DNCA INVEST
ALPHA BONDS

INTERNATIONAL MULTI-STRATEGIES BONDS

Investment objective

The Sub-Fund seeks to provide, throughout the recommended investment period of more than three years, a higher performance, net of any fees, than the SOFR index plus 2%. This performance objective is sought by associating it to a lower annual volatility than 5% in normal market conditions.

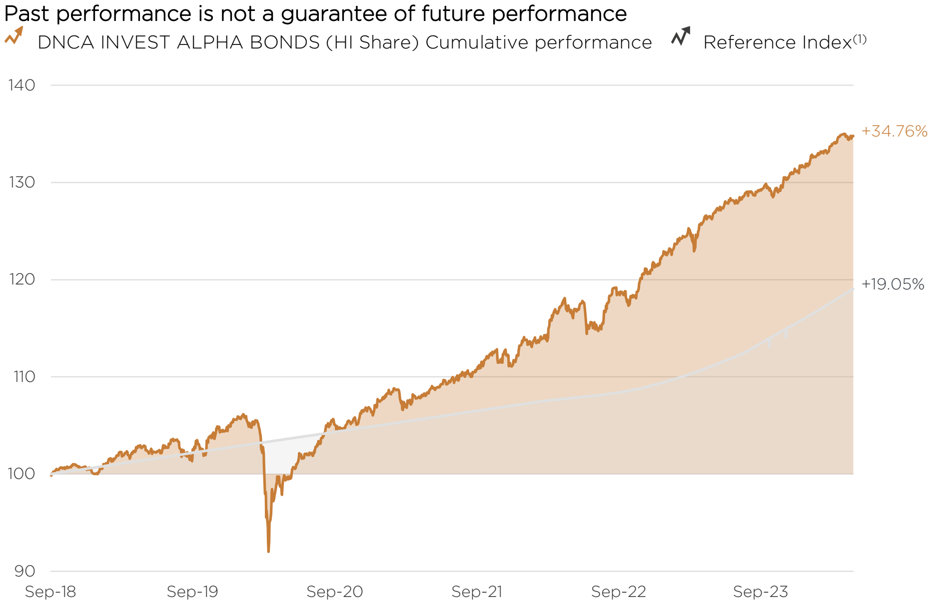
To achieve its investment objective, the investment strategy is based on active discretionary management.

Financial characteristics

NAV ($)	134.99
Net assets (€M)	10,804
Bloomberg liquidity score	87.8%
Average modified duration	3.38
Average yield	5.40%
Volatility ex ante	3.27%
Average rating	A+

Performance (from 04/09/2018 to 30/04/2024)

Past performance is not a guarantee of future performance



(1) SOFR + 2%

Annualised performances and volatilities (%)

	1 year	3 years	5 years	Since inception
HI Share	+6.62	+7.52	+5.54	+5.41
Reference Index	+7.08	+3.99	+3.23	+3.11
HI Share - volatility	1.94	3.09	4.19	3.99
Reference Index - volatility	1.19	0.71	0.55	0.52

Cumulative performances (%)

	1 month	3 months	YTD	1 year	3 years	5 years
HI Share	-0.07	+1.37	+2.17	+6.62	+24.33	+31.01
Reference Index	+0.65	+1.78	+2.44	+7.08	+12.47	+17.26

Calendar year performances (%)

	2023	2022	2021	2020	2019
HI Share	+7.39	+8.19	+5.55	+1.56	+5.83
Reference Index	+6.05	+2.10	+2.06	+2.09	+2.16

Risk indicator

Lower risk — Higher risk

Synthetic risk indicator according to PRIIPS. 1 corresponds to the lowest level and 7 to the highest level.

