may be difficult to value. In order to determine the value of these investments, the Fund employs a consistent, transparent and appropriate valuation methodology, based on the International Private Equity and Venture Capital Valuation Guidelines (IPEV) as published by the IPEV Board and endorsed by the European Private Equity and Venture Capital Association (EVCA). To the extent that this methodology relies on periodic market-based data and peer group comparisons, the valuation of the assets may fluctuate with the variations in such data.

Operational risks

Triodos Investment Management ensures adequate management of the relevant risks. The AIFM has therefore established an integral risk management system, which includes the risk management policy of SFRE and the risk management framework of the AIFM. The non-financial risks consist of operational risks and compliance risks. Operational risks are risks of financial losses due to inadequate or failing internal processes, people and systems, or due to external events. Compliance risks are risks related to failure to comply with applicable laws and regulations. These risks are identified, assessed, managed and monitored on an ongoing basis through appropriate procedures and reports. These risks are assessed on the basis of a pre-defined and quantified risk appetite based on the risk appetite at Triodos group level.

Risk management has been set up in accordance with the three-lines-of-defence model. The first line (the AIFM's executive function), the second line (the risk management function) and the third line (the internal audit function) operate independently of each other. The risk management function in the second line and the internal audit function in the third line are functionally and hierarchically separated from the fund's management. Knowledge sessions and awareness training sessions are organised for employees.

Risk management function

Triodos Investment Management has a Risk & Compliance application that enables integrated management of all risk related issues. This includes the integral risk management system, the internal 'Control Testing' and

its outcomes, and the procedures relating to risk event management. In addition, the results of risk and control self-assessments are recorded, as well as the translation of the results of these sessions into the integrated risk management system. The application provides a central capture ('audit trail') for all of the above.

For the management of financial risks, Triodos Investment Management has established an Impact & Financial Risk Committee (IFRC). These risks are managed, measured and monitored, and reported to the IFRC. The IFRC decides whether a fund's risk profile is in accordance with its risk appetite. More detailed information about financial risks can be found on page 24. In addition to financial risks, the IFRC takes into account the assessment of sustainability risks of the funds.

Solvency

Triodos Investment Management complies with the minimum solvency requirements imposed on managers of investment institutions in accordance with the Dutch Decree on prudential rules under the Financial Supervision Act (BPR), AIFMD and the Dutch Civil Code. This makes Triodos Investment Management a robust party that can absorb setbacks to a sufficient extent.

Remuneration policy

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

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

An annual collective token of appreciation may be paid for the overall achievements and contribution of all co-workers. In 2021 and 2020, no collective end-of-year token of appreciation were awarded. In 2021 and 2020, there were no co-workers at Triodos Investment Management with a total remuneration of EUR 1 million or more. SFRE Fund does not have any co-workers.

In 2021, the total remuneration of the 220 co-workers working for Triodos Investment Management amounted to EUR 21.9m (2020: 207 co-workers, EUR 19.6m). The increase in remuneration of 2021 versus 2020 can entirely be explained by a combination of a yearly increase in wages, a collective labour agreement impact and an increase of co-workers.

Based on Article 22(2) of the AIFMD and section XIII (Guidelines on disclosure) of the 'ESMA Guidelines on sound remuneration policies under the AIFMD', AIFMs are required to at least disclose information about their remuneration practices for employees whose professional activities have a material impact on those funds' risk profile (so-called "identified staff"). The tables above provide an overview of the total remuneration, broken down into fixed and variable remuneration, and the remuneration of the senior management and the identified staff.

Triodos Investment Management improved its method for the allocation of costs. As of 2021, costs are allocated using activity-based costing. By clearly identifying activities that are necessary to manage a fund and allocating the costs of each activity, it provides insight where the actual costs are made. Based on the new allocation method a larger part of the total costs is allocated to the fund. As these tables are intended to show the remuneration of co-workers, all other costs incurred by the AIFM, such as housing, workplace and travel costs and the cost of outsourced activities and external consultants, are excluded. The amounts shown in the tables include income tax, social security contributions, pension contributions and tokens of appreciation.

ISAE 3402

The objective of an ISAE 3402 report is to provide assurance to external parties on the quality of the internal control measures relating to the services provided by the fund manager. There are two types of ISAE 3402 report. A type-I ISAE 3402 report assesses the design and implementation of control measures. A type-II ISAE 3402 report not only assesses the design and implementation of control measures, but also the operational effective functioning of these control measures during the period audited.

Triodos Investment Management

(remuneration in EUR)	Co-workers at AIFM		'Identified staff' in senior management positions		Other 'Identified staff'	
	2021	2020	2021	2020	2021	2020
Number of staff	220	207	7	6	18	18
Average FTEs	204.4	180.1	6.4	6.7	17.3	16.3
Fixed remuneration	21,766,174	19,546,066	1,279,480	1,365,032	2,596,700	2,467,729
Variable remuneration	92,603	24,871	–	–	22,454	12,361
Total remuneration	21,858,777	19,570,937	1,279,480	1,365,032	2,619,154	2,480,090

SFRE

(remuneration in EUR)	Co-workers directly involved in SFRE		'Identified staff' in senior management positions		Other 'Identified staff'	
	2021	2020	2021	2020	2021	2020
Number of staff	19	16	6	6	7	7
Average FTEs	6.3	3.8	0.2	0.2	0.9	1.1
Fixed remuneration	689,007	448,077	32,699	32,187	129,111	151,382
Variable remuneration	1,289	193	–	–	–	1
Total remuneration	690,296	448,270	32,699	32,187	129,111	151,383

On 7 March 2022, Triodos Investment Management issued a type-II report, with an unqualified opinion from its auditor covering the period from 1 January 2021 up to and including 31 December 2021. The auditor's opinion is included in the assurance report.

Outlook

In 2022, financial markets expect further monetary tightening across the globe. Absent shocks from new virus variants, inflation pressures related to supply chain constraints may gradually cool down. The ability to cope better with the virus is expected to result in a more modest fallout for emerging and developing countries. The upward trend in local real economies continues. Entrepreneurs have strong financing needs to restart and grow their businesses. At the same time, social inequality has dramatically increased during the pandemic, and the fund's investments are more needed than ever. Regarding the Ukraine invasion the investment portfolio of SFRE is not directly impacted, as it holds no investments within the affected region. The sharp increase in energy prices is expected to increase social inequality even more.

In 2022, SFRE remains focused on capital raising to finance the high-quality pipeline it has built. With new capital, the fund will continue to invest in values-based banks in both emerging and developed economies (taking into account the restrictions for doing on-site due diligence).

The technology angle has gained further importance, as we have noticed that during the COVID-19 pandemic, technology has created new opportunities for digital financial services to accelerate and enhance financial inclusion, amid social distancing and containment measures. In the long-term, the fund believes that the structural drivers behind the fund's assets (investing in real economies through institutions that have strong roots in local communities) have not changed. Therefore, SFRE continues to believe in people's strength and ability to recover and to emerge stronger from a crisis like this.

Report of the Board of Directors

The Board of Directors has the broadest powers to act in any circumstances on behalf of SFRE, subject to the powers expressly assigned by law or the articles of incorporation of SFRE. The Board is responsible for overall fund strategy, relations with investors, the regulator and the auditor and for ensuring the AIFM performs its functions with due care and diligence. It is the Board's responsibility to provide independent review and oversight in the best interests of the investors of the fund Sustainability – Finance – Real Economies SICAV-SIF – 1/2014 (the “First Compartment”).

