FCCF during Covid-19

Focus on our newest partnership: Izabal Wood Company

Audited annual report as at 31 March 2021

Forestry and Climate Change Fund

In collaboration with

For clarification purposes: The information presented in this report refers only to the necessary information concerning Investing for Development SICAV and its compartment Forestry and Climate Change Fund (FCCF), the compartment Luxembourg Microfinance and Development (LMDF) is not included in this report.

Contents

FCCF in figures

31 March 2021

6 Projects
4.1 m Invested (in USD)
7.4 m Committed to investee projects (in USD)

Natural capital

Natural capital is increased and deforestation and degradation are reduced.

385 ha
Area of SDF secured for management

2,300 t CO_2
Carbon sequestred (cumulative impact)

Fair and inclusive value chain (target)

A fair and inclusive value chain for products derived from SDF is established.

259,000 m^3
Target total volume of timber produced from SDF over portfolio lifecycle

USD 11.6m
Target total income derived from timber from SDF over portfolio lifecycle

Socioeconomic opportunities and livelihoods

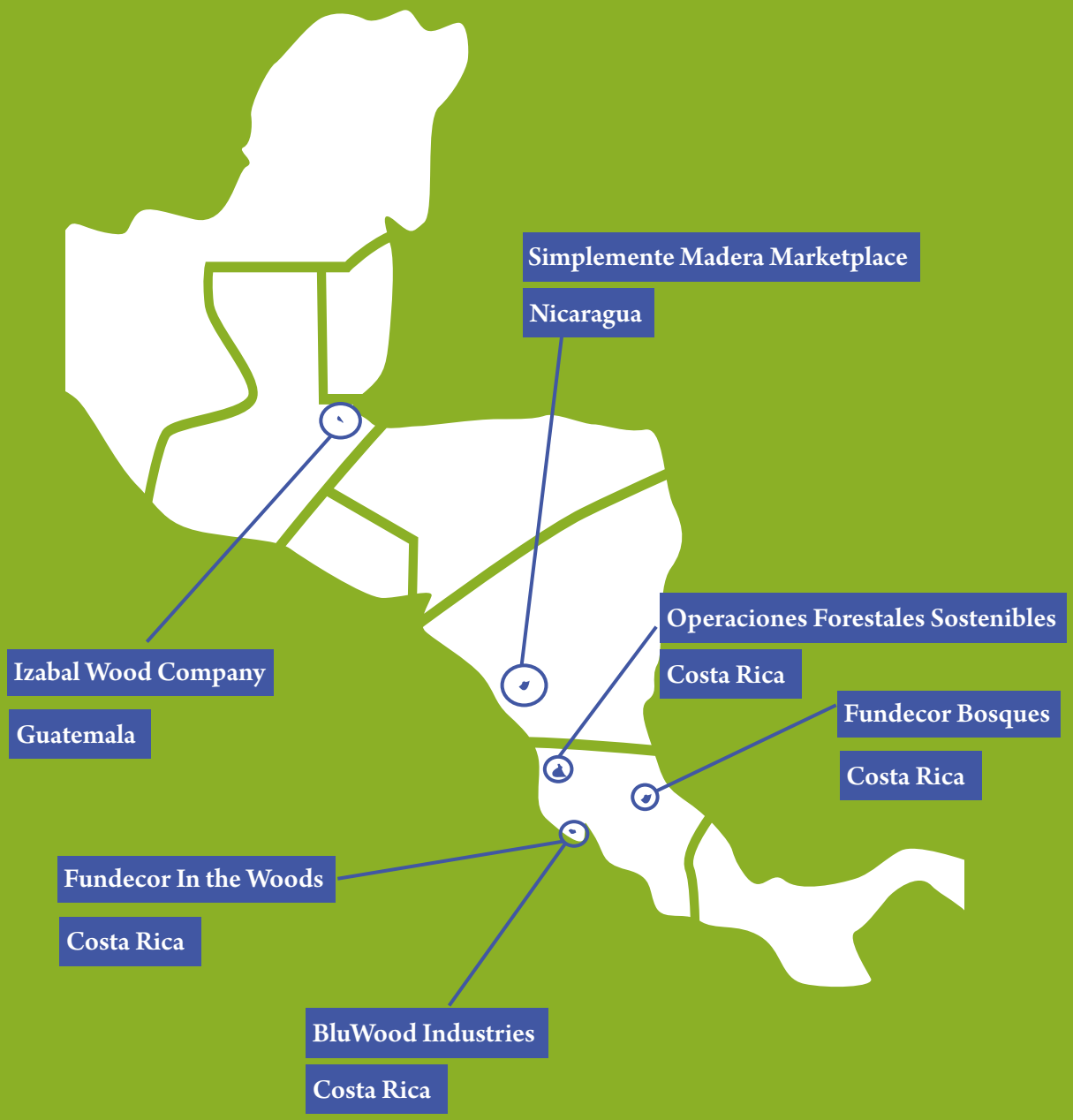
Socioeconomic opportunities and livelihoods derived from SDF increase for small forest owners, communities, indigenous peoples and women.

3
Landowners receiving investment

31
Jobs created

Source: FCCF analysis - UNIQUE monitoring report December 2020

Central America investment map



Report of the Board of Directors to the shareholders

Covid-19 has been the key theme of the financial year 2020/21, both for the Fund and for its partners. Nonetheless, I mentioned in our last report that we should never waste a good crisis, and we certainly have not. Our partners have made considerable progress in weathering the storm and adjusting their business models, while the Fund has developed many aspects of its model and shown significant growth.

It may seem counterintuitive that the Fund should grow in such a year, but we have seen net assets increase by 73% to reach USD 7.1m and the portfolio increased by 86% to reach USD 3.9m. Our existing partners have required funding for working capital and equipment, both as a result of Covid-19, and to develop their business plans. Although Covid-19 has set back the plans envisaged at the time of disbursement, it has provided a good opportunity for businesses to strengthen their models, and we are confident that they will emerge from the crisis with new strengths.

Environmental and social performance have been a particular priority as the impact of Covid-19 on the Sustainable Development Goals (SDGs) has become clear. The significance of the Fund's portfolio projects to sustainable development is also demonstrated by the interview with Andrew Miller, CFO of Izabal Wood Company in Guatemala, which you can find in this report. Investments have been made in various stages of the value chain and, in consequence, the Fund has been working to ensure that its Theory of Change and Environmental and Social Principles adequately reflect investments in industrial processing as well as in forest management. During this year, FCCF became a signatory of the IFC Operating Principles for Impact Management and also saw its partner BluWood Industries become the first partner to achieve FSC Chain of Custody Certification. The Fund has been able to sequester 2,300 tCO2 and create 31 permanent jobs. We look forward to seeing further advancements in the environmental and social performance as the impact of the pandemic begins to ease.

Prospection and pipeline development have been complicated by travel restrictions. This means the focus has been on existing partners this year. Nonetheless, the Fund has several potential partners in its pipeline, notably in Guatemala and southern Mexico, and due diligence will continue as restrictions are lifted.

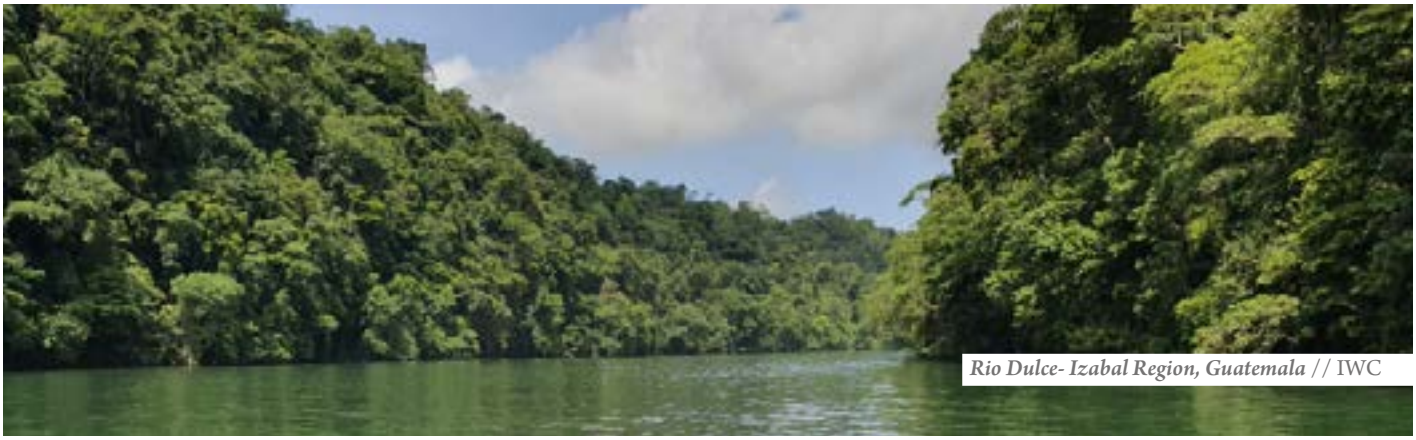
As the Fund reaches a more mature phase and loan investment instruments generate more interests income, the Covid-19 impact has reduced the costs incurred by the Fund, mainly reductions in travel and administration costs. The Fund's result of operations reduced from a loss of USD 564,000 during the financial year to a loss of USD 357,000 during the current financial year, an improvement of 37%.

