



# Monthly Report

At 31 October 2022

References to ranking, price and/or rating are not guarantee of future performance of the fund.



## 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 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 period (over 5 years).

### 2. MANAGEMENT NOTE

#### UPTURN AMIDST STABILIZING LONG-TERM INTEREST RATE EXPECTATIONS

*After hitting an annual low on October 12, real estate companies experienced a sharp, swift rebound, rising 13.1%. In the end, your fund rose 3.9%\* (P unit) in this very volatile month even improving its outperformance vs Benchmark (2.84% vs 2.13%).*

*This strong performance was driven by the absence of certain underperforming stocks from your portfolio (Arountown, Montéa, Cofinimmo, Grand City, Adler, Icade) and, conversely, by the outperformance of certain overweighted or non-indexed stocks (Klepierre, Mercialys, Unibail-Rodamco Westfield, Big Yellow).*

As we wrote last month, the real estate sector is showing valuation levels that in our view already largely anticipate the upcoming acceleration of central bank rate hikes.

**Differentiation in terms of balance sheet quality and the ability to impose indexation on tenants over the long term remain key in selecting the right stocks.**

**The stabilisation of long-term interest rate expectations in a moderately recessionary and persistently inflationary environment is, in our opinion, a favourable factor for the listed real estate sector.**

As expected, **the positive effect of indexation is accelerating**, as observed during Q3 results publications. Similarly, we have noted indications of almost stable values among certain companies and the continuation of a management discipline to be welcomed by certain players (Segro, Klepierre and Covivio in particular) which has resulted in **further disposals at values higher than those implied by the stock market price.**

Finally, the dividend yield for continental real estate companies was **5.5%** (gross of tax, Kempen data) on average at the end of September. In this respect, Vonovia's reaffirmed commitment to continue to distribute 70% of its results is a pleasant surprise in our view.

This level thus provides good protection against the temptation of bond markets.

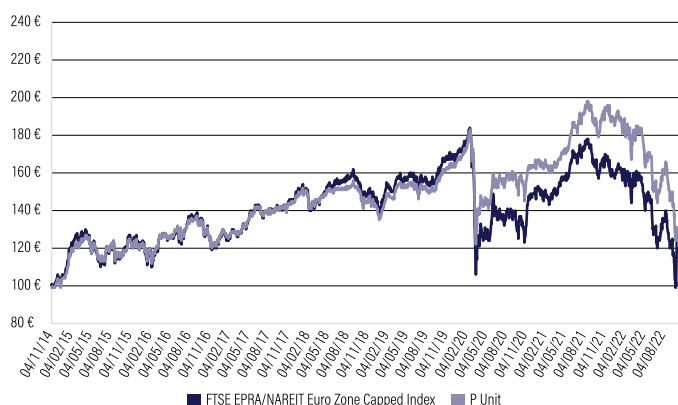
The fund's ESG risk profile improved overall between September and October 2022, **going from 38% to 36%**. This is mainly due to the strengthening of the environmental rating, which went from 44% to 40% as a result of the removal of Demire, the stock with the lowest environmental rating, from the portfolio.

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

Laurent Saint Aubin - Written 9/11/2022

### 3. PERFORMANCE OF THE FUND\*

At 31 October 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**  
Fund 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	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Parts P, I, C et GI</span> <div style="display: flex; gap: 5px;"> <span>1</span><span>2</span><span>3</span><span>4</span><span style="background-color: orange;">5</span><span>6</span><span>7</span> </div> </div>	
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	-33.7 %	-28.2 %	-29.0 %	-28.0 %	-28.4 %
Volatility	27.5 %	23.1 %	23.1 %	23.1 %	23.1 %
Sharpe ratio	-	-1.21	-1.24	-1.20	-1.21
Tracking error (relative risk)	-	6.7 %	6.7 %	6.7 %	6.7 %
Alpha	-	-0.4 %	-1.1 %	-0.2 %	-0.5 %
Beta	-	0.82	0.82	0.82	0.82

\*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<sup>(4)</sup>

	Since start <sup>(1)</sup>	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
<b>P Unit</b>	+34.0 %	+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 %	+3.9 %			-30.4 %
<b>Index</b>	+8.3 %	+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 %	+2.9 %			-33.2 %
<b>VL (€)</b>	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	134.04			134.04
<b>I Unit</b>	+45.3 %	+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 %	+4.0 %			-29.7 %
<b>Index</b>	+8.3 %	+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 %	+2.9 %			-33.2 %
<b>VL (€)</b>	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	1,452.64			1,452.64
<b>GI Unit</b>	-7.2 %	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 %	+4.0 %			-29.5 %
<b>Index</b>	-31.3 %	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 %	+2.9 %			-33.2 %
<b>VL (€)</b>	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	9,284.60			9,284.60
<b>C Unit</b>	-8.1 %	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 %	+4.0 %			-29.8 %
<b>Index</b>	-30.7 %	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 %	+2.9 %			-33.2 %
<b>VL (€)</b>	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	91.89			91.89

(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 31 OCTOBER 2022

	Fund	Index
<b>Unibail Rodamco</b>	9.35 %	7.77 %
<b>Klepierre</b>	8.26 %	4.52 %
<b>Gecina</b>	6.48 %	7.77 %
<b>Merlin Properties</b>	5.13 %	4.22 %
<b>LEG Immobilien</b>	4.85 %	8.56 %
<b>Aedifica</b>	4.19 %	3.74 %
<b>Mercialys</b>	3.93 %	0.96 %
<b>Carmila</b>	3.12 %	1.41 %
<b>Covivio</b>	3.08 %	4.49 %
<b>SEGRO</b>	2.94 %	0.00 %

