

# DNCA INVEST ARCHER MID-CAP EUROPE

## EUROPEAN MID-CAP EQUITIES

### Investment objective

The Sub-Fund seeks to achieve superior long term risk adjusted returns (i.e. returns adjusted for volatility) by investing primarily in equities and equity related securities of medium sized and smaller European companies over the recommended investment term (five years). Investors' attention is drawn to the fact that the management style is discretionary and integrates environmental, social / societal and governance (ESG) criteria. The portfolio composition will not attempt to replicate the composition of a benchmark index from a geographical or sectorial perspective. Even so, MSCI EUROPE MID CAP Net Return Euro Index may be used as an ex-post benchmark indicator.

To achieve its investment objective, the investment strategy is based on active discretionary management.

### Financial characteristics

|  |        |
|--|--------|
| NAV (€)                                  | 246.20 |
| Net assets (€M)                          | 1,035  |
| Number of equities holdings              | 86     |
| Average market cap. (€Bn)                | 6      |
| Price to Earning Ratio 2025 <sup>e</sup> | 12.2x  |
| Price to Book 2024                       | 1.7x   |
| EV/EBITDA 2025 <sup>e</sup>              | 7.8x   |
| ND/EBITDA 2024                           | 1.8x   |
| Free Cash Flow yield 2025 <sup>e</sup>   | 6.86%  |
| Dividend yield 2024 <sup>e</sup>         | 2.74%  |

### Performance (from 24/06/2016 to 31/03/2025)

Past performance is not a guarantee of future performance

↗ DNCA INVEST ARCHER MID-CAP EUROPE (I Share) Cumulative performance ↗ Reference Index<sup>(1)</sup>



<sup>(1)</sup>MSCI Europe Mid Cap NR

The performances are calculated net of any fees.

### Annualised performances and volatilities (%)

|                              | 1 year | 3 years | 5 years | Since inception |
|------------------------------|--------|---------|---------|-----------------|
| I Share                      | +5.03  | +6.07   | +15.52  | +10.82          |
| Reference Index              | +9.42  | +5.33   | +12.34  | +7.75           |
| I Share - volatility         | 11.38  | 13.36   | 15.10   | 15.03           |
| Reference Index - volatility | 11.26  | 14.52   | 16.08   | 16.26           |

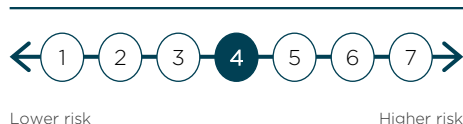
### Cumulative performances (%)

|                 | 1 month | 3 months | YTD   | 1 year | 3 years | 5 years |
|-----------------|---------|----------|-------|--------|---------|---------|
| I Share         | -1.94   | +4.36    | +4.36 | +5.03  | +19.36  | +105.78 |
| Reference Index | -2.72   | +4.92    | +4.92 | +9.42  | +16.87  | +78.99  |

### Calendar year performances (%)

|                 | 2024  | 2023   | 2022   | 2021   | 2020   | 2019   | 2018   | 2017   |
|-----------------|-------|--------|--------|--------|--------|--------|--------|--------|
| I Share         | +7.84 | +13.77 | -17.48 | +26.85 | +21.10 | +32.47 | -19.18 | +23.18 |
| Reference Index | +9.25 | +14.19 | -19.27 | +21.60 | +4.23  | +29.97 | -13.16 | +14.42 |

### Risk indicator



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

|                         | 1 year | 3 years | 5 years | Since inception |
|-------------------------|--------|---------|---------|-----------------|
| Sharpe Ratio            | 0.14   | 0.26    | 0.94    | 0.67            |
| Tracking error          | 4.89%  | 5.29%   | 6.04%   | 5.67%           |
| Correlation coefficient | 0.91   | 0.93    | 0.93    | 0.94            |
| Information Ratio       | -0.89  | 0.14    | 0.53    | 0.54            |
| Beta                    | 0.92   | 0.86    | 0.87    | 0.87            |

