

[experiences]

2020 Annual
Report

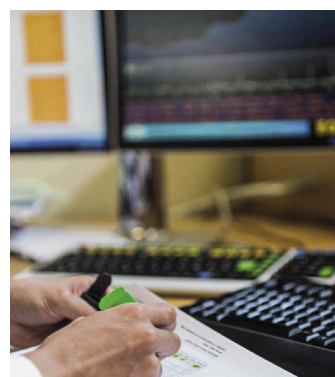
UNDERSTANDING

SUPPORTING

TRANSFORMING

INNOVATING





Performance

Solid results despite
the economic environment

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Innovating

New horizons to be defined
for the future

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Understanding

The economy
and the markets after
the Covid-19 shock wave

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2020: a year like no other

Ghislaine Bailly
Chairwoman of
Covéa Finance

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Supporting

Solutions to increase
the resilience of our clients'
portfolios

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Transforming

A model adapted
to the new challenges
of asset management

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[experiences]

2020 was an exceptional year in all respects. In the matter of just a few weeks, the Covid-19 pandemic shifted our economies and societies into a new reality. It confirmed transformations that were already underway, such as the decline of globalisation and the affirmation of a powerful Asian continent, against a backdrop of high stock markets and low interest rates.

For Covéa Finance, this was an opportunity to turn to new challenges and redefine its priorities with the launch of a new strategic plan. We are facing this promise of reinvention with serenity, strengthened by our human and social values which, even in times of crisis, are fundamental reference points for progress.

It is all these “experiences”, past and future, that we wanted to share with you - as customers, investors, partners - in this annual report. We wanted this document to be even richer, more instructive and more useful than usual. Through it, we want to give you a better **understanding** of the economic and financial context.

We also want to share what makes us strong and allows us to **transform** in order to adapt our solutions, **support** you over time and **innovate** to contribute to the finance of the future. So many “experiences” to guide us collectively in the transformation of our professions.

Ghislaine Bailly
Chairwoman of Covéa Finance

“Covéa Finance’s founding principles have enabled it to meet the challenges of the singular year that was 2020.”

Ghislaine Bailly

Chairwoman
of Covéa Finance



2020 was a year dominated by the Covid-19 pandemic which will be remembered as a strange year. Because half the planet found itself at a total standstill for several weeks, and billions of people had to accept their homes as their new borders whereas globalisation was supposed to offer them freedom with free movement of capital, free movement of people, but also of companies, with the only regulator being the dictate of the market and the only indicator being the price resulting from the confrontation of supply and demand within a framework set by international bodies such as the WTO* or the IMF**.

2020 revealed trends that were already at work, such as the regression of globalisation through the reconsideration of multilateralism in favour of regionalisation and the emergence of a powerful Asian continent. The health situation exacerbated the latent crisis that was already plaguing the developed economies, marked by low growth and rising inequalities in respect of income and wealth.

2020 was also a boon for technology companies, particularly American, and to some extent Asian, tech companies.

2020 also proved to be an astonishing one, with many Western democracies falling into a state of unprecedented panic. This resulted in fairly standard economic responses: ever more debt, ever more unorthodox monetary policies, ever more unfunded social benefits.

2020 will finally be remembered for the return of certain myths. The one that makes technology, artificial intelligence and scientific innovations the solution to all our problems. The one of an economy made up of two independent parts: the so-called real economy and the financial economy. The one the old world (the end of oil) and the new world (e-commerce, telework, etc.).

Indifferent to the new situation, namely the decline of the Western economies while the Asian economies continue to progress, the stock market is at its all-time high and interest rates at their all-time low. This is a very favourable situation for our business sector, asset management, and for Covéa Finance, for which the assets under management at the end of the year showed good resilience. These performances should not make us any less vigilant. Because the solutions brought to the crisis and widely used for years have weakened the structures of economic agents.

Decrypting the future in the light of the past and the present is more than ever a necessity for Covéa Finance. Our independent mind, the strength of our convictions, our creativity and our mobility, combined with the rigorous management of our resources, are all assets that make Covéa Finance a solid structure, looking to a future that it considers a source of opportunities and possibilities.

* WTO: World Trade Organization.
** IMF: International Monetary Fund.



Half the planet goes into lockdown

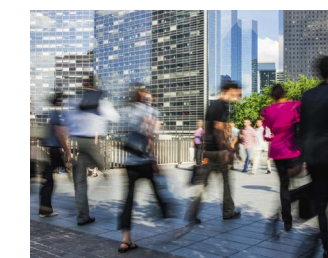
The spring lockdown, of various strictness and length depending on the country, caused the financial markets to collapse. The health restrictions affected almost half of the planet: an unprecedented and totally staggering situation.



Financial markets decline and bounce back

Very quickly, from the end of March onwards, financial markets recovered with widespread public intervention in developed countries, strongly supported by the action of central banks, which supported the governments by intensifying the use of the tools already in place. Despite the glaring and widening gap between stock market valuations and the state of the economy, stock markets continued to soar, supported by very optimistic forecasts of an upturn in business after the first lockdown.

2020 Highlights of the year



The emergence of a new global equilibrium

From the summer onwards, rumours of an impending vaccine continued to drive markets higher. However, the stock markets were showing significant differences in sector performance, supporting the emergence of a new world in the face of an old world doomed to transform itself or risk disappearing. This opposition is reminiscent of the old economy versus the new economy, which ended in an exceptional stock market crash when the dot-com bubble burst in 2000. It is also similar to the real economy versus financial economy opposition, which was widely referred to at the time of the Lehman Brothers bankruptcy in 2008.



Deadly terror attacks in Europe and increasing conflict

The polarisation of opinion and information around the pandemic overshadowed other realities of 2020, which was also marred, from the autumn onwards, by the return of terrorist attacks in Europe and elsewhere, but also by increasing conflicts that have continued to multiply since the start of the 2008 great financial crisis, a major marker of the 21st century.



Worrying rising inequalities

While income and wealth inequalities have only increased during the pandemic, the latter has unfortunately revealed other disparities, particularly access to healthcare and education. These inequalities will leave a lasting impression on our societies.

OUR 4 DRIVING FORCES

Resilience

For Covéa Finance, this means preserving the resilience of its customers' portfolios rather than seeking performance at the cost of a risk that has become difficult to control.

In 2020, Covéa Finance kept its leitmotiv "Resilience rather than performance" but added the word "vigilance". Its watchword was to preserve the resilience of its clients' portfolios rather than seek performance at the cost of a risk becoming difficult to control, given the near-total standstill of the global economy last spring and the chaotic recovery that followed. This resilience must be understood both for the portfolios and, more globally, for society. The fund management teams worked tirelessly throughout the year to deal with a financial crisis with unprecedented characteristics. *"The support of numerous teams, such as Risk Control, has been*

fundamental in providing tools to analyse portfolios and identify areas of risk" comments Ghislaine Bailly, Chairwoman of Covéa Finance. The resilience of the portfolios has also allowed, by extension, that of Covéa Finance. Its results attest to this: its assets under management are resilient, as are its financial balances, with the capacity to obtain an estimated P&L close to that of 2019, while resuming its strategic projects, investments and recruitment process. The fact that the company has kept its commitments in terms of ESG (Environment, Social, Governance) and patronage is also proof of this resilience.



Soufiane Jaouani
Head of the Risk Control team



"During the first lockdown, Risk Control found itself supporting the fund management and executive teams directly. We provided them with detailed exposure reports, which enabled them to develop crisis response strategies and thus ensure the portfolio was hedged. The team then monitored the portfolios constantly, helping to measure the effectiveness of the decisions taken and the resilience of the portfolios. The reports created on this occasion, coupled with stress

tests, are now reported on a regular basis. In this unprecedented context, the success was based in particular on regular communication between Risk and Asset Management. It enabled the transversality and trust between these two teams to greatly strengthen."

Lat-Dior Seck
Head of Information System department



"To respond to the challenges posed by the Covid-19 crisis, the teams demonstrated responsiveness, agility and pragmatism. First of all, we quickly had to resize our Virtual Private Network (VPN) to allow everyone to have remote and secure access to the information system. At the same time, we ensured that all employees were equipped with laptops and rolled out a video-conferencing tool that provided, here again, the required guarantees in terms of security.

Objectives: to enable employees to work from home and facilitate their communication amongst themselves and with our partners. Throughout the crisis, we were able to count on available, efficient and committed staff to ensure business continuity. Beyond the equipment, it was the collaborative spirit of Covéa Finance that made the difference."



For Covéa Finance, this meant adapting quickly to the new environment, with almost all of the teams working from home within a few days.

Adaptation

Thanks to the work carried out in 2019 on the Business Continuity Plan and its crisis unit dedicated to Covid-19, Covéa Finance was able to adapt quickly to the new climate, with almost all of its teams working from home within a few days. The Information System teams rolled out significant resources to set up a friendly work-from-home infrastructure in a very short time. *"The proper coordination of the teams and their commitment ensured the continuity of our company's business and enabled us to respond to the very contrasting developments in the financial markets this year"* says Ghislaine Bailly. The adaptation did not only concern remote

work, but also life on the Covéa Finance site. To this end, the Central Services teams was on deck throughout the crisis to organise the premises in accordance with health and safety standards and to support the teams whilst implementing these changes. The whole company pays tribute to them for their involvement. The adaptation of working methods and on-site organisation, but also strategic adaptation: the new 'Ambition 2026' plan was adapted in the light of the current crisis. Covéa Finance finalised a number of priority projects, such as the company's management tools, while reworking its future axes of development.



Guillaume Gilmant
Head of Human
Resources department



“As soon as the lockdown was announced, Covéa Finance had to switch to working-from-home mode, committing all its resources to ensure remote business continuity and to manage the needs of its employees on a case-by-case basis. We quickly worked on a practical guide to allow all employees to have the best telework experience possible, with practical advice and business rules. Managers were given access to online training and were able to have discussions with an external consultant to manage this shift in the best possible way, and a counselling unit was set up so that any employee who felt the need could get help. This lockdown allowed us to validate the fact that all of our business lines could operate remotely. Negotiations on the telework agreement, initiated at the beginning of the year, benefited greatly from this full-scale test.”

For Covéa Finance employees, it meant adapting to the context and taking up the unexpected challenge that was thrown at them, giving full force to the team spirit that drives them.

Reactivity

Despite the stupefaction caused by the general lockdown of the French population for two months, the Covéa Finance teams stayed all hands on deck to serve their customers. They were able to adapt very quickly to the context and took up the unexpected challenge that was thrown at them, giving full force to the team spirit that drives its employees. Throughout the year, the Human Resources department was unfailingly involved to support the employees and to respond to their various -both personal and professional- constraints. “I also felt it was important to send a weekly message to all employees to update them

about the situation within our company and the measures taken. In addition, it was important to organise breaks, which we were able to do thanks to patronage and the introduction of a weekly musical event for employees” states Ghislaine Bailly. Covéa Finance was not only reactive on the human and organisational fronts, it was also reactive in its offer and in the responses provided to its customers. To this end, it set up its second private equity fund, Covéa Accompagnement II (see page 57), and designed a new fund linked to the themes related to regaining State sovereignty with Covéa Renouveau.

For Covéa Finance, it means making the best decisions for its customers’ portfolios and considering new investment solutions.

Agility

Whether in asset allocation, in the response to the stock market crash and the surge in financial markets, in the reorganisation of the teams necessary to continue their activity or in the participation in the fight against the spread of Covid-19, agility will have been needed on all fronts in 2020. “This included the Economic and Financial Outlook, which was able to be put together normally with a few organisational adjustments. With this in mind, the teams carried out important sector-based work which enabled them to highlight various strategic themes impacting the healthcare, technology, consumer and infrastructure sectors” notes Ghislaine Bailly. This work

served as a basis for Covéa Finance’s vision of the world in the light of the crisis, and enabled it to make the best decisions for its customers’ portfolios and consider new investment solutions. At the same time, and despite the climate, Covéa Finance managed to finalise or pursue a number of its flagship projects, such as the upgrade of risk control, the construction of its controls and its Company Content Management tool, or the implementation of a new payroll system. This agility was also felt throughout the year with the constant adaptations to various government announcements, which required speed and dexterity in terms of communication.

— Outlook

In 2020, Covéa Finance laid the foundations of its response to the ongoing crisis, the repercussions of which will be long-lasting and profound. This response is reflected in its ‘Ambition 2026’ strategic plan, which will be developed in the last part of the activity report. The rise in stocks, although it may seem positive, is

worrying because of its disconnection from the economic crisis that has been raging for several months. Soaring stock-market wealth and growing inequalities could be brewing a perfect storm. If logic seemed to be lacking in 2020, 2021 also seems to be starting out irrationally, with the risk of a rude

awakening. “In this more than uncertain context, Covéa Finance will be able to rely on its strengths and assets: its expertise in multiple asset classes, its solid shareholder client, its own financial soundness, its highly efficient information system and its core business and support function expertise” concludes

Ghislaine Bailly. A huge thank you to all the employees for their professionalism, their commitment and their team spirit at the service of Covéa Finance and its future, in 2020 but also now, in 2021.



Laurent Tollié

Managing Director of Customer Relations,
Covéa Group

Covéa in the light of the economic and financial context, an interview with Laurent Tollié, Managing Director of Customer Relations, and Olivier Le Borgne, Managing Director of Investments* - Covéa Group

* Since 1 December 2020. Prior to this date, Laurent Tollié was Managing Director of Investments and Olivier Le Borgne was Director of Investments and Asset-Liability Management of the Covéa Group.

THE GROUP'S VISION

H

How would you summarise 2020?

Laurent Tollié: It was undoubtedly a year of upheaval, which unfortunately amplified trends that we had already detected: high levels of government debt, slowing economies, Sino-US tensions, etc. The structural effects of the health crisis are still in their early stages! All pre-existing models are thus being questioned. Negative interest rates, massive intervention of the central banks, disconnection between the real economy and finance: we will not return to the "yesterday's world" and a new paradigm is still to be found.

What is your view of the way Covéa Finance navigated this unprecedented context?

L. T.: Once again, Covéa Finance has demonstrated its ability to adapt. Throughout the crisis, the company was able to alternate between relevant offensive and defensive positions and, given the turbulent backdrop, the performance of the portfolios is noteworthy.

Olivier Le Borgne: I would also like to highlight the operational resilience of

Covéa Finance, which continued to operate efficiently despite the teams being under lockdown and the turmoil on the financial markets. All this was achieved in optimal safety conditions for the Group.

What are the advantages for the Covéa Group of having its own management company, especially in the current context?

L. T.: The agility demonstrated by Covéa Finance in its decision-making is, I believe, largely related to its full understanding of the Group's needs. Our fund management company is certainly focused on its business as an investor, but it maintains an extremely clear vision of the issues and the situation of the insurer, Covéa, of which it is the spearhead.

Olivier Le Borgne

Managing Director of Investments,
Covéa Group

O. L. B.: Another key advantage is that with this organisation, decision-making paths are very short. And because our dedicated company manages all of our assets, we are able to act on all of our asset classes at the same time, in a quick and coordinated fashion. This is a remarkable asset in these troubled times.

