DNCA INVEST
SOUTH EUROPE OPPORTUNITIES

SOUTHERN EUROPEAN EQUITIES

Investment objective

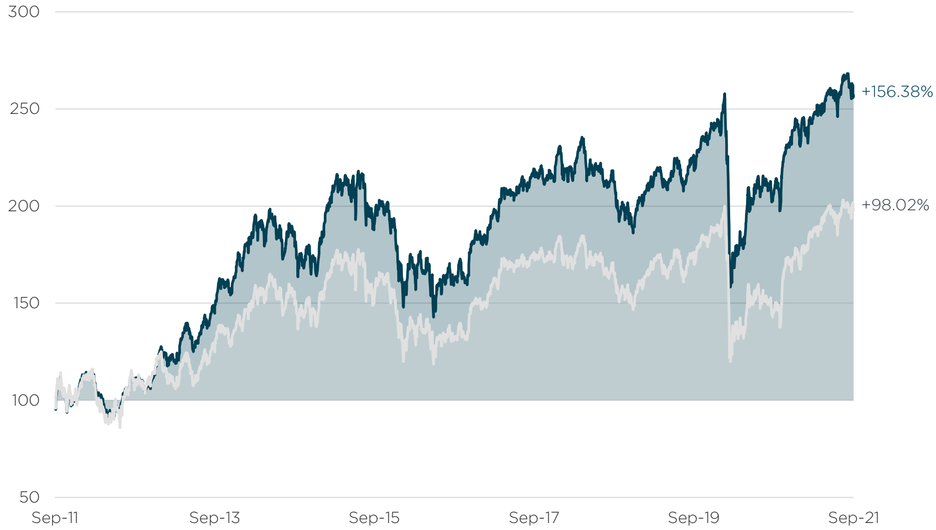
The Fund seeks to outperform the following composite Index Net Return: 55% FTSE MIB, 40% IBEX, 5% PSI20 calculated with dividends reinvested, over the recommended investment term (5 years).

Financial characteristics

NAV (€)	126.14
Net assets (€M)	45
Number of equities holdings	32
Average market cap. (€Bn)	26
Dividend yield 2020e	2.64%
ND/EBITDA 2020	2.8x
Price to Book 2020	1.7x
Price Earning Ratio 2021e	14.8x
EV/EBITDA 2021e	7.5x
Price to Cash-Flow 2021e	7.6x

Performance (from 30/09/2011 to 30/09/2021)

DNCA INVEST SOUTH EUROPE OPPORTUNITIES (I Share) Cumulative performance   Reference Index[1]



[1]55% FTSE MIB + 40% IBEX + 5% PSI20. 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	+24.48	+6.43	+9.64	+9.87	+1.60
Reference Index	+36.39	+6.07	+8.36	+7.07	-2.12
I Share - volatility	13.85	19.72	17.41	20.14	20.26
Reference Index - volatility	16.76	22.47	19.49	22.59	24.95

Cumulative performances (%)

	1 month	YTD	1 year	3 years	5 years	10 years	Since inception
I Share	-3.66	+7.29	+24.48	+20.60	+58.41	+156.38	+26.14
Reference Index	-0.75	+14.71	+36.39	+19.39	+49.37	+98.04	-26.87

Calendar year performances (%)

	2020	2019	2018	2017	2016
I Share	+0.00	+25.96	-10.75	+17.33	-5.75
Reference Index	-7.32	+24.82	-12.77	+14.39	-3.58

Risk and reward profile

Lower risk — Higher risk

1 2 3 4 5 **6** 7

Lower potential reward — Higher potential reward

The risk level of this fund is due to exposure to equity and/or fixed income markets

	1 year	3 years	5 years
Sharpe Ratio	1.80	0.35	0.58
Tracking error	7.37%	6.11%	5.19%
Correlation coefficient	0.90	0.97	0.97
Information Ratio	-1.62	0.06	0.25
Beta	0.74	0.85	0.86

Main risks: Credit risk, equity risk, eSG risk, risk of investing in derivative instruments as well as instruments embedding derivatives

Main positions+

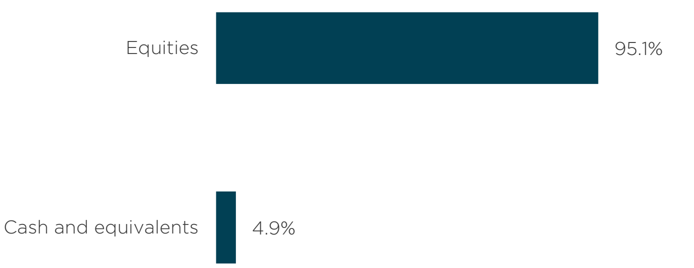
	Weight
INTESA SANPAOLO (7.2)	9.07%
ENEL SPA (7.1)	6.96%
STELLANTIS NV (Milan) (3.5)	5.34%
SESA SPA (6.2)	5.22%
BANCO SANTANDER SA (4.2)	5.13%
IBERDROLA SA (7.7)	5.06%
ASSICURAZIONI GENERALI (6.9)	4.96%
CELLNEX TELECOM SA (6.3)	4.79%
FINECOBANK SPA (7.0)	4.66%
MEDIOBANCA SPA (6.7)	3.59%
	54.78%

