

**SOFIDY
SELECTION 1**
FCP


Monthly Report

At 31 August 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

Promising signs of a return to normality in terms of both financing and transactions, which should spur a recovery in European real estate company valuations.

After a flat month, real estate companies posted an 8.9 % upswing over the last days of the month mainly driven by the residential segment (29.3 % of the index at 31 August). The recovery was prompted by repeated signs of an economic slowdown on both sides of the Atlantic, where in our view underlying post-Covid bubble-free inflation will remain above 2 % for some time ahead. A potential "moderate" stagflation environment is always propitious for the real estate sector (exposure to economic trends spread over time in line with lease terms and the impact of rent indexation). The reduction in short positions (the sector registered the largest volume of uncovered or "naked" short positions across the entire stock market) also played a positive role.

After results that illustrated the **robustness of organic growth driven by rent indexation**, coupled with a **limited increase in borrowing costs** (made possible by longer maturities and mainly fixed-rate debt) and a **moderate decline in valuations** (except for outlying offices) **that stopped well short of the decline induced by market valuations** (32 % discount on the latest published NAVs, implying a 19 % induced decline in asset values, Kempen data), the ground appears to be firm.

On the financing side, we observe with interest that **bond markets are starting to reopen** (recent issues by Sweden-based Castellum and Fabège), while **access to bank finance remains open** (new USD 925 million mortgage loan taken out by Unibail-Rodamco-Westfield and secured against Westfield Century City, one of their flagship shopping centres in the USA; €790 million secured debt signed by Aroundtown over the half-year with an average spread of 140 bps).

Meanwhile, it seems to us that **physical transactions reached a low during the first half** (€65 billion investment in Europe, down 61 % YoY, source: Savills Research). We find proof of this in the more optimistic statements made by some listed operators, who have seen that rate equilibrium levels are close and are reconsidering the possibility of reinvesting. Furthermore, in the same vein, it is worth noting that Vonovia, the main German residential real estate company, announced that it had identified the possibility of opening up the capital of a further set of assets for an amount close to that of the Südewo transaction closed in the second quarter (€1 billion) and that Aldi Süd has apparently purchased 76 of its own stores from Pimco Real Estate for €240 million, reflecting a rent capitalisation rate of 6 % (source: ReactNews).

* Past performance is no guarantee of future performance.

1 September 2023,
Laurent Saint Aubin and Serge Demirdjian



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		
Life insurance eligible	Yes	
PEA (Equity Savings Plan) eligible	No	

PERFORMANCE ANALYSIS*

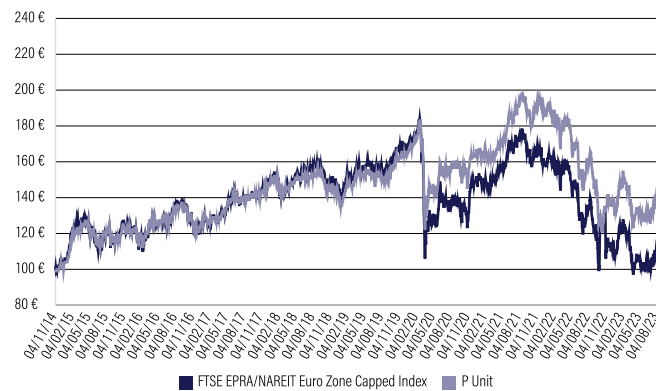
Over 12 rolling months	Index	I Unit	P Unit	GI Unit	C Unit	Unit
Performance	-11.1 %	-7.0 %	-8.1 %	-6.7 %	-7.2 %	
Volatility	28.1 %	23.1 %	23.0 %	23.0 %	23.0 %	
Sharpe ratio	-	-0.40	-0.45	-0.39	-0.41	
Tracking error (relative risk)	-	6.5 %	6.5 %	6.5 %	6.5 %	
Alpha	-	1.5 %	0.5 %	1.8 %	1.3 %	
Beta	-	0.81	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 August 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	+37.1 %	-8.8 %	+22.7 %	0.0 %	+15.0 %	-30.6 %	+9.6 %	-0.3 %	-11.1 %	+3.9 %	-6.1 %	+2.3 %	+6.5 %	-0.6 %						+2.7 %
Index	+9.9 %	-7.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %	+0.6 %						+0.6 %
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	137.09						137.09
I Unit	+49.9 %	-7.8 %	+23.8 %	+0.1 %	+17.6 %	-29.8 %	+9.7 %	-0.2 %	-11.0 %	+4.0 %	-6.0 %	+2.4 %	+6.6 %	-0.5 %						+3.4 %
Index	+9.9 %	-7.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %	+0.6 %						+0.6 %
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	1,499.37						1,499.37
GI Unit	-3.9 %	-9.9 %	+24.1 %	0.0 %	+17.9 %	-29.6 %	+9.7 %	-0.2 %	-11.0 %	+4.1 %	-6.0 %	+2.4 %	+6.6 %	-0.5 %						+3.7 %
Index	-30.2 %	-11.2 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %	+0.6 %						+0.6 %
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	9,611.28						9,611.28
C Unit	-5.3 %	-9.7 %	+23.6 %	0.0 %	+17.3 %	-30.0 %	+9.7 %	-0.2 %	-11.0 %	+4.0 %	-6.0 %	+2.4 %	+6.6 %	-0.5 %						+3.3 %
Index	-29.7 %	-10.5 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+10.6 %	-0.7 %	-14.2 %	+5.0 %	-8.3 %	+2.2 %	+7.9 %	+0.6 %						+0.6 %
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	94.69						94.69

