# Gay-Lussac Green Impact
April 2022

GAY-LUSSAC GESTION

PRI Principles for Responsible Investment — Signatory of the UN-PRI since 2020

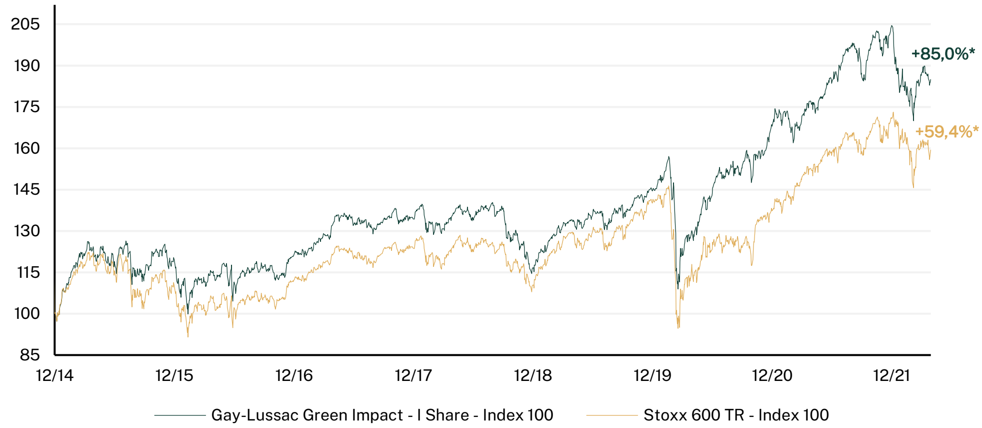
TCFD Task Force on Climate-Related Financial Disclosures — Supporter of TCFD since 2021

## GENERAL INFORMATION

| | |
|---|---|
| Custodian | Société Générale |
| Cut off | Subscriptions/redemptions |
| ISIN code (A share) | FR0010178665 |
| ISIN code (I share) | FR0010182352 |
| ISIN code (R share) | FR0014000EI9 |
| Valuation | Daily |
| Management fees A share | 2,32% of Net assets |
| Management fees I share | 0,96% of Net assets |
| Management fees R share | 1.40%of Net assets |
| Performance fees (High Water Mark) | 20% including tax of the annual perf over the index |
| Entry fees | 2% maximum |
| Exit fees (UCITS acquired) | None |
| NAV (A share) | **409,48€** |
| NAV (I share) | **207 539,57€** |
| NAV (R share) | **168,25€** |
| Inception date (A share) | 3 jun 05 |
| Inception date (I share) | 11-apr-07 |
| Inception date (R share) | 18 dec.20 |
| Net assets | **81,49 M€** |

| 3 years values (Bloomberg data) | Gay-Lussac Green Impact |
|---|---|
| Volatility | 18,24% |
| Max Drawdown | -30,66% |
| Beta | 0,80 |
| Sharpe Ratio | 0,38 |
| Tracking Error | 8,97% |

## Performances and statistics on the 29 of april 2022




| | 1M | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | Inception |
|---|---|---|---|---|---|---|---|---|---|---|
| A Share | -0,8% | **-9,9%** | 20,7% | 14,8% | 22,0% | -14,3% | 9,6% | -0,2% | 17,7% | **173,0%**** |
| Stoxx 600 | -1,2% | **-7,7%** | 22,2% | -4,0% | 23,2% | -13,2% | 7,7% | -1,2% | 6,8% | **66,7%** |
| Stoxx 600 TR | -0,7% | **-6,7%** | 24,9% | -2,0% | 26,8% | -10,8% | 10,6% | 1,7% | 9,6% | **165,0%** |
| I Share | -0,7% | **-9,5%** | 21,8% | 16,3% | 23,7% | -13,1% | 11,1% | 1,1% | 19,4% | **107,5%***** |
| Stoxx 600 | -1,2% | **-7,7%** | 22,2% | -4,0% | 23,2% | -13,2% | 7,7% | -1,2% | 6,8% | **17,8%** |
| Stoxx 600 TR | -0,7% | **-6,7%** | 24,9% | -2,0% | 26,8% | -10,8% | 10,6% | 1,7% | 9,6% | **80,1%** |

