

DNCA INVEST EUROSE

FLEXIBLE ASSET



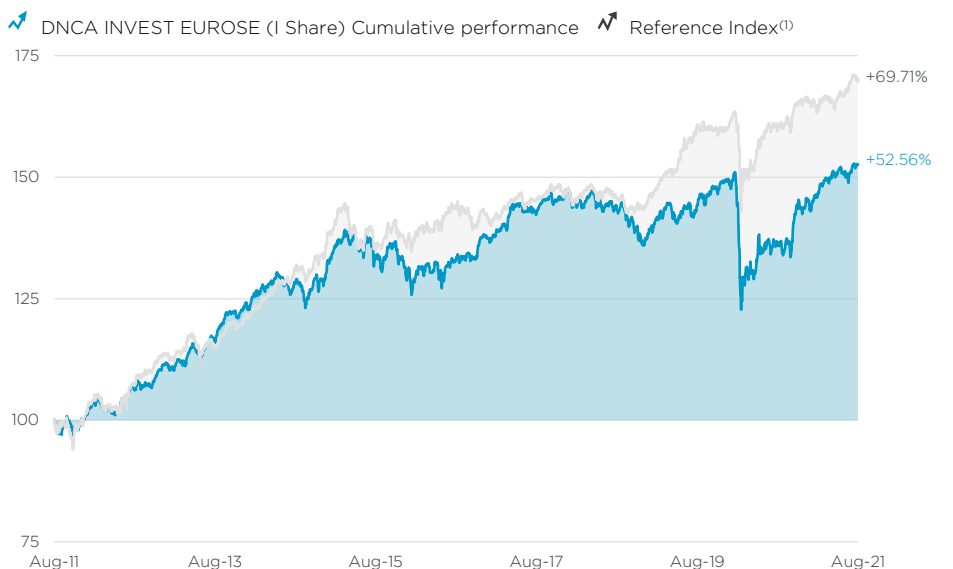
Investment objective

The Sub-Fund seeks to outperform the 80% FTSE MTS Global + 20% EURO STOXX 50 Net Return composite index calculated with dividends reinvested, over the recommended investment period (3 years).

Financial characteristics

NAV (€)	182.36
Net assets (€M)	2,411
Number of equities holdings	33
Number of issuers	147
Dividend yield 2020 ^e	3.59%
ND/EBITDA 2020	1.6x
Price to Book 2020	1.2x
Price Earning Ratio 2021 ^e	11.4x
EV/EBITDA 2021 ^e	5.6x
Price to Cash-Flow 2021 ^e	5.7x
Average modified duration	2.21
Average maturity (years)	2.55
Average yield	0.64%
Average rating	BB+

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



⁽¹⁾80% FTSE MTS Global + 20% EURO STOXX 50 NR. Past performance is not a guarantee of future performance.

Annualised performances and volatilities (%)

	1 year	3 years	5 years	10 years	Since inception
I Share	+12.09	+2.10	+2.77	+4.31	+4.32
Reference Index	+6.45	+5.24	+3.37	+5.43	+4.40
I Share - volatility	5.19	7.06	5.92	5.52	4.86
Reference Index - volatility	3.94	5.45	4.86	5.31	5.44

Cumulative performances (%)

	1 month	YTD	1 year	3 years	5 years	10 years	Since inception
I Share	+1.07	+6.35	+12.09	+6.44	+14.66	+52.56	+82.36
Reference Index	+0.06	+2.35	+6.45	+16.56	+18.01	+69.72	+84.19

Calendar year performances (%)

	2020	2019	2018	2017	2016
I Share	-3.59	+8.62	-5.74	+5.49	+3.21
Reference Index	+4.15	+10.77	-1.76	+2.22	+3.64