Board composition

In 2021, no changes have been made to the composition of the Board of Directors. As of May 12, 2020, the chairmanship has rotated from Vincent Siciliano to Paul Christensen. As at December 31, 2021 the Board consisted of the following independent directors:

Director	Appointed on
Paul Christensen	1 January 2018
Vincent Siciliano*	3 June 2016
Angelica Ortiz de Haas	18 November 2014
Garry Pieters	18 November 2014

* Representative of the GABV in its role as SFRE's Mission Shareholder.

Biographies of the Directors are included in the chapter “Management and administration”.

Board meetings

The Board meets at least four times a year. Additional meetings are convened when necessary. In 2021, four regular Board meetings were held and no additional Board meeting. At each regular Board meeting, the AIFM reports on various relevant topics, amongst others: anti-money laundering and ‘know your customer’ matters, regulatory changes, marketing and sales activities, investment compliance monitoring and risk management. The Board further discussed matters relating to its oversight of delegated parties (of which the AIFM is one). Requests for major decisions are submitted for review and approval to the Board of Directors. In 2021, the Board of Directors paid particular attention to the strategic plan for SFRE for the period 2021 - 2025 in collaboration with Triodos IM. In accordance with the Grand-Ducal Regulation of March 18, 2020 regarding the prevention of the spread of the COVID-19 virus and the guidelines received by the authorities and the CSSF, the Board meetings in 2021 were not held physically, but by means of Microsoft Teams.

Attendance of the four Board meetings

Director	Meetings attended
Paul Christensen	4
Vincent Siciliano	4
Angelica Ortiz de Haas	4
Garry Pieters	4

Offering memorandum

In 2021, the SFRE offering memorandum was amended in order to align with and comply with the requirements of article 6 and article 9 Sustainable Finance Disclosure Regulation (SFDR). More than two-third investor approval was required and received by means of written consent for these amendments.

Conflict of interest

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

Board remuneration

Each Director, is paid an equal fixed annual remuneration. The Board believes the remuneration of the Board reflects its responsibilities and experience and is fair given the complexity of SFRE. The remuneration of the Directors is disclosed in the notes to the financial statements and approved annually by the shareholders at the Annual General Meeting of Shareholders. There were no changes to the Directors' remuneration during 2021.

Annual General Meeting of shareholders

The Annual General Meeting of shareholders was held on June 3, 2021 by means of telephone due to the COVID-19 pandemic. During the meeting, the shareholders:

- Approved the 2020 Financial Statements as submitted by the Board of Directors;
- Approved the statement of assets and liabilities and the statement of operations for the financial year ending December 31, 2020;
- Approved the allocation of the net results for the financial year 2020;

- Granted full discharge to the members of the Board of Directors with respect to their performance of duties for all or part of the financial year ending as at December 31, 2020;
- Approved to renew the mandates to Mrs. Angelica Ortiz de Haas, Mr. Garry Pieters, Mr. Vincent Siciliano and Mr. Paul Christensen to serve as Directors of the company until the annual general meeting of shareholders that will deliberate on the audited annual accounts for the financial year of December 31, 2021;
- Approved to re-appoint PricewaterhouseCoopers as statutory auditor for the audited annual accounts for the financial year of December 31, 2021;
- Approved the remuneration of Directors for the financial year ending December 31, 2021.

Complaints handling

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

The complaints handling policy is available upon request and available on www.triodos-im.com.

Complaints can be submitted in writing to:
Sustainability – Finance – Real Economies
Attention: Complaints Handling Officer
11-13, Boulevard de la Foire
L-1528 Luxembourg
Grand-Duché de Luxembourg
E-mail address: TriodosIM@triodos.com

During 2021, the Complaints Handling Officer did not receive any complaints addressed to SFRE.

Best practices

The Board aspires to best practices and good governance. For example, the Board has made efforts to ensure the diversity of its members, in terms of gender, complementary experience and expertise, and a good representation of independent Directors.

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

COVID-19

In 2021, the Board of Directors paid particular attention to the COVID-19 pandemic and its impact on SFRE, liaising with its service providers to ensure a 'business as usual' environment. As most of the work was conducted remotely, elements such as continuity, access to information, security and controls, but also liquidity were considered, monitored and reviewed.

The Board is comfortable with the steps that have been taken to date, with effectively no interruption to business. It keeps monitoring the situation closely.

Luxembourg, May 3, 2022

The Board of SFRE
Paul Christensen (Chair)
Vincent Siciliano
Angelica Ortiz de Haas
Garry Pieters

To the Shareholders of
Sustainability - Finance - Real Economies SICAV-SIF

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Sustainability - Finance - Real Economies SICAV-SIF (the “Fund”) as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

What we have audited

The Fund’s financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to holders of redeemable shares for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards 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. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report 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 identified above 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 that fact. We have nothing to report in this regard.

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

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors of the Fund 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 Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “Réviseur d'entreprises agréé” for the audit of the financial statements

The objectives of our audit 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 an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the 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 scepticism 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;
- conclude on the appropriateness of the Board of Directors of the Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial 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 audit report. However, future events or conditions may cause the Fund 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.

Luxembourg, 12 May 2022

PricewaterhouseCoopers, Société coopérative
Represented by

Andreas Drossel

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Statement of financial position

As at December 31, 2021

(Unless otherwise stated, all amounts are expressed in USD)	Notes	As at December 31, 2021	As at December 31, 2020
Assets			
Non-current assets			
Financial assets at fair value through profit or loss	5	36,281,649.55	32,978,770.72
Current assets			
Cash and cash equivalents		6,962,025.16	6,181,076.97
Total assets		43,243,674.71	39,159,847.69
Liabilities			
Current liabilities			
Accrued expenses and other liabilities	6	348,488.36	532,397.19
Total liabilities (excluding net assets attributable to holders of redeemable shares)		348,488.36	532,397.19
Net assets attributable to holders of redeemable shares		42,895,186.35	38,627,450.50
Shares outstanding			
Mission Share	7	1.000	1.000
Class A Shares	7	458,310.765	458,310.765
Class B Shares	7	230,535.697	230,535.697
Net asset value per share			
Mission Share		93.02	83.78
Class A Shares		66.03	59.46
Class B Shares		54.79	49.34
<i>Class B Shares (in EUR)</i>		48.18	40.32

The financial statements should be read in conjunction with the accompanying notes.

Statement of comprehensive income

For the year ended December 31, 2021

(Unless otherwise stated, all amounts are expressed in USD)	Notes	Year ended December 31, 2021	Year ended December 31, 2020
Income			
Interest income		198,117.22	332,275.35
Dividend income		229,630.97	199,928.47
Net changes in fair value of financial assets at fair value through profit or loss	5.3	5,152,273.99	(198,133.62)
Net exchange (loss)/ gain		(131,333.59)	158,978.15
Other income		12,457.55	21,025.35
Total net income		5,461,146.14	514,073.70
Expenses			
Management fee	9.1	(823,318.74)	(715,026.04)
Administrative fees	9.2	(75,244.24)	(67,043.89)
Depository fees	9.2	(32,011.65)	(38,139.25)
Audit fees	10	(42,582.45)	(48,067.10)
Tax consulting fees		(12,245.61)	6,208.42
Directors' fees	9.3	(116,433.75)	(115,415.00)
Legal fees		(44,737.21)	(87,210.05)
Subscription tax		(4,043.58)	(3,768.23)
Other expenses	8	(23,105.05)	(45,871.73)
Total operating expenses		(1,173,722.28)	(1,114,332.87)
Operating profit/ (loss)		4,287,423.86	(600,259.17)
Finance costs			
Interest expenses		(19,688.01)	(16,429.27)
Increase / (decrease) in net assets attributable to holders of redeemable shares arising from operations		4,267,735.85	(616,688.44)

The financial statements should be read in conjunction with the accompanying notes.

