

DNCA INVEST EUROSE

FLEXIBLE ASSET



Investment objective

The Sub-Fund seeks to outperform the 20% Eurostoxx 50 + 80% FTSE MTS Global composite index calculated with dividends reinvested, over the recommended investment period. 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) | 119.62 |
| Net assets (€M) | 2,529 |
| Number of equities holdings | 28 |
| Gross equity exposure | 24.9% |
| Net equity exposure | 19.4% |
| Price to Earning Ratio 2024 ^e | 10.3x |
| Price to Book 2023 | 1.0x |
| EV/EBITDA 2024 ^e | 5.7x |
| ND/EBITDA 2023 | 1.1x |
| Free Cash Flow yield 2024 ^e | 6.45% |
| Dividend yield 2023 ^e | 4.32% |
| Number of issuers | 186 |
| Average modified duration | 2.36 |
| Net modified duration | 2.36 |
| Average maturity (years) | 2.78 |
| Average yield | 3.94% |
| Average rating | BBB- |

Performance (from 21/12/2015 to 31/07/2024)

Past performance is not a guarantee of future performance

DNCA INVEST EUROSE (I - CHF(H) Share) Cumulative performance Reference Index⁽¹⁾



⁽¹⁾80% FTSE Eurozone Government Bond Index + 20% EURO STOXX 50 NR

The performances are calculated net of any fees by DNCA FINANCE.

Annualised performances and volatilities (%)

| | 1 year | 2 years | 5 years | Since inception |
|-------------------------------|--------|---------|---------|-----------------|
| I - CHF(H) Share | +3.79 | +4.21 | +2.36 | +2.10 |
| Reference Index | +6.44 | +1.77 | +0.13 | +1.63 |
| I - CHF(H) Share - volatility | 2.53 | 3.62 | 6.16 | 5.53 |
| Reference Index - volatility | 5.61 | 7.13 | 6.68 | 5.77 |

Cumulative performances (%)

| | 1 month | 3 months | YTD | 1 year | 2 years | 5 years |
|------------------|---------|----------|-------|--------|---------|---------|
| I - CHF(H) Share | +1.54 | +0.63 | +1.47 | +3.79 | +8.64 | +12.39 |
| Reference Index | +1.76 | +1.90 | +2.25 | +6.44 | +3.58 | +0.68 |

Calendar year performances (%)

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------|--------|--------|-------|-------|--------|-------|-------|-------|
| I - CHF(H) Share | +7.05 | -2.97 | +7.51 | -3.85 | +8.17 | -6.12 | +5.00 | +2.65 |
| Reference Index | +10.25 | -16.32 | +1.57 | +4.15 | +10.77 | -1.76 | +2.22 | +3.64 |

Risk indicator



Lower risk

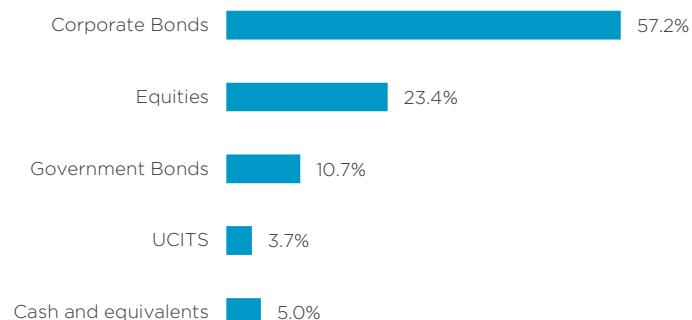
Higher risk

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

| | 1 year | 3 years | 5 years | Since inception |
|-------------------------|--------|---------|---------|-----------------|
| Sharpe Ratio | 1.52 | 0.58 | 0.38 | 0.38 |
| Tracking error | 4.62% | 6.34% | 5.89% | 4.95% |
| Correlation coefficient | 0.58 | 0.46 | 0.58 | 0.62 |
| Information Ratio | -0.72 | 0.74 | 0.38 | 0.10 |
| Beta | 0.26 | 0.29 | 0.54 | 0.59 |

