

Epsilon Fund - Euro Bond ID, EUR Distribution



Data as of 06/30/2024

This Sub-Fund is managed by Eurizon Capital S.A.

NAV (in EUR)	99.82	Fund Size (in EUR)	7,450 mil	Number of Holdings	308
Morningstar Rating TM	No Rating	Fund Manager	Paolo Bernardelli		
Class Unit Inception Date	03/20/2023		Silvio Vergallo		

Investment / Performance Objectives & policy

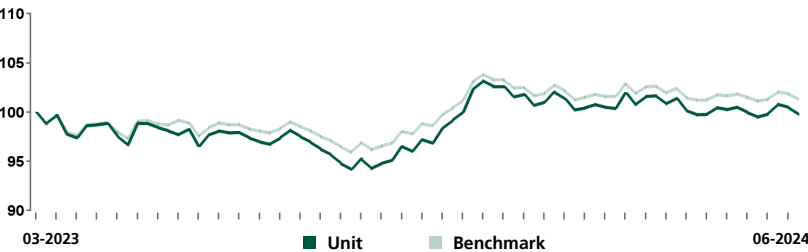
The fund mainly invests in investment grade government bonds denominated in euro. The fund generally favours direct investment but may at times invest through derivatives. Specifically, the fund normally invests at least 70% of total net assets in debt and debt-related instruments, including money market instruments, denominated in euro.
The fund may invest in the following asset classes up to the percentages of total net assets indicated:
- deposits in any currency: 20%
- units of UCITS and other UCIs: 10%
The fund does not invest in asset-backed securities or mortgagebacked securities, but may be indirectly exposed to them (maximum 10% of total net assets).
For more information read the Prospectus or Key Information Document (KID).

Benchmark

JP Morgan EMU Government Bond Index® (total return)

Performance and NAV Evolution*

NAV Evolution since launch



Cumulative and Annualized Performance

	Unit	Benchmark	Unit	Benchmark
	Cumulative		Annualized	
YTD	-2.75%	-1.89%	-	-
1M	0.29%	0.19%	-	-
3M	-1.85%	-1.28%	-	-
1Y	1.56%	2.45%	-	-
3Y	-	-	-	-
5Y	-	-	-	-
Since Launch	0.78%	2.34%	0.61%	1.83%

Fund Statistics

	6M	1Y	3Y	5Y	Since Launch
Annualized Volatility Unit	5.39%	6.64%	-	-	6.89%
Annualized Volatility Benchmark	4.26%	5.29%	-	-	5.59%
Tracking Error Volatility	1.24%	1.47%	-	-	1.44%
Sharpe Ratio	-1.62	-0.28	-	-	-0.37
Information Ratio	-1.35	-0.61	-	-	-0.85
Beta	1.26	1.25	-	-	1.22

Annual Performance (Calendar Year)

	Unit	Benchmark
2023	-	-
2022	-	-
2021	-	-
2020	-	-
2019	-	-

*Past performance and/or of relevant benchmark if applicable is not guarantee of future performance. The performances are net of ongoing charges and performance fees and exclude any entry and exit fees. Dividend reinvested / Dividend distributed (depending on the case).
Reference period: YTD (year to date) from 01/01/2024 to the date of this reporting. The returns calculations do not take into account taxes applicable to an average professional client in his or her country of residence. When the currency presented differs from yours, there is a currency risk that may result in a decrease in value.

Risk and Reward Profile



The risk indicator assumes you keep the product for 4 years.
The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.
We have classified this product as 3 out of 7, which is a medium-low risk class.
This rates the potential losses from future performance at a medium-low level, and poor market conditions are unlikely to impact the capacity to pay you.

