The international equity markets have been consolidating as a result of less upbeat macroeconomic surprises and further health measures. In Europe in particular, PMI are correcting and showing a deep gulf between manufacturing and services. Political uncertainties also remain (Brexit, US elections) and warrant renewed volatility along with a surge in the dollar. Meanwhile the fixed income markets – steered by the central banks – continue to benefit from steady demand and inflation still failing to stage a rebound. Investors are now waiting for the start of the quarterly earnings reporting season to see if the post-lockdown recovery has filtered through to companies. Against this backdrop, the convertible primary bond market remained active with four issues for a total of close to €3.5bn.

DNCA Invest Global Convertibles posted a showing of -0.74% vs. -0.71% for the benchmark, UBS Thompson Reuters Global Focus Vanilla Hedged (EUR). In Europe, we invested in two convertible bonds on offer from two energy providers (EDF and Falck Renewables) on maturities of respectively 2024 and 2025. These positions ramp up and diversify the fund’s exposure to this theme. We also bought into the Soitec 2025 primary issue, upping our exposure to the investment case with a more mixed-profile bond. There are still several catalysts (SG, IoT, SG, etc.), lending credence to the hypothesis of amortization of the 45% premium in the medium term. In North America, we took a position on the issue from online learning platform K12. We financed these moves by tactically reducing our positions on some investment cases that have posted astounding showings – Docusign 2023, Sea 2024, Teladoc 2025, Match Group 2030, Nexi 2027, Health Catalyst 2025, Nexi 2027, Soitec 2025 - as well as fully winding down our holding on Tesla 2024.

Convertible bonds are an attractive asset class in a volatile macroeconomic context, particularly as their technical valuation currently displays an attractive discount on part of the universe, whether credit or equity. Credit profiles still harbor substantial scope for rebound – with the fund heavily exposed to this portion – and carry excessive discounts compared to equivalent bonds on similar signatures. Fundamentals will remain the center of investment decisions over the months ahead and the fund will use the 3Q earnings reporting season to focus on investments with real upside only. The portfolio displays defensive delta and yield of 48% and -1.6% as compared with respectively 37% and -3% for the market.

Text completed on 06/10/2020.
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>2018</td>
<td>0.45%</td>
<td>-0.02%</td>
<td>-1.3%</td>
<td>0.71%</td>
<td>0.68%</td>
<td>-0.97%</td>
<td>-0.27%</td>
<td>1.04%</td>
<td>-0.06%</td>
<td>-2.19%</td>
<td>-1.68%</td>
<td>-2.28%</td>
<td>-5.62%</td>
</tr>
<tr>
<td>2019</td>
<td>2.69%</td>
<td>1.62%</td>
<td>0.60%</td>
<td>1.51%</td>
<td>-2.26%</td>
<td>1.42%</td>
<td>1.42%</td>
<td>-0.14%</td>
<td>-0.36%</td>
<td>0.42%</td>
<td>0.97%</td>
<td>0.86%</td>
<td>9.00%</td>
</tr>
<tr>
<td>2020</td>
<td>0.86%</td>
<td>-2.08%</td>
<td>-8.70%</td>
<td>3.96%</td>
<td>3.16%</td>
<td>3.29%</td>
<td>2.61%</td>
<td>2.52%</td>
<td>-0.74%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4.29%</td>
</tr>
</tbody>
</table>

Past performance is not a guarantee of future performance.

PORTFOLIO DATAS - CONVERTIBLE BONDS

MAIN COUNTRIES

USA: 37.5%
France: 21.0%
Japan: 14.2%
Spain: 10.5%
Germany: 4.2%
Netherlands: 4.2%
Italy: 3.2%
Luxembourg: 1.7%
India: 1.3%
Australia: 1.2%
Israel: 1.0%
New Zealand: 0.9%
Switzerland: 0.8%
Singapore: 0.6%
Austria: 0.5%
Belgium: 0.2%
United Kingdom: 0.2%

BREAKDOWN BY PROFILE

Fixed-income profile: 74.0%
Mixed profile: 15.5%
Equities profile: 9.3%
Corporate bonds/TP/FCP: 2.4%
Cash and equivalents: 3.0%

BREAKDOWN BY MATURITY

< 1 year: 2.2%
1 - 2 years: 8.4%
2 - 3 years: 15.9%
3 - 4 years: 17.2%
4 - 5 years: 31.6%
> 5 years: 23.3%

BREAKDOWN BY SECTOR

Technology: 35.8%
Industrial Goods and Services: 12.7%
Health Care: 9.5%
Retail: 6.2%
Travel and Leisure: 6.5%
Personal and Household Goods: 4.0%
Utilities: 4.7%
Telecommunications: 3.5%
Construction and Materials: 3.2%
Media: 1.9%
Automobiles and Parts: 1.7%
Food and Beverage: 1.6%
Financial Services: 0.9%
Rooms: 0.9%
Insurance: 0.8%
Oil and Gas: 0.4%
Real Estate: 0.3%
Basic Resources: 0.3%
Cash and equivalents: 2.5%

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.