*Performance since 31/12/2014
**Performance since the launch of the A share on 3 June 2005
***Performance since the launch of the I share on 11/04/2007

## KEY RATIOS

| | |
|---|---|
| Investment rate (direct lines) | 93,63% |
| Number of lines | 37 |
| Monthly Performances A Share | -0,84% |
| Monthly Performances I Share | -0,73% |
| Monthly Performances R Share | -0,77% |
| Median PER 2021 | 21,55 |

## BREAKDOWN BY MARKET CAPS

| Name | % net asset |
|---|---|
| More than 5 Mds € | 47,99% |
| From 1 to 5 Mds € | 31,59% |
| Less than 1 Mds € | 20,42% |
| Average Capitalisation (Mds €) | 51,85 |
| Median Capitalisation (Mds €) | 4,91 |

## TOP FIVE POSITIONS

| Name | % net asset |
|---|---|
| NOVO NORDISK | 9,64% |
| AIR LIQUIDE | 6,09% |
| KONINKLIJKE AHOLD DELHAIZE | 5,86% |
| SHURGARD SELF STORAGE | 5,41% |
| KONINKLIJKE DSM | 4,73% |

## Macroeconomic review

In line with the first quarter, the month of April was also marked by strong uncertainties leading to volatility and market decline: S&P 500 -8.80%, CAC 40 -1.89%, STOXX 600 -1.20 %.

In Europe, the war in Ukraine remains the main source of concern. From a strictly economic point of view, the conflict feeds inflation mainly through the increase in the cost of energy and certain food raw materials. The cut off of gas supplies to Poland and Bulgaria by Russia sets a precedent that worries other countries still too dependent on the latter. Even core inflation rose to 3.5% year-on-year vs. 3.2% expected, adding pressure for an accelerated ECB withdrawal in the coming months, although the institution maintains its accommodating position. In this context, the euro depreciated against the US dollar (-4.72%) to reach $1.05. However, the Eurozone manufacturing PMI came out better than expected (55.5 vs. 55.3 expected). On the political level, the re-election of E. Macron suggests an increased desire to strengthen the integration of the European Union, as well as the resumption of structural reforms in France (on pensions in particular). In the United States, several flagship technology companies have disappointed with their latest publications, such as Netflix or, to a lesser extent, Amazon. In our opinion, this explains the clear underperformance of the American indexes compared to European's over the month. In terms of activity, US GDP fell by 1.4% on an annual basis in the first quarter, although this disappointment was mainly due to a technical effect linked to the restocking of stocks at the end of 2021 which partly cannibalized growth in the first quarter of 2022. The latest inflation figures (published at the end of April for March) showed a rise of 6.6% over one year, a level which reinforces the probability of a rise of 50 points. rate base by the Federal Reserve in May. While the consensus is anticipating 9 rate hikes, we nevertheless have some doubts about the FED's ability to tighten its monetary policy so harshly without penalizing the economic fundamentals too much.

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## INVESTMENT PROCESS

- Two defensive criteria, **Low Volatility** and **Low Beta** and one performance criterion, **Momentum** to quantitatively filter the investment universe.
- Selection of 3 to 4 major structural and/or cyclical themes by a quarterly Macroeconomic Committee bringing together economists, strategists, fund managers and financial analysts.
- Definition of the investable universe through the selection of stocks in line with the themes selected and validated by the fundamental analysis and extra-financial (ESG criteria and environmental indicators) of the companies.
- Construction and follow-up of the portfolio in risk budget.

## INVESTMENT OBJECTIVE

- Outperform its benchmark, the STOXX Europe 600 NR Index, on a 5 year investment horizon while applying a sustainable investment strategy.
- The fund in mainly invested in large cap stocks in Europe.