**Main risks:** risk relating to discretionary management, equity risk, counterparty risk, credit risk, risk of capital loss, interest-rate risk, risk related to exchange rate, liquidity risk, risk of investing in derivative instruments as well as instruments embedding derivatives, risk related to investments in emerging markets, ESG risk, sustainability risk

### Main positions\*

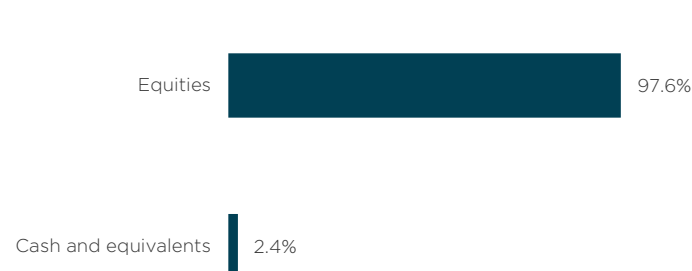
|                                   | Weight        |
|-----------------------------------|---------------|
| RENK GROUP AG (5.2)               | 3.06%         |
| MODERN TIMES GROUP-B SHS (5.5)    | 2.66%         |
| GAZTRANSPORT ET TECHNIGA SA (6.1) | 2.66%         |
| AMBEA AB (5.8)                    | 2.49%         |
| SIXT SE (4.3)                     | 2.38%         |
| DCC PLC (5.5)                     | 2.32%         |
| ON THE BEACH GROUP PLC (4.1)      | 2.32%         |
| SBM OFFSHORE NV (3.9)             | 2.30%         |
| MILDEF GROUP AB (3.3)             | 2.28%         |
| INFORMA PLC (5.5)                 | 2.24%         |
|                                   | <b>24.72%</b> |

### Monthly performance contributions

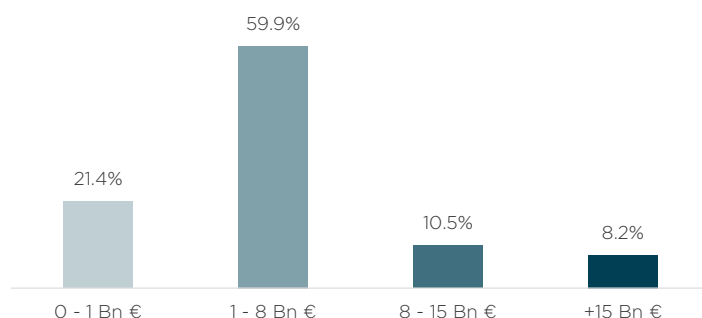
Past performance is not a guarantee of future performance

| Best                      | Weight | Contribution |
|---------------------------|--------|--------------|
| RENK GROUP AG             | 3.06%  | +0.99%       |
| MILDEF GROUP AB           | 2.28%  | +0.31%       |
| DASSAULT AVIATION SA      | 1.61%  | +0.30%       |
| LOTTOMATICA GROUP SPA     | 1.94%  | +0.21%       |
| EXOSSENS SAS              | 0.82%  | +0.20%       |
| Worst                     | Weight | Contribution |
| FLUTTER ENTERTAINMENT PLC | 1.96%  | -0.58%       |
| INFORMA PLC               | 2.24%  | -0.27%       |
| TRIGANO SA                | 0.89%  | -0.25%       |
| FUGRO NV                  | 1.92%  | -0.24%       |
| ALSO HOLDING AG-REG       | 1.41%  | -0.21%       |

### Asset class breakdown



### Market Cap breakdown



### Sector breakdown (ICB)

|                                 | Fund  | Index |
|---------------------------------|-------|-------|
| Industrial Goods and Services   | 22.8% | 23.4% |
| Consumer Products and Services  | 9.0%  | 2.4%  |
| Technology                      | 7.6%  | 3.4%  |
| Media                           | 7.2%  | 3.1%  |
| Health Care                     | 6.8%  | 8.3%  |
| Financial Services              | 6.6%  | 4.7%  |
| Travel and Leisure              | 6.2%  | 2.6%  |
| Energy                          | 5.2%  | 3.4%  |
| Real Estate                     | 4.0%  | 3.4%  |
| Food, Beverage and Tobacco      | 3.8%  | 3.8%  |
| Insurance                       | 3.6%  | 8.0%  |
| Banks                           | 3.5%  | 8.0%  |
| Personal Care, Drug and Grocery | 2.8%  | 1.3%  |
| Retail                          | 2.8%  | 2.4%  |
| Construction and Materials      | 2.5%  | 5.4%  |
| Chemicals                       | 1.9%  | 4.3%  |
| Basic Resources                 | 1.4%  | 3.3%  |
| Cash and equivalents            | 2.4%  | N/A   |