Monthly performance contributions

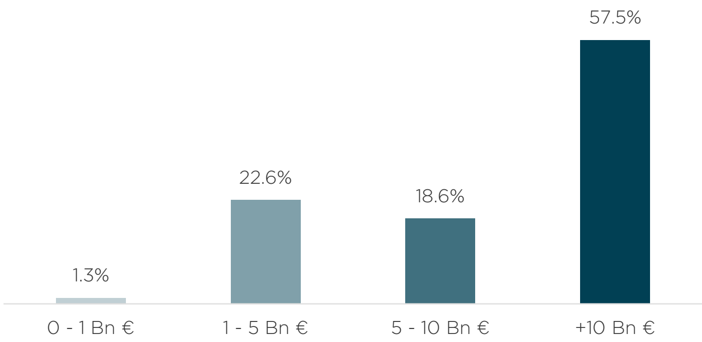
Best	Weight	Contribution
ASSICURAZIONI GENERALI	4.96%	+0.28%
INTESA SANPAOLO	9.07%	+0.20%
MEDIOBANCA SPA	3.59%	+0.15%
INTL CONSOLIDATED AIRLINE-DI	1.38%	+0.14%
BANKINTER SA	2.59%	+0.12%

Worst	Weight	Contribution
ENEL SPA	6.96%	-1.05%
IBERDROLA SA	5.06%	-1.00%
CELLNEX TELECOM SA	4.79%	-0.40%
SESA SPA	5.22%	-0.37%
SOLARIA ENERGIA Y MEDIO AMBI	0.67%	-0.26%

Asset class breakdown



Market Cap breakdown



Sector breakdown (ICB)

	Fund	Index
Banks	24.8%	21.7%
Utilities	20.6%	17.4%
Automobiles and Parts	10.3%	7.8%
Industrial Goods and Services	7.7%	8.1%
Technology	5.2%	5.5%
Insurance	5.0%	4.4%
Financial Services	4.9%	2.6%
Telecommunications	4.8%	6.1%
Health Care	4.2%	2.9%
Energy	3.4%	8.8%
Construction and Materials	2.9%	3.4%
Travel and Leisure	1.4%	1.0%
Cash and equivalents	4.9%	N/A

Country breakdown

	Fund	Index
Italy	57.7%	45.9%
Spain	29.4%	40.2%
Netherlands	5.3%	8.6%
Portugal	2.7%	4.4%
Cash and equivalents	4.9%	N/A

Changes to portfolio holdings+

In: None

Out: None

+The figure between brackets represents the issuer's 'responsibility' score.

Portfolio managers comments

Doubts are setting in on the equity markets. The European indices experienced a sharp correction in September (-3.4% for the Stoxx 600, i.e. +13% since the beginning of the year), after 7 months of uninterrupted rise. Fears of sustained inflation, soaring energy prices, bond tensions fuelled by less accommodative central bank rhetoric and slowing economic momentum, particularly in China, have fuelled concerns. The key question is the impact of these threats on the outlook for corporate earnings growth and consumer purchasing power, in a market context of high valuations (average P/E of the Stoxx 600 of 16.7x and 15.5x for 2021 and 2022 respectively, for earnings growth estimates of 63% and 7%).

The upward trend in long-term rates continued in September (US 10-year rate: +6.3bp and Germany +7.8bp), even if absolute levels remain low in Europe (+1.3% in the US and -0.38% for the German Bund). In this context, the best monthly sectoral performances were cyclical sectors (Energy) and financials.

The Utilities sector as a whole was penalised by a new round of measures taken by the Spanish government to contain the rise in electricity prices (in addition to the July measures on CO2), raising fears of contagion to other European countries. In addition to a temporary tax cut, the measures include a limitation on the extraordinary profits made by electricity producers due to high market prices.

Italy seems to be tackling the problem by direct aid to households, instead of taxing the overprofits of utilities. The current government is also working to resolve strategic situations such as the sale of Monte Paschi Di Sienna or the Alitalia file. It is important to note the local elections in important cities such as Milan, Rome, Turin and Naples at the beginning of October.

Among the main contributors: Generali +0.28%; Intesa +0.20%; Mediobanca +0.15%.

Contributions that weighed on performance: Enel -1.05%; Iberdrola -1%; Cellnex -0.40%.