Statement of changes in net assets attributable to holders of redeemable shares

For the year ended December 31, 2021

(Unless otherwise stated, all amounts are expressed in USD)	Note	Year ended December 31, 2021	Year ended December 31, 2020
Net assets attributable to holders of redeemable shares at the beginning of the year		38,627,450.50	39,244,138.94
Increase / (decrease) in net assets attributable to holders of redeemable shares arising from operations		4,267,735.85	(616,688.44)
Net assets attributable to holders of redeemable shares at the end of the year		42,895,186.35	38,627,450.50

The financial statements should be read in conjunction with the accompanying notes.

Statement of cash flows

For the year ended December 31, 2021

(Unless otherwise stated, all amounts are expressed in USD)	Notes	Year ended December 31, 2021	Year ended December 31, 2020
Cash flows from operating activities			
Increase / (decrease) in amount attributable to holders of redeemable shares arising from operations		4,267,735.85	(616,688.44)
Adjustments for:			
• Net changes in fair value of financial assets at fair value through profit or loss		(5,152,273.99)	198,133.62
• Interest income		(198,117.22)	(332,275.35)
• Dividend income		(229,630.97)	(199,928.47)
• Net exchange gains on cash and cash equivalents		131,333.59	(158,978.15)
		(1,180,952.74)	(1,109,736.79)
(Increase)/ decrease in other receivables		–	14,011.23
Decrease in other financial liabilities		–	(390,340.18)
(Decrease)/ increase in accrued expenses and other liabilities	6	(183,908.83)	10,016.76
Net decrease in financial assets at fair value through profit or loss	5	1,849,395.16	1,333,562.20
Net cash provided by/ (used in) operations		484,533.59	(142,486.78)
Interest received		198,117.22	336,497.56
Dividend received		229,630.97	199,928.47
Net cash provided by operating activities		912,281.78	393,939.25
Net increase in cash and cash equivalents		912,281.78	393,939.25
Cash and cash equivalents at the beginning of the year		6,181,076.97	5,628,159.57
Exchange gains on cash and cash equivalents		(131,333.59)	158,978.15
Cash and cash equivalents at the end of the year		6,962,025.16	6,181,076.97

The financial statements should be read in conjunction with the accompanying notes.

Notes to the audited financial statements

As at December 31, 2021

(Unless otherwise stated, all amounts are expressed in USD)

1. General information

Sustainability – Finance – Real Economies SICAV-SIF (the “Fund”) was incorporated in the Grand Duchy of Luxembourg on November 18, 2014 and for an unlimited duration as a public limited liability company (*société anonyme*) qualifying as an investment company with variable capital– specialised investment fund (*société d’investissement à capital variable – fonds d’investissement spécialisé*)– governed by the law of February 13, 2007, as well as an AIF under the law of July 12, 2013. The articles have been deposited with the Luxembourg Register of Trade and Companies under the number B 192.267.

The purpose of the Fund is to invest patient capital in order to support the responsible growth in the number and size of sustainability-focused financial institutions (“SFIs”). SFIs are committed to delivering client-centered, long-term financial products and services that provide social, environmental and sustainable financial returns while supporting the real economy. The Fund intends to achieve attractive returns from such investments for the benefit of its shareholders while reducing investment risks through diversification.

The Fund has an umbrella structure and may consist of several compartments with different investment strategies. As at December 31, 2021, only one compartment is active: Sustainability – Finance – Real Economies SICAV-SIF – 1/2014 (the “Compartment”).

Triodos Investment Management B.V. was appointed and authorized to act as the Fund’s alternative investment fund manager (the “AIFM”), in accordance with Chapter II of the AIFM Directive and Chapter II of the AIFM Act.

The Fund’s financial year ends on December 31st of each year.

These financial statements were authorised for issue by the Board on May 3, 2022 and by the shareholders on June 2, 2022.

2. Summary of significant accounting principles

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations as issued by the International Accounting Standard Board (“IASB”), as far as endorsed by the European Union (“EUR-IFRS”).

The financial statements have been prepared on a going concern basis, applying the historical cost convention, except for financial assets and financial liabilities (including derivative financial instruments) which are measured at fair value through profit or loss.

The preparation of financial statements in conformity with EU-IFRS requires the use of certain critical accounting estimates. It also requires the AIFM to exercise its judgment in the process of applying the Fund’s accounting policies. Changes in assumptions may have a significant impact on the financial statements in the year in which the assumption changed. The AIFM believes that the underlying assumptions are appropriate.

The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The conditions for adopting the going concern basis for preparing the financial statements of the Fund for the year ended December 31, 2021 in light of COVID-19, are discussed in Note 3.

2.2 Changes in accounting policies and disclosures

New and amended standards and interpretations adopted by the Fund from January 1, 2021

New and amended standards that are effective from January 1, 2021 include the following:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

None of the other new and amended standards had any impact on the amounts recognised in prior periods or in the current period and are not expected to significantly affect future periods.

New standards, amendments and interpretations issued but not effective and not early adopted

There are no standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Fund's financial statements that are relevant to the Fund. The Fund intends to adopt these standards and amendments, if applicable, when they become effective.

2.3 Investment entity and consolidation

The Fund has multiple unrelated investors and holds multiple investments. Ownership interests in the Fund are classified as liabilities under the provisions of IAS 32. The Fund has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions are met:

- i) The Fund has obtained funds for the purpose of providing investors with professional investment management services;
- ii) The Fund's business purpose, which was communicated directly to investors, is investing for capital appreciation and investment income; and
- iii) The investments are measured and evaluated on a fair value basis.

2.4 Foreign currency translation

a. Functional and presentation currency

The redeemable shares of the Fund are denominated in US dollar ("USD") or in euro ("EUR"). The performance of the Fund is measured and reported to the investors in USD. The AIFM considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Fund's functional and presentation currency.

b. Transactions and balances

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the presentation currency using the exchange rate prevailing at the statement of financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to the financial assets and financial liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income as part of the 'Net gain or loss on fair value of financial assets and liabilities at fair value through profit or loss'.

2.5 Financial instruments

Classification of financial assets

The Fund classifies its financial assets as measured at amortised cost or measured at fair value through profit or loss ("FVPL") on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial assets.

a. Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model which objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term receivables including accrued income and other receivables.

b. Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- It is not held within a business model whose objective is either to collect contractual cash flows or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

- Equity instruments; and
- Debt instruments held under a business model consisting of managing them and assessing their performance on a fair value basis.

Classification of financial liabilities

The Fund classifies its financial liabilities as measured at amortised cost or measured at FVPL.

a. Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading.

b. Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at FVPL. The Fund includes in this category accrued expenses, short-term payables and other financial liabilities. The Fund also includes in this category its redeemable shares. See Note 2.7 for further details on accounting policy in that respect.

Recognition

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Fund commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and financial liabilities, other than those classified as at FVPL, are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, the Fund measures financial instruments which are classified as FVPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on fair value of financial assets and liabilities at fair value through profit or loss' in the statement of comprehensive income. Interests and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of comprehensive income.

Financial assets, other than those classified as at FVPL, are measured at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised, as well as through the amortisation process.

The effective interest rate method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred substantially all of the risks and rewards of the asset.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets measured at amortised cost

At each reporting date, the Fund shall measure the loss allowance on amounts due from debtors at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The AIFM considers both historical analysis and forward-looking information in determining any expected credit loss. Significant financial difficulties of a debtor, probability that a debtor will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required.

