**Management Report September 2020**

**INVESTMENT OBJECTIVE**

The Sub-Fund seeks to outperform the 30% EUROSTOXX 50 (Bloomberg ticker: SXST Index) + 70% FTSE MTS Global (Bloomberg ticker:EMTXGRT Index) 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.

**PORTFOLIO MANAGERS COMMENTS**

September was marked by a fresh surge in the Covid-19 epidemic, particularly in Europe where governments are taking further measures to curb the spread of the virus. Both leading indicators and corporate guidance point to an uneven recovery across the various sectors, as order books in the automotive, semi-conductors and IT services industries provide a certain degree of visibility, while business in the air travel and hotel sectors has been downgraded. On the markets this month, sovereign bonds and investment grade credit posted positive performances, while high yield credit and equity indices were down slightly.

DNCA Beyond Alterosa posted a showing of 0.2% this month vs. 0.34% for the benchmark (30% EURO STOXX 50 + 70% FTSE MTS Global). Bonds entirely accounted for this recovery, with the main contributions coming from issuers Paprec +10bps, amS +6bps and Corestate Capital +5bps, despite positive contributions from Unilever +6bps, Geberit +6bps and Novo Nordisk +6bps, equities made a negative contribution, with declines for banks Crédit Agricole and Intesa Sanpaolo.

Over the month, we cut back our exposure to adidas, Bouygues, Danone, Michelin and Sanofi, while winding down our Sant-Gobain position. At end-September, Alterosa was 28.7% invested in equities with strong exposure to the pharmaceuticals, healthcare and household & personal care sectors. Our fund maintains its growth slant, with two-thirds of the equity portion devoted to this theme, while the portfolio’s financial features point to 2021 P/E of 19.0x on expected earnings growth of 2%

French specialty chemicals group SNF Floerger, a leader on its markets – particularly water treatment – redeemed its 2023 bond early and issued a 2026 maturity. This was an opportunity for the fund to continue supporting the company in its expansion, with yield at 2%. Also in the chemicals sector, although with different types of application, we added Belgian company Solvay’s hybrid bond with a 3-year call, and yield of 2.2%. We also exited from bonds by banks Société Générale and ING from the portfolio with yield close to 0%, along with the CGG holding and the Casino 2021 bond. We also note the official announcement of the redemption of Air France-KLM’s hybrid debt, enabling the fund to now hold only marginal exposure to the issuer.

The current context is still marked by ongoing severe uncertainty and low confidence from economic stakeholders. The risk is that “forced” saving during lockdown could turn into precautionary saving, which would hamper spending momentum, while we are also seeing a degree of caution in companies’ investment decisions. From a monetary standpoint, the ECB gave some preliminary indications on its strategy review, while details to be provided over the months ahead will give investors an idea of the main policy direction that lies ahead. In the current context, the fund’s positioning remains characterized by equity market exposure remaining close to 30% (50% maximum), with 59% for the bond portion and 12% cash. With more than 40% in investment grade bonds, yield on the bond portion still remains high at 1.8% on continued low sensitivity of 2.2. Extra-financial features point to a responsibility performance of 5.8/10 and 73% exposure to the sustainable transition.

Text completed on 07/10/2020.

Léo DUNAND-CHATTELET - Adrien LE CLANCHE - Romain GRANDIS - Damien LANTENNIER - Baptiste PLANCHAUD

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**RISK AND REWARD PROFILE**

<table>
<thead>
<tr>
<th>Lower risk</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Higher risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower potential reward</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Higher potential reward</td>
</tr>
</tbody>
</table>

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

**PERFORMANCE AND VOLATILITY**

<table>
<thead>
<tr>
<th>Share I</th>
<th>Reference Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD performance</td>
<td>-2.27%</td>
</tr>
<tr>
<td>2019 performance</td>
<td>14.05%</td>
</tr>
<tr>
<td>Annulated performance since inception</td>
<td>5.98%</td>
</tr>
<tr>
<td>Volatility 1 year</td>
<td>12.15%</td>
</tr>
<tr>
<td>Volatility since inception</td>
<td>9.40%</td>
</tr>
</tbody>
</table>

**PERFORMANCE SINCE 1/7/2018**

DNCA INVEST BEYOND ALTEROSA (Share I) Cumulative performance + Reference Index

**MAIN HOLDINGS**

<table>
<thead>
<tr>
<th>Bonds</th>
<th>Responsibility score</th>
<th>Weight</th>
<th>Equities</th>
<th>Responsibility score</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain I/2023</td>
<td>-</td>
<td>5.44%</td>
<td>Air Liquide-Primes</td>
<td>8.5</td>
<td>2.16%</td>
</tr>
<tr>
<td>Telecom Italia Spamilano</td>
<td>1.13% 2022 Cc</td>
<td>4.6</td>
<td>Roche Holding Ag-Genumsschein</td>
<td>6.9</td>
<td>1.97%</td>
</tr>
<tr>
<td>Unicredit Spa 6.95% 2022</td>
<td>4.4</td>
<td>1.88%</td>
<td>Geberit Ag-Reg</td>
<td>8.4</td>
<td>1.39%</td>
</tr>
<tr>
<td>Syntrise Ag 1.25% 2025</td>
<td>6.2</td>
<td>1.86%</td>
<td>Dassault Systemes Sa</td>
<td>8.2</td>
<td>1.27%</td>
</tr>
<tr>
<td>Amundi I Group Sa 2.5% 2024</td>
<td>5.3</td>
<td>1.68%</td>
<td>Koninklijke Osram Nv</td>
<td>6.8</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

Holdings may change over time.