	1 year	3 years	5 years	Since inception
Sharpe Ratio	3.38	2.44	1.32	1.36
Tracking error	2.18%	3.15%	4.21%	4.01%
Correlation coefficient	0.09	0.03	0.02	0.02
Information Ratio	-0.21	1.12	0.55	0.57
Beta	0.14	0.13	0.15	0.15

Main risks: risk of capital loss, interest-rate risk, risk relating to discretionary management, credit risk, inflation rate depreciation risk, inflation risk, counterparty risk, risk related to investing in speculative securities, risk of investing in derivative instruments as well as instruments embedding derivatives, convertible securities risk, specific Risks linked to Convertible, Exchangeable and Mandatory Convertible Bonds, risk related to exchange rate, liquidity risk, high volatility risk, equity risk, ESG risk, sustainability risk

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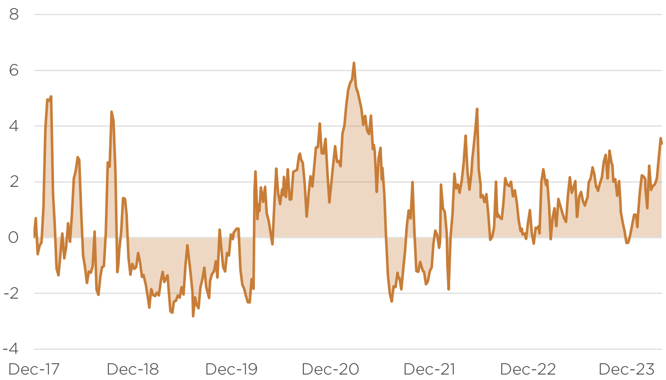
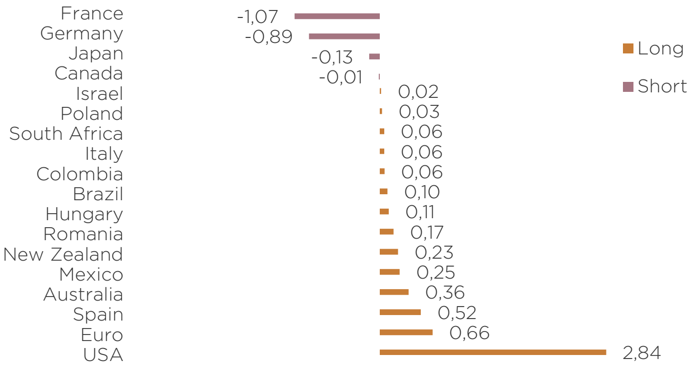
Modified duration evolution



