



Monthly Report

At 30 September 2022



FRENCH LAW REAL ESTATE UCITS

1. FUND OBJECTIVE

The FCP's objective is to implement discretionary management to outperform, via exposure to European Union real estate shares and and by reconciling financial and extra-financial performance, the FTSE EPRA / NAREIT Euro Zone Capped benchmark. Net dividends re-invested after deduction of management fees over the duration of the recommended investment (over 5 years).

2. MANAGEMENT NOTE

REACHING A LOW POINT

After a 35.1% decline since the beginning of the year (and a 33% decline in the Fund P Unit), current real estate sector valuations already seem to us to be largely anticipating the forthcoming acceleration in interest rate hikes. Differentiation in terms of balance sheet quality and the ability to impose indexation on tenants over the long term will be key to selecting the right stocks. The future stabilisation of long-term interest rate expectations in a recessionary environment will in our view trigger a recovery in the sector.

Expansionary budget policies (energy shield, energy transition financing, increase in military spending) should limit the severity of the economic recession in the developed world and encourage a sustained underlying inflation rate of over 2%. As a result, central banks will be only more willing to maintain a sustained pace of rate hikes until the end of the year. **This will ultimately encourage stabilisation of the long-term interest rate outlook, thereby paving the way for a rebound in real estate values.**

In our view, real estate company valuations largely absorb the potential increase in long-term interest rates via an implicit 5.2% valuation rate for assets of European real estate companies (source: Kempen) at current prices. In the short term, **half of real estate companies have debt maturities after 2024** (source: corporate) and most of their debt is fixed-rate, meaning that rate hikes will not have a discernible impact on their earnings. In addition, according to us **the benefits of indexation** will accelerate and will have a visible impact on Q3 earnings to be released over the coming days. We believe that Q3 earnings will also be marked by the impact of **recent disposals at values higher than those implied by stock market prices**. Lastly, the average dividend yield among European real estate companies is currently 6% (before tax), thereby affording strong protection against the temptations of bond markets.

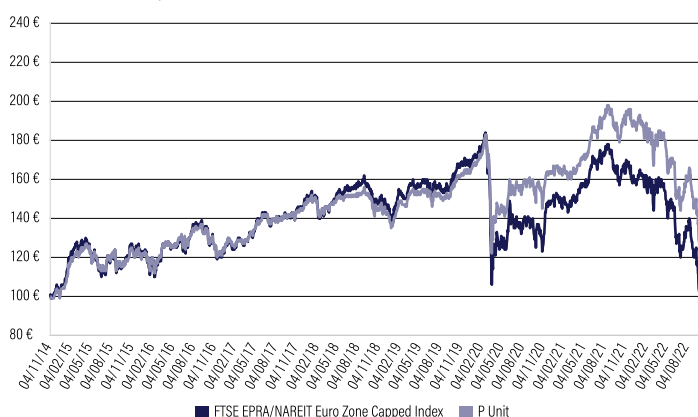
Our management policy is based on cross-analysis of balance sheet positions and the ability to impose indexation on tenants, which allows us to identify attractive potential valuation levels. **We are overweight on retail and structural growth segments (particularly in the individual storage segment) and strongly underweight on residential stocks.**

*Past performance is no guarantee of future performance

Laurent Saint Aubin - Written 11/10/2022

3. PERFORMANCE OF THE FUND*

At 30 Septembre 2022 | base 100 at 4 November 2014



*Past performance is no guarantee of future performance, and performance is not consistent over time.



Laurent Saint Aubin
Manager of Sofidy
Sélection 1



MAIN CHARACTERISTICS

Management company	SOFIDY SAS	
Manager	Laurent Saint Aubin	
Creation date	November 2014	
Legal nature	FCP	
ISIN code	P Share	FR0011694256
	C Share	FR0013349297
	I Share	FR0011694264
	GI Share	FR0013349289
Asset sub-class	Thematic	
Reference index	FTSE EPRA/NAREIT Euro Zone Capped	
Investment horizon	> 5 years	
Risk scale	Parts P, I, C et GI	
	1	2 3 4 5 6 7
Life insurance eligible	Yes	
PEA (Equity Savings Plan) eligible	No	

PERFORMANCE ANALYSIS*

Over 12 rolling months	Index	I Unit	P Unit	GI Unit	C Unit
Performance	-39.9%	-33.3%	-34.0%	-33.1%	-33.4%
Volatility	17.1%	14.5%	14.4%	14.5%	14.6%
Sharpe ratio	-	-2.26	-2.32	-2.25	-2.27
Tracking error (relative risk)	-	4.4%	4.5%	4.4%	4.4%
Alpha	-	-0.2%	-1.2%	0.0%	-0.3%
Beta	-	0.83	0.82	0.83	0.83

