DNCA INVEST
SRI HIGH YIELD
INTERNATIONAL HIGH YIELD BONDS

Investment objective

Through a discretionary strategy, the Sub-Fund seeks to benefit, throughout the recommended investment period of more than three years, from the perfomance of the euro-denominated high-yield bonds market, from issuers of the private sector. Investor's 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, the 50% Bloomberg Euro Corporate 500 – BBB index + 50% Bloomberg Euro High Yield BB Rating only composite index, may be used as ex-post benchmark indicator.
To achieve its investment objective, the investment strategy is based on active discretionary management.

Financial characteristics

NAV (€)	99.80
Net assets (€M)	104

Number of issuers	88
Average modified duration	2.83
Net modified duration	2.65
Average maturity (years)	4.34
Average yield	5.91%
Average rating	BB-

Performance (from 28/09/2021 to 29/02/2024)

Past performance is not a guarantee of future performance

(1)50% Bloomberg Euro Corporate 500 – BBB index + 50% Bloomberg Euro High Yield BB Rating only

Performances since the fund's inception have been achieved on the basis of a management strategy that has been modified as of 25 January 2021. The fund's benchmark was changed on 25 January 2021.

Annualised performances and volatilities (%)

	1 year	2 years	Since inception
N Share	+9.61	+2.75	+0.01
Reference Index	+8.60	+0.67	-1.50
N Share - volatility	3.10	4.42	4.30
Reference Index - volatility	2.77	4.14	3.96

Cumulative performances (%)

	1 month	3 months	YTD	1 year	2 years
N Share	+0.40	+4.20	+1.22	+9.61	+5.57
Reference Index	+0.13	+3.29	+0.58	+8.60	+1.34

Calendar year performances (%)

	2023
N Share	+9.98
Reference Index	+9.98

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	Since inception
Sharpe Ratio	3.10	0.00
Tracking error	2.56%	3.12%
Correlation coefficient	0.62	0.72
Information Ratio	0.39	0.49
Beta	0.70	0.78

Main risks: risk of capital loss, interest-rate risk, risk relating to discretionary management, credit risk, inflation rate depreciation risk, counterparty risk, risk of investing in speculative grade bonds, risk of investing in derivative instruments as well as instruments embedding derivatives, specific Risks linked to Convertible, Exchangeable and Mandatory Convertible Bonds, convertible securities risk, risk related to exchange rate, liquidity risk, high volatility risk, equity risk, specific risks of investing in contingent convertible bonds (Cocos), ESG risk, sustainability risk, bond risk 144A, risk related to investing in speculative securities

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Main positions+

	Weight
Itelyum Regeneration Spa 4.63% 2026 (5.2)	2.56%
Allwyn Entertainment Financing UK PLC 7.25% 2028 (3.4)	2.55%
Telefonica Europe BV PERP (4.6)	2.41%
Vodafone Group PLC PERP (4.6)	2.30%
Nidda Healthcare Holding GmbH 7.5% 2026 (4.0)	2.02%
Telecom Italia SpA/Milano 7.88% 2028 (4.6)	1.85%
Abertis Infraestructuras Finance BV PERP (5.7)	1.80%
Lorca Telecom Bondco SA 4% 2027 (5.6)	1.72%
RCS & RDS SA 2.5% 2025 (3.3)	1.69%
Intesa Sanpaolo SpA PERP (7.2)	1.63%
	20.54%

Country breakdown

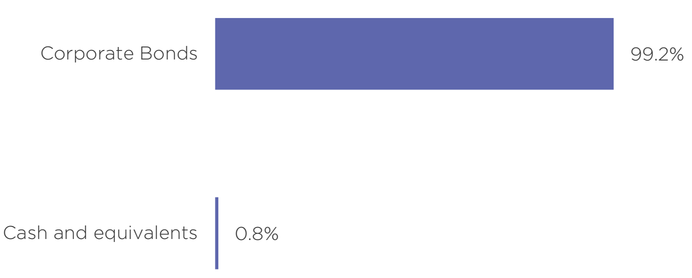
	Fund	Index
Spain	19.9%	16.3%
Italy	15.6%	16.9%
USA	13.1%	8.3%
France	13.1%	18.7%
Germany	11.6%	13.1%
United Kingdom	10.6%	7.8%
Luxembourg	2.6%	1.8%
Czech Republic	2.6%	-
Netherlands	2.4%	1.5%
Romania	1.7%	-
Belgium	1.5%	0.7%
China	1.3%	-
Austria	0.8%	0.3%
Sweden	0.8%	3.4%
Portugal	0.6%	1.0%
Switzerland	0.5%	1.2%
Denmark	0.4%	-
Slovenia	0.2%	0.3%
Other Countries	-	8.9%
Cash and equivalents	0.8%	N/A

