



Monthly Report

At 30 November 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

AND THERE WAS LIGHT

The numerous capital increases and bond issues over the last few weeks came as a pleasant surprise, as it demonstrates the availability of capital and the acceptance of market reality by real estate companies. Moreover, the reaffirmation by some companies of the need to reduce debt levels in view of the recently started moderate decline in asset values, already largely factored into stock market prices, is a further step in the right direction.

Accordingly, logistics real estate companies Catena, Intervest, Montea, VGP and WDP have carried out capital increases offering more or less substantial discounts compared to their asset appraisal values. Some of them, including WDP and Montea at least, were not strictly forced to do so by their balance sheet situation but preferred to seize the opportunity while it was still there.

The need to deleverage has also prompted some companies to 1) reduce or cancel dividends for 2022 (Castellum, LEG Immobilien, TAG Immobilien), 2) issue new bonds (or set up long-term bank financing arrangements), inevitably under less favourable terms than twelve months ago, in order to repay certain tranches nearing maturity and extend the residual term of their debt (Merlin Properties, Segro, Vonovia, WDP), 3) announce the non-redemption at first call date of perpetual notes (Aroundtown, GrandCity), a first for the sector, or negotiate debt/equity swaps with certain bondholders (Adler). WDP notably managed to sign a €440 million seven-year syndicated loan facility with a bank consortium at the exceptionally favourable rate of 1.5% thanks to pre-hedging arrangements made in January 2022.

Lastly, while the general message from real estate companies suggested stability in appraisals (with the indexation effect offsetting the increase in capitalisation rates), Icade and Covivio management have publicly stated that year-end appraisals are expected to fall (down 6-8% for Icade's office portfolio, down 3-4% for Covivio's office portfolio in the second half).

This wake-up call will allow real estate companies engaged in this direction to adapt more quickly to the profoundly disrupted interest rate environment we have been experiencing since the beginning of the year.

On the stock market side, we confirm our conviction that the sector's **record low valuation** (35% discount on 2022* NAV, 5% implied asset yield at current stock prices on average for continental Europe, Kempen estimates) is a **real entry point amid an economic slowdown** that may be more pronounced than expected in Europe, despite government support initiatives. This situation could trigger a decline in inflation (which will nonetheless remain structurally higher than the central bank target of 2%, **accentuating the benefit of rent indexation as permitted by most lease agreements**) and an **easing of long-term interest rates**.

In terms of segment allocation, we have begun to reduce our overweight in retail real estate while increasing our exposure to the housing segment, which is highly correlated to long-term interest rates, and accentuating our aggressive positioning in alternative segments (logistics, individual storage, student residences and tech assets).

There was a slight change in the fund's ESG rating on November, up from 36% to 37%. This is mainly due to the increase in the Social rating up from 53% to 54% due to the entry in the portfolio of the American real estate company specialized in cold logistics, Americold, which is unfortunately characterized by a lack of transparency (number of training hours of employees and gender pay gap not communicated) and by a low rating on gender equality, women being under-represented in administrative boards.

Laurent Saint Aubin and Serge Demirdjian - Written 6/12/2022

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="text-align: right; font-size: small;">Parts P, I, C et GI</div> <div style="text-align: center;"> <table border="1" style="display: inline-table;"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td style="background-color: orange;">5</td><td>6</td><td>7</td> </tr> </table> </div>		1	2	3	4	5	6	7
1	2	3	4	5	6	7			
Life insurance eligible	Yes								
PEA (Equity Savings Plan) eligible	No								

PERFORMANCE ANALYSIS*

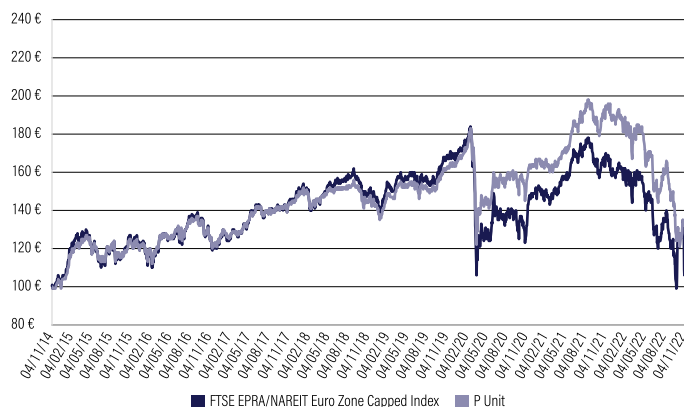
Over 12 rolling months	Index	I Unit	P Unit	GI Unit	C Unit
Performance	-30.7 %	-27.4 %	-28.2 %	-27.2 %	-27.5 %
Volatility	27.9 %	23.3 %	23.3 %	23.3 %	23.3 %
Sharpe ratio	-	-1.17	-1.20	-1.16	-1.17
Tracking error (relative risk)	-	7.0 %	7.0 %	7.0 %	7.0 %
Alpha	-	-2.2 %	-3.0 %	-2.0 %	-2.4 %
Beta	-	0.82	0.82	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

