



ECHIQUIER HIGH YIELD SRI EUROPE I

JUNE 2024 (data as of 06/30/2024)



Echiquier High Yield SRI Europe is a fund that is mainly invested in high yield corporate bonds from the Eurozone, seeking to optimise the risk/return profile.



68 M€
Net assets



1,031.77 €
NAV

Recommended investment horizon

3 years

Fund Managers

Uriel Saragusti, Aurélien Jacquot, Matthieu Durandeau

Characteristics

Type	French mutual fund (FCP)
Lifetime	99 years
Inception date	01/25/2022
Date of 1st NAV	01/25/2022
ISIN	FR0013193752
Bloomberg code	ARRD231 FP
Base currency	EUR
Income allocation	Accumulation
Ref. Indic.	MARKIT IBOXX EUR LIQUID HIGH YIELD
SFDR classification	Article 8

Financial information

Entry charge	3% max. not acquired by the fund
Exit charge	None
Management fees	0.60% incl. taxes
Performance fee	No
Swing pricing	No
Min. subscription	500,000 EUR

Fees as of 12/31/2023

Management fees and other administrative and operating expenses	0.60%
Transaction costs	0.64%
Outperformance fees	No

Operational information

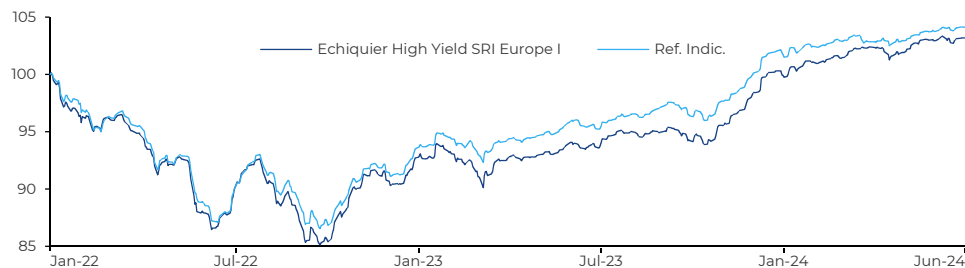
Valorisation frequency	Daily
Cut off	Noon
Settlement	D+2
Fund administrator	Société Générale
Custodian	BNP Paribas SA
Decimalisation	Thousandths

Fund Manager comments

Echiquier High Yield SRI Europe I turned in a positive monthly performance of 0.22% and of 2.86% year-to-date.

Against a backdrop of falling interest rates, the fund's performance was positive, but held back by the slight rise in risk premiums, particularly affecting companies based in France. The ATI subordinated bonds of French banks and those of French issuers potentially impacted by RN/NFP programs were the most affected by the aftermath of the European elections and the dissolution of the French National Assembly. The non-financial corporate High Yield primary market remains open, with eight issuers issuing over €3.5 bn of bonds in June, bringing the total issued over the half-year to €46 bn. The fund participated in the issue of PICARD (2029), the proceeds of which will be used to refinance the 2026 bond (in portfolio). We also sold the CELLNEX 2033 and ILIAD 2028 bonds to position ourselves in CELLNEX 2031 convertible bonds and ILIAD 2031 bonds, which offer higher yields. Lastly, we sold all our exposure to Tier2 bank subordinated bonds, which are more sensitive to interest rates and potentially at risk in the event of instability in European politics.

Evolution of the performance of the fund and its reference indicator since inception (base 100)

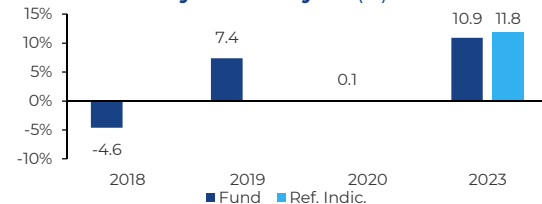


Ref. Indic.: source Bloomberg

Perf. (%)

	Fund	Ref. Indic.
1 month	+0.2	+0.3
YTD	+2.9	+2.0
1 year annualised	+10.0	+9.0
Since inception annualised	+1.3	+1.7

Performance by calendar year (%)