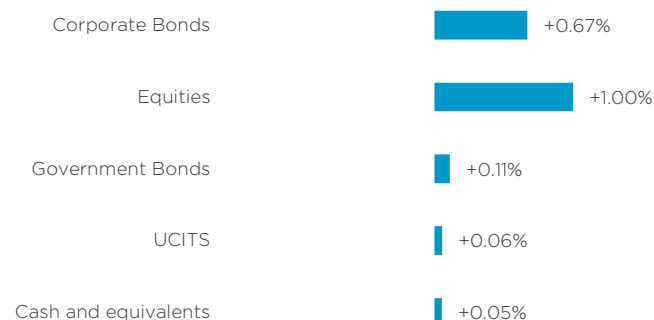
Main risks: interest-rate risk, credit risk, equity risk, risk of capital loss, risk of investing in derivative instruments as well as instruments embedding derivatives, specific Risk linked to ABS and MBS, distressed securities risk, risk of investing in speculative grade bonds, specific risks of investing in contingent convertible bonds (Cocos), specific risks associated with OTC derivative transactions, ESG risk, sustainability risk, risk related to exchange rate, risk relating to investments in derivative products

Asset class breakdown



Monthly performance contributions

Past performance is not a guarantee of future performance



Sector breakdown (ICB)

| | Fund | Index |
|---------------------------------|-------|-------|
| Banks | 21.9% | 2.4% |
| Govies | 10.7% | 80.0% |
| Industrial Goods and Services | 9.0% | 2.9% |
| Construction and Materials | 6.4% | 0.6% |
| Telecommunications | 5.8% | 0.6% |
| Automobiles and Parts | 5.4% | 1.0% |
| Health Care | 4.9% | 1.2% |
| Energy | 4.6% | 1.1% |
| Consumer Products and Services | 4.6% | 2.3% |
| Utilities | 4.2% | 0.7% |
| Chemicals | 2.4% | 0.8% |
| Technology | 2.3% | 3.5% |
| Financial Services | 1.7% | 0.2% |
| Media | 1.7% | 0.2% |
| Basic Resources | 1.5% | - |
| Insurance | 1.3% | 1.3% |
| Food, Beverage and Tobacco | 1.2% | 0.7% |
| Retail | 0.7% | 0.3% |
| Travel and Leisure | 0.5% | - |
| Personal Care, Drug and Grocery | 0.3% | 0.2% |
| Real Estate | 0.1% | - |
| UCITS | 3.7% | N/A |
| Cash and equivalents | 5.0% | N/A |

Country breakdown

| | Fund | Index |
|----------------------|-------|-------|
| France | 41.5% | 27.3% |
| Italy | 12.6% | 19.1% |
| Spain | 11.2% | 13.3% |
| Netherlands | 4.9% | 7.3% |
| Germany | 4.4% | 20.9% |
| USA | 4.0% | - |
| United Kingdom | 1.6% | - |
| Switzerland | 1.6% | - |
| Denmark | 1.4% | - |
| Sweden | 1.4% | 0.2% |
| Belgium | 1.3% | 4.5% |
| Czech Republic | 1.3% | - |
| Norway | 1.0% | - |
| Ireland | 0.7% | - |
| Israel | 0.6% | - |
| Austria | 0.5% | 3.0% |
| Finland | 0.4% | 1.5% |
| Portugal | 0.2% | 1.8% |
| Greece | 0.2% | - |
| Slovenia | 0.2% | - |
| Luxembourg | 0.2% | - |
| Poland | 0.1% | - |
| Other Countries | - | 1.3% |
| UCITS | 3.7% | N/A |
| Cash and equivalents | 5.0% | N/A |

Bonds portfolio composition and indicators

| | Weight | Maturity (yrs) | Modified duration | Yield | Number of lines |
|------------------------|---------------|----------------|-------------------|--------------|-----------------|
| Fixed rate bonds | 52.13% | 2.90 | 2.42 | 3.98% | 285 |
| Inflation-linked bonds | 9.28% | 2.98 | 2.80 | 3.01% | 7 |
| Hybrid bonds | 3.15% | 1.30 | 1.26 | 4.81% | 18 |
| Convertible bonds | 1.91% | 2.23 | 1.79 | 6.39% | 11 |
| Floating-rate bonds | 1.38% | 1.33 | 0.14 | 3.47% | 7 |
| Total | 67.86% | 2.78 | 2.36 | 3.94% | 328 |