3. PERFORMANCE OF THE FUND*

At 30 November 2022 | base 100 at 4 November 2014



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

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	+35.2%	+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%	+0.9%		-29.7%
Index	+10.3%	+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%	+1.9%		-31.9%
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	134.04	135.24		135.24
I Unit	+46.7%	+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%	+4.0%	+1.0%		-29.0%
Index	+10.3%	+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%	+1.9%		-31.9%
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	1,452.64	1,466.96		1,466.96
GI Unit	-6.2%	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%	+1.0%		-28.8%
Index	-30.0%	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%	+1.9%		-31.9%
VL (€)	10,000.00	9,006.08	11,727.77	11,727.77	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	9,378.86		9,378.86	
C Unit	-7.2%	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%	+1.0%		-29.1%
Index	-29.4%	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%	+1.9%		-31.9%
VL (€)	100.00	90.32	111.60	111.59	130.95	127.86	125.14	124.31	120.88	115.91	100.24	110.72	102.08	88.38	91.89	92.78		92.78	

(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 NOVEMBER 2022

	Fund	Index
Unibail Rodamco	9.41 %	8.67 %
Klepierre	8.82 %	4.78 %
Gecina	6.16 %	7.87 %
Merlin Properties	5.60 %	4.28 %
LEG Immobilien	5.29 %	7.71 %
Vonovia	4.86 %	9.99 %
Aedfica	3.95 %	3.56 %
Covivio	3.61 %	4.49 %
Mercialys	3.29 %	0.98 %
Segro	3.12 %	0.00 %

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 NOVEMBER 2022

	I Share	P Share	GI Share	C Share
Number of shares	9,739.0	438,078.3	6,683.3	16,494.5
Liquidating value (€)	1,466.96	135.24	9,378.86	92.78
Net assets (€)	137,747,399			

6. EXPOSURE OF THE PORTFOLIO AT 30 NOVEMBER 2022

Currencies (including cash)	Sectors ⁽¹⁾	Geographic location ⁽¹⁾
Euros 86 %	Retail 33 %	France 24 %
Pound sterling 9 %	Housing 26 %	Germany 18 %
US dollar 4 %	Offices 16 %	Spain 13 %
Norwegian krone 1 %	Logistics 11 %	United Kingdom 10 %
Other 0 %	Other 14 %	Other 35 %

(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	42 %
ESG risk profile	37 %



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%

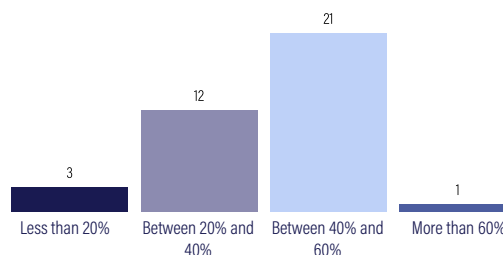
5 POSITIONS WITH THE WORST ESG RATING⁽¹⁾

	Governance	Social / Societal	Environment	ESG rating
Corestate	59%	100%	80%	76%
Americold	25%	100%	64%	59%
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).

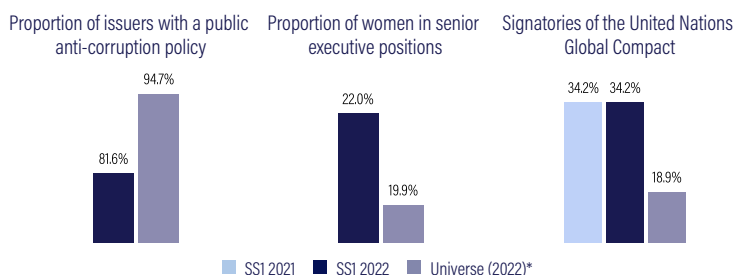
Reporting ESG

Distribution of esg ratings⁽¹⁾ of issuers in portfolio

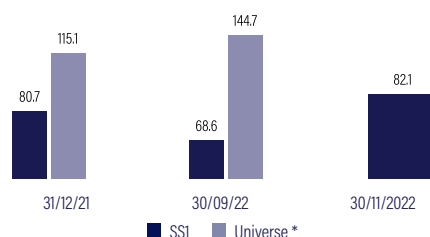


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Impact & carbon footprint measurements



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 30/11/2022. 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 December 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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