If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the AIFM as any contractual payment which is more than 30 days past due or a counterparty credit rating which has fallen below BBB/Baa. Any contractual payment which is more than 90 days past due is considered credit impaired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Fair value measurement

The Fund measures its investments in financial instruments, such as equity instruments and interest-bearing investments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Investment Manager will determine the point within the bid-ask spread that is most representative of fair value.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis). Refer to Note 4.6 for further details.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less, as well as bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

2.7 Redeemable shares

Other than the dedicated class for the Mission Share, the Fund issues two classes of redeemable shares, which are redeemable at the holder's option, and do not have identical rights. Such shares are classified as financial liabilities. Redeemable shares can be sold back to the Fund on any redemption day for cash equal to a proportionate share of the Fund's net asset value attributable to the share class, less a redemption fee which is payable by the holder. Shares are redeemable quarterly.

The redeemable shares are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the shares back to the Fund.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each class of redeemable shares with the total number of outstanding redeemable shares for each respective class.

2.8 Interest and dividend income

Interest income is recognised on a time-proportion basis using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

2.9 Distributions payable to holders of redeemable shares

Proposed distributions to holders of redeemable shares are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Fund. This typically occurs when proposed distribution is ratified at the Annual General Meeting. The distribution on the redeemable shares is recognised as a finance cost in the statement of comprehensive income.

2.10 Taxation

The Fund is domiciled in Luxembourg and was incorporated under the law of February 13, 2007. Under this law, the Fund is liable to a subscription tax of 0.01% per annum calculated on its net asset value, such tax being payable quarterly on the basis of the value of the aggregate assets at the end of the relevant calendar quarter.

Dividends, interests and any other income received by the Fund from investments may be subject to taxes and/or withholding taxes in the countries concerned at varying rates.

3. Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and assumptions concerning the future. It also requires management to exercise its judgment when applying the Fund's policy. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in future could differ from such estimates and the differences could be material to the financial statements.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Fund's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Fair value of unquoted investments

The fair value of securities that are not quoted in an active market are determined by using valuation techniques as described in Note 4.6.

The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly - if fair value is determined based on market prices (for example, in case of shares or debt securities traded on an active market), or indirectly - for example, if a valuation technique is based on inputs that are derived from volatile markets.

The AIFM considered the impact of the pandemic for the year ended 31 December 2021 while selecting valuation models and determining key inputs used in those models such as discount rates and market multiples.

Going concern

Considering the market conditions and related uncertainties due to the COVID-19 pandemic, the AIFM has made an assessment of the Fund's ability to continue as a going concern and concluded that as of the date of the approval of these financial statements the Fund has adequate resources to continue in operational existence for the foreseeable future.

Based on the aforementioned, the AIFM has concluded that the continued application of the going concern assumption for preparing the financial statements is appropriate.

4. Financial risk management

4.1 Financial risk factors

The Fund's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Compartment's strategy is to invest globally into high-quality SFIs and aims to diversify its investments in order to limit the risks.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

The AIFM has established and maintains a permanent risk management function that implements effective risk management policies and procedures in order to identify, measure, manage and monitor on an ongoing basis all risks relevant to each compartment's investment strategy.

4.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The maximum risk resulting from financial instruments equals their fair value. As at December 31, 2021 and 2020, management considers that the carrying amounts of financial assets and liabilities recognised in the financial statements approximate their fair values.

a. Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As at December 31, 2021 and 2020, the Fund's financial instruments are composed of private equity investments, private debt investments and cash and cash equivalents, which are less sensitive to market price fluctuations. For the sensitivity analysis on the fair value measurement, refer to Note 4.6.

b. Currency risk

The Fund operates internationally and holds assets denominated in currencies other than the USD, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions and monetary assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

Where applicable, the Fund or the AIFM may, at their discretion, hedge the exposure to currency fluctuations between foreign currencies and the Fund's functional currency. Currency risk is monitored by the AIFM on a quarterly basis. In line with the current risk management policy, the Fund does not hedge currency risk due to its long-term investment horizon.

As at December 31, 2021 and 2020, the Fund is exposed to currency risk as follows:

As at December 31, 2021	EUR	GBP	CAD	INR	PYG	USD	Total
Assets							
Financial assets at fair value through profit or loss	–	13,843,443.86	–	7,504,646.97	2,556,268.32	12,377,290.40	36,281,649.55
Cash and cash equivalents	1,658,785.66	–	3,342.34	–	–	5,299,897.16	6,962,025.16
Liabilities							
Other payables and accrued expenses	(128,101.76)	–	–	–	–	(220,386.60)	(348,488.36)
Total	1,530,683.90	13,843,443.86	3,342.34	7,504,646.97	2,556,268.32	17,456,800.96	42,895,186.35
As at December 31, 2020	EUR	GBP	CAD	INR	PYG	USD	Total
Assets							
Financial assets at fair value through profit or loss	–	10,617,455.72	–	6,330,204.33	2,279,054.13	13,752,056.54	32,978,770.72
Cash and cash equivalents	2,019,934.73	–	3,313.88	–	–	4,157,828.36	6,181,076.97
Liabilities							
Other payables and accrued expenses	(131,669.73)	–	–	–	–	(400,727.46)	(532,397.19)
Total	1,888,265.00	10,617,455.72	3,313.88	6,330,204.33	2,279,054.13	17,509,157.44	38,627,450.50

As at December 31, 2021, had the USD strengthened by 10% in relation to foreign currencies, with all other variables held constant, the net assets attributable to holders of redeemable shares would have decreased by USD 2,543,838.54 (2020: decreased by USD 2,111,829.31). A 10% weakening of the USD against foreign currencies would have had an equal but opposite effect, with all other variables held constant.

The closing exchange rates used as at December 31, 2021 are:

1USD =	0.8794	EUR
1USD =	0.7383	GBP
1USD =	1.2631	CAD
1USD =	74.3384	INR
1USD =	6,896.5517	PYG

The closing exchange rates used as at December 31, 2020 are:

1USD =	0.8173	EUR
1USD =	0.7316	GBP
1USD =	1.2740	CAD
1USD =	73.0674	INR
1USD =	6,896.5517	PYG

(c) Interest rate risk

Interest rate risk is the risk that the future cash flows of the Fund’s financial instruments will fluctuate because of changes in market interest rates.

Generally, the value of subordinated loans changes inversely with changes in interest rates. As the interest rates rise, the market value of fixed income securities tends to decline. Conversely, as interest rates decline, the market value of fixed income securities tends to rise.

As of December 31, 2021, the Fund holds fixed interest securities representing 3 % (2020: 10%) of the total portfolio. They expose the Fund to fair value interest rate risk. For the sensitivity analysis on the fair value measurement, refer to Note 4.6.

The Fund’s exposure to cash flow interest rate risk is limited to its cash at bank which has a maturity of less than one year. The impact from changes in market interest rates is not material to the financial statements.

4.3 Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The carrying amount of financial assets best represent the maximum credit exposure of the Fund as detailed below:

	As at December 31, 2021	As at December 31, 2020
Financial assets at fair value through profit or loss	1,225,451.12	3,278,843.93
Cash and cash equivalents	6,962,025.16	6,181,076.97
Total	8,187,476.28	9,459,920.90

Financial assets measured at FVPL hence not subject to IFRS 9’s impairment requirements

Financial assets which potentially expose the Fund to credit risk consist principally of debt instruments. The extent of the Fund’s exposure to credit risk in respect of these financial assets approximates their carrying values as recorded in the Fund’s statement of financial position. Investments in debt securities expose the Fund to the risk that an issuer will default on the payment of interest, principal or both.

