DNCA INVEST
ALPHA BONDS
INTERNATIONAL MULTI-STRATEGIES BONDS

Investment objective

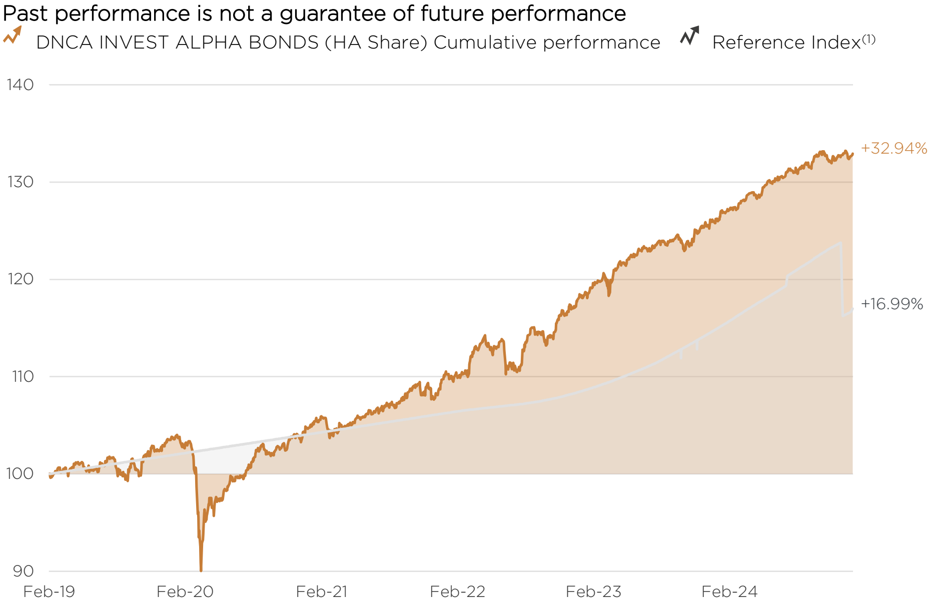
The Sub-Fund seeks to provide, throughout the recommended investment period of more than three years, a higher performance, net of any fees, than the SOFR index plus 1.40%. This performance objective is sought by associating it to a lower annual volatility than 5% in normal market conditions.
To achieve its investment objective, the investment strategy is based on active discretionary management.

Financial characteristics

NAV ($)	132.94
Net assets (€M)	14,678
Bloomberg liquidity score	89.4%
Average modified duration	1.60
Average yield	5.71%
Volatility ex ante	1.66%
Average rating	A+

Performance (from 04/02/2019 to 31/12/2024)

Past performance is not a guarantee of future performance



(1)SOFR + 1.40%

Annualised performances and volatilities (%)

	1 year	3 years	5 years	Since inception
HA Share	+5.34	+6.51	+5.07	+4.94
Reference Index	+6.70	+4.84	+3.73	+3.49
HA Share - volatility	1.78	3.00	4.10	4.02
Reference Index - volatility	0.24	0.71	0.56	0.52

Cumulative performances (%)

	1 month	3 months	YTD	1 year	3 years	5 years
HA Share	+0.16	+0.20	+5.34	+5.34	+20.85	+28.06
Reference Index	+0.51	+1.52	+6.70	+6.70	+15.26	+20.11

Calendar year performances (%)

	2024	2023	2022	2021	2020
HA Share	+5.34	+6.62	+7.60	+5.02	+0.90
Reference Index	+6.70	+5.89	+2.10	+2.06	+2.09