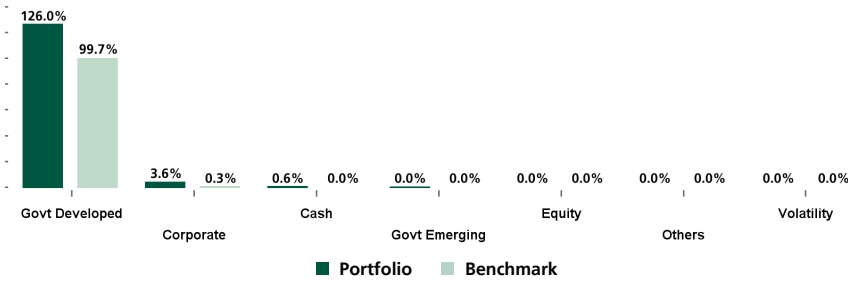
For any further details on investment risks, please refer in particular to the Risks section of the Fund's Prospectus.

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Portfolio Information

Asset Breakdown*



*The Corporate asset class may include issues by local agencies or authorities that are equivalent to Corporate instruments issued in terms of creditworthiness. The Developed Governments asset class may include derivative financial instruments on interbank rates.

Derivatives

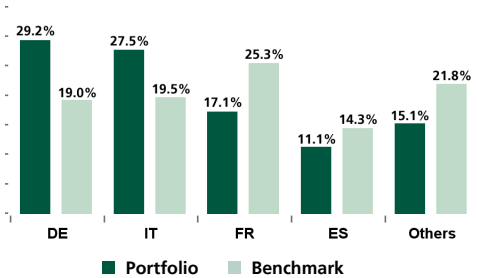
Weight

Currency	-
Equity	-
Interest rate	30.15%

Top 10 Holdings (excluding cash)

	Weight	Sector	Duration	Rating S&P
BKO 2 1/2 03/13/25	10.96%	Government	0.68	AAA
FUT EURO-SCHATZ FUT S...	8.11%	-	-	-
FUT Euro-BTP Future S...	7.99%	-	-	-
FUT EURO-BOBL FUTURE ...	6.57%	-	-	-
DBR 0 02/15/31	4.80%	Government	6.47	AAA
BTPS 3.4 04/01/28	4.15%	Government	3.41	BBB
DBR 0 08/15/26	4.05%	Government	2.06	AAA
FUT LONG GILT FUTURE ...	3.98%	-	-	-
FRTR 3,25% 05/45	3.96%	Government	14.74	AA-
BTPS 4 1/2 10/01/53	3.95%	Government	15.57	BBB

Duration Contribution by Country



Contribution to Duration by Maturity

	% Contrib.
0-1	1.23%
1-3	4.49%
3-5	10.98%
5-7	10.31%
7-10	12.97%
>10	60.02%
Total	100.00%

Duration Evolution

	Portfolio
01-2024	8.71
02-2024	8.34
03-2024	8.69
04-2024	8.42
05-2024	8.48
06-2024	8.54

Sector Allocation

	Portfolio
Treasury	116.02%
Government Related	
Agency	1.46%
Local Authority	0.11%
Supranational	0.28%
Sovereign	0.01%
Corporate	
Industrial	-0.42%
Financial Institutions	2.36%
Utility	1.40%
Securitized	-

Portfolio Characteristics

	Portfolio
Weighted Average Coupon	2.75%
Current Yield	2.74%
Average Rating	A
Yield to Worst*	4.24%

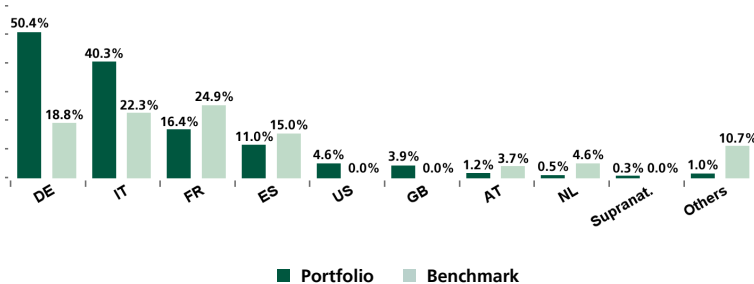
The portfolio Yield to Worst refers only to the component of fixed income and is calculated as a weighted average of returns of the single bond instruments, where the weighting takes place with respect to the value of the individual instrument. Returns hold account of the operating probabilities of the optional components possibly present in the bonds.