Laurent Tollié, you have been appointed new duties within the Group, can you please introduce your successor?

L. T.: Olivier Le Borgne knows the Covéa Group perfectly and knows all the aspects of the General Investment Division, where he has already held the position of Director of Investments and Asset-Liability Management since 2015. With this expertise, he is now the right man for the job!



Olivier Le Borgne, how are you approaching 2021?

O. L. B.: The world is more uncertain than ever, but with Covéa Finance we have a model that has proven itself even in a crisis situation. As we move forward, we will need to continue to act to limit the decline in our recurring returns, continue to diversify our assets, and maintain a balanced integration of ESG factors into our financial activities. All this will be done while applying the principles of rigour, anticipation and collective decisions that are in the DNA of Covéa Finance.

A career at the service of Covéa

Olivier Le Borgne
Managing Director
of Investments



Olivier Le Borgne, the Covéa Group's new Managing Director of Investments since 1 December 2020, joined GMF Vie in 1992 as a Financial Controller, then as a Financial Controller in charge of monitoring the companies, before becoming in 1998 Head of Profit Forecasts and then Head of Financial Control at Azur-GMF. In 2006, he was appointed Director of Financial Strategy at GMF and then, in 2015, Director of Investments and Assets & Liabilities of the Covéa Group.

“Covéa Finance’s ability to adapt once again made the difference in the unprecedented context of 2020.”

Strong governance refocused on its priorities

Executive Committee

AS OF 31/12/2020



Yannick Tatibouët
Executive Director,
Director of Strategic
Intelligence, External
Relations and Research,
including ESG



Francis Jaisson
Managing Director
in charge of Asset
Management, Marketing,
Trading and Research



Ghislaine Bailly
Chairwoman



Franck Ibalot
Executive Director,
Director of Risk,
Operations and
Information Systems



Ludovic Jacquier
Managing Director
in charge of all Support
and Control functions

Supervisory Board

AS OF 31/12/2020

Chairman:
Olivier Le Borgne

Vice-Chairman:
MMA Vie, represented
by Éric Lécuyer

Other members:
Sophie Landais
Covéa Coopérations,
represented by Laurent Tollié

Other participants:
CSE Covéa Finance, represented
by Clément Renard
Members of the Executive Committee

Remuneration Committee

AS OF 31/12/2020

Olivier Le Borgne
Thierry Francq
Amaury de Hauteclouque
Ghislaine Bailly

A more agile Supervisory Board

In line with the changes made within the Executive Committee of the Covéa Group, the composition of the Supervisory Board of Covéa Finance was modified. The latter now has four members from the Group, representing all Covéa businesses and brands. Its role has also been refocused on the control of the company's management, its financial balances, the control of strategy and the supervision of control systems. Objectives: more flexibility and responsiveness, but also less redundancy of information between the different bodies dedicated to financial management and to the presentation of our Economic and Financial Outlook.

Covéa appoints a new Managing Director of Investments

The appointment of Olivier Le Borgne as Managing Director of Investments is further evidence of the Group's determination to consolidate its fundamentals and risk management processes in its choices of asset allocation and financial investment management. A former Director of Assets and Liabilities and Laurent Tollié's right-hand man, Olivier Le Borgne guarantees the continuity of proven methods, which have shown their effectiveness during previous crises as well as during the Covid-19 crisis.

Staying the course despite the storm

Preserving the interests of its customer Covéa and the health of its employees, while making its contribution to the national effort: throughout the health crisis, Covéa Finance based its action on its human and social values. The company refused to furlough any employees, paid its social security contributions on time and honoured its commitments to its suppliers and partners. "We have done everything we can to ensure business continuity and the protection of our employees, and we have prioritised our various corporate projects" says Ludovic Jacquier, Managing Director in charge of all Support and Control functions.

1,200

This is the number of masks donated by Covéa Finance to the Greater Paris Regional Health Agency at the beginning of the crisis.

160

This is the number of computers donated by Covéa Finance to the network of 2nd chance schools (E2C). These computers, recovered and reconditioned by an ESAT (establishment and service supports through work), were equipped with Windows 10 and basic office software.

ESG at all decision-making levels

While ESG (Environment, Social, Governance) is now at the heart of Covéa Finance's fund management processes, the company begins by applying to itself what it requires of the companies in which it invests, by submitting itself to the valuation grid of the extra-financial analysts each year. As part of the duty of care exercised by the Covéa Group, Covéa Finance rolls out its own CSR policy and undertakes to prevent the violation of human rights and fundamental freedoms, to protect personal data and the health of employees, to ensure business ethics and prevent all forms of discrimination, but also to preserve the environment and biodiversity and to obtain the same commitments from its suppliers and subcontractors. Every year, it launches numerous actions in the context of its corporate social responsibility, ranging from digital recycling or the fight against paper consumption to the implementation of a risk mapping or an evaluation procedure for subcontractors and partners, as well as support for schools specialising in reintegration or the hosting of interns. In addition, since 2020, Covéa Finance has had a musical patronage policy that enables it to initiate meaningful exchanges with the organisations it supports.

Covéa Finance

Covéa Finance, the portfolio management company of the Covéa Group, offers a wide range of funds covering the world's major financial centres across the main asset classes.

Covéa

Covéa is a mutual insurance group and a major player in the insurance sector in France, with a presence on key markets, and a market leader in property and liability insurance. It includes the MAAF, MMA and GMF brands.

Key Figures

(as at 31/12/2020)

€100.21 bn
of assets under management

21
management mandates

49
UCIs

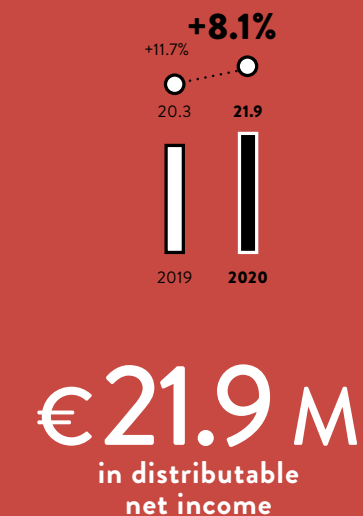
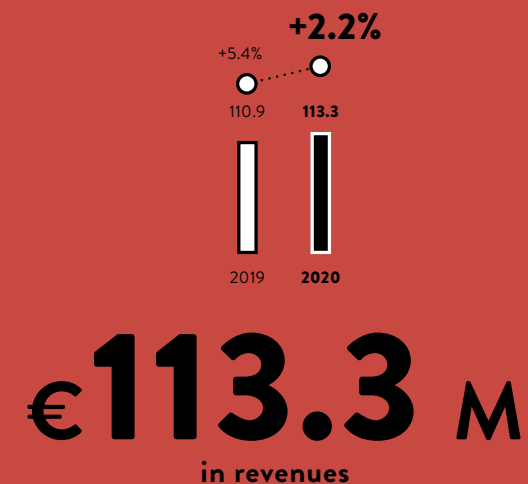
€14.0 bn
of UCI AUM

176
EMPLOYEES

170
(in 2019)

86
Gender Equality Index

82
(2019 index)



71.6%
cost-to-income ratio



10th
French Asset Manager
in the Top 500 Investment & Pensions
Europe (IPE) ranking

37%
ROE*



€63.3 M
In shareholders' equity
(after payout)

* Return on equity

Patronage: a rewarding exchange of values

Jérémie Rhorer
Conductor and Artistic
Director of the Cercle
de l'Harmonie



“It is with emotion that I think back to our first meeting, between the Covéa Finance teams and myself, and to that breakfast of inspiring discussions that marked the beginning of our relationship. As history would have it, after this moment of joy, we learned later that evening that our first concert had to be cancelled. It was the beginning of a terrible period for the music industry, in which Covéa Finance, under the clear-sighted impetus of its Chairwoman, Ghislaine Bailly, enabled us to survive, to share the values of art and music through short videos and to draw from them the moral resources and the hope that enabled us to get through this unique crisis. I would like to express all my gratitude for your exceptional support and kindness.”

LE CERCLE DE L'HARMONIE: SUPPORTING CREATIVITY AND EXCELLENCE

Created in 2005 and directed by Jérémie Rhorer, Le Cercle de l'Harmonie, an orchestra playing period instruments, explores the natural links between the so-called classical and romantic repertoires. The orchestra carries out a real work of recreation which places the composer and his writing at the centre of the project to give the music to be heard in its original compositional gesture.



With its economic and financial vision coupled with a long-term view, Covéa Finance has been concerned, since its creation, to contribute to economic development, but also to take part in today's major global issues, such as the challenges brought by ESG (Environment, Social, Governance). In the same vein, for the first time in 2020, Covéa Finance decided to embark on a policy of cultural patronage with a view to have meaningful exchanges. As a growing company and increasingly present on the French market, it intends to strengthen its civic commitment and its support to causes of general interest.

Convinced of the beneficial role that culture and artistic creation play in our society, Covéa Finance now supports two recognised players: the Fondation Musique et Radio - Institut de France and Le Cercle de l'Harmonie. Why music? “Our identity and values are based on our founding principles and value chain. Although it may seem surprising at first, the combination of finance and music is full of promise. After all, the orchestra and the conductor can only perform successfully if they work collectively and consistently towards a common harmony! At Covéa Finance, this is what we do on a daily basis. Making decisions collectively is one of our founding principles. This is why we place at the heart of our commitment

the strength of collective work but also the importance of passing on know-how to new generations. We have therefore opted for structures that we believe are in line with the importance we attach to rigour, commitment, excellence and creativity. These are qualities that are necessary to have a positive impact in our world”, explains Ghislaine Bailly, Chairwoman of Covéa Finance.

Covéa Finance's patronage commitment took on a whole new dimension with the Covid-19 crisis, becoming even more significant given the weakness of the sector after months of being shut down. “The structures we support are going through difficult times and Covéa Finance was therefore all the keener to support them” adds Ghislaine Bailly. Fruitful discussions started taking place and a virtuous circle of mutual support was created thanks to online musical meetings between company employees, conductors and musicians: presentation of musicians and composers, musical calendar in December, etc. A commitment that has already been renewed for 2021 to continue the enriching exchanges that serve as an example in our daily work.

“The orchestra and the conductor can only perform successfully if they work together! At Covéa Finance, this is what we do on a daily basis.”



Michel Orier
Director of Music and
Creation, Radio France
Member of the Board of
Directors of the Fondation
Musique et Radio



“By supporting Radio France's musical groups in 2020, Covéa Finance has become associated with the promotion of musical heritage in France and throughout the world, particularly in the context of the regional and Eastern European tours of the Orchestre National de France. I would like to thank Covéa Finance in particular for its support for the innovative and civic-minded “Le Grand Tour” project, which will bring the great symphonic repertoire to all French people, in areas where cultural events are more limited. We are happy to share this strong commitment, which embodies the common values between Radio France and Covéa Finance, and we are delighted to support all Covéa Finance employees in their musical endeavours.”

THE FONDATION MUSIQUE ET RADIO - INSTITUT DE FRANCE: PASSING ON CULTURE

Informing, educating, cultivating and entertaining: since 2013, the Fondation Musique et Radio, created by Radio France under the aegis of the Institut de France, has been bringing to life the values defended by the audio-visual and musical group, which places patronage at the heart of its strategy. The Foundation's mission is to support programmes of general interest carried out by Radio France's musical groups and others.

Human Resources are preparing for the future

Despite the health and social context, Covéa Finance remained an attractive employer: nearly 3,300 CVs were sent to the company in 2020. The recruitment plan, which was suspended for some time

at the beginning of the first lockdown, resumed in April. More than 150 candidates were given an in-person or virtual appointment, and 28 of them were hired. *“In the profiles of newcomers,*

the diversity of backgrounds is always significant: 23 different institutions represented (universities, business schools, engineering schools), in France and abroad”, comments Guillaume Gilmant, Head of Human Resources department. Finally, Covéa Finance confirmed its support for the ten interns to whom it had committed: their contracts all went ahead despite the lockdown, and the company made a point to welcome and supervise the students concerned, despite the health constraints which made the task more complex.



Guillaume Gilmant
Head of Human Resources department



“The health crisis did not prevent us from continuing to recruit and review our organisation in view of achieving the objectives set by Covéa Finance’s ‘Ambition 2026’ plan.”

The Covid-19 crisis gave a boost to the modernisation of training courses. *“We had to interrupt our plan as it had been originally defined and digitise what could be digitised”* says Guillaume Gilmant. Fortunately, by 2019, Covéa Finance had adopted a tool for creating digital training materials and an educational platform for remote training. *“We made sure to give priority to the subjects related to ‘Ambition 2026’ (pilot/contributor and project sponsor training) and continued to digitise regulatory issues (market abuse, MiFID 2, anti-money laundering, etc.)”* adds Guillaume Gilmant. Some fund management training courses on accounting impacts were also maintained, via virtual classes. For 2021, the idea is to refocus the action of the internal university on fund management professions, to perpetuate know-hows and facilitate their transmission.

Training courses digitalised

86%

This is the permanent recruitment rate, which is the percentage of permanent contracts compared to fixed-term contracts in Covéa Finance’s recruitment plan. The company has a long-standing commitment to the long term, both in terms of HR and investment.



Requirement in terms of social criteria

Mindful of the commitments made when the 2019 Gender Equality Agreement was signed, Covéa Finance has endeavoured to gain new points on its professional equality index. *“This score was 86/100 at the end of 2020, which is an improvement on the previous year in an asset management sector that is still highly male-dominated”* says Guillaume Gilmant. It should be remembered that all companies with at least 50 employees must measure and publish this index, which is calculated on the basis of indicators such as the gender pay gap, the gap in the distribution of individual pay rises, the percentage of employees who receive a pay rise when they return from maternity leave, and gender equality among the ten highest earners.

Growth in the areas of expertise

The ‘Ambition 2026’ project led to a series of structural reorganisations in 2020. First of all, in the Back Office, the team in charge of recurring work for the Covéa Group in the securities chain is now a dedicated, identified and separately-positioned resource. In the Research area, the Microeconomic and ESG teams were merged to refocus their positioning in the fund selection and investment process, as well as their relationship with asset management in general. This new Financial and Extra-Financial Analysis team will be strengthened in 2021 with six new ongoing hires. *“On this occasion, all the skills and job descriptions have been reviewed to determine the profiles needed to strengthen the team”* says Guillaume Gilmant. In addition, the Quantitative Research team is now active in two areas: fundamental research, devoted to technological and academic monitoring and innovation in new quantitative methods, and applied research, focused on the development of quantitative analysis tools and the valuation/modelling of complex structured products. In this organisation, basic research feeds into applied research.