Changes to portfolio holdings*

In: BE Semiconductor Industries NV 4.5% 2031 (4.4), DASSAULT SYSTEMES SE (7.1), EXCLUSIVE NETWORKS SA (5), International Game Technology PLC 3.5% 2026 (5.1), SNF Group SACA 2.63% 2029 (4.7), Ubisoft Entertainment SA 0.88% 2027 (2.9), UNIEURO SPA and Zegona Finance PLC 6.75% 2029 (4.6)

Out: Ford Motor Credit Co LLC 1.74% 2024 (4.8), Intesa Sanpaolo SpA 4.38% 2029 (7.2), OHL Operaciones SA 9.75% 2026 (5.3) and Unicaja Banco SA 2025 FRN (3)

*The figure between brackets represents the issuer's 'responsibility' score. Please refer to the Internal Extra-financial analysis page for the analysis methodology.

Equity portfolio (23.4%)

Main positions⁺

| | Weight |
|---------------------------------|--------|
| TOTALENERGIES SE (3.9) | 3.22% |
| BNP PARIBAS (4.2) | 1.96% |
| SANOFI (5.0) | 1.92% |
| COMPAGNIE DE SAINT GOBAIN (6.0) | 1.73% |
| BOUYGUES SA (5.3) | 1.48% |

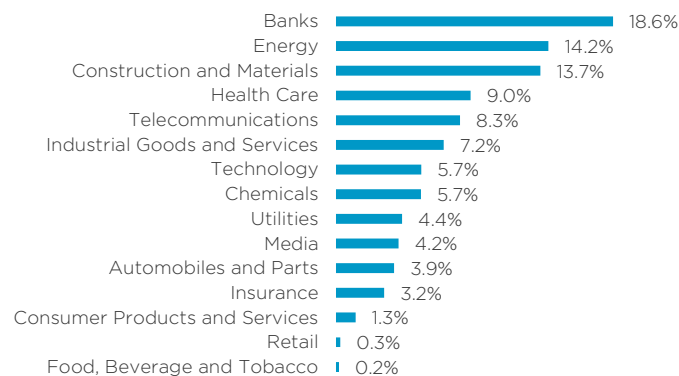
Monthly performance contributions

Past performance is not a guarantee of future performance

| Best | Weight | Contribution |
|---------------------------|--------|--------------|
| COMPAGNIE DE SAINT GOBAIN | 1.73% | +0.16% |
| ORANGE | 1.48% | +0.13% |
| BNP PARIBAS | 1.96% | +0.12% |
| SOCIETE GENERALE SA | 1.39% | +0.12% |
| SANOFI | 1.92% | +0.11% |

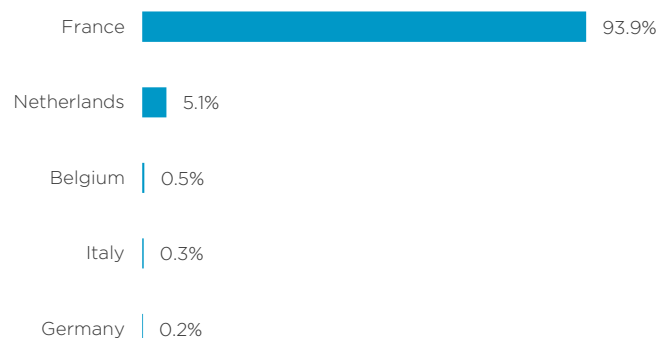
| Worst | Weight | Contribution |
|-----------------------|--------|--------------|
| STMICROELECTRONICS NV | 1.15% | -0.24% |
| THALES SA | 0.81% | -0.01% |
| EXCLUSIVE NETWORKS SA | 0.12% | +0.00% |
| UNIEURO SPA | 0.07% | +0.00% |
| SIXT SE - PRFD | 0.04% | +0.00% |

Sector breakdown (ICB)



Equity portfolio (base 100)

Country breakdown



Equity portfolio (base 100)

Bond portfolio (67.9%)