*Past performance is no guarantee of future performance

WARNING - RISK: since the FCP invests in a sector, it is also subject to sector-based risks. The details of these risks are described in the key investor information document and the fund prospectus

4. PERFORMANCE HISTORY⁽⁴⁾

	Since start ⁽¹⁾	2017	2018	2019	2020	2021	Jan. 22	Feb. 22	Mar. 22	Apr. 22	May 22	June 22	July 22	Aug. 22	Sept. 22	Oct. 22	Nov. 22	Dec. 22	2022 YTD
P Unit	+29.0 %	+16.3%	-8.8%	+22.7%	0.0%	+15.0%	-2.4%	-2.2%	-0.7%	-2.8%	-4.2%	-13.6 %	+10.4 %	-7.9 %	-13.5 %				-33.0 %
Index	+5.2 %	+17.6%	-7.5%	+22.2%	-10.9%	+6.4%	-0.1%	-1.6%	-0.5%	-5.1%	-2.0%	-16.3 %	+10.2 %	-9.1 %	-14.9 %				-35.1 %
VL (€)	100.00	149.53	136.43	167.41	167.40	192.45	187.77	183.64	182.29	177.13	169.71	146.66	161.88	149.12	129.01				129.01
I Unit	+39.7 %	+17.5%	-7.8%	+23.8%	+0.1%	+17.6%	-2.3%	-2.1%	-0.6%	-2.7%	-4.1%	-13.5 %	+10.5 %	-7.8 %	-13.4 %				-32.4 %
Index	+5.2 %	+17.6%	-7.5%	+22.2%	-10.9%	+6.4%	-0.1%	-1.6%	-0.5%	-5.1%	-2.0%	-16.3 %	+10.2 %	-9.1 %	-14.9 %				-35.1 %
VL (€)	1,000.00	1,537.78	1,418.60	1,755.60	1,757.30	2,066.61	2,018.24	1,975.55	1,962.76	1,908.93	1,830.77	1,583.47	1,749.34	1,613.09	1,396.83				1,396.83
GI Unit	-10.7 %	n.a.	-9.9%	+24.1%	0.0%	+17.9%	-2.3%	-2.1%	-0.6%	-2.7%	-4.1%	-13.5 %	+10.5 %	-7.8 %	-13.4 %				-32.4 %
Index	-32.2 %	n.a.	-11.2%	+22.2%	-10.9%	+6.4%	-0.1%	-1.6%	-0.5%	-5.1%	-2.0%	-16.3 %	+10.2 %	-9.1 %	-14.9 %				-35.1 %
VL (€)	10,000.00	9,006.08	11,172.77	11,172.77	11,172.77	13,170.38	12,865.91	12,597.16	12,519.35	12,179.40	11,684.31	10,108.92	11,170.92	10,304.13	8,925.25				8,925.25
C Unit	-11.6 %	n.a.	-9.7%	+23.6%	0.0%	+17.3%	-2.4%	-2.1%	-0.7%	-2.8%	-4.1%	-13.5 %	+10.5 %	-7.8 %	-13.4 %				-32.5 %
Index	-32.7 %	n.a.	-10.5%	+22.2%	-10.9%	+6.4%	-0.1%	-1.6%	-0.5%	-5.1%	-2.0%	-16.3 %	+10.2 %	-9.1 %	-14.9 %				-35.1 %
VL (€)	100.00	90.32	111.60	111.59	111.59	130.95	127.86	125.14	124.31	120.88	115.91	100.24	110.72	102.08	88.38				88.38

(1) Since 04/11/2014.

(2) Since 26/07/2018.

(3) Since 19/07/2018.

(4) Past performance is no guarantee of future performance, and performance is not consistent over time

MAIN LINES OF PORTFOLIO AT 30 SEPTEMBRE 2022

	Fund	Index
Unibail Rodamco	9.17 %	7.68 %
Klepierre	7.49 %	4.07 %
Gecina	5.74 %	7.10 %
Aedifica	4.60 %	3.91 %
Merlin Properties	4.13 %	3.99 %
Mercialys	3.98 %	0.87 %
Vonovia	3.75 %	9.88 %
LEG Immobilien	3.55 %	8.15 %
Covivio	3.34 %	4.20 %
Carmila	3.26 %	1.41 %

FEES AND COMMISSIONS

(Base 100 at 4 November 2014)

Management fee incl. tax	P Share	2.20%
	C Share	1.30%
	I Share	1.10%
	GI Share	0.75%
Maximum entry fee incl. tax*	P Share	Up to 4%
	C Share	Up to 4%
	I Share	Up to 3%
	GI Share	Up to 1%
Outperformance commission**		20%
Initial subscription	P Share	1 share
	C Share	1 share
	I Share	100 shares
	GI Share	100 shares

* No entry fee is received by the management company

** 20% incl. tax of the fund's outperformance, net of fees in relation to its reference index and in respect of the high water mark principle from 1 December 2020 onwards.