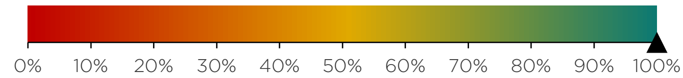
The fund lost -3.66% while its benchmark fell by -0.75%.

Text completed on 11/10/2021.

Isaac
Chebar

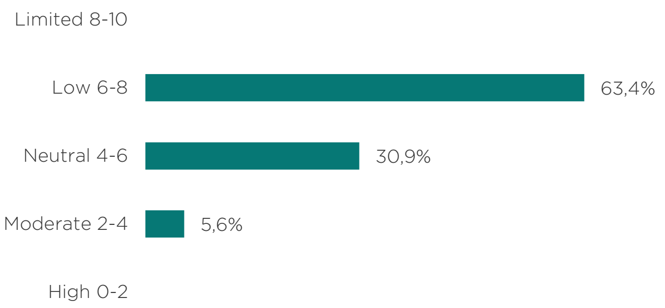
Internal extra-financial analysis

ABA coverage rate+ (100%)

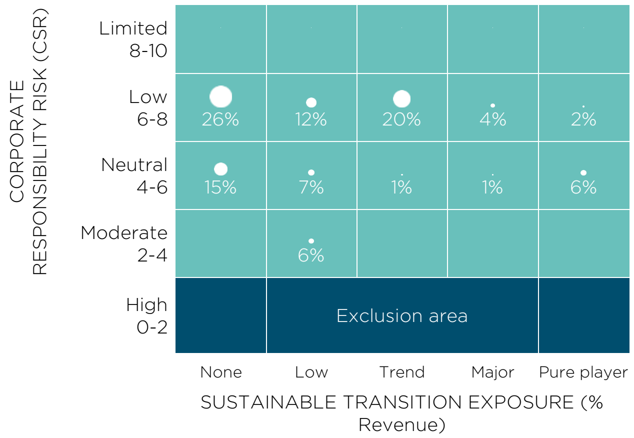


Average Responsibility Score: 6.1/10

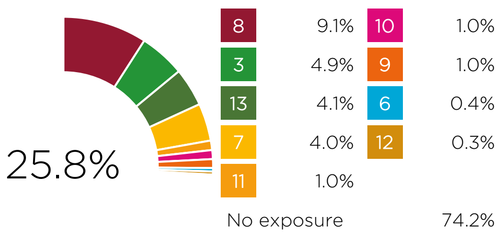
Responsibility risk breakdown(1)



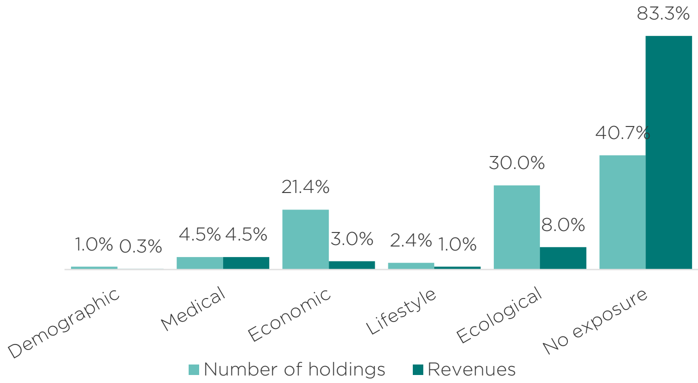
Transition/CSR exposure(2)



SDG's exposure(3) (% of revenues)



Sustainable transitions exposure(4)



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 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.

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

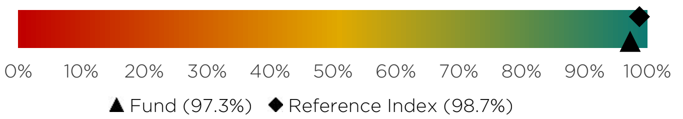
(3) 1 No poverty. 2 Zero hunger. 3 Good health and well-being. 4 Quality education. 5 Gender equality. 6 Clean water and sanitation. 7 Clean and affordable energy. 8 Decent work and economic growth. 9 Industry, innovation and infrastructure. 10 Reduced inequalities. 11 Sustainable cities and communities. 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.

(4) 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.