No single investee shall constitute more than 30% of the Fund’s total assets as the NAV at year-end is below USD 50 million. This concentration limit is pegged to the NAV of the Fund. A lower concentration limit will apply if the NAV increases above the thresholds of USD 50 million, USD 70 million and USD 100 million. Additionally, the Fund may enter into transactions with counterparties rated BBB or higher by Standard & Poor’s. The AIFM (valuation committee) monitors credit risk on a quarterly basis.

As at December 31, 2021 and 2020, the Fund's financial assets at fair value through profit or loss include the following debt instruments:

As at December 31, 2021

Instrument type	Issuer	Credit quality of issuer	Fair value	% of net assets
Subordinated loan	Desyfin S.A	A+ by SCRiesgo	1,225,451.12	2.86%
Total			1,225,451.12	2.86%

As at December 31, 2020

Instrument type	Issuer	Credit quality of issuer	Fair value	% of net assets
Subordinated loan	Desyfin S.A	A+ by SCRiesgo	2,472,785.38	6.40%
Subordinated loan	PRASAC Microfinance Institution Limited	A by Microfinanza	806,058.55	2.09%
Total			3,278,843.93	8.49%

The carrying amount of these assets represents the Fund's maximum exposure to credit risk on financial instruments not subject to IFRS 9's impairment requirements on the reporting date.

As at December 31, 2021 and 2020, there are no debt instruments which are past due.

As at December 31, 2021 and 2020, the AIFM assessed the debt investments in the portfolio and concluded that based on the credit quality of the issuer, the risk of default is low and in compliance with the credit risk investment and valuation policies of the Fund.

Financial assets subject to IFRS 9's impairment requirements

The Fund's financial assets subject to the expected credit loss model within IFRS 9 are only other receivables and cash and cash equivalents. At the reporting date, the Fund's cash and cash equivalents is held with RBC Investor Services Bank S.A. and Rabobank. As at December 31, 2021, RBC Investor Services Bank S.A. is rated AA- by Standard & Poor's and Rabobank is rated A+ by Standard & Poor's.

The AIFM considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near-term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

4.4 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The following table shows the contractual, undiscounted cash flows of the Fund's financial assets and liabilities:

As at December 31, 2021	Less than 1 month	1 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets					
Financial assets at fair value through profit or loss	–	1,296,410.96	–	35,056,198.43	36,352,609.39
Cash and cash equivalents	6,962,025.16	–	–	–	6,962,025.16
Undrawn capital commitments	–	–	–	–	–
Total financial assets	6,962,025.16	1,296,410.96	–	35,056,198.43	43,314,634.55
Financial liabilities					
Accrued expenses and other liabilities	(348,488.36)	–	–	–	(348,488.36)
Net assets attributable to holders of redeemable shares	–	(42,895,186.35)	–	–	(42,895,186.35)
Total financial liabilities	(348,488.36)	(42,895,186.35)	–	–	(43,243,674.71)
Net position	6,613,536.80	(41,598,775.39)	–	35,056,198.43	70,959.84
As at December 31, 2020	Less than 1 month	1 to 12 months	1 to 5 years	More than 5 years	Total
Financial assets					
Financial assets at fair value through profit or loss	–	1,816,922.74	2,592,821.92	29,699,926.79	34,109,671.45
Cash and cash equivalents	6,181,076.97	–	–	–	6,181,076.97
Undrawn capital commitments	–	–	–	–	–
Total financial assets	6,181,076.97	1,816,922.74	2,592,821.92	29,699,926.79	40,290,748.42
Financial liabilities					
Accrued expenses and other liabilities	(532,397.19)	–	–	–	(532,397.19)
Net assets attributable to holders of redeemable shares	–	(38,627,450.50)	–	–	(38,627,450.50)
Total financial liabilities	(532,397.19)	(38,627,450.50)	–	–	(39,159,847.69)
Net position	5,648,679.78	(36,810,527.76)	2,592,821.92	29,699,926.79	1,130,900.73

Shareholders are entitled to request redemption of their shares on a quarterly basis. A notice period of 90 calendar days is applicable prior to a redemption day. A liquidity reserve of at least 10%, which may consist of cash and cash equivalents or other liquid or short-term investments, shall be established and maintained during the term of the Compartment to meet redemption requests. Reserve can fall significantly below the target level for a period of no more than 12 months, following the redemption payments. The constitutional documents of the Fund include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Fund may borrow money up to 10% of its net assets in order to make investments and pay expenses or for working capital purposes. Accordingly, the Fund may pledge its assets to banks or other financial institutions as security for borrowings as well as enter into one or more commitment liquidity facility whereby uncalled commitments are pledged as collateral for said borrowings.

4.5 Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares.

In order to maintain the capital structure, the Fund's policy is to perform the following:

- Monitor the level of quarterly subscriptions and redemptions relative to the assets that it expects to be able to liquidate within a quarter and adjust the amount of distributions the Fund pays to holders of redeemable shares.
- Redeem and issue new shares in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Board of Directors and the AIFM monitor capital based on the value of net assets attributable to holders of redeemable shares.

4.6 Fair value estimation

a. Fair value hierarchy

The Fund is required to classify, for disclosure purposes, fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

As at December 31, 2021 and 2020, the Fund held the following financial assets carried at fair value in the statement of financial position:

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Private debt investments	–	–	1,225,451.12	1,225,451.12
Private equity investments	–	–	35,056,198.43	35,056,198.43
Total	–	–	36,281,649.55	36,281,649.55

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Private debt investments	–	–	3,278,843.93	3,278,843.93
Private equity investments	–	10,473,212.61	19,226,714.18	29,699,926.79
Total	–	10,473,212.61	22,505,558.11	32,978,770.72

Investments classified within level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these securities, the Fund has used valuation techniques to derive fair value.

Investments classified within level 3 consist of private equity and private debt investments. The fair value of these financial instruments might be determined based on one approach or on a combination of approaches. The Fund's investments' fair values were determined using the market and income approaches.

The income approach is a valuation technique that provides an estimation of the fair value of an asset or business based on expectations about the cash flows that an asset or business would generate over time. The income approach begins with an estimation of the annual cash flows expected to be generated over a discrete projection period. The estimated

cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows is then added to the present value equivalent of the residual value of the asset (if any) or the business at the end of the discrete projection period to arrive at an estimate of the fair value.

The market approach is a valuation technique that provides an estimation of fair value of an entity based on market prices in actual transactions and on asking prices for similar assets or businesses. The valuation process is a comparison and correlation between the subject asset or business and other similar assets or businesses. Considerations such as time, condition of sale and terms of agreements are analyzed for comparable assets or businesses and may be adjusted to arrive at an estimation of the fair value of the subject asset or business.

There was no formal change to the valuation process due to COVID-19 during 2021, although enhanced monitoring of investments was performed to assess the impact of COVID-19. Investments continue to be valued by the Valuation Committee (VC) on a quarterly basis, including the involvement of an independent assessor. The impact of COVID-19 on the valuation of the Fund's investments has been considered by the VC throughout 2021.

b. Valuation methods and key inputs used

(i) Private equity investments

Visión Banco

The ordinary and preference shares of Visión Banco are listed on the stock exchange in Paraguay. As the volume traded for both instruments is low and therefore not a reliable indicator of the valuation of Visión Banco, the shares were valued based either on an income approach using the dividend discount method or on a market approach applying a Price-to-Book-value multiple.

As at December 31, 2021, the shares were valued using a Price-to-Book-value multiple of 0.7500x (2020: 0.7500x), resulting in a value of USD 2,556,268.32 (2020: USD 2,279,054.13).

The sensitivity of the multiple approach is linear i.e. a 1% higher multiple results in a 1% higher value.

Southern Bancorp, Inc.