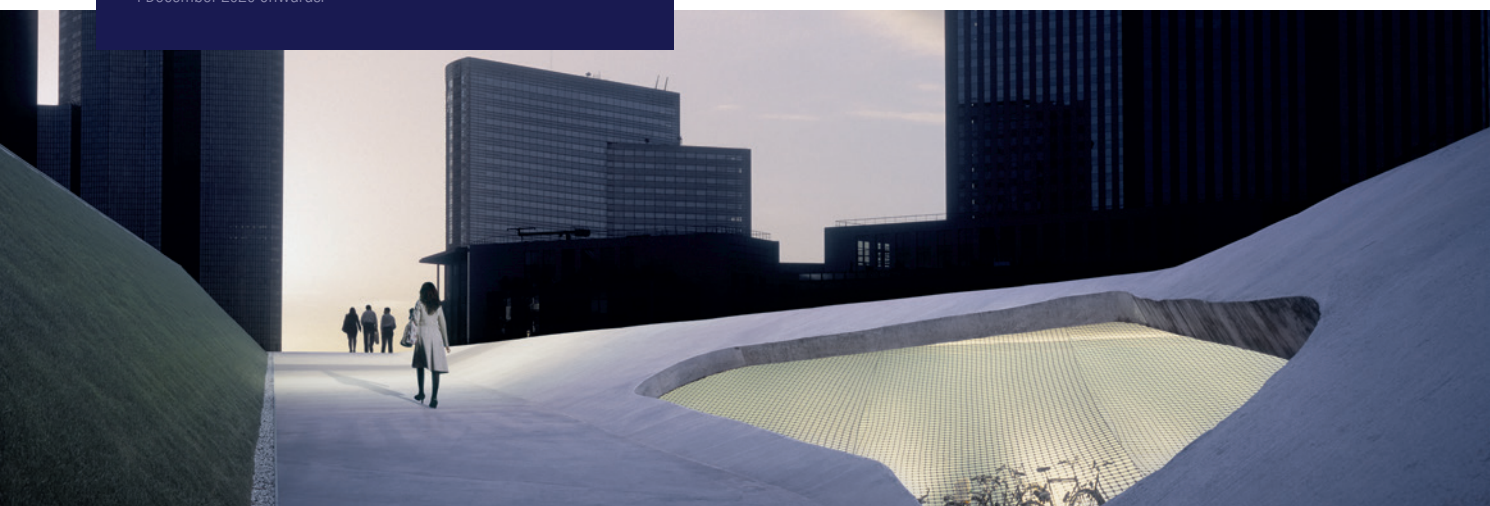
5. UCITS DATA AT 30 SEPTEMBRE 2022

	I Share	P Share	GI Share	C Share
Number of shares	8,815.6	430,677.9	6,169.5	16,265.0
Liquidating value (€)	1,396.83	129.01	8,925.25	88.38
Net assets (€)	124,380,024			

6. EXPOSURE OF THE PORTFOLIO AT 30 SEPTEMBRE 2022

Currencies (including cash)	Sectors ⁽¹⁾	Geographic location ⁽¹⁾
Euros	Retail 85 %	Germany 18 %
Pound sterling	Housing 8 %	France 24 %
US dollar	Offices 5 %	Spain 11 %
Swedish krona	Logistics 1 %	United Kingdom 9 %
Other	Other 1 %	Other 38 %

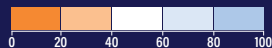
(1) Distributions determined by the fund manager, breaking down the activity of the companies in the portfolio between the various sectors/geographical locations



ESG valuations of the issuers of the portfolio below are from our internal research using our proprietary analysis framework:

WEIGHTED AVERAGE ESG⁽¹⁾ RATINGS FOR SOFIDY SELECTION 1 FCP

Governance	22%
Social	54%
Environment	44%
ESG risk profile	38%



5 POSITIONS WITH THE BEST ESG RATING⁽¹⁾

	Governance	Social / Societal	Environment	ESG rating
Gecina	11%	9%	10%	10%
Merlin	9%	27%	2%	10%
The Unite Group	27%	62%	0%	23%
Covivio	14%	5%	29%	18%
Big Yellow	9%	86%	5%	23%

