

**SOFIDY
SELECTION 1**
FCP


Monthly Report

At 31 July 2023

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


 WINNER OF THE 2018
THOMSON REUTERS
LIPPER FUND AWARDS
FRANCE


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

Stuck on the launch pad

As August unfolds, the first-half earnings season for real estate companies is well underway, with the first half of 2023 bearing close resemblance to the second part of 2022. The period saw acceleration in both operating performances and the decline in values, although we are still a far cry from the purge augured by stock market valuations (35 % discount on 2022 NAVs, implying a 20 % induced decline in asset values at 31/07/2023 according to Barclays).

Looking in detail, indexation, now at its zenith (except for the German residential market, impacted by the delayed effect of the Mietspiegel, which should however drive rent growth over the coming quarters), has triggered an upswing in organic rent growth, frequently to high single-digit levels (Unibail, Wdp, Gecina, Merlin, Covivio, etc.) and, in some cases, even double-digit (Colonial, Wereldhave, SFL). While the increase in the cost of debt is noticeable (up 22 bps for Covivio, 50 bps for Wereldhave, 60 bps for Argan, etc.), it remains largely under control (barring the Swedish exception) thanks to debt structures (fixed-rate and hedged floating-rate). In some cases, the average cost of debt has even fallen (!), notably at Unibail (down 20 bps), which has benefited from increased returns on cash investments. All in all, the 2023 full-year earnings outlook is at worst stable and, in many cases, slightly better.

In terms of valuation, the gaps between asset classes have widened further, with strong resilience in the retail sector [-2 % to +1 %], the increased lack of confidence in offices (central locations are holding steady [-3 % to -4 %] but outlying properties are plummeting [-8 % to -18 %]), the correction of previous excesses in logistics [-3 % to -8 %] and an attempted truth operation in residential [-7 % to -10 %].

In the end, H1 2023 results have broadly convinced generalist investors without fostering much excitement, as the index has only risen 2 % since mid-July.

The truth about values, which is the first step towards the launch of a potential recovery, is struggling to emerge in a persistently sluggish investment market (investment volumes down 58 % in Europe in Q2 2023 - source: brokers) in which new deals are either exceptional (Carmila buys Galimmo at 9.8 % while the assets are valued at 6.3 %, Unibail sells Westfield Mission Valley in San Diego at 8.5 %, while conversely Gecina sells 101 Champs-Élysées at 2.5 %, and so on - source: company) or fall through (Ardian pulls out of the Renaissance building deal in Paris's Golden Triangle area after obtaining only 4.2 % rather than the expected 3.75 %).

Looking ahead to the end of summer, uncertainty still hovers over the second step, namely improved visibility regarding the end of monetary tightening policies (ECB and Fed meetings scheduled for 14/09 and 20/09 respectively).

Meanwhile, our benchmark index (EPRA Eurozone) remains calm (down 0.4 % YTD versus a 4 % increase in your Sofidy Selection 1 fund). Note however that the sector, which is underpinned by record low valuations, has been leading the field in its market since the beginning of the second half.

* Past performance is no guarantee of future performance.

7 August 2023,

Laurent Saint Aubin and Serge Demirdjian

The fund's ESG profile remained stable at 31% in July.


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

PERFORMANCE ANALYSIS*

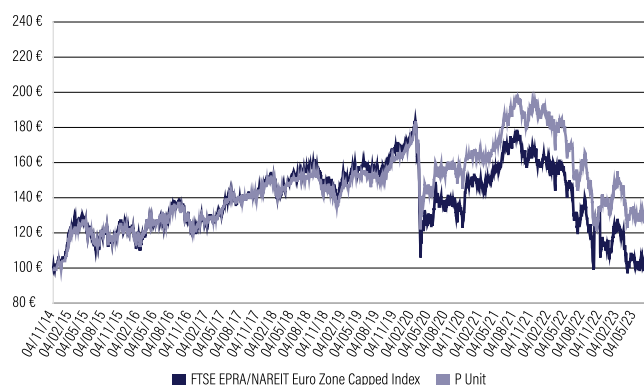
Over 12 rolling months	Index	I Unit	P Unit	GI Unit	C Unit
Performance	-19.7 %	-13.9 %	-14.8 %	-13.6 %	-14.0 %
Volatility	28.4 %	23.3 %	23.2 %	23.2 %	23.2 %
Sharpe ratio	-	-0.68	-0.72	-0.67	-0.69
Tracking error (relative risk)	-	6.5 %	6.5 %	6.5 %	6.5 %
Alpha	-	1.7 %	0.7 %	2.0 %	1.5 %
Beta	-	0.81	0.81	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 31 July 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⁽⁴⁾

	Since start ⁽¹⁾	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
P Unit	+37.9 %	-8.8 %	+22.7 %	0.0 %	+15.0 %	-30.6 %	+9.6 %	-0.3 %	-11.1 %	+3.9 %	-6.1 %	+2.3 %	+6.5 %						+3.3 %
Index	+9.2 %	-7.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %						+0.0 %
VL (€)	100.00	136.43	167.41	167.40	192.45	133.53	146.33	145.88	129.68	134.79	126.56	129.48	137.89						137.89

	Since start ⁽¹⁾	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
I Unit	+50.7 %	-7.8 %	+23.8 %	+0.1 %	+17.6 %	-29.8 %	+9.7 %	-0.2 %	-11.0 %	+4.0 %	-6.0 %	+2.4 %	+6.6 %						+3.9 %
Index	+9.2 %	-7.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %						+0.0 %
VL (€)	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	1,380.40	1,413.45	1,506.67						1,506.67