As at December 31, 2021, the shares were valued using a Price-to-Book-value multiple of 1.2937x, resulting in a value of USD 11,151,839.28.

As at December 31, 2020, Southern Bancorp, Inc. ("Southern") Series A and Series B shares were valued at USD 11.73 per share, on basis of the acquisition made in September 2020 by a third party of shares issued by Southern. This approach resulted in a value of USD 10,473,212.61 at year-end which resulted in a lower value than the value derived from the Price-to-Book multiple. As a result of a change in the valuation methodology, the investment in Southern has been classified as level 2 in the fair value hierarchy.

The sensitivity of the multiple approach and the market approach using multiples is linear i.e. a 1% higher multiple results in a 1% higher value.

Unity Trust Bank plc

As at December 31, 2021, Unity Trust Bank plc shares were valued based on a Price-to-Book-value multiple of 0.9253x (2020: 0.7500x), resulting in a valuation of USD 13,843,443.86 (2020: USD 10,617,455.72).

The sensitivity of the multiple approach is linear i.e. a 1% higher multiple results in a 1% higher value.

Utkarsh Micro Finance Limited

As at December 31, 2021, the shares were valued using a Price-to-Book-value multiple of 1.8761x, resulting in a value of USD 7,504,646.97.

As at December 31, 2020, Utkarsh Micro Finance shares were valued at INR 210.3536 per share, this price is based on a pre-money valuation of a potential transaction of Utkarsh Small Finance Bank, being the single investment of Utkarsh

Micro Finance Limited. Such valuation is equivalent to a Price-to-Book-value multiple of 1.9x based on financial data prevailing as at 30 September 2020. This market approach resulted in a value of USD 6,330,204.33 at year-end.

The sensitivity of the multiple approach and the market approach using multiples is linear i.e. a 1% higher multiple results in a 1% higher value.

(ii) Private debt investments

Desyfin

The unsecured subordinated loan to Desyfin is valued based on the initial yield-to-maturity method, as adjusted to take into consideration the market conditions and the credit quality of Desyfin. The estimated market-based discount rate applied as at December 31, 2021 is 6.19% (2020: 6.44%).

A sensitivity analysis of +/- 100 basis points based on the 6.19% (2020: 6.44%) discount rate showed the following range of fair values for the Fund's investment in the Desyfin subordinated loan:

31 December 2021	Point estimate	+ 100 basis points	- 100 basis points
Fair value range	1,225,451	1,217,612	1,233,423
31 December 2020	Point estimate	+ 100 basis points	- 100 basis points
Fair value range	2,472,785	2,446,433	2,499,745

c. Reconciliation of level 3 fair value measurement

	Year ended December 31, 2021	Year ended December 31, 2020
Opening balance	22,505,558.11	34,510,466.54
Investment/ purchase	150,604.84	66,437.80
Divestment/ repayment	(2,000,000.00)	(1,400,000.00)
Transfer from/to Level 2	11,151,839.28	(10,473,212.61)
Total gains/ (losses)	4,473,647.32	(198,133.62)
Closing balance	36,281,649.55	22,505,558.11
Total gains or losses for the financial year relating to assets held at the end of the financial year	4,473,647.32	(198,133.62)

Southern Bancorp, Inc. has been transferred from Level 2 to Level 3 as this equity instrument is valued based on a Price-to-Book-value multiple approach.

5. Financial assets at fair value through profit or loss

As at December 31, 2021 and 2020, the Fund invests in the following equity and debt instruments which have been classified as financial assets at fair value through profit or loss:

5.1 Equity instruments

As at December 31, 2021

Instrument	Currency	Ownership %	Quantity	Issued amount	Fair value	Change in fair value
Southern Bancorp	USD	6.18%	892,857.00	7,499,998.80	11,151,839.28	678,626.67
Unity Trust Bank	GBP	10.57%	2,602,390.00	8,574,289.03	13,843,443.86	3,225,988.14
Utkarsh Micro Finance	INR	1.91%	17,130,791.00	7,045,921.75	7,504,646.97	1,174,442.64
Visión Banco	PYG	3.28%	144,447.00	7,229,819.81	2,556,268.32	126,609.35
Total				30,350,029.39	35,056,198.43	5,205,666.80

As at December 31, 2020

Instrument	Currency	Ownership %	Quantity	Issued amount	Fair value	Change in fair value
Southern Bancorp	USD	6.63%	892,857.00	7,499,998.80	10,473,212.61	1,318,574.79
Unity Trust Bank	GBP	11.61%	2,602,390.00	8,574,289.03	10,617,455.72	1,103,738.41
Utkarsh Micro Finance	INR	2.26%	2,198,828.00	7,045,921.75	6,330,204.33	(1,385,777.52)
Visión Banco	PYG	3.23%	134,619.00	7,079,214.97	2,279,054.13	(1,212,172.22)
Total				30,199,424.55	29,699,926.79	(175,636.54)

During the year ended December 31, 2021 and 2020, the amount of change in unrealised gain/(loss) is composed of USD 198,668.76 of unrealised foreign exchange loss (2020: USD 293,252.80 unrealised foreign exchange loss) and of USD 5,404,335.56 of positive fair value adjustment (2020: USD 117,616.26 positive fair value adjustment).

5.2 Debt instruments

As at December 31, 2021

Instrument	Currency	Interest %	Maturity date	Issued amount	Fair value	Change in fair value
Financiera Desyfin	USD	8.50%	11/12/2022	1,200,000.00 *	1,225,451.12	(47,334.26)
Total				1,200,000.00	1,225,451.12	(47,334.26)

* An amount of USD 1,200,000.00 was repaid during the year ended December 31, 2021

As at December 31, 2020

Instrument	Currency	Interest %	Maturity date	Issued amount	Fair value	Change in fair value
Financiera Desyfin	USD	8.50%	11/12/2022	2,400,000.00 *	2,472,785.38	(16,542.62)
PRASAC	USD	8.80%	19/03/2021	800,000.00 **	806,058.55	(5,954.46)
Total				3,200,000.00	3,278,843.93	(22,497.08)

* An amount of USD 600,000.00 was repaid during the year ended December 31, 2020

** An amount of USD 800,000.00 was repaid during the year ended December 31, 2020

5.3 Net gain/ (loss) on fair value of financial assets at fair value through profit or loss

	Year ended December 31, 2021	Year ended December 31, 2020
Change in unrealised gain	5,205,666.80	2,422,313.20
Change in unrealised loss	(53,392.81)	(2,620,446.82)
Total net (loss)/ gain on fair value of financial assets at fair value through profit or loss	5,152,273.99	(198,133.62)

6. Accrued expenses and other liabilities

(Unless otherwise stated, all amounts are expressed in USD)

	As at December 31, 2021	As at December 31, 2020
Audit fees	32,410.20	37,807.70
Administrative fees	42,724.69	47,746.64
Management fees	217,334.35	384,778.35
Depository fees	12,553.62	13,997.20
Directors' fees	28,430.00	30,588.75
Subscription tax	3,052.26	949.10
Other payables	11,983.24	16,529.45
Total	348,488.36	532,397.19

7. Redeemable shares

As at December 31, 2021 and 2020, the Compartment issues the following types of shares:

- One Mission Share (denominated in USD and with specific rights, such as the entitlement to have a minimum of one Director appointed out of a list proposed by the shareholder);
- Class A Shares (denominated in USD); and
- Class B Shares (denominated in EUR).

The Mission Share is held by Global Alliance for Banking on Values (“GABV”).

These shares are classified as financial liabilities in accordance with IAS 32.

Until December 31, 2016, the redeemable shares were issued at the following prices:

- Class A Shares: USD 100 per share; and
- Class B Shares: EUR 75 per share.