Changes to portfolio holdings*

In: Avis Budget Finance Plc 7% 2029, BCP V Modular Services Finance PLC 6.75% 2029 (4.1), Castle UK Finco PLC 2028 FRN, Catalent Pharma Solutions Inc 2.38% 2028 (4.6), Fiber Bidco Spa 2030 FRN, Goldstory SASU 2030 FRN (3.8), INEOS Finance PLC 6.38% 2028 (3.1), Jyske Bank A/S PERP (4.1), Kier Group PLC 9% 2028 (5), Summer BidCo BV 2025 FRN and Virgin Media Secured Finance PLC 4.25% 2030 (3.9)

Out: Adevinta ASA 3% 2025 (5.1), Iberdrola International BV PERP (6.8), iliad SA 5.38% 2027 (5), INEOS Finance PLC 6.63% 2027 (3.1), Loxam SAS 5.75% 2027 (6.1), Repsol International Finance BV PERP (4.7), Vmed O2 UK Financing I PLC 3.25% 2031 (2.8) and WEPA Hygieneprodukte GmbH 5.63% 2029 (4.3)

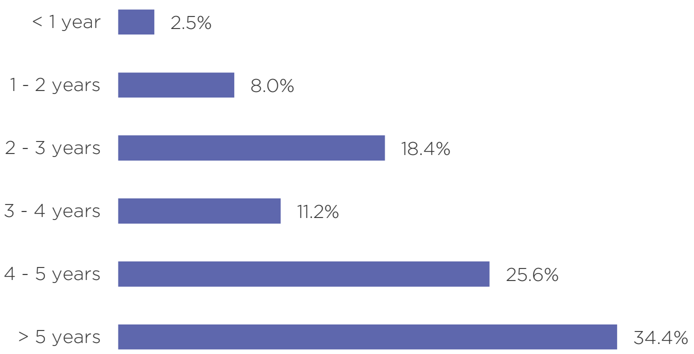
Asset class breakdown



Bonds portfolio composition and indicators

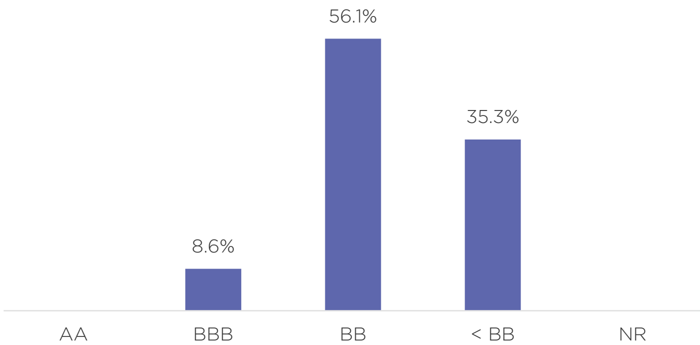
	Weight	Maturity (yrs)	Modified duration	Yield	Number of lines
Fixed rate bonds	61.22%	4.30	3.22	5.74%	68
Hybrid bonds	21.59%	3.17	2.81	6.20%	18
Floating-rate bonds	16.34%	6.03	1.43	6.14%	20
Total	99.15%	4.34	2.83	5.91%	106

Maturity breakdown



Bonds portfolio (base 100)

Rating breakdown



Bonds portfolio (base 100)

*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 credit market continued to enjoy a favourable trend in February despite the disparate economic data. Inflation remains persistent in the United States, with consumer prices (CPI) failing to fall below the 3% mark as hoped. This is causing the yield curve to rise again and investors to revise their expectations of a rate cut by the Fed. These cuts are essentially postponed, with the first cut no longer expected before June. This is also the period when many companies are due to publish their results for the final quarter of 2023. While these confirm the resilience of companies, they also show greater dispersion. But despite these more negative signals, the credit market is still performing well, with spreads tightening by around 10 bp on investment grade and 37 bp on high yield in Europe. The spread tightening was less marked in the US (-2 bp on investment grade and -29 bp on high yield). As a result of these rate movements, euro investment grade ended the month down 0.9% and high yield up 0.3% (-1.4% and +0.0% respectively in the United States).

The main factor behind the market's good performance was that inflows remained strong throughout the month. Euro investment grade attracted €2.8bn over the period, i.e. more than €9bn since the start of the year. High yield attracted almost €1.6bn, or €3.4bn since the start of the year. In the face of all this enthusiasm, the primary market remains buoyant despite the blackout period. There were €60bn of Investment Grade issues in Europe, some at virtually zero premium, making 2024 a record year in terms of issue volumes, on a par with 2023. High yield accounted for €5.6bn of new bonds. This is essentially a refinancing reason, which limits the growth of the credit market and contributes to its rise.