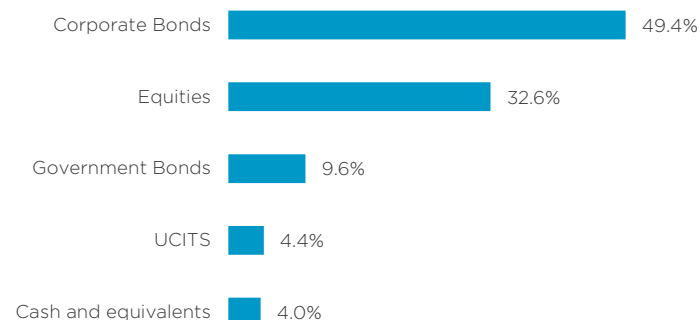
Risk and reward profile



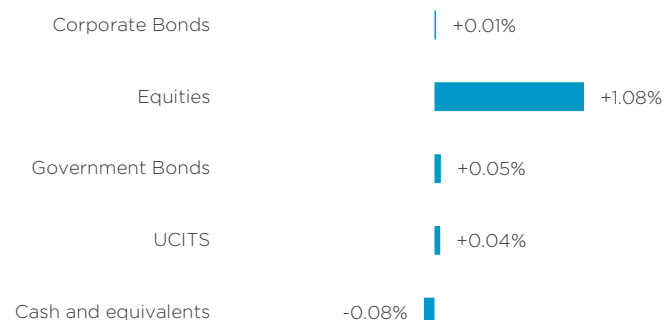
	1 year	3 years	5 years
Sharpe Ratio	2.42	0.36	0.54
Tracking error	4.40%	4.56%	4.07%
Correlation coefficient	0.56	0.76	0.73
Information Ratio	1.28	-0.69	-0.15
Beta	0.74	0.99	0.89

Main risks: Counterparty risk, credit risk, equity risk, eSG risk, interest-rate risk, liquidity risk, risk associated with troubled financial securities, risk of investing in derivative instruments as well as instruments embedding derivatives, specific Risk linked to ABS and MBS

Asset class breakdown



Monthly performance contributions



Sector breakdown (ICB)

	Fund	Index
Banks	15.1%	1.3%
Govies	9.6%	80.0%
Telecommunications	8.9%	0.4%
Industrial Goods and Services	7.7%	3.0%
Technology	7.4%	3.7%
Automobiles and Parts	5.9%	0.8%
Construction and Materials	5.4%	0.6%
Media	4.9%	0.2%
Health Care	4.7%	1.5%
Energy	4.5%	0.8%
Utilities	4.2%	0.9%
Financial Services	3.5%	0.2%
Chemicals	1.8%	1.7%
Consumer Products and Services	1.7%	2.1%
Food, Beverage and Tobacco	1.6%	0.8%
Retail	1.4%	0.5%
Real Estate	1.0%	0.2%
Personal Care, Drug and Grocery	0.9%	0.2%
Travel and Leisure	0.7%	0.2%
Basic Resources	0.6%	-
Insurance	0.3%	1.1%
UCITS	4.4%	N/A
Cash and equivalents	4.0%	N/A

Country breakdown

	Fund	Index
France	45.5%	27.0%
Italy	15.5%	19.3%
Netherlands	9.9%	7.1%
Spain	9.0%	12.7%
Germany	3.1%	19.7%
Luxembourg	1.5%	-
USA	1.5%	-
Ireland	1.1%	2.1%
Sweden	1.0%	-
Austria	0.8%	3.0%
United Kingdom	0.8%	0.9%
Belgium	0.6%	5.0%
Portugal	0.3%	2.0%
Denmark	0.3%	-
Norway	0.3%	-
Finland	0.2%	1.4%
Australia	0.1%	-
Poland	0.1%	-
UCITS	4.4%	N/A
Cash and equivalents	4.0%	N/A

Bonds portfolio composition and indicators

	Weight	Maturity (yrs)	Modified duration	Yield	Number of lines
Fixed rate bonds	34.56%	2.54	2.25	0.82%	140
Inflation-linked bonds	9.60%	2.76	2.74	-0.43%	5
Floating-rate bonds	8.65%	2.59	1.68	0.64%	41
Participative and perpetual	3.20%	2.40	2.22	1.73%	18
Convertible bonds	2.97%	2.02	1.53	0.82%	8
Total	58.97%	2.55	2.21	0.64%	212

Changes to portfolio holdings⁺

In: Castellum AB PERP, eircom Finance DAC 1.75% 2023 (3.5), Gruenenthal GmbH 2026 FRN (4.9) and Jyske Bank AS 2026 FRN

Out: Gruenenthal GmbH 4.13% 2026 (4.9), KLOECKNER & CO FINL SERV 2% 09/08/2023 and PRYSMIAN SPA 0% 01/17/2022 (6.2)

Equity portfolio (32.6%)

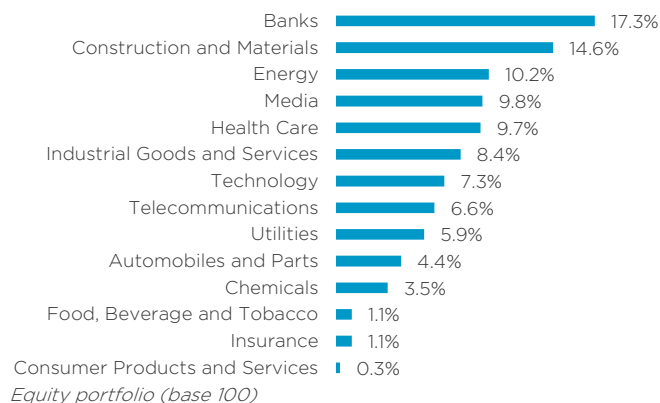
Main positions⁺

	Weight
TOTALENERGIES SE (5.7)	2.88%
CREDIT AGRICOLE SA (7.0)	2.83%
COMPAGNIE DE SAINT GOBAIN (6.0)	2.32%
STMICROELECTRONICS NV (Paris) (5.3)	2.22%
BOUYGUES SA (5.8)	2.17%

