

DNCA INVEST CONVERTIBLES

EUROPEAN CONVERTIBLE BONDS



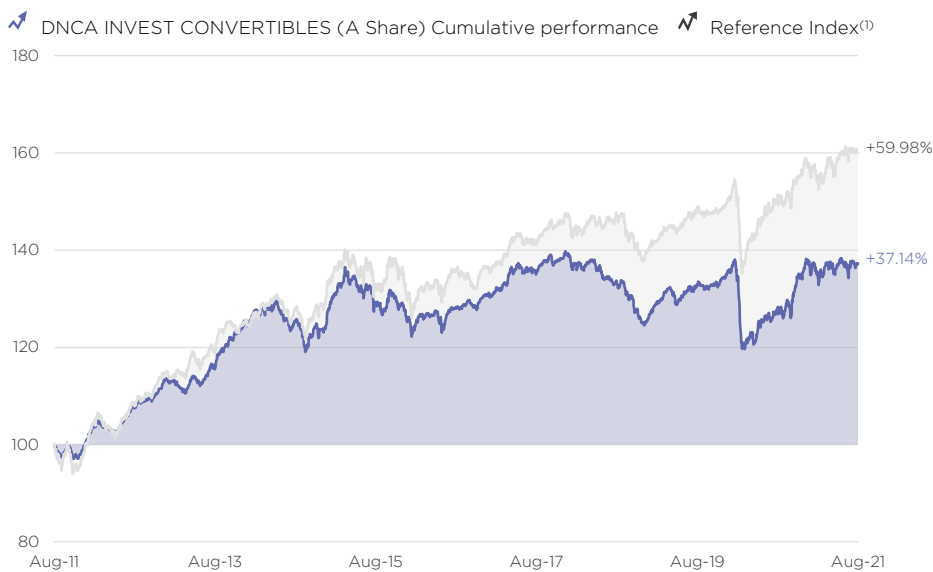
Investment objective

The Sub-Fund seeks to provide capital appreciation with low volatility by investing in convertible bonds. As part of a discretionary management approach, the portfolio composition will not attempt to replicate the composition of a benchmark index from a geographical or sectoral perspective. Even so, the Exane Euro Convertibles Index may be used as ex-post benchmark indicator over the recommended investment duration (5 years).

Financial characteristics

NAV (€)	168.57
Net assets (€M)	513
Delta	44%
Average yield	-2.42%
Average premium	42.21%
Average modified duration	2.45
Average maturity (years)	6.20
Number of lines	51
Average rating	BBB-

Performance (from 31/08/2011 to 31/08/2021)



⁽¹⁾Exane Eurozone Convertible Bond. Past performance is not a guarantee of future performance.

Annualised performances and volatilities (%)

	1 year	3 years	5 years	10 years	Since inception
A Share	+7.64	+0.98	+1.39	+3.21	+4.20
Reference Index	+6.76	+2.86	+3.36	+4.81	+5.26
A Share - volatility	6.04	5.35	4.58	4.42	4.23
Reference Index - volatility	5.76	5.42	4.85	5.41	5.72

Cumulative performances (%)

	1 month	YTD	1 year	3 years	5 years	10 years	Since inception
A Share	-0.01	+0.69	+7.64	+2.98	+7.13	+37.14	+68.57
Reference Index	-0.02	+1.49	+6.76	+8.84	+17.94	+59.98	+91.75

Calendar year performances (%)

	2020	2019	2018	2017	2016
A Share	+1.50	+7.19	-9.44	+6.11	+0.89
Reference Index	+6.03	+7.57	-5.18	+6.99	-0.21

Risk and reward profile



Main risks: Credit risk, equity risk, foreign-exchange risk, interest-rate risk, risk relating to discretionary management

	1 year	3 years	5 years
Sharpe Ratio	1.34	0.27	0.39
Tracking error	2.91%	2.74%	2.55%
Correlation coefficient	0.88	0.87	0.86
Information Ratio	0.30	-0.69	-0.77
Beta	0.92	0.86	0.81

