DNCA CONVERTIBLES EUROPE

EUROPEAN CONVERTIBLE BONDS

Investment objective

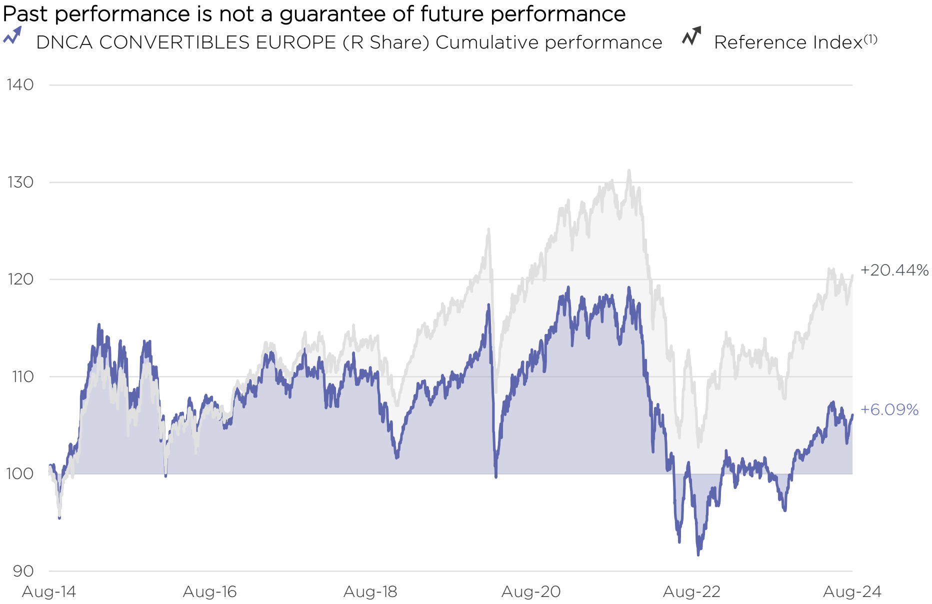
The objective of the Fund is to outperform the European convertible bond market, in particular by selecting stocks meeting socially responsible investment criteria, over a recommended minimum investment period of 4 years. Its benchmark is the Refinitiv Europe Focus Hedged EUR, which represents the European convertible bond market. It includes coupons.
To achieve its investment objective, the investment strategy is based on active discretionary management.

Financial characteristics

NAV (€)	169.97
Net assets (€M)	304
Delta	44%
Average yield	-0.13%
Average premium	108.90%
Average modified duration	3.29
Average maturity (years)	3.20
Number of lines	50
Average rating	BB+

Performance (from 29/08/2014 to 30/08/2024)

Past performance is not a guarantee of future performance



(1)EUROPE FOCUS TR EUR Hedged

The performances are calculated net of any fees by DNCA FINANCE.

Annualised performances and volatilities (%)

	1 year	2 years	5 years	10 years	Since inception
R Share	+6.05	+4.31	-0.71	+0.59	+3.37
Reference Index	+7.55	+5.02	+0.46	+1.87	+4.45
R Share - volatility	4.81	5.88	7.42	7.38	7.08
Reference Index - volatility	5.01	5.78	6.62	6.24	6.10

Cumulative performances (%)

	1 month	YTD	1 year	2 years	5 years	10 years
R Share	+0.51	+3.56	+6.05	+8.82	-3.50	+6.09
Reference Index	+0.82	+5.12	+7.55	+10.29	+2.34	+20.44

Calendar year performances (%)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
R Share	+5.95	-17.57	+0.73	+4.25	+9.13	-7.06	+1.59	-2.14	+7.87	+4.76
Reference Index	+5.37	-15.75	+2.68	+5.01	+11.44	-4.89	+3.53	-0.41	+7.60	+4.44

Risk indicator

1 2 **3** 4 5 6 7

Lower risk — Higher risk

Synthetic risk indicator according to PRIIPS. 1 corresponds to the lowest level and 7 to the highest level.