(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 AUGUST 2023

	Fund	Index
VONOVIA SE	9.92 %	11.41 %
UNIBAIL-RODAMCO-WESTFIELD	9.60 %	8.13 %
KLEPIERRE	8.40 %	7.27 %
WAREHOUSES DE PAUW SCA	5.61 %	5.70 %
MERLIN PROPERTIES SOCIMI	4.74 %	3.93 %
LEG IMMOBILIEN AG	4.49 %	4.72 %
GECINA NOMINATIVE	4.34 %	8.57 %
TAG TEGERNSEE IMMOBILIEN	4.10 %	2.66 %
COVIVIO SA	3.62 %	3.69 %
EUROCOMMERCIAL PROPERTIES	3.48 %	1.90 %

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 AUGUST 2023

	I Share	P Share	GI Share	C Share
Number of shares	11,652.8	507,649.5	6,266.2	9,664.5
Liquidating value (€)	1,499.37	137.09	9,611.28	94.69
Net assets (€)	148,210,628			

6. EXPOSURE OF THE PORTFOLIO AT 31 AUGUST 2023


Currencies (including cash)	Sectors ⁽¹⁾	Geographic location ⁽¹⁾
Euro 82 %	Retail 31 %	Germany 23 %
Pound Sterling 12 %	Housing 23 %	France 20 %
US Dollar 4 %	Logistics 14 %	United Kingdom 12 %
Swedish krona 2 %	Offices 12 %	Spain 11 %
Other 0 %	Other 20 %	Other 34 %

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.

Governance	20 %
Social	47 %
Environment	31 %
ESG risk profile	30 %

Color Legend 

5 POSITIONS WITH THE BEST ESG RATING⁽¹⁾

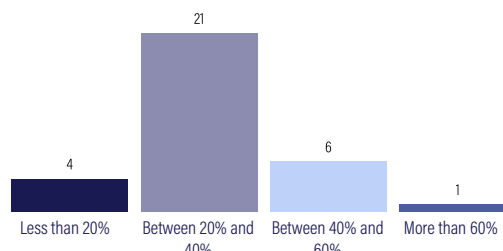
	Governance	Social / Societal	Environnement	ESG Rating
GECINA	11 %	9 %	8 %	9 %
MERLIN PROPERTIES	9 %	27 %	2 %	10 %
COVIVIO	14 %	0 %	29 %	17 %
DEUTSCHE WOHNEN	22 %	25 %	12 %	19 %
KLEPIERRE	14 %	43 %	17 %	21 %

5 POSITIONS WITH THE WORST ESG RATING⁽¹⁾

	Governance	Social / Societal	Environnement	ESG Rating
INCLUSIO	41 %	48 %	86 %	60 %
TAG IMMOBILIEN	59 %	33 %	68 %	57 %
UNIBAIL-RODAMCO	48 %	91 %	27 %	48 %
SAFESTORE HOLDINGS	11 %	86 %	59 %	45 %
INTERVEST OFFICES WAREHOUSES	9 %	77 %	62 %	44 %

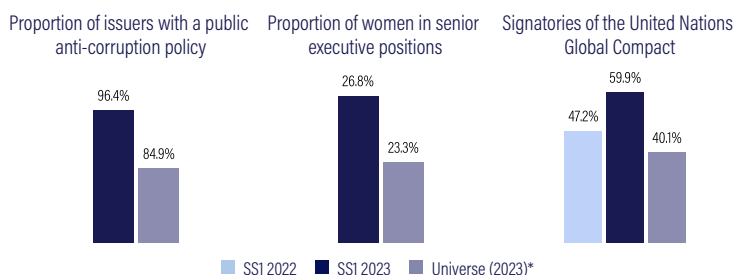
Reporting ESG

Distribution of ESG ratings⁽¹⁾ of issuers in portfolio

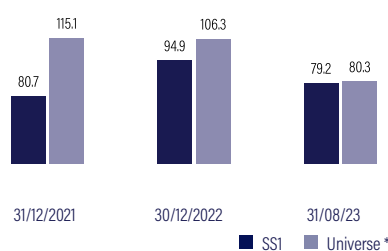


(1) The ESG rating determines the non-financial profile of companies (in terms of risks and opportunities). Shares whose current or anticipated ESG rating is above 80% are excluded from the investment scope (the lower the ESG rating, the better).

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 1,514 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 31/08/2023. 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 September 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



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