

# DNCA INVEST BEYOND ALTEROSA

FLEXIBLE ASSET SRI



## Investment objective

The Sub-Fund seeks to outperform the 30% MSCI All Countries World net return + 70% Bloomberg Barclays Global Treasury Index Euro Hedged composite index, calculated with dividends reinvested, over the recommended investment period (minimum 5 years). The Sub-Fund is managed taking into consideration Responsible and Sustainable principles. In this way, the investment process and resulting stock and bond picking take into account internal scoring with respect to both corporate responsibility and sustainability of the companies.

## Financial characteristics

NAV (€)	119.06
Net assets (€M)	190
Number of equities holdings	38
Number of issuers	74
Dividend yield 2020 <sup>e</sup>	1.28%
ND/EBITDA 2020	1.5x
Price to Book 2020	4.1x
Price Earning Ratio 2021 <sup>e</sup>	26.6x
EV/EBITDA 2021 <sup>e</sup>	15.4x
Price to Cash-Flow 2021 <sup>e</sup>	17.3x
Average modified duration	4.48
Average maturity (years)	5.47
Average yield	1.58%
Average rating	BB

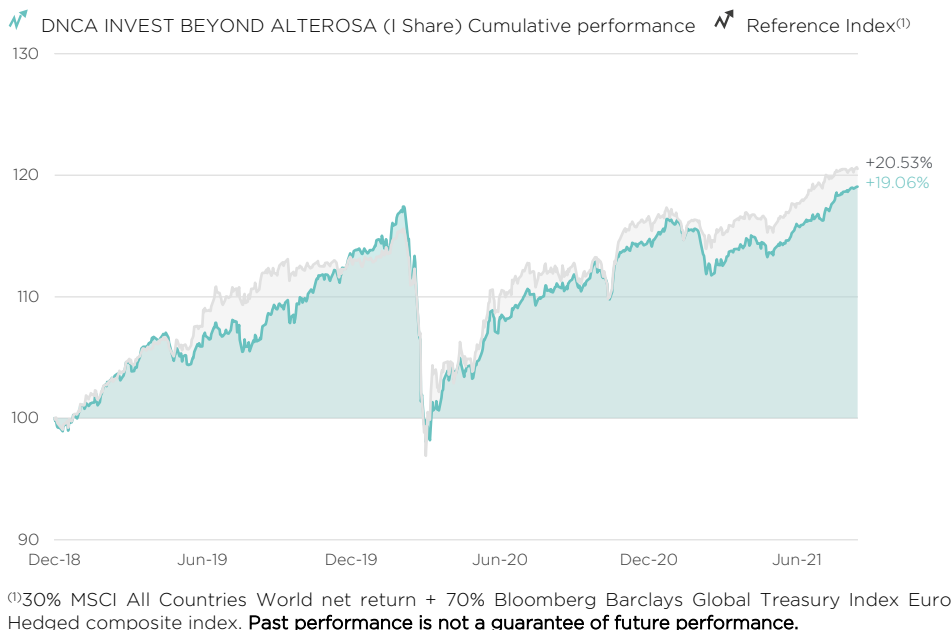
## Extra financial ratio

Average Responsibility Score: 5.8/10  
Sustainable transitions exposure  
(% in number of holdings): 82.1%

Carbon footprint (as of 30 June 2021):  
105t CO<sub>2</sub> / \$M invested  
Carbon intensity (as of 30 June 2021):  
150t CO<sub>2</sub> / \$M of revenues

SDG's exposure: 45.0% of revenues

## Performance (from 17/12/2018 to 31/08/2021)



## Annualised performances and volatilities (%)

	1 year	Since inception
I Share	+7.52	+6.66
Reference Index	+8.29	+7.15
I Share - volatility	3.99	6.80
Reference Index - volatility	4.73	7.17

## Cumulative performances (%)

	1 month	3 months	YTD	1 year	Since inception
I Share	+1.23	+4.19	+3.41	+7.52	+19.06
Reference Index	+0.66	+3.45	+3.47	+8.29	+20.53