	1 year	3 years	5 years	10 years
Sharpe Ratio	1.26	-0.46	-0.10	0.08
Tracking error	2.45%	2.49%	2.60%	2.48%
Correlation coefficient	0.88	0.94	0.94	0.95
Information Ratio	-0.62	-0.41	-0.45	-0.52
Beta	0.84	1.03	1.05	1.12

Main risks: risk of capital loss, interest-rate risk, credit risk, risk related to investing in speculative securities, equity risk, risk related to exchange rate, risk of investing in derivative instruments as well as instruments embedding derivatives, counterparty risk, liquidity risk, risk related to investments in emerging markets, risk related to acquisitions and temporary sales of securities and the management of financial guarantees, sustainability risk, risk related to the use of forward financial instruments, high yield bond risk, risk associated with overexposure

Main positions+

	Weight
STMicroelectronics NV 0% 2027 CV	4.18%
Safran SA 0% 2028 CV	3.99%
Cellnex Telecom SA 0.5% 2028 CV	3.92%
QIAGEN NV 0% 2025 CV	3.62%
Nexi SpA 0% 2028 CV	3.41%
Amadeus IT Group SA 1.5% 2025 CV	3.23%
International Consolidated Airlines Group SA 1.13% 2028 CV	3.18%
SPIE SA 2% 2028 CV	3.11%
Saipem SpA 2.88% 2029 CV	2.96%
RAG-Stiftung 2.25% 2030 CV	2.85%
	34.43%

Country breakdown

	Fund	Index
France	29.8%	27.7%
Netherlands	14.3%	10.1%
Spain	14.1%	11.3%
Germany	13.5%	19.3%
Italy	11.4%	12.2%
United Kingdom	4.9%	4.9%
USA	2.6%	8.0%
Switzerland	2.3%	-
Luxembourg	1.9%	2.5%
Korea (South)	1.5%	-
Taiwan	1.4%	-
Austria	1.4%	-
Ireland	1.1%	-
Other Countries	-	4.1%

Maturity breakdown

	Weight (%)		Modified duration	
	Fund	Index	Fund	Index
< 1 year	8.3%	9.3%	0.0	0.1
1 - 2 years	11.5%	19.6%	0.1	0.2
2 - 3 years	10.8%	8.3%	0.2	0.2
3 - 4 years	26.2%	16.0%	0.9	0.4
4 - 5 years	11.5%	8.4%	0.4	0.3
> 5 years	16.7%	13.2%	1.0	0.7

Sector breakdown (ICB)

	Fund	Index
Industrial Goods and Services	22.0%	15.8%
Technology	17.0%	9.5%
Travel and Leisure	11.6%	10.6%
Energy	10.4%	15.9%
Telecommunications	6.8%	3.3%
Health Care	5.1%	3.3%
Construction and Materials	4.4%	1.8%
Automobiles and Parts	3.6%	1.9%
Real Estate	3.0%	5.6%
Utilities	2.5%	3.1%
Banks	2.2%	6.6%
Retail	2.1%	1.4%
Financial Services	1.8%	12.0%
Basic Resources	1.3%	2.1%
Consumer Products and Services	1.2%	3.3%
Food, Beverage and Tobacco	1.0%	3.9%
Cash and equivalents	4.1%	N/A

Rating breakdown

	Fund	Index
A	9.0%	18.0%
BBB	25.0%	25.2%
BB	19.9%	9.3%
< BB	2.3%	1.8%
NR	43.9%	45.8%

Changes to portfolio holdings*

In: LEGGR 1 09/04/30 (6.3)

Out: Deutsche Lufthansa AG 2% 2025 CV (4.2), Prysmian SpA 0% 2026 CV (6.3) and Veolia Environnement SA 0% 2025 CV (6.1)

*The figure between brackets represents the issuer's 'responsibility' score. Please refer to the Internal Extra-financial analysis page for the analysis methodology.

