

DNCA INVEST ALPHA BONDS

INTERNATIONAL MULTI-STRATEGIES BONDS



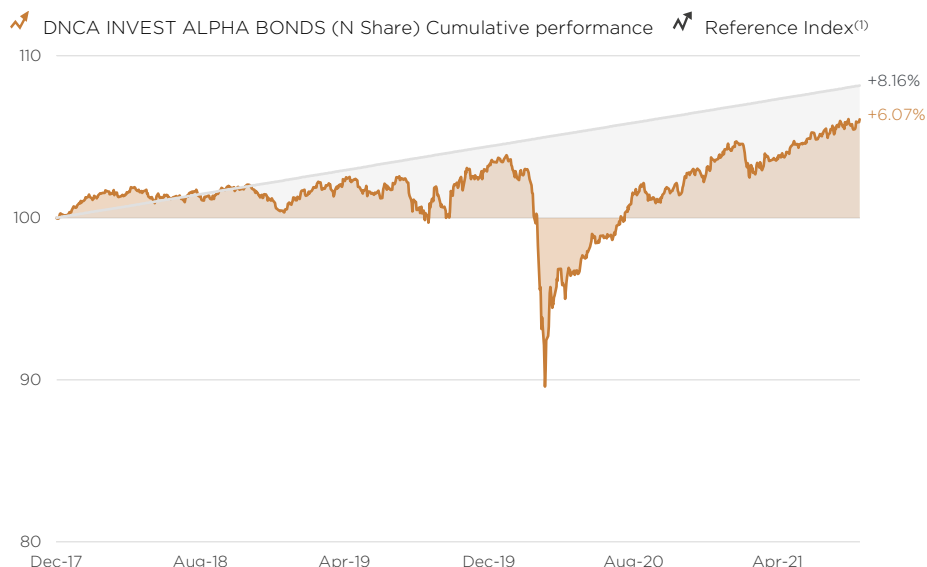
Investment objective

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 EONIA index plus 2.5%. This performance objective is sought by associating it to a lower annual volatility than 5% in normal market conditions. Investors' attention is drawn to the fact that the management style is discretionary.

Financial characteristics

NAV (€)	106.07
Net assets (€M)	2,542
Bloomberg liquidity score	95.8%
Average modified duration	-1.42
Volatility ex ante	3.39%

Performance (from 14/12/2017 to 31/08/2021)



⁽¹⁾EONIA Capitalisé +250BP. Past performance is not a guarantee of future performance.

Annualised performances and volatilities (%)

	1 year	3 years	Since inception
N Share	+3.84	+1.60	+1.60
Reference Index	+2.07	+2.12	+2.14
N Share - volatility	2.88	4.66	4.24
Reference Index - volatility	0.08	0.08	0.08

Cumulative performances (%)

	1 month	3 months	YTD	1 year	3 years	Since inception
N Share	+0.16	+1.43	+2.41	+3.84	+4.86	+6.07
Reference Index	+0.18	+0.52	+1.37	+2.07	+6.50	+8.16

Calendar year performances (%)

	2020	2019	2018
N Share	-0.12	+3.25	+0.28
Reference Index	+2.09	+2.16	+2.20

Risk and reward profile



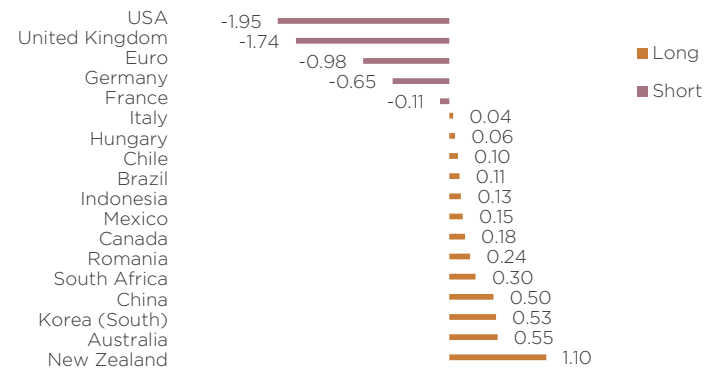
	1 year	3 years
Sharpe Ratio	1.50	0.44
Tracking error	2.88%	4.66%
Correlation coefficient	-0.03	-0.03
Information Ratio	0.61	-0.11
Beta	-1.17	-1.46