Class I shares have seen a return of -3.7% and the value of Class J Shares remained unchanged. We are grateful to our shareholders for their support in what has proven to be an unprecedented year.

Corporate governance

The Board of Directors is responsible, in accordance with the terms of the Articles of Association and the Prospectus, for the overall management and control of the Fund and for implementing the Investment Objectives and Policy of the Fund. The day-to-day management of the Fund has been delegated to Kaspar Wansleben, Executive Director.

The Board has selected and retained UNIQUE forestry and land use G.m.b.H. as



Rio Dulce- Izabal Region, Guatemala // IWC

the investment adviser to FCCF. UNIQUE has developed a sound monitoring and reporting framework for the Fund, which also demonstrates the climate impact of the projects. UNIQUE and our management team have both spent the time required on the ground to develop the trust relationship required to a constructive and efficient cooperation with the investees.

There are no disclosures required to be made by the Fund in relation to changes in the Prospectus.

The Board has established the following committees whose role is to support and make recommendations to the Board, or take decisions within certain limits determined by the Board, in their areas of activity:

- The Investment Committee of FCCF, which has nine members, is authorised, within the limits of the investment policy and objectives of the Sub-Fund as defined by the Board of Directors, to decide upon the acquisition or disposal of investments on the basis of a proposal by the Investment Adviser, and to take all other decisions relating to the management of the Sub-Fund's portfolio.

- The Risk Committee, which has five members, provides direction, advice and oversight with regard to LMDF's risk management and reporting framework, including risk policies, processes and controls.

- The Marketing Committee, which has four members, oversees the Fund's marketing strategy including the development of the shareholder base.

- The Employment Committee, which has three members, reviews the objectives, performance and remuneration of management.

- The Appointments Committee, which has three members, assists the Board in ensuring that its composition is aligned with the objectives of the Fund.

The Board has resolved that membership of the above Committees may be open to non-directors. The members of the Board do not receive any remuneration as directors, apart from the reimbursement of expenses incurred for Fund business and approved in advance by the Board.

I would like to finalise my report with a quote from Wangari Maathai - Global Peace price lecture 2004: "Tree planting became a natural choice to address some of the initial basic needs... historically our people have been persuaded to believe that because they are poor, they lack not only capital, but also knowledge and skills to address their challenges. They have the energy and creativity to shape a sustainable future."

The Board wishes to thank its shareholders for their continued support.

The Board of Directors
June 15th, 2021

Raymond Schadeck
Chairman

**Coronavirus refers to Severe acute respiratory syndrome coronavirus 2. It is also referred to as COVID -19 or COVID in this report.*

Management report

Dear Shareholder,

In this report, the Forestry and Climate Change Fund reports on the financial year started on 1 April 2020 and which ended on 31 March 2021, a period dominated by the Coronavirus SARS-CoV-2 ("Covid-19"). Whereas the previous financial year has seen new investments, the focus during the last twelve months has been on managing the economic and social impact of Covid-19.

// Covid-19 impact felt across the portfolio

Covid-19 induced economic slow-down is clearly visible when looking at FCCF's six partners in Guatemala, Nicaragua and Costa Rica. The largest visible impact is on our joint venture partner, the Simplemente Madera group whose market focus was on high-end hotels, resorts, and houses. Business activities have strongly reduced. Partners starting their activities, for example Izabal Wood Company S.A. in Guatemala, have slowed down recruitment and delayed capital expenditure. But impact is visible across all portfolio companies through delays to the original business plans and the need to rethink commercialisation models. The four partners in Costa Rica have continued to develop their business models. Fundecor Bosques S.A. has initiated sourcing of timber, mainly from the abundant Gavilan species (penthaclethra macroloba) derived from sustainable harvesting in degraded forests. Fundecor Bosques has also established the first forest management plan for a secondary tropical forest. The timber is processed using a new sawmill the company financed for a local family-run milling enterprise. Wood is then sold to a variety of clients for use in construction and to its sister company In the Woods by Fundecor S.A., producing a variety of consumer products, including FunDecor, a do-it-yourself panelling product. The inclusion of forest owners on the Atlantic side of Costa Rica and the employment of women in a disadvantaged rural area of Costa Rica illustrate the social impact FCCF's partners can generate.

BluWood Industries S.A. has completed a first cycle of maintenance and repairs of the legacy industry acquired in 2019 and has started operations by offering wood processing services to small and medium sized processing companies. The kiln drying service has received the largest attention in this business segment. In parallel, BluWood started to produce a limited volume of solid and engineered flooring, mainly for

First tree harvested by Fundecor, Costa Rica // Fundecor Bosques

the domestic Costa Rican market. At the beginning of 2021, BluWood undertook a review of its cost structure and reduced a number of fixed costs to better align its cost base to the business volume. The immediate priority is on reaching revenues allowing to reach EBITDA break-even.

Operaciones Forestales Sostenibles S.A. (OFS) has refined the FCCF forest management approach in tropical dry forests and established a first forest management plan which has been approved by the forest authorities. It constitutes the second, largest secondary forest management plan in Costa Rica. OFS focus is now on onboarding more forest owners and identifying attractive commercialisation options for the wood harvest in its forest inventories.

Izabal Wood Company S.A. in Guatemala has focused most of the financial year on building its industrial facilities. While the sawmill is largely operational, installation of kiln drying facilities is still in progress and expected to be finalised before the end of June 2021. Izabal WC also worked on its commercialisation strategy and has identified an interesting mix of local, regional and international clients for the different wood species identified through exploratory inventories and wood available for harvest through existing forest management plans. Overall, FCCF has continued to support

partners with working capital and machinery loans to at least maintain activities. As at the reporting date the Fund had disbursed USD 4.1 million to partners out of a total commitment to these partners of USD 7.4 million. The Fund reaches a total NAV of USD 7.1 million.

// Towards an improved environmental and social impact strategy

The Fund has also made progress in the revision of its Environmental and Social Principles due to the inclusion of industrial processing and value chain considerations in its investment scope. A draft set of principles are currently subject to a limited consultation by external specialists. Based on these principles the Fund is also revising its Theory of Change and established an indicator framework on which partners report twice per year.

After the end of the reporting yeaer, BluWood Industries has been the first partner to achieve the Chain of Custody certification according to FSC.

The Fund's climate impact, measured as at 31 December 2020, stands at 2,300 tons of CO_2e sequestered since the start of FCCF, while the area under sustainable management stands at 301 hectares.

On the industrial site, the Fund's partners created 31 permanent jobs, processed 500 m^3 of timber and generated revenues of USD 210,000.

We expect to see these impact figures scale significantly as the portfolio companies emerge from the Covid-19 year.

// Improving financial performance and lower costs

The Fund saw a significant growth during the financial year with total net assets growing from USD 4.1 million to USD 7.1 million and investments from USD 2.1 million to USD 3.9 million.

The build-up of the investment portfolio leads to higher income from interest on loans. The Fund closed the year with USD 150,000 in interest on loans, compared to USD 70,000 in the previous financial year. This increase was influenced by the decrease in USD interest rates, and the fact that it applies variable interest rates in many loan instruments, leading to lower rates on many loans during the financial year. Due to the reduction in USD rates, the Fund did not generate any interest on its liquid assets (compared to USD 47,000 during the previous financial year).

Total expenses reduced significantly, reflecting that the Fund is in an advanced stage of its investment period and that cost efficiency is increasingly important. Total expenses reduced from USD 615,000 to USD 502,000 or by 18%. The main factor in the reduction of cost is a reduced management cost allocation, decided by the Investing for Development SICAV's Board of Directors on

1 October 2020 and, due to the Covid-19 period, exceptionally low travel costs.

Increased income and reduced costs have led to an improvement in the financial result realised during the year. The Fund's result of operations reduced from a loss of USD 564,000 during the financial year 2019-20 to a loss of USD 357,000 during the current financial year, an improvement of 37%.

// Nicaragua included in FATF list and NPV agreement terminated

The Fund's first investment in Nicaragua, Simplemente Madera Marketplace S.A., is solely focused on selling the remaining stock of wood. Due to the inclusion of Nicaragua on the list of Monitored Jurisdictions of the Financial Action Task Force, the Fund may not make any new investments in the country. The Fund has made a provision of USD 93,480 against the remaining outstanding loan of USD 164,000 while writing-off the entire equity invested in the venture.

The Fund also ended the relationship with Fundación Naturaleza para la Vida, writing-off the USD 16,980 loan outstanding which was invested in forest inventories and fully provisioning a USD 20,767 loan to a forest owner. The Fund expects to be able to reuse the data and forest management agreement in another portfolio venture currently under development.

// Outlook: Completing the investment pipeline

The highest priority of the Fund is the development of the companies presently in the portfolio. This includes the strengthening of commercial activities and knowledge links between portfolio companies active in different stages of the value chain.

In parallel FCCF pursues a reduced number of potential new investments, mainly in Guatemala and southern Mexico with new investments expected to be presented in the summer of 2021.