Main positions⁺

| | Weight |
|----------------|--------|
| Spain I/L 2027 | 2.05% |
| Italy I/L 2024 | 1.81% |
| Italy I/L 2029 | 1.36% |
| Italy I/L 2026 | 1.35% |
| Spain I/L 2030 | 1.26% |

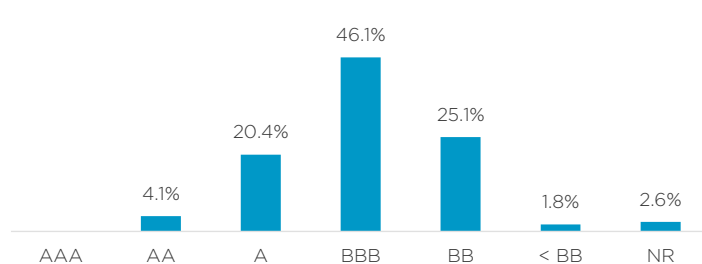
Monthly performance contributions

Past performance is not a guarantee of future performance

| Best | Weight | Contribution |
|----------------------|--------|--------------|
| BTPS 11/2 05/15/29 | 1.36% | +0.03% |
| SPGBEI 0.65 11/30/27 | 2.05% | +0.02% |
| SPGBEI 1 11/30/30 | 1.26% | +0.02% |
| NXIFP 0 7/8 04/19/28 | 0.17% | +0.02% |
| BTPS 1.6 11/22/28 | 0.83% | +0.01% |

| Worst | Weight | Contribution |
|-----------------------|--------|--------------|
| FGRFP 1 5/8 01/14/27 | 0.19% | +0.00% |
| OHLSM 9 3/4 03/31/26 | Out | +0.00% |
| CHEPDE 7 1/2 05/15/30 | 0.10% | +0.00% |
| NEXIIM 0 02/24/28 | 0.24% | +0.00% |
| KBCBB 2 7/8 06/29/25 | Out | 0% |

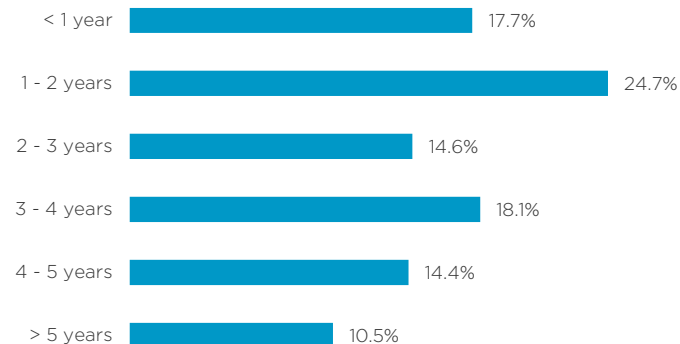
Rating breakdown



Bonds portfolio (base 100)

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.

Maturity 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

Neither of the two major central banks, the FED and the ECB, is altering its monetary policy this month. That said, there is every reason to believe that each will probably cut its key rates at its next meeting in September. Buoyed by the approach of these deadlines, by the downward trajectory of inflation and by the lacklustre economic data for the coming months, interest rates fell almost continuously over the month. The German 10-year lost 20bp, ending the month at 2.30%. Bond markets in the eurozone benefited: +2.3% for the sovereign index, +1.7% for investment grade credit and +1.2% for high yield credit. The EURO STOXX 50 NR remained stable over the month.

Thanks in particular to its exposure to the value part of the equities market, DNCA Invest Eurose gained 1.54% over the month. Its performance since the start of the year stands at 1.47%.

