

### MANAGEMENT POLICY

Throughout July, the pool of convertible bonds, like European stocks, suffered on account of the sovereign debt crisis in Europe. The fund's benchmark recorded a loss of 1.74% compared to a drop of 2.79% for European shares (Stoxx 600). Since the beginning of the year, the fund has outperformed its benchmark with 1.47% appreciation versus a decline of 1.12% under volatile, but controlled conditions (one-year volatility: 2.6%) despite a chaotic bond market and a stock market that is ever more difficult to read. Furthermore, the slowdown in the world economy could renew investors' fear of a spike in credit spreads, which requires prudence regarding the soundness of issuers.

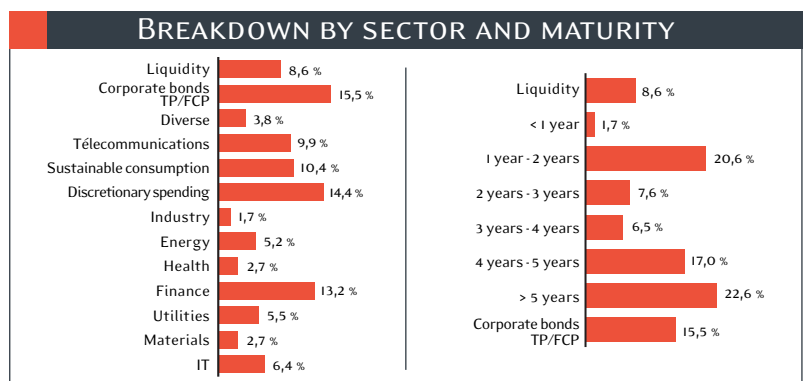
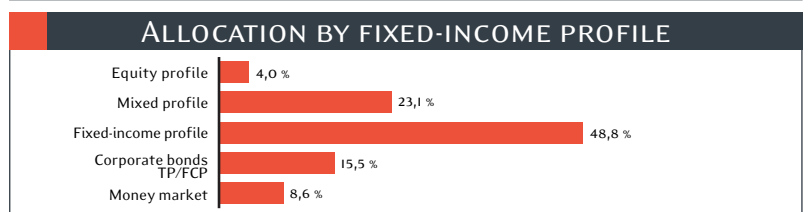
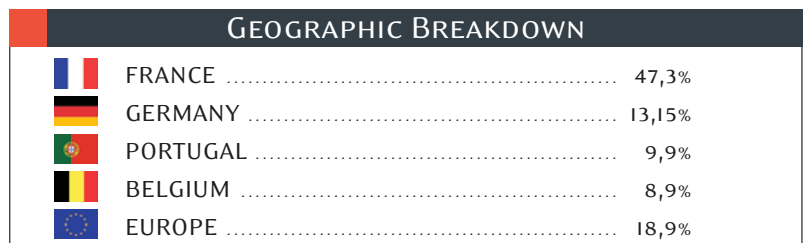
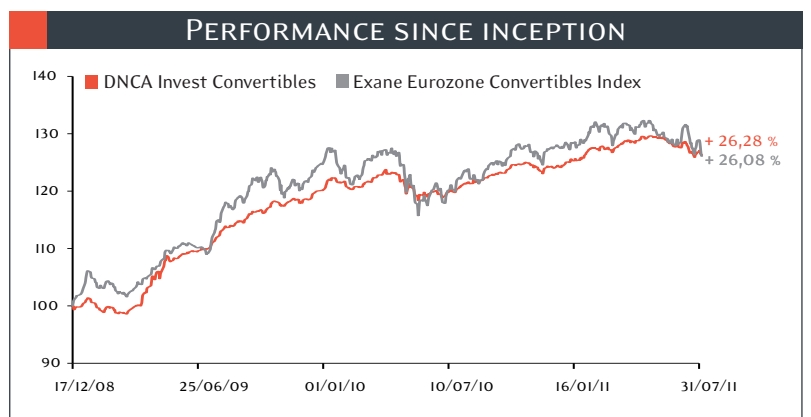
The primary market was nonexistent in July because of the challenges encountered in the bond markets (sovereign and corporate) during the European crisis. We took advantage of this situation to add to our Air France 2020 line in the secondary market while the fund shed some of its Sanofi participating shares and Steria 2049 bonds (2013 call). At the end of the month, the Artémis/PRR bond (3.9% of the fund) will be paid out as well as a new tranche of liquidities which will enable us to seize new opportunities when the primary market reopens. The finalisation of the Solvay bid to take over Rhodia through the acquisition of convertible bonds and shares (2.7% of the funds) will also free up additional liquidity. Since the beginning of the year, the lack of new issues and the high prices of certain bonds have compelled us to lower the proportion of convertible bonds in the portfolio (75.9% now compared to 91%).