### FEES AND COMMISSIONS

(Base 100 at 4 November 2014)

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

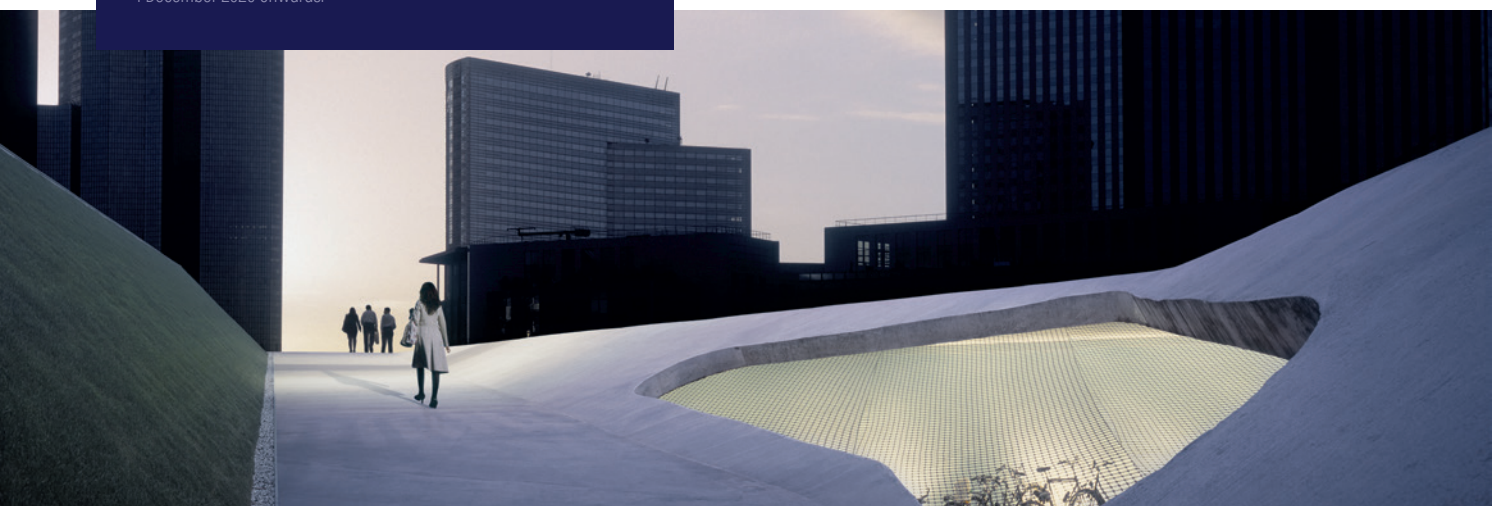
## 5. UCITS DATA AT 31 OCTOBER 2022

	I Share	P Share	GI Share	C Share
<b>Number of shares</b>	8,940.8	435,886.1	6,523.7	18,572.9
<b>Liquidating value (€)</b>	1,452.64	134.04	9,284.60	91.89
<b>Net assets (€)</b>	133,693,481			

## 6. EXPOSURE OF THE PORTFOLIO AT 31 OCTOBER 2022

Currencies (including cash)	Sectors <sup>(1)</sup>	Geographic location <sup>(1)</sup>
Euros	Retail 87 %	Germany 15 %
Pound sterling	Housing 8 %	France 26 %
US dollar	Offices 4 %	Spain 13 %
Norwegian krone	Logistics 1 %	United Kingdom 10 %
Other	Other 0 %	Other 36 %

(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<sup>(1)</sup> RATINGS FOR SOFIDY SELECTION 1 FCP

Governance	21 %
Social	53 %
Environment	40 %
ESG risk profile	36 %



### 5 POSITIONS WITH THE BEST ESG RATING<sup>(1)</sup>

	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%

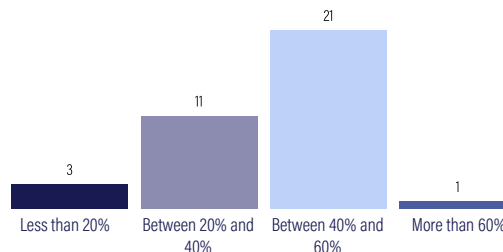
### 5 POSITIONS WITH THE WORST ESG RATING<sup>(1)</sup>

	Governance	Social / Societal	Environment	ESG rating
Corestate	59%	100%	80%	76%
Self Storage Group	25%	57%	83%	54%
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).

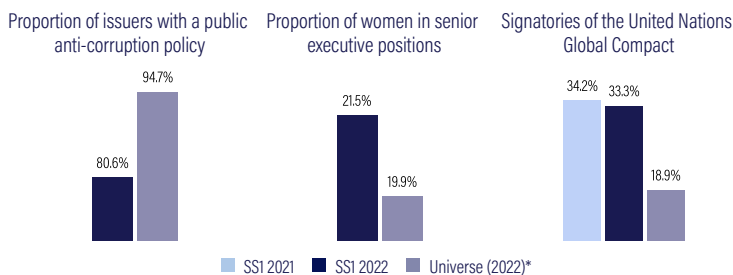
# Reporting ESG

## DISTRIBUTION OF ESG RATINGS<sup>(1)</sup> OF ISSUERS IN PORTFOLIO

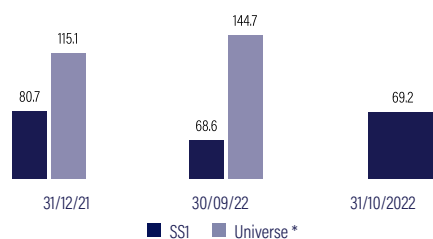


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## IMPACT & CARBON FOOTPRINT MEASUREMENTS



### 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 31/10/2022. 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 November 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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