Equities made a positive contribution over the month, with the main contributors being the banking sector (BNP Paribas, Crédit Agricole and Société Générale) and Orange and Saint-Gobain shares, up by almost 10%. During the month, the fund initiated three new positions: Dassault Systèmes, Exclusive Networks and Unieuro. Dassault Systèmes is a French software company which provides virtual experience platforms mainly for the aerospace, construction, industry and healthcare sectors. Exclusive Networks (a French cybersecurity company) and Unieuro (an Italian specialist retailer) are the subject of takeover bids by consortia made up of the CD&R and Permira funds for the former and by Fnac Darty and Ruby (controlled by D. Křetínský) for the latter. The positions of Dassault Aviation, D'leteren and EssilorLuxottica were also strengthened. Conversely, Coface, Corbion, Crédit Agricole, Saint-Gobain and Veolia were reduced. At the end of July, the fund's net exposure to equities was 19.4%, and the portfolio's main holdings were : TotalEnergies (3.2%), BNP Paribas (2.0%), Sanofi (1.9%), Saint-Gobain (1.7%) and Bouygues (1.5%). Hedging accounted for 5.5% (EURO STOXX 50 and CAC 40 futures) and was reduced during the month. The financial characteristics of the portfolio show a P/E for 2024 of 10.3x (EURO STOXX 50 at 14.2x); the dividend yield for 2024 is estimated at 4.3% (EURO STOXX 50 at 3.0%).

Within the bond portfolio, certain bonds whose valuation has become high have been reduced: Avolta 2031, TDF 2028, VodafoneZiggo 2029, Sixt 2027 and Servicios Medio Ambiente 2029. The announcement of a potential takeover bid and delisting of Grifols provided an opportunity to reduce positions in 2027 and 2028 bonds, and the remaining OHLA shares were sold at a time when announcements and rumours about the capital structure were rather difficult to read. EDF and Intesa SanPaolo redeemed their respective subordinated bonds as expected. Some company publications give rise to opportunities to buy or strengthen existing lines. This was particularly the case with the disappointing announcements from Verallia, Ubisoft (new line maturing in 2027), Schaeffler, Sartorius and Wizzair. On the primary side, two new companies entered the portfolio: Vodafone Spain, following the acquisition of Zegona from Vodafone (maturing in 2029 at a yield of 6.75%), and Besi, a Dutch semiconductor company specialising in chip packaging (maturing in 2031 at a yield of 4.5%). Gaming company IGT also enters the portfolio on a short-dated maturity; its digital and online gaming division was due to be distributed to current shareholders and then merged with a competitor (Everi), but in the end Apollo made an offer to buy both entities, which will enable the company to repay its debts more quickly. Finally, French speciality chemicals company SNF was strengthened by the purchase of its 2029 bond.

The extra-financial characteristics of the portfolio show a responsibility performance of 4.96 and an exposure to sustainable transition of 86.88%.

The results published by European companies were marked by messages of heightened caution in several sectors of the economy, particularly those linked to consumption: automotive, luxury goods, technology and travel and leisure. Volatility on risky markets increased towards the end of the month, reflecting a certain nervousness. The Olympic Games seem to have made the French forget the political challenges to be overcome in the short term. Against this still highly uncertain backdrop, there is little reason to change the direction of portfolio management. Potential future bouts of volatility will probably provide an opportunity to strengthen certain positions, particularly in investment-grade and high-yield credit.

Text completed on 06/08/2024.



Jean-Charles
Meriaux



Romain
Grandis, CFA



Damien
Lanternier, CFA



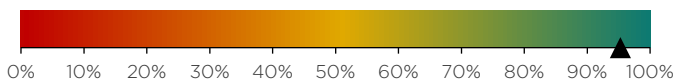
Adrien
Le Clairche



Baptiste
Planchard, CFA

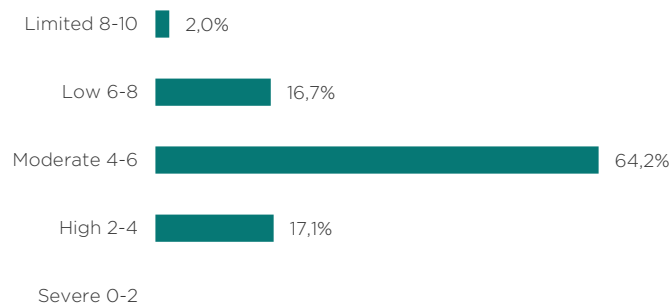
Internal extra-financial analysis

ABA coverage rate⁺ (95.3%)