## Calendar year performances (%)

	2020	2019
I Share	+1.41	+14.05
Reference Index	+3.59	+12.89

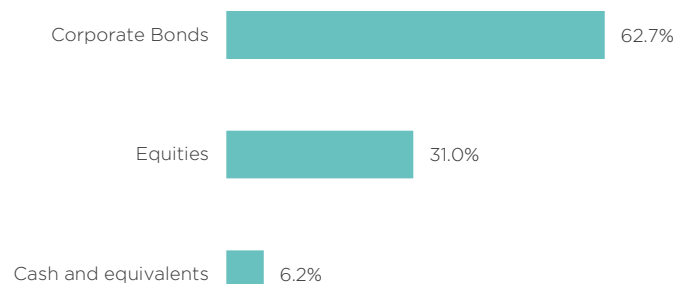
## Risk and reward profile



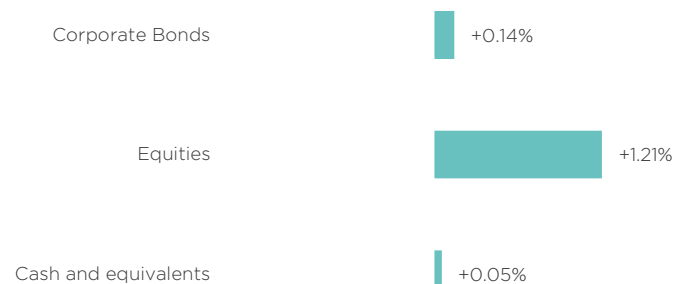
**Main risks:** Credit risk, equity risk, eSG risk, interest-rate risk, liquidity risk, risk associated with troubled financial securities, risk of investing in derivative instruments as well as instruments embedding derivatives, risk related to investments in emerging markets, specific Risk linked to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

	1 year
Sharpe Ratio	2.01
Tracking error	2.94%
Correlation coefficient	0.79
Information Ratio	-0.26
Beta	0.66

## Asset class breakdown



## Monthly performance contributions



## Sector breakdown (ICB)

	Fund	Index
Industrial Goods and Services	16.8%	3.5%
Health Care	15.3%	3.5%
Utilities	9.2%	0.9%
Banks	8.1%	2.1%
Technology	8.0%	7.3%
Automobiles and Parts	7.0%	0.8%
Chemicals	6.4%	0.5%
Consumer Products and Services	3.2%	1.0%
Basic Resources	3.1%	0.6%
Telecommunications	3.0%	0.9%
Personal Care, Drug and Grocery	3.0%	0.7%
Retail	2.6%	1.7%
Real Estate	2.4%	0.8%
Food, Beverage and Tobacco	2.2%	1.1%
Insurance	1.5%	0.9%
Financial Services	1.1%	1.2%
Construction and Materials	0.7%	0.4%
Travel and Leisure	0.1%	0.5%
Media	0.1%	0.4%
Govies	-	68.3%
Energy	-	1.0%
Cash and equivalents	6.2%	1.6%

## Country breakdown

	Fund	Index
France	23.9%	5.1%
USA	10.2%	35.3%
Spain	7.7%	2.7%
Netherlands	6.4%	1.3%
Italy	6.4%	4.2%
Japan	5.9%	18.2%
Germany	5.4%	3.8%
Sweden	4.6%	0.4%
Finland	4.0%	0.3%
Denmark	2.9%	0.4%
Switzerland	2.5%	1.0%
Belgium	2.5%	1.1%
United Kingdom	2.3%	5.8%
Portugal	1.6%	0.4%
Norway	1.4%	0.2%
Ireland	1.1%	0.5%
Taiwan, Republic of China	1.0%	0.5%
Australia	0.9%	1.7%
Israel	0.8%	0.2%
China	0.8%	5.6%
Luxembourg	0.7%	0.1%
Austria	0.6%	0.7%
Poland	0.2%	0.3%
Other Countries	-	8.6%
Cash and equivalents	6.2%	1.6%

## Bonds portfolio composition and indicators

	Weight	Maturity (yrs)	Modified duration	Yield	Number of lines
Fixed rate bonds	38.99%	4.68	4.26	1.57%	55
Floating-rate bonds	13.45%	8.14	4.95	1.30%	13
Participative and perpetual	9.47%	5.11	4.82	1.86%	10
Convertible bonds	0.82%	3.48	3.41	3.18%	2
<b>Total</b>	<b>62.73%</b>	<b>5.47</b>	<b>4.48</b>	<b>1.58%</b>	<b>80</b>