### Country breakdown

|                      | Fund  | Index |
|----------------------|-------|-------|
| United Kingdom       | 17.4% | 19.0% |
| France               | 14.9% | 10.5% |
| Sweden               | 11.5% | 8.3%  |
| Ireland              | 10.2% | 2.8%  |
| Germany              | 9.0%  | 14.7% |
| Netherlands          | 8.6%  | 7.1%  |
| Belgium              | 5.7%  | 1.3%  |
| Italy                | 5.7%  | 7.9%  |
| Denmark              | 4.0%  | 4.9%  |
| Spain                | 3.2%  | 3.5%  |
| Switzerland          | 2.9%  | 10.7% |
| Greece               | 2.1%  | -     |
| Finland              | 1.7%  | 3.4%  |
| Norway               | 0.4%  | 3.5%  |
| Portugal             | 0.3%  | 0.8%  |
| Cash and equivalents | 2.4%  | N/A   |

### Changes to portfolio holdings\*

In: BANCA MEDIOLANUM SPA (4.8)

Out: SOFTWAREONE HOLDING AG (4.5)

\*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 fund invests in the attractive European mid-cap segment.

Our aim is to find the best value for money: in other words, to own companies with excellent fundamentals and solid prospects, while remaining rigorous in terms of valuation.

Since its inception, the fund has outperformed its benchmark 146.2% versus 92.49%

In March, financial markets showed signs of nervousness in the face of the threat of new customs tariffs, likely to trigger a trade war through retaliatory measures. At the same time, the slowdown in consumer spending is heightening the risk of recession, particularly in the United States. Meanwhile, companies exposed to the "defense supercycle" continue to outperform, helped by the prospect of increased European military spending.

As a result, defense stocks continue to be among the main contributors to performance in March. Sweden's Mildef Group (electronics and software) and Germany's Renk (propulsion and transmission systems) should benefit from increased defense budgets in the European Union. Similarly, France's Dassault Aviation, which holds a 25% stake in Thalès and produces the Rafale fighter jets, and Exosens, which specializes in night vision devices, are both exposed to the sector. Lastly, Lottomatica, Italy's leading online sports betting company, published its annual results earlier this month, boosted by the transition of its business from retail to online.

Flutter Entertainment, on the other hand, was the fund's worst performer. Growth stocks were partially neglected in March, reflecting a change in investor sentiment in the face of fears of an economic slowdown. In addition, Trigano, a manufacturer of leisure vehicles and equipment, reported half-year results slightly below expectations due to longer-than-expected destocking, while remaining cautious about the outlook for motorhome sales in the second half.

For its part, Informa, a British scientific and professional publishing company, is facing uncertainty over the potential impact of the reduction in federal government support for scientific research in the USA. Fugro, a major player in geotechnical engineering for the energy sector, is affected by uncertainty over the slowdown in offshore wind activity, particularly in response to the moratorium on federal permits for wind projects announced by the Trump administration.

Finally, Also Holding, a Swiss technology services provider, fell without any specific event, although management remains cautious about sales prospects, due to uncertainties surrounding the recovery of demand in Europe and Germany.

Adjustments have been made to the portfolio to further optimize it, with the aim of achieving the best possible combination of quality, improved prospects and value

Text completed on 16/04/2025.