Average Responsibility Score: 5.0/10

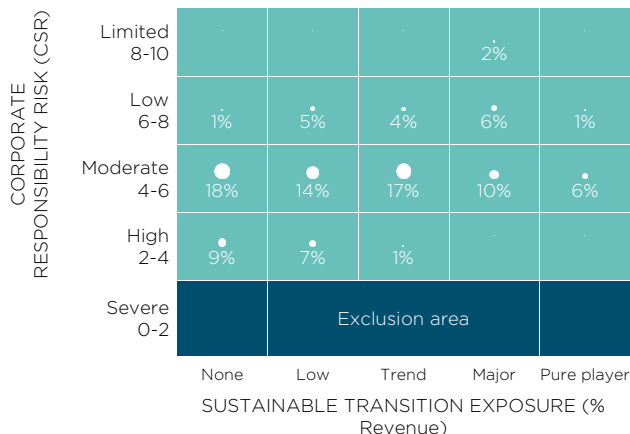
Responsibility risk breakdown⁽¹⁾



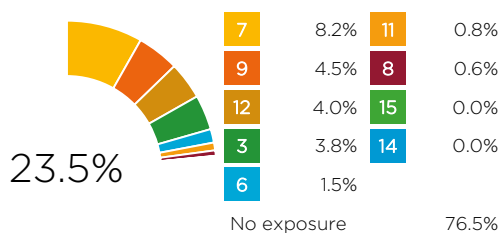
Selectivity universe exclusion rate



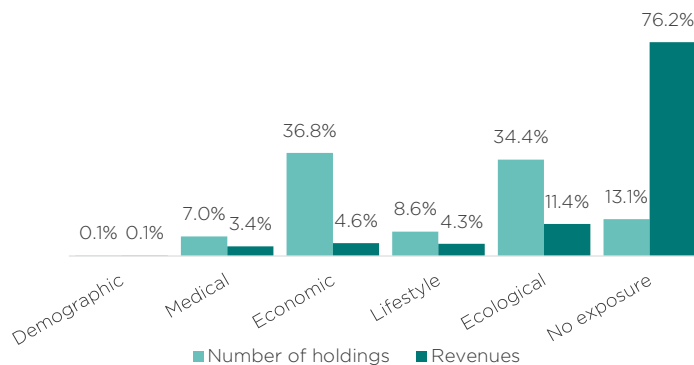
Transition/CSR exposure⁽²⁾



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

Principal Adverse Impacts

| PAI | Unit | Fund | | Ref. Index | |
|--|---|----------|-----------|------------|-----------|
| | | Coverage | Value | Coverage | Value |
| PAI Corpo 1_1 - Tier 1 GHG emissions | T CO ₂ | 81% | 94,122 | 100% | 76,621 |
| PAI Corpo 1_2 - Tier 2 GHG emissions | T CO ₂ | 81% | 29,522 | 100% | 28,150 |
| PAI Corpo 1_3 - Tier 3 GHG emissions | T CO ₂ | 81% | 957,083 | 100% | 935,570 |
| PAI Corpo 1T - Total GHG emissions | T CO ₂ | 81% | 1,097,368 | 100% | 1,041,848 |
| PAI Corpo 2 - Carbon footprint | T CO ₂ /EUR million invested | 81% | 448 | 100% | 91 |
| PAI Corpo 3 - GHG intensity | T CO ₂ /EUR million sales | 90% | 921 | 100% | 954 |
| PAI Corpo 4 - Share of investments in companies active in the fossil fuel sector | | 10% | 5% | 11% | 2% |
| PAI Corpo 5 - Share of non-renewable energy consumption and production | | 87% | 66% | 100% | 55% |
| PAI Corpo 6_TOTAL - Energy consumption intensity by sector with high climate impact NACE | GWh/EUR million sales | 87% | 0.3 | 100% | 0.3 |
| PAI Corpo 7 - Activities with a negative impact on biodiversity-sensitive areas | | 88% | 9% | 100% | 3% |
| PAI Corpo 8 - Water discharges | T Water Emissions | 4% | 155 | 3% | 3,787 |
| PAI Corpo 9 - Hazardous or radioactive waste ratio | T Hazardous Waste | 81% | 958,402 | 100% | 123,727 |
| PAI Corpo 10 - Violations of UNGC and OECD principles | | 91% | 0% | 100% | 0% |
| PAI Corpo 11 - Lack of UNGC and OECD compliance processes and mechanisms | | 88% | 1% | 100% | 0% |
| PAI Corpo 12 - Unadjusted gender pay gap | | 66% | 13% | 76% | 13% |
| PAI Corpo 13 - Gender diversity in governance bodies | | 89% | 41% | 100% | 43% |
| PAI Corpo 14 - Exposure to controversial weapons | | 91% | 0% | 100% | 0% |
| PAI Corpo OPT_1 - Water use | m ³ /EUR mln sales | 8% | 10 | 14% | 0 |
| PAI Corpo OPT_2 - Water recycling | | 5% | 0% | 13% | 0% |
| PAI Corpo OPT_3 - Number of days lost due to injury, accident, death or illness | | 34% | 584 | 31% | 119 |