## Changes to portfolio holdings<sup>+</sup>

**In:** Arkema SA PERP (4.5), CAB SELAS 3.38% 2026 (4.2), Castellum AB PERP, Primo Water Holdings Inc 3.88% 2023 (4.6), Silgan Holdings Inc 3.25% 2021 (4.7), SPCM SA 2.63% 2023 (4.1), Veolia Environnement SA PERP (6.4) and Vodafone Group PLC 2030 FRN (4.8)

**Out:** Unibail-Rodamco-Westfield SE PERP (6.4)

## Equity portfolio (31.0%)

### Main positions<sup>+</sup>

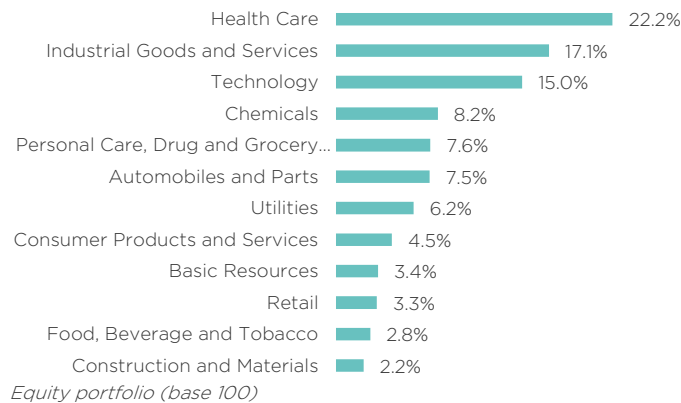
	Weight
EDP RENOVAVEIS SA (6.1)	1.10%
DAIICHI SANKYO CO LTD (4.8)	1.06%
STORA ENSO OYJ-R SHS (6.8)	1.05%
BIOMERIEUX (7.6)	1.04%
ZOZO INC (4.4)	1.02%

### Monthly performance contributions

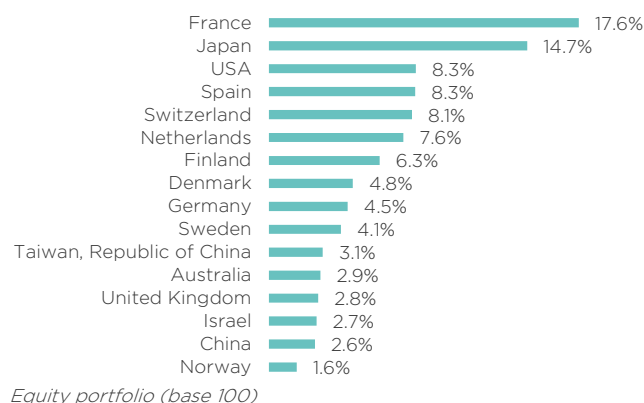
Best	Weight	Contribution
DAIICHI SANKYO CO LTD	1.06%	+0.16%
EDP RENOVAVEIS SA	1.10%	+0.14%
ZOZO INC	1.02%	+0.12%
STMICROELECTRONICS NV (Paris)	0.99%	+0.08%
VESTAS WIND SYSTEMS A/S	0.90%	+0.08%

Worst	Weight	Contribution
ILLUMINA INC	0.81%	-0.08%
PLASTIC OMNIUM	0.81%	-0.04%
GRIFOLS SA-ADR	0.65%	-0.03%
SYMRISE AG	0.86%	-0.03%
TOYOTA MOTOR CORP	0.78%	-0.01%

### Sector breakdown (ICB)



### Country breakdown



## Bond portfolio (62.7%)

### Main positions<sup>+</sup>

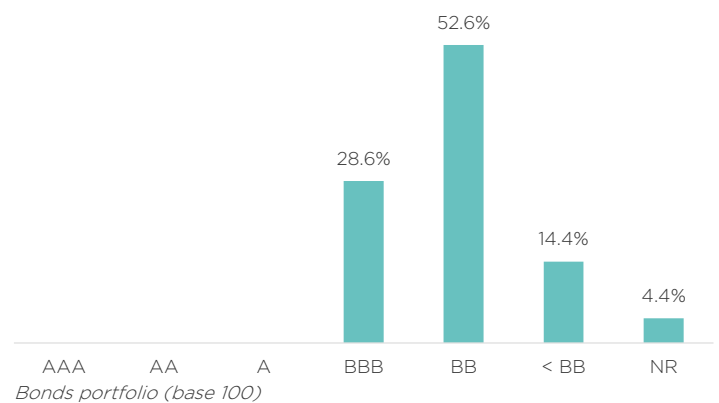
	Weight
Iberdrola International BV PERP (7.9)	1.94%
ZF Finance GmbH 3.75% 2028 (5.0)	1.81%
Verallia SA 1.63% 2028 (5.9)	1.74%
Solvay SA PERP (5.8)	1.66%
UniCredit SpA 2034 FRN (4.2)	1.66%