Main positions⁺

	Weight
Electricite de France SA 0% 2024 CV	4.03%
Deutsche Post AG 0.05% 2025 CV	3.65%
MTU Aero Engines AG 0.05% 2027 CV	3.20%
Nexi SpA 1.75% 2027 CV	3.20%
Worldline SA France 0% 2026 CV	3.08%
Safran SA 0.88% 2027 CV	3.01%
Vinci SA 0.38% 2022 CV	2.83%
Accor SA 0.7% 2027 CV	2.83%
Schneider Electric SE 0% 2026 CV	2.74%
Amadeus IT Group SA 1.5% 2025 CV	2.71%
	31.29%

Country breakdown

	Fund	Index
France	48.2%	31.1%
Germany	11.6%	34.8%
Netherlands	10.3%	5.1%
Italy	9.9%	11.8%
Spain	7.6%	8.7%
USA	3.8%	-
Austria	3.8%	0.9%
Luxembourg	2.4%	4.7%
Switzerland	1.8%	-
United Kingdom	0.6%	-
Belgium	-	2.9%

Maturity breakdown

	Weight (%)		Modified duration	
	Fund	Index	Fund	Index
0 - 6 months	3.5%	1.3%	0.0	0.0
6 - 12 months	-	1.9%	-	0.0
1 - 2 years	7.8%	8.5%	0.1	0.1
2 - 3 years	8.4%	11.1%	0.1	0.3
3 - 4 years	21.0%	25.4%	0.4	0.9
4 - 5 years	21.2%	19.9%	0.9	0.9
> 5 years	32.3%	24.8%	1.3	1.4

Sector breakdown (ICB)

	Fund	Index
Industrial Goods and Services	21.7%	17.7%
Technology	21.5%	14.1%
Utilities	11.2%	8.9%
Travel and Leisure	9.2%	4.5%
Construction and Materials	6.1%	-
Financial Services	4.7%	6.9%
Automobiles and Parts	4.6%	1.3%
Consumer Products and Services	4.0%	8.2%
Retail	3.9%	5.9%
Health Care	2.5%	6.4%
Telecommunications	2.3%	5.5%
Real Estate	2.3%	11.0%
Personal Care, Drug and Grocery	2.2%	-
Banks	1.2%	0.6%
Energy	0.7%	6.3%
Chemicals	-	1.5%
Food, Beverage and Tobacco	-	1.1%
Cash and equivalents	2.0%	N/A

Rating breakdown

	Fund	Index
AA	1.1%	-
A	18.6%	22.2%
BBB	24.4%	24.3%
BB	14.2%	7.5%
< BB	-	1.5%
NR	37.0%	44.5%

Changes to portfolio holdings⁺

In: None

Out: None

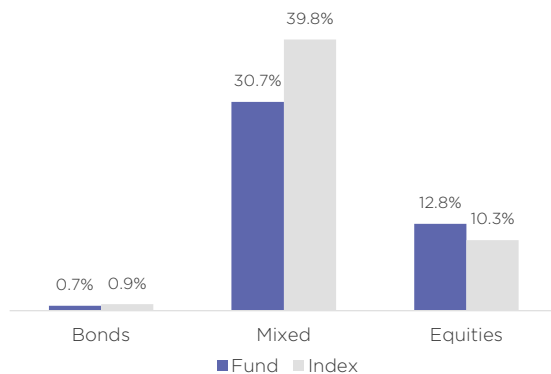
Delta

	Fund	Index
Delta	44.1%	51.1%
Effective delta	39.9%	43.1%
Input spread	192.6	117.7
Implicite spread	193.3	72.6