Modified duration by country

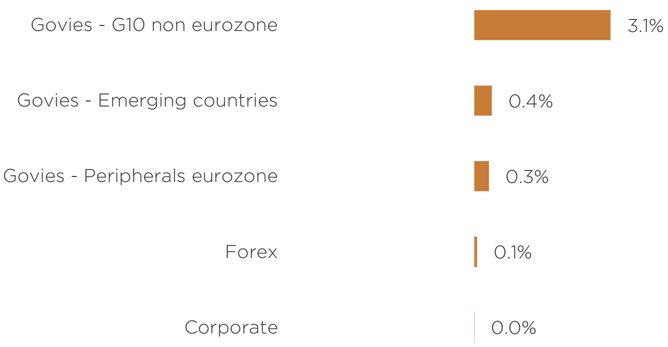


Performance contribution MTD

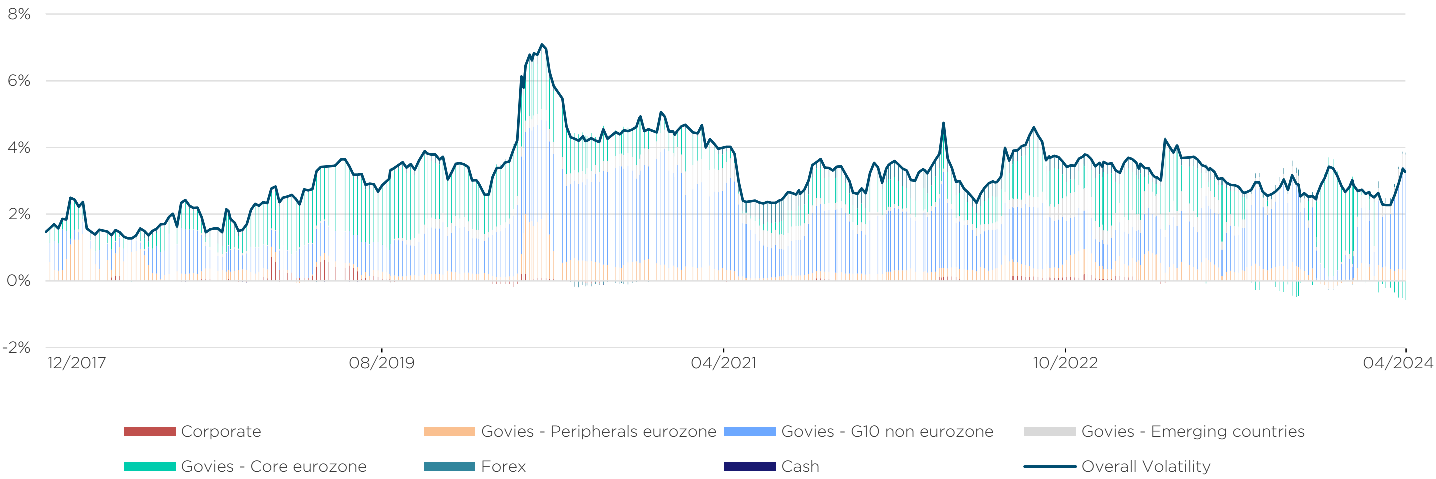
Past performance is not a guarantee of future performance

Performance Contribution	-0.34%
Govies - Core eurozone	+0.56%
Govies - Peripherals eurozone	+0.09%
Euro Interest Rate Swaps	+0.13%
Govies - G10 non eurozone	-0.95%
Interest Rate Swaps exc. Euro	-0.03%
Govies - Emerging countries	-0.12%
Cash and equivalents	-0.01%

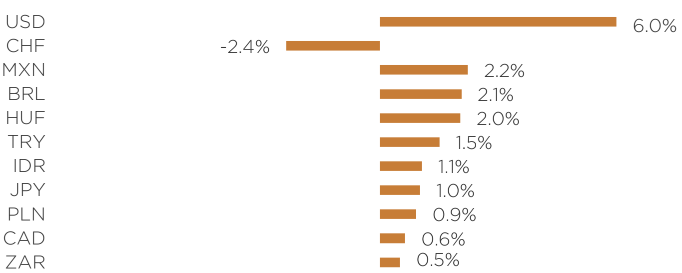
Volatity contribution



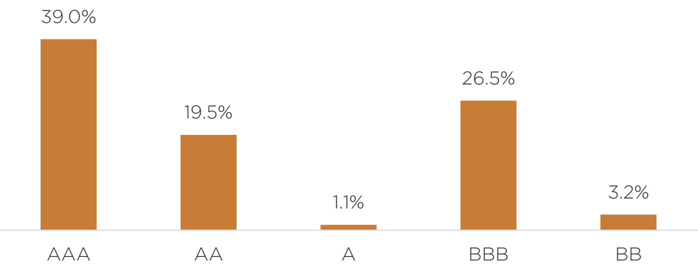
Volatility evolution



Exposure by currency



Exposure by rating



Portfolio managers comments

After a month of stabilisation in the bond market in March, April saw the resumption of the rise in interest rates that began at the start of the year. This overall rise did not prevent certain divergences from persisting between the American and European economic blocs.

First, inflation. In the United States, the latest publications on price levels continue to show more robustness than expected at the end of last year. However, the PCE, the Fed's favourite measure, could end up below 2.5% as early as the summer, offering grounds for satisfaction in the fight against inflation. In Europe, CPI looks set to end the year at around 2%, in line with the European Central Bank's target.

Growth, too, is in stark contrast. While it seemed unshakeable, the publication of US growth figures for the first quarter disappointed and confidence indicators are falling. In contrast, European growth, though still weak, is stabilising and the soft-datas are picking up. Overall, a scenario of sluggish growth seems to be taking shape, as shown by equities, which are giving back some of their March gains, and oil, which is stabilising at around $85/bbl after a strong start to the year.