We thank all shareholders for their trust in FCCF and welcome comments and questions,

Kaspar Wansleben
Executive Director

Izabal Wood Company

Interview with Andrew Miller

For this edition, we have interviewed Andrew Miller, Director and General Manager of Izabal Wood Company. Andrew has a diverse background spanning finance, operations management, international development, and investment oversight. He has extensive agricultural and forestry operational experience in Guatemala, Colombia, Panama, Bolivia, Nicaragua and Brazil.

Can you briefly describe Izabal Wood Company?

Izabal Wood Company was founded in late 2019 as a vehicle to promote the restoration of threatened natural forest in the northeastern tropics of Guatemala, principally the departments of Izabal, Alta Verapaz and southern Petén.

While IWC is a new entity, the Izabal Group has been active since the early 1990s, a pioneer in planted forestry with native woods and the inter-planting of fine cacao and timber. Since 2014, Izabal Agro-Forest has provided management and advisory services around the development of farms employing elements of permaculture, polyculture, organic methods, and climate change resilience. The group's founders realised that private-sector mechanisms were lacking to protect existing forestland.

IWC was launched to foster a sustainable forest chain in a region whose timber industry had fallen into neglect. Our core value strategy is to ally with forest owners large and small who lack the capital, scale and expertise to manage their lands properly.

These partners will receive a steady flow of income in exchange for timber use, allowing IWC to bring large tracts of private forest under the management principles set forth by the Forest and Climate Change Fund. This income is critical to keeping the forests capitalised and intact.

IWC will utilise a broad spectrum of timbers, including many lesser-known species, to ensure a sustainable harvest rate and the regrowth of already-depleted precious woods. Between the restoration of eroded pastureland and the regeneration of natural forests, our group is developing a two-pronged approach to address carbon emissions, biodiversity loss and the creation of rural jobs in a region of high poverty and emigration.

What are the dynamics of natural forest in your region? Is there an ongoing threat of deforestation? Or a need to create more jobs or value around natural forest?

With all of Guatemala's Caribbean coastline and deep-water ports, Izabal is a key commercial hub. The region was among the

Community workers and IWC team in Izabal, Guatemala // IWC

first to be settled and exploited by Spanish colonists - and plundered by pirates. Its waterways were a conduit for mahogany and rosewood from the earliest colonial times. As a consequence of its location and timber endowment, Izabal has suffered centuries of depredation of its precious woods, a process that continues today. Organised criminal networks purchase contraband wood from local loggers eking out a meager living. Once depleted of valuable woods, forests become a liability for owners. With no income to fund their protection, trees are eventually cleared to make way for pasture and farmland. Forest legislation is weakly enforced and vulnerable to corruption.

Agroindustrial groups consolidate farms to establish monocultures of the hottest cash crop, be it rubber, palm, or pineapple. Rapid population growth and urban expansion put further pressure on forests. Climate change has exacerbated the threats to forests, increasing their susceptibility to fire and flooding. In the face of these issues, there is a dire need for formal forest jobs and hard investment. Working forests deploy rangers trained to spot and respond to fires and illegal logging. Local communities come to view forests as the source of their livelihoods, often becoming their staunchest defenders.

We believe that the community concession model that has been so effective in Petén can be replicated outside of Guatemala's protected areas. With formal employment comes a greater public understanding of forests' benefits. A prosperous, licensed and certified forest industry enables stronger institutions and healthier local economies.

Are there native species with a high natural value which can be incorporated into the industry?

An important component of our business development has been a deep dive into the region's tree diversity, to educate both customers and our own technicians. Numerous woods have exciting potential.

The biggest obstacle may well be convincing an industry resistant to change to adopt an unknown species.

For example, *selillón* (Pouteria izabalensis) and *tamarindo* (Dialium guianense) qualify as "ironwoods" highly resistant to pest attack and rot. Both have potential for decking and flooring as well as heavy-duty outdoor construction. Many of our species have unique acoustic properties and beautiful figures, making them candidates as tonewoods. While all species have diverse attributes, they also have varying technical challenges, such as high levels of abrasive silica or special drying procedures.

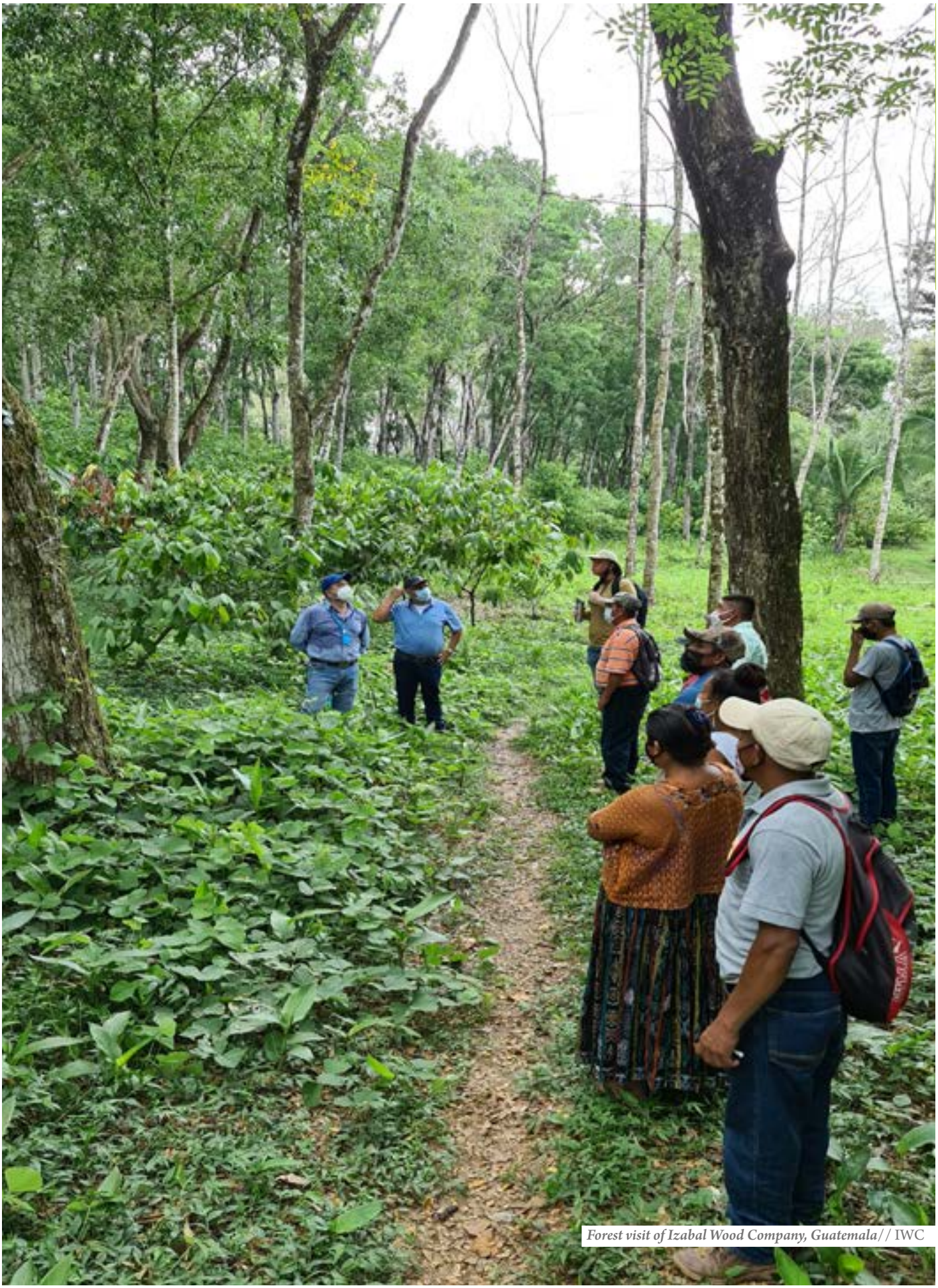
We believe that these challenges can be overcome through the use of appropriate equipment and processing techniques. The biggest obstacle may well be convincing an industry resistant to change to adopt an unknown species.

With 0.5% of the world's land surface, Central America holds 7 percent of its biological diversity. Indeed, Izabal's forests host myriad bird, mammal, and insect species. Many trees are melliferous (honey producing); others are medicinal. The ramon tree (Brosimum alicastrum) is a prime example of a multi-use species. It was propagated by the Maya for its nutritious nuts and strong timber. Ramon's sap yields a nutritious, pleasant-tasting vegetable milk. Its leaves are excellent animal fodder, containing 13% protein, including the essential amino acids lysine, tryptophan and valine. While humans may assign an economic value to a tree based largely on its timber value, each species has co-evolved and plays a key role within the ecosystem.

How does the creation and development of the local wood transformation industry impact the local communities?

Local communities depend on forests to meet a variety of needs from firewood to timber to food and drinking water. Forest communities are reservoirs of knowledge about the multiple uses of each species.

However, the integrity and health of forests is increasingly under threat. Climate change is particularly pronounced in Central America and has emerged as a major culprit of emigration. Healthy forests make communities more resilient. For example, a mosaic of forests and farmland is more likely to withstand the heavy winds of tropical storms. Excess rainfall is absorbed more



Forest visit of Izabal Wood Company, Guatemala// IWC

effectively by mature forests, minimising the loss of fertile topsoil. Forests help regulate the rain cycle locally and internationally. They cool the local climate by shading land and by releasing moisture from their leaves. The energy-intensive process of transpiration has a cooling effect on surrounding air. A single tree can transpire hundreds of liters of water daily.