Other risk indicators

(based on weekly figures)

	1 year	3 Years	5 Years	10 years	Since inception
Fund volatility	3.3	-	-	-	5.9
Ref. indicator volatility	3.0	-	-	-	5.5
Sharpe ratio	3.0	-	-	-	0.3
Max. drawdown of the fund	-1.6	-	-	-	-15.0
Max. drawdown of the benchmark	-1.6	-	-	-	-13.6
Time to recovery (business days)	8.0	-	-	-	298.0

Risk indicator



Important risk(s) for the fund not taken into account in this indicator: credit risk, liquidity risk, counterparty risk, guarantees. The risk category associated with this fund is not guaranteed and may change over time.

The synthetic risk indicator shows the level of risk of this product compared with others. It indicates the probability that this product will incur losses in the event of market movements or if we are unable to pay you. We have classified the product in risk class 2 out of 7, which is a low to medium risk class. In other words, the potential losses associated with the future performance of the product are low to medium and, if the situation were to deteriorate on the financial markets, it is unlikely that our ability to pay you would be affected.

This indicator represents the risk profile shown in the KID. The risk indicator assumes that you hold the share for 3 years. Warning: the real risk may be very different if you opt to exit before that time, and you may get less in return.

Fund Profile

Number of positions	79
Number of issuers	67
Average rating (rated instrument)	BB-

Duration ⁽¹⁾⁽²⁾	3.1
Modified duration ⁽¹⁾⁽²⁾	3.0
Yield ⁽¹⁾⁽²⁾	5.9%
Yield to maturity ⁽¹⁾	6.3%

Data of the invested pocket
 (1) excluding convertible bonds
 (2) to convention (Bloomberg)

Source: LFDE, Bloomberg

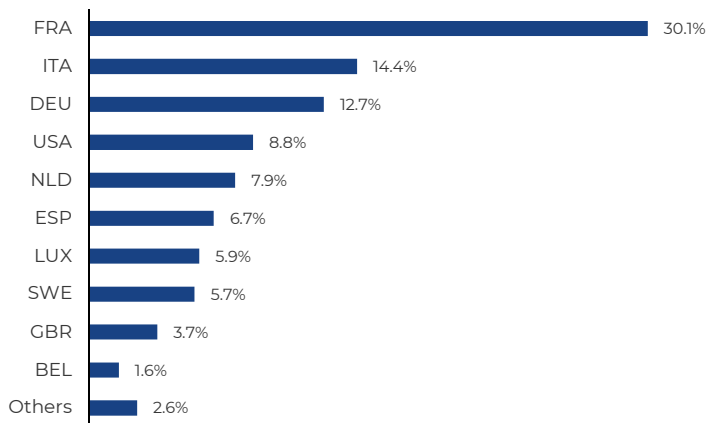
Bonds characteristics

Breakdown per type of bond

Fixed rate bonds	93.5%
Floating rate bonds	1.1%
Convertible bonds	5.4%

Geographic breakdown

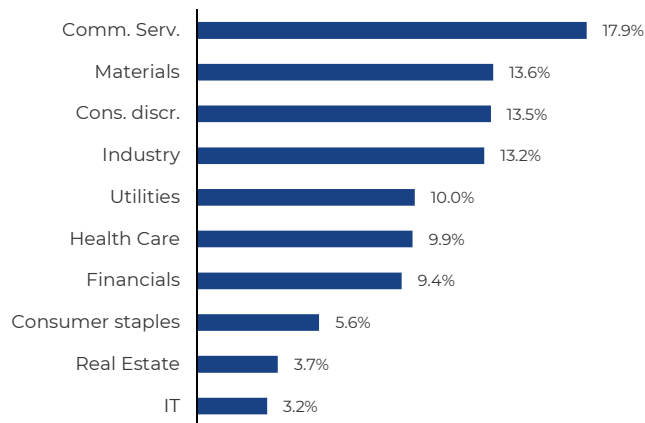
(% of the net assets without cash)



Source: LFDE

Sector breakdown (GICS)

(% of the net assets without cash)