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

Risk indicator

1 2 3 4 5 6 7

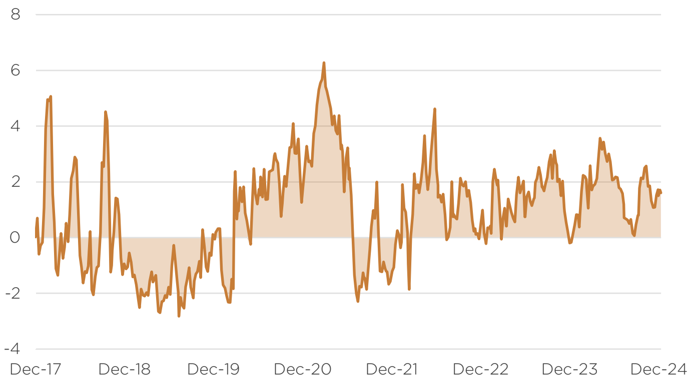
Lower risk — Higher risk

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

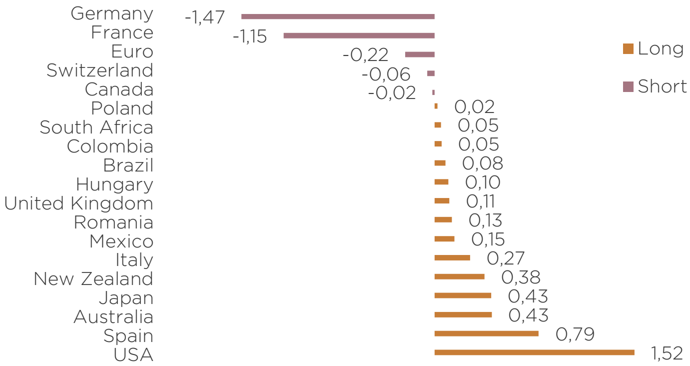
	1 year	3 years	5 years	Since inception
Sharpe Ratio	2.97	2.17	1.24	1.23
Tracking error	1.80%	3.06%	4.13%	4.04%
Correlation coefficient	0.00	0.03	0.02	0.02
Information Ratio	-0.75	0.54	0.32	0.36
Beta	-0.03	0.14	0.14	0.15

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

Modified duration evolution



Modified duration by country

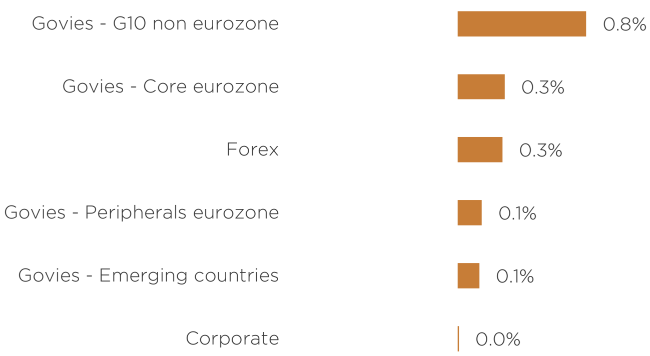


Performance contribution MTD

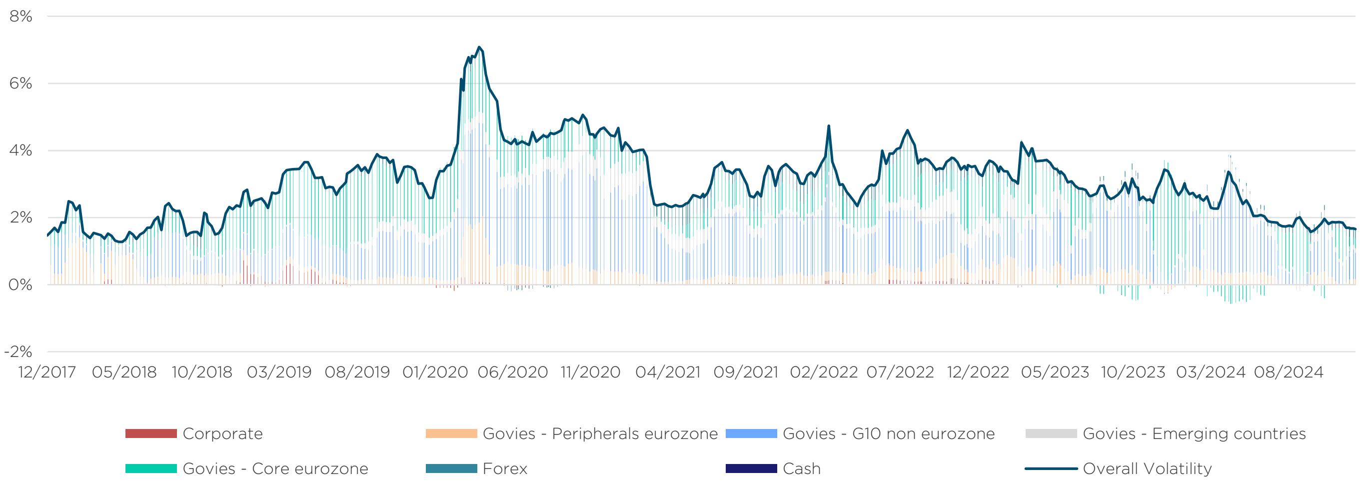
Past performance is not a guarantee of future performance