Don  
Fitzgerald, CFA



Daniel  
Dourmap



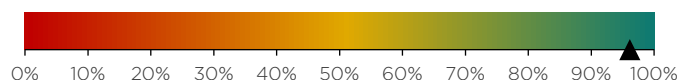
Simon  
De Franssu, CFA



Vincent  
Sperling, CFA

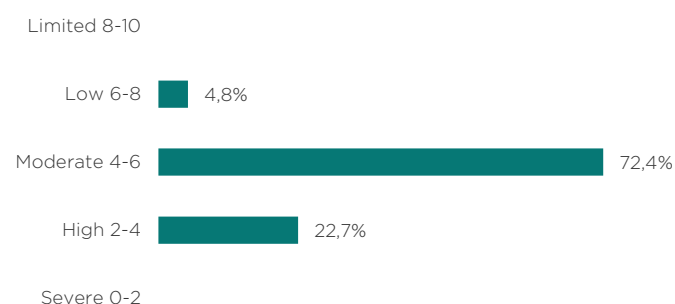
## Internal extra-financial analysis

### ABA coverage rate<sup>+</sup> (96.2%)

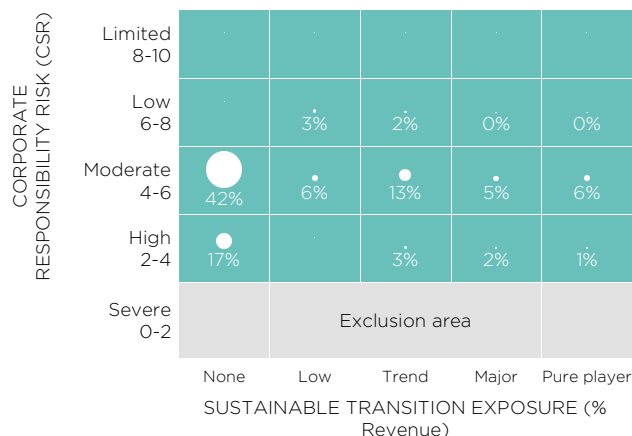


### Average Responsibility Score: 4.6/10

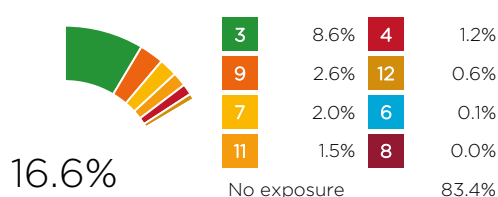
## Responsibility risk breakdown<sup>(1)</sup>



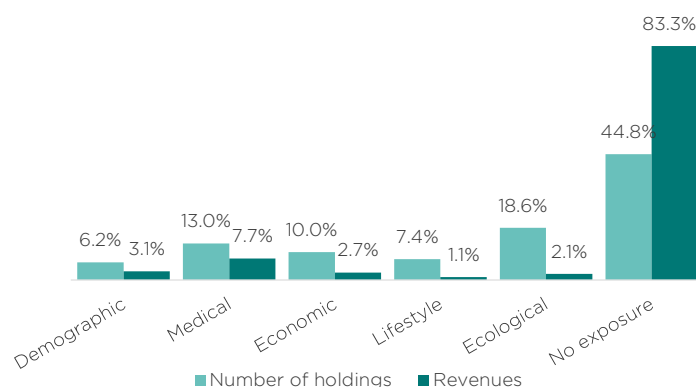
## Transition/CSR exposure<sup>(2)</sup>