Source: Bloomberg

Top holdings

Holdings	Country	Sector	% of the net assets
Nidda Stada 7.5% 08/26	DEU	Health Care	2.80
Organon 2.875% 04/28	USA	Health Care	2.50
Ziggo unsec. 3.375% 02/30	NLD	Comm. Serv.	2.30
Iliad 6.875% 04/31	FRA	Comm. Serv.	2.10
ZF Finance 2.25% 05/28	DEU	Cons. discr.	2.00

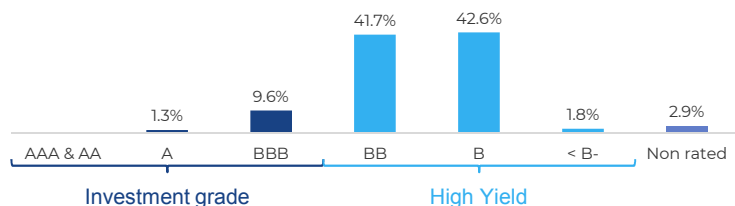
Holdings	Country	Sector	% of the net assets
Wepa Hyg. 5.625% 01/31	DEU	Materials	1.80
PeopleCert Wisdow 5.75% 09/26	GBR	Cons. discr.	1.80
Crédit Agr. 4.0% 12/99	FRA	Financials	1.80
Terna Rete 4.75 Hyb. nc 01/30	ITA	Utilities	1.80
Itelyum 4.625% 10/26	ITA	Industry	1.80

Total weight of the top 10 holdings: **20.7%**

Source: LFDE

Rating breakdown

(% of bond component*)



* excluding convertible bonds. Source: LFDE

Fixed rate bonds maturity breakdown

(calculation carried out at the next call date)



Source: LFDE

ESG Data

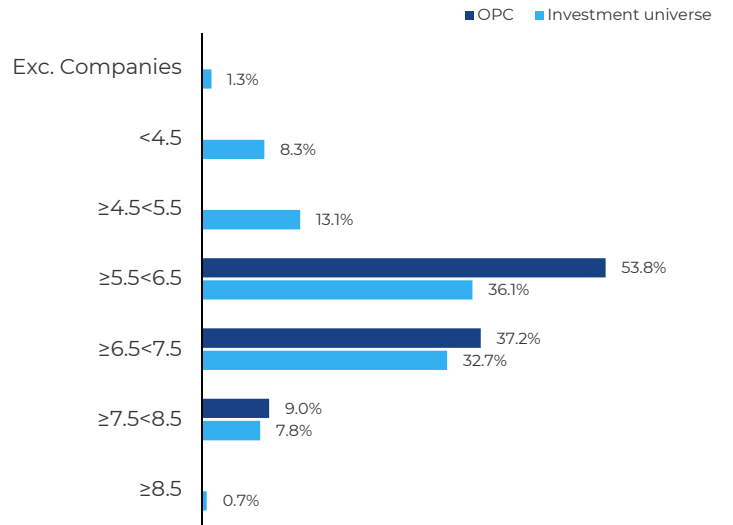
Selectivity rate⁽¹⁾	26.8%	
Minimum ESG score	Fund	Investment universe
	5.5	
Coverage rates for ESG analysis ⁽²⁾	100%	79%
Weighted average ESG rating	6.4	6.1

⁽¹⁾Selectivity rate: percentage of the investment universe excluded due to ESG criteria
⁽²⁾Percentage of net invested assets (excluding mutual funds, cash and derivatives) covered by ESG analysis