Allocation by S&P Rating / Maturity*

	0-1	1-3	3-5	5-7	7-10	>10	Total
AAA	11.80%	12.19%	9.09%	7.87%	2.00%	6.91%	49.86%
AA	0.01%	2.57%	3.73%	0.04%	1.98%	17.65%	25.98%
A	0.21%	1.86%	3.38%	1.74%	0.14%	4.50%	11.83%
BBB	4.31%	4.11%	9.16%	6.28%	10.53%	7.55%	41.94%
BB	-0.01%	-0.27%	-0.08%	0.04%	0.00%	0.08%	-0.25%
B	-0.01%	-0.08%	-0.10%	-0.04%	0.00%	0.00%	-0.23%
Below B	-0.01%	-0.05%	-0.07%	-	-	-	-0.13%
Total	16.29%	20.33%	25.11%	15.92%	14.66%	36.70%	

*Instruments without ratings are excluded from the calculation.

Geographical Breakdown by Issuer



The sum of the weights represents the total bond exposure, including derivative instruments.

Allocation subject to change. Reference in this document to specific securities should not be construed as recommendation to buy or sell these securities.

Currency Risk Exposure*

	Portfolio	Benchmark
JPY	0.96%	0.00%
GBP	0.20%	0.00%
USD	0.15%	0.00%

*The figure refers only to classes not covered by exchange rate risk.

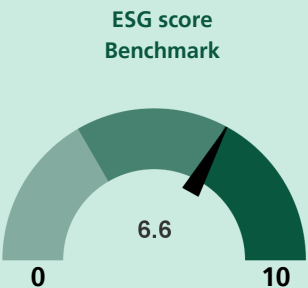
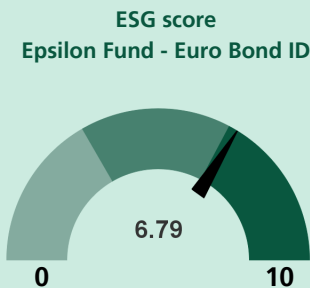
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Data as of 06/30/2024

Sustainability characteristics

ESG score

The ESG score considers environmental, social and governance factors based on data on the individual issuer provided by MSCI ESG, which are then aggregated according to the underlying securities in the portfolio. The same methodology is also applied to the product benchmark.



SFDR Category
Article 8

The fund is qualified pursuant to Article 8 of Regulation (EU) 2019/2088; see the Sustainability Report for more details.

Percentage of issuers involved in controversial sectors

0.00% **0.00%**
Portfolio **Benchmark**

Percentage of critical issuers

0.00% **0.00%**
Portfolio **Benchmark**

Values other than zero may be due to (i) discontinued issuers, in the best interest of participants and in accordance with current legislation, (ii) issuers for which an engagement activity is in progress or (iii) indirect exposures.

Source: Internal processing of data provided by MSCI ESG Research
Survey period: 12-month rolling average

Appendix

Percentage of issuers involved in controversial sectors

Issuers operating in sectors deemed controversial (not "socially responsible"), to which restrictions or exclusions apply with respect to the entirety of the individual assets under management, are companies (i) that have a clear direct involvement in the manufacture of unconventional weapons; (ii) at least 25% of whose turnover is generated from thermal coal mining or power generation activities; (iii) at least 10% of whose turnover is generated from the exploitation of oil sands.

More specifically, unconventional weapons are understood as: anti-personnel mines; cluster bombs; nuclear weapons*; impoverished uranium; biological weapons; chemical weapons; stealth cluster bombs; blinding lasers; incendiary weapons; white phosphorus.