Performance Contribution	+0.00%
Govies - Core eurozone	+0.65%
Govies - Peripherals eurozone	-0.20%
Euro Interest Rate Swaps	+0.27%
Euro Inflation Swaps	-0.03%
CDS eurozone	+0.01%
Govies - G10 non eurozone	-0.57%
Interest Rate Swaps exc. Euro	-0.07%
CDS exc. Euro	-0.02%
Govies - Emerging countries	-0.01%
Cash and equivalents	-0.03%

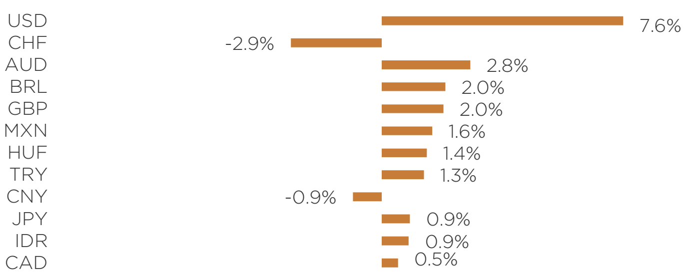
Volatity contribution



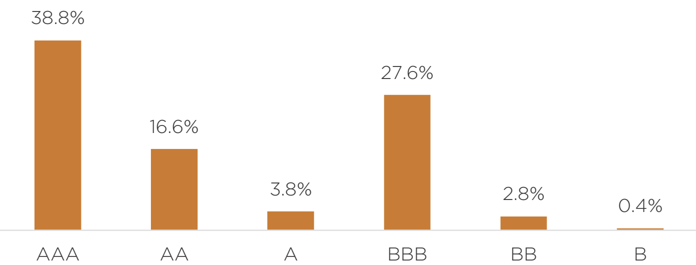
Volatility evolution



Exposure by currency



Exposure by rating



Portfolio managers comments

December did not derail the US economy, which seems to be coping particularly well with interest rate levels, as illustrated by a job market showing no signs of weakness. The optimism generated by Trump's election is spreading to the private sector and contrasts with the gloom in the core countries of the eurozone, where the rebound in activity continues to be postponed. Inflation brought no surprises and is stabilizing at levels slightly above the target set by the major central banks. The services component, driven by wages, is showing signs of easing, but remains in uncomfortable territory for monetary policymakers. This has prompted the Fed to plan fewer rate cuts for 2025. After lowering its key rate to 3%, the ECB has reaffirmed its intention to continue the downward trend, and 2.50% appears to us to be a plateau that will be reached in March.

On the other hand, the scenario played out by the markets of an extension of the movement below 2% seems to us far more uncertain. On the Fed side, the increase in the neutral rate shows that the economy has adapted well to higher rates. Given the strength of the US economy and the uncertainties surrounding President Trump's future trade policy, 4% on FED Funds seems a fair level to us.

The fund's performance was close to 0 for the month. Rising interest rates and the steepening of the yield curve benefited the fund's short European strategy, but were offset by the fall in inflation-linked bonds in the US.

The portfolio's sensitivity increased slightly, to close to 1.5. This low exposure to interest-rate risk and very limited overall portfolio risk reflect uncertainties on the macroeconomic and political fronts. The meagre reconstitution of risk premiums, mainly via signature risk, on sovereign bonds limits the massive implementation of short positions, but does not yet lead us to expect significant gains from the asset class.

The inauguration of the Trump administration, political instability in France and the German elections are likely to increase economic uncertainty in early 2025. Against this backdrop, the portfolio allocation seeks to maximize diversification and maintain risk levels below 3%. In fact, it is by retaining room to maneuver in the face of future developments on the fixed-income markets that the portfolio will be able to deliver its management objective in 2025.