Main risks: Convertible securities risk, counterparty risk, credit risk, equity risk, eSG risk, foreign-exchange risk, high volatility risk, inflation rate depreciation risk, interest-rate risk, liquidity risk, risk associated with the inversion of the capital structure, risk of investing in contingent convertible bonds, risk of investing in derivative instruments as well as instruments embedding derivatives, risk of investing in speculative grade bonds, risk relating to discretionary management

Modified duration evolution



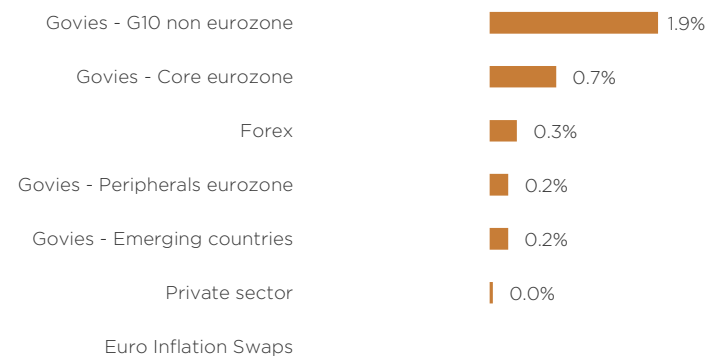
Modified duration by country



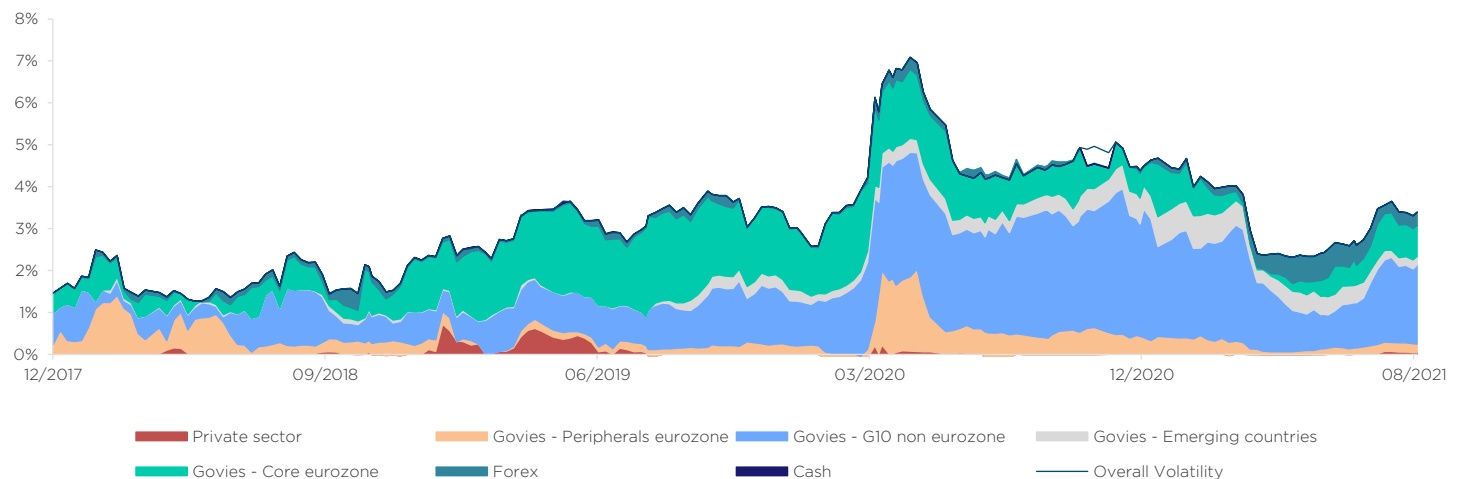
Performance contribution MTD

Performance Contribution Gross	+0.41%
Govies - Core eurozone	+0.08%
Euro Interest Rate Swaps	+0.02%
Euro Inflation Swaps	+0.22%
Govies - G10 non eurozone	-0.12%
Govies - Peripherals eurozone	+0.05%
Govies - Emerging countries	+0.16%
Private sector	0%
Cash	+0.00%

