

DNCA LCR EUROPE GROWTH

Investment objective

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

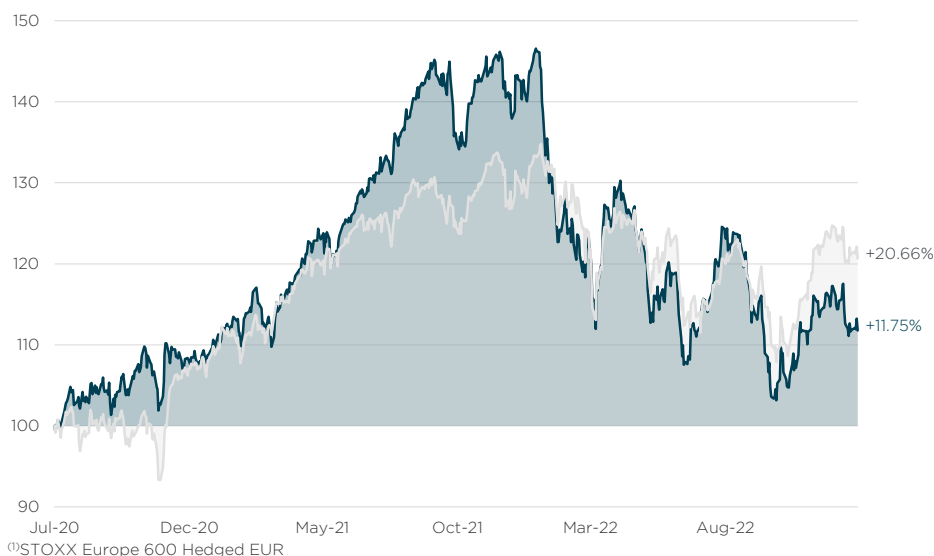
Financial characteristics

NAV (€)	111.75
Net assets (€M)	9
Number of equities holdings	35
Average market cap. (€Bn)	78
Price to Earning Ratio 2023 ^e	23.1x
Price to Book 2022	4.6x
EV/EBITDA 2023 ^e	13.2x
ND/EBITDA 2022	1.0x
Price to Cash-Flow 2023 ^e	16.8x
Dividend yield 2022 ^e	1.55%

Performance (from 02/07/2020 to 30/12/2022)

Past performance is not a guarantee of future performance

↗ DNCA LCR EUROPE GROWTH (I-2 Share) Cumulative performance ↗ Reference Index⁽¹⁾



Annualised performances and volatilities (%)

	1 year	Since inception
I-2 Share	-23.59	+4.55
Reference Index	-9.38	+7.82
I-2 Share - volatility	22.37	17.85
Reference Index - volatility	18.64	15.77

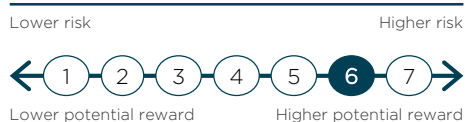
Cumulative performances (%)

	1 month	3 months	YTD	1 year
I-2 Share	-3.56	+6.17	-23.59	-23.59
Reference Index	-2.64	+10.55	-9.38	-9.38

Calendar year performances (%)

	2022	2021
I-2 Share	-23.59	+33.31
Reference Index	-9.38	+22.41

Risk and reward profile



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

Main risks:

	1 year	Since inception
Tracking error	10.77%	10.07%
Correlation coefficient	0.88	0.83
Information Ratio	-1.32	-0.32
Beta	1.05	0.94