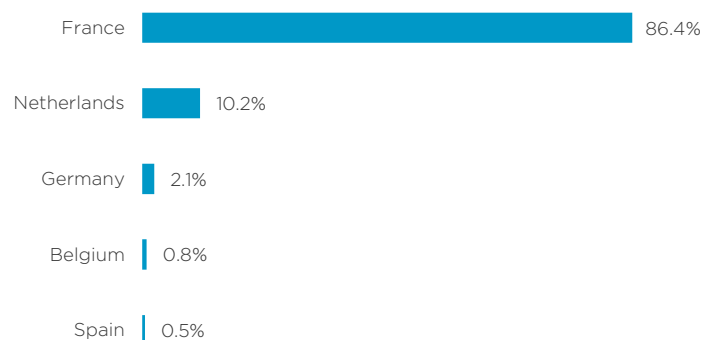
Monthly performance contributions

Best	Weight	Contribution
EDF	1.86%	+0.20%
STMICROELECTRONICS NV (Paris)	2.22%	+0.19%
BOUYGUES SA	2.17%	+0.18%
SOCIETE GENERALE SA	1.77%	+0.13%
CREDIT AGRICOLE SA	2.83%	+0.11%
Worst	Weight	Contribution
THALES SA	1.82%	-0.05%
DASSAULT AVIATION SA	0.91%	-0.05%
TECHNIP ENERGIES NV	0.28%	-0.01%
COFACE SA	0.34%	-0.01%
MICHELIN (CGDE)	1.25%	-0.01%

Sector breakdown (ICB)



Country breakdown



Bond portfolio (59.0%)

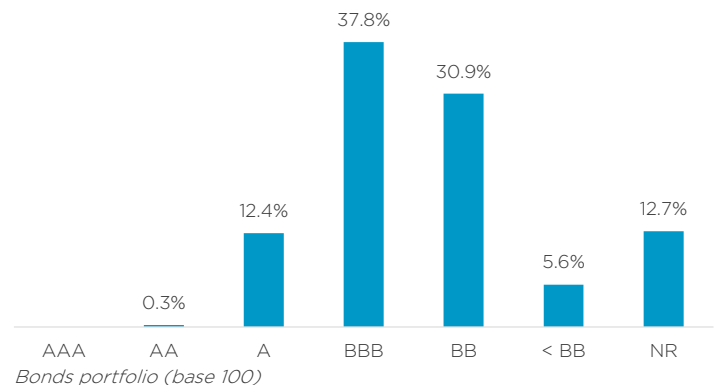
Main positions⁺

	Weight
Spain I/L 2024	3.08%
Italy I/L 2024	2.92%
Italy I/L 2023	1.92%
Telecom Italia SpA Milano 1.13% 2022 CV (4.1)	1.60%
Spain I/L 2023	1.21%

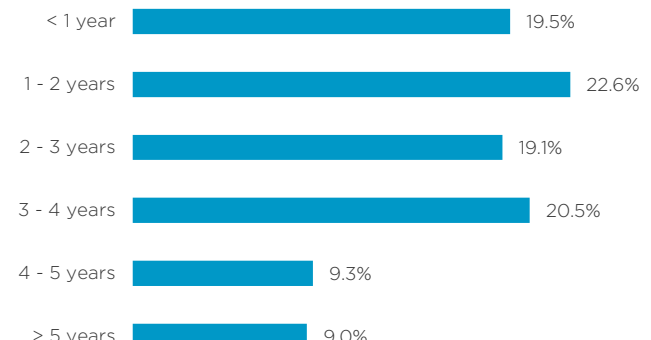
Monthly performance contributions

Best	Weight	Contribution
Italy I/L 2024	2.92%	+0.02%
Spain I/L 2024	3.08%	+0.02%
Italy I/L 2023	1.92%	+0.01%
Spain I/L 2023	1.21%	+0.01%
ams AG 6% 2022	0.36%	+0.00%
Worst	Weight	Contribution
Iliad SA 1.88% 2028	0.45%	-0.01%
CGG SA 7.75% 2027	0.28%	+0.00%
Iliad SA 2.38% 2026	0.23%	+0.00%
Eiffage SA 1.63% 2026	0.17%	+0.00%
BNP Paribas SA 2028 FRN	0.27%	+0.00%

Rating breakdown



Maturity breakdown



Portfolio managers comments

The good trend in earnings releases observed in July continued in August, for both listed and unlisted debt-issuing companies. Balance sheets, which were severely affected by the crisis last year, are now in a rapid recovery phase. The vast majority of European and global leaders in the portfolio have consolidated or even strengthened their market shares, thanks to the cost-cutting plans introduced and the use of all available public aid. The maintenance of extremely favourable financing conditions is the key to this resistance. The slight rise in interest rates over the month, entirely linked to the rebound in inflation expectations, pushed down the bond markets, within which high-yield credit saw its spreads compress, and equities fell by nearly 3%.