Delphine Sackmann
Deputy Head of the Personnel Administration and Payroll team



“As part of the project to upgrade its HR tools, Covéa Finance implemented various modules related to personnel administration and payroll. The first step was to roll out the new work and leave management tool and the employee administration portal, followed by payroll management and the digital safe. The second step, to come, will consist in automating the management of the HR budget and implementing decision-making tools. This shift is part of an initiative to improve our information-processing performance, to automate processes, but also to strengthen the control of our payroll production and associated metrics. This shift will also facilitate the production of a monthly accounting statement.”

Reactive and controlled crisis management

To orchestrate the measures needed when the health crisis broke out, Covéa Finance was able to rely on a solid Business Continuity Plan, both in terms of the company's organisation and in terms of portfolio management.

True to its logic of continuous improvement, Covéa Finance had been working for several years on its Business Continuity Plan (BCP): an approach that enabled it to face the March 2020 transition to lockdown. *"In 2019, we dry tested the activation of a crisis unit and the switch to a user back-up room during the day, without prior information. These were all drills that enabled us to adapt our procedures for a possible emergency situation"* says Franck Ibalot, Executive Director, Director of Risk, Operations and Information Systems.



"Synchronising priorities and determining the best way to communicate with employees, partners and customers, themselves overwhelmed with information."

The company was vigilant about the risk of a pandemic, which was foreseen in its BCP, and began to upkeep its inventory and roll out protection resources internally in January 2020, before involving an extended crisis unit in February. *"We first dealt with business continuity, which was quickly compounded by the financial crisis. Almost all of our employees started working from home as soon as the lockdown was announced, while the Fund Management Division was committed to review the portfolios and protect the interests of our clients"* adds Ludovic Jacquier, Managing Director in charge of all Support and Control functions.

2020,
record year
in terms
of volumes
traded

↓
RATES:
+116%
compared to
2019

↓
EQUITIES:
+36%
compared to
2019

Principles that are more fundamental than ever

The main challenge in this unprecedented context? *"Synchronising priorities and determining the best way to communicate with employees, partners and customers, themselves overwhelmed with information"* says Ludovic Jacquier. To cope, the teams were able to rely on Covéa Finance's founding principles: team spirit, collective decisions, business continuity, traceability, contribution to the company's performance, respect for commitments, risk control and transmission of know-how.

A sound fund management process

As an operational pillar of the fund management process, the early preparation of investment programmes has proved decisive. *"The teams had drawn up lists of purchases that could be triggered at identified market levels. The extreme volatility of the March 2020 stock market sessions enabled us to find intervention levels to trade on, without destabilising the order books of the various market structures offered to Covéa Finance"*, explains Francis Jaisson, Managing Director in charge of Asset Management, Marketing, Trading and Research.

Challenges taken up!

The company has been able to create wealth and defend the interests of its client and shareholder, safeguard the health and safety of its employees, fulfil its obligations to the public authorities and even show solidarity with sectors in difficulty such as education or culture.

At the forefront, an involved “means and resources” crisis unit

Covéa Finance’s crisis unit, already operational to adapt to the industrial action of 2018 and 2019, was easily involved on an extended scope as soon as the beginning of February 2020. This anticipation enabled Covéa Finance to meet the many challenges of lockdown calmly and effectively.

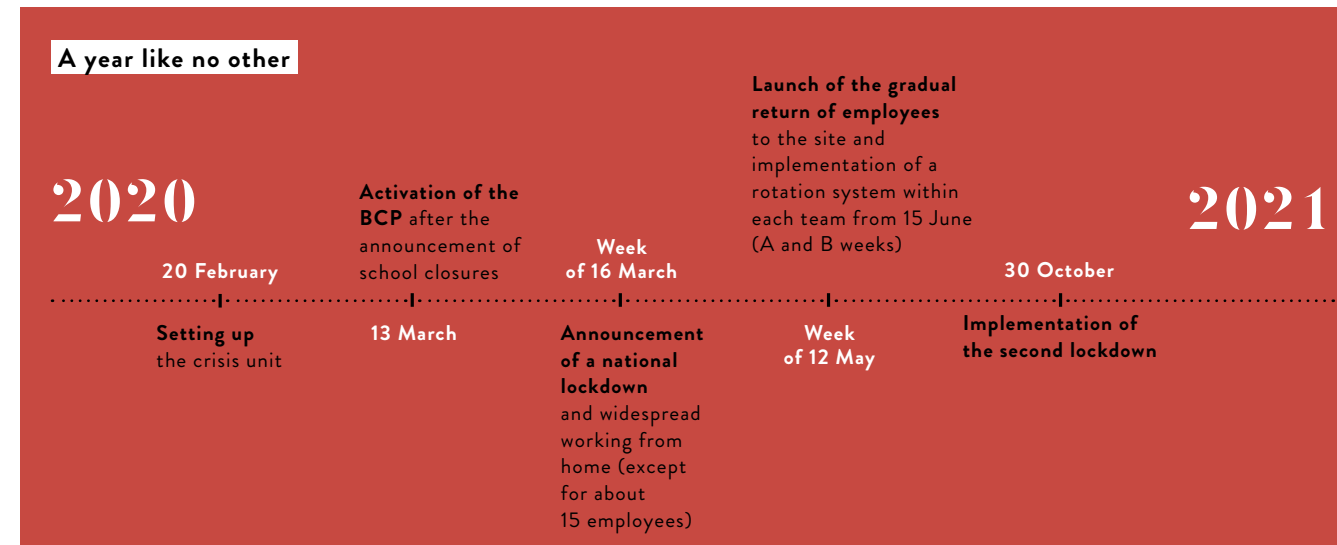
Transversality

Under the responsibility of Ludovic Jacquier, Managing Director in charge of all Support and Control functions, and Franck Ibalot, Executive Director, Director of Risk, Operations and Information Systems, the crisis unit brought together a wide range of skills: Human Resources, Central Services, Marketing Products and Communication, Information Systems, Internal Control, etc. At the same time, the management of the portfolios in financial crisis mode was organised under the responsibility of the Chairwoman and the Managing Director in charge of Fund Management. Regular coordination between the two units took place during steering executive committee, the frequency of which increased at the beginning of the lockdown.

This crisis unit was responsible for implementing organisational measures within the company and health and safety protocols issued by the French Ministry of Labour. It coordinated the roll-out of all the tools necessary to maintain the company’s operations at an optimal level (IT, logistics, etc.) and communicated regularly on all these measures, both internally and externally.

Mission

In addition, multiple extraordinary CSEs were called on to discuss the implementation of the various health protocols issued by the public authorities, and the Covid-19 contacts appointed by the CSE were able to participate in the crisis unit meetings devoted to lockdown easing scenarios.



Regularity

The meetings were held daily for the first few weeks, but were reduced to once a week in July 2020. The programme includes all organisational aspects of the crisis, from identifying individuals at risk to equipping employees with laptops, to managing communication and the implementation of prevention steps, in coordination with the fund management teams.

To ensure that employees were kept directly informed, the crisis unit created a dedicated email address to send messages

Communication

to teams at each major milestone. News related to the crisis was also published on the intranet. Finally, every Friday from March until the end of June, Chairwoman Ghislaine Bailly sent a message to staff to thank them for their commitment, to support them and to reassure them about the future.

Anticipation

As of the summer of 2020, the crisis unit coordinated a thought process in preparation for a possible second lockdown, according to the four scenarios of the Scientific Council. This approach enabled Covéa Finance to easily switch back to lockdown mode at the end of October 2020 and to quickly adapt its organisation to the announcements of the public authorities.

Business continuity ensured

As early as February 2020, Covéa Finance got prepared by activating the crisis unit provided for in its Business Continuity Plan (BCP). "This enabled us to quickly adapt our organisation to the latest health news," says Franck Ibalot, Executive Director, Director of Risk, Operations and Information Systems. Thanks to the tests carried out in 2019, each business line was able to immediately implement the alert and business continuity procedures provided for under the BCP. At the same time, some IT decisions already planned before the crisis were brought forward to ensure the continuity of processes. There were many other issues during this period, including the increased risk of cyber-attacks and, on the fund management side, the question of unsettled trades in the financial markets.

Throughout the lockdown period, the crisis unit mode enabled Covéa Finance to demonstrate its agility and flexibility, thanks to constant interaction with the business lines. "The contribution of each of the business lines was decisive, both within their usual scope and, for some, beyond. Many employees stepped out of their comfort zone, showing autonomy and initiative. This solidarity and efficiency made it possible to protect the interests of both our clients and our teams, with the health of each individual being our main concern" concludes Ludovic Jacquier, Managing Director in charge of all Support and Control functions.



OPTIMISING
THE COMPANY'S
STEERING TOOLS



Vanny Te
Head of the
Accounting and
Management
Control teams

H

Has the project on the company's steering tools been brought forward in view of the crisis?

Vanny Te: Absolutely. This project, called "Dashboard of the company's steering tools", was included in Covéa Finance's three-year

objectives. Initiated at the beginning of 2020, its objective was to provide management with various indicators and reports as well as with analyses related to expenses and income.

How did this project take on its full dimension because of the crisis, to allow for day-to-day management?

V. T.: The context required improving and automating the current production process, in order to provide reliable reports whilst reducing the time needed to produce the required indicators.

What challenges did you face?

V. T.: The pandemic actually accelerated some of the work, including the process of reviewing the results. At the beginning of the health crisis, a process update was communicated to executive management in less than a week on the basis of market assumptions and updated costs in light of the situation. At the same time, we worked with IT to bring forward the roll-out of various tools.



AN ECONOMIC
AND FINANCIAL
OUTLOOK
ESTABLISHED IN
UNPRECEDENTED
CIRCUMSTANCES

Three questions to Lucile Loquès, Head of International Equities, and Vincent Haderer, Head of American and Global Equity department

H

How did you go about constructing the June and November Economic and Financial Outlook in the context of the health crisis?

Lucile Loquès: It was a real challenge! How could we ensure remote collective decisions without being able to debate around a table as we usually do? The usual Economic and Financial Outlook preparations had to be rethought, reinvented in terms of content, which was therefore oriented around work based on strategic topics, defined by the teams, and called "lines of operation".

In concrete terms, what did you put in place?

Vincent Haderer: After defining the general framework of the scenario by the executive committee and the department managers, we worked according to three lines of operation (States, central banks, dollar / Strategic sectors and consequences for companies / Banks, commodities and oil). Each theme gave rise to a number of projects, the results of which fed into the future Economic and Financial Outlook, while at the same time sparking a multitude of new ideas.

What were the challenges?

V. H.: On the one hand, intellectual challenges, since the pandemic reshuffled the cards and we identified many issues that weigh on the construction of Covéa Finance's long-term macroeconomic scenario.

L. L.: On the other hand, there were organisational challenges, as the usual modus operandi was disrupted... We had to ensure that everyone was on board, even from a distance, with communication that was necessarily constrained by the fact of not being able to meet face to face. Even the presentation of the Economic and Financial Outlook, with some of the speeches by video conference, proved to be an adventure. All this was going on in an unstable stock market environment: a real challenge.



Delphine Sackmann
Deputy Head of the
Personnel Administration
and Payroll team



"The HR teams were particularly busy throughout the health crisis: day-to-day monitoring of news, regular roll out and update of processes, reporting and documentation, increased communication with the Labour Inspectorate and Occupational Medicine, etc. All this required maximum availability and adaptability. Regular communication with the CSE, including at extraordinary meetings, also led to effective health and safety measures being put in place."

Claude De Oliveira
IT and Security
Coordinator



"The health crisis has led Covéa Finance to rethink its organisation, particularly by allowing remote working, which has given rise to new cybersecurity needs. The main challenge was to secure the remote opening of the user work environment. It was also necessary to provide employees with new tools while retaining full control



Mario Davignon
Head of the Support
and Maintenance team



"The health crisis played an accelerating role in the modernisation of our IT equipment. We equipped all our employees with secure Windows 10 laptops. We took the opportunity to strengthen the security around workstations, with the implementation of a solution to encrypt hard disks, but also of new more secure VPNS capable of supporting login flows with a double authentication system."

over the exchanges. This digital transformation would usually have taken months. However, thanks to the crisis, it was carried out in a few weeks."

On the business side, the lockdown confirmed the reliability of the processes and the solidarity of the teams

From one day to the next, when the first lockdown was announced, Covéa Finance's business lines were able to switch efficiently to a largely remote mode of operation without affecting their operational efficiency. Testimonies.



Marketing Products and Communication

Coline Courdresses
Marketing Products and
Communication Manager



"The involvement was intense in terms of crisis communication with employees, customers and partners. However, despite the unprecedented context and conditions, we were able to carry out all of our projects, even if some of them were adapted, such as our press plan or our patronage actions. One of the major challenges of the year was to preserve the link with employees, thanks to regular and varied internal communication actions, such as a music event or a game for New Year's greetings."



Central Services

**Guilhem Lenoir
and Thomas Fels**
Central Services
Managers



"During the March 2020 lockdown, close collaboration with the crisis unit enabled us to prioritise the actions to be taken to ensure the continuity of Covéa Finance's business. We namely implemented a sanitising protocol, posted general hygiene instructions and made hydroalcoholic gels available in all working and coffee break areas. To make the reception area safer, we had a plexiglass window made. Finally, we put up ground markings to ensure proper social distancing and reorganised the meeting rooms and so-called 'sensitive' areas."



Middle Office

Laëtitia Courdoisy
Head of
the Middle-Office Team



"2020 confirmed the strength of Covéa Finance's Middle Office, which was able to absorb the large volumes traded on the markets in March, while adapting to a situation of total lockdown. The management of unsettled trades was carefully monitored and Executive Management was regularly kept informed. In this context, dematerialisation took on its full legitimacy, particularly for the management of securities transactions and corporation actions. At the same time, the unit's senior profiles actively contributed to training our newcomers, and the collective spirit that is the strength of our team made it possible to reinforce this spirit whilst reducing operational risk."



Trading

**Vincent Vergnet
and Thomas Aubert**
Traders



"This lockdown finally helped to test the resilience of our operating methods. When it was announced in mid-March 2020, Trading reacted immediately by splitting into two teams (one working from the office, the other from home) and then rotating them to ensure business continuity. The focus was on communication within the team and with other business lines to reduce operational risk. The digitalisation and reliability of our tools enabled us to continue to operate safely."

Understanding

The economy and the markets after the Covid-19 shock wave



Case #1
Will the Covid-19 crisis herald the beginning of the ESG era?
p. 29

Case #2
Towards a new post-Covid world equilibrium?
p. 36

2020 or the new deal: when the health crisis reshuffles the cards
p. 39

— A crisis revealing divides and imbalances —

The health crisis accelerated already worrying underlying trends, characterised by weakened economies, poor growth, record debt and polarisation of wealth and income. All of this was happening against a backdrop of multilateralism being undermined and loss of sovereignty for Western states.



Rise of extra-financial criteria

The attention paid to extra-financial (or ESG*) criteria was strengthened in the very specific context of 2020. Covéa Finance pays particular attention to this aspect, making sure to maintain a balance within its extra-financial analysis between the three pillars of Environment, Social and Governance.