### Monthly performance contributions

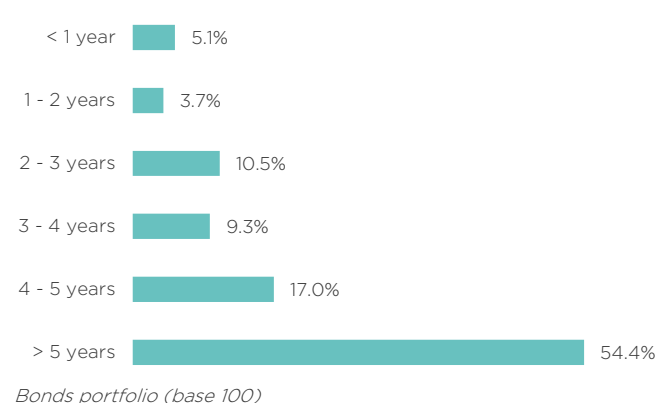
Best	Weight	Contribution
Verallia SA 1.63% 2028	1.74%	+0.02%
UniCredit SpA 2034 FRN	1.66%	+0.01%
ZF Finance GmbH 3.75% 2028	1.81%	+0.01%
Vmed O2 UK Financing I PLC 4.25% 2029	0.50%	+0.01%
Primo Water Holdings Inc 3.88% 2023	0.66%	+0.01%

Worst	Weight	Contribution
Cellnex Telecom SA 1.88% 2029	0.81%	-0.01%
Vodafone Group PLC 2030 FRN	0.81%	-0.01%
ALSTOM SA 0% 01/11/2029	1.29%	+0.00%
AXA SA 2027 FRN	1.52%	+0.00%
Stora Enso Oyj 2.5% 2027	1.52%	+0.00%

### Rating breakdown



### Maturity breakdown



<sup>+</sup>The figure between brackets represents the issuer's 'responsibility' score.  
Monthly management report | Data as of 31 August 2021

## Portfolio managers comments

**Macroeconomic developments:** In July, the global economic recovery accelerated in the major developed economies but the situation was more mixed in the emerging economies. Inflation accelerated markedly, albeit to different degrees. The Federal Reserve and the ECB maintained very strong monetary support, while some emerging market central banks raised policy rates. In Europe, optimism therefore remains with GDP growth of 2%, above expectations (1.5%), driven in particular by an acceleration in the peripheral countries. Similarly, although the spread of the Delta variant raises the spectre of a resumption of the epidemic on the continent, business managers remain reassuring. While the prospect of worsening health conditions does not seem to be affecting them for the moment, domestic demand could prove less resilient in the coming months. Weakened by the tightening of restrictions in some Eurozone countries, notably in France and Italy with the introduction of a health pass, European household confidence fell to -4.4 in July (previous: -3.3). However, like the European Central Bank, the IMF and the European Commission have revised their growth forecasts upwards. The IMF now expects growth of 4.6% and 4.3% in 2021 and 2022 (previous: 4.4% and 3.8%) while the Commission expects growth of 4.8% and 4.5% (previous: 4.3% and 4.4%). In the US, economic activity continued to strengthen in July as many sectors reopened. The improvement was in both manufacturing and services. Industrial production rose by 0.4% despite significant disruptions in global supply chains. The unemployment rate stood at 5.9% in June. Inflation accelerated sharply to 5.4% year-on-year in June (from 5.0% in May); the Federal Reserve confirmed that it would maintain its highly expansionary monetary policy for the time being. The Federal Reserve confirmed that it would maintain its very expansionary monetary policy for the time being, but signalled, without giving a timetable, that the time to reduce its asset purchases was gradually approaching. Growth prospects in emerging markets have stabilised and moderated slightly in a few economies for 2021; downward revisions to growth have been made in particular in South Asian countries due to a high number of infections and new or extended mobility restrictions. China's Q2 2021 GDP came in at 7.9% year-on-year. Global inflation has generally remained high relative to central bank target levels, particularly in Latin America and Central and Eastern Europe. In Asia, inflation generally remains more moderate.

