



# Monthly Report

At 28 April 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

#### Sector valuation a springboard for the future

*Despite a slight recovery in April and widespread efforts to reduce their financial leverage, real estate companies continue to struggle on the stock market due to fears of a slowdown in financing granted to the commercial real estate sector and dwindling transactions in physical markets. As one of the market segments most underweighted by management teams, in our view listed real estate, bolstered by current record low valuations, will nevertheless end up benefiting from the impact of the impending economic slowdown on interest rates.*

Within the euro zone, the sector currently offers an **estimated** (Kempen data) **5.5 % dividend yield** for 2023, earnings multiples of 13.8x and a **5.7 % implicit net yield on assets at current stock prices**.

Average valuations observed since 2010 (UBS data) across Continental Europe amounted to 5 % and 15x respectively.

Even more interesting, **the discount on sector NAVs amounted to 38% (UBS data), a record high since the 2008 crisis, compared to a long-term average of 12 %**. This implies a prospective 24 % decline in the value of underlying assets, taking into account leverage of around 37 % on average.

In this respect, it is important to note CK Asset Holdings' cash offer for British social housing group **Civitas** of 80 pence per share (compared to a NAV of 110.9 pence per share at 31 March 2023), resulting in a 44 % premium over the latest stock market price.

**Our management continues to focus on pricing power and real estate companies with the strongest balance sheets. We are maintaining considerable cash reserves in order to take advantage of any market slumps. This strategy has allowed us to post 0.9 % growth since the beginning of the year, compared to a 1.04 % decline in our benchmark index.**

\*Past performance is no guarantee of future performance

Laurent Saint Aubin and Serge Demirdjian - Written 10/05/2023



**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                    | -28.2 % | -23.1 % | -23.9 % | -22.8 % | -23.2 % |
| Volatility                     | 29.5 %  | 24.4 %  | 24.4 %  | 24.4 %  | 24.4 %  |
| Sharpe ratio                   | -       | -0.98   | -1.02   | -0.97   | -0.99   |
| Tracking error (relative risk) | -       | 7.0 %   | 7.0 %   | 7.0 %   | 7.0 %   |
| Alpha                          | -       | -0.3 %  | -1.2 %  | 0.0 %   | -0.5 %  |
| Beta                           | -       | 0.81    | 0.81    | 0.81    | 0.81    |

\*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 28 April 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>  | +34.8 %                    | -8.8 %   | +22.7 %   | 0.0 %     | +15.0 %   | -30.6 %  | +9.6 %    | -0.3 %    | -11.1 %  | +3.9 %   |        |         |         |         |          |         |         |         |          | +0.9 %   |
| <b>Index</b>   | +8.1 %                     | -7.5 %   | +22.2 %   | -10.9 %   | +6.4 %    | -32.6 %  | +10.6 %   | -0.7 %    | -14.2 %  | +5.0 %   |        |         |         |         |          |         |         |         |          | -1.0 %   |
| <b>VL (€)</b>  | 100.00                     | 136.43   | 167.41    | 167.40    | 192.45    | 133.53   | 146.33    | 145.88    | 129.68   | 134.79   |        |         |         |         |          |         |         |         |          | 134.79   |
| <b>I Unit</b>  | +46.9 %                    | -7.8 %   | +23.8 %   | +0.1 %    | +17.6 %   | -29.8 %  | +9.7 %    | -0.2 %    | -11.0 %  | +4.0 %   |        |         |         |         |          |         |         |         |          | +1.3 %   |
| <b>Index</b>   | +8.1 %                     | -7.5 %   | +22.2 %   | -10.9 %   | +6.4 %    | -32.6 %  | +10.6 %   | -0.7 %    | -14.2 %  | +5.0 %   |        |         |         |         |          |         |         |         |          | -1.0 %   |
| <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 | 1,468.69 |        |         |         |         |          |         |         |         |          | 1,468.69 |
| <b>GI Unit</b> | -6.0 %                     | -9.9 %   | +24.1 %   | 0.0 %     | +17.9 %   | -29.6 %  | +9.7 %    | -0.2 %    | -11.0 %  | +4.1 %   |        |         |         |         |          |         |         |         |          | +1.4 %   |
| <b>Index</b>   | -31.4 %                    | -11.2 %  | +22.2 %   | -10.9 %   | +6.4 %    | -32.6 %  | +10.6 %   | -0.7 %    | -14.2 %  | +5.0 %   |        |         |         |         |          |         |         |         |          | -1.0 %   |
| <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 | 9,403.31 |        |         |         |         |          |         |         |         |          | 9,403.31 |
| <b>C Unit</b>  | -7.2 %                     | -9.7 %   | +23.6 %   | 0.0 %     | +17.3 %   | -30.0 %  | +9.7 %    | -0.2 %    | -11.0 %  | +4.0 %   |        |         |         |         |          |         |         |         |          | +1.2 %   |
| <b>Index</b>   | -30.8 %                    | -10.5 %  | +22.2 %   | -10.9 %   | +6.4 %    | -32.6 %  | +10.6 %   | -0.7 %    | -14.2 %  | +5.0 %   |        |         |         |         |          |         |         |         |          | -1.0 %   |
| <b>VL (€)</b>  | 100.00                     | 90.32    | 111.60    | 111.59    | 130.95    | 91.68    | 100.54    | 100.31    | 89.23    | 92.82    |        |         |         |         |          |         |         |         |          | 92.82    |