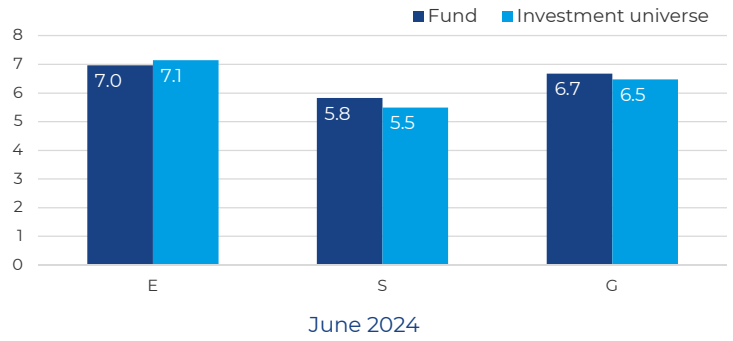
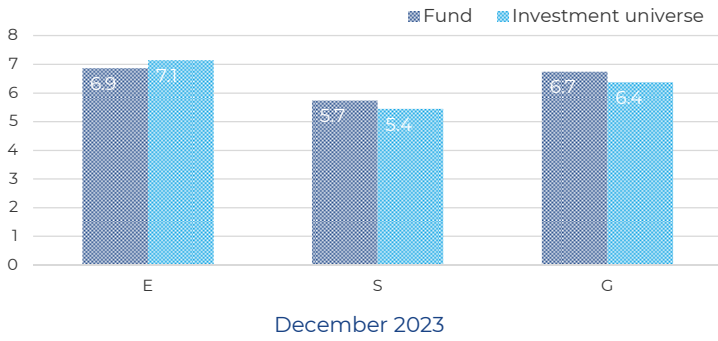
Top ESG ratings of the fund

Holdings	Country	ESG score	E	S	G
Edp-Energias De Portug...	Portugal	8.1	9.5	8.4	7.7
Axa	France	8.0	9.5	7.3	8.0
Terna Rete	Italy	7.9	7.9	8.4	7.8
Dsm-Firmenich	Switzerland	7.8	8.4	7.2	7.9
Telia Co	Sweden	7.6	10.0	7.3	7.2