**Market developments:** After +2.0% in June, the MSCI World AC continued its momentum in July (+0.6%). Growth stocks (+1.4%) outperformed value stocks for the second month in a row (-0.2%). This outperformance of growth stocks was mainly due to the United States (+2.3%), where they are widely represented. Europe's performance (+1.4%) was mixed, with Sweden (+5.5%) and the Netherlands (+4.6%) leading the way, France (+1.6%) and Switzerland (+1.3%) in the middle and Spain (-2.0%), Germany (+0.0%), the United Kingdom (+0.1%) and Italy (+0.4%) lagging behind. But it was above all Japan (-2.4%) and the Emerging Markets (-6.4%) that underperformed this month, the former suffering from a resurgence of the pandemic in the Tokyo region and the latter from the decline of the Chinese market (-14.1%) following the tightening of the market authorities with regard to stocks listed on Wall Street. In Europe (+1.4%), Technology (+5.6%) and Basic Materials (+4.0%) stood out in contrast to value sectors such as Energy (-3.6%) and Banks (-0.9%). Developed country bond markets saw a broad flattening of their yield curves in July: the 10-year US Treasury note fell from 1.5% to 1.2%, while the 10-year German Bund dropped 27 bps. Credit markets again resisted the volatility in bond yields, with IG spreads almost unchanged in Europe and only slightly wider in the US. European HY bond spreads were also relatively stable, increasing by only a few basis points, while US HY bonds repriced their risk premiums upwards, with spreads increasing by around 30 bps. Favourable technical factors and improving fundamentals kept valuations relatively tight among corporate bonds. The first corporate results for the second quarter, which were better than expected on average, also contributed to this performance.

**Allocation part:** In July, the fund increased by 1.24% against 1.18% for its benchmark. Equity exposure was dynamically managed over the period, through the active use of hedges on the Eurostoxx 50 future contract and the implementation of a new optional protection. On the bond side, we maintained a partial hedge of the interest rate risk. At the end of the month, the fund recorded a strong increase in assets.

**Equities:** Over the period, the main contributors to performance were : STM (Lifestyle Transition, +11bp), Huhtamaki (Lifestyle Transition, +10bp), Rational (Lifestyle Transition, +9bp), Stora Enso (Ecological and Lifestyle Transition, +9bp) and Check Point Software (Lifestyle Transition, 8bp). Conversely, the main relative underperformers were : Grifols (Medical Transition, -11bp), Daiichi Sankyo (Medical Transition, -7bp), Vestas (Ecological Transition, -5bp), Sunny Optical (Lifestyle Transition, -3bp) and Toyota Industries (Lifestyle Transition, -3bp). At the end of the month, the equity portfolio was 29% exposed (gross) and comprised 38 stocks with weightings between 0.5% and 1.0%. The split between European and non-European stocks is stable at around 60%/40%.

**Bond component:** During the month, the Alterosa fund's bond portfolio contributed 32bp to performance. Interest rate hedging proved to be costly. The performance is mainly due to BB and BBB ratings and investments in euros. The health care, banking, capital goods and basic industries sectors are the best performers. The best performing issuers are Smurfit Kappa (lifestyle transition), Iberdrola (ecological transition), Stora Enso (lifestyle transition), Thermofisher (medical transition) and Banque Postale. Companies that are more sensitive to health risks, such as Accor, Dufry and Aramark, are more reticent, as is Iliad, which announced its withdrawal from the stock market at the end of the month, and SoLocal. At the end of July, the fund benefited from a significant subscription that enabled it to strengthen the bond portfolio. Companies presenting a significant sustainable transition are favoured. New positions were also initiated in the chemical sector (Arkema, SNF), packaging (Silgan), telecoms (Vodafone) and services (Veolia Environnement). The fund also participated in the primary issue of Ontex, a producer of high-yield disposable personal hygiene products. At the end of the month, the bond portfolio represented 61% of the portfolio with an investment grade share of 22%. Bonds in USD represent 6% of the portfolio and more than 75% of these investments have a sustainable transition. As at 30 July, the bond portfolio had a yield of 1.6% and a duration of 3.2.

Text completed on 12/08/2021.