	Since start ⁽²⁾	2018 ⁽²⁾	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
GI Unit	-3.4 %	-9.9 %	+24.1 %	0.0 %	+17.9 %	-29.6 %	+9.7 %	-0.2 %	-11.0 %	+4.1 %	-6.0 %	+2.4 %	+6.6 %						+4.1 %
Index	-30.6 %	-11.2 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %						+0.0 %
VL (€)	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	8,840.88	9,055.12	9,655.19						9,655.19

	Since start ⁽³⁾	2018 ⁽³⁾	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
C Unit	-4.8 %	-9.7 %	+23.6 %	0.0 %	+17.3 %	-30.0 %	+9.7 %	-0.2 %	-11.0 %	+4.0 %	-6.0 %	+2.4 %	+6.6 %						+3.8 %
Index	-30.1 %	-10.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %						+0.0 %
VL (€)	100.00	90.32	111.60	111.59	130.95	91.68	100.54	100.31	89.23	92.82	87.22	89.29	95.17						95.17

(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 JULY 2023

	Fund	Index
UNIBAIL-RODAMCO-WESTFIELD	9.25 %	8.53 %
VONOVIA SE	8.89 %	11.02 %
KLEPIERRE	8.74 %	7.23 %
WAREHOUSES DE PAUW SCA	5.33 %	5.83 %
MERLIN PROPERTIES SOCIMI	5.17 %	4.05 %
LEG IMMOBILIEN AG	4.29 %	4.58 %
GECINA NOMINATIVE	4.02 %	8.57 %
TAG TEGERNSEE IMMOBILIEN	3.54 %	2.61 %
EUROCOMMERCIAL PROPERTIES	3.47 %	1.98 %
XIOR STUDENT HOUSING NV	3.24 %	1.46 %

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 31 JULY 2023

	I Share	P Share	GI Share	C Share
Number of shares	11,883.7	501,878.4	7,331.9	10,062.8
Liquidating value (€)	1,506.67	137.89	9,655.19	95.17
Net assets (€)	158,859,011			

6. EXPOSURE OF THE PORTFOLIO AT 31 JULY 2023

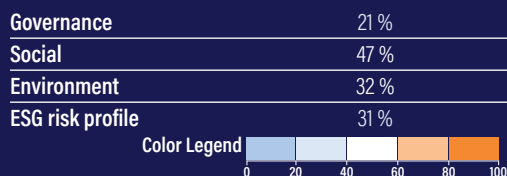
Currencies (including cash)	Sectors ⁽¹⁾	Geographic location ⁽¹⁾
Euro 83 %	Retail 31 %	Germany 23 %
Pound Sterling 11 %	Housing 22 %	France 20 %
US Dollar 4 %	Logistics 14 %	Spain 12 %
Swedish krone 2 %	Offices 13 %	United Kingdom 11 %
Other 0 %	Other 20 %	Other 34 %

(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

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⁽¹⁾

	Governance	Social / Environnement Societal	ESG Rating
Gecina	11 %	9 %	8 %
Merlin	9 %	27 %	2 %
Covivio	14 %	0 %	29 %
Deutsche Wohnen	22 %	25 %	12 %
Mercialys	14 %	43 %	18 %

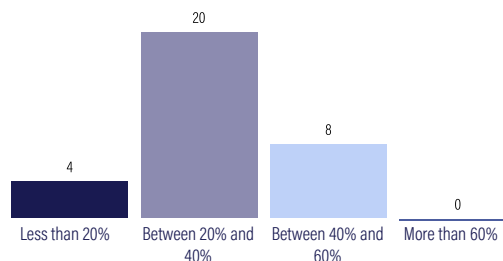
5 POSITIONS WITH THE WORST ESG RATING⁽¹⁾

	Governance	Social / Environnement Societal	ESG Rating
Inclusio	41 %	48 %	86 %
TAG	59 %	33 %	68 %
Retail Estates	18 %	62 %	85 %
Life Sciences	41 %	33 %	70 %
Unibail Rodamco	48 %	91 %	27 %

(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)

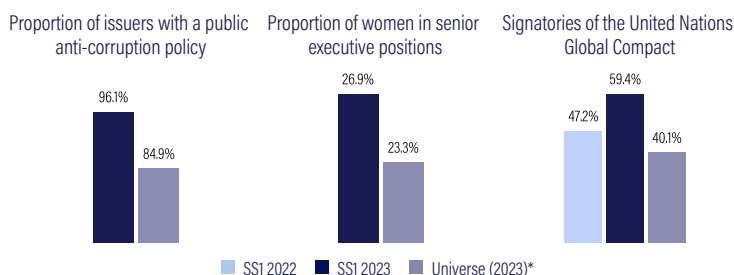
Reporting ESG

Distribution of esg ratings⁽¹⁾ of issuers in portfolio

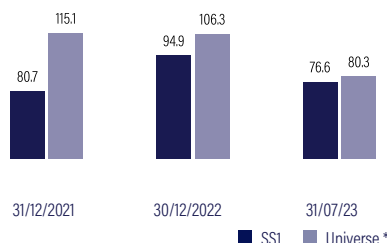


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Impact & carbon footprint measurements



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



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 1,514 shares at 30/06/2023. The coverage rate of the scope is 99.6 % for signatories of the United Nations Global Compact, 85.1 % for the proportion of women in senior executive positions and 85 % 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 31/07/2023. 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 August 2023. SOFIDY SAS – Real estate funds management company since 1987 – 303, square des Champs Élysées – Evry 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