Main positions*

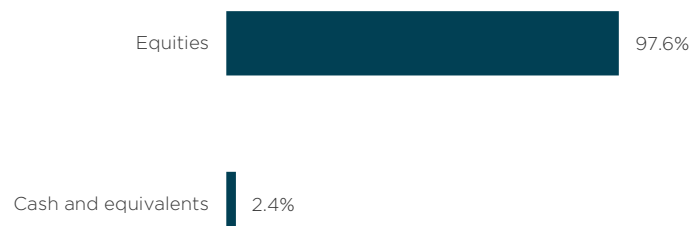
	Weight
NOVO NORDISK A/S-B (6.7)	8.11%
EDENRED (6.1)	7.44%
ASTRAZENECA PLC (4.6)	7.28%
LVMH MOET HENNESSY LOUIS VUI (4.4)	6.38%
MERCK KGAA (4.0)	4.92%
GAZTRANSPORT ET TECHNIGA SA (6.3)	4.77%
AIR LIQUIDE SA (7.2)	4.67%
BIOMERIEUX (7.3)	3.97%
FLUTTER ENTERTAINMENT PLC-DI (4.6)	3.58%
ID LOGISTICS GROUP (5.7)	3.38%
	54.49%

Monthly performance contributions

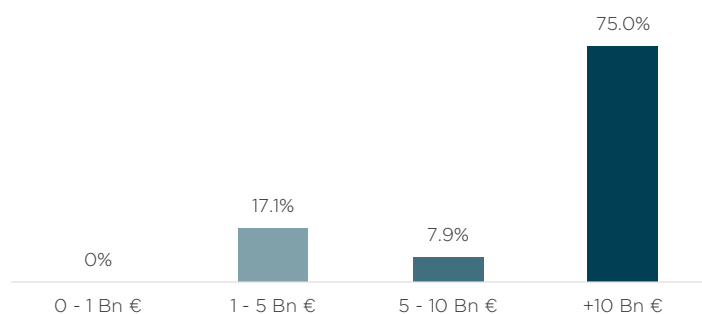
Past performance is not a guarantee of future performance

Best	Weight	Contribution
NOVO NORDISK A/S-B	8.11%	+0.44%
MERCK KGAA	4.92%	+0.18%
MIPS AB	1.20%	+0.07%
BIOMERIEUX	3.97%	+0.07%
AMPLIFON SPA	1.21%	+0.04%
Worst	Weight	Contribution
GAZTRANSPORT ET TECHNIGA SA	4.77%	-0.82%
LVMH MOET HENNESSY LOUIS VUI	6.38%	-0.47%
FLUTTER ENTERTAINMENT PLC-DI	3.58%	-0.35%
ASML HOLDING NV	2.77%	-0.32%
LONZA GROUP AG-REG	2.58%	-0.31%

Asset class breakdown



Market Cap breakdown



Sector breakdown (ICB)

	Fund	Index
Health Care	36.0%	15.7%
Industrial Goods and Services	22.2%	12.1%
Chemicals	11.7%	4.3%
Consumer Products and Services	8.0%	6.2%
Energy	4.8%	6.9%
Technology	3.9%	6.4%
Travel and Leisure	3.6%	1.1%
Food, Beverage and Tobacco	3.2%	8.1%
Real Estate	2.3%	1.4%
Construction and Materials	2.0%	3.2%
Banks	-	8.0%
Insurance	-	5.4%
Utilities	-	4.1%
Financial Services	-	3.3%
Personal Care, Drug and Grocery	-	3.1%
Basic Resources	-	3.0%
Telecommunications	-	2.8%
Automobiles and Parts	-	2.3%
Media	-	1.6%
Retail	-	0.8%
Cash and equivalents	2.4%	N/A

Country breakdown

	Fund	Index
France	41.9%	17.1%
United Kingdom	11.5%	21.2%
Switzerland	10.7%	15.7%
Denmark	9.9%	4.4%
Netherlands	8.7%	9.1%
Germany	4.9%	11.7%
Ireland	4.5%	2.6%
Sweden	3.2%	4.7%
Italy	1.2%	3.3%
Norway	1.1%	1.2%
Cash and equivalents	2.4%	N/A

Changes to portfolio holdings*

In: None

Out: None

*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 year 2022 was very disappointing from start to finish. The fund's clear underperformance can be analysed from two angles. Firstly, a severe compression of valuation multiples, which is due to a historic rise in interest rates in Western countries, but also to a probable rise in the risk premium. The second explanation lies in the reduction of earnings per share forecasts in 2022 (especially for covid winners) and 2023, impacted by the violent rise in costs and a demand that is sometimes under pressure (e.g. destocking at Thule, Sartorius or MIPS). Unfortunately, we should not delude ourselves The first half of 2023 should follow the same logic, as forecasts will continue to be revised downwards and the bases of comparison remain very demanding in the first half.