A new global organisation is taking shape

Warnings on the Governance pillar often herald dramatic stock market trajectories, even if they are less publicised than those on climate change, as illustrated by the case of Wirecard. As for the “social” criteria, they should become a major focus of attention at the very moment when Nations and companies are reviewing their strategies. Indeed, the shift represented by the end of globalisation, with its consequences (regionalisation of policies, quest for security and independence of all kinds), will necessarily involve a relocation of production centres in a less cooperative world.

* ESG: Environment, Social, Governance.

Case #1 Will the Covid-19 crisis herald the beginning of the ESG era?

The health crisis of 2020 will at least have had the advantage of placing all extra-financial (or ESG) issues at the centre of discussions. Although they were already taken into account, they were only considered from a climate perspective since COP 21 and the signing of the Paris Agreement. “With the lockdown measures and the shutdown of economies, the spectre of a social catastrophe arose and governments stepped up their support plans, making the S (Social) part of ESG factors a priority” explains Yannick Tatibouët, Executive Director, Director of Strategic Intelligence, External Relations and Research. This change was short-lived, and soon the E (Environment) was again imposed through the recovery plans, like that of the European Union, still being finalised, in which 37% of the funds are intended to be allocated to the energy transition.

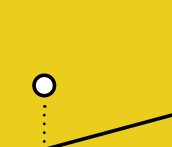
The impact of these events on the financial sector was immediate. “ESG is now everywhere, and the regulator saw a wave of products claiming to be responsible in 2020. Hence the need for the AMF* to publish a new policy on the inclusion of extra-financial criteria in funds’ marketing and regulatory documents” adds Yannick Tatibouët. In 2020, French financial companies also prepared for the application in 2021 of the European Sustainable Finance Disclosure Regulation** and the Energy and Climate Law, Article 29 of which specifically concerns ESG reporting.

* AMF: Autorité des marchés financiers [French Financial Markets Authority].

**The European Sustainable Finance Disclosure Regulation or SFDR aims to simplify the extension at European level of ESG Reporting in the format of Article 173 established in France since the Paris Agreement. Reporting requirements have been strengthened for both financial entities and financial products. In this way, investors will be able to know the positioning of their fund according to the degree to which it takes into account extra-financial criteria.

European Recovery Plan

€750 bn
amount of the European Recovery Plan, currently being finalised



37%
will be allocated to the energy transition

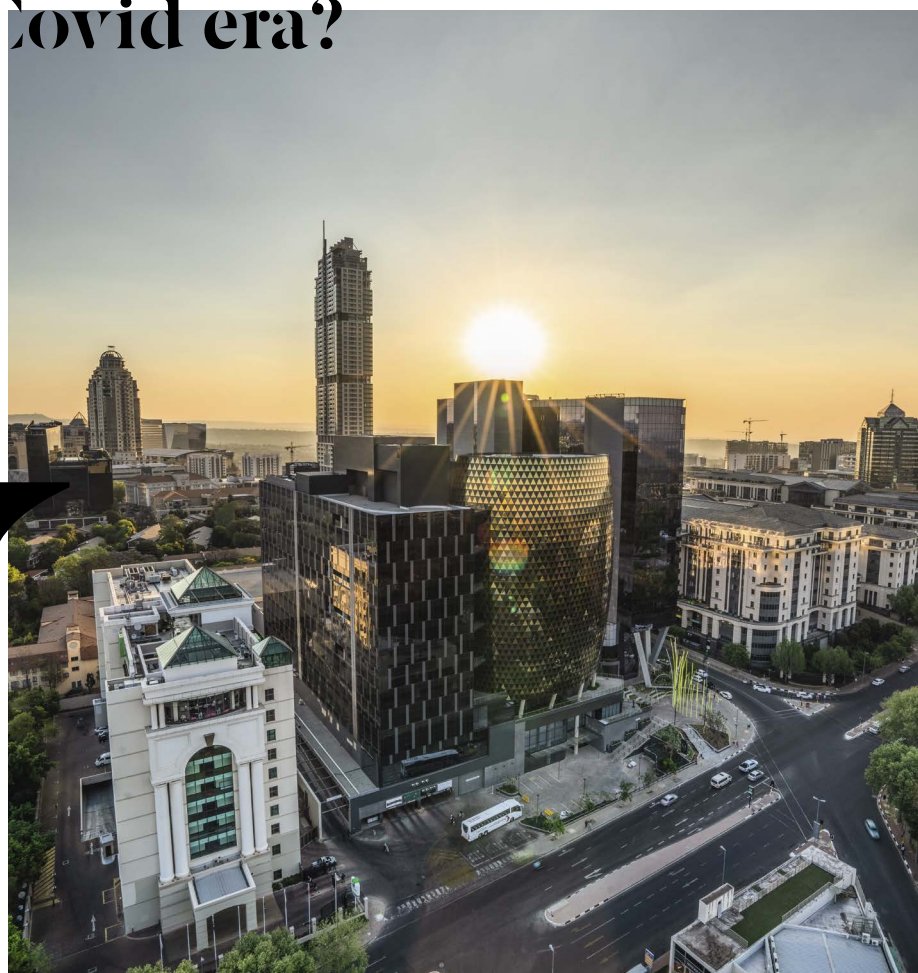
Analysis capacity

x 2

Covéa Finance’s analysis capacity is doubled in the extra-financial field, thanks to the merger in 2020 of the Microeconomic and ESG Research teams and the new hires scheduled for 2021.

Interview

ESG dimension: how to understand and consider the major global equilibria in the post-Covid era?



If ESG (Environment, Social, Governance) factors are at the forefront of debates in Europe, what place are they taking in Africa? What does this continent teach us about transition and the long-term outlook? What can we learn from this in terms of ESG management in the years to come? A few answers as food for thought.



Yannick Tatibouët
Executive Director,
Director of Strategic
Intelligence, External
Relations and Research



Yannick Tatibouët was fascinated by the world of the stock market from an early age and has always worked in asset management. After several experiences, notably in banking, he joined Boissy Gestion (the ancestor of Covéa Finance) in 2002 as Director of Equity, then of Equity, Trading, Marketing and Multi-management. In 2015, he changed positions to become Director of Strategic Intelligence and supported Covéa Finance in its first steps with ESG-related issues. In 2019, he added Research to his duties and merged all the dedicated teams.

One year after the beginning of the health crisis, is the vision on ESG issues the same in the West and in developing countries?

Prof. Christian Bouquet: With regard to the global impact of the pandemic, the concerns of Western powers and developing countries are much the same. Firstly, the virus outbreak had to be stopped or at least slowed down. Secondly, Covid-19 served as catalyst for changes that were certainly planned but would otherwise have taken longer. The progress of the various ESG issues will, de facto, remain uneven in the years to come.

What has been the impact of the Covid-19 crisis on ESG policies in the West?

Yannick Tatibouët: In Europe, if the emergence

of the ESG topic in finance was preceded by laws linked to a dominant ecological theme (law on energy transition, law on energy and climate), when the pandemic broke out, the prospect of a social disaster quickly loomed as a result of the sudden halt of the economies. With the support plans, S took precedence over E for a while, but this did not last, as the recovery plans put the energy transition back as the number one priority to transform the economy. At Covéa Finance, we have kept a cool head and stuck to our course of action for several years: the importance of a balanced approach to the three E, S and G pillars.

Pr C. B.: ESG reflects the imperatives of a number of Western, mostly multinational, companies, while the concerns of many Africans are of a different, short-term nature. However, on the social front, the pandemic has led to a prioritisation of actions in favour of people, to help them get through this difficult period. With a little more hindsight, it becomes clear how different the solutions adopted by governments are. For example, France is probably the country that implemented the most powerful protection measures: needless to say, these were neither financially nor sociologically sustainable in Africa... Locking down people who live in extreme poverty, many without water or electricity, is simply impossible. In order for the population to survive, governments had to put the environment on the back burner for a while and turn a blind eye to practices such as poaching and illegal gold mining. Closed borders, paralysed economies: these countries are still today in a situation of deep imbalance with the immediate concern of ensuring human survival.

Where do we stand on energy transition, and how does this issue crystallise the differences between Western countries and Africa?

Prof. C. B.: Most of the African continent has barely started its energy transition and still uses mostly wood and charcoal. Energy sources the exploitation of which is synonymous with deforestation and for which countries have not yet found an alternative, apart from coal in certain areas, which is not



Christian Bouquet
University Emeritus Professor,
Bordeaux Montaigne University



Emeritus Professor of Political Geography at the Bordeaux Montaigne University and researcher at the LAM-CNRS laboratory of Sciences Po Bordeaux, Christian Bouquet was first a teacher-researcher (1968-1983) seconded to a number of African universities. He was then (1984-2001) seconded to the French Ministry of Foreign Affairs to work as co-operation counsellor in several French embassies. He thus almost continuously stayed on the African continent and in the Indian Ocean for more than 30 years. After returning to his home university in 2001, he specialised in the political geography of African crises. He is the author of about a hundred scientific articles and a dozen books specialising in African development geography and geopolitics.

oil palm forest capture less carbon than a primary forest? Moreover, considering that this culture provides a living for millions of people, can the fight against greenhouse gases and the protection of biodiversity be placed on the same level? Protecting biodiversity at all costs is not necessarily an end in itself when it comes to, for example, certain species that carry diseases for humans, such as the malaria-carrying mosquito... We must, therefore, carefully consider all aspects of an issue and take a step back from a narrow single vision.

Governance is the dimension that is currently struggling to assert its true legitimacy. But why is it fundamental?

Y. T.: The G of “Governance” is the starting point of ESG: fund management companies have historically been sensitive to the governance of the companies in which they invest. This attention is reflected in their voting power at general meetings. All those who have promoted the fight against climate change politically and legally know that the key point for moving a society

is governance! However, this is not visible to the general public: everything happens in the places of power, where corporate strategies are decided, often with incentives from the highest level of government. Covéa Finance has long understood that governance is its main lever of influence in terms of energy transition, through the decisions taken at general meetings. We are convinced that an investor can play an active role as shareholder, smartly guiding the company in which the investor

invests. This is why we focus on education, information and dialogue with companies. This is a responsible attitude to have which benefits everyone.

Prof. C. B.: Indeed, nothing will happen unless corporate top management makes the right ESG decisions, even if this is easier said than done! There are, however, a few cases that testify to this. I for example work with a French chocolate manufacturer, which is one of the main importers of Ivory Coast cocoa in Europe. This manufacturer was the first to decide to produce chocolate in Côte d’Ivoire, but with strong requirements on the S pillar, particularly with regard to child labour: it was indeed the G pillar that was the driving force in this respect. However, other commitments are more difficult to make: trying to impose zero pesticides is currently impossible, for example, as it often means not being able to produce anything at all. This systematically brings us back to the issue of the birth rate. So, yes, in the long run, it is possible to develop, or even transform, these crops to transition towards more environmentally friendly techniques, but this cannot be done in one or two years.

What would be your final words?

Y. T.: Professor Bouquet often talks about complex thinking in his speeches, and I fully agree with him. Things are never as simple as they seem and, in any case, they are never binary. This is why we need to invest in understanding and decrypting: our internal research at Covéa Finance enables us to understand the ins and outs to make the best possible decisions. Beyond this necessary intellectual effort, a second key factor for any investor is the time frame. Climate time, political time, economic time and stock market time are not all the same. Where the media and NGOs would like everything to go very fast, we respond that transitions should not be neglected and that speed should not be confused with haste.

“One cannot understand the gap between the countries of the North and the South without bearing in mind that the number one problem of the African continent is demography.”

PR CHRISTIAN BOUQUET

Prof. C. B.: It seems to me that complexity and time frame are two crucial notions: today we must be able to align all the elements of the plea in order to obtain the strength of conviction that will eventually make people understand that the future of the world is not being played out in the weeks but in the decades to come.

really a better option from an ecological point of view. It is not by chance that the Paris Agreement provides for the end of coal mining by 2030 for Northern countries and by 2050 for the Southern hemisphere... All the more so as the demographic dimension is added to this: as long as the African continent has not begun its transition in this respect, it will not really be able to consider an energy transition.

Y. T.: Indeed, the realities are very different... This “all-for-climate” prism which characterises Europe does not apply to all continents. As an investor, we see very different degrees of maturity on this subject, depending on the areas in which we invest. In France, the issue of phasing out coal is no longer even a debate, but the further away ones goes geographically, the more carbon-intensive the portfolios become, simply because the companies based in these countries are carbon-intensive economies, like Indonesia, Vietnam and China.

Why is the subject of biodiversity being debated?

Prof. C. B.: Because, too often, we tend not to consider the problem in its entirety. Let me give you an example: oil palms are an essential resource in Africa today, but they are very controversial in Europe because their cultivation is made at the expense of primary forests. However, the question arises: does an

“When it comes to ESG, we are convinced that an investor can play an active shareholder role.”

YANNICK TATIBOUËT

Y. T.: Indeed, it is important to beware of shortcuts. More and more, we feel that demands are being made of finance with regard to biodiversity, based on the principle that we are already well on our way to fighting climate change and that we must move on to the next subject, without transition. We take this topic into account, of course, as part of the E Pillar of ESG, but in the same fashion as other topics, like the preservation of natural resources. Nevertheless, this theme is complex to translate for an institutional investor and it requires a global and long-term thought-process. The notion of transition takes on its full meaning here.



“In Africa, ESG dimensions do not have the same meaning for the public, which is partly occupied with trying to survive.”

CHRISTIAN BOUQUET

S

“Seeing beyond appearances is a serious investment safeguard. On paper, Wirecard seemed like a godsend: this innovative player in the electronic payment market had all the makings of a success story and was generating significant growth, making it a star among portfolios. However, even if Covéa Finance had initially chosen to invest on this promising stock, certain parameters in the management of this company quickly gave us cause for concern. Wirecard’s governance was very founder-centric and problematic. Unfortunately, the audit committee created in 2019 did not change the situation as it did not comply with the recommendations of the German Governance Code. All these points are not very much in line with the criteria that govern Covéa Finance’s choices. We thus decided to divest, even though the company had entered the prestigious German DAX index, the equivalent of our CAC 40. For the fund management teams, this disposal was a heartbreaker,

but the conclusions of the work with ESG analysts and legal managers were clear: it was more prudent to remove Wirecard from the portfolios. This foresight, backed up by solid research, enabled Covéa Finance to be safe when the Wirecard scandal broke, with the disclosure of a circa EUR 1.9 billion fraud. The shares were thus sold in February 2019, well before the stock market crash in June 2020. By analysing the warning signs methodically and objectively, we have avoided the worst! This case creates some form of informal market case law. Another player, Solutions 30, built on a model similar to that of Wirecard, is currently in turmoil: investors, having been scalded, are now finding it more difficult to place their trust in the company, even though the stock is a growth stock. In conclusion, the Wirecard case highlighted the soundness of Covéa Finance’s approach and the relevance of taking governance criteria into

Sébastien Fleischer
Markets and Operations
Legal Manager
Sébastien Duros
European Equities
UCI Fund Manager

Column

account in the analysis of a stock. Further evidence of the importance of placing ESG at the heart of the fund management process.”