Léa  
Dunand-Chatellet



Rajesh  
Varma



Nolwenn  
Le Roux



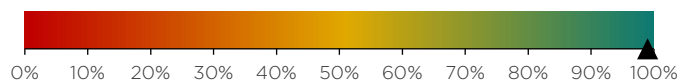
Romain  
Grandis



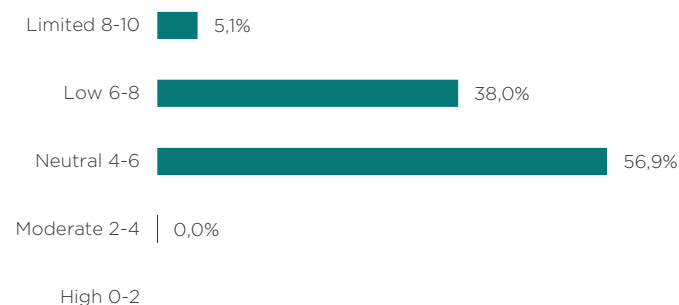
David  
Tissandier

## Internal extra-financial analysis

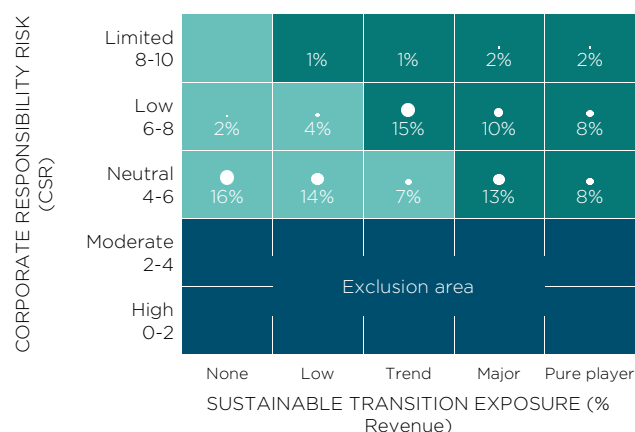
### ABA coverage rate<sup>+</sup> (99.0%)



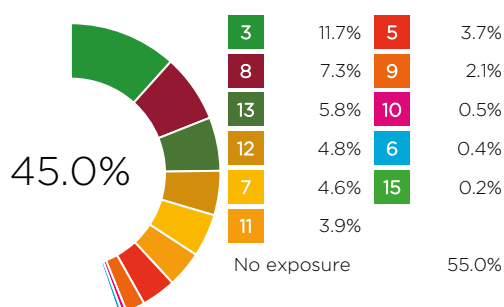
### Responsibility risk breakdown<sup>(1)</sup>



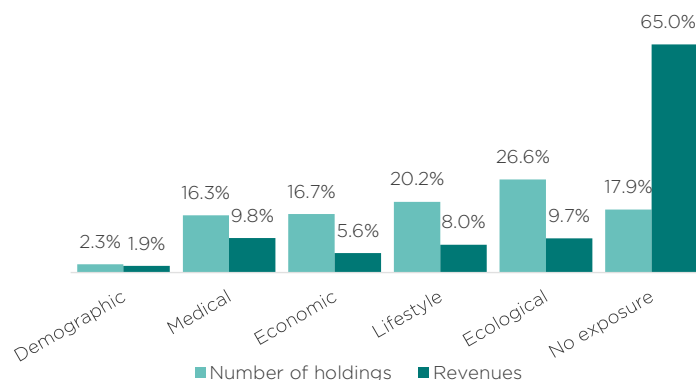
### Transition/CSR exposure<sup>(2)</sup>



### SDG's exposure<sup>(3)</sup> (% of revenues)



### Sustainable transitions exposure<sup>(4)</sup>



## 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](#).

<sup>(1)</sup> The rating out of 10 integrates 4 risks of responsibility: shareholder, environmental, social and societal. Whatever their sector of activity, 24 indicators are evaluated, such as social climate, accounting risks, suppliers, business ethics, energy policy, quality of management.

<sup>(2)</sup> The ABA Matrix combines the Responsibility Risk and the Sustainable Transition exposure of the portfolio. It allows us to map companies to be mapped using a risk/opportunity approach.

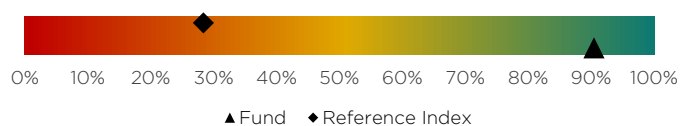
<sup>(3)</sup> 1 No poverty. 2 Zero hunger. 3 Good health and well-being. 4 Quality education. 5 Gender equality. 6 Clean water and sanitation. 7 Clean and affordable energy. 8 Decent work and economic growth. 9 Industry, innovation and infrastructure. 10 Reduced inequalities. 11 Sustainable cities and communities. 12 Sustainable consumption and production. 13 Tackling climate change. 14 Aquatic life. 15 Terrestrial life. 16 Peace, justice and effective institutions. 17 Partnerships to achieve the goals.