On both sides of the Atlantic, the robustness of the labour market and growing budget deficits remain the last remaining obstacles to monetary easing. While France has maintained its rating with Moody's and Fitch, in Italy the downward revision of the deficit and the government's inability to publish a forecast for 2024 are causing concern. Finally, in the United States, the slowdown in quantitative tightening is offering the government a respite, in a country where growth levers are reassuring investors as to the viability of this growing debt.

In short, the latest economic figures still do not allow us to foresee with any certainty the start of a downward cycle by the Fed, unlike the ECB, whose resolution to begin a downward cycle in June is not enough to convince the markets of a rapid and deep cycle in a context where growth is proving more robust than hoped.

In terms of management, we have decided to increase the portfolio's bond sensitivity. The levels reached by short-term US yields, particularly the 2-year which momentarily exceeded 5%, now present an asymmetrical profile. We therefore increased sensitivity to around 3% through purchases on the short end of the curve, thereby strengthening our positions as yield curves steepen. We have also increased our exposure to Australian duration, which we feel is attractive given the less inverted profile of the curve and the fact that monetary policy is still lagging. Finally, we reduced our long exposure to Italian yields for the political and budgetary reasons discussed earlier, and our short exposure to Germany and Canada. On the FX side, we increased our long position in Turkish lira following the central bank's surprise intervention at the end of March, which did much to stabilise the currency. We have begun to build an arbitrage strategy on corporate credit via CDS. Finally, we are maintaining our exposure to rising break-even inflation in the eurozone, and long positions in currencies against the euro, with the exception of the Swiss franc, for which we are maintaining a downward bias.

For the months ahead, we believe that the momentary return of volatility in April should not be accentuated, despite the persistence of geopolitical tensions and the many forthcoming elections. More in line with the central banks, the market remains in a wait-and-see mode as it awaits the start of the divergence in monetary policies around the globe.

Text completed on 13/05/2024.

Pascal Gilbert

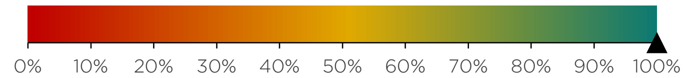
François Collet

Fabien Georges

Paul Lentz

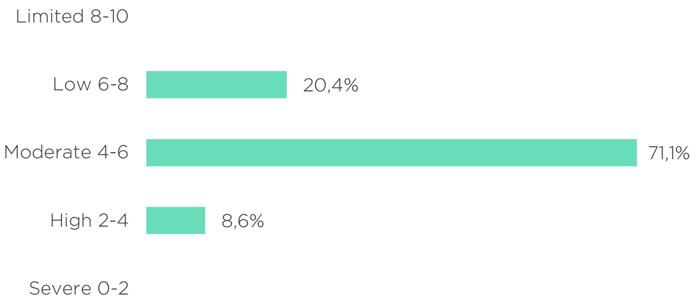
Thibault Chrapaty

ABA coverage rate+ (100%)

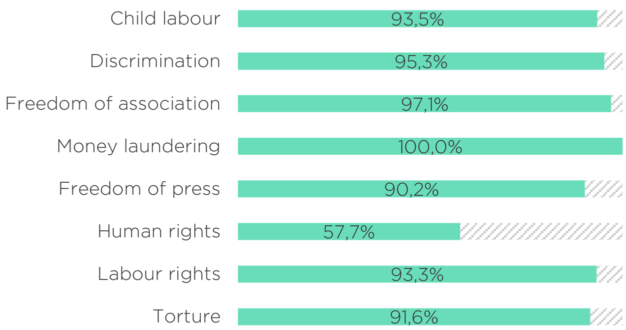


Average ESG Score: 4.9/10

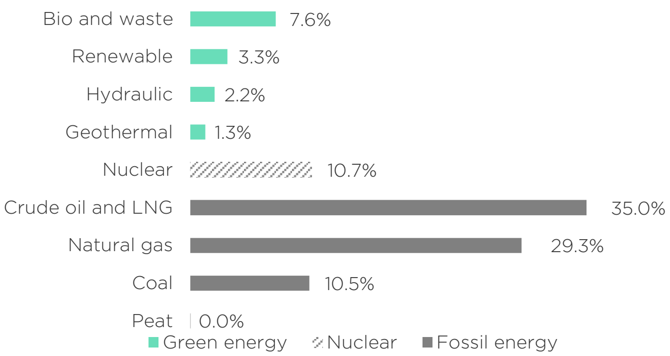
ESG risk breakdown[1]