Thanks to its allocation to equities and credit, Invest Eurose continued to rise (1.07% over the month) and posted a year-to-date performance of 6.35%.

During the month, the fund increased its exposure to Akka Technologies, BNP Paribas, Stellantis and TotalEnergies. Conversely, it reduced its positions in Bouygues, Orange and Société Générale. The fund also monetised the dividends received in shares of Crédit Agricole and EDF. At the end of August, Invest Eurose was 30.0% invested in equities (net of hedging) with significant exposure to the following sectors: banking, buildings and construction materials, energy, health and media. The portfolio's main holdings are : TotalEnergies (2.9%), Crédit Agricole (2.8%), Saint-Gobain (2.3%), STMicroelectronics (2.2%) and Bouygues (2.2%). The management team hedges part of the equity portfolio through the sale of futures contracts (EURO STOXX 50 and CAC 40), which was increased slightly in August to 3.75%. The financial characteristics of the portfolio show a still reasonable valuation with a P/E for the current year of 11.5x (EURO STOXX 50 at 18.0x) for an expected earnings growth of +64%, the yield of dividends paid in 2021 is estimated at 3.5% (EURO STOXX 50 at 2.2%).

On the bond side, the reduction of senior non-preferred positions of the major European banks is still ongoing, depending on buying opportunities. Two new issuers are entering the portfolio via the primary market: Castellum, a Swedish listed company, leader in office and logistics real estate in the largest cities in the Nordic countries; Invest Eurose is investing in a hybrid bond issued in connection with the acquisition of its compatriot and competitor Kungsliden. The call is expected in 5.5 years, for a yield of 3.1%. The Danish bank Jyske Bank, in the context of a green bond issue in senior non-preferred format, also entered the portfolio, with an investment grade rating and a maturity of 5 years. After a strong performance, the Klöckner 2023 and Prysmian 2022 convertibles were sold, and the Unibail-Rodamco-Westfield (hybrid, call 2023) and Intesa SanPaolo 2023 lines were reduced. It should be noted that during the month ArcelorMittal and Kion, in the portfolio, had their credit ratings upgraded to investment grade by Moody's and S&P respectively.

The portfolio's good earnings performance in the first half of the year has led to a significant upward revision of the earnings outlook for 2021 and 2022. As a result, despite the performance of Invest Eurose's equity portfolio, its valuation levels have eased. These very reasonable ratios could act as a buffer if the expected change in monetary policy in the US were to weigh on the markets. On the credit side, many issues are expected in September, so the fund could continue to diversify its investments and optimise its risk/return ratio.

Text completed on 02/09/2021.



Jean-Charles
Meriaux



Romain
Grandis



Damien
Lanternier



Adrien
Le Clainche



Baptiste
Planchard



Nolwenn
Le Roux

Administrative information

Name: DNCA INVEST Eurose
ISIN code (Share I): LU0284394151
SFDR classification: Art.8
Inception date: 21/06/2007
Investment horizon: Minimum 3 years
Currency: Euro
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: 80% FTSE MTS Global + 20% EURO STOXX 50 NR
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:

Jean-Charles MERIAUX
 Romain GRANDIS
 Damien LANTERNIER
 Adrien LE CLAINCHE
 Baptiste PLANCHARD
 Nolwenn LE ROUX

Minimum investment: 200,000 EUR
Subscription fees: 1% max
Redemption fees: -
Management fees: 0.70%
Ongoing charges as of 31/12/2020: 0.70%
Performance fees: -

Custodian: BNP Paribas Securities
 Services, Luxembourg Branch
Settlement: T+2
Cut off: 12:00 Luxembourg time

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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.

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.

Dividend yield. Annual dividends per share / Price per share

EV (Enterprise Value). Market value of common stock + market value of preferred equity + market value of debt + minority interest - cash and investments.

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).

ND/EBITDA (Net Debt / EBITDA). A measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

P/B. The Price to Book Ratio is the ratio of the market value of equity (market capitalisation) to its book value. It is used to compare the market valuation of a company with its book value.

P/CF (Share price/Cash Flow per Share). The price-to-cash-flow ratio is an indicator of a stock's valuation.

PER (Price Earnings Ratio). A company's share price divided by the amount of profits it makes for each share in a 12-month period. PE ratios are normally calculated on the base of all the profit made in the period, whether or not the profit is paid out to shareholders in that period.

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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