## MANAGEMENT TEAM


Louis de FELS


Hugo VOILLAUME, CFA


Guillaume BUHOURS


Daphné PARANT


Paul EDON


Thibaut MAISSIN


Arthur BERNASCONI

## RISK EXPOSURE

Low risk Performance Potentially lower

1 2 3 4 **5** 6 7

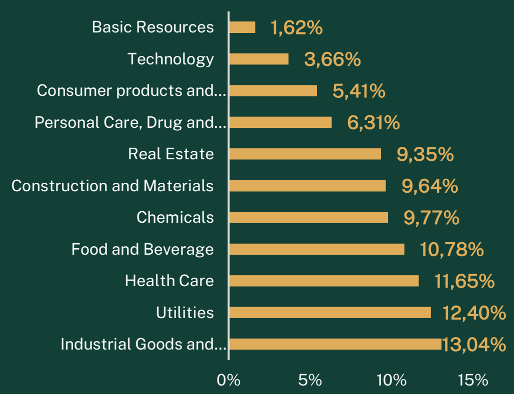
High risk Performance Potentially higher

## Management review

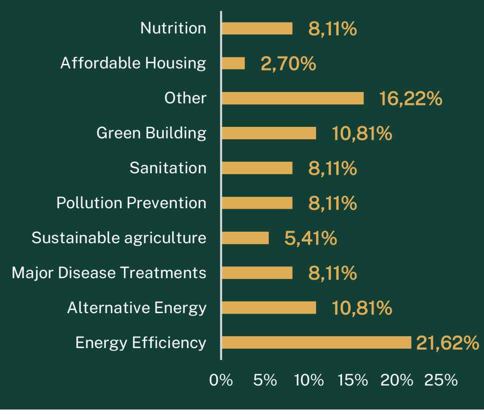
During April, our Gay-Lussac Green Impact fund proved to be particularly resilient compared to its index. In terms of major movements, we reduced our position in **UPM Kymmene** due to the extension of the strikes in Finland, which were initially scheduled to last until February 19th. The Finnish paper union extended the strikes until the end of April. We also reduced our exposure to **LU-VE** in line with our risk analysis, but we remain particularly confident in this small Italian company, which should benefit from inflation in energy prices, encouraging players in the industrial sector to modernise their climate control installations in order to reduce their energy costs. Finally, we increased our exposure to **7C Solarparken**, **WIIT** and **Salcef**, in line with our fundamental financial and extra-financial analysis.

On the buy side, we initiated a position in **Getlink**, formerly known as Groupe Eurotunnel SE, a french company comprising a group of companies active in the fields of infrastructure management and transport operations. **Getlink** manages and operates the Channel Tunnel and its rail infrastructure. Its various entities share a focus on quality and customer service, with a priority given to safety. We also initiated a position in **Dino Polska**, the leading Polish convenience store chain, whose vertical integration and sourcing from a broad base of producers limits the risk of exposure to raw materials, is currently experiencing strong growth in still immature areas.