Distribution of ESG ratings of the fund and the investment universe

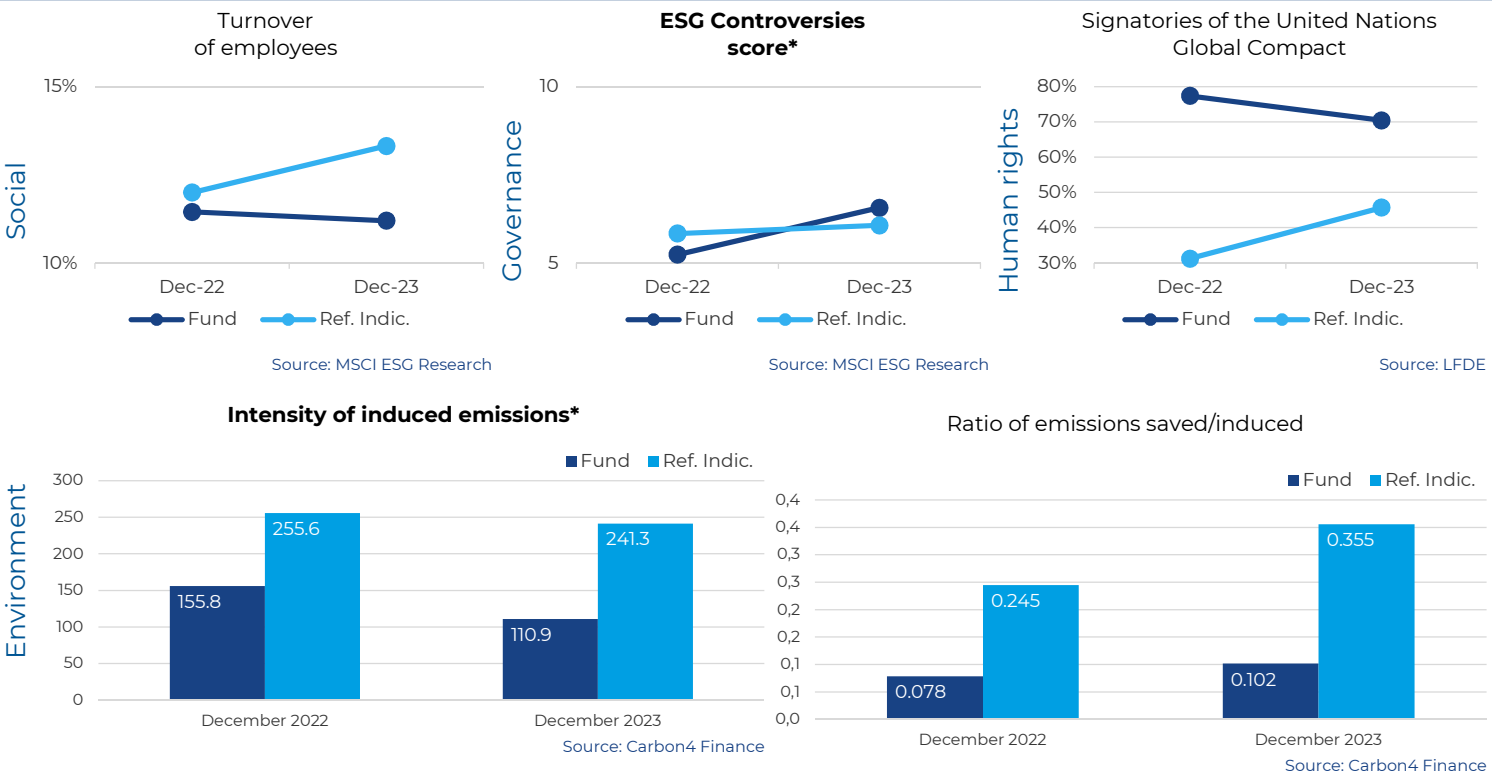


Average scores compared to the investment universe



Source: La Financière de l'Echiquier and MSCI ESG Research

ESG performance indicators



* The Fund is committed to outperforming its benchmark on these indicators.

Methodologies and coverage rate

		12/30/2022	12/29/2023	06/30/2024			12/30/2022	12/29/2023	06/30/2024
Turnover of employees	Portfolio	53.5%	52.4%	45.9%	ESG Controversy score	Portfolio	85.7%	93.3%	90.1%
	Ref. indicator	30.9%	41.0%	25.7%		Ref. indicator	68.2%	71.3%	47.2%
					$\text{Controversy score of the portfolio} = \sum_{i=1}^n (\text{Controversy Score}_i \times \text{Stock Weighting}_i)$				
Signatories of the United Nations Global Compact	Portfolio	100.0%	100.0%	100.0%	Carbon data	Portfolio	93.8%	89.4%	91.3%
	Ref. indicator	41.7%	71.8%	45.8%		Ref. indicator	74.2%	61.6%	45.8%
					$\text{Carbon intensity of the portfolio} = \sum_{i=1}^n \left(\frac{\text{Investment Value}_i}{\text{Fund Net Asset Value}} \times \frac{\text{Carbon Emissions Scope 1,2 e 3}}{\text{Enterprise Value}_i} \right)$				
					$\text{Ratio avoided emissions on induced emissions (CIR)} = \sum_{i=1}^n \left(\frac{\text{Sum of CO2 emissions savings}_i}{\text{Sum of CO2 induced emissions}_i} \times \text{Stock weighting}_i \text{ in the portfolio} \right)$				

We have not encountered any difficulties in measuring these ESG performance indicators.

ESG: Environmental, Social and Governance criteria. At La Financière de l'Echiquier, the Governance score accounts for around 60% of the ESG score.

For further information related to the methodologies used to calculate ESG indicators above and on our approach as a responsible investor, please refer to our transparency code and other documents available on La Financière de l'Echiquier's website at the following link: www.lfde.com/en/responsible-investment/to-find-out-more/

Sources: La Financière de l'Echiquier, The United Nations Global Compact, Carbon4 Finance, MSCI ESG Research



The French government SRI label is valid for a limited period and is subject to re-evaluation. Furthermore, the fact that a sub-fund has been awarded the label does not mean that it meets your own sustainability objectives or that the label meets the requirements of future national or European rules.

Extra-financial objective of the fund

The fund's management objective is combined with an extra-financial approach that takes account of environmental, social and governance (ESG) criteria, such as the issuer's environmental policy, employee protection and the skills of the management team, using a dual "best in universe" and "best effort" ESG approach.

This SRI fund systematically integrates environmental, social and governance criteria into its financial management. This has an impact on the selection of securities in the portfolio.