However, there are glimmers of light. Indeed, many commodities have finally turned downwards, especially energy, as oil, natural gas and electricity have almost returned to the levels seen before the crisis in Ukraine began. Similarly, the severe shortage of electronic components is being resolved and ocean freight rates are now below pre-covid levels. Thus, some form of normalisation of gross margins is quite possible within 6/9 months, provided of course that no new black swans appear. Similarly, China seems to have resolutely set in motion its reopening, which will undoubtedly be a support factor for Luxury Goods and certain Industries (e.g. Schneider Electric).

At the micro level, our historical convictions in Pharmaceuticals are confirmed, as the visibility of their growth and the defensive nature of their business are valuable assets in the current context. It should also be noted that the shortage constraints on Novo Nordisk's drug Wegovy in the field of severe obesity have (finally!) been lifted.

ASML also offers us excellent visibility through its order book. We also like the strong cash flow generation of the group. Indeed, EBITDA margins are over 35%, while the tax rate is only 15% and capital expenditure ("Capex") is only 5% of sales, despite very strong growth.

Cyclical sectors (Semi, Construction, Logistics) have suffered enormously in 2022 due to a clearly unattractive 2023 outlook, but valuation levels are now affordable (e.g. DSV or Kingspan).

Finally, Biomerieux has raised its 2022 financial targets for sales (from -3% to 0%) and operating profit (from €625 million to > €660 million). This revision is explained by a "better" flu season (from a commercial point of view) than expected in Europe and the USA. In this respect, the syndromic approach of their subsidiary Biofire is particularly well suited, as patients can be infected by a multitude of respiratory diseases (Covid, Influenza, other respiratory viruses, bacteria, etc), and only their solution (Filmarray) allows for a reliable and ultra-fast diagnosis (< 1 hour) with a single sample. In a very unusual way, the group took the opportunity to unveil its 2023 objectives, which we interpret as a signal of confidence.

We would like to take the opportunity of this monthly commentary to wish you an excellent year 2023, and hope that it will be more favourable for the Growth/Quality theme.

Text completed on 04/01/2023.



Carl
Auffret, CFA

Administrative information

Name: DNCA Lcr Europe Growth
ISIN code (Share I-2): FR0013488236
SFDR classification: Art.6
Inception date: 02/07/2020
Investment horizon: Minimum 5 years
Currency: Euro
Country of domicile: France
Legal form: FCP
Reference Index: STOXX Europe 600 Hedged EUR
Valuation frequency: Daily
Management company: DNCA Finance
Portfolio Manager:
 Carl AUFFRET, CFA

Minimum investment: 200,000 EUR
Subscription fees: - max
Redemption fees: -
Management fees: 1%
Ongoing charges as of 31/12/2021: 1.10%
Performance fees: 20% of the positive performance net of any fees above the index: Stoxx Europe 600 Monthly Hedged

Custodian: BNP Paribas
Settlement:
Cut off: 12:30 Paris time

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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.

Derivatives. The collective name used for a broad class of financial instruments that derive their value from other underlying financial instruments. Futures, options and swaps are all types of derivative.

Maturity. The time when a bond or other debt instrument is due to for redemption (is due to mature); or the length of time between the issue of such an instrument and the date it is due for redemption (the maturity date).

Sensitivity. The sensitivity of a bond measures the change in its percentage value induced by a given change in interest rates.

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.

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