With healthier forests and farms, families are less prone to move to cities or migrate northward. A thriving wood industry means well-paying, stable jobs.

With lumber prices at all-time highs, a local mill provides a source of affordable building materials to address the region's housing deficit.

A forestry workforce becomes an important stakeholder capable of defending forests against threats from agribusiness, ranching, and even criminal interests.

How will this industry prevent deforestation and foster the protection of the forests?

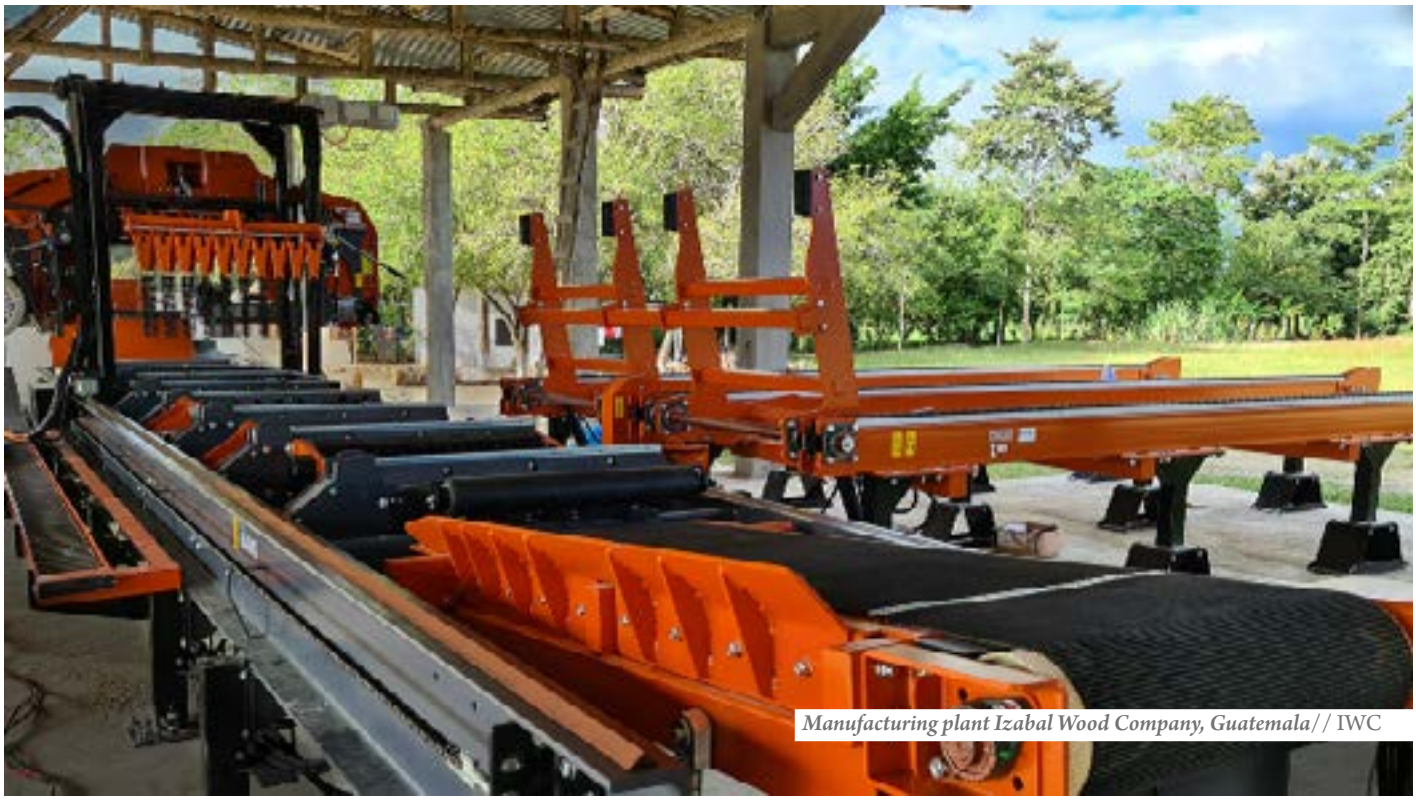
Industrial demand for forest products, including round wood, creates an income opportunity for forest owners. For community-owned forests, it means fair pay for forest products and good jobs. For large absentee landowners, a forest value chain offers resources for forest monitoring and investment to enhance the value of forests.

Only when forests generate income for their owners can they withstand the pressure of degradation and clearance. A healthy forest industry allows forestland to be more profitable than competing land uses, such as farming, ranching and urban development.

With healthier forests and farms, families are less prone to move to cities or migrate northward. A thriving wood industry means well-paying, stable jobs.

This idea may be counter-intuitive at first: to save the forests, sustainable forest management may be the best tool at our disposal. While there is certainly an important role for the total protection of forests with high ecological value, such as in national parks and private reserves, pure conservation requires both a strong rule of law and ample financial resources, neither of which apply in much of the tropics.

A framework for healthy working forests is needed, one not dependent on inconsistent public funding. It is an approach that's borne fruit (and timber) from the community-managed jungles of Petén to the temperate forests of the Rhineland.



Manufacturing plant Izabal Wood Company, Guatemala // IWC

Why did you decide to seek an investment from FCCF? How has the investment affected your commitment to forest management, added value and helped you to progress?

The Izabal Group decided to pursue an investment from FCCF to address the informality and under-capitalisation of the forestry sector in our region, as well as the ongoing scourge of deforestation. Sustainably managing forestland would have been meaningless without a modern mill and drying facility to add value to round logs. Conversely, a manufacturing plant, without a guarantee of certified forest management, would not have achieved the company's environmental goals.

Capital was required for a feasibility analysis, processing equipment, working capital, forest management activities and the development of a marketing platform. While we've fallen in love with their diverse beauty and utility, we're humbled by the complex task of milling, drying and placing a broad mix of lesser-known woods.

In the course of documenting the properties of these woods, we've learned about the vast bounty of goods the tropical forest offers, a veritable medicine cabinet and food pantry of the rainforest. Many trees produce natural dyes and resins. By tapping into the potential of non-timber products, we hope to further enhance the forest's profitability without additional wood extraction.

The data is clear: avoided deforestation is among the cheapest forms of carbon mitigation and also one that safeguards the many other ecosystem services

The data is clear: avoided deforestation is among the cheapest forms of carbon mitigation and also one that safeguards the many other ecosystem services – clean water, fertile soils, wildlife habitat – that forests provide.

Statutory information

Registered Office
2, place de Metz
L-1930 Luxembourg

Trade Register Number
R.C.S. Luxembourg B 148.826

Board of Directors and Committees

Chair

Raymond Schadeck	Independent

Members

Michel Haas	Ministry of Finance
Patrick Losch	Independent
Marie-Anne Marx	Development Cooperation Department, Ministry of Foreign and European Affairs (MAEE)
Michel Maquil	ADA - Appui au Développement Autonome
Natalia Oskian	Independent
Raoul Stefanetti	Belair House
Monica Tiuba	Independent
Dzemal Tomic	Banque et Caisse d'Épargne de l'État (BCEE)
Kaspar Wansleben	Executive Director

Investment Committee FCCF*
Peter Carter - Independent, Committee Chair
Jennifer de Nijs - Ministry of Finance (from 23/03/2021)
Renaud Durand - Foyer Group (from 29/05/2020)
Lennart Duschinger - Ministry of Finance (until 23/03/2021)
Georges Gehl - Ministry for the Environment
Patrick Losch - Independent
Marcos Saldaña - Independent
Monica Tiuba - Independent
Frank Wolter - Independent
Kaspar Wansleben - Executive Director

Risk Committee
Dzemal Tomic - BCEE, Committee Chair
Raymond Schadeck - Independent
Yves Speeckaert - Independent
Jane Wilkinson - Independent
Apricot Wilson - Head of Risk

Marketing Committee
Natalia Oskian - Independent, Committee Chair
Patrick Bilbault - Independent
Viviane Clauss - BdL
Didier Richter - BIL

Appointments Committee
Marie-Anne Marx - MAEE, Committee Chair
Michel Haas - Ministry of Finance
Raymond Schadeck - Independent

*A separate investment committee has been constituted for LMDF

Timber sawmill, Izabal Wood Company, Guatemala // IWC

Employment Committee
Michel Haas - Ministry of Finance, Committee Chair
Raymond Schadeck - Independent
Dzemal Tomic - BCEE

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Auditors
KPMG Luxembourg, Société coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Administrative Agent, Registrar and Transfer Agent
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L-1017 Luxembourg

Legal Advisers
Elvinger Hoss Prussen
2, place Winston Churchill
L-1340 Luxembourg

Report of the réviseur d'entreprises agrée

To the Shareholders of
Investing for Development SICAV
Forestry and Climate Change Fund
2, Place de Metz
L-1930 Luxembourg

Report on the audit of the financial statements

Opinion
We have audited the accompanying financial statements of Forestry and Climate Change Fund ("the Sub-Fund"), a sub-fund of Investing for Development SICAV ("the Fund") which comprise the statement of net assets and the statement of investments and other net assets as at 31 March 2021 and the statement of operations and the statement of changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Forestry and Climate Change Fund as at 31 March 2021, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion
We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("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 "réviseur d'entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also 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, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter
Without qualifying our opinion, we draw your attentionto the fact that the Sub-Fund does not constitute a separate legal entity.