<sup>(4)</sup> 5 transitions based on a long-term perspective of the financing of the economy allow the identification of activities with a positive contribution to sustainable development and to measure the exposure of companies in terms of turnover as well as exposure to the UN Sustainable Development Goals.

<sup>+</sup> The coverage rate measures the proportion of issuers (equities and corporate 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 equities and corporate bonds". The coverage rate of the portfolio and the benchmark is identical for all indicators presented.

## External extra-financial analysis

### Coverage rate of external indicators<sup>+</sup>



### ESG rating

	E	S	G	Total
Fund	5.9	5.7	5.7	6.1/10
Reference Index	6.5	5.5	5.4	6.5/10

### External negative indicators (in cents per euro of revenues)

	Fund Weight	Fund € Cts		Ref. Index € Cts	Ref. Index Weight
<b>Environment</b>	<b>63.2%</b>	<b>12.67</b>		<b>13.01</b>	<b>62.2%</b>
Water pollution	3.6%	0.72		0.80	3.8%
Water consumption	1.8%	0.37		0.62	3.0%
Land use	3.8%	0.76		0.33	1.6%
Climat Change (GHG)	40.4%	8.10		8.45	40.4%
Airborne pollution	13.6%	2.72		2.80	13.4%
<b>Social</b>	<b>18.6%</b>	<b>3.73</b>		<b>4.08</b>	<b>19.5%</b>
Health and Safety	4.0%	0.81		0.86	4.1%
Gender inequality	9.8%	1.96		2.12	10.2%
Compensation*	0.8%	0.15		0.11	0.5%
Child labour*	4.0%	0.80		0.98	4.7%
<b>Governance</b>	<b>18.2%</b>	<b>3.64</b>		<b>3.84</b>	<b>18.3%</b>
Tax avoidance	1.7%	0.34		0.36	1.7%
Corruption and bribery	16.5%	3.30		3.48	16.6%
<b>Total</b>	<b>100.0%</b>	<b>20.04</b>		<b>20.92</b>	<b>100.0%</b>

Source : Scope (Scoperating)

The gauges presented above represent the ratio between the fund and its benchmark of the impact of negative externalities. A value below 1 means that the fund has less negative impact than its benchmark, a value above 1 means that the fund has more negative impact than its benchmark.

\* Respect for human rights

<sup>+</sup> The coverage rate measures the proportion of issuers (equities and corporate 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 equities and corporate bonds". The coverage rate of the portfolio and the benchmark is identical for all indicators presented.

