

**SOFIDY
SELECTION 1**
FCP


Monthly Report

At 29 February 2024

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

Robust results paving the way for recovery

The eurozone real estate sector continued to consolidate in February, down 12.3 % since the beginning of the year. Meanwhile, your Fund confirmed its resilience by falling only 8.5 % (P share).

Let us not give in to complacency. Our optimism is underpinned by the high likelihood of an upcoming fall in central bank rates, the ensuing reopening of the investment market and generally robust results that are reviving growth prospects for some real estate companies.

The annual results season is drawing to a close, revealing discrepancies that are expected to widen in 2024 depending on the business segment and initial balance sheet position.

In this respect, we saw sharp devaluation in the office segment with a view to finally turning the page, contrasted with a second half deceleration in the decline in value versus the first half (retail, healthcare and residential segments) or even a return to positive results (logistics segment). While some companies are claiming that the low point has already been reached, we expect it to arrive some time in 2024: the 4.8 % average yield shown on balance sheets (estimated net initial yield across Kempen's eurozone coverage universe) is still slightly too close to the marginal financing cost (generally around 4.5 % for 5-year maturities for a BBB rating) despite the easing observed in this respect compared to 2023 levels.

In terms of recurring results, the sector continued to post robust performances (up around 5 %), both having its cake, in terms of the inflationary contribution to rents, and eating it, in view of generally inexpensive debt still benefiting from its fixed rate structure (at a 2 % cost on average) and long maturities (around 5 years on average).

Here too, however, we see discrepancies depending on the recapitalisation strategies pursued in 2022 and 2023 (disposals, share-based dividend payments or share issues) which are expected to widen in 2024. Indeed, while arbitrage will continue to weigh on the most indebted stocks, the broader challenge will be to offset the levelling of financial expenses as instalments fall due through rent growth. And not everyone will be able to do this!

While your Fund is already positioned on structural trends that seem clear to us (real estate exposed to artificial intelligence, required for re-shoring or nearshoring or, conversely, penalised by the increase in remote working), its sector allocation could still change significantly over the coming months depending on the economic environment ("soft" or "harder landing"). Choices will need to be made within a less binary range of possibilities compared to 2022 and 2023 (decrease/increase in interest rates), a development that argues (at last) for a return to active management.

Of particular note is the publication for the first time in this report of ratings ESG in S&P format, which replace the "proprietary grid" approach used until now, as announced and explained in the transparency code available on the Sofidy website (<https://www.sofidy.com/app/uploads/2022/04/CDT-SSISYTIC-022024-FR-1-1212.pdf>). The switch to an externally developed score ensures that the ratings are always kept up to date with changes in ESG standards, which was becoming difficult to guarantee under the old format. Note that the S&P Global ESG Score is measured on a scale of 0 to 100, where 100 is the maximum score, which is the opposite of our previous system.

* Past performance is no guarantee of future performance.

13 March 2024,

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	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*

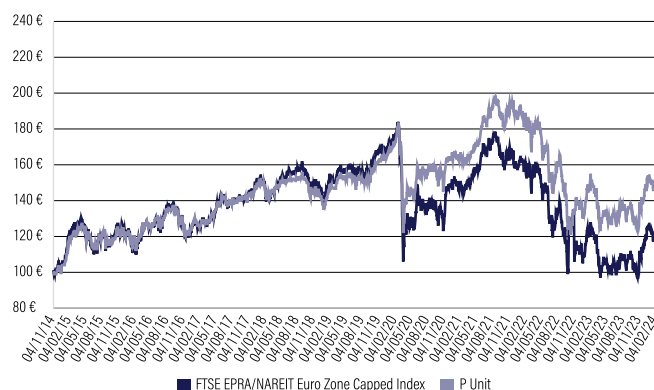
Over 12 rolling months	Index	I Unit	P Unit	GI Unit	C Unit
Performance	-7.8 %	-3.0 %	-4.0 %	-2.6 %	-3.2 %
Volatility	24.8 %	20.8 %	20.7 %	20.7 %	20.7 %
Sharpe ratio	-	-0.31	-0.36	-0.30	-0.32
Tracking error (relative risk)	-	4.9 %	4.9 %	4.9 %	4.9 %
Alpha	-	2.9 %	1.9 %	3.3 %	2.7 %
Beta	-	0.83	0.83	0.83	0.83

* 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 29 February 2024 | 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⁾	2019	2020	2021	2022	2023	Jan. 24	Feb. 24	Mar. 24	Apr. 24	May 24	June 24	July 24	Aug. 24	Sept. 24	Oct. 24	Nov. 24	Dec. 24	2024 YTD	
P Unit	+40.0 %	+22.7 %	0.0 %	+15.0 %	-30.6 %	+14.6 %	-1.6 %	-7.1 %												-8.5 %
Index	+10.6 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+15.4 %	-3.9 %	-8.7 %												-12.3 %
VL (€)	100.00	167.41	167.40	192.45	133.53	153.00	150.62	139.99												139.99
I Unit	+53.9 %	+23.8 %	+0.1 %	+17.6 %	-29.8 %	+15.8 %	-1.5 %	-7.0 %												-8.3 %
Index	+10.6 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+15.4 %	-3.9 %	-8.7 %												-12.3 %
VL (€)	1,000.00	1,755.60	1,757.30	2,066.61	1,449.74	1,679.42	1,654.91	1,539.44												1,539.44
GI Unit	-1.1 %	+24.1 %	0.0 %	+17.9 %	-29.6 %	+16.2 %	-1.4 %	-7.0 %												-8.3 %
Index	-29.8 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+15.4 %	-3.9 %	-8.7 %												-12.3 %
VL (€)	10,000.00	11,172.77	11,172.77	13,170.38	9,271.40	10,777.85	10,623.90	9,885.34												9,885.34
C Unit	-2.9 %	+23.6 %	0.0 %	+17.3 %	-30.0 %	+15.6 %	-1.5 %	-7.0 %												-8.4 %
Index	-29.2 %	+22.2 %	-10.9 %	+6.4 %	-32.6 %	+15.4 %	-3.9 %	-8.7 %												-12.3 %
VL (€)	100.00	111.60	111.59	130.95	91.68	105.99	104.43	97.12												97.12