The following are examples of indicators for each of the E, S and G criteria:

- **Environmental indicators:** environmental policy and actions, results of action plans put in place by the company, exposure of suppliers to environmental risks, positive or negative impact of products on the environment.
- **Social indicators:** attractiveness of employer brand, employee retention, anti-discrimination, employee protection, supplier exposure to social risks, relations with civil society.
- **Governance indicators:** competence of the management team, checks and balances, respect for minority shareholders, business ethics.

The fund seeks to select the issuers with the best extra-financial ratings in their investment universe ("best in universe" approach). The fund also seeks to invest in companies that are at the start of their CSR process and are in the process of improving their ESG practices ("best effort" approach). The fund applies two extra-financial filters to its stock selection: after excluding controversial sectors and practices, companies must meet a minimum ESG rating.

The ESG rating is out of 10 and is awarded to each issuer. The ESG rating of issuers in the portfolio must always be higher than 95%.

This rating is determined by a methodology internal to the management company and is composed as follows:

- **Governance:** the Governance rating represents approximately 60% of the overall ESG rating. This is a historical bias of La Financière de l'Echiquier, which has attached particular importance to this subject since its creation.
- **Environment and Social:** social and environmental criteria are combined into a Responsibility score. The calculation of this takes account of the type of company concerned:
 - for industrial stocks: social and environmental criteria are equally weighted within the Responsibility score.
 - for service values: the "Social" score contributes 2/3 to the "Responsibility" score while the "Environment" score accounts for 1/3 of the "Responsibility" score.

The methodological limitations of the ESG approach mainly concern the reliability of the extra-financial data published by the issuers and the subjective nature of the ratings used by the management company.

La Financière de l'Echiquier carries out ESG ratings on at least 95 % of the securities in its portfolio, with particular attention paid internally to corporate governance and the support of MSCI ESG Research on environmental and social issues.

The E and S ratings are derived from an MSCI ESG Research database. The G rating is an internal rating. A minimum ESG rating of 5.5/10 is required to integrate ESG-managed UCIs. In addition, these funds undertake to ensure that their weighted average ESG rating is higher than that of their investment universe at all times. The securities making up the benchmark index are not selected on the basis of their environmental or social characteristics. The index is not adapted to the social or environmental characteristics promoted by the UCI.

The data on which our various exclusions are based (excluding thermal coal) comes from MSCI ESG Research and is updated monthly.

For further information related to the methodologies used to calculate ESG indicators, please refer to our transparency code available on www.lfde.com/en/responsible-investment/to-find-out-more/.

Glossary

Lexicon of risk indicators

Volatility	Measure of the amplitude of variations in the price of a share, a market or a fund. It is calculated over a given period and is used to assess the regularity of the performance of a share, market or fund.
Sharpe ratio	Indicator of the (marginal) return obtained per unit of risk taken. If the ratio is negative: less profitability than the benchmark. If the ratio is between 0 and 1: outperformance with too much" risk taken.
Bêta	If the ratio is greater than 1: outperformance that does not come at the cost of "too much" risk."Indicator which corresponds to the fund's sensitivity in relation to its benchmark index. For a beta of less than 1, the fund is likely to fall less than its index; if the beta is greater than 1, the fund is likely to fall more than its index.
Information ratio	Synthetic indicator of the effectiveness of the risk/return trade-off. A high indicator means that the fund regularly outperforms its benchmark index.
Tracking error	An indicator that compares the fund's volatility with that of its benchmark index. The higher the tracking error, the further the fund's average performance is from its benchmark index.
Max. drawdown	Max drawdown measures the biggest fall in the value of a portfolio.
Time to recovery (business days)	Recovery time, which corresponds to the time needed for the portfolio to return to its highest level (before the "max drawdown").
Sensitivity	Variation in the value of an asset when another factor varies at the same time. For example, the interest-rate sensitivity of a bond corresponds to the variation in its price caused by a rise or fall in interest rates of one basis point (0.01%).