## SCOPE indicator definitions\*

Description	Intermediary data	Total cost	Source
<b>GHG emissions</b> The carbon footprint adds up greenhouse gases like CO <sub>2</sub> , CH <sub>4</sub> and N <sub>2</sub> O as CO <sub>2</sub> -equivalents – using weights reflecting the contribution to global warming of a tonne of emissions of a specific greenhouse gas relative to a tonne of emissions of CO <sub>2</sub> .	GHG emissions in t CO <sub>2</sub> eq	7.5 Trillion USD	EXIOBASE
<b>Airborne and waterborne pollution</b> Airborne and waterborne pollution comprises the pollution relative to i) Air : sulphur oxides, nitrogen oxide, particulate matter, toxic organic substances ii) Water: Nitrogenous and phosphatic emissions, toxic organic substances, heavy metals	Sulphur Oxide in kg Nitrogen Oxide in kg Particulate matter in kg	4.8 Trillion USD	EXIOBASE
<b>Water Consumption</b> Water consumption comprises : i) Surface water ii) Groundwater  Scarcity of the water is included in the monetized version	Water consumption in cubic metre	2.2 Trillion USD	EXIOBASE
<b>Land Use</b> Land Use indicator comprises the use of: i) Arable land ii) Pasture and grassland iii) Unsustainable forest area	Arable land Use in square kilometer Pastures and grassland in square kilometer	1.2 Trillion USD	EXIOBASE
<b>Compensation</b> The indicator on compensation considers wages which are below the 60% national average as external costs. 60% of median income is a commonly accepted poverty line. The concept is applied to all countries globally, independent of country specific definition of poverty lines. The understanding is that if wages on a country and sector are below 60% of the national average people are deprived of fair compensation. <b>Calculation:</b> Based on ILO statistics on working hours and sector hourly income are estimated.	Number of working hours in hours per week Mean monthly earnings of employees by sex and sector, in PPP\$.	0.5 Trillion USD	ILO <a href="https://ilostat.ilo.org/data">https://ilostat.ilo.org/data</a> UNICEF Echter Preis
<b>Gender Inequality</b> The indicator on gender inequality considers the unadjusted wage differences between men and women, regardless of titles, position, education. It means that it integrates structural inequalities in addition to the differences in wages in the same position. <b>Calculation:</b> The wage gap includes : - Differences in hourly wages - Shares of men and women in a given sector – induced by the differences in working time between men and women)	Gender pay gap in EUR per hour and working hours per women and men by country / sector.	2.8 Trillion USD	ILO <a href="https://ilostat.ilo.org/data">https://ilostat.ilo.org/data</a>  United Nations Development Programme
<b>Child Labour</b> The indicator on child labour comprises losses of future earnings for working children and also the costs for providing school education. The methodology is used by UNICEF and ILO. <b>Calculation:</b> Combination of ILO Social risk hours due to child labour and monetisation factor from true price.	Children in employment , in % of children	3.2 Trillion USD	ILO <a href="https://ilostat.ilo.org/data">https://ilostat.ilo.org/data</a>  UNICEF  True Price
<b>Health and Safety</b> The indicator on health and safety comprises the compensations costs of fatalities and injuries which are work related. It covers health expenditures, loss of future earnings and value of statistical life. <b>Calculation:</b> Combination of ILO Social risk hours due to health and safety	Fatal occupational injuries per 100'000 workers by economic activity and year, in number.	2.8 Trillion USD	ILO <a href="https://ilostat.ilo.org/data">https://ilostat.ilo.org/data</a>  EU-OSHA
<b>Corruption and Tax avoidance</b> The indicator covers taxation and corruption related aspects. Two relevant aspects are: i) corruption and bribery between businesses and public administration; and ii) tax avoidance, e.g. tax revenue lost by governments due to profit-shifting.	NA	1.0 Trillion USD - Tax avoidance 4.0 Trillion USD - Corruption total	IMF Transparency International  Global Distribution of revenue loss from corporate tax avoidance: re-estimation and country results – Cobham / Jansky

Source : Scope (Scoperating)

\* For each indicator, indicative total annual global cost of negative externalities by source. For example, the negative externalities of annual global water consumption represent a cost of USD 2.2 trillion.  
 The transition between the intermediate data and the total cost is achieved by assigning a unit negative externality cost per euro of turnover achieved. For example, a portfolio that emits 1 kg of CO<sub>2</sub> per euro of turnover at a cost of 40 euros per tonne of CO<sub>2</sub> has a negative externality cost of 4 cents.  
 Monthly management report | Data as of 31 August 2021

## Administrative information

**Name:** DNCA INVEST Beyond Alterosa  
**ISIN code (Share I):** LU1907594664  
**SFDR classification:** Art.8  
**Inception date:** 17/12/2018  
**Investment horizon:** Minimum 3 years  
**Currency:** Euro  
**Country of domicile:** Luxembourg  
**Legal form:** SICAV  
**Reference Index:** 30% MSCI All Countries World net return + 70% Bloomberg Barclays Global Treasury Index Euro Hedged composite index  
**Valuation frequency:** Daily  
**Management company:** DNCA Finance  
**Portfolio Managers:**  
 Léa DUNAND-CHATELLET  
 Rajesh VARMA  
 Nolwenn LE ROUX  
 Romain GRANDIS  
 David TISSANDIER  
**Minimum investment:** 200,000 EUR  
**Subscription fees:** 1%max  
**Redemption fees:** -  
**Management fees:** 0.70%  
**Ongoing charges as of 31/12/2020:** 0.82%  
**Performance fees:** 20% of the positive performance net of any fees above the index: 30% MSCI All Countries World net return + 70% Bloomberg Barclays Global Treasury Index Euro Hedged composite index  
**Custodian:** BNP Paribas Securities Services, Luxembourg Branch  
**Settlement:** T+2  
**Cut off:** 12:00 Luxembourg time

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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.

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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.

## Additional notes

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