

# DNCA INVEST FLEX INFLATION

## INTERNATIONAL INFLATION LINKED BONDS

### Investment objective

The Sub-Fund seeks to provide, over the recommended investment period of more than three years, a higher performance, net of any fees, than the Bloomberg World Govt Inflation Linked Bonds Hedged CHF (Bloomberg ticker : BCIWIH Index). Investors' attention is drawn to the fact that the management style is discretionary and integrates environmental, social/societal and governance (ESG) criteria.

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

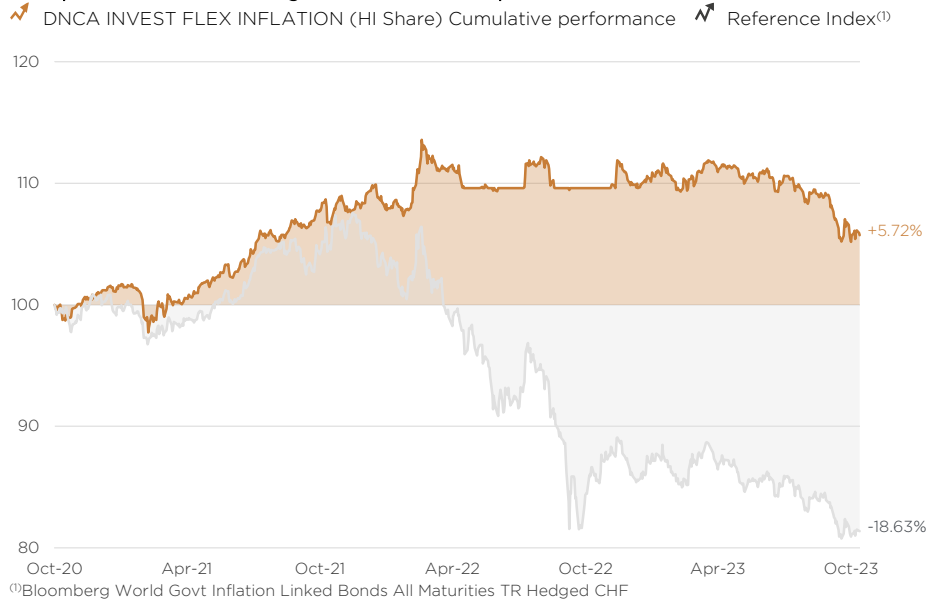
### Financial characteristics

NAV (CHF) 105.64  
Net assets (€M) 358

Bloomberg liquidity score 85.9%  
Average modified duration 8.47  
Volatility ex ante 6.09%  
Tracking Error ex ante 3.66%

### Performance (from 19/10/2020 to 31/10/2023)

Past performance is not a guarantee of future performance



### Annualised performances and volatilities (%)

	1 year	3 years	Since inception
HI Share	-3.53	+2.30	+1.85
Reference Index	-5.32	-6.42	-6.57
HI Share - volatility	4.22	4.26	4.26
Reference Index - volatility	7.15	8.60	8.56

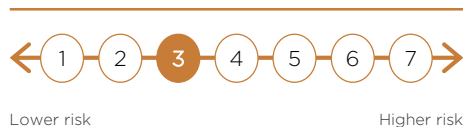
### Cumulative performances (%)

	1 month	3 months	YTD	1 year	3 years
HI Share	-1.12	-4.27	-3.53	-3.53	+7.07
Reference Index	-1.01	-4.93	-4.84	-5.32	-18.06

### Calendar year performances (%)

	2022	2021
HI Share	+0.00	+8.05
Reference Index	-18.94	+4.66

### Risk indicator



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

	1 year	3 years	Since inception
Sharpe Ratio	-0.94	0.57	0.47
Tracking error	5.26%	7.78%	7.74%
Correlation coefficient	0.68	0.43	0.43
Information Ratio	0.34	1.12	1.09
Beta	0.40	0.21	0.21

**Main risks:** risk of capital loss, interest-rate risk, risk relating to discretionary management, credit risk, inflation risk, counterparty risk, risk relating to investments in derivative products, risk related to exchange rate, liquidity risk, equity risk, ESG risk, sustainability risk

#### Exposure by modified duration

	Fixed rate	Inflation -linked	Total	Index
USA	1.09	3.22	4.31	3.13
Canada	-0.36	0.68	0.32	0.23
France	-0.76	0.47	-0.30	0.64
Germany	-1.23		-1.23	0.22
Australia		0.95	0.95	0.07
Italy		0.56	0.56	0.36
New Zealand		1.11	1.11	0.04
Spain		1.51	1.51	0.13
United Kingdom		0.80	0.80	3.82
Sweden			0.00	0.03
Denmark			0.00	0.01
Japan			0.00	0.09
Korea (South)		0.19	0.19	
Mexico		0.25	0.25	
<b>Modified duration</b>	<b>-1.26</b>	<b>9.73</b>	<b>8.47</b>	<b>8.77</b>

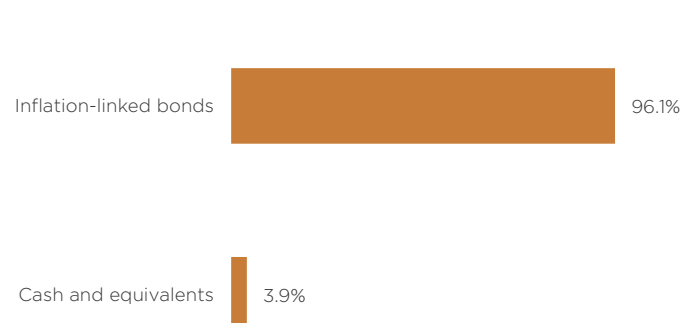
#### Main positions<sup>+</sup>

	Weight
SPGBEI 0.7 11/30/33	12.46%
TII 1 1/8 01/15/33	10.36%
BTPS 0.4 05/15/30	8.91%
TII 1 3/8 07/15/33	8.45%
ACGB 0 1/4 11/21/32	7.22%

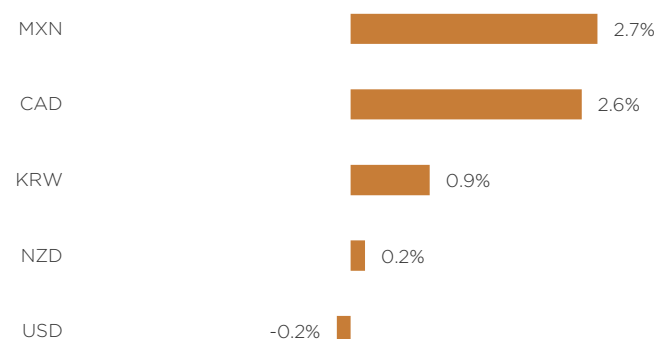
#### Exposure by country

	Fixed rate	Inflation -linked	Total	Index
USA	29.10%	29.89%	58.99%	51.01%
Canada	-4.86%	6.36%	1.49%	1.69%
France	-9.44%	6.24%	-3.20%	8.64%
Germany	-17.20%		-17.20%	2.59%
Australia		9.40%	9.40%	0.92%
Italy		8.91%	8.91%	4.98%
New Zealand		9.31%	9.31%	0.46%
Spain		15.12%	15.12%	2.69%
United Kingdom		4.16%	4.16%	23.57%
Sweden			0.00%	0.62%
Denmark			0.00%	0.26%
Japan			0.00%	2.58%
Korea (South)		3.06%	3.06%	
Mexico		3.65%	3.65%	
<b>Exposition</b>	<b>-2.40%</b>	<b>96.10%</b>	<b>93.70%</b>	<b>100.00%</b>

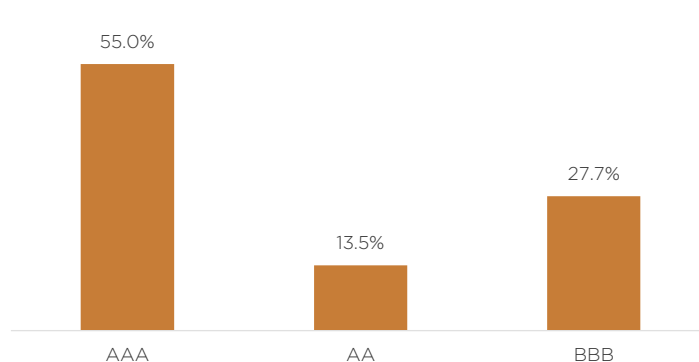
#### Asset class breakdown



#### Exposure by currency



#### Exposure by rating



These data are provided for guidance purposes only. The management company does not systematically and automatically use ratings issued by credit rating agencies and carry out its own credit analysis.

### Portfolio managers comments

The statistics published during the month were once again good, confirming that the US economy remains at a high level. Europe, however, remains mired in sluggish growth, with unemployment rates now rising very slightly in all 4 of the region's major economies. In Asia, the upturn in activity finally seems to be materialising. On the inflation front, there is little news. The trend towards disinflation is continuing, but it should come to an end fairly quickly, and the persistence of a tight labour market will keep wages, and hence prices, high. The terrorist attacks in Israel have had little impact on oil prices. Central bankers in the developed countries kept their key rates unchanged to give themselves time to assess the impact of past tightening. Among the emerging countries, only Indonesia and Turkey raised their rates, while Hungary and Chile cut them. In the short term, we believe that the monetary status quo is well established in the developed countries, where there has been significant tightening over the past 18 months. Conversely, any rate cuts are largely premature at this stage. Only Japan is in an increasingly uncomfortable situation, with key rates set to rise in the coming months.

Against this backdrop, bond markets became tense, especially in the United States, where prospects of a rate cut by the Fed are receding and a rebuilding of the term premium is underway. In Europe, real rates followed suit, rising by a few basis points over the month. For the 3ème consecutive month, the fund's performance was down by almost 1%.

Text completed on 10/11/2023.