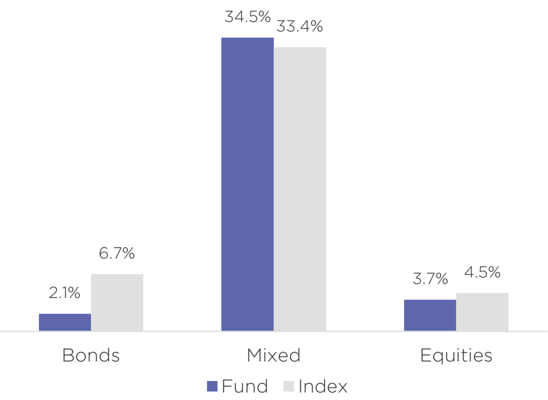
Delta

	Fund	Index
Delta	44.0%	44.6%
Effective delta	35.1%	36.4%
Input spread	130.1	91.7
Implicite spread	118.7	93.7

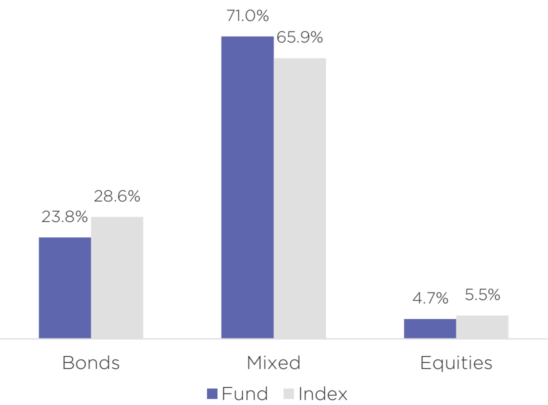
Main deltas

	%
SK Hynix Inc 1.75% 2030 CV	85.9%
BNP Paribas SA 0% 2025 CV	83.9%
Elis SA 2.25% 2029 CV	82.8%
SPIE SA 2% 2028 CV	70.7%
Safran SA 0% 2028 CV	70.4%
Amadeus IT Group SA 1.5% 2025 CV	69.3%
Saipem SpA 2.88% 2029 CV	69.2%
Salini SpA 4% 2028 CV	69.2%
JPMorgan Chase Financial Co LLC 0% 2025 CV	68.7%
NDXGR 4 1/4 04/14/30	68.2%

Profile breakdown (delta contribution)



Profile breakdown (weight)



Bonds	Mixed	Equities
Delta < 25%	25% ≤ Delta < 75%	75% ≤ Delta

Delta contribution per country

	Delta		Effective delta	
	Fund	Index	Fund	Index
France	14.0%	14.2%	11.9%	11.7%
Germany	5.9%	7.6%	4.6%	6.0%
Spain	5.8%	5.7%	4.4%	4.7%
Italy	4.3%	5.2%	3.4%	4.1%
Netherlands	4.3%	3.3%	3.2%	2.5%
United Kingdom	2.0%	1.9%	1.4%	1.3%
Korea (South)	1.2%	-	1.1%	-
USA	1.2%	4.4%	0.9%	4.0%
UCITS	1.2%	-	1.2%	-
Ireland	0.6%	-	0.5%	-
Taiwan	0.6%	-	0.4%	-
Austria	0.2%	-	0.1%	-
Luxembourg	0.2%	0.5%	0.1%	0.4%
Switzerland	0.0%	-	0%	-
Sweden	-	1.8%	-	1.5%
Belgium	-	0.1%	-	0.1%
Cash and equivalents	2.6%	-	1.9%	-