## 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.

\*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     |         | Ref. Index |        |
|--|-----------------------------------|----------|---------|------------|--------|
|  |                                   | Coverage | Value   | Coverage   | Value  |
| PAI Corpo 1_1 - Tier 1 GHG emissions   | T CO <sub>2</sub>                 | 81%      | 12,757  |            |        |
|  | 31/12/2024                        | 85%      | 13,494  |            |        |
|  | 29/12/2023                        | 90%      | 11,967  | 99%        | 5,928  |
| PAI Corpo 1_2 - Tier 2 GHG emissions   | T CO <sub>2</sub>                 | 81%      | 5,487   |            |        |
|  | 31/12/2024                        | 85%      | 6,232   |            |        |
|  | 29/12/2023                        | 90%      | 3,737   | 99%        | 1,561  |
| PAI Corpo 1_3 - Tier 3 GHG emissions   | T CO <sub>2</sub>                 | 81%      | 350,521 |            |        |
|  | 31/12/2024                        | 85%      | 330,921 |            |        |
|  | 29/12/2023                        | 89%      | 243,703 | 99%        | 64,088 |
| PAI Corpo 1T - Total GHG emissions   | T CO <sub>2</sub>                 | 86%      | 368,766 |            |        |
|  | 31/12/2024                        | 87%      | 350,646 |            |        |
|  | 29/12/2023                        | 89%      | 260,234 | 99%        | 71,667 |
| PAI Corpo 1T_SC12 - Total GHG emissions (Scope 1+2)  | T CO <sub>2</sub>                 | 86%      | 18,245  |            |        |
|  | 31/12/2024                        | 87%      | 19,726  |            |        |
| PAI Corpo 2 - Carbon footprint   | T CO <sub>2</sub> /EUR M invested | 81%      | 365     | 100%       | 604    |
|  | 31/12/2024                        | 85%      | 373     | 100%       | 738    |
|  | 29/12/2023                        | 89%      | 512     | 99%        | 780    |
| PAI Corpo 3 - GHG intensity  | T CO <sub>2</sub> /EUR M sales    | 85%      | 695     | 100%       | 782    |
|  | 31/12/2024                        | 86%      | 625     | 100%       | 900    |
|  | 29/12/2023                        | 91%      | 696     | 99%        | 853    |
| PAI Corpo 4 - Share of investments in companies active in the fossil fuel sector           |                                   | 85%      | 0%      | 100%       | 0%     |
|  | 31/12/2024                        | 86%      | 0%      | 99%        | 0%     |
|  | 29/12/2023                        | 15%      | 0%      | 5%         | 0%     |
| PAI Corpo 5_1 - Share of non-renewable energy consumption                                  |                                   | 83%      | 76.5%   | 99%        | 61.6%  |
|  | 31/12/2024                        | 85%      | 79.4%   | 99%        | 63.4%  |
| PAI Corpo 5_2 - Share of non-renewable energy production                                   |                                   | 0%       | 0.0%    | 3%         | 44.5%  |
|  | 31/12/2024                        | 0%       | 0.0%    | 3%         | 66.5%  |
| PAI Corpo 6 - Energy consumption intensity by sector with high climate impact              | GWh/EUR M sales                   | 85%      | 0.7     | 100%       | 0.6    |
|  | 31/12/2024                        | 86%      | 0.4     | 99%        | 0.5    |
| PAI Corpo 7 - Activities with a negative impact on biodiversity-sensitive areas            |                                   | 84%      | 0.0%    | 99%        | 0.1%   |
|  | 31/12/2024                        | 85%      | 0.0%    | 99%        | 0.1%   |
|  | 29/12/2023                        | 0%       | 0.0%    | 0%         | 0.0%   |
| PAI Corpo 8 - Water discharges   | T Water Emissions                 | 1%       | 0       | 4%         | 0      |
|  | 31/12/2024                        | 0%       | 0       | 4%         | 0      |
|  | 29/12/2023                        | 1%       | 6       | 2%         | 602    |
| PAI Corpo 9 - Hazardous or radioactive waste ratio   | T Hazardous Waste/EUR M invested  | 81%      | 1.1     | 99%        | 1.1    |
|  | 31/12/2024                        | 85%      | 0.4     | 98%        | 1.2    |
|  | 29/12/2023                        | 29%      | 0.1     | 45%        | 1.2    |
| PAI Corpo 10 - Violations of UNGC and OECD principles                                      |                                   | 85%      | 0.0%    | 100%       | 0.0%   |
|  | 31/12/2024                        | 87%      | 0.0%    | 100%       | 0.0%   |
|  | 29/12/2023                        | 90%      | 0.0%    | 100%       | 0.0%   |
| PAI Corpo 11 - Lack of UNGC and OECD compliance processes and mechanisms                   |                                   | 85%      | 0.0%    | 100%       | 0.0%   |
|  | 31/12/2024                        | 86%      | 0.0%    | 99%        | 0.0%   |
|  | 29/12/2023                        | 90%      | 0.6%    | 99%        | 0.3%   |
| PAI Corpo 12 - Unadjusted gender pay gap   |                                   | 71%      | 12.3%   | 92%        | 13.2%  |
|  | 31/12/2024                        | 58%      | 13.9%   | 76%        | 13.4%  |
|  | 29/12/2023                        | 20%      | 17.6%   | 38%        | 13.9%  |
| PAI Corpo 13 - Gender diversity in governance bodies                                       |                                   | 84%      | 39.6%   | 100%       | 40.6%  |
|  | 31/12/2024                        | 84%      | 39.6%   | 100%       | 40.6%  |
|  | 29/12/2023                        | 90%      | 37.2%   | 100%       | 40.5%  |
| PAI Corpo 14 - Exposure to controversial weapons   |                                   | 87%      | 0.0%    | 100%       | 0.0%   |
|  | 31/12/2024                        | 87%      | 0.0%    | 100%       | 0.0%   |
|  | 29/12/2023                        | 90%      | 0.0%    | 100%       | 0.0%   |
| PAI Corpo OPT_1 - Water use  | m <sup>3</sup> /EUR M sales       | 36%      | 3,465   | 59%        | 4,209  |
|  | 31/12/2024                        | 31%      | 3,892   | 53%        | 2,517  |
|  | 29/12/2023                        | 0%       | 0       | 2%         | 0      |
| PAI Corpo OPT_2 - Water recycling  |                                   | 1%       | 0.6%    | 3%         | 0.3%   |
|  | 31/12/2024                        | 1%       | 0.7%    | 2%         | 0.4%   |
|  | 29/12/2023                        | 0%       | 0.0%    | 2%         | 0.0%   |
| PAI Corpo OPT_3 - Investments in companies with no policy for preventing accidents at work |                                   | 85%      | 0.0%    | 100%       | 0.0%   |
|  | 31/12/2024                        | 86%      | 0.0%    | 99%        | 0.0%   |
|  | 29/12/2023                        | 28%      | 0.5%    | 18%        | 0.0%   |