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 report of the "réviseur d'entreprises agréé" thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Board of Directors of the Fund and Those Charged with Governance for the financial statements
The Board of Directors of the Fund is responsible for the preparation and fair presentation of these financial

statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the 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 and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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 a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 or any of its sub-funds'ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Luxembourg, 15 June 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
39, Avenue J.F. Kennedy
L-1855 Luxembourg

Pia Schanz

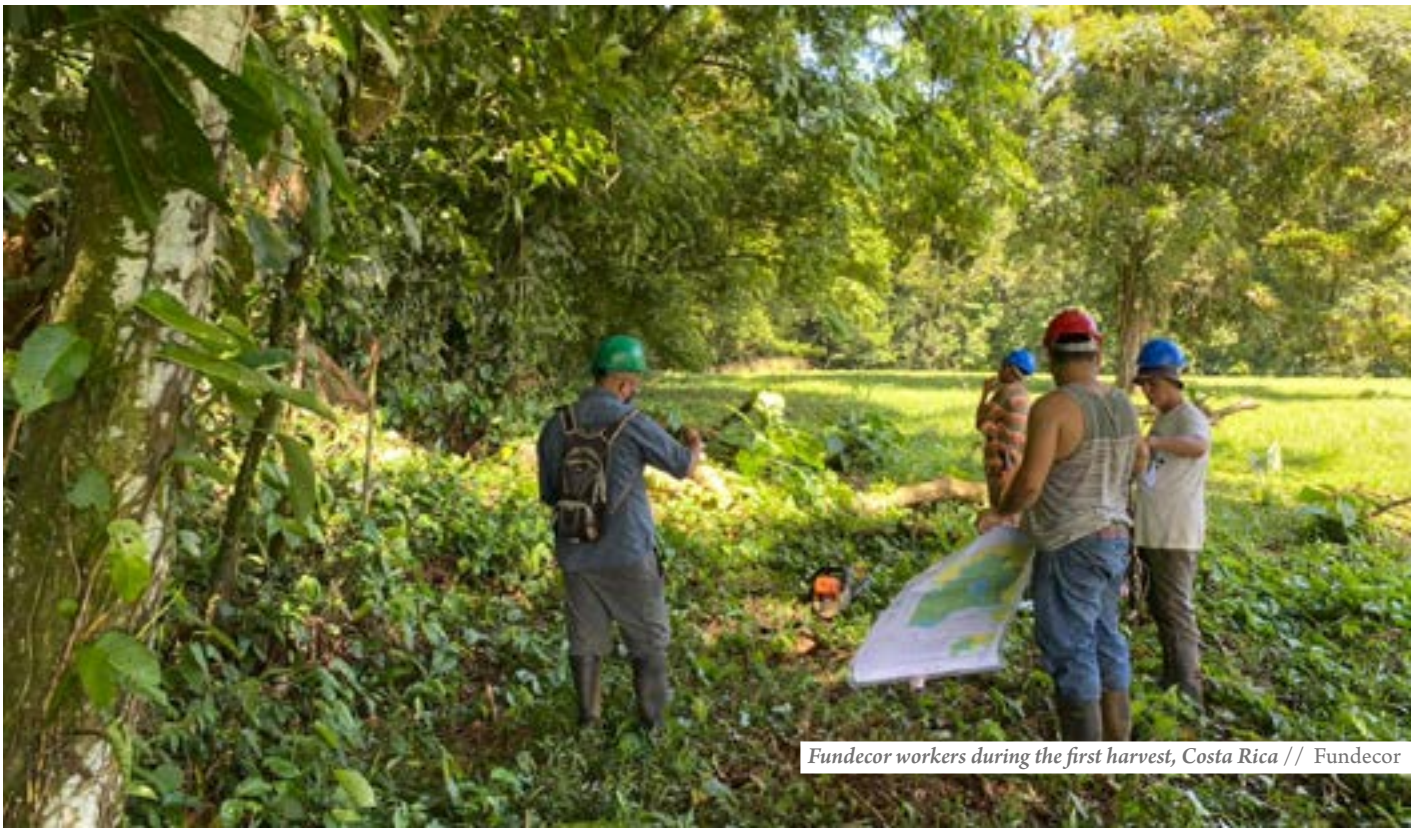
Audited financial statements

// 1 Statement of net assets

as at 31 March 2021

Assets	Notes	USD
Shares (and equity-type securities)	6, 12	455,848
Loan agreements	6, 12	3,399,187
Formation expenses	5	55,430
Cash and savings at banks		5,150,649
Interest receivable on loans		84,534
Receivable on matured investments		21,281
Other receivables & assets	7	72,766
Total assets		**9,239,696**

The accompanying notes form an integral part of this report.



Fundecor workers during the first harvest, Costa Rica // Fundecor

Liabilities	Notes	USD
Accrued expenses	7	113,317
Received in advance on subscription		2,056,600
Total liabilities		**2,169,917**
Net assets at the end of the year		**7,069,779**
I Class shares outstanding		65,786.030
Net asset value per I Class share		65.28
J Class shares outstanding*		27,753.850
Net asset value per J Class share*		100.00

* J Class Shares have been issued for the first time on 1 April 2019

// 2 Statement of operations and other changes in net assets

from 1 April 2020 to 31 March 2021

Income	Notes	USD
Interest on loan agreements		149,789
Other products		23,994
Total income		**173,784**
Expenses		
Fund management costs		
Salary and wages of the fund management	3	119,185
Travel and representation fees		18,009
Rent and Information Technology fees		29,499
Total fund management costs		**166,693**
Advisory fees	3	106,852
Sub-advisory fees	3	110,400
Depreciation charges (formation expenses)	5	32,423
Central administration costs		29,306
Custodian fees		25,449
Legal fees		9,755
Audit fees		9,418
Other administration costs	8	5,315
Banking charges and other fees		2,600
Subscription duty	4	2,283
Interest on bank accounts		1,498
Total expenses		**501,992**
Net investment income		**(328,208)**

The accompanying notes form an integral part of this report.

Net realised gain/(loss)	Notes	USD
On investments		(16,980)
On foreign exchange transactions		(36,447)
Realised result		**(53,427)**
Net variation of the unrealised gain/(loss)		
On investment portfolio		
Variation of impairment on loans	6	(63,267)
Variation of valuation of equity investments		33,853
Total variation on investment portfolio		**(29,414)**
On foreign exchange transactions		53,859
Unrealised result		**24,445**
Result of operations		**(357,191)**
Subscriptions		3,289,170
Redemptions		-
Total changes in net assets		**2,931,979**
Total net assets at the beginning of the year		**4,137,799**
Total net assets at the end of the year		**7,069,779**

// 3 Statistical information

as at 31 March 2021

Total net assets	USD
As at 31/03/2021	7,069,779
Number of I Class shares	
Outstanding at the beginning of the year	40,272.750
Issued during the year	25,513.280
Redeemed during the year	-
Outstanding at the end of the year	**65,786.030**
Net asset value per I Class share	
As at 31/03/2021	65.28
Number of J Class shares	
Outstanding at the beginning of the year	14,073.650
Issued during the year	13,680.200
Redeemed during the year	-
Outstanding at the end of the year	**27,753.850**
Net asset value per J Class share	
As at 31/03/2021	100.00

The accompanying notes form an integral part of this report.

"With formal employment comes a greater public understanding of forests' benefits. A prosperous, licensed and certified forest industry enables stronger institutions and healthier local economies"