Delta contribution per sector

	Delta		Effective delta	
	Fund	Index	Fund	Index
Industrial Goods and Services	10.0%	7.5%	8.1%	6.0%
Technology	7.2%	4.3%	6.0%	3.6%
Energy	6.2%	8.3%	5.0%	6.8%
Travel and Leisure	4.5%	4.3%	3.2%	3.1%
Construction and Materials	3.0%	1.3%	2.7%	1.2%
Telecommunications	2.4%	1.3%	1.4%	0.9%
Automobiles and Parts	1.5%	0.9%	1.3%	0.8%
Banks	1.5%	4.3%	1.4%	4.1%
Health Care	1.4%	1.2%	1.0%	1.0%
UCITS	1.2%	-	1.2%	-
Real Estate	0.9%	2.5%	0.6%	2.0%
Food, Beverage and Tobacco	0.6%	1.0%	0.5%	0.7%
Utilities	0.6%	1.8%	0.4%	1.7%
Basic Resources	0.2%	0.9%	0.1%	0.8%
Retail	0.2%	0.2%	0.1%	0.1%
Financial Services	0.2%	3.7%	0.1%	3.1%
Consumer Products and Services	0.0%	1.1%	0.0%	0.5%
Cash and equivalents	2.6%	-	1.9%	-

*The figure between brackets represents the issuer's 'responsibility' score. Please refer to the Internal Extra-financial analysis page for the analysis methodology.

Portfolio managers comments

The main equity indices managed to recover after a volatile start to the month. More disappointing than expected figures from the United States raised fears of a more difficult slowdown scenario. All the sectors exposed to growth, including technology stocks, have been swept up in the downturn. The US is not alone in marking time. The global trend in industrial PMI indices is negative. Aware of these trends, the main monetary policymakers at the Jackson Hole symposium delivered a reassuring message about the future of their monetary policies. In particular, J. Powell confirmed that US key rates would be cut at the next meeting in September. However, the extent of the cut remains open to debate. The next employment figures will be decisive in justifying a 50bps move, which market operators are already anticipating. Financing requirements remain high, while alarm bells are ringing over the deficit thresholds. The balance to be struck is therefore delicate and will be the macroeconomic issue at the end of the year. Against this backdrop, the primary convertible bonds market offered an investment opportunity worth €500m with LEG Properties exchangeable into LEG Immobilien with a maturity of 2030.

We took part in LEG emitters, given their fair valuation and, above all, their total dividend protection. On the secondary market, the fund made opportunistic increases during the various episodes of volatility: Schneider Electric 2031, Nordex 2030, TUI 2031 and Glanbia 2027, where the fall in the underlying share price was excessive given the quality of its balance sheet. The food group suffered from a disappointing publication, but its valuation does not reflect its long-term prospects. In addition, we increased the convexity of the Voestalpine convertible via calls and continued the strategy of selling Prysmian shares (obtained by conversion) for options with a mixed profile. On the other hand, we sold cash-parked securities such as Neoen 2027 and Lufthansa 2025, whose now purely bond profile offers low returns.

At the end of August, the DNCA Convertibles Europe fund had a delta, after hedging, close to that of the benchmark index.

Since the start of the year, the fund has returned 3.56% versus 5.12% for its benchmark, the Refinitiv Europe Focus Hedged CB (EUR).

Convertible bonds continue to rebound, but there is an urgent need for new issuers on the primary market. Opportunities are nonetheless present, and should multiply over the coming weeks. The admittedly opportunistic placement by German property group LEG Immobilien illustrates the dual interest that such an emitters can have for all players in this investment. Other players should be encouraged to follow suit. The upturn in the equity markets should also provide a more favourable environment for convertible investments. Valuation, as measured by implied volatility, is rebounding but remains well below historical averages. The technical state of play of the current portfolio means that we can face up to the volatile environment with an average yield of close to 3% and solid average credit quality.

Text completed on 09/09/2024.

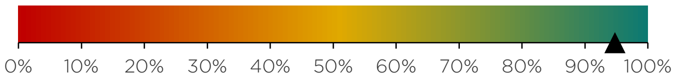

Denis Passot


Jean-Paul Ing, CFA


Félix Haron, CFA

Internal extra-financial analysis

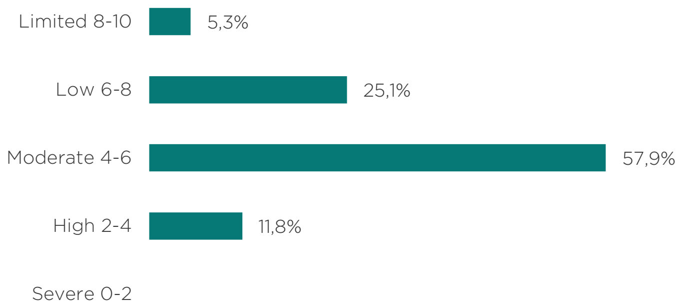
ABA coverage rate+(94.8%)