Source : MSCI

It should be noted that DNCA Finance changed its non-financial data provider in October 2023 from monitoring negative externalities by the Scope Rating provider to monitoring performance indicators (PAI) by the MSCI provider.

This change of supplier and indicator typology prevents DNCA Finance from producing a 3-year ESG performance comparison. DNCA Finance Committed to produce this historical data from the data available in December 2023.

## Administrative information

**Name:** DNCA INVEST Archer Mid-Cap Europe  
**ISIN code (Share I):** LU1366712351  
**SFDR classification:** Art.8  
**Inception date:** 24/06/2016  
**Investment horizon:** Minimum 5 years  
**Currency:** Euro  
**Country of domicile:** Luxembourg  
**Legal form:** SICAV  
**Reference Index:** MSCI Europe Mid Cap NR  
**Valuation frequency:** Daily  
**Management company:** DNCA Finance

**Portfolio Managers:**  
 Don FITZGERALD, CFA  
 Daniel DOURMAP  
 Simon DE FRANSSU, CFA  
 Vinzent SPERLING, CFA

**Minimum investment:** 200,000 EUR  
**Subscription fees:** 2% max  
**Redemption fees:** -  
**Management fees:** 1%  
**Ongoing charges as of 31/12/2023:** 1.08%  
**Performance fees:** 20% of the positive performance net of any fees above the index: MSCI Europe Mid Cap NR

**Custodian:** BNP Paribas - Luxembourg Branch  
**Settlement:** T+2  
**Cut off:** 12:00 Luxembourg time

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Past performance is not a reliable indicator of future performance.

Sub-fund of DNCA INVEST Investment company with variable capital (SICAV) under Luxembourg law in the form of a Société Anonyme - domiciled at 60 Av. J.F. Kennedy - L-1855 Luxembourg. It is authorised by the Commission de Surveillance du Secteur Financier (CSSF) and subject to the provisions of Chapter 15 of the Law of 17 December 2010.

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](mailto:dnca@dnca-investments.com) - tel: +33 (0)1 58 62 55 00 - website: [www.dnca-investments.com](http://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](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.