After December 31, 2016, shares are being issued at the latest available net asset value per share.

During the years 2021 and 2020, the net asset value of the Mission Share increased due to the fact that the valuation of this share is linked to the total net assets of the Fund. Since there is no increase in the number of Mission Share during the years 2021 and 2020, the net asset value per Mission Share increased as a result.

There were no capital transactions during the years 2021 and 2020.

The capital commitments amounting to USD 31,535,000.00 and EUR 11,075,750.00 for Class A Shares and Class B Shares respectively have been fully draw down as at December 31, 2021.

The movements in the number of shares are detailed below:

Mission Share	Year ended December 31, 2021	Year ended December 31, 2020
Number of shares at the beginning of the year	1.000	1.000
Number of shares issued during the year	–	–
Number of shares redeemed during the year	–	–
Number of shares at the end of the year	1.000	1.000

Class A Shares	Year ended December 31, 2021	Year ended December 31, 2020
Number of shares at the beginning of the year	458,310.765	458,310.765
Number of shares issued during the year	–	–
Number of shares redeemed during the year	–	–
Number of shares at the end of the year	458,310.765	458,310.765

Class B Shares	Year ended December 31, 2021	Year ended December 31, 2020
Number of shares at the beginning of the year	230,535.697	230,535.697
Number of shares issued during the year	–	–
Number of shares redeemed during the year	–	–
Number of shares at the end of the year	230,535.697	230,535.697

8. Other expenses

	Year ended December 31, 2021	Year ended December 31, 2020
Out-of-pocket and travel expenses	–	(15,672.73)
Commission de Surveillance du Secteur Financier (CSSF) fees	9,622.80	8,691.60
Professional fees	49.72	28,326.50
Placement agent fees	(15,000.00)	–
Other expenses	28,432.53	24,526.36
Total	23,105.05	45,871.73

The Fund may appoint one or more placement agents provided that any fees paid by the Fund to such placement agents do not, in aggregate, exceed USD 50,000 per annum.

For the year ended December 31, 2021 and 2020, there were no placement agent fees. The above credit amount of USD 15,000 disclosed as placement agent fees, consists of the reversal of unused prior years accruals.

9. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

9.1 Fees of the AIFM

Triodos Investment Management B.V. was appointed to act as the Fund's Alternative Investment Fund Manager (the "AIFM") entrusted with the functions of (i) portfolio management and (ii) risk management in accordance with the Alternative Investment Fund Management Agreement.

The AIFM is entitled to a management fee payable quarterly in arrears in respect of the first compartment which is equal to:

- 2.0% of the net asset value, however such net asset value excluding cash, cash equivalents and liquidity investments in excess of 20% of the net asset value; plus
- 0.5% of such excluded cash, cash equivalents and liquidity investments for the portion above 20% of the net asset value, if any.

For the year ended December 31, 2021, the management fee amounts to USD 823,318.74 (2020: USD 715,026.04). The increase in management fee is mainly due to the increase in net assets attributable to holders of redeemable shares.

9.2 Fees of the Depositary and Administrator

The Fund has appointed RBC Investor Services Bank S.A. as the Depositary and Administrator, pursuant to the 'administration agency agreement' and the 'depositary bank and paying agent agreement' dated August 10, 2018, with effective date of August 20, 2018. For its duties, RBC Investor Services Bank S.A. is entitled to a remuneration which conform to common practices in Luxembourg and will be paid out of the assets of the Fund.

For the year ended December 31, 2021, the total central administration fees amount to USD 75,244.24 (2020: USD 67,043.89) and the depositary fees amount to USD 32,011.65 (2020: USD 38,139.25).

9.3 Directors' fees

During the year ended December 31, 2021, the Directors of the Fund received a total remuneration of USD 116,433.75 including withholding tax (2020: USD 115,415.00 including withholding tax).

10. Audit fees

Fees and expenses charged by the independent auditor, PricewaterhouseCoopers, relate entirely to the audit of the financial statements of the Fund. For the year ended December 31, 2021, the audit expenses amount to USD 42,582.45 (2020: USD 48,067.10). The decrease is mainly due to the fees paid in 2020 that include an amount of USD 10,259.00 related to the 2018 and 2019 audits.

11. Commitments

As at December 31, 2021 and 2020, there are no unfunded commitments to the underlying investments.

12. Contingencies

As at December 31, 2021 and 2020, there are no contingent liabilities, or assets, identified as such by the AIFM.

13. Leverage

The leverage effect is determined by the Alternative Investment Fund Managers Directive as being any method by which the AIFM increases the exposure of the Compartment, whether through borrowing of cash or securities, leverage embedded in derivative positions, or by any other means. The leverage creates risks for the Compartment.

According to European regulations, the leverage needs to be calculated using both the "gross method" and "the commitment method". The gross method calculates the overall exposure of the Compartment, whereas the commitment method provides insight into the hedging and netting techniques used by the AIFM.

The leverage ratio calculated by means of the commitment method is 100.85% (2020: 101.38%) and by means of the gross method is 84.61% (2020: 85.38%).

The total amount of leverage employed by the Fund as at December 31, 2021 is USD 348,488.36 (2020: USD 532,397.19).

14. Subsequent events

Triodos Investment Management considers the crisis in Ukraine as a significant event after closing the Annual Accounts 2021 (non-adjusted). Triodos Investment Management's approach is to be prudent as it is yet unclear how the crisis in Ukraine will unfold. Triodos Investment Management will continue to closely monitor the geopolitical situation and its implications for our investments and the developments on the financial markets moving forward.

Supplementary information

As at December 31, 2021

(Unless otherwise stated, all amounts are expressed in USD)

Net assets at the end of the year	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Mission Share	93.02	83.78	85.09
Class A Shares	30,264,055.02	27,253,018.01	27,688,113.29
Class B Shares	12,631,038.31	11,374,348.71	11,555,940.56
Total	42,895,186.35	38,627,450.50	39,244,138.94

Number of shares outstanding at the end of the year			
Mission Share	1.000	1.000	1.000
Class A Shares	458,310.765	458,310.765	458,310.765
Class B Shares	230,535.697	230,535.697	230,535.697

Net asset value per share at the end of the year			
Mission Share	93.02	83.78	85.09
Class A Shares	66.03	59.46	60.41
Class B Shares	54.79	49.34	50.13
Class B Shares (in EUR)	48.18	40.32	44.66

Unaudited other information: Sustainability-related disclosures

As an impact investor, sustainability is at the core of all investment activities of Triodos Investment Management. Due to the development of the *EU Sustainable Action Plan* and specifically the Sustainable Finance Disclosure Regulation (SFDR), specific sustainability-related information is enclosed in this annual report. Sustainable - Finance - Real Economies SICAV-SIF (SFRE) has sustainable investment as its objective as set out in article 9 of the SFDR.

Article 11 of SFDR requires financial products as referred to in article 9 of the SFDR to include a description of their overall sustainability-related impact by means of relevant sustainability indicators in the annual report. The laws and regulations regarding SFDR and the quantitative assessment of the general sustainability impact and sustainability indicators are still under development. Therefore, the sustainability-related information related to SFDR for the 2021 annual report is still limited to qualitative information. More information on sustainability and the impact of the fund can be found in the annual impact report published on www.triodos-im.com.

The overall objective of SFRE is to provide long-term support to the growth of Sustainability-focused Financial Institutions (SFIs), which operate in conformity with the Principles of Sustainable Banking from the Global Alliance for Banking on Values (GABV), by investing in their capital.