“Taking governance into account to secure fund management decisions.”



Insight

A comprehensive approach to research in support of fund management

By merging its financial and extra-financial research teams, Covéa Finance enables its fund managers to understand each stock in a more exhaustive way, to build their portfolios optimally.

How can fund managers be guaranteed a comprehensive vision of the companies they choose to include in their portfolios, with an understanding of both the risks and potentials of each stock?

To meet this increasingly strong demand from fund management teams, Covéa Finance decided to merge its Microeconomic and ESG Research teams: Financial and extra-financial analysts now work on a common subject. By merging the two approaches, they are able to gain a more comprehensive understanding of how a company operates and what is at stake. Because beyond the figures, other criteria can be key, like payroll structure, environmental footprint and governance. Working in parallel on the same issuer no longer makes sense and Covéa Finance, as a long-term investor, has everything to gain from the combination of these two complementary views. The last few years have been rich in examples of the impact of these extra-financial factors on the financial



statements and the development strategy of companies. The most recent materialisation, related to Covid-19, challenged company executives about the organisation of their supply and production chains: all these elements revealed new risks and weaknesses, but also new opportunities.

Sylvaine Rodrigues
Head of the Research
and ESG Department



“Historically, the ESG approach to a stock was done ex post, i.e. after the investment decision. Today, it happens ex ante. Before making a choice, the fund manager is now required to acknowledge the financial and extra-financial analysis. While this significant change in modus operandi is part of a general trend, Covéa Finance has nonetheless been a forerunner on this subject, integrating ESG into its decision-making processes for several years now.”

Case #2 Towards a new post-Covid world equilibrium?

Interview

China/West: a controversial economic dependence

Wasn't this dependence on China a concern for countries before the health crisis?

Jacques-André Nadal:

The situation, which mainly concerns the production function of old but essential medicines, was known but, until this crisis, was not an emergency. The relocation of these products is complicated by the costs of the drugs, which would necessarily be higher if they were produced in the US or in Europe, which healthcare systems are not prepared to bear. The United States took up this issue early on, aware of the dependency risks. Their response is comprehensive, with a particular emphasis on process innovation to address the challenge of costs. Europe is considering a solution that is less well-developed for the moment, the exact scope of which is yet to be clarified. China, on the other hand, is keen to be present in both production and innovation, thus hunting on US turf. Its aim is to create its own global champions in all key sectors.

What has changed with Covid-19?

J.-A. N.: Dependency, particularly in the area of healthcare, is now perceived as unacceptable by Western public opinion. It expects their governments to ensure the security of their population's healthcare. The crisis acted as an accelerator for a trend that was already underway which is to relocate some activities to prevent supply problems. The complexity of the production and logistics chains, however, means that caution must be exercised if related problems are to be triggered over time.

Chinese production

40% Share of Chinese production of active pharmaceutical ingredients in world production

60% for paracetamol
90% for penicillin
50% for ibuprofen

50% of European imports of medical-grade PPE come from China

Over 70% of European and US imports of surgical face masks



Frédéric Kleiss
Head of the Macroeconomic and Quantitative Research teams



The Covid-19 crisis can be summarised in a few words: an earthquake of unprecedented magnitude, shaking the foundations of an already fragile world economic organisation, and a challenge to the order inherited from World War II, in which the West dominated the rest of the world. "We have highlighted this in our Economic and Financial Outlook over the past few years and the trend has become even more pronounced: the struggle between China and the US for global leadership is more relevant than ever. This crisis has made Western countries aware of their deep economic dependence on China, even though Beijing's positions are

increasingly at odds with their democratic values" says Frédéric Kleiss, Head of the Macroeconomic and Quantitative Research teams.

The second major challenge for the coming years is undoubtedly the management of European public debt in an unstable political environment. "The current economic shock, of historic brutality, is a further test for the European Union. The explosion of public debt, a consequence of the support and stimulus measures taken by the States to deal with this unprecedented crisis, will require the public authorities to implement strong responses, even though they risk being judged harshly on their management of this crisis, given that they already aroused the mistrust of part of public sentiment before the pandemic" explains Frédéric Kleiss. All these factors could endanger the relative political stability in Europe.

The health crisis has highlighted the strong economic dependence of Western countries on China, particularly in the pharmaceutical and technology sectors. Will Covid-19 put an end to the massive relocation of production lines to Asia, or even lead to some production lines being relocated in their original countries? How are governments reacting, and what lessons can Covéa Finance draw for its investment strategy? A few answers as food for thought.

Jacques-André Nadal
Head of European Equities department

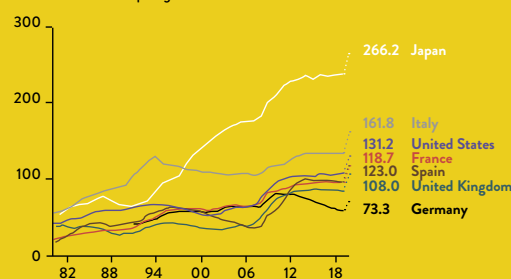


"Covéa Finance has taken the decision to support the relocation trends driven by governments by identifying the companies that will do well in this context. Our strategy is to work on the value chains and to identify the key players in each segment who can promote or adapt to this movement."



Public debt

(% of GDP, projected from 2020)



Sources: IMF, Covéa Finance, Thomson Reuters, AMECO, 2019.

Insight

S

Several decades of globalisation have created strongly interdependent economies and built increasingly complex and international value chains. With Sino-US tensions and the Covid-19 crisis, this model is being called into question and risks of loss of sovereign power are emerging in strategic sectors. To highlight the factors of adaptation in the hands of companies, but also to understand the reasons for these relocations, and the abandonment of the search for lower-cost production, Covéa Finance conducted an analysis of these value chains in 2020.

The aim of this study: to unravel the mechanisms in place and their implications, to identify the survivors of today and tomorrow. A team of fund managers and analysts examined the ways in which companies can cope with this regionalisation trend, highlighting the challenges and risks that could emerge from these structural changes. The study also shed light on ESG issues, which are becoming increasingly important.

This work enabled Covéa Finance to determine several themes to focus on in the stocks it chooses to invest in, such as the importance of being part of a so-called “strategic” sector (healthcare, technology or logistics in particular) or being among the leaders in its market. The reorganisation of supply chains is a real challenge to companies, hence the interest in going to those which are able to adapt.

To carry out this work, seven employees (asset managers and analysts) carried out an in-depth analysis of about ten concrete examples, i.e. companies which in 2020 either benefited from this new context or, on the contrary, experienced

difficulties due to an organisation that had become unsuitable. The findings of the study, conducted last summer, enriched Covéa Finance’s analysis grid and were integrated into the November Economic and Financial Outlook.

“Understanding global value chains to identify the winning companies of the future.”

David Martins Pereira
Financial and Extra-Financial Analyst
Alexandra Le Doeuff
European Equities Mandate Fund Manager



2020 or the new deal: when the health crisis reshuffles the cards

The Covid-19 pandemic largely reshuffled the cards of a global economy the model of which, inherited from the Second World War, had already lost its momentum.



Exacerbating multiple imbalances, the crisis also pointed to an organisation based on complex value chains and a dependence of the West on China in certain strategic sectors, two trends that weakened the sovereignty of many States. Finally, despite their short-term utility, the launch of government stimulus packages and their corollary, namely record debt, further increase uncertainty.

While most economies are suffering one of the worst recessions in their history, financial markets are nevertheless taking a rather positive view of 2020. This apparent contradiction is compounded by another lesson: the hierarchy between the major economic areas, in terms of performance, now places Asia at the top of the podium, followed by the United States and the Eurozone, which is definitely struggling.

2020: Macroeconomic Overview

With economies at a standstill, a global organisation based on complex value chains being called into question, and recovery plans boosted by record levels of government debt, 2020 will undoubtedly mark a turning point, the consequences of which are still difficult to gauge.



Sébastien Berthelot
Deputy Head of
the Macroeconomic
Research team

↓
“The government’s response to the health crisis has been extensive, both in monetary and fiscal terms. Whatever form they take, which differs from one geography to another, support measures have everywhere increased the level of indebtedness of States to unprecedented levels, reinforcing a pre-existing fragility.”

The huge shock to the global economy will have long-term consequences.

The spread of the Covid-19 pandemic, first in China and then around the world, brought business to a standstill on all continents and challenged the economic organisation based on complex value chains, the result of decades of globalisation. “The multiplication of outbreaks and the succession of epidemic waves have fuelled uncertainty about the prospects for a rapid return to normality, plunging the global economy into a severe recession and fuelling the risk of a depression” says Sébastien Berthelot, Deputy Head of the Macroeconomic Research team.

Faced with this crisis, with lasting consequences for households and businesses, the political authorities responded on a large scale, both in monetary and fiscal terms. “The reaction of the States, the extent of which is unprecedented, has however increased their level of debt to an all-time high, reinforcing a pre-existing weakness” adds Sébastien Berthelot. However,

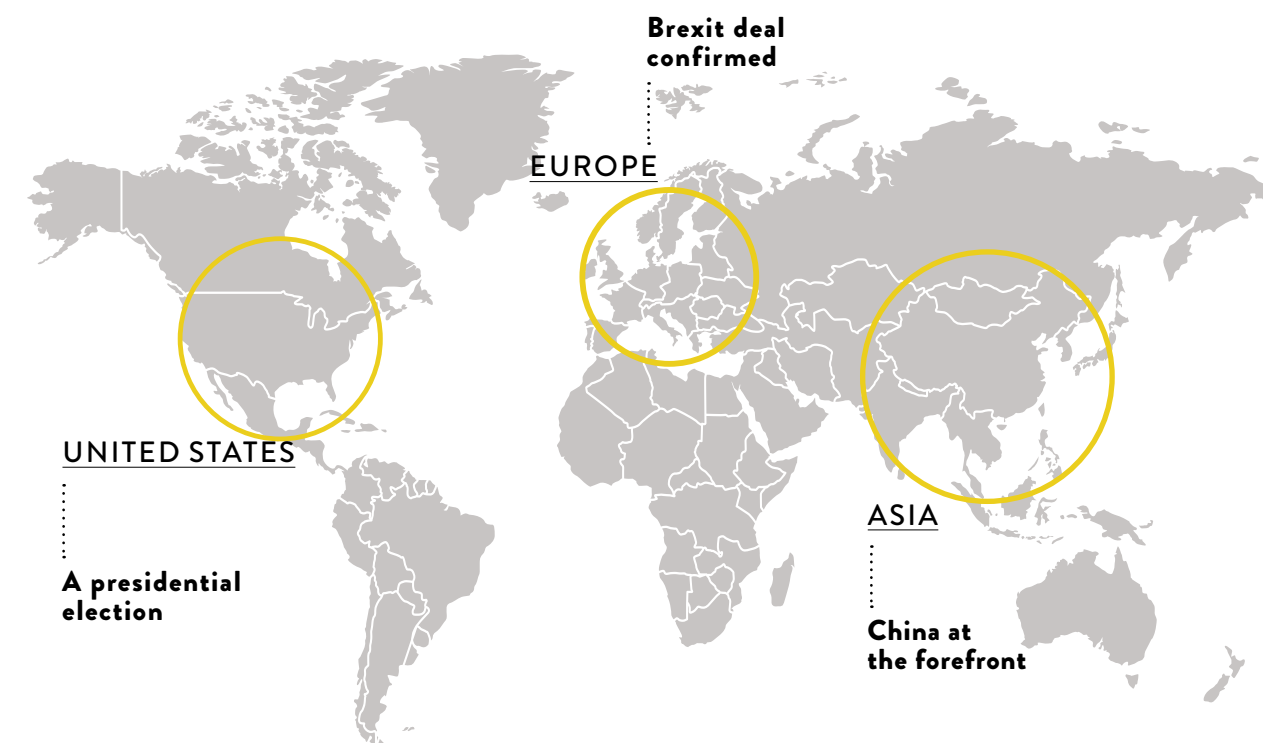
the support schemes have been of various kinds. While the Eurozone was taking furlough measures and offering large government guaranteed loan programmes (‘PGE’, ‘prêts garantis par l’État’), the US was opting for income support, not necessarily employment support.

In addition to this concern, the pandemic prompted many states to defend strategic sectors (healthcare, electronic components, etc.), with trade tensions and increased non-tariff barriers as a result as illustrated by the deterioration in relations between China and the United States, an underlying trend exacerbated by the events of 2020. In this context, only China seems to be doing well.

The country’s quicker containment of the pandemic has meant that it has not needed to infuse its economy. Even better: its exports, which were blocked for a time because of the pandemic, took off again as soon as the production facilities were reactivated.

So what is the economic and financial trajectory for 2021? “This will obviously depend on the evolution of the pandemic, which is still, in this beginning of year, very uncertain. If the situation improves, business should gradually pick up, even if the repercussions of the crisis (company defaults, redundancies) will continue to spread, which does not rule out the risk of a depression” comments Sébastien Berthelot. The gradual roll-out of vaccinations to contain the pandemic could reduce uncertainty and help the global economy recover, although it will remain on both monetary and fiscal support.

FOCUS BY GEOGRAPHY



United States

The United States (330 million people in 2020) remains one of the countries most affected by the pandemic, with almost 300,000 deaths in 2020. Despite this health situation, the economy has shown some capacity to rebound from the initial shock. Fiscal support schemes have focused on supporting household incomes, allowing a recovery from and through consumption. On the political front, the presidential election won by Joe Biden has above all highlighted the very strong divisions that run through the country. Although the new Democratic president has announced that he wants to increase budgetary support, his small majority in Congress should limit his leeway.



Europe

In the Eurozone, the lockdown measures taken to deal with the spread of Covid-19 were particularly draconian and resulted in a sharp economic shock. In this context, EU Member States opened the budgetary floodgates wide and deployed substantial support plans, characterised by furlough schemes and guaranteed loans. Their leaders also agreed on a €750 billion stimulus package, after an initial piecemeal response. 2020 will finally be remembered as the year of the United Kingdom’s exit from the European Union: after months of negotiations, the two parties finally reached a last-minute agreement in December that should allow the establishment of a free trade area.