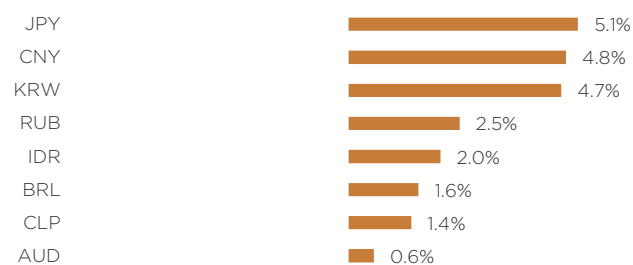
Volatility contribution



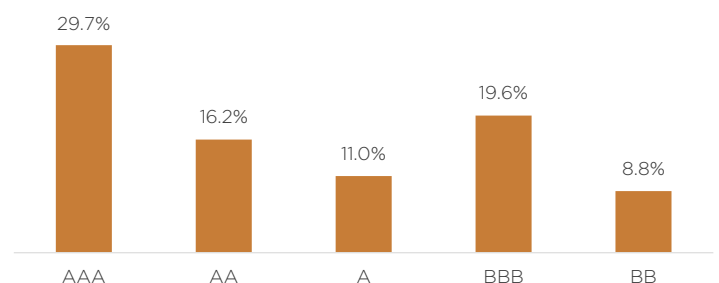
Volatility evolution



Exposure by currency



Exposure by rating



Portfolio managers comments

In August, the good growth momentum was threatened by the rapid spread of the Delta variant around the world. Already disappointing in China for several months, leading indicators weakened in the majority of the major developed countries in a context of persistent lengthening delivery and supply delays, and difficulties in hiring. Now reaching +5.4% in annual variation in the United States, inflation is still considered transitory by a Fed that is still waiting before embarking on a programme to reduce its asset purchases. While this caution is shared by other central banks, which have opted for a surprise status quo (New Zealand, Norway), the trend is to raise short-term rates to calm inflation that has become problematic (Czech Republic, Hungary, Brazil, Mexico) or to limit excessive household debt (South Korea).

In this context, there is little variation to report. German real rates remain close to -2% on the 10-year against -0.50% for its nominal equivalent. In the United States, the real 10-year rate rose by 15 cents to -1%, reflecting a rise in nominal rates and a drop in break-even inflation rates of a similar magnitude.

Over the month, the fund's performance was slightly positive, with little variation in the various contributors. Note, however, the positive contribution of long positions in European short-term inflation and the underperformance of positions in New Zealand real rates.

In an environment of unattractive valuations as measured by our RATP indicators and a low probability of further rate cuts, we maintain an overall negative sensitivity concentrated on the long end of the curves in the eurozone, the UK and the US. We expect reported inflation to continue to exceed market expectations, which will be favourable for inflation-linked bonds.

The portfolio's ex-ante volatility has stabilised at around 3.5%, well below the upper limit of 5%. We continue to favour break-even inflation and duration on certain emerging countries (China, South Korea and South Africa in particular). We maintain a short exposure to euros against a basket of Asian currencies and commodity exporting countries.

Text completed on 06/09/2021.



Pascal
Gilbert



François
Collet



Fabien
Georges

Administrative information

Name: DNCA INVEST Alpha Bonds
ISIN code (Share N): LU1694789709
SFDR classification: Art.8
Inception date: 14/12/2017
Investment horizon: Minimum 3 years
Currency: Euro
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: EONIA Capitalisé +250BP
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:

Pascal GILBERT
 François COLLET
 Fabien GEORGES

Minimum investment: 0 part
Subscription fees: 1%max
Redemption fees: -
Management fees: 0.80%
Ongoing charges as of 31/12/2020: 0.87%
Performance fees: 20% of the positive performance net of any fees above the index: EONIA Capitalisé +250BP with High Water Mark

Custodian: BNP Paribas Securities Services, Luxembourg Branch

Settlement: T+2

Cut off: 12:00 Luxembourg time

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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.

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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.

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. 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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