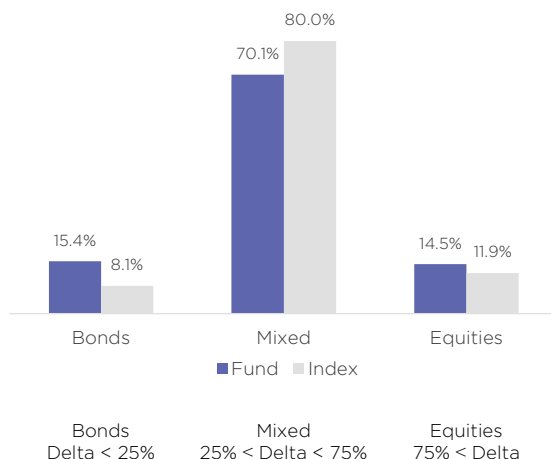
Main deltas

	%
Sika AG 0.15% 2025 CV	98.5%
Vinci SA 0.38% 2022 CV	95.3%
Cie Generale des Etablissements Michelin SCA 0% 2022 CV	92.7%
Archer Obligations SA 0% 2023 CV	91.0%
Iberdrola International BV 0% 2022 CV	90.7%
Delivery Hero SE 1% 2027 CV	82.4%
BE Semiconductor Industries NV 0.75% 2027 CV	77.4%
Cellnex Telecom SA 0.5% 2028 CV	76.4%
Pioneer Natural Resources Co 0.25% 2025 CV	75.6%
Neoen SA 1.88% 2024 CV	72.6%

Profile breakdown (delta contribution)



Profile breakdown (weight)



Delta contribution per country

	Delta		Effective delta	
	Fund	Index	Fund	Index
France	20.1%	15.3%	17.9%	13.1%
Netherlands	6.1%	3.4%	6.0%	2.9%
Italy	4.3%	5.2%	3.4%	4.1%
Spain	3.6%	5.2%	3.1%	4.6%
Germany	3.6%	17.8%	3.9%	14.8%
USA	1.7%	-	1.5%	-
Switzerland	1.6%	-	1.7%	-
Austria	1.3%	0.4%	0.8%	0.4%
Luxembourg	0.8%	2.5%	0.6%	2.2%
Belgium	0.7%	1.3%	0.9%	1.1%
United Kingdom	0.3%	-	0.2%	-

Delta contribution per sector

	Delta		Effective delta	
	Fund	Index	Fund	Index
Technology	9.4%	6.3%	8.5%	4.9%
Industrial Goods and Services	8.4%	7.6%	7.8%	5.9%
Utilities	5.9%	5.3%	5.9%	4.9%
Construction and Materials	4.3%	-	4.1%	-
Financial Services	3.0%	4.3%	3.1%	4.1%
Travel and Leisure	2.7%	2.0%	2.0%	1.2%
Automobiles and Parts	2.2%	0.6%	1.9%	0.5%
Health Care	1.8%	1.9%	1.3%	1.3%
Telecommunications	1.6%	3.9%	1.4%	3.5%
Retail	1.5%	3.9%	1.1%	3.3%
Consumer Products and Services	0.9%	4.8%	0.8%	3.9%
Real Estate	0.9%	5.7%	0.6%	5.1%
Personal Care, Drug and Grocery Stores	0.6%	-	0.4%	-
Energy	0.5%	2.4%	0.5%	2.2%
Banks	0.3%	0.3%	0.3%	0.3%
Food, Beverage and Tobacco	-	1.1%	-	1.1%
Chemicals	-	0.9%	-	0.8%

Portfolio managers comments

The equity markets have maintained their flattering performance since the beginning of the year. They have been buoyed by monetary and fiscal policies that remain accommodating and by the publication of good half-yearly results. In particular, companies have benefited from very favourable comparisons coupled with a strong rebound in activity, which helps to justify the premiums seen on the European and American indices. The markets are nevertheless still very sensitive to the various macroeconomic disturbances (regulatory changes in China, developments in the pandemic, Afghanistan) and require particular vigilance on the various underlying exposures. Investors are looking for directionality against a backdrop of sagging PMI indices that highlight an uneven recovery around the world. Europe appears to be the region with the greatest potential for rebound over the next few years, benefiting from the materialisation of support plans and a more advanced vaccination policy. The Jackson Hole symposium was particularly anticipated by investors. The FED chairman managed to satisfy market operators by initiating a timetable for the lifting of certain support measures. The convertible bond market has traditionally been quiet with no placements in the European segment.

The DNCA Invest Convertibles fund posted a monthly performance of -0.01% versus -0.02% for its benchmark, the Exane ECI €. Activity was concentrated on the secondary market with some tactical arbitrage carried out in the context of quarterly publications. Deutsche Post 2025 and STMicroelectronics 2027 were thus reinforced despite flattering performances on the underlying stocks. The visibility on the business and the valuation of the shares allow us to envisage a continuation of the performance over the coming months. These transactions were financed by tactical profit taking on convertible bonds with an equity profile: BE Semiconductor 2027 and Cellnex 2028. The Ubisoft 2024 stock was also sold due to technical characteristics that had become unattractive: high conversion premium (>100%) and an actuarial yield of almost zero. Finally, the arbitrage initiated in the previous month continued on the Worldline issues: reduction of the Atos/Worldline 2024 exchangeable in favor of the Worldline 2026 security.