The DNCA Invest SRI High Yield fund benefited from the performance of high yield in February, with a net performance of 0.4%, outperforming its benchmark by 28. During this new phase of compression, B ratings contributed most to performance, followed by CCC and BB ratings. Subordinated bank debt was also a strong contributor, while hybrid debt was negative.

The sectors that contributed most to performance were services, banking, automotive, retail and capital goods. But the technology, transport, utilities, telecoms and energy sectors performed negatively.

The biggest contributors to performance were Modulaire Group (services), Graanul (basic industries), Itelyum (services), Loxam (services) and Douglas (retail). Those contributing least were Kier (basic industries), Telefonica (telecoms), AMS-Osram (technology) following the loss of a key contract, Abertis (transport) and Virgin Media (telecoms).

During the month, we participated in the new issue of Avis Budget (services) to take advantage of its attractive premium. We also invested in Catalent (healthcare) following the announcement of its takeover by Novo Nordisk, in order to benefit from an attractive yield; the shares will probably be bought back at the end of the year. We increased our exposure to floaters with Miller Homes (basic industries) and Fedrigoni (capital goods), to sterling bonds via Virgin Media (telecoms) and to subordinates with United Group PIK and Modulaire Group. At the same time, we took profits on bonds that had performed well and had less potential: Wepa (basic industries), Banco de Credito Social Cooperativo (banking), Iliad (telecoms), Loxam (services), Grunenthal (healthcare), Adevinta (media) and the hybrids Repsol (energy) and Iberdrola (utilities).

We remain positive on the high yield market. Fundamentals remain solid overall and the default rate could trend downwards in the coming months. Technical factors such as inflows and a primary market limited to refinancing should remain present and contribute to performance. Although valuation may seem less attractive, it could benefit from an easing of Central Bank monetary policies in the second half of the year, and still represents a comfortable carry. We are therefore maintaining a significant yield in the portfolio through selective investments. Our main themes are companies in the process of deleveraging (Forvia, Coty) and those with flexible balance sheets and the ability to generate cash to adapt to the current environment (Belden, Cheplapharm). We also favour subordinated debt from quality issuers with low extension risk and attractive yields (Téléfonica, BBVA). We are also investing in bonds that could be refinanced this year (Digi communications, Telecom Italia, Catalent, Douglas) as well as companies that have suffered from de-stocking or inflation in 2023 but could benefit from normalisation in 2024 (Ineos, Ardagh, Morrison). Finally, we have also built up a number of niche positions in floaters and sterling.

Overall, at the end of the month, the portfolio had a yield in euros of 5.5% for a duration of 2.6. Its exposure to BB ratings is 57%, and 29% to B ratings. The average responsibility score is 4.85.

Text completed on 12/03/2024.

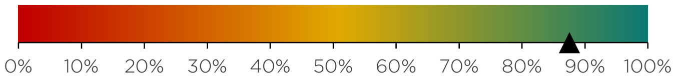

Nolwenn
Le Roux, CFA


Ismaël
Lecanu


Jean-Marc
Frelet, CFA

Internal extra-financial analysis

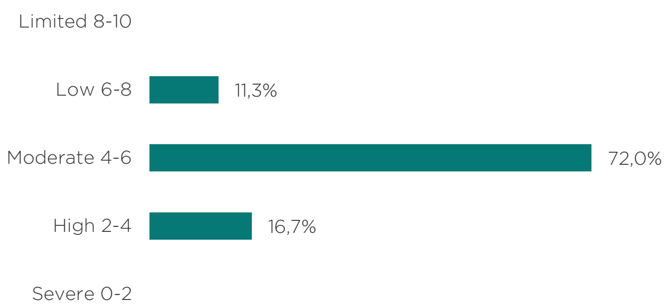
ABA coverage rate+ (87.5%)



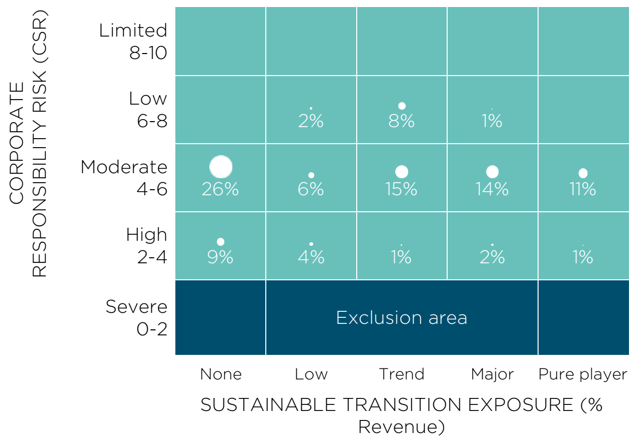
Average Responsibility Score: 4.8/10

Selectivity universe exclusion rate

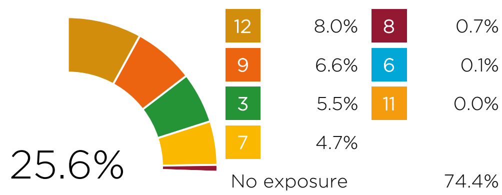
Responsibility risk breakdown(1)