These provisions do not apply to the activities permitted by the following treaties and/or conventions:

- The Ottawa Treaty (1997) which prohibits the use, stockpiling, production and transfer of anti-personnel mines; the Convention on Cluster Munitions (2008) which prohibits the use, stockpiling, production and transfer of cluster bombs;
- The Chemical Weapons Convention (1997) which prohibits the use, stockpiling, production and transfer of chemical weapons;
- The Biological Weapons Convention (1975) which prohibits the use, stockpiling, production and transfer of biological weapons;
- Regulation (EU) 2018/1542 concerning restrictive measures against the proliferation and use of chemical weapons;

These exclusions are also intended to comply with the requirements established by Law no. 220 of 9 December 2021 on measures to counter the financing of companies producing antipersonnel mines, cluster bombs and submunitions.

*With regard to exclusions on nuclear weapons, issuers based in states that have adhered to the "Nuclear Non-Proliferation Treaty" stipulated on 1 July 1968 are not considered.

Percentage of critical issuers

"Critical" issuers are those companies having a higher exposure to environmental, social and corporate governance risks, i.e. which have a lower ESG sustainability rating level (equal to "CCC" assigned by the specialized info-provider) in the equity and bond investment category and for which an escalation process has been activated, or is being assessed, which determines restrictions and/or exclusions with respect to the entirety of the individual assets under management ("ESG Binding screening").

Percentage of issuers selected on the basis of positive and negative criteria

The weighting of issuers that comply with the specific positive and negative selection criteria identified by the Product, i.e. (i) issuers of green/sustainable bonds and (ii) companies publicly engaged in the energy transition process, particularly through the progressive reduction in Scope 1 and Scope 2 emissions to reach climate neutrality by 2050 ("Net Zero" goal).

Percentage of assets in government issuers meeting the screening criteria

The weight of government issuers that meet the selection criteria defined on the basis of the indicators of the "Sustainable Development Report" and Regulation (EU) 2019/2088 to monitor the principal adverse impacts relating to government issuers.

Percentage of assets in ESG or sustainable investment type UCIs

This is understood as assets of UCITS that promote environmental and/or social characteristics pursuant to Article 8 of Regulation 2019/2088 or which pursue sustainable investment objectives pursuant to Article 9 of said Regulation.

Carbon footprint

The value represents tonnes of carbon dioxide (direct - Scope 1 and indirect - Scope 2) of the investee companies in relation to their turnover.

Sustainable investment

Weighting (i) of issuers with net positive alignment with at least 1 of the United Nations' 17 Sustainable Development Goals (SDG) and no misalignment with any of the SDGs and (ii) of green, social and sustainability bonds.

Data as of 06/30/2024

Investment Manager Commentary

Market Development

In June, economic data from developed countries showed a slowdown in both growth and consumer price inflation. Central banks were therefore able to ease the hawkish rhetoric that had led investors to completely revise their expectations for monetary policy from the beginning of the year. Investors are pricing in between one and two rate cuts by the Federal Reserve and a few more by the European Central Bank by the end of the year. In Europe, market dynamics were also influenced by the early parliamentary elections in France, which led to a slight widening of spreads between European countries. In anticipation of the election result, it should be noted that, unlike on other occasions, the market repricing was not marked by excessive volatility; if this controlled volatility continues, it could make investing in European government bonds even more attractive. Global government bond yields have remained at relatively high levels since the beginning of the year, while riskier bond asset classes and the spread between Italian and German bonds continue to benefit from a favourable economic outlook.

Performance and Investment Choices

The Fund dynamically managed duration exposure during the period and ended the month around 1.5 years above the benchmark. The overweight is concentrated not only in European government bonds but also in US and UK government bonds. This ensures diversification and improves the overall return. The Fund continues to favour the central part of the European curve. It continued to favour an allocation towards “green” Investment Grade corporate bonds over semi-core European government bonds as a means of diversifying and improving the risk/return ratio and the ESG score. The Fund continued to show a relative preference for Italian government bonds. Positions remained underweight relative to the benchmark on Belgium, Portugal, and the Netherlands to which a marginal underweight position on the French curve was added. Repositioning in European government bonds was carried out during the period. US and UK government bonds were dynamically managed via futures. In terms of currencies, a marginally long position on the yen was maintained as a hedge and to diversify. The Fund recorded a positive performance in absolute terms, marginally outperforming the benchmark. Long duration exposure contributed positively. Italian government bond exposure made a negative contribution, which was slightly offset by a positive contribution from the long exposure to German government bonds and some off-benchmark positions such as US, UK and green corporate issues.