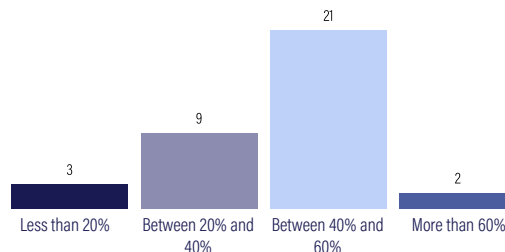
5 POSITIONS WITH THE WORST ESG RATING⁽¹⁾

	Governance	Social / Societal	Environment	ESG rating
Corestate	59%	100%	80%	76%
Demire	50%	73%	100%	75%
TAG	59%	24%	68%	56%
Inclusio	41%	48%	86%	60%
European Residential REIT	30%	62%	86%	59%

(1) The ESG rating determines the non-financial profile of companies (in terms of risks and opportunities). Shares whose current or anticipated ESG rating is above 80% are excluded from the investment scope (the lower the ESG rating, the better).

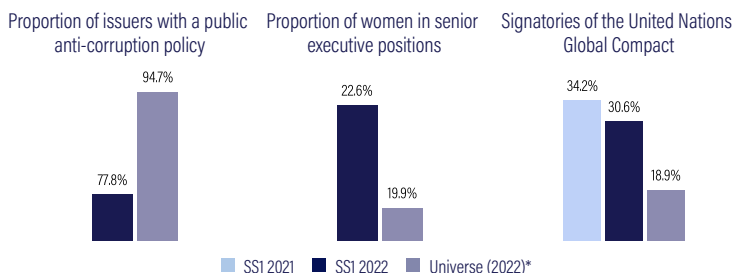
Reporting ESG

DISTRIBUTION OF ESG RATINGS⁽¹⁾ OF ISSUERS IN PORTFOLIO

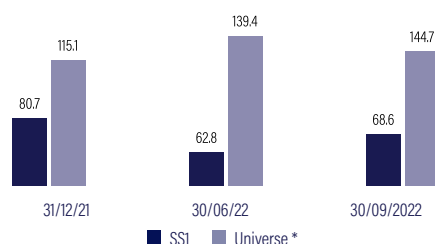


(1) The ESG rating determines the non-financial profile of companies (in terms of risks and opportunities). Shares whose current or anticipated ESG rating is above 80% are excluded from the investment scope (the lower the ESG rating, the better).

IMPACT & CARBON FOOTPRINT MEASUREMENTS



The Weighted Average Carbon Intensity (scope 1 and 2, in tons CO₂e/€M sales)



Sources used: Sustainalytics, UN Global Compact database, annual reports and companies' websites.

*Thematic universe updated quarterly and made up of 1,779 shares at 30/09/2022. The coverage rate of the scope is 95.7% for signatories of the United Nations Global Compact, 74.0% for the proportion of women in senior executive positions and 83% for proportions of issuers with a public anti-corruption policy.

For more detailed information on our ESG assessment methodology, please refer to the SRI Transparency Code of the SOFIDY Sélection 1 fund.

Why not take risks, but knowing them well is better!

Non-contractual document. Past performance is no guarantee of the future performance of the OPCVM (real estate UCITS). Performances are not constant over time. As with any real estate UCITS, this fund is mainly exposed to the risk associated with equities markets, loss of capital, discretionary management, exchange rates and liquidity. Since the FCP invests in a sector, it is also subject to sector-based risks. The details of these risks are described in the key investor information document and the fund prospectus. This document is produced by SOFIDY for information purposes only. It in no way constitutes an offer to sell or a solicitation of a purchase, investment or arbitrage. SOFIDY believes the data and figures to be accurate and reliable as of 30/09/2022. SOFIDY shall not be liable for any decisions made on the basis of this information. SOFIDY reserves the right to modify the information presented in this document at any time, without notice. The characteristics, risk and return profile, and fees regarding investment in the SOFIDY Sélection 1 OPCVM are described in the key investor information document. The key investor information document, the prospectus and the periodic documents will be available on request from SOFIDY. You must make yourself familiar with the key investor information document, which should be given to you before you subscribe. Written in October 2022. SOFIDY SAS – Real estate funds management company since 1987 – 303, square des Champs Élysées – Évry Courcouronnes – 91026 ÉVRY Cedex Portfolio management company certified by the AMF on 10 July 2007 under the number GP07000042 – Tel.: +33(0)1 69 87 02 00 – Fax: +33(0)1 69 87 02 01 – www.sofidy.com



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