Text completed on 10/01/2025.


Pascal
Gilbert

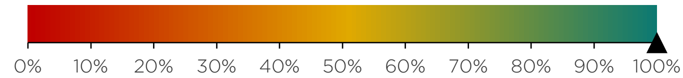

François
Collet


Fabien
Georges


Paul
Lentz

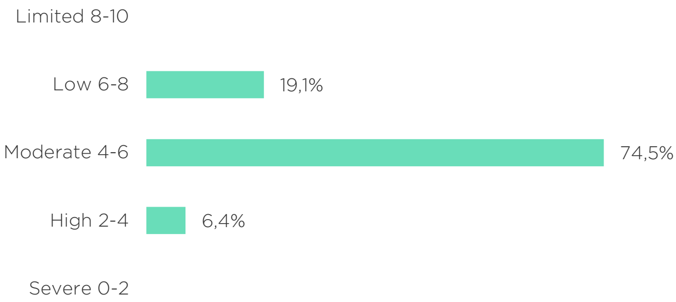

Thibault
Chrapaty

ABA coverage rate+ (100%)

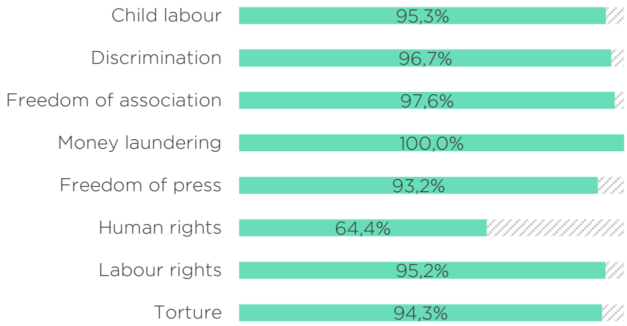


Average ESG Score: 5.1/10

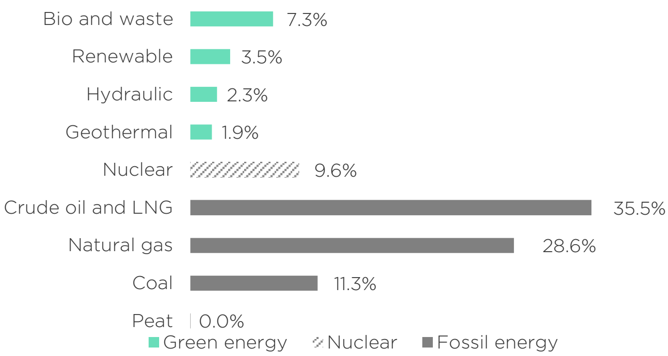
ESG risk breakdown(1)



International norm based compliance



Energy supply mix breakdown



Carbon intensity

	Amount
Production intensity (tCO_2/M Euros Debt)	315.2
Production intensity (tCO_2/M Euros GDP)	357.9

Sustainablity engagements

	Weight	Countries in portfolio
UN Paris agreement (COP 21)	100%	16
UN biodiversity convention	68.8%	15
Coal phase out	76.2%	10
Signatory to the Nuclear Non-Proliferation Agreement	89.6%	15

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 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...

(2) 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 Alpha Bonds
ISIN code (Share HA): LU1860994273
SFDR classification: Art.8
Inception date: 04/02/2019
Investment horizon: Minimum 3 years
Currency: Dollar
Country of domicile: Luxembourg
Legal form: SICAV
Reference Index: SOFR + 1.40%
Valuation frequency: Daily
Management company: DNCA Finance

Portfolio Managers:
Pascal GILBERT
François COLLET
Fabien GEORGES
Paul LENTZ
Thibault CHRAPATY

Minimum investment: 2,500 USD
Subscription fees: - max
Redemption fees: -
Management fees: 1.20%
Ongoing charges as of 31/12/2023: 1.36%
Performance fees: 20% of the positive performance net of any fees above the index: SOFR + 1.40% with High Water Mark

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.
Bloomberg liquidity Score. The Bloomberg Liquidity Score reflects the security's centile rank, and is represented with a relative value between 1 and 100. A score of 100 is the most liquid, with the lowest average liquidation cost for a range of volumes.
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. 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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