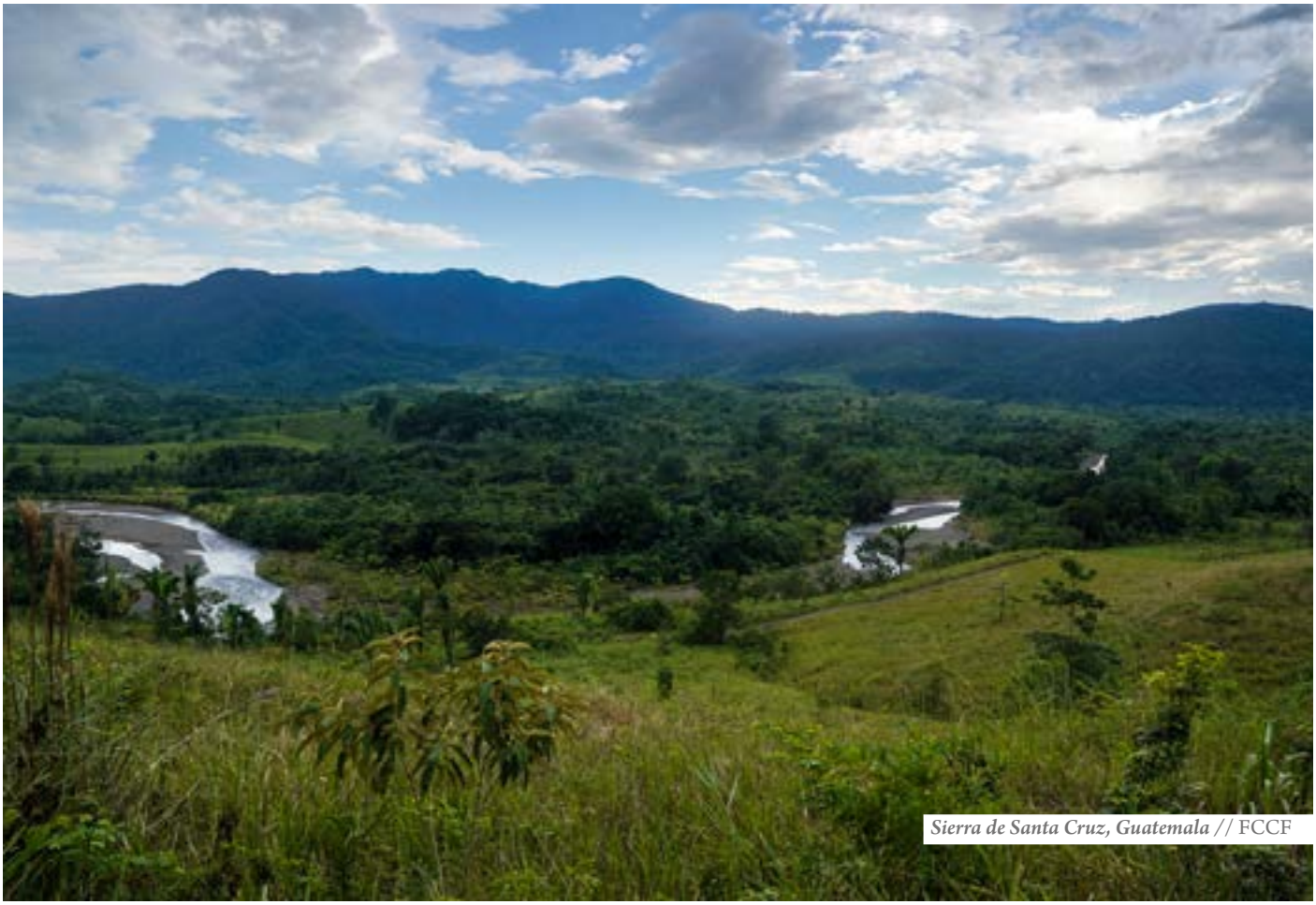
Andrew Miller,
CFO at Izabal Wood Company

// 4 Statement of investments and other net assets

Instrument // Partners	Note	Country	Maturity
Financial instruments not admitted to an official stock-exchange listing nor dealt in on another regulated market			
Shares (and equity-type securities)			
Simplemente Madera Marketplace	6, 12	Nicaragua	
BluWood Industries		Costa Rica	
Operaciones Forestales Sostenibles (OFS)		Costa Rica	
Izabal Wood Company S.A.		Guatemala	
Fundecor Bosques S.A.		Costa Rica	
In the Woods by Fundecor S.A.		Costa Rica	
Sub-total			
Loan agreements			
BluWood Industries - Long Term Loan		Costa Rica	28/06/2031
BluWood Industries - Working Capital 1		Costa Rica	30/04/2022
BluWood Industries - Working Capital 2		Costa Rica	30/04/2022
BluWood Industries - Working Capital 3		Costa Rica	31/10/2021
BluWood Industries - Working Capital 4		Costa Rica	31/06/2021
BluWood Industries - Working Capital 5		Costa Rica	30/04/2022
BluWood Industries - Working Capital 6		Costa Rica	30/04/2022
BluWood Industries - Working Capital 7		Costa Rica	30/04/2025
BluWood Industries - Working Capital 8		Costa Rica	30/10/2022
BluWood Industries - Working Capital 9		Costa RIca	30/10/2022
BluWood Industries - Working Capital 10		Costa Rica	28/04/2023
Fundecor Bosques - Machinery Loan		Costa Rica	10/04/2032
In The Woods - Working Capital 1		Costa Rica	30/10/2020
In The Woods - Working Capital 2		Costa Rica	30/04/2021
In The Woods - Working Capital 3		Costa Rica	30/04/2021
In The Woods - Working Capital 4		Costa Rica	30/10/2022
In The Woods - Machinery Loan		Costa Rica	30/04/2026
Operaciones Forestales Sostenibles - Working Capital 1		Costa Rica	30/04/2022
Operaciones Forestales Sostenibles - Working Capital 2		Costa Rica	30/10/2022
Operaciones Forestales Sostenibles - Working Capital 3		Costa Rica	30/10/2022
Operaciones Forestales Sostenibles - Working Capital 4		Costa Rica	28/04/2023
Izabal Wood Company - Subordinated Loan		Guatemala	30/04/2023
Izabal Wood Company - Machinery Loan 1		Guatemala	30/04/2030
Izabal Wood Company - Machinery Loan 2		Guatemala	30/10/2026
Izabal Wood Company - Infrastructure Loan		Guatemala	30/04/2026
Izabal Wood Company - Working Capital		Guatemala	28/04/2023
Fundación Naturaleza Para la Vida - Forest Owner usufruct payment		Guatemala	31/12/2030
Simplemente Madera Marketplace - Working Capital	6, 12	Nicaragua	18/08/2019
Sub total			
Total financial instruments			
Cash at banks, term deposits and savings accounts			
Other net assets / liabilities			
Total net assets			

The accompanying notes form an integral part of this report.

Currency	Nominal value	Cost price (in ccy)	Cost price (in USD)	Total value (in USD)	% of NAV	Unreal Gain / (loss) (in USD)
NIO	25,398	2,540,000	81,386	-	0.0%	(81,386)
USD	98,000	98,000	98,000	52,136	0.74%	(45,864)
USD	75,000	75,000	75,000	75,311	1.07%	311
GTQ	400	40,000	5,216	37,167	0.53%	31,951
USD	147,000	147,000	147,000	197,668	2.80%	50,668
USD	96,800	96,800	96,800	93,566	1.32%	(3,234)
			503,402	**455,848**		
USD	800,000	800,000	800,000	810,054,	11.46%	-
USD	100,000	100,000	100,000	103,113	1.46%	-
USD	85,000	85,000	85,000	87,584	1.24%	-
USD	75,000	75,000	75,000	77,336	1.09%	-
USD	50,000	50,000	50,000	50,741	0.72%	-
USD	70,000	70,000	70,000	71,948	1.02%	-
USD	110,000	110,000	110,000	112,785	1.60%	-
USD	100,000	100,000	100,000	104,692	1.48%	-
USD	90,000	90,000	90,000	92,538	1.31%	-
USD	80,000	80,000	80,000	81,496	1.15%	-
USD	40,000	40,000	40,000	40,396	0.57%	-
USD	200,000	200,000	200,000	208,175	2.94%	-
USD	100,000	100,000	100,000	103,132	1.46%	-
USD	100,000	100,000	100,000	102,686	1.45%	-
USD	100,000	100,000	100,000	102,636	1.45%	-
USD	120,000	120,000	120,000	122,660	1.73%	-
USD	100,000	100,000	100,000	104,219	1.47%	-
USD	50,000	50,000	50,000	51,556	0.73%	-
USD	55,000	55,000	55,000	57,192	0.81%	-
USD	30,000	30,000	30,000	30,509	0.43%	-
USD	40,000	40,000	40,000	40,254	0.57%	-
USD	108,667	108,667	108,667	114,632	1.62%	-
USD	170,000	170,000	170,000	178,434	2.52%	-
USD	330,000	330,000	330,000	337,951	4.78%	-
USD	100,000	100,000	100,000	100,690	1.42%	-
USD	125,000	125,000	125,000	125,793	1.78%	-
USD	20,767	20,767	20,767	-	0.0%	(20,767)
USD	164,000	164,000	164,000	70,520	1.00%	(93,480)
				3,483,721		
				3,939,569	**55.72%**	
				5,150,649	**72.85%**	
				(2,020,439)	**(28.58%)**	
				7,069,779	**100.00%**	



Sierra de Santa Cruz, Guatemala // FCCF

// 5 Evolution of NAV

	NAV/Share as at 31 March 2020 in USD	NAV/Share as at 31 March 2020 in USD	NAV/Share as at 31 March 2019 in USD	Initial subscription price in USD
Class I Shares	65.28	67.80	65.27	100.00
Class J Shares	100.00	100.00	N/A	100.00
Total Net Assets	7,069,779	4,137,799	1,346,153	2,062,375

	Performance financial year 03/2020 - 03/2021	Performance financial year 03/2019 - 03/2020	Performance financial year 03/2018 - 03/2019	Performance since inception
Class I Shares	(3.7%)	3.9%	(27.4%)	(34.7%)
Class J Shares*	0.0%	0.0%	N/A	0.0%

* J Class Shares have been issued for the first time on 1 April 2019

// 6 Notes to the audited financial statement

as at 31 March 2021

GENERAL INFORMATION

/ A Structure of the SICAV

The Forestry and Climate Change Fund (the "FCCF" or "Fund") is a compartment of the Investing for Development SICAV (the "SICAV").