Source : MSCI

Administrative information

Name: DNCA INVEST Eurose
ISIN code (Share I - CHF(H)):
LU1278537466
SFDR classification: Art.8
Inception date: 21/12/2015
Investment horizon: Minimum 3 years
Currency: Franc
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: 80% FTSE Eurozone
Government Bond Index + 20% EURO
STOXX 50 NR
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:

Jean-Charles MERIAUX
Romain GRANDIS, CFA
Damien LANTERNIER, CFA
Adrien LE CLAINCHE
Baptiste PLANCHARD, CFA

Minimum investment: 200,000 CHF
Subscription fees: 1% max
Redemption fees: -
Management fees: 0.70%
Ongoing charges as of 30/12/2022: 0.82%
Performance fees: -

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

Legal information

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Past performance is not a reliable indicator of future performance.

The award of this label to a compartment does not mean that it meets your own sustainability objectives or that the label corresponds to the requirements of future national or European regulations. For more information on this subject, please visit : www.lelabelisr.fr and www.lelabelisr.fr/comment-investir/fonds-labellises

Sub-fund of DNCA INVEST Investment company with variable capital (SICAV) under Luxembourg law in the form of a Société Anonyme - domiciled at 60 Av. J.F. Kennedy - L-1855 Luxembourg. It is authorised by the Commission de Surveillance du Secteur Financier (CSSF) and subject to the provisions of Chapter 15 of the Law of 17 December 2010.

DNCA Finance is a limited partnership (Société en Commandite Simple) approved by the Autorité des Marchés Financiers (AMF) as a portfolio management company under number GP00-030 and governed by the AMF's General Regulations, its doctrine and the Monetary and Financial Code. DNCA Finance is also a Non-Independent Investment Advisor within the meaning of the MIFID II Directive. DNCA Finance - 19 Place Vendôme-75001 Paris - e-mail: dnca@dnca-investments.com - tel: +33 (0)1 58 62 55 00 - website: www.dnca-investments.com

Any complaint may be addressed, free of charge, either to your usual contact (within DNCA Finance or within a delegate of DNCA Finance), or directly to the Head of Compliance and Internal Control (RCCI) of DNCA Finance by writing to the company's head office (19 Place Vendôme, 75001 Paris, France). In the event of persistent disagreement, you may have access to mediation. The list of out-of-court dispute resolution bodies and their contact details according to your country and/or that of the service provider concerned can be freely consulted by following the link https://finance.ec.europa.eu/consumer-finance-and-payments/retail-financial-services/financial-dispute-resolution-network-fin-net/members-fin-net-country_fr.

A summary of investors' rights is available in English at the following link: <https://www.dnca-investments.com/en/regulatory-information>

This product promotes environmental or social characteristics, but does not have as its objective a sustainable investment. It might invest partially in assets that have a sustainable objective, for instance qualified as sustainable according to the EU classification.

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.

Convertible Bond. Hybrid securities that have both bond and equity characteristics. Convertible bonds make periodic interest payments like a bond, but bondholders also get an option to exchange their bonds for a specified number of shares of common stock. Convertible bonds typically carry lower coupon rates, thus reducing the corporation's cost of borrowing.

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.

Delta. The delta of a position expresses the change in the price of an option when its underlying asset price varies. It corresponds to the derivative of the theoretical value of the option relating to the price of the underlying asset.

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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