**CHANGES TO PORTFOLIO HOLDINGS**

**IN** | Responsibility score | **OUT** | Responsibility score |
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvay Finance Sacà Perp Scpm Sa 2% 2026</td>
<td>5.7</td>
<td>Air France-Klm Perp</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>4.0</td>
<td>Casino Guichard Perrachon Sa 5.98% 2027</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cgp Holding Us Inc 7.89% 2027</td>
<td>4.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compagnie De Saint Gobain</td>
<td>5.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ing Groyp Nv 2023 Fm</td>
<td>5.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Societe Generale Sa 2023 Fm</td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solvay Finance Sacà Perp</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Scpm Sa 2% 2020</td>
<td>4.0</td>
</tr>
</tbody>
</table>

**MAIN CHARACTERISTICS**

<table>
<thead>
<tr>
<th>NAV</th>
<th>€100.95</th>
<th>Net assets</th>
<th>€5M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average yield</td>
<td>1.66%</td>
<td>Average modified duration</td>
<td>2.25</td>
</tr>
<tr>
<td>Average maturity (years)</td>
<td>2.94</td>
<td>Bonds and related</td>
<td>60.7%</td>
</tr>
<tr>
<td>Average Responsibility Score</td>
<td>5.0/8.0</td>
<td>Sustainable Transition exposure</td>
<td>70.5%</td>
</tr>
<tr>
<td>Coverage rate - carbon data</td>
<td>91.9%</td>
<td>Carbon intensity</td>
<td>22t CO2 / ME sales</td>
</tr>
<tr>
<td>Companies with severe social corporate restructuring</td>
<td>5</td>
<td>Companies with human right controvers</td>
<td>0</td>
</tr>
<tr>
<td>% of independent boards</td>
<td>62.3%</td>
<td>Coverage rate - ESG data</td>
<td>100%</td>
</tr>
</tbody>
</table>

Modified duration: The modified duration of a bond measures the change in its percentage value induced by a change in the interest rate.

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**Management Report**

**Share class created the 17 December 2018**

**Data as of 30/09/2020**

**E-mail: dnca@dnca-investments.com - www.dnca-investments.com**

**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 stipulated by the MiFID II Directive.**

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**SRI PORTFOLIO EXPOSURE** (% in number of holdings)

- Limited to 0-10: 2%
- Low to 6-8: 3%
- Neutral to 4-6: 4%
- Moderate to 2-4: 5%
- High to 0-2: 6%

**SDG'S EXPOSURE** (% of sales)

- 7.6% 11.2%
- 4.7% 0.9%
- 3.3% 0.7%
- 2.3% 0.3%
- 2.7% 0.1%
- No-exposure 76.2%

**SUSTAINABLE TRANSITION EXPOSURE** (% in number of holdings)

- Demographic: 3.3%
- Medical: 14.3%
- Economic: 18.8%
- Lifestyle: 9.3%
- Ecological: 24.8%
- No-exposure: 29.5%

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**BREAKDOWN BY SECTOR**

- Banks: 10.0%
- Industrial Goods and Services: 6.9%
- Technology: 0.8%
- Chemicals: 0.8%
- Personal and Household Goods: 5.3%
- Automobiles and Parts: 4.1%
- Construction and Materials: 4.1%
- Utilities: 3.9%
- Telecommunications: 3.9%
- Health Care: 3.8%
- Retail: 3.8%
- Financial Services: 3.4%
- Real Estate: 3.4%
- Media: 1.4%
- Food and Beverage: 1.2%
- Travel and Leisure: 0.9%
- UCITS: 0.7%

**BREAKDOWN BY ASSETS**

- Fixed-rate bonds: 35.7%
- Equities: 24.5%
- Floating-rate bonds: 5.5%
- Convertible bonds: 5.4%
- Inflation-linked bonds: 4.4%
- Participative and perpetual: 4.3%
- UCITS: 0.7%
- Cash and equivalents: 12.1%

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**BREAKDOWN BY COUNTRY**

- France: 30.9%
- Italy: 14.8%
- Spain: 14.7%
- Netherlands: 7.4%
- Germany: 6.2%
- Switzerland: 3.4%
- Austria: 1.9%
- Denmark: 1.0%
- Ireland: 1.0%
- Luxembourg: 0.9%
- Belgium: 0.7%
- Norway: 0.5%
- Finland: 0.2%
- UCITS: 12.1%
- Cash and equivalents: 12.1%

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**BOND'S PORTFOLIO RATING**

- A: 7.9%
- BBB: 34.0%
- BB: 31.7%
- B: 4.9%
- CC: 3.8%
- NR: 18.1%

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**PERFORMANCE (%)**

<table>
<thead>
<tr>
<th>Year</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2.01%</td>
<td>1.25%</td>
<td>2.28%</td>
<td>-2.38%</td>
<td>2.40%</td>
<td>0.35%</td>
<td>0.29%</td>
<td>1.99%</td>
<td>0.56%</td>
<td>1.59%</td>
<td>1.29%</td>
<td>0.27%</td>
<td>14.05%</td>
</tr>
<tr>
<td>2020</td>
<td>-2.07%</td>
<td>-9.03%</td>
<td>3.03%</td>
<td>1.86%</td>
<td>1.81%</td>
<td>0.86%</td>
<td>1.33%</td>
<td>1.33%</td>
<td>0.20%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-2.27%</td>
</tr>
</tbody>
</table>

Past performance is not a guarantee of future performance.

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The ABA (Above and Beyond Analysis) proprietary analysis model enables the valuation of the portfolio's exposure to Corporate Risk and the opportunities of Sustainable Transition through a matrix. We are committed to having portfolios invested at least on a neutral CSR risk.