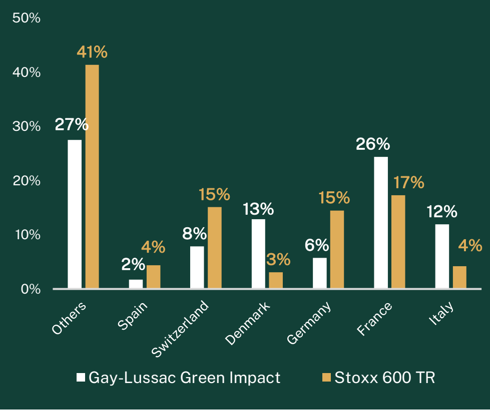
### SECTORS BREAKDOWN




### ESG INVESTMENT THEMES




### COUNTRY BREAKDOWN




## Extra-financial ratings (ESG)

### EXTRA FINANCIAL PORTFOLIO ANALYSIS*

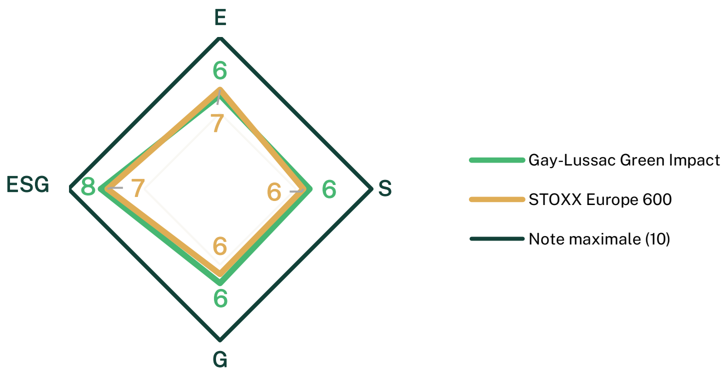
| | Gay-Lussac Green Impact (/10) | Benchmark Index (/10) |
|---|---|---|
| Grade average E | 6,02 | 6,33 |
| Grade average S | 5,93 | 5,80 |
| Grade average G | 6,32 | 6,04 |
| Portfolio grade overall ESG** | 7,63 | 7,25 |

*The extra-financial analysis of the portfolio takes into account only the live securities (stocks and corporate bonds). The scores are weighted according to the percentage of the portfolio allocated to live securities.
**The ESG rating is not an equally weighted average of ESG criteria, but a weighted average of the most relevant criteria for each company in the portfolio, according to its industry and sub-sector.

Gay-Lussac Green Impact coverage: 97,3% (64,9% MSCI + 32.4% internal analysis)
STOXX 600 coverage: 95% (74% MSCI + 21% internal analysis)

The chosen benchmark is a broad market index that does not guarantee the social and governmental characteristics promoted by the fund.

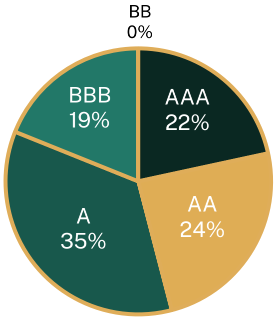
### ESG RATING VS BECHMARK INDEX

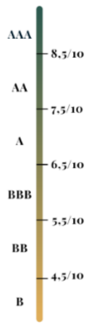



### TOP 5 BEST ESG RATINGS

| Values | Country | ESG Grade | Rating | % of net asset |
|---|---|---|---|---|
| ORSTED | Denmark | 10 | AAA | 1,96% |
| KONINKLIJKE DSM | Netherlands | 9,6 | AAA | 4,73% |
| UPM-KYMMENE | Finland | 9,4 | AAA | 1,62% |
| SCHNEIDER ELECTRIC | France | 9,3 | AAA | 1,01% |
| SHUGARD SELF STORAGE | Belgium | 9,3 | AAA | 9,64% |

### VALUES RATING BREAKDOWN



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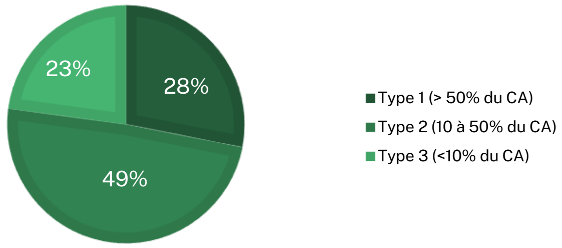
## Sustainable investment indicators

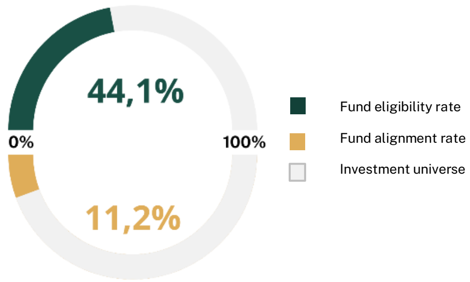
### GREEN INTENSITY




- **Type 1** issuers have more than 50% of their revenues from sustainable activities;
- **Type 2** issuers have between 10% and 50% of their revenues from sustainable activities;
- **Type 3** issuers have less than 10% of their revenues from sustainable activities.

Coverage rate: 100%. Source: MSCI.