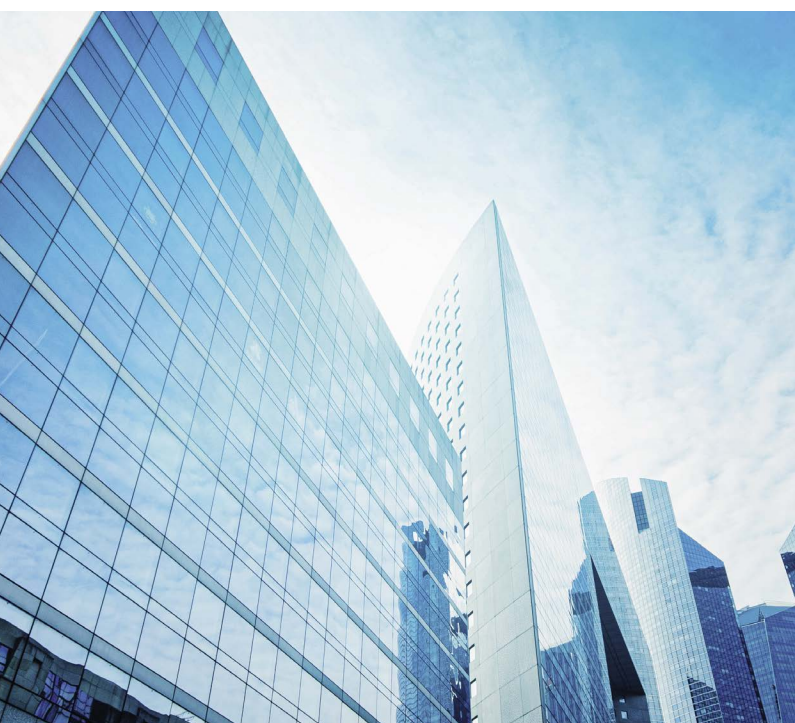
Asia

In China, where the pandemic originated, it was quickly contained, making the country the only major economy to maintain positive economic growth in 2020. Fiscal and monetary support was also much lower than in the rest of the world. Unlike in developed countries, China’s recovery was primarily driven by the industrial sector and exports, while consumption was less dynamic. Among the other major Asian economies, Japan had a problematic year. Its economic trajectory, already badly oriented at the end of 2019, was hit hard by the pandemic shock, which led to a fairly considerable fiscal response with rather inconclusive effects.

In the turmoil of Covid-19, contrasting financial markets

\$18,000 bn+

This is the amount of negative yielding debt in the world in 2020, a figure that exceeds previous records of 2019.



W

What is the panorama for financial markets in 2020?

Francis Jaisson: Stock markets ended the year in positive territory, while most economies are in deep recession: an apparent contradiction that is the first feature of the 2020 vintage. The other lesson of 2020 is the new hierarchy in terms of performance between the major economic areas: Asia in the lead, followed by the United States and then Europe. Finally, the performance of the US market and its extreme concentration on a dozen or so listed companies crystallise the disruptions in our modes of production, consumption and distribution. On the interest rate markets, the effects of the monetary policies pursued by central banks should be noted. They are flooding markets with liquidity, driving down interest rates and risk premiums on public and private paper,

distorting the price of risk, encouraging misallocations of capital and prolonging the existence of unsustainable businesses.

What were the main themes of the year?

F. J.: For a long-term manager such as Covéa Finance, the continued decline in interest rates was a key concern. With its corollary: negative rates on a large part of the sovereign yield curve, and even on some private corporate bonds. The other important theme of 2020 was the open battle between the United States and China and its impact on the technology ecosystem. Geostrategically, the free trade agreement signed in mid-November by fifteen Asia-Pacific countries is noteworthy. A Regional Comprehensive Economic Partnership (RCEP) that signals a desire for economic integration between China, Japan, South Korea, Australia, New Zealand and ten ASEAN countries* and fills the void left by the abandonment of the proposed Trans-Pacific Partnership (TPP) after the withdrawal of the United States in 2017. Closer to home, let's highlight in 2020 the European recovery plan, significant in the difficulty of its adoption by the 27 members of the post-Brexit Union, its size and its underlying common debt.

Francis Jaisson

Managing Director in charge of Asset Management, Marketing, Trading and Research



“We no longer look at equity investment through the traditional prism of geography, but rather from a global perspective, focusing on companies with the ability to survive in this new environment.”

In this context, what was Covéa Finance's investment strategy?

F. J.: With the current rethinking of globalisation, we have decided to no longer look at equity investment through the traditional prism of geography, but rather from a global perspective, without any territorial or even sectoral bias, but focusing only on companies that have the capacity to adapt their business model and survive in this new environment. We also decided to systematically ask ourselves what status we wanted to have: shareholder or creditor? We started doing this whilst being particularly attentive to debt issues, the levels of which have become, in our opinion, very often unsustainable for the balance sheets of companies and even raise the question of their solvency in the medium term. However, it seems to us that the crisis has

revived the notion of administered sector, for which the status of creditor is preferable to that of shareholder. Indeed, the risks of more or less latent nationalisation cannot be ruled out in the light of the current economic backdrop, especially at a time when the notions of reindustrialisation, relocation, sovereignty and strategic independence are back in the spotlight.

How are you approaching 2021?

F. J.: Our major challenge will be to adjust portfolios to the depth of the upheaval we have just described. These changes imply that we should think about our investments by selecting surviving companies, capable of adapting to a world undergoing profound change, companies identified within strategic sectors such as technology or healthcare, or companies that are part of promising

themes for the future. Indeed, the Covid-19 crisis has highlighted the complexity of value chains and the critical dependencies that exist between companies and, by implication, between states. Strategic sectors are at the heart of the capacity of States to fulfil their duties towards their citizens, both in the short, medium and long term. These strategic sectors are as numerous as they are existential for the sovereignty of a State.

* ASEAN: Association of Southeast Asian Nations.

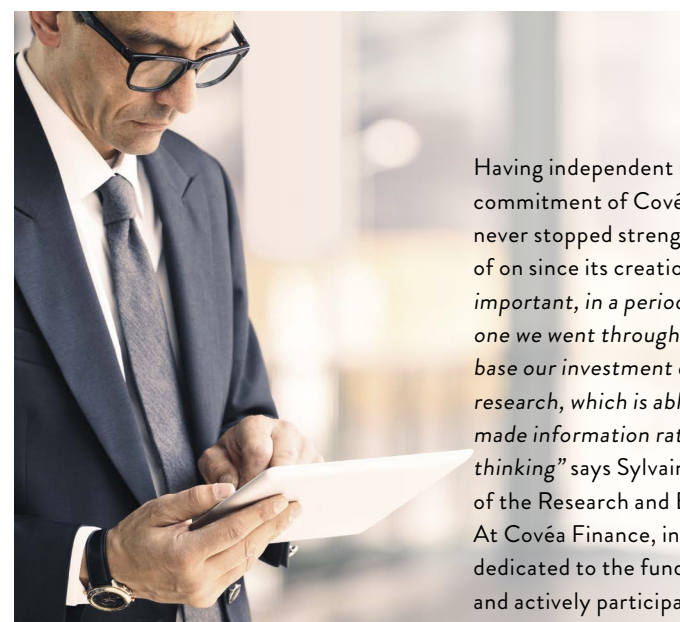


- \$40

This is the price of the Crude Oil WTI “May 20” futures contract. It reflects a level of overproduction that is far too high in relation to the absorption capacities of the players and, above all, a dislocation of this commodities market that has become extremely financialised.

Independent tailor-made research vs ready-made thinking

Covéa Finance did not wait for the Covid-19 crisis to rely on high-quality internal research, which guarantees the independence of its fund management decisions from market trends. When the time came, this approach made all the difference.



Having independent research is a historical commitment of Covéa Finance, which has never stopped strengthening its teams of on since its creation. *“It is particularly important, in a period of crisis such as the one we went through in 2020, to be able to base our investment decisions on dedicated research, which is able to produce tailor-made information rather than ready-made thinking”* says Sylvaine Rodrigues, Head of the Research and ESG Department. At Covéa Finance, internal research is fully dedicated to the fund management teams and actively participates with them in developing the company’s investment strategy through its Economic and Financial Outlook.

To start with, our macroeconomic analysis studies public issuers and produces daily analyses, then more precise points during weekly fund management committees on a given geography, but also structural studies. It allows managers to take a step back from market fashions and stances, and is an undeniable source of added value for their decision-making.

At the same time, the financial and extra-financial analysis team looks at the stocks themselves, over 400 at the end of

400+

Stocks analysed at end-2020, in all Covéa Finance investment areas.

2020. Here again, it is a unit dedicated to fund management teams, with different levels of depth to suit their needs. *“But it is also the privileged place of our commitment and our shareholder dialogue, again in collaboration with fund management, communication with companies being at the heart of our methodology and culture”* adds Sylvaine Rodrigues.

Finally, quantitative analysis is at the crossroads of all research teams. It develops sophisticated tools that save time for fund managers, while at the same time informing them, through its fundamental work, on innovative angles or themes. It is also an important source of added value in the structured products segment.

22

employees at end-2020, with an ongoing recruitment plan that should bring the workforce to over 30 in 2021.

Interview

Arthur Castillo
Global Equities
Fund Manager



“While many of the underlying trends were already present (omnichannel distribution, telemedicine, video on demand, etc.), the crisis considerably accelerated their adoption and required companies to make deep and irreversible changes.”



Covéa Ruptures: a fund that focuses on the transformation of our environment

Since 2018, the Covéa Ruptures fund has been investing in companies that have a role to play in the transformation of our societies. A visionary position that has enabled it to weather the health crisis well. Interview with Arthur Castillo, Global Equities Fund Manager.

Can you remind us in a few words of the characteristics of Covéa Ruptures?

A. C.: It is a fund that invests in companies capitalising on disruptions, i.e. profound transformations of all kinds in our societies. This may include, for example, digitalisation (within companies or for customer relations), the circular economy or industrial automation.

How was this fund in line with the trends revealed by the 2020 crisis?

A. C.: The past year has not revealed, but accelerated, the disruptions that we were sensing. Telemedicine and digital consumption have taken off, as has e-commerce, leading to the need to reorganise the supply chain. These are just some of the themes we have been investing in since the creation of Covéa Ruptures. From a purely stock market point of view, the fund’s positioning buffered the brutal shock of February-March in 2020, before bouncing back in April, because our investment choices quickly appeared to be very relevant in terms of the long-term impacts and consequences of this crisis.

At the end of the year, given the context, another of our investment themes that did well was the support for innovation in the healthcare sector.

What is your assessment of 2020?

A. C.: Although technology stocks have been the most obvious beneficiaries of the crisis, we make a point of emphasising that the disruptions observed are spreading across all sectors. In addition to the health issues mentioned above, we can mention, in no particular order, the customisation of production chains, the problems of speeding up time-to-market and the change in the relationship with mobility, with the desire to reduce the carbon footprint as a backdrop.

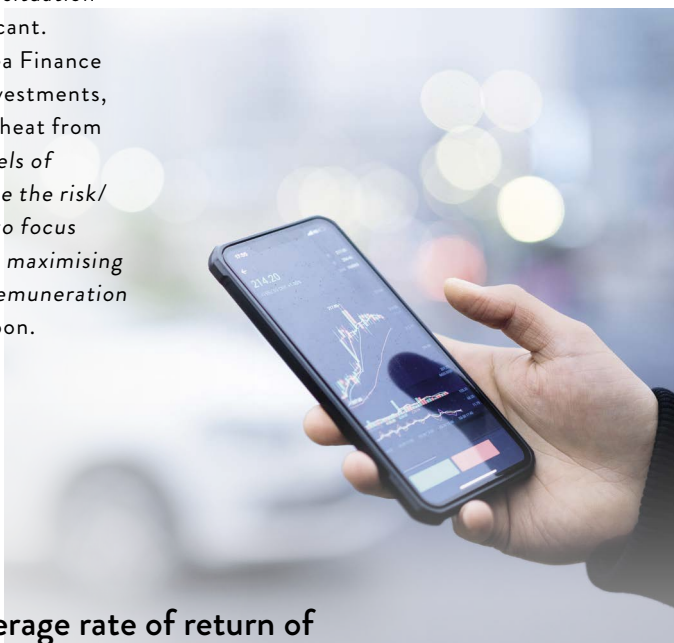
Diversifying portfolios to avoid the gloom of low interest rates

The trend in 2020 was no exception in terms of interest rates, which remained on all-time lows. "Despite peaking at the height of the pandemic crisis in March, eurozone rates continued to decline as a result of central bank action and growth forecasts" says Xavier Chapon, Head of Fixed Income department.

The impact of this prolonged situation on financial income is significant. This is why, since 2019, Covéa Finance has chosen to diversify its investments, taking care to separate the wheat from the chaff. "Given the low levels of returns, it is crucial to analyse the risk/return trade-off. We prefer to focus on lower returns, rather than maximising returns and promoting low-remuneration risk taking" adds Xavier Chapon.

This circumspection, which is in Covéa Finance's DNA, enables it to serve the best interests of its policyholders. "Even though we have regular bond payments, we are looking for intervention points on interest rates. We also diversify our portfolio by investing in the credit market. However, given the current situation and the actions of central banks, we make it a point to be diligent in our investment

process to select the companies best able to weather this crisis. Our agility and the quality of our value chain allow us to make the best possible choices" concludes Xavier Chapon.



0.36%

This is the average rate of return of the iBoxx Euro Corporate Investment Grade Index, a historical low.

For several years, rates have been at their lowest, and 2020 recorded all-time lows in this respect. How can we cope with the decline in recurrent products without falling into the trap of risky diversification? Covéa Finance's approaches.

Xavier Chapon
Head of the Fixed Income Department



-0.38%

This is the low point reached by the 10-year OAT rate in March 2020.