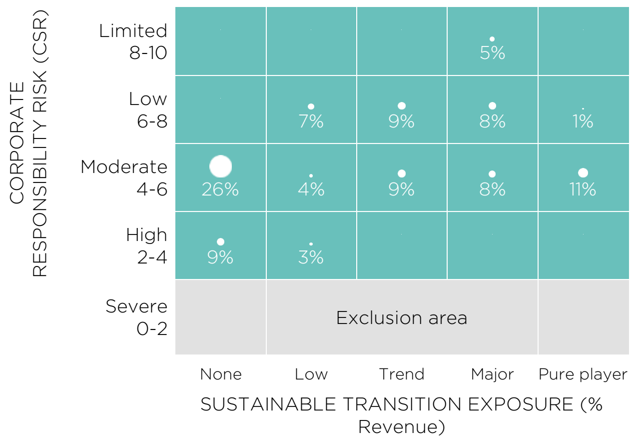
Average Responsibility Score: 5.3/10

Selectivity universe exclusion rate

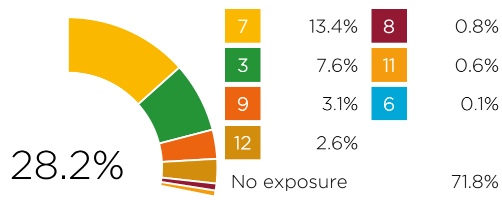
Responsibility risk breakdown(1)



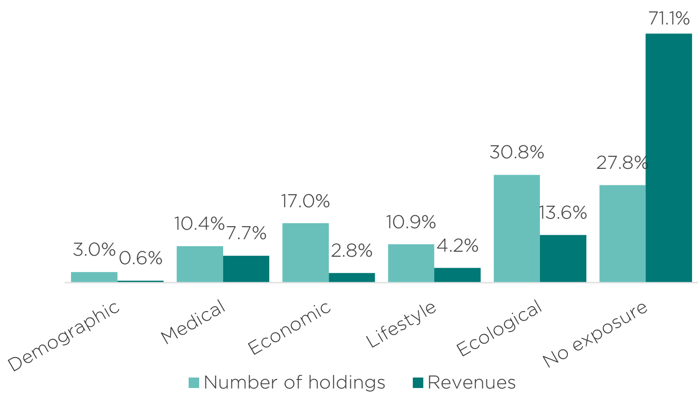
Transition/CSR exposure(2)



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 net assets adjusted for cash, money market instruments, derivatives and any vehicle outside the scope of "listed equities and corporate bonds".