### ALIGNMENT AND ELIGIBILITY TO EUROPEAN TAXONOMY

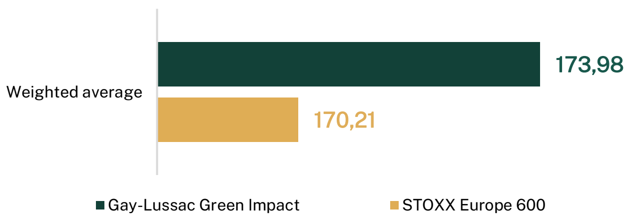



Fund coverage rate: 75,7%. Source: MSCI ESG

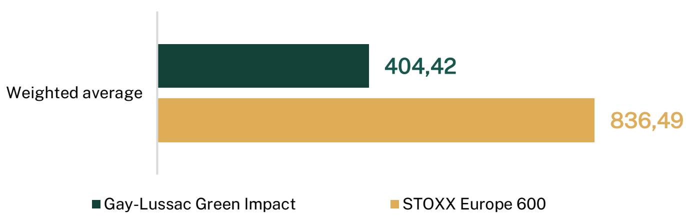
## Environmental impact indicators

### CARBON INTENSITY (tCO2/M€ invested)

Scopes 1+2




Scopes 3



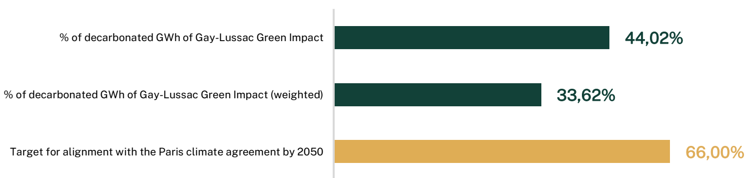

Scope 1: Greenhouse gas emissions generated by the combustion of fossil fuels and production processes owned or controlled by the company.
Scope 2: Indirect gas emissions related to the company's energy consumption
Fund coverage rate: 92%; index coverage rate: 99%.

Scope 3: Other indirect emissions produced by the organization's activities, upstream and downstream of production, linked to the entire value chain, such as the extraction of materials purchased by the company to make the product, or emissions related to the transportation of employees and customers coming to purchase the product.
Fund coverage rate: 73%; index coverage rate: 98%.

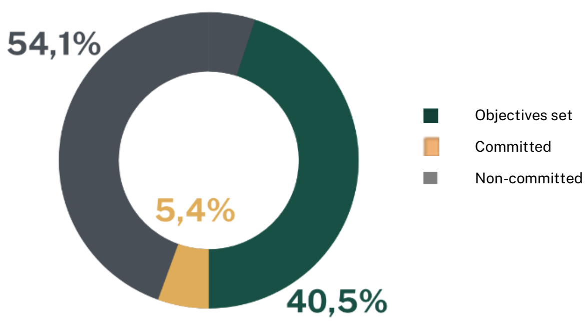
***Carbon intensity :** Scope 1 + 2 / Million of turnover in €.
**Weighted carbon intensity**: This is the carbon footprint of the fund according to the percentage of allocation of each security in the fund. The methodology for calculating the weighted carbon intensity is taken from Annex 1 of the RTS of the SFDR regulation dated 03/2021 and corresponds to the mandatory indicator n°3 of the main negative impacts (PAI) to be published.
**Disclaimer :** The carbon intensity calculations only take into account live securities (shares) and do not take into account derivatives, hedging instruments, investment in funds.
In addition, the calculations are based on the market capitalization as of March 2, 2022 and the latest annual sales figures of the issuers.

### ALIGNMENT WITH THE PARIS AGREEMENTS (Scenario +2°C)

Percentage of decarbonized GWh in the fund




Commitment rate of portfolio companies




The percentage of decarbonated GWh corresponds to the share of renewable, green or alternative energies from the energy mix of the positions in the portfolio. In order to be in line with the 2°C scenario of the Paris Climate Agreement, companies must reach a decarbonized GWh rate of at least 66%.
Source: Irena International Renewable Energy Agency - Global Energy Transformation: Roadmap to 2050.
Fund coverage rate: 68%;

% of companies that submitted a scenario respecting the 2°C alignment trajectory of the Paris Climate Agreement
Fund coverage rate: 100%; index coverage rate: 100%.
Source: Science Based Target Initiative