Lexicon of financial analysis

EV/Sales	Enterprise valuation ratio: enterprise value/sales.
PER	Company valuation ratio: Price Earning Ratio = market capitalisation/net profit.
Consumer discretionary	In contrast to basic consumption, it represents all goods and services considered non-essential.
Basic consumption	As opposed to discretionary consumption, it represents goods and services considered essential.
Communication Services	This sector includes telecoms network operators and providers of communications and data transmission services.
Emerging countries	Emerging countries are countries whose economic situation is in the process of development. This growth is calculated on the basis of GDP, new businesses and infrastructure, and the standard of living and quality of life of the inhabitants.
Commodities	A natural resource used in the production of semi-finished or finished products, or as a source of energy.

Lexicon of credit analysis

Investment grade bond	A bond is said to be "investment grade", i.e. if its financial rating by the rating agencies is higher than BB+.
High yield bond	A high-yield bond is one rated below BBB- by the rating agencies.
Duration	The average life of its cash flows weighted by their present value. All other things being equal, the higher the duration, the greater the risk.
Yield to worst	The worst return a bond can achieve without the issuer defaulting.
Yield (all calls exercised)	The yield on a bond includes any call dates incorporated into the bond. These "call" dates correspond to intermediate maturities which give the possibility of redeeming the bond before its final maturity date.

Non-financial analysis lexicon

Selectivity rate	Selectivity rate: percentage of the initial universe excluded for ESG reasons.
Investment universe	Investment universe ("investible universe") meeting the constraints of the prospectus.
Controversy score	This controversy score ranging from 0 to 10 (0 being the worst) is provided to us by MSCI ESG Research. We want to measure whether the companies invested in our UCIs are better than those in their benchmark index in terms of management and occurrence of ESG controversies on themes such as the environment, consumer rights, human rights, labour rights, supplier management as well as governance.
Carbon data	A set of raw data (source Carbon4 Finance) used to calculate the various ratios linked to the fund's carbon footprint: Carbon impact ratio: CO ₂ emissions saved and CO ₂ emissions induced. Carbon intensity: Scope 1, 2 and 3 carbon emissions (scope 1 represents direct emissions, 2 indirect energy-related emissions, 3 all other indirect emissions).
Carbon Impact Ratio (CIR)	Emissions saved to emissions induced ratio calculated by Carbon4 Finance, which corresponds to the ratio between GHG emissions avoided and GHG emissions induced by a company (in tonnes of CO ₂ equivalent), known as the CIR. The higher the CIR, the more relevant the company is to the transition to a low-carbon economy. This indicator enables us to assess the relevance of a company's activity to the challenges of combating climate change. For a given company, a CIR greater than 1 means that the activity avoids more greenhouse gas emissions than it induces.
Weighted average carbon intensity (WACI)	Carbon intensity is the weighted average of our UCIs (compared with their benchmark index) using Carbon4 Finance's WACI (Weighted Average Carbon Intensity) methodology. The calculation formula is given in the ESG methodology insert.

For more information

This document, which is of a commercial nature, is above all a monthly report on the management and risks of the sub-fund. It is also intended to provide you with simplified information on the characteristics of the sub-fund.

For further information on the characteristics and costs of this sub-fund, we invite you to read the regulatory documents (prospectus available in English and French and DIC in the official languages of your country) available free of charge on our website www.lfde.com.

Investors or potential investors are informed that they can obtain a summary of their rights in the official language of their country or in English on the Regulatory Information page of the management company's website www.lfde.com or directly via the link below: <https://cdn.lfde.com/upload/partner/Droitsdelinvestisseur.pdf>

Information on withholding tax rates: for distribution units, dividends paid are taxed at 30%. For capitalization units of funds investing more than 10% of their net assets in debt securities, taxation at 30% on income derived directly or indirectly from the yield on debt securities.

Investors or potential investors may also file a claim in accordance with the procedure laid down by the management company. This information is available in the official language of the country or in English on the Regulatory Information page of the management company's website www.lfde.com or directly via the link below: <https://cdn.lfde.com/upload/partner/Droitsdelinvestisseur.pdf>

Finally, the investor's attention is drawn to the fact that the manager or the management company may decide to terminate the marketing agreements for its collective investment schemes in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU.