



# Monthly Report

At 31 March 2023

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

All that is excessive is insignificant

*Fears of a slowdown in financing granted to the commercial real estate sector prompted a 14.2 % decline in the eurozone listed real estate company index in March (overcompensating for the growth achieved since the beginning of the year) and a marked underperformance versus general indices (Stoxx 600 down 0.3 % over the same period). Your fund, down 11.1 %, held up better thanks to its cash reserves (13 % of assets) and massive underweighting in Vonovia, the largest European real estate company operating in the residential sector, which suffered from its level of indebtedness and the current low liquidity of its underlying investment market.*

The difficulties faced by some regional US banks and Crédit Suisse arising from specific, sub-optimal management policies, led to their takeover by stronger players under the aegis of the public authorities.

The market quickly concluded that the most capital-intensive sectors, including real estate, might no longer be able to obtain financing and might therefore need to recapitalise by selling off properties at knock-down prices and/or launching emergency capital increases.

Highlighting this scenario has also enabled Blackstone to raise USD 50 billion over the last few months for several opportunistic physical real estate funds awaiting investment!

We do not share the view that bank liquidity will dry up: commercial real estate financing accounts for only 7 % of European banks' outstanding loans (source: EBA), while our investment strategy focuses on (i) balance sheet quality and (ii) investing in real estate companies holding rare assets with potential for sustained rental growth through indexation.

For this type of player, which has no unserviced short-term debt maturities, we do not expect a risk of default.

In addition, eurozone listed real estate company valuations are in our opinion supportive: with a 37 % discount (source: Kempen) on the latest NAVs (i.e. an implied 24 % decline in real estate asset values restated from leverage), 5.4 % implied yield on the assets held and earnings multiples (P/CF) of 13.3x (versus a ten-year average of 19x, source: Kepler Cheuvreux), we return to the levels observed in 2008 at the time of the Lehmann Brothers bankruptcy.

Note also the high dividend yield of some solid real estate companies (gross dividend yields before tax, Klepierre: 8.4 %, Covivio: 7 %, Gecina and Aedifica: 5.5 %, source: companies and Bloomberg).

Finally, the fall in inflation and the labour market slump will allow long-term interest rates to be eased by the end of the year, which will logically spur a rapid recovery in a sector more dependent on rate changes than the economic situation.

\*Past performance is no guarantee of future performance

Laurent Saint Aubin and Serge Demirdjian - Written 13/04/2023



**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	Shares P, I, C and GI						
	1	2	3	4	5	6	7
Life insurance eligible	Yes						
PEA (Equity Savings Plan) eligible	No						

### PERFORMANCE ANALYSIS\*

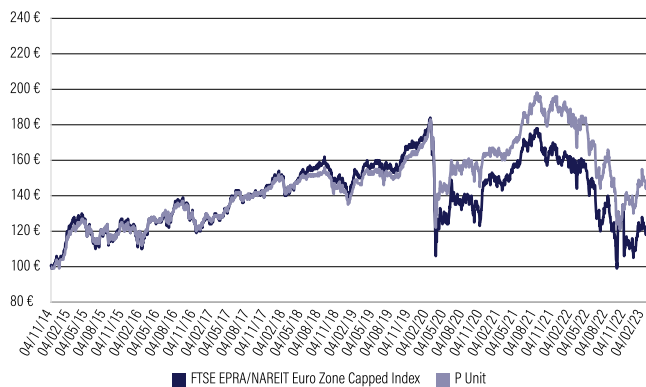
Over 12 rolling months	Index	I Unit	P Unit	GI Unit	C Unit
Performance	-35.1 %	-28.1 %	-28.9 %	-27.8 %	-28.2 %
Volatility	29.3 %	24.3 %	24.3 %	24.3 %	24.3 %
Sharpe ratio	-	-1.18	-1.21	-1.17	-1.19
Tracking error (relative risk)	-	7.0 %	7.0 %	7.0 %	7.0 %
Alpha	-	0.4 %	-0.4 %	0.7 %	0.3 %
Beta	-	0.82	0.82	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 31 March 2023 | base 100 at 4 November 2014



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

### 4. PERFORMANCE HISTORY<sup>(4)</sup>

	Since start <sup>(1)</sup>	2018	2019	2020	2021	2022	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May 23	June 23	July 23	Aug. 23	Sept. 23	Oct. 23	Nov. 23	Dec. 23	2023 YTD	
<b>P Unit</b>	+29.7 %	-8.8 %	+22.7 %	0.0 %	+15.0 %	-30.6 %	+9.6 %	-0.3 %	-11.1 %											-2.9 %
<b>Index</b>	+2.9 %	-7.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %											-5.8 %
<b>VL (€)</b>	100.00	136.43	167.41	167.40	192.45	133.53	146.33	145.88	129.68											129.68

	Since start <sup>(1)</sup>	2018	2019	2020	2021	2022	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May 23	June 23	July 23	Aug. 23	Sept. 23	Oct. 23	Nov. 23	Dec. 23	2023 YTD	
<b>I Unit</b>	+41.2 %	-7.8 %	+23.8 %	+0.1 %	+17.6 %	-29.8 %	+9.7 %	-0.2 %	-11.0 %											-2.6 %
<b>Index</b>	+2.9 %	-7.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %											-5.8 %
<b>VL (€)</b>	1,000.00	1,418.60	1,755.60	1,757.30	2,066.61	1,449.74	1,590.20	1,586.69	1,411.79											1,411.79

	Since start <sup>(2)</sup>	2018 <sup>(2)</sup>	2019	2020	2021	2022	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May 23	June 23	July 23	Aug. 23	Sept. 23	Oct. 23	Nov. 23	Dec. 23	2023 YTD	
<b>GI Unit</b>	-9.6 %	-9.9 %	+24.1 %	0.0 %	+17.9 %	-29.6 %	+9.7 %	-0.2 %	-11.0 %											-2.5 %
<b>Index</b>	-34.7 %	-11.2 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %											-5.8 %
<b>VL (€)</b>	10,000.00	9,006.08	11,172.77	11,172.77	13,170.38	9,271.40	10,172.79	10,153.11	9,036.57											9,036.57

	Since start <sup>(3)</sup>	2018 <sup>(3)</sup>	2019	2020	2021	2022	Jan. 23	Feb. 23	Mar. 23	Apr. 23	May 23	June 23	July 23	Aug. 23	Sept. 23	Oct. 23	Nov. 23	Dec. 23	2023 YTD	
<b>C Unit</b>	-10.8 %	-9.7 %	+23.6 %	0.0 %	+17.3 %	-30.0 %	+9.7 %	-0.2 %	-11.0 %											-2.7 %
<b>Index</b>	-34.1 %	-10.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %											-5.8 %
<b>VL (€)</b>	100.00	90.32	111.60	111.59	130.95	91.68	100.54	100.31	89.23											89.23

(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 MARCH 2023

	Fund	Index
UNIBAIL-RODAMCO-WESTFIELD	8.30 %	8.72 %
KLEPIERRE	6.82 %	6.77 %
LEG IMMOBILIEN AG	6.00 %	5.79 %
GECINA NOMINATIVE	5.00 %	8.16 %
VONOVIA SE	4.38 %	9.23 %
WAREHOUSES DE PAUW SCA	4.26 %	4.42 %
MERLIN PROPERTIES SOCIMI SA	4.23 %	4.18 %
COVIVIO SA	4.08 %	4.01 %
XIOR STUDENT HOUSING NV	3.41 %	1.52 %
AEDIFICA SA	3.19 %	4.27 %

### 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 MARCH 2023

	I Share	P Share	GI Share	C Share
<b>Number of shares</b>	11,625.2	493,326.40	11,516.20	15,428.40
<b>Liquidating value (€)</b>	1,411.79	129.68	9,036.57	89.23
<b>Net assets (€)</b>	185,832,538			

### 6. EXPOSURE OF THE PORTFOLIO AT 31 MARCH 2023

Currencies (including cash)	Sectors <sup>(1)</sup>	Geographic location <sup>(1)</sup>
Euros	Housing 28 %	France 24 %
Pound sterling	Retail 26 %	Germany 22 %
US dollar	Offices 19 %	Spain 12 %
Norwegian krone	Logistics 8 %	United Kingdom 9 %
Other	Other 19 %	Other 33 %

(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

The ESG rating determines the non-financial profile of companies (in terms of risks and opportunities). The lower the ESG rating, the better.

Governance	20 %
Social	39 %
Environment	35 %
ESG risk profile	30 %

Color Legend

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

	Governance	Social / Societal	Environment	ESG rating
Gecina	11 %	9 %	8 %	9 %
Merlin	9 %	27 %	2 %	10 %
Samhällsbyggnadsbolaget	11 %	19 %	10 %	12 %
Covivio	14 %	0 %	29 %	17 %
Deutsche Wohnen	22 %	25 %	12 %	19 %

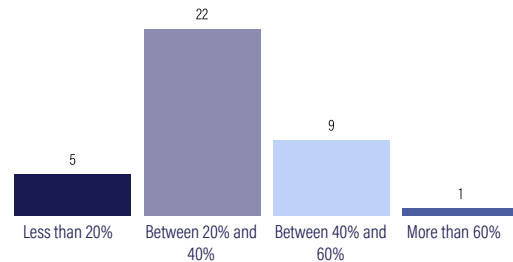
### 5 POSITIONS WITH THE WORST ESG RATING<sup>(1)</sup>

	Governance	Social / Societal	Environment	ESG rating
Corestate	59 %	100 %	80 %	76 %
Inclusio	41 %	48 %	86 %	60 %
TAG	59 %	33 %	68 %	58 %
Retail estates	18 %	62 %	85 %	54 %
Life Science Reits	41 %	33%	70 %	51 %

(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).

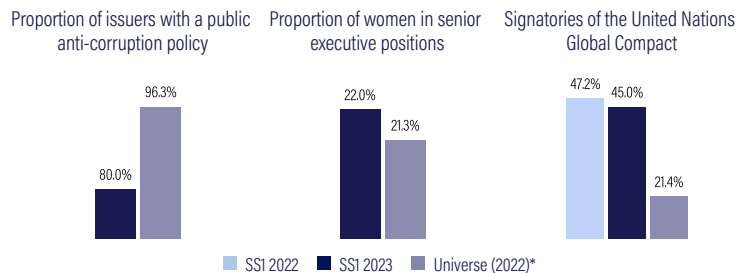
# Reporting ESG

### Distribution of ESG ratings<sup>(1)</sup> of issuers in portfolio

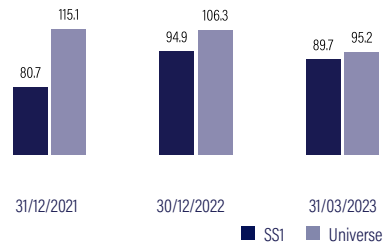


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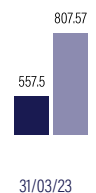
### Impact & carbon footprint measurements



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



The Weighted Average Carbon Intensity (scope 1, 2 & 3, 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 1,428 shares at 31/03/2023. The coverage rate of the scope is 94.6 % for signatories of the United Nations Global Compact, 73.0 % for the proportion of women in senior executive positions and 86 % 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 31/03/2023. 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 April 2023. 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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