Supporting

Solutions to increase the resilience of our clients' portfolios

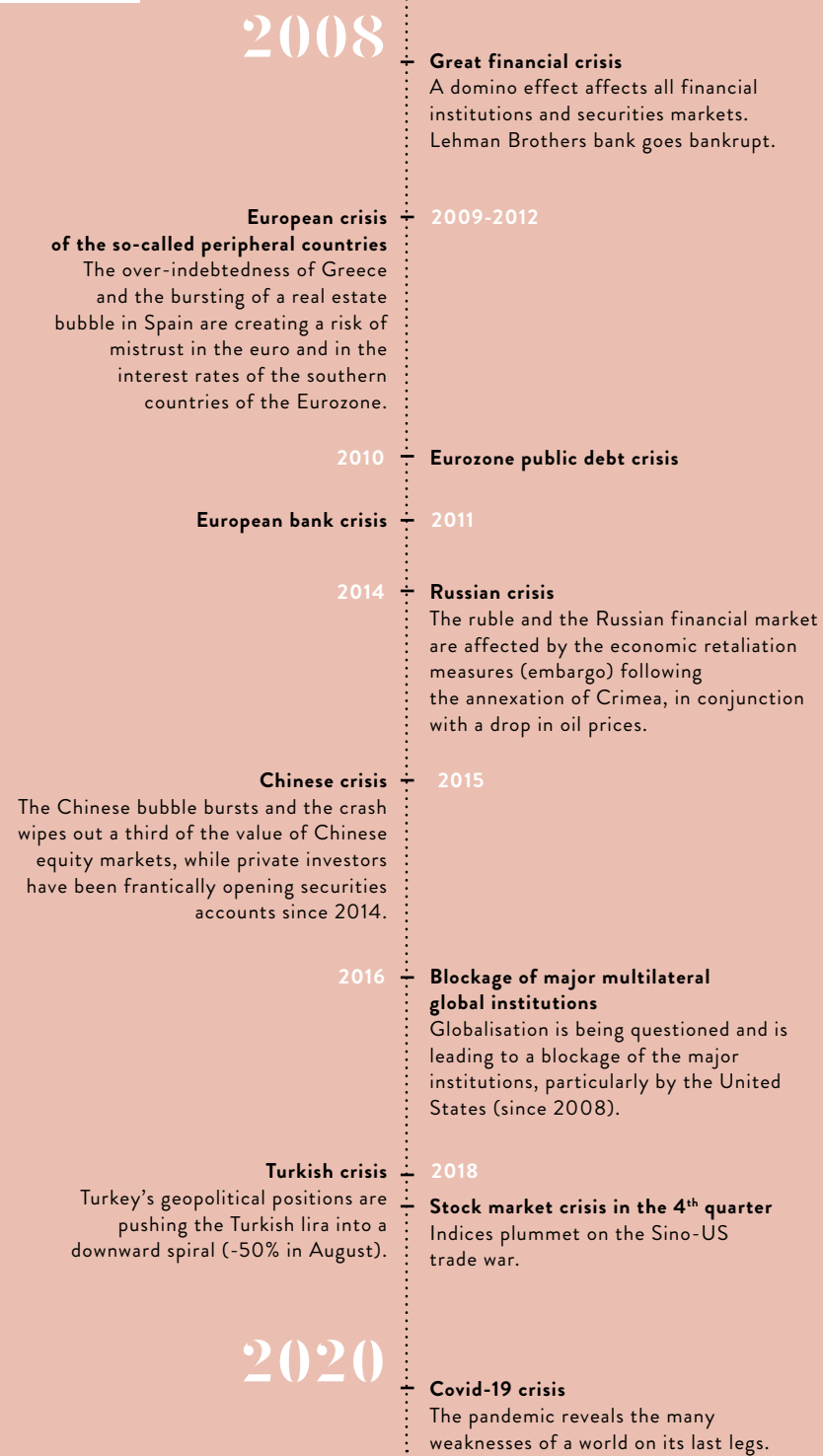


Covéa Finance, a strong manager in the face of crises
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Life networks and investors: staying connected in times of crisis
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Corporate projects more relevant than ever
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The crises since 2008



Covéa Finance, a strong manager in the face of crises

Since its creation, Covéa Finance has been striving to refine its understanding of the world in all its aspects, through the study of geo-economic and geo-strategic situations. A high perspective that has enabled it to anticipate and get through the financial crises of the last decade without too much damage.

Anticipation

In 2008, when the great financial crisis broke out, Covéa Finance had already been highlighting for two years the unrealistic nature of the Spanish and American economic models, based on real estate and financial leverage. For two years, the company had been identifying rising risks, particularly the mismatch between stock market valuations and business cycle realities, and had seen some signs of slowdown. It stunned the

market in 2007 when it decided to sell a third of its equity portfolio, but also in 2008 when it sold off its financial stocks, particularly British and Irish ones, before the collapse of Lehman Brothers.

An independent point of view

In March 2009, as the “real” economy collapsed and austerity and pessimism spread to all countries, Covéa Finance took a new fund management decision against the market, with a policy of massive share purchases. The reasons for this choice? The conviction that global growth would remain weak for a long time but that the exit from the crisis would necessarily involve the United States, which would then benefit from a coordinated policy between the fiscal and monetary authorities. A forecast that proved to be correct and allowed a sound exit from the crisis via the investment multiplier.

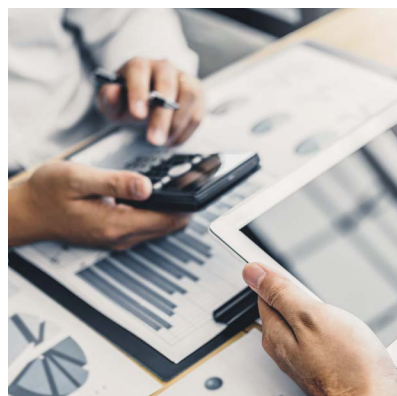
Circumspection

Prior to the Chinese crisis in 2015, Covéa Finance had expressed reluctance to invest in mainland China due to the lack of transparency in the accounting statements of local companies, the differences in treatment between resident and “foreign” shareholders and the study of savings flows in China. All of these elements enabled its “Asian portfolios” to emerge unscathed from the summer 2015 crash.

Lucidity

For several years now, Covéa Finance had been diagnosing a highly indebted world, threatened by depression and weakened by a context of income deflation and wealth polarisation. This was a clear statement that led it to launch a major sales programme in the early days of January 2020. This was two months before the health crisis broke out.





Life networks and investors: staying connected in times of crisis

Whether with the Covéa Group's Life networks or with external investors, 2020 brought challenges, the most important of which was maintaining a strong connection despite the lockdown. The year also saw the implementation of a large-scale marketing plan designed to highlight Covéa Finance's expertise and funds.

Securing AUMs

The key word for the Covéa Group's Life networks in 2020? To reassure! The sharp drop of some indices in the spring was enough to unsettle some investors. To avoid panic and to ensure the retention of the assets under management, the company continued its activation meetings with the advisors, adapting them to the context. The teams of Covéa Finance organised around thirty conference calls in small groups and were able to discuss with some 300 advisors between the end of March and the beginning of April. The Marketing team then ensured that it remained fully available throughout the year.

Developing the offering and inflows

The health crisis did not prevent Covéa Finance from promoting the funds in its range with an environmental theme: one of them, Covéa Solis, thus became part of the MMA Expertise Patrimoine network,

“To avoid panic and to ensure the retention of the assets under management, the company continued its activation meetings with the advisors.”

a platform for independent advisors, at the beginning of July. The company was keen to present this fund to the public and especially its investment theme which is the energy transition, because it is aware of the extent to which the issue resonates with investors. In terms of pure prospecting, since physical meetings were merely impossible, for a large part of the year, approaching new clients was inevitably harder, but Covéa Finance adapted, in particular by proposing new formats for remote presentations, by video conferencing.

The Pact Act opens up new horizons

With the Pact Act, which changes the employee savings and retirement schemes, Covéa Finance is entering a new marketing channel. Since 2020, it has been working with two new fund distributors which offer employee savings products to companies and which use its funds. The aim of this regulatory change is to further democratise these products, which opens up interesting development prospects.

Customer relations go digital

To continue communicating with customers and prospects, and given the restrictions on travel and meetings, the Marketing team had to come up with new meeting formats. It now regularly organises webinars during which Covéa Finance experts present its know-how and its funds. In addition, they enable to reach advisors located far from large cities where Covéa Finance is used to organising round-table discussions.

A campaigning logic

To support this marketing logic and ensure the promotion of the funds to clients and prospects, a large-scale marketing plan was drawn up at the end of 2019 by the Marketing Products and Communication team to support the objectives of the sales action plan. *“Covéa Finance decided to focus on the products, where we used to communicate in an institutional way”* comments Alice Guyot, Head of the Marketing Products and Communication team. The idea was to pace Covéa Finance's media presence throughout the year, according to a system of themed-based campaigns designed as highlights. Each month, a new fund was featured, around which numerous marketing tools were used: emails to customers, daily publications on social media, distribution of videos (15 new videos were produced in 2020), special articles on the website, etc. *“At the same time, we of course continued to communicate on Covéa Finance's highlights. To this was in addition to a press plan that enabled Covéa Finance to be present in the editorial cases selected by the team according to the highlights of the marketing plan”* concludes Alice Guyot.



“To support this marketing logic and ensure the promotion of the funds to clients and prospects, a large-scale marketing plan was drawn up at the end of 2019 by the Marketing and Communication team to support the objectives of the sales action plan.”

Alice Guyot
Head of the Marketing Products and Communication team



“The marketing plan developed by Covéa Finance in 2020 focused on products, whereas the company used to communicate in an institutional manner. To highlight our funds and their investment themes, we opted for a system of themed-based campaigns designed as highlights throughout the year.”



Corporate projects more relevant than ever

Covéa Finance's corporate projects, already launched before the pandemic, were more relevant than ever in 2020 to adapt to the situation. Digitisation, modernisation of the management process and steering tools: most of the strategic projects were not only maintained, but also proved to be fundamental in the way the company managed the lockdown and the surge of the financial markets.



Inès Nemri
Risk
Controller



“These three years of work on the modernisation of Risk Control enabled us to be ready to play our part in the health crisis. We were able to provide executive management, at short notice, with the reports and analysis they needed to steer the portfolios in an unprecedented environment.”

MODERNISING RISK CONTROL: AN ASSET IN TIMES OF CRISIS

Launched in November 2017, this modernisation project aimed to adapt the overall Risk Control process to the new environment in which Covéa Finance now operates. In particular, it aimed to enhance the indicators defined to monitor the risks (markets, counterparties, liquidity, etc.) embedded in the portfolios, especially in the context of the set-up of new thematic funds. “A new tool for monitoring these indicators was set up by portfolio class (Fixed Income, Equities, Europe, International Equities, Multi-management, etc.). Limits were defined for each indicator and are now part of an overall system of alerts to Executive Management and to the fund management teams. The aim is to enable the latter to provide explanations or to take the necessary actions to remedy the situation” explains Inès Nemri, Risk Controller.

In 2020, Risk Control focused particularly on two issues: market stress testing and liquidity stress testing, with the introduction of a liquidity score for interest rate instruments. “The project ended in October 2020, but there is now an annual review of the indicators and alert thresholds for each class of portfolios. The risk committees will also be overhauled in 2021 to incorporate the major elements developed in the framework of this project” adds Inès Nemri.

When the health crisis hit, the project's progress allowed the company to produce the summary reports needed to monitor the risks of all the portfolios. In addition to these analyses, the modernisation of Risk Control also took the form of portfolio alerts sent to the fund management teams. “This crisis also allowed us to get feedback and identify the most relevant risk indicators to monitor in this type of situation” says Inès Nemri. The definition of these indicators, as well as the implementation of an action plan, will continue in 2021 as part of the contribution to the transverse Crisis Management and Communication project.

IDENTIFYING AND FORMALISING ALL INTERNAL CONTROLS

In an ever-changing regulatory environment, the Autorité des Marchés Financiers is placing increasing emphasis on the importance of first and second-level controls carried out by the various business lines within fund management companies. “It is to meet this requirement from the regulator that Covéa Finance wanted to identify all these controls through a project initiated in 2018. This approach will provide a clear, global and systematic view of risk management” says David Rizk, Internal Controller.

The AMF has specifically stated that a health crisis is not a valid reason for failing to comply with regulatory requirements. “We therefore continued our mission and ensured the integrity of the audit trails of the various controls. This focus allowed

us to gain flexibility in our control methods and to achieve an overall review of our plans” adds David Rizk.

In particular, 2020 saw the finalisation of the risk mapping of all Covéa Finance's services and activities, which was presented to the Covéa Group's internal control. The exercise highlighted the variety and quality of the controls performed by all Covéa Finance employees. Beyond this news, the project is a long-term one, since it will be regularly reviewed in the future by all units and will be used as a central tool of Covéa Finance's risk management.



“We were able to adapt and take advantage of the crisis by testing the relevance of our controls.”

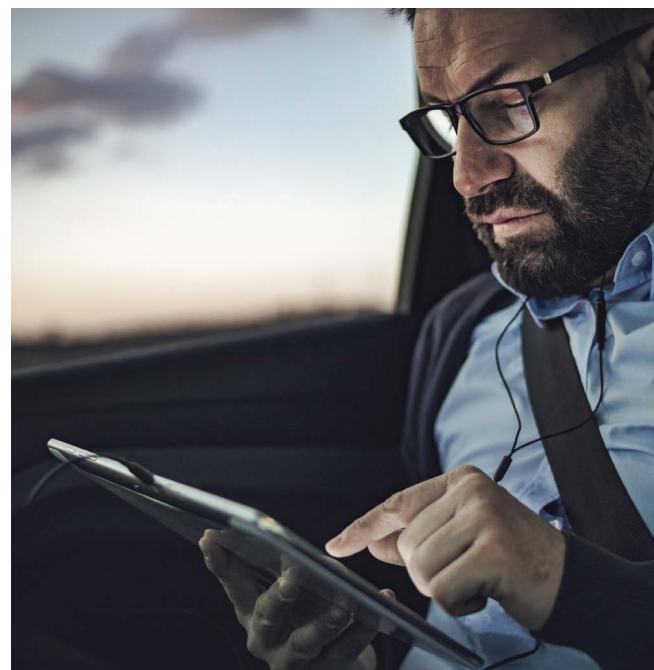


David Rizk
Internal Controller



“Although the health crisis initially slowed down our project, it was nevertheless a formidable test for the various controls of Covéa Finance. It allowed us to identify new risks, but also to test the relevance of our controls.”

“The different components of the Atlas project were all given special attention in the context of this extraordinary year.”



ATLAS: DIGITISATION OF CONTENT AND E-SIGNATURES

Launched in 2018, the Atlas project, which aims to boost Covéa Finance’s digital transformation, took on its full dimension with the health crisis. Its first work package which consisted in equipping the company with an Electronic Archiving System with probative value, was tendered in 2020. The implementation and takeover of the existing documentation will be completed in the first quarter of 2021. As each business line is responsible for uploading documents to the Electronic Archiving System, document contact points were appointed to ensure that deadlines are met.

Another issue that became key in the context of the health crisis is that of e-signatures, which was part of the second package of the project. Objective: to speed up transactions and ensure the security of the company’s commitments in digital form. The solution, which will be operational in the first quarter of 2021, will be able to guarantee the identity of the signatory, but also the integrity and origin of the document to be signed. On the agenda in 2021, the project’s third package will be implemented and will include a Company Content Management tool.

Véronique Gervais
Head of the Executive Assistantship, Marketing Products and Communication Department

Christophe Miot
Head of the Procedures and Document Management team



“Atlas is designed to promote and facilitate collaborative work and to secure the flow and management of our documents, including remotely. Collaborative work with the business lines, and more particularly with the Information System and Legal Department. In order to carry out this large-scale project, in 2020 we had to hire an expert for our Procedures and Document Management team.”

Transforming

A model adapted to the new challenges of asset management



Our range of funds is growing despite the crisis
p. 56

Ensuring the quality and security of the financial data life cycle
p. 58

New organisation of the Economic and Financial Outlook
p. 60

Our range of funds is growing despite the crisis

Covéa Renouveau or research at the heart of the fund management process

The co-creation of the Covéa Renouveau fund by its fund managers and analysts illustrates Covéa Finance's determination to place research at the heart of the fund management process. The fund also aims to respond to the need for States to regain their sovereignty, which has been undermined by exacerbated globalisation, as revealed by the health crisis.



A fund in tune with the times

Complexity of production chains, supply risks, inequalities generated by unregulated globalisation, etc. These issues, raised by Covéa Finance for many years, were exacerbated by the 2020 health crisis, which also highlighted major imperatives in terms of controlling critical infrastructures and therefore the need for States to regain their sovereignty. Based on this observation, Covéa Finance decided in the summer of 2020 to design a fund intended to invest in companies capable of playing a role in this reconquest strategy. *“Co-created in record time by the company's fund management and analysis teams, with the help of numerous business lines, this new fund, called Covéa Renouveau, illustrates our commitment to place research at the heart of the fund management process”* says Vincent Haderer, Head of American and Global Equity department.