The SICAV is an investment company organised as a public limited company (société anonyme) under the laws of the Grand Duchy of Luxembourg and qualified as a "société d'investissement à capital variable" (SICAV). The SICAV is internally managed and has been registered on 31 January 2014 by the CSSF as an Alternative Investment Fund Manager ("AIFM") falling under the de minimus rule of Article 3 of the Luxembourg law of 12 July 2013 ("AIFM Law").

The SICAV was incorporated in Luxembourg on 7 October 2009 with an initial capital of EUR 31,000 divided into 1,240 fully paid-up shares with no par value. The capital of the SICAV is equal at all times to its net assets. The Articles were published in the Mémorial on 2 November 2009 and the SICAV is registered under trade register number L.B.R. B 148826. The SICAV is incorporated for an unlimited period.

The SICAV is an umbrella fund and as such may operate separate Sub-Funds, each of which is represented by one or more classes of shares (each, a "Class"). The Sub-Funds are distinguished by their specific investment policy or any other specific features. As at 30 September 2020, the SICAV had created two Sub-Funds, the Forestry and Climate Change Fund and the Luxembourg Microfinance and Development Fund.

/ B Structure of the FCCF

The Fund is authorised as an undertaking for collective investment ("UCI") under Part II of the law of 17 December 2010 relating to undertakings for collective investment (the "Law"). The Fund is a closed-ended fund with commitments to subscribe shares from a limited number of shareholders. The Fund has been launched on 20 October 2017.

The Fund has accepted commitments for two classes of shares, namely Class I shares and Class J shares, each targeting different types of investors and evidencing a different level of risk. The Fund may accept commitments during an 18 months period following its launch.

The base currency of the Fund is the US-Dollar and the financial statements of the Fund are presented in U.S. dollar. The financial year of the Fund ends on 31 March of each year.

Copies of the Articles, Prospectus, the latest financial reports and the latest annual report may be obtained without cost on request from the Fund.

Copies of the material agreements mentioned in the Prospectus may be reviewed during normal business hours on any business day at the registered office of the Fund.

/ C Investment Objective

The Fund aims at investing in a diversified portfolio of unlisted forestry management companies and operations for secondary and degraded forests. The Fund seeks a triple bottom-line: environmental impact, social progress and financial returns. The Fund seeks in particular to mitigate climate change through the sequestration and preservation of carbon in forest biomass. The Fund balances economic considerations with forest management models adapted to the different ecological conditions of secondary and degraded forests to ensure long-term sustainability of its interventions. The Fund aims at financing and developing entrepreneurial activities in the forest sector and as such will not acquire directly forests or land.

The Fund invests in equity or quasi-equity instruments including convertible debt, secured and unsecured senior or sub-ordinated debt instruments and guarantees.

The Fund invests primarily in Central American countries.

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

/ A Presentation of Financial Statements

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

/ B Valuation of Financial Instruments

The Board of Directors aims to base the valuation of the SDF Investment Instruments on the probable realisation value which shall be estimated with care and in good faith, in accordance with article 99 (5) of the Law.

The choice of a valuation methodology will be driven by the availability of the relevant information. There is no certainty that the fair market value determined by the Fund using its valuation policy is equal to the sales price of an investment obtained in an arm's length transaction with a third party.

Debt instruments valued at nominal value of the loan plus accrued interest represents its fair value except in case of major changes in the interest rate environment and in case of impairments. The Fund assesses periodically whether a significant change in the environment, performance or financial position of the investee indicates that the loan instrument is impaired. To assess impairments of debt instruments, each investee is monitored through the reporting of financial, operational data and key performance indicators, review of its activities, audit and other reports. The review specifically covers whether one or more events have occurred which will have a significant impact on the instrument's future cash flows.

If the Fund concludes that there is evidence that a financial instrument is impaired, it will determine the impairment loss as the amount between the carrying amount (including accrued interest, commissions, where applicable) of the instrument prior to impairment and the probable realisable value. The Fund usually does not consider any reduction in value in the instruments that results from the depreciation of the investment currency vis-à-vis the U.S. dollar to be an impairment, such reduction being accounted for as a realised or unrealised exchange loss.

In case the Fund contracts currency hedging instruments, these are valued separately from the underlying loans. However, cross-currency swaps and currency forwards which are linked in notional, spot exchange rates, interest rates, maturities and other terms to any investment are valued considering the economic substance of the transaction.

For investments in the form of equity participations the Fund may use different fair market value methodologies in determining the fair value:

(i) Following the Fund's acquisition and up to the first year of holding, the equity stake will be valued at cost, i.e. at the Fund's acquisition price and without acquisition costs. A different valuation approach will be taken if material changes in the investee or in its operating environment occur during the first year following acquisition;

(ii) After the first year of holding, the value of the equity stake will be estimated with reference to prices of equity transactions or issues of new shares involving the same investee within a reasonable time of the Valuation Date. Such time is determined by an assessment by the Fund as to whether material changes within the investee or in its operating environment have occurred since the date such transaction took place;

(iii) If such transactions are not available or deemed not representative of fair value, the value of the equity stake should be estimated based on an income approach, using a discounted cash-flow model ("DCF"). The use of a DCF model requires the application of judgement and DCF models are likely to be sensitive to a number of critical variables.

Whenever possible, valuations derived using one of the above methods are cross-checked by industry ratios contained in comparable transactions and ratios obtained from comparable quoted companies, if and when such data is available or become available in the future

/ C Allocation of Net Asset Value Among

Share Classes

The two Classes of Shares offered by the Fund correspond to a different level of risk as Class I Shares are subordinated to Class J Shares for which they provide risk coverage.
The risk coverage provided by Class I Shares is structured as a capital protection mechanism whereby the net loss of Class J Shares (i.e. decrease of the Net Asset Value of Class J Shares ("Class J NAV") below the sum of the subscription price of each Class J Share (the "Class J Protected Value") shall be covered by Class I Shares by allocating to Class J Shares as at each Valuation Day a portion of the Net Asset Value otherwise attributable to Class I Shares ("Reallocated Class I NAV"), until the Class J NAV becomes equal to the Class J Protected Value or Class I NAV becomes nil. Such mechanism will be applied as at each Valuation Day. An account will be maintained of the total re-allocation of NAV from Class I Shares to Class J Shares ("Class I Loss Coverage"). As at each Valuation Day, if (i) the Class J NAV is greater than the Class J Protected Value and greater than the Class J NAV as at the previous Valuation Day; and (ii) Class I Loss Coverage is not nil, 50% of the amount of the difference between the Class J NAV and the Class J NAV at the previous Valuation Day, adjusted for subscription or redemptions of Class J Shares, shall be restored to Class I Shares as at such Valuation Day. Such mechanism shall be applied at each Valuation Day until the Class I Loss Coverage is nil.

Wood sample, Guatemala // IWC

/ D Dividends

The Board of Directors may decide at its sole discretion to distribute dividends at any time, in accordance with the Prospectus and the Articles, out of realised income derived from the Fund's investments (for the avoidance of doubt excluding capital gains as a result of the realisation of an investment) net of all interest and other sums payable.

The Board of Directors intends to make such dividend distributions once a year, as soon as practicable after the date of expiring of the Class J Investment Period.

NOTE 2
SHARES AND NOTES

The Sub-Fund presents a diversified and differentiated capital structure, encompassing the public sector, private institutions and private individuals.

Two Classes of Shares are issued by the Fund, namely Class I Shares and Class J Shares, each targeting different types of Investors, reflecting a different level of risk. In addition, the Fund may issue Notes. The two Classes of Shares and the Notes form one single portfolio for investment.

The Board of Directors may issue additional share classes and/or Notes with different risk and/or return characteristics at its sole discretion.

Class I shares:
Class I shares are reserved for Public investors seeking a developmental impact and wanting to leverage their investment with resources from the private sector.

- Risk profile: Junior

Class J shares:
Class J shares are aimed at Foundations, development finance institutions, other institutional investors and high net worth individuals. The minimum commitment amount for Class J shares is USD 200,000.

- Risk profile: Senior

Notes:
The Fund may issue Notes aimed at High Net Worth Individuals and institutional investors in one or several tranches with a nominal value per Note of USD 1,000, a maximum eight-year maturity and an interest rate equal to USD LIBOR 6 months plus 1% - 2% plus an additional performance dependent annual return between 2% and 4%. The aggregate notional value of Notes issues shall not exceed 30% of the committed share capital of the Fund.

- Risk profile: Senior to shareholders

Meeting with the forest community, Izabal - Guatemala // FCCF

NOTE 3
ADVISORY FEES AND MANAGEMENT/ TEAM REMUNERATION

/ A Advisory fees

On 20 October 2017, the Fund concluded an investment advisory agreement with UNIQUE forestry and land use G.m.b.H, located in Freiburg, Germany.

The investment advisory agreement has been modified with effective date 1 March 2020. The modification mainly concern the base of the remuneration of the adviser which was amended from invested capital to capital committed to projects.

In consideration of the advisory services rendered to the Sub-Fund, the Investment Adviser is entitled to receive a fee (the "Investment Advisory Fee") as follows:

- Up to one year after the end of the Class J Investment Period (as defined in the Prospectus) 2.0% p.a. of the Committed Investment Capital, computed and payable at the end of each semester; plus
- During the Class J Investment Period up to 0.8% of the Committed Investment Capital as a variable advisory fee compensating the performance of the Investment Adviser. The amount of remuneration in excess of 2% of the Committed Investment Capital shall be payable in Class J Shares of the Sub-Fund and is contingent on reaching certain performance criteria established by the Board of Directors.
- Starting one year after the end of the Class J Investment Period, 1.5% of the Committed Investment Capital until the end of the Fund's life.