+ 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+

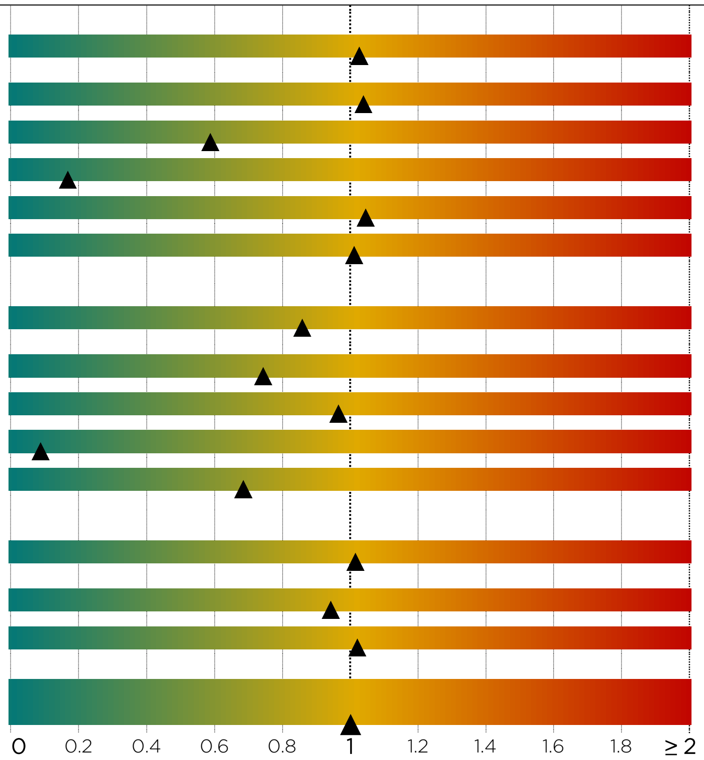


ESG rating

	E	S	G	Total
Fund	5.9	6	5	6/10
Reference Index	5.8	5.7	5.1	5.9/10

External negative indicators (in cents per euro of revenues)

	Fund Weight	Fund € Cts	Ref. Index € Cts	Ref. Index Weight
Environment	71.1%	17.15	16.70	69.3%
Water pollution	3.3%	0.80	0.77	3.2%
Water consumption	0.6%	0.14	0.24	1.0%
Land use	0.1%	0.02	0.10	0.4%
Climat Change (GHG)	53.8%	12.99	12.42	51.5%
Airborne pollution	13.3%	3.21	3.17	13.1%
Social	12.1%	2.93	3.40	14.1%
Health and Safety	2.1%	0.52	0.69	2.9%
Gender inequality	8.5%	2.05	2.12	8.8%
Compensation*	0.0%	0.01	0.07	0.3%
Child labour*	1.5%	0.36	0.52	2.2%
Governance	16.8%	4.06	4.00	16.6%
Tax avoidance	1.1%	0.26	0.28	1.2%
Corruption and bribery	15.7%	3.80	3.72	15.4%
Total	100.0%	24.14	24.10	100.0%



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.

Carbon data

Carbon footprint (t CO_2 / \$M invested) (as of 30 June 2021) Source : MSCI	209	Carbon intensity (t CO_2 / \$M sales) (as of 30 June 2021)	281

* Respect for human rights
+ 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
GHG emissions			
The carbon footprint adds up greenhouse gases like CO_2, CH_4 and N_2O as CO_2-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_2.	GHG emissions in t CO_2 eq	7.5 Trillion USD	EXIOBASE
Airborne and waterborne pollution			
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
Water Consumption			
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
Land Use			
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
Compensation			
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. **Calculation:** 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 https://ilostat.ilo.org/data UNICEF Echter Preis
Gender Inequality			
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. **Calculation:** 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 https://ilostat.ilo.org/data United Nations Development Programme
Child Labour			
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. **Calculation:** 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 https://ilostat.ilo.org/data UNICEF True Price
Health and Safety			
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. **Calculation:** 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 https://ilostat.ilo.org/data EU-OSHA
Corruption and Tax avoidance			
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_2 per euro of turnover at a cost of 40 euros per tonne of CO_2 has a negative externality cost of 4 cents.

Administrative information

Name: DNCA INVEST South Europe Opportunities
ISIN code (Share I): LU0284395125
SFDR classification: Art.8
Inception date: 16/02/2007
Investment horizon: Minimum 5 years
Currency: Euro
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: 55% FTSE MIB + 40% IBEX + 5% PSI20
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Manager:
Isaac CHEBAR

Minimum investment: 200,000 EUR
Subscription fees: 2%max
Redemption fees: -
Management fees: 1%
Ongoing charges as of 31/12/2020: 1.11%
Performance fees: 20% of the positive performance net of any fees above the index: 55% FTSE MIB + 40% IBEX + 5% PSI20 with High Water Mark

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

Legal information

The regulatory documents are available on our website or on request at the company's headquarters free of charge. In accordance with the regulations, the customer can receive, on request, details of the remuneration relating to the marketing of this product. DNCA Investments is a trademark of DNCA Finance.

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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.

DNCA Finance - 19, place Vendôme - 75001 Paris - tel: +33 (0)1 58 62 55 00 - email: dnca@dnca-investments.com - www.dnca-investments.com - dedicated intranet site for independents. An investment management company authorized by the AMF (Financial Market Authorities) under number GP 00-030 on 18 August 2000. Non-independent investment advisor as stipulted by the MIFID II Directive.

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.
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.
ROE (Return On Equity). The amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
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.