International norm based compliance



Energy supply mix breakdown



Carbon intensity

	Amount
Production intensity (tCO_2/M Euros Debt)	308.0
Production intensity (tCO_2/M Euros GDP)	353.1

Sustainablity engagements

	Weight	Countries in portfolio
UN Paris agreement (COP 21)	100%	16
UN biodiversity convention	65.0%	15
Coal phase out	80.9%	11
Signatory to the Nuclear Non-Proliferation Agreement	89.0%	14

Analysis methodology

We develop proprietary models based on our expertise and conviction to add tangible value in the selection of portfolio securities. DNCA's ESG analysis model, Above & Beyond Analysis (ABA), respects this principle and offers a rating that we control the entire construction. Information from companies is the main input to our rating. The methodologies for calculating ESG indicators and our responsible investor and engagement policy are available on our website by clicking here.

[1] The rating out of 10 integrates 4 responsibility risks: governance, environmental, social and societal. Regardless of their geographical area, 15 indicators are evaluated such as democratic life, climate change, education and employment, health, living conditions, freedoms and respect for fundamental rights, inequalities...

[2] Total energy supply means the overall supply of energy for all activities on the territory of the country, but excluding international aviation and maritime bunkers. It includes energy needs for energy transformation (including generating electricity from combustible fuels), support operations of the energy sector itself, transmission and distribution losses, final energy consumption (industry, transport, households, services, agriculture, ...) and the use of fossil fuel products for non-energy purposes (e.g. in the chemical industry). It excludes international aviation and maritime bunkers, but it might include other fuels purchased within the country that are used elsewhere (e.g. "fuel tourism" in the case of road transport).

+ The coverage rate measures the proportion of issuers (government bonds) taken into account in the calculation of the extra-financial indicators. This measure is calculated as a % of the fund's net assets adjusted for cash, money market instruments, derivatives and any vehicle outside the scope of "listed government bonds". The coverage rate of the portfolio and the benchmark is identical for all indicators presented.

Administrative information

Name: DNCA INVEST Alpha Bonds
ISIN code (Share HI): LU1859213875
SFDR classification: Art.8
Inception date: 03/09/2018
Investment horizon: Minimum 3 years
Currency: Dollar
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: SOFR + 2%
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:
Pascal GILBERT
François COLLET
Fabien GEORGES
Paul LENTZ
Thibault CHRAPATY

Minimum investment: 200,000 USD
Subscription fees: - max
Redemption fees: -
Management fees: 0.60%
Ongoing charges as of 30/12/2022: 0.69%
Performance fees: 20% of the positive performance net of any fees above the index: SOFR + 2% with High Water Mark

Custodian: BNP Paribas - Luxembourg Branch
Settlement: T+2
Cut off: 12:00 Luxembourg time

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A summary of investors' rights is available in English at the following link: https://www.dnca-investments.com/en/regulatory-information

This product promotes environmental or social characteristics, but does not have as its objective a sustainable investment. It might invest partially in assets that have a sustainable objective, for instance qualified as sustainable according to the EU classification.

This product is subject to sustainability risks as defined in the Regulation 2019/2088 (article 2(22)) by environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

If the portfolio investment process can incorporate ESG approach, the portfolio's investment objective is not primarily to mitigate this risk. The sustainability risk management policy is available on the website of the Management Company.

The reference benchmark as defined in the Regulation 2019/2088 (article 2(22)) does not intend to be consistent with the environmental or social characteristics promoted by the fund.

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.
Bloomberg liquidity Score. The Bloomberg Liquidity Score reflects the security's centile rank, and is represented with a relative value between 1 and 100. A score of 100 is the most liquid, with the lowest average liquidation cost for a range of volumes.
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.
Derivatives. The collective name used for a broad class of financial instruments that derive their value from other underlying financial instruments. Futures, options and swaps are all types of derivative.
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. 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.
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).
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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