Total investment advisory fees amount, for the year ended, to USD 106,852 or 0.71% of total commitments of the Fund.

/ B Management/team remuneration

The Management and the Support Team are entitled to receive a fee of a maximum of 2% of the Sub-Fund's Committed Capital, except for the first two years following the Initial Closing date where such fee shall be a maximum of 2% of Total Commitments (each time excluding the Investment Advisory fee). This fee shall be inclusive of the Management's and the Support Team's wages, salaries, bonuses and benefits, but shall not comprise other organisational and operating expenses incurred by the Fund.

From 1 April 2020 until 31 March 2021, the management and support team, including remuneration of consultants listed in sub-advisory fees, amounted to USD 229,585 or 1.52% of the total committed capital of the Fund.

NOTE 4
SUBSCRIPTION DUTY

The Fund is governed by Luxembourg tax law. The Fund is liable in Luxembourg to a subscription tax (taxe d'abonnement) at a rate of 0.05% per annum on its net asset value, such tax being payable quarterly and calculated based on the total net assets of the Fund at the end of the relevant quarter. Classes of Shares held exclusively by institutional investors are subject to a reduced rate of 0.01%.

NOTE 5
FORMATION EXPENSES

As at 31 March 2021, the formation expenses are composed as follow (in USD):

Formation expenses:	
At the beginning of the year	162,204
Additions during the year	-
At the end of the year	**162,204**
Amortisation of formation expenses:	
Total amortisation at the beginning of the year	(74,351)
Amortisation during the year	(32,423)
Total amortisation at the end of the year	**(106,774)**
Net book value at the end of the year	55,430
Expenses linked to formation expenses	-
Amortisation of the year	(32,423)
Total loss of the year	**(32,423)**

NOTE 6
IMPAIRMENTS OF FINANCIAL INSTRUMENTS

The Fund has decided to set a 57% provision on the outsanding amount to Simplemente Madera Marketplace (Nicaragua), primarily driven by the uncertainty of the country.

The Fund has also written-off the full amount of a USD 16,980 loan to Naturaleza Para la Vida (Guatemala).

Variation of impairments of financial instruments		
Forestry company	**31/03/2021**	**31/03/2020**
Fundación Naturaleza para la Vida - Forest Management		(16,980)
Fundación Naturaleza para la Vida - Forest Management	(20,767)	-
Simplemente Madera Sawmills - Loan	(93,480)	(34,000)
Subtotal	**(114,247)**	**(50,980)**
Simplemente Madera Sawmills - Equity	(81,386)	(81,836)
Bluwood Industries S.A. - Equity	(45,864)	-
In The Woods - Equity	(3,234)	-
Operaciones Forestales Sostenibles S.A. - Equity	311	-
Izabal Wood Company - Equity	31,950	(21)
Fundecor Bosques - Equity	50,668	-
Subtotal	**(48,005)**	**(81,857)**
Net variation of impairments on Loans	(63,267)	(50,980)
Net variation of impairments and written-off	(33,852)	(81,857)
Written-off financial instruments	31/03/2021	
Fundación Naturaleza Para la Vida	(16,980)	-
Total	(16,980)	-

Wood sample, Guatemala // IWC

NOTE 7
DETAILS OF EXPENSES, ACCRUED CHARGES AND OTHER ASSETS

As at the reporting date, accrued and payable expenses consisted in the following (in USD):

Advisory fees	71,962
Administration fees	15,102
Audit fees	14,721
VAT services fees	2,079
Salaries and wages	1,802
Custodian fees	1,738
FATCA fees	1,534
Transfer agency fees	1,469
Domiciliation fees	1,469
Subscription duty	911
Transaction fees	529
Total	113,317

As at the reporting date, other assets consisted in the following (in USD):

Salary receivable from LMDF	48,473
Taxes and VAT receivable	23,994
CSSF fees	1,410
Telecommunication fees	(368)
Representation fees	(743)
Total	72,766

NOTE 8
OTHER ADMINISTRATION COSTS

As at the reporting date, the other administration costs consisted in the following (in USD):

CSSF annual fees	3,513
Post & communication fees	2,343
Membership fees	358
Other fees	196
ALFI contribution	51
VAT services fee	(1,147)
Total	5,315

NOTE 9
FOREIGN EXCHANGE RATES

The principal exchange rates rounded to two decimal applied at the reporting date are as follows:

1 USD = 0.85 EUR Euro
1 USD = 34.90 NIO Nicaraguan Cordoba
1 USD = 7.71 GTQ Guatemalan Quetzal

NOTE 10
STAFF

During the reporting year ended on 31 March 2021, the SICAV employed five full-time staff and one part-time staff member. The Fund's Board of Directors adopted a Remuneration Policy for the fixed and variable remuneration of the Fund's staff, which is available for public consultation on the website www.fccf.lu or at the registered office of the Fund.

During the reporting year, the Fund transitioned from a target time allocation of the working time of staff to the Forestry and Climate Change Fund of 40% to a target time allocation of 20%. This change was made on 1st October 2020 on the basis of the increasing maturity of the FCCF sub-fund and the fact that a local team of consultants are also engaged on the FCCF project.

The Fund did not pay any bonus or other variable remuneration to its Employees for the FCCF Sub-Fund during the financial year.

NOTE 11
COMMITMENTS OF SHAREHOLDERS TO SUBSCRIBE SHARES

Commitments in currencies other than the U.S. Dollar are converted into U.S. Dollar after being called upon.

Called upon and remaining capital commitments, converted into USD with the year-end rates, amount to USD 15,076,605.

The amount of EUR 1,750,000 for Class I Shares for the calendar year 2020 were paid prior to the 1st April 2021. The shares will be subscribed with the March 2021 NAV.

Commitments to subscribe shares by Share class and commitment currency			
	2020	2021	2022
Class I Shares			
EUR	-	-	-
Class J Shares			
EUR	900,000	900,000	900,000
USD	380,000	380,000	380,000

NOTE 12
POSITIONS IN MONITORED JURISDICTIONS

The Fund's portfolio includes financial operations in Nicaragua. This country is currently listed as Monitored Jurisdictions by the Financial Action Task Force ("FATF"). The position is therefore considered as a high-risk instrument from a money laundering and terrorist financing perspective by the Fund, with additional measures taken accordingly. The investment decision was taken before FATF's decision to consider this territory as Monitored Jurisdictions. Generally the Fund does not invest in jurisdictions which are either Monitored or subject to a Call for Action by FATF.

The below table indicates the exposure to geographies considered high-risk from a money laundering and terrorist financing perspective:

Geographical classification	Amount (USD)	% Total net assets
Nicaragua	70,520	1.00%

NOTE 13
RELATED PARTY TRANSACTIONS

The Fund considers each shareholder controlling 20% or more of total voting rights or any entity forming part of the key management of the Fund, including its directors, as a related party. During the reporting year, the Fund conducted the following material transactions with related parties, excluding subscription of shares and commitments to subscribe for shares in the future:

- The Fund has concluded an investment advisory agreement with UNIQUE with the remuneration structure disclosed in Note 3.

- The Fund also sub-leases an office and certain services in the "Maison de la Microfinance", a building leased by ADA at 39, rue Glesener, Luxembourg. The Board of Directors of the Fund estimate the rent to correspond to a rent agreed in an arm's length transaction with an unrelated party.

NOTE 14
SUBSCRIPTION AGREEMENTS WITH DIRECTORS

Two directors have signed subscription agreement: one on October 20th 2017 and one on 19th February 2019. Their shares have been drawn down in line with commitments from other Class J Shareholders, with the first commitment calls occurring on 1st April 2019.

NOTE 15
SUBSEQUENT EVENTS BETWEEN THE YEAR END UNTIL 15 JUNE2021

The Fund is in the process of completing a Prospectus change in accordance with EU Regulation 2019/2088 which considers sustainability-related disclosures in the financial services sector (the "SFDR"). None of the changes is material in nature, but details are provided below:

1. Clarification of Section 2 "Investment Objectives of the Sub-Fund"

The Board has decided to clarify inter alia that:
FCCF's objective is to make sustainable investments within the meaning of article 9 of SFDR

(i) The proportion of assets invested in forestry projects is carefully monitored and reporting is regularly provided so as to monitor the social performance of FCCF ;

(ii) No index has been designated to measure the sustainable investment objective of FCCF since existing index are not appropriate to FCCF's investment model.

2. Insertion of Section 14.7 "Integration and Impact of Sustainability Risk"

The Board has further decided to insert a new Section 14.7 "Integration and Impact of Sustainability Risk" which:
Describes the sustainability risks to which FCCF may be subject

(i) Details how the relevant sustainability risks are taken into account in the investment decision process;

(i) Clarifies that those sustainability risks are not anticipated to have a material negative impact on the financial returns of FCCF, although certain risk factors, such as governance, may have a substantial effect on individual assets

Imprint

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