(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 29 FEBRUARY 2024

	Fund	Index
UNIBAIL-RODAMCO-WESTFIELD	9.84 %	10.39 %
VONOVIA SE	8.60 %	10.51 %
KLEPIERRE	6.93 %	6.45 %
MERLIN PROPERTIES SOCIMI SA	6.71 %	3.93 %
TAG IMMOBILIEN AG	6.06 %	3.07 %
GECINA SA	4.24 %	7.20 %
COVIVIO	4.23 %	3.85 %
WAREHOUSES DE PAUW SCA	4.16 %	3.92 %
AEDIFICA	3.91 %	3.67 %
XIOR STUDENT HOUSING NV	2.93 %	1.40 %

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 29 FEBRUARY 2024

	I Share	P Share	GI Share	C Share
Number of shares	6,679.2	484,838.3	5,193.2	10,028.9
Liquidating value (€)	1,539.44	139.99	9,885.34	97.12
Net assets (€)	130,465,389			

6. EXPOSURE OF THE PORTFOLIO AT 29 FEBRUARY 2024

Currencies (including cash)	Sectors ⁽¹⁾	Geographic location ⁽¹⁾
Euro 82 %	Retail 27 %	Germany 24 %
Pound Sterling 9 %	Housing 23 %	France 18 %
US Dollar 4 %	Logistics 13 %	Spain 13 %
Swedish krona 1 %	Offices 12 %	United Kingdom 11 %
Other 4 %	Other 25 %	Other 34 %

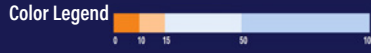
(1) Allocations determined by the manager by breaking down the activity of the companies in the portfolio into different sectors/geographical areas.

ESG valuations of the issuers of the portfolio below are from ESG grades made by S&P Global:

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 higher the ESG rating, the better.

Governance	49
Social	47
Environment	56
ESG risk profile	50



5 POSITIONS WITH THE BEST ESG RATING⁽¹⁾

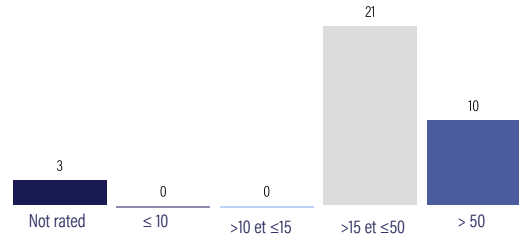
	Governance	Social / Societal	Environnement	ESG Rating
CELLNEX TELECOM SA	77	76	91	79
COVIVIO	58	67	85	71
MERLIN PROPERTIES SOCIMI SA	65	61	79	69
WAREHOUSES DE PAUW SCA	69	57	70	65
VONOVIA SE	67	62	64	64

5 POSITIONS WITH THE WORST ESG RATING⁽¹⁾

	Governance	Social / Societal	Environnement	ESG Rating
VIB VERMOEGEN	19	15	24	20
EUROCOMMERCIAL PROPERTIES	32	26	26	28
LEG IMMOBILIEN S	39	27	25	30
XIOR STUDENT HOUSING NV	39	34	24	32
SAFESTORE HOLDINGS PLC	35	20	42	33

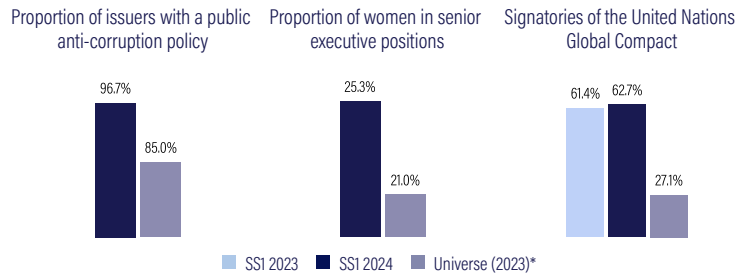
Reporting ESG

Distribution of ESG ratings⁽¹⁾ of issuers in portfolio

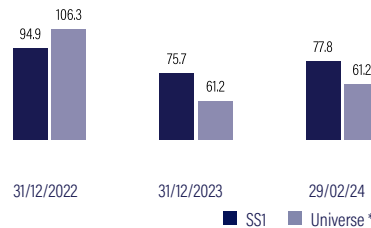


(1) The ESG rating determines the non-financial profile of companies (in terms of risks and opportunities). Shares whose current or anticipated ESG rating is below 10 are excluded from the investment scope (the higher the ESG rating, the better).

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 1,424 shares at 31/12/2023. The coverage rate of the scope is 92 % for signatories of the United Nations Global Compact, 87 % 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 29/02/2024. 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 March 2024. 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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