The portfolio's average weighted yield is 4.2% for an average delta of 27.7%. While convertibles suffered from the European crisis, notably those issued in southern Europe, the asset category still offers an appealing rate-option combination in the stock market. With a portfolio whose credit ratings are primarily investment grade, the fund's strategy continues to be to favour a balance between risk and yield with good liquidity.

Jean-Charles MERIAUX  
 Igor de MAACK  
 Philippe CHAMPIGNEULLE

DNCA Invest Convertibles' performance	+ 1,47 %
Performance 2009 : 20,13 % / 2010 : 3,61 %	
Performance of Exane Eurozone Convertibles Index	- 1,12 %
NAV Part A	126,28 €
NAV Part I	128,20 €
Net Assets	172,6 M€

The performance data features represents past performance, which is no guarantee of future results.



**CHARACTERISTICS**

Delta: 0,27	Average yield to maturity: 4,2 %
Interest rate sensitivity: 3,6	Average premium: 64,50 %
Average maturity: 4,0 years	

# DNCA Invest Convertibles

Monthly report | July 31st, 2011

## CALENDAR PERFORMANCE ANALYSIS IN %

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Global
2009	-0,85	-0,24	1,34	5,60	2,68	1,01	3,04	1,46	1,64	0,64	0,44	1,87	<b>20,13</b>
2010	1,19	-0,67	1,70	-0,80	-2,01	-0,11	1,45	0,84	0,96	1,27	-1,35	1,15	<b>3,61</b>
2011	1,04	1,67	0,28	1,03	-0,08	-0,70	-1,74						<b>1,47</b>

## RISK INDICATOR

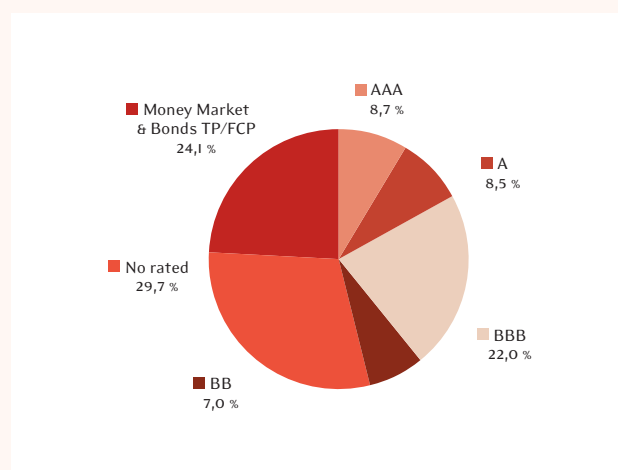
	Over 1 year
Tracking Error*	4,91
Portfolio Volatility	2,60
Indice Volatility	6,53

\* is a measure of the risk, with which the performance of a fund is diverging from its benchmark.

## CHARACTERISTICS

Delta	0,27
Interest rate sensitivity	3,6
Average maturity	4 years
Average yield to maturity	4,20%
Average premium	64,50%
Total number of lines	29

## BREAKDOWN BY RATING



## THE FIRST TEN LINES

### MAIN HOLDINGS

KFW / DT	8,7 %	RALLYE / CASINO	4,1 %
MICHELIN	8,1 %	VILMORIN	3,4 %
GROUPE STERIA	4,9 %	PESCANOVA	2,9 %
UBI BANCA	4,7 %	INDUSTRIVARDEN	2,8 %
COFINIMMO	4,5 %	PUBLICIS	2,8 %

## PRINCIPAL MOVEMENTS IN THE MONTH

NEW POSITIONS	STRENGTHENED POSITIONS	CLEARED POSITIONS	REDUCED POSITIONS
ASSYSTEM 2017	AIR FRANCE 2020	ARTEMIS 2011	STERIA 2049