Pascal  
Gilbert

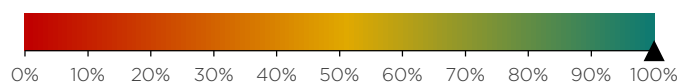


François  
Collet



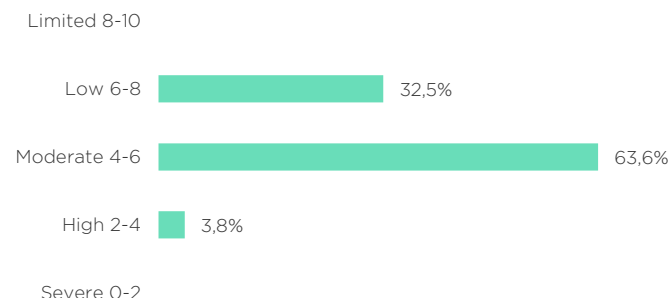
Fabien  
Georges

### ABA coverage rate<sup>+</sup> (100%)

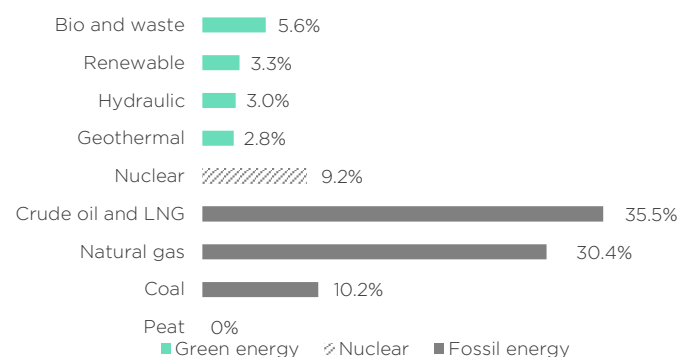


### Average ESG Score: 5.6/10

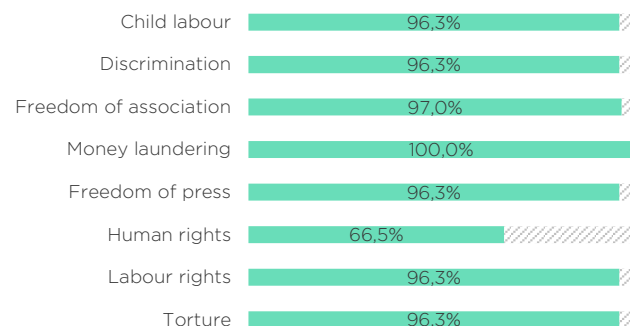
### ESG risk breakdown<sup>(1)</sup>



### Energy supply mix breakdown



### International norm based compliance



### Carbon intensity

	Amount
Production intensity (tCO <sub>2</sub> /M Euros Debt)	267.7
Production intensity (tCO <sub>2</sub> /M Euros GDP)	295.5

### Sustainability engagements

	Weight	Countries in portfolio
UN Paris agreement (COP 21)	100%	10
UN biodiversity convention	68.9%	9
Coal phase out	26.7%	4
Signatory to the Nuclear Non-Proliferation Agreement	100%	10

### 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 responsibility risks: governance, environmental, social and societal. Regardless of their geographical area, 15 indicators are evaluated such as democratic life, climate change, education and employment, health, living conditions, freedoms and respect for fundamental rights, inequalities...

<sup>(2)</sup> Total energy supply means the overall supply of energy for all activities on the territory of the country, but excluding international aviation and maritime bunkers. It includes energy needs for energy transformation (including generating electricity from combustible fuels), support operations of the energy sector itself, transmission and distribution losses, final energy consumption (industry, transport, households, services, agriculture, ...) and the use of fossil fuel products for non-energy purposes (e.g. in the chemical industry). It excludes international aviation and maritime bunkers, but it might include other fuels purchased within the country that are used elsewhere (e.g. "fuel tourism" in the case of road transport).

\* The coverage rate measures the proportion of issuers (government 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 government bonds". The coverage rate of the portfolio and the benchmark is identical for all indicators presented.

### Administrative information

**Name:** DNCA INVEST Flex Inflation  
**ISIN code (Share HI):** LU2225714307  
**SFDR classification:** Art.8  
**Inception date:** 16/10/2020  
**Investment horizon:** Minimum 3 years  
**Currency:** Franc  
**Country of domicile:** Luxembourg  
**Legal form:** SICAV  
**Reference Index:** Bloomberg World Govt Inflation Linked Bonds All Maturities TR Hedged CHF  
**Valuation frequency:** Daily  
**Management company:** DNCA Finance  
**Portfolio Managers:**  
 Pascal GILBERT  
 François COLLET  
 Fabien GEORGES

**Minimum investment:** 200,000 CHF  
**Subscription fees:** - max  
**Redemption fees:** -  
**Management fees:** 0.60%  
**Ongoing charges as of 30/12/2022:** 0.73%  
**Performance fees:** 20% of the positive performance net of any fees above the index: Bloomberg Barclays World Govt Inflation Linked Bonds Hedged CHF with High Water Mark  
**Custodian:** BNP Paribas SA - Luxembourg Branch  
**Settlement:** T+2  
**Cut off:** 12:00 Luxembourg time

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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.

**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.

**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).

**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.

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