Principal Adverse Impacts

PAI	Unit	Fund Coverage	Fund Value	Ref. Index Coverage	Ref. Index Value
PAI Corpo 1_1 - Tier 1 GHG emissions	T CO_2	89%	26,133	91%	684
PAI Corpo 1_2 - Tier 2 GHG emissions	T CO_2	89%	3,878	91%	81
PAI Corpo 1_3 - Tier 3 GHG emissions	T CO_2	89%	105,970	91%	2,594
PAI Corpo 1T - Total GHG emissions	T CO_2	89%	135,368	91%	3,362
PAI Corpo 2 - Carbon footprint	T CO_2/EUR million invested	89%	453	91%	546
PAI Corpo 3 - GHG intensity	T CO_2/EUR million sales	89%	889	92%	836
PAI Corpo 4 - Share of investments in companies active in the fossil fuel sector		4%	1%	12%	12%
PAI Corpo 5 - Share of non-renewable energy consumption and production		89%	64%	92%	68%
PAI Corpo 6_TOTAL - Energy consumption intensity by sector with high climate impact NACE	GWh/EUR million sales	89%	0.3	92%	0.3
PAI Corpo 7 - Activities with a negative impact on biodiversity-sensitive areas		89%	6%	92%	5%
PAI Corpo 8 - Water discharges	T Water Emissions	7%	9	5%	11
PAI Corpo 9 - Hazardous or radioactive waste ratio	T Hazardous Waste	87%	1,453,743	88%	35,947,536
PAI Corpo 10 - Violations of UNGC and OECD principles		89%	0%	92%	0%
PAI Corpo 11 - Lack of UNGC and OECD compliance processes and mechanisms		89%	0%	92%	0%
PAI Corpo 12 - Unadjusted gender pay gap		67%	14%	82%	12%
PAI Corpo 13 - Gender diversity in governance bodies		89%	43%	92%	43%
PAI Corpo 14 - Exposure to controversial weapons		89%	0%	92%	0%
PAI Corpo OPT_1 - Water use	m^3/EUR mln sales	6%	1	1%	0
PAI Corpo OPT_2 - Water recycling		6%	0%	1%	0%
PAI Corpo OPT_3 - Number of days lost due to injury, accident, death or illness		55%	70	43%	1

Source : MSCI

Administrative information

Name: DNCA Convertibles Europe
ISIN code (Share R): FR0010678359
SFDR classification: Art.8
Inception date: 28/11/2008
Investment horizon: Minimum 4 years
Currency: Euro
Country of domicile: France
Legal form: FCP
Reference Index: EUROPE FOCUS TR EUR Hedged
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:
Denis PASSOT
Jean-Paul ING, CFA
Félix HARON, CFA

Minimum investment: None
Subscription fees: - max
Redemption fees: -
Management fees: 1.60%
Ongoing charges as of 30/12/2022: 1.60%
Performance fees: 20% of the positive performance net of any fees above the index: EUROPE FOCUS TR EUR Hedged

Custodian: CACEIS Bank
Settlement: T+2
Cut off: 12:30 Paris time

Legal information

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Past performance is not a reliable indicator of future performance.

The award of this label to a fund does not mean that it meets your own sustainability objectives or that the label corresponds to the requirements of future national or European regulations. For more information on this subject, please visit : www.lelabelisr.fr and www.lelabelisr.fr/comment-investir/fonds-labellises

DNCA CONVERTIBLES EUROPE, a French mutual fund domiciled at 19 place Vendôme 75001 Paris, complies with Directive 2009/65/EC.

DNCA Finance is a limited partnership (Société en Commandite Simple) approved by the Autorité des Marchés Financiers (AMF) as a portfolio management company under number GP00-030 and governed by the AMF's General Regulations, its doctrine and the Monetary and Financial Code. DNCA Finance is also a Non-Independent Investment Advisor within the meaning of the MIFID II Directive. DNCA Finance - 19 Place Vendôme-75001 Paris - e-mail: dnca@dnca-investments.com - tel: +33 (0)1 58 62 55 00 - website: www.dnca-investments.com.

Any complaint may be addressed, free of charge, either to your usual contact (within DNCA Finance or within a delegate of DNCA Finance), or directly to the Head of Compliance and Internal Control (RCCI) of DNCA Finance by writing to the company's head office (19 Place Vendôme, 75001 Paris, France). In the event of persistent disagreement, you may have access to mediation. The list of out-of-court dispute resolution bodies and their contact details according to your country and/or that of the service provider concerned can be freely consulted by following the link https://finance.ec.europa.eu/consumer-finance-and-payments/retail-financial-services/financial-dispute-resolution-network-fin-net/members-fin-net-country_fr.

A summary of investors' rights is available in English at the following link: https://www.dnca-investments.com/en/regulatory-information

This Fund is being marketed as a public offering in Luxembourg. You can contact the DNCA Finance branch:

DNCA Finance Luxembourg Branch - 1 Place d'Armes - L-1136 Luxembourg

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.

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.