(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 28 APRIL 2023

|                             | Fund   | Index   |
|-----------------------------|--------|---------|
| UNIBAIL-RODAMCO-WESTFIELD   | 8.60 % | 8.21 %  |
| KLEPIERRE                   | 7.82 % | 7.14 %  |
| LEG IMMOBILIEN AG           | 6.57 % | 6.19 %  |
| VONOVIA SE                  | 5.84 % | 10.00 % |
| GECINA NOMINATIVE           | 5.23 % | 8.25 %  |
| MERLIN PROPERTIES SOCIMI SA | 4.45 % | 3.97 %  |
| COVIVIO SA                  | 4.26 % | 3.69 %  |
| WAREHOUSES DE PAUW SCA      | 4.21 % | 4.20 %  |
| XIOR STUDENT HOUSING NV     | 3.20 % | 1.35 %  |
| AEDIFICA SA                 | 3.14 % | 4.18 %  |

### 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 28 APRIL 2023

|                              | I Share     | P Share   | GI Share | C Share  |
|------------------------------|-------------|-----------|----------|----------|
| <b>Number of shares</b>      | 11,815.2    | 493,153.3 | 11,490.2 | 14,306.4 |
| <b>Liquidating value (€)</b> | 1,468.69    | 134.79    | 9,403.31 | 92.82    |
| <b>Net assets (€)</b>        | 193,202,534 |           |          |          |

### 6. EXPOSURE OF THE PORTFOLIO AT 28 APRIL 2023

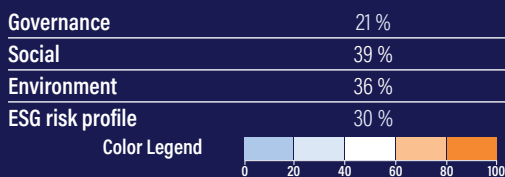
| Currencies (including cash) | Sectors <sup>(1)</sup> | Geographic location <sup>(1)</sup>    |
|-----------------------------|------------------------|---------------------------------------|
| Euros                       | 89 %                   | Housing 30 %<br>Germany 25 %          |
| Pound sterling              | 8 %                    | Retail 26 %<br>France 24 %            |
| US dollar                   | 2 %                    | Offices 19 %<br>Spain 12 %            |
| Norwegian krone             | 1 %                    | Hospitality 7 %<br>United Kingdom 9 % |
| Other                       | 0 %                    | Other 18 %<br>Other 30 %              |

(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.



### 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 %       |
| Covivio         | 14 %       | 0 %               | 29 %        | 17 %       |
| Deutsche Wohnen | 22 %       | 25 %              | 12 %        | 19 %       |
| Klépierre       | 14 %       | 48 %              | 17 %        | 22 %       |

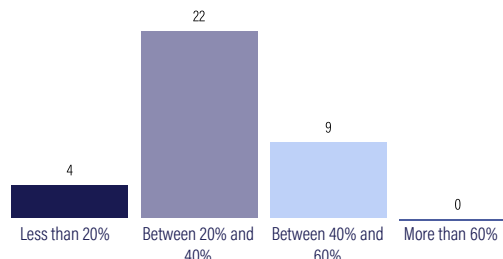
### 5 POSITIONS WITH THE WORST ESG RATING<sup>(1)</sup>

|                    | Governance | Social / Societal | Environment | ESG rating |
|--------------------|------------|-------------------|-------------|------------|
| Inclusio           | 41 %       | 48 %              | 86 %        | 60 %       |
| TAG                | 59 %       | 33 %              | 68 %        | 58 %       |
| Retail estates     | 18 %       | 62 %              | 85 %        | 54 %       |
| Life Science Reits | 41 %       | 33 %              | 70 %        | 51 %       |
| Unibail            | 48 %       | 91 %              | 27 %        | 48 %       |

(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).

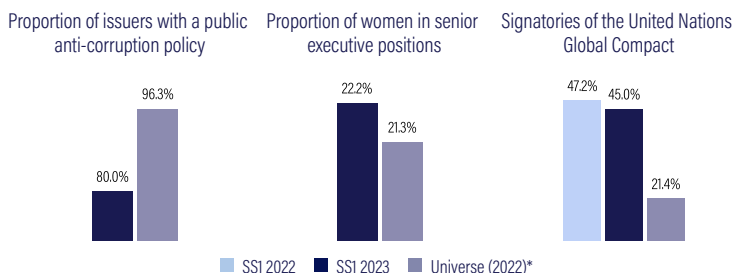
# Reporting ESG

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

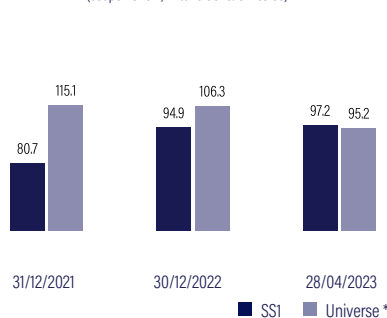


(1) The ESG rating determines the non-financial profile of companies (in terms of risks and opportunities). Shares whose current or anticipated ESG rating is above 80% are excluded from the investment scope (the lower the ESG rating, the better).

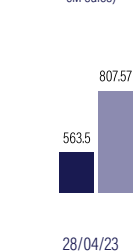
## Impact & carbon footprint measurements



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



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 28/04/2023. 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. This is an advertising document. 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 May 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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