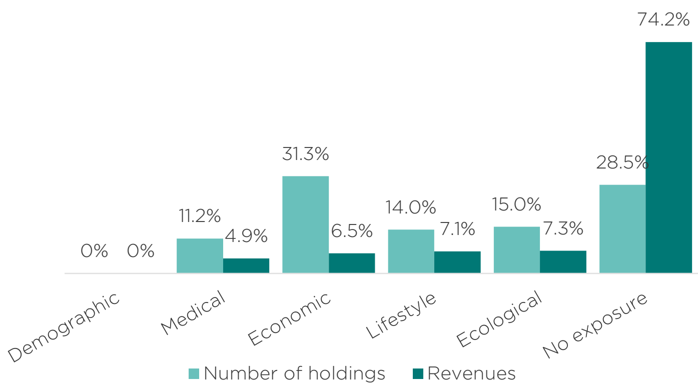
Transition/CSR exposure(2)



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

DNCA INVESTMENTS

Principal Adverse Impacts

PAI	Unit	Fund		Ref. Index	
		Coverage	Value	Coverage	Value
PAI Corpo 1_1 - Tier 1 GHG emissions	T CO_2	56%	2,441	81%	442
PAI Corpo 1_2 - Tier 2 GHG emissions	T CO_2	56%	1,250	81%	102
PAI Corpo 1_3 - Tier 3 GHG emissions	T CO_2	55%	29,710	81%	3,055
PAI Corpo 1T - Total GHG emissions	T CO_2	55%	30,718	81%	3,395
PAI Corpo 2 - Carbon footprint	T CO_2/EUR million invested	55%	293	81%	539
PAI Corpo 3 - GHG intensity	T CO_2/EUR million sales	68%	723	94%	1,016
PAI Corpo 4 - Share of investments in companies active in the fossil fuel sector		3%	3%	3%	3%
PAI Corpo 5 - Share of non-renewable energy consumption and production		56%	66%	83%	67%
PAI Corpo 6_TOTAL - Energy consumption intensity by sector with high climate impact NACE	GWh / EUR million sales	61%	0.1	85%	0.3
PAI Corpo 7 - Activities with a negative impact on biodiversity-sensitive areas		0%	0%	2%	2%
PAI Corpo 8 - Water discharges	T Water Emissions	0%		3%	36,529
PAI Corpo 9 - Hazardous or radioactive waste ratio	T Hazardous Waste	30%	750,893	47%	1,083,730
PAI Corpo 10 - Violations of UNGC and OECD principles		65%	0%	91%	0%
PAI Corpo 11 - Lack of UNGC and OECD compliance processes and mechanisms		62%	12%	90%	19%
PAI Corpo 12 - Unadjusted gender pay gap		21%	12%	29%	13%
PAI Corpo 13 - Gender diversity in governance bodies		65%	35%	91%	35%
PAI Corpo 14 - Exposure to controversial weapons		66%	0%	91%	0%
PAI Corpo OPT_1 - Water use	m^3/EUR mln sales	3%	0	2%	0
PAI Corpo OPT_2 - Water recycling		3%	0%	2%	0%
PAI Corpo OPT_3 - Number of days lost due to injury, accident, death or illness		24%	167	36%	2

Source : MSCI

Administrative information

Name: DNCA INVEST Sri High Yield
ISIN code (Share N): LU2040190964
SFDR classification: Art.8
Inception date: 05/11/2019
Investment horizon: Minimum 3 years
Currency: Euro
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: 50% Bloomberg Euro Corporate 500 – BBB index + 50% Bloomberg Euro High Yield BB Rating only
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:
Nolwenn LE ROUX, CFA
Ismaël LECANU
Jean-Marc FRELET, CFA

Minimum investment: None
Subscription fees: - max
Redemption fees: -
Management fees: 0.80%
Ongoing charges as of 30/12/2022: 1.05%
Performance fees: 20% of the positive performance net of any fees above the index: 50% Bloomberg Euro Corporate 500 – BBB index + 50% Bloomberg Euro High Yield BB Rating only

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

Legal information

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.