



« Identify and take advantage of growth niches amidst a backdrop of sluggish growth »

Interview with Carl Auffret, CFA,
Fund manager, AAA-rated by Citywire

Can you tell us about your fund?

DNCA Invest Europe Growth is a European growth stock fund, investing across all market capitalizations and eligible for French PEA share savings plans. The fund's aim is to outperform the European equity markets over the recommended investment timeframe. The benchmark Stoxx Europe 600 Net Return EUR, calculated with dividends reinvested, acts as a post-performance comparison. The fund is managed on the basis of an active and fundamental strategy. Stock-picking relies on eight quantitative and qualitative criteria, primarily future organic sales growth for companies in the portfolio, which must stand at 5% per year at a minimum. The fund has a very definite sector slant: healthcare, business services and automotive equipment makers are well represented, while the fund is virtually absent from sectors such as financials, commodities and utilities.

So you have a conviction-based fund management approach.

Yes, our fund management strategy focuses on around forty companies. The ten largest positions in our portfolio currently account for 45% of net assets, and we have free rein to build our portfolio as we do not track a benchmark or follow a top-down analysis. The fund has almost always been fully invested since it was set up (between 95% and 99%).

Our fund management approach is straightforward, transparent, conviction-based and valuation-based, in keeping with DNCA Finance's fund management philosophy.

Is there a particular investment theme you would like to highlight?

I would mention healthcare in particular as the sector is buoyed by an ageing population, innovation and research into new indications, the implementation of social security systems in emerging countries and the development of various diseases worldwide, such as diabetes. Companies in the sector are generally very profitable and their business is only slightly exposed to macro-economic

fluctuations, and sometimes not at all.

In this respect, among our selection, it is worth singling out Korian, European leader in retirement services, along with Sartorius Stedim, leader in biopharma production equipment.

In the current economic context, is it wise to invest in a European equity fund with a growth slant?

Most of the companies we met have little or no correlation with the economic cycle, as they follow more independent growth trends. These companies are admittedly European, but they generate most of their sales internationally. Our growth-based management style benefits from a robust investment theme, which is decorrelated from market trends and fluctuations to offer regular performances as demonstrated by past showings: +22.95% in 2013, +11.70% in 2014 and +23.36% in 2015. However, our investment strategy is not applied to the detriment of volatility - quite the opposite. Three-year volatility on Europe Growth is in the best quartile for its category (General fund category Europe). This well-managed volatility is in keeping with the quality and solid profile of the selected companies, which are often more defensive.

Despite turbulence on the markets and hazy visibility on the macroeconomic outlook, fundamentals are still sound and the portfolio is well diversified.

We feel quietly confident about the months ahead, although the current context does harbor macroeconomic and geopolitical risks. Our investment management process will continue to be based on a stringent valuation procedure to avoid the risk of disappointment.

Text completed on May 31, 2016.

Data on share B (Isin Code : LU0870553459).

Sources : Morningstar, Citywire and DNCA Finance.

Ratings as at 05/30/2016. Information on ratings methodology is available on our website <http://www.dnca-investments.com/documents>.

Past performances and volatility

	Perf. 1 year	Volatility 1 year	Perf. 3 years	Volatility 3 years	Perf. since set up*	Volatility since set up*
DNCA Invest Europe Growth						
OVERALL						
ANNUALIZED	+0,27%	17,42%	+51,87%	14,62%	+68,47%	14,07%
			+14,93%		+16,45%	
Stoxx Europe 600 NR						
OVERALL						
ANNUALIZED	-10,62%	19,71%	+25,33%	16,24%	+37,86%	15,72%
			+7,81%		+9,83%	

Past performances are not a reliable indicator of future performances.

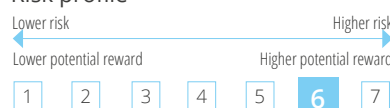
Performances net of management fees. Performances are calculated by DNCA Finance.

Data as at 31/05/2016 for share B (Isin code : LU0870553459).

Source : Europeperformance. * Date set up : 28/12/2012.

Reminder of risks

- Discretionary management risk
- Equity risk
- Forex risk
- Liquidity risk
- This fund is not capital guaranteed
- Risk profile



Risk levels on this fund are due to exposure to the equity and fixed-income markets.

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