Outlook and Investment Strategy

In the coming months, the market will remain largely focused on future monetary policy moves and global economic conditions. Rising interest rates in Europe continue to weigh on economic growth, particularly in the real estate and manufacturing sectors, leading to a decline in aggregate demand, although this is improving slightly. Uncertainty surrounding the elections could further weigh on financial conditions. Credit conditions offered by the banking system to households and businesses, while improving, remain restrictive. All this will have an impact on economic growth, much of which is already happening. The Fund will continue to capitalise on and monitor market conditions, actively intervening to adjust the mix of investments.

Source: Eurizon Capital SGR S.p.A., the Investment Manager of the Sub-Fund.
This commentary constitutes opinions that are subject to change. Past performance is no guarantee of future performance.

Fund Overview

Legal Status	Fonds Commun de Placement (FCP)/UCITS
Home jurisdiction of the Fund	Luxembourg
ISIN Code	LU2596903745
Class Unit Inception Date	03/20/2023
Valuation	Daily
Bloomberg Code	EURZEID LX
Entry costs	-
Exit costs	-
Management fees and other administrative or operating costs	0.39% (of which management commission constitutes 0.25%)
Transaction costs	0.03%
Performance fees	The performance fee calculation is based on a comparison of the net asset value per unit against the High Water Mark where the High Water Mark is defined as the highest net sset value per unit recorded at the end of the five previous financial years, increased by the year-to-date return of the fund""s benchmark. The actual amount will vary depending on how well your investment performs.
Minimum amount	3,000,000 EUR
Taxes	The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Please refer to your financial and tax advisor.
Management Company	Eurizon Capital S.A.
Investment Manager of the Sub-Fund	Eurizon Capital SGR S.p.A.
Category	EUR GOVERNMENT BOND

The fund is qualified pursuant to Article 8 of Regulation (EU) 2019/2088; see the Sustainability Report for more details.

The Sub-Fund is not an Index-tracking UCITS and then does not intend to passively replicate, track or leverage the performance of a Benchmark through synthetic or physical replication.

Data as of 06/30/2024

Access to Fund documents and other information in your country

Before making an investment decision, you must read the Prospectus and KIDs, as well as the Management Regulations and the last available annual or semi-annual financial report and in particular the risk factors pertaining to an investment in the Sub-Fund and may be obtained at any time, free of charge on the Management Company's website www.eurizoncapital.com. These documents are available in English (and the KIDs in an official language of your country of residence) and paper copies may also be obtained from the Management Company upon request. This document does not constitute any investment, legal or tax advice. Please liaise with your tax and financial advisor to find out whether the Unit is suitable to your personal situation and understand the related risks and tax impacts.

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IMPORTANT INFORMATION

Source of information and data related to the Unit of the Sub-Fund: Eurizon Capital SGR S.p.A, Società di gestione del risparmio, a public limited company (società per azioni) incorporated in Italy under number 15010 and having its registered office Via Melchiorre Gioia, 22 - 20124 Milan and authorized to act as investment manager under the supervision of CONSOB.

Morningstar Rating based on the Unit of this document. For more details about the methodology, please refer to the Glossary as well as the following link: https://www.morningstar.com/content/dam/marketing/shared/research/methodology/771945_Morningstar_Rating_for_Funds_Methodology.pdf. Morningstar The Morningstar rating is a quantitative assessment of past performance that takes into account risk and costs imputed. It does not take into account qualitative elements and is calculated on the basis of a (mathematical) formula. The classes are categorized and compared with similar UCITS classes, based on their score and they receive one to five stars. In each category, the top 10% receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the last 10% receive 1 star. The rating is calculated monthly on the basis of historical performance over 3, 5 and 10 years and does not take into account the future.

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