Convertible bonds continue to suffer from a disadvantageous sector exposure but remain attractive for medium-term investment. The drop in valuations over the past few months has allowed the fund to regain the convexity needed to face a macro economy that will continue to be volatile. The fund retains a cautious, fundamental bias that allows it to avoid excessive concentrations in the main indices. Credit quality remains solid with an investment grade ratio close to 45% and a moderate duration. The primary market should pick up over the next few months, but selectivity will remain important by favouring the secondary market, which offers more convex investment vehicles. The fund offers a delta/return ratio of 44% and -2.4%, compared with 51% and -4.1% for its benchmark.

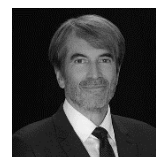
Text completed on 06/09/2021.



Félix
Haron



Denis
Passot



Philippe
Garnier



Jean-Paul
Ing

Administrative information

Name: DNCA INVEST Convertibles
ISIN code (Share A): LU0401809073
SFDR classification: Art.6
Inception date: 17/12/2008
Investment horizon: Minimum 5 years
Currency: Euro
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: Exane Eurozone Convertible Bond
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:

Félix HARON
 Denis PASSOT
 Philippe GARNIER
 Jean-Paul ING

Minimum investment: 2,500 EUR
Subscription fees: 2%max
Redemption fees: -
Management fees: 1.60%
Ongoing charges as of 31/12/2020: 1.66%
Performance fees: 15% of the positive performance net of any fees above the index: Exane Eurozone Convertible Bond with High Water Mark

Custodian: BNP Paribas Securities Services, Luxembourg Branch

Settlement: T+2

Cut off: 12:00 Luxembourg time

Glossary

Beta. Measures the average extent to which a fund moves relative to the broader market. The beta of a market is 1. A fund with a beta of more than 1 moves on average to a greater extent than the market. A fund with a beta of less than 1 moves on average to a lesser extent. If beta is a minus number, it is likely that the stock and the market move in opposite directions.

Convertible Bond. Hybrid securities that have both bond and equity characteristics. Convertible bonds make periodic interest payments like a bond, but bondholders also get an option to exchange their bonds for a specified number of shares of common stock. Convertible bonds typically carry lower coupon rates, thus reducing the corporation's cost of borrowing.

Correlation coefficient. The correlation coefficient is a measure of correlation. It is used to determine the relationship between two assets over a given period. A positive coefficient means that the two assets move in the same direction. Conversely, a negative coefficient means that the assets move in the opposite direction. The correlation or decorrelation can be more or less strong and varies between -1 and 1.

Delta. The delta of a position expresses the change in the price of an option when its underlying asset price varies. It corresponds to the derivative of the theoretical value of the option relating to the price of the underlying asset.

Maturity. The time when a bond or other debt instrument is due to for redemption (is due to mature); or the length of time between the issue of such an instrument and the date it is due for redemption (the maturity date).

Sensitivity. The sensitivity of a bond measures the change in its percentage value induced by a given change in interest rates.

Sharpe Ratio. A way of measuring the historical risk-adjusted return on an investment. It is the average previous return minus the risk-free return, divided by the standard deviation (a measure of risk that looks at the diversion of actual returns from expected returns).

Sharpe Ratio. The Sharpe ratio measures the excess return over the risk-free money rate of an asset portfolio divided by the standard deviation of that return. It is therefore a measure of the marginal return per unit of risk. It is used to measure the performance of managers with different risk policies.

Tracking error. Tracking Error is a measure of how closely an investment portfolio follows the index against which it is benchmarked. It is the difference in the return earned by a portfolio and the return earned by the benchmark against which the portfolio is constructed. For example, if a bond portfolio earns a return of 5.15% during a period when the portfolio's benchmark (say, for example, the Lehman Brothers Index) produces a return of 5.06%, the tracking error is .09%, or 9 basis points.

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