SFRE invests in socially and ecologically sustainable sectors that promote positive change, such as economic resilience, environmental protection, and social empowerment. It provides finance to SFIs that seek to benefit people and the environment through their activity in a broad range of banking services to the real economy over the long-term.

For the attainment of its sustainable investment objectives, SFRE uses the following indicators to measure, monitor and report its sustainability performance:

1. Real-economy asset value
2. Triple bottom line asset value
3. Total number of loan clients reached
4. Average loan amount
5. Total number of savings clients reached
6. Total number of lives affected
7. Economic multiplier effect

The sustainability indicators show the following picture for 2021. After rebounding from a synchronized recession in 2020, financial markets were propelled by a sense of optimism throughout most of 2021. Although the corona pandemic extended its grip on the world from the year 2020 into 2021, local economies showed good resilience to recover from the crisis. Digitalisation and the benefits of a cashless society, as well as the close contact with clients have been supportive in maintaining credit quality and in dealing with the COVID-19 challenges. There was a significant increase in both the real-economy asset value and the triple bottom line asset value. The number of borrowers reached in 2021 compared to 2020 remained the same, while the number of savers reach increased. The corona crisis has underlined the importance of microfinance. When most countries phased out full lockdowns in mid-2021, SMEs were the first to kick-start credit demand. This led to an increase in the average amount of credit. The fund sees this as a sign of broad recovery. SFRE remains strongly committed to supporting its investees in the key role they play in social and economic recovery.

The picture that the sustainability indicators show in 2021 is in line with the fund's sustainable investment objective.

The performance of such indicators is a consequence of the investment strategy of SFRE and not a result of targeting specific indicator results. The data used to calculate the performance of the sustainability indicators is derived by the AIFM from investee companies directly and/or via data providers.

Management and administration

Registered Office

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

Board of Directors

Paul Christensen

Chair of the Board of Directors and Chair of the SFRE Investment Committee

Paul Christensen is a former Clinical Professor of Finance at the Kellogg School of Management at Northwestern University where he taught courses in microfinance, financial inclusion and international business. Professor Christensen joined Kellogg in 2008, served as Associate Dean and Executive Director for Global Programs from 2011-2014, and later assumed the role of Associate Dean for Executive Education until his retirement in 2020. Prior to Kellogg, Mr. Christensen was the President of ShoreCap Management, Ltd., a pioneering fund manager which invested in development financial institutions in emerging markets throughout Africa, Asia and Eastern Europe. He remains a limited partner and advisor to Equator Capital Partners, LLC, a successor fund management company, where he also chairs on the investment committee of the company's third fund. Earlier in his career, Paul Christensen was an Associate and Engagement Manager for the consulting firm, McKinsey and Company, where he focused on operational performance, organisational effectiveness and strategic planning for clients in the financial services, manufacturing, petroleum, and electric utility industries. Paul Christensen received an MBA with distinction from Cornell University and a Bachelor of Arts, economics, summa cum laude and Phi Beta Kappa, from Dartmouth College. As at December 31, 2021, Paul Christensen did not hold any shares in SFRE.

Angelica Ortiz de Haas

Director

Angelica Ortiz de Haas has 27 years of experience in the financial sector. She is manager Financial Institutions Europe, Central Asia, Middle East and North Africa. From 2011 until 2015 she was Manager Sustainability Development at FMO, the Dutch development bank, where her role was to engage with internal and external stakeholders on innovation and corporate strategy to transform sustainability into business opportunities. Angelica Ortiz de Haas started her career in 1994 in Latin America in the banking and stock brokerage business, out of which 5 years with BBVA. In 2002, she joined FMO where she worked on project and structured finance

transactions in Asia for several years. Thereafter, she joined the FMO management team to set up FMO's back and mid-office with the objective to obtaining FMO's banking license. From 2018 to 2020, she was as the commercial manager responsible for setting up FMO's guarantee program 'Nasira'. With many colleagues, the results included securing the support from the European Commission for the program. She received her MBA at Erasmus University from the Rotterdam School of Management in the Netherlands. As at December 31, 2021, Angelica Ortiz de Haas did not hold any shares in SFRE.

Garry Pieters

Director. Partner of the Directors' Office Luxembourg

Garry Pieters is an ILA (Institut Luxembourgeois des Administrateurs)-certified director. He oversees the handling of complaints. Garry Pieters is a Board Member of several other Luxembourg investment entities. He is also Chair of the Board of Directors of Triodos SICAV I and Triodos SICAV II. He has over 35 years of experience in the field of finance, in particular with ING Group NV. He was fund manager for a number of ING Group's Luxembourg money market and fixed income funds and was Chief Executive Officer of NN Investment Partners Luxembourg SA and of its Singapore joint venture, as well as Executive Vice President of its Korean joint venture. As at December 31, 2021, Garry Pieters did not hold any shares in SFRE.

Vincent Siciliano

Director

Vincent Siciliano is the past President and CEO of New Resource Bank which served values-driven companies and organisations working to achieve well-being for our community and the planet. He began his banking career in the Bank of America's International Division and has previously served as president or CEO to a number of San Diego's financial institutions. Vincent Siciliano is a graduate of Stanford University and earned a master's degree in environmental planning from the University of California at Berkeley. He currently serves as catalyst and strategic coach for organizations seeking to move to the next level of impact. As at December 31, 2021, Vincent Siciliano did not hold any shares in SFRE.

Alternative Investment Fund Manager and Portfolio Manager

Triodos Investment Management B.V.

Registered office:
Hoofdstraat 10
3972 LA Driebergen-Rijsenburg
The Netherlands

Postal address:

P.O. Box 55
3700 AB Zeist
The Netherlands

The Management Board of Triodos Investment Management B.V. has the following members:

Dick van Ommeren

Dick van Ommeren is a Managing Director of Triodos Investment Management B.V. since 1 February 2016 and Chair since 1 November 2021. In addition, Dick van Ommeren is a member of the Board of Stichting Hivos-Triodos Fonds, a member of the Board of Directors of Triodos SICAV I, a member of the Board of Directors of Triodos SICAV II and Chair of the Board of the Dutch Fund and Asset Management Association (DUFAS) until March 1, 2022. Dick van Ommeren is a Dutch national. As at December 31, 2021, Dick van Ommeren did not hold any shares in SFRE.

Hadewych Kuiper

Hadewych Kuiper is a Managing Director of Triodos Investment Management B.V. since 1 February 2022. Within the Management Board, she is responsible for Triodos Investment Management's investment activities. Hadewych Kuiper is a Dutch national. As at December 31, 2021, Hadewych Kuiper did not hold any shares in SFRE.

Kor Bosscher

Kor Bosscher is Managing Director Risk & Finance of Triodos Investment Management B.V. since 1 March 2018. Kor Bosscher is a Dutch national. As at December 31, 2021, Kor Bosscher did not hold any shares in SFRE.

Justina Alders-Sheya

Justina Alders-Sheya is Fund Manager of SFRE. She joined Triodos Investment Management B.V. in 2018 bringing 15+ years of experience in consulting and audit in the financial services sector, focusing on investment management, impact investing and financial inclusion. Prior to joining Triodos Investment Management, Justina worked at EY and ING Group. She is a Chartered Certified Accountant and holds an MSc in Financial Economics from the University of London. Justina Alders-Sheya is a Dutch and Namibian national. As at December 31, 2021, Justina Alders-Sheya did not hold any shares in SFRE.

Fund Administrator, Depositary, Domiciliation and Corporate Agent, Transfer Agent and Paying Agent

RBC Investor Services Bank S.A.
14, Porte de France
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Grand Duchy of Luxembourg

Legal Advisor

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L-1011 Luxembourg
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Colophon

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please contact Triodos Investment Management.
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