Stocks under the microscope

In the set-up phase of this fund, Covéa Finance was able to rely on the history of the work carried out as part of the Economic and Financial Outlook, but also on the close collaboration between fund managers and analysts, which made it possible to validate (or not) the relevance of the choice of stocks given the themes defined. *“We carried out a detailed analysis of the businesses, products and solutions of the relevant companies, to determine how each one was differentiated. We also studied their history, but also the background and experience of the management, which is key in the case of fledging companies. Without forgetting, of course, the financial and extra-financial equilibria”* comments Rémi Seng, Financial and Extra-Financial Analyst.

The last word on ESG criteria

In terms of ESG criteria, the companies studied had to meet the requirements of the new AMF doctrine* on sustainable finance, but also be in line with the governance practices defined by Covéa Finance. *“We focused on the Social and Governance pillars, which allow us to analyse the relationship between the company and its stakeholders, with criteria such as the quality of employment, employee training, tax ethics and the independence of the Board of Directors”* adds Rafaël Valentim, Financial and Extra-Financial Analyst.

Strong themes

The approach made it possible to pick stocks around strong themes that will form the basis of the investments: securing production and supplies, health and food safety, operating critical infrastructures in key sectors such as healthcare or digital, and finally organising strategic sectors such as energy, commodities or defence. An important detail, in line with the objective of supporting the emergence of new French champions: more than 20% of the fund is invested in capitalisations of less than €2 billion and 50% in capitalisations of less than €10 billion. Finally, at least 60% of the selected companies must have their registered office in France. Building on the strength of these assets, Covéa Renouveau France, the first sub-fund of the Covéa Renouveau fund, was awarded the Relance Label last March (see box).

* AMF: Autorité des marchés financiers [French Financial Markets Authority]. This new doctrine, published in March 2020 and revised in July 2020, aims to strengthen transparency in extra-financial matters in order to facilitate the choice of investors among various possible offers (SRI, ESG, etc.).



Valérie Sandra
Head of the Product and Distribution Legal Team



RELANCE LABEL: BOOSTING INVESTMENT IN FRENCH COMPANIES

The health crisis has serious consequences on the financial strength of French companies, hence the promotion of the Relance Label by the French Treasury. Objective: to encourage investors to choose UCIs* that invest in French companies, particularly small and mid-caps. To meet this need, Covéa Finance decided to make its Covéa Perspectives Entreprises mutual fund (SICAV) eligible for the Relance Label and to broaden its offering with the creation of its Covéa Renouveau umbrella fund. *“The company endeavoured to meet the requirements of this label, taking into account specific investment rules in the regulatory documentation of eligible UCIs while complying with the regulatory requirements of the Autorité des Marchés Financiers on the degree to which ESG criteria are taken into account”* indicates Valérie Sandra. A successful gamble, since the Covéa Perspectives Entreprises fund obtained the label last January, as did the Covéa Renouveau France fund last March.

* Undertakings for Collective Investment.

Xavier Simler
Head of the Multi-management team



COVÉA ACCOMPAGNEMENT II: THE NEW VINTAGE

“The Covéa Accompagnement II fund is in line with the Covéa Group's intention to develop its private equity business. Calibrated like the first vintage (Covéa Accompagnement), with a commitment of EUR 250 million from the mandates, this fund of funds is intended to invest in diversified sectors such as technology, healthcare or energy in the venture capital, growth equity and LBO buyout capital segments. The multi-management team has already started the study and selection of funds in order to achieve a quick and efficient roll out in 2021.”

The Covéa Accompagnement and Covéa Accompagnement II funds are professional private equity funds that are not subject to approval by the Autorité des Marchés Financiers (AMF) but have been subject to a reporting procedure in accordance with AMF Instruction 2012-06. They may therefore adopt different investment rules. These funds carry a risk of capital loss and liquidity. The other risks to which the funds are exposed are described in the regulation. The funds are reserved for informed investors (Covéa group entities) and cannot be promoted.

Ensuring the quality and security of the financial data life cycle

The importance of building a global vision of the life cycle of data, from acquisition to use. Insight from Nabil Bitam, Head of Data and Reporting department.

O

On what basis was the Data and Reporting Department created?

Nabil Bitam: In 2020, the organisation of the Risk Control, Operations and Information System Division was revamped. In this context, a new Data and Reporting department was set up with Data Engineering, Repository, and Reporting & Performance teams. The relevance of bringing these three units together lies in the consolidation of business lines with activities that revolve around financial data.

What is the activity of the three business lines concerned?

N. B.: Data Engineering

deals with data acquisition and relations with suppliers: setting up and administering contracts in collaboration with the Legal Department, monitoring the proper use of data by the business lines, and managing costs. This is the start of the data life cycle. Then, Repository integrates the data acquired, checks it and disseminates it in the information system for the various Covéa Finance business lines. Lastly, the Reporting and Performance team is responsible for providing data, i.e. producing documents based on financial data, whether they are regulatory in nature or come under internal management (UCI data sheets, management reports, performance attribution reports, etc.).

“Our ambition is to promote a culture of data within Covéa Finance.”

Why the need for such a department?

N. B.: Covéa Finance’s objective is to centralise the monitoring of the life cycle of financial data, in the broadest sense. Beyond this overall coherence, the idea is also to get these three teams to cooperate more closely to create new synergies, as there are many continuous interactions between these activities. The other advantage of this new department is to create a single point of contact for internal clients to respond even more effectively to their data needs: the centralisation of requests will allow for smoother and more easily distributed processing between the teams concerned.

How is the creation of such a department an asset for the future?

N. B.: Thanks to this new organisation,

the company intends not only to promote a genuine “culture of data” internally but also to secure its financial data assets, which are one of the core assets of its business. Indeed, our investment decisions must be based on reliable and up-to-date information, hence the importance of providing the business lines with quality data.

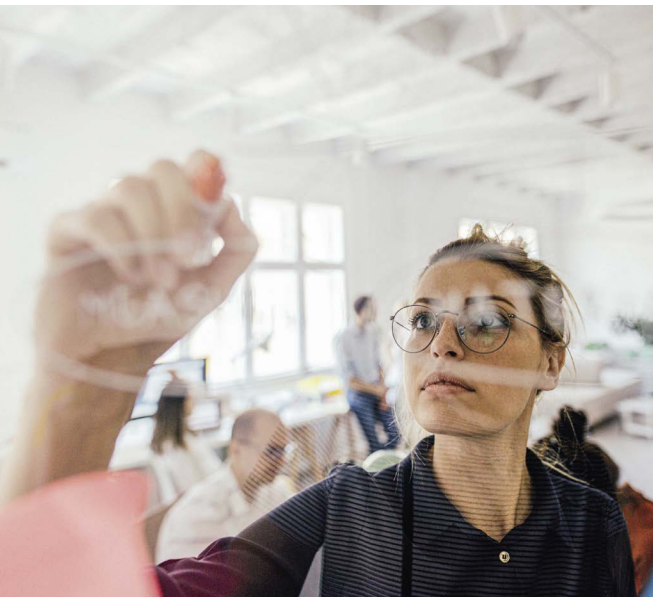


“The new Data and Reporting department will support the various business lines in order to optimise the use of the company’s wealth of assets.”



New organisation of the Economic and Financial Outlook

At Covéa Finance, each year is punctuated by the presentation of analysis and research work that enables the fund management teams to take a step back and build long-term investment scenarios. A calendar that now includes three highlights. Explanations.



The new organisation of Covéa Finance's Economic and Financial Outlook is organised around three key moments in the year. Firstly, the work, presented at the beginning of the year, focused on the structural aspects of the main economies monitored by the company, with an insight on portfolios. Secondly, the work presented in June which is more focused on financial markets, with a more detailed analysis of the different asset classes. Finally, the November work, devoted to a subject likely to have a lasting influence on the interpretation of the major economic and financial equilibria. At the end of 2019, the focus was on deflation, and at the end of 2020, it was on China, its place in globalisation and the major world equilibria. In this process, Covéa Finance's research is very active on the macroeconomic front. Its work enables fund management to understand the main equilibria and the consequences of globalisation. On the work carried out last November, they highlighted, for example, China's growing place in the world and the dislocation of production chains. In 2020, faced with the explosion of debt, the financial and extra-financial research teams also helped fund management to study the detailed situation of companies, to be able to forecast the risks and opportunities of issuers.

Francis Jaisson
Managing Director
in charge of Asset
Management,
Marketing, Trading
and Research



“The crisis highlighted the crucial needs in certain economic sectors and the major shortcomings linked to geopolitical tensions. This is the case for healthcare and technology, which have become strategic sectors for any sovereign nation. In this context, Covéa Finance launched an internal transversal analysis to identify the concerns, constraints and needs of these two sectors. This allowed us to select companies that are able to weather this crisis and even benefit from it.”

Innovating

**New horizons
to be defined
for the future**



**“Ambition 2026”:
our strategic plan
adapts to the crisis
p. 62**

**Our battles
for 2026
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**Preliminary work on
the “Ambition 2026” plan
p. 65**



Ghislaine Bailly
Chairwoman of Covéa Finance

“Our ambition and our will to move forward, far from being held back, have been boosted by the crisis we are going through.”

The health crisis led Covéa Finance to reassess its priorities in order to meet the challenge of business continuity. “Our ‘Ambition 2025’ strategic plan is now called ‘Ambition 2026’, due to a turbulent year in 2020. However, our ambition and our will to move forward did not waver in the face of adversity” says Ghislaine Bailly, Chairwoman of Covéa Finance, before adding: “Adapting and transforming continuously in a world that is constantly changing, with new challenges to be met in a continuous flow, remains our core approach.”

With “Ambition 2026”, Covéa Finance and its teams, as committed as they are talented, want to participate in the renewal of our economy and even the world. “The plan should also enable the company to support our clients who are keen to participate, through the investments they entrust us the management of, in the new economic framework that will stem from the pandemic” explains Ghislaine Bailly. Environment, Social and Governance (ESG): three concepts that are now more relevant than ever before and that remain Covéa Finance’s core commitment and at the heart of its portfolio management process.

The objective of the ‘Ambition 2026’ plan has not changed with the crisis: it still aims for Covéa Finance to lead an offensive strategy over the next six years. This combative stance is necessary at a time when the asset management industry is facing crucial challenges (negative interest rates, declining life insurance inflows, etc.) and must play its part in the changes taking place, whether they be competitive, societal, financial or technological.

Initially conceived in 2019, the ‘Ambition 2026’ plan was namely based on a study of Covéa Finance’s external environment and its impact on society. The process benefited from the expert advice of General Vincent Desportes, former Director of the École de guerre. This resulted in the determination of an offensive strategy comprising four battles to be fought (see next page). “From April 2020, given the health situation, we adapted the plan by prioritising our projects. This led us to readjust the target date, which changed to 2026” adds Ghislaine Bailly.

“We are more convinced than ever that crises are not just synonymous of destruction and anxiety. They force us to question ourselves and, for an ambitious, active and reactive company like Covéa Finance, they can be sources of opportunities” concludes Ghislaine Bailly. The company knows that, to win the battles ahead, it must keep its costs under control, prepare for the necessary adaptations to its new environment, encourage individual and collective initiative, and above all remain a centre of excellence and attractiveness at the service of its shareholder and client.

“For an ambitious, active and reactive company like Covéa Finance, a crisis is also a source of opportunities.”



Vincent Desportes
former Director of the École de guerre, University Associate Professor at Sciences Po Paris



“What a lesson on modesty this Covid-19 crisis is! We dreamed of perfect knowledge and decision-making. ‘Big data’, combined with artificial intelligence, was supposed to control everything by calculus and lead us to a predictable future. We are discovering that this is not the case: uncertainty is prevailing again. We feel that our decisions are based on assumptions, are a gamble and rarely produce the expected result. And science, the addition of degradable and non-universal truths, can do nothing about it. In short, we, the leaders, fall back on reality: we can only decide in conscience. These

legitimate doubts should not prevent us from taking action, because such a crisis requires us not to remain passive: it is up to us to help our organisations adapt and take up the new challenges they face, as Covéa Finance has done with its ‘Ambition 2026’ plan. Ultimately, let’s face the future calmly, and remind ourselves that this crisis has at least warranted credit for putting human capital back in the spotlight, by restoring the place of intuition and conviction.”

Our battles for 2026

By 2026, Covéa Finance aims to be an expert in asset management and an innovative European player, committed to its customers. This long-term ambition for the company is a continuation of its previous three-year cycle, which aimed to drive sustainable growth by capitalising on collective work and decision-making. To achieve this objective, it must win four essential battles: AUM, European external inflows, innovation and appeal, and finally the collective decision-making.

For each of these four battles, lines of operation were developed in the light of the current context. They include actions to be carried out in the form of cross-functional projects, with the first deliverables in 2021.



ASSETS UNDER MANAGEMENT

The battle for AUMs will enable Covéa Finance to secure the flows of its shareholder Covéa, at a time when it is increasingly challenged by European competitors and when cost control requires having a critical size.



INFLOWS

Covéa Finance will be fighting the battle for external inflows against exacerbated competition. An offensive which will have to be carried out while supporting at the same time the ambitions of the Covéa Group in its development.



INNOVATION

The battle for innovation and appeal will be the vector for developing a new culture of expertise in all professions, to prepare for the changes underway.



TEAMWORK

The battle for collective decision-making reflects Covéa Finance's conviction that only teamwork will make it possible to achieve the 'Ambition 2026' targets, thanks to everyone's commitment.

Preliminary work on the 'Ambition 2026' plan

Placing research at the heart of the investment process

Since 2020, Covéa Finance has included its research teams in all its fund management committees and cross-functional working groups, with the mission of formulating opinions and alerts on a maximum number of issuers.

Our objective: to guarantee a shared vision of the issuers, at the crossroads between research and fund management. Extra-financial criteria are now an integral part of the fund managers' thinking process, upstream of the investment process, which enabled the company to comply with the requirements of the new AMF* doctrine without having to modify a single line in its various portfolios!

This approach is part of the 'Ambition 2026' plan which reflects the long-term vision of Covéa Finance, which is keen to have independent, structured research that adds value.

Adapting the range of UCIs to enhance transparency

To enhance transparency, the doctrine published by the AMF* in March 2020 imposes new extra-financial constraints on fund management companies that are

superimposed on the requirements of the European SFDR. As such, their UCI ranges must now be classified according to the extent to which they take into account extra-financial criteria.

With this in mind, the work was integrated into a strategic cross-functional project for Covéa Finance which began with a mapping of the extra-financial positioning of the UCIs, fund by fund, to check that the minimum standards targeted could be met.

Beyond this ambition, thanks to this approach, Covéa Finance was able to broaden its considerations to other prospects of extra-financial labelling. Objective: to enable the company to position itself as a major player with regard to extra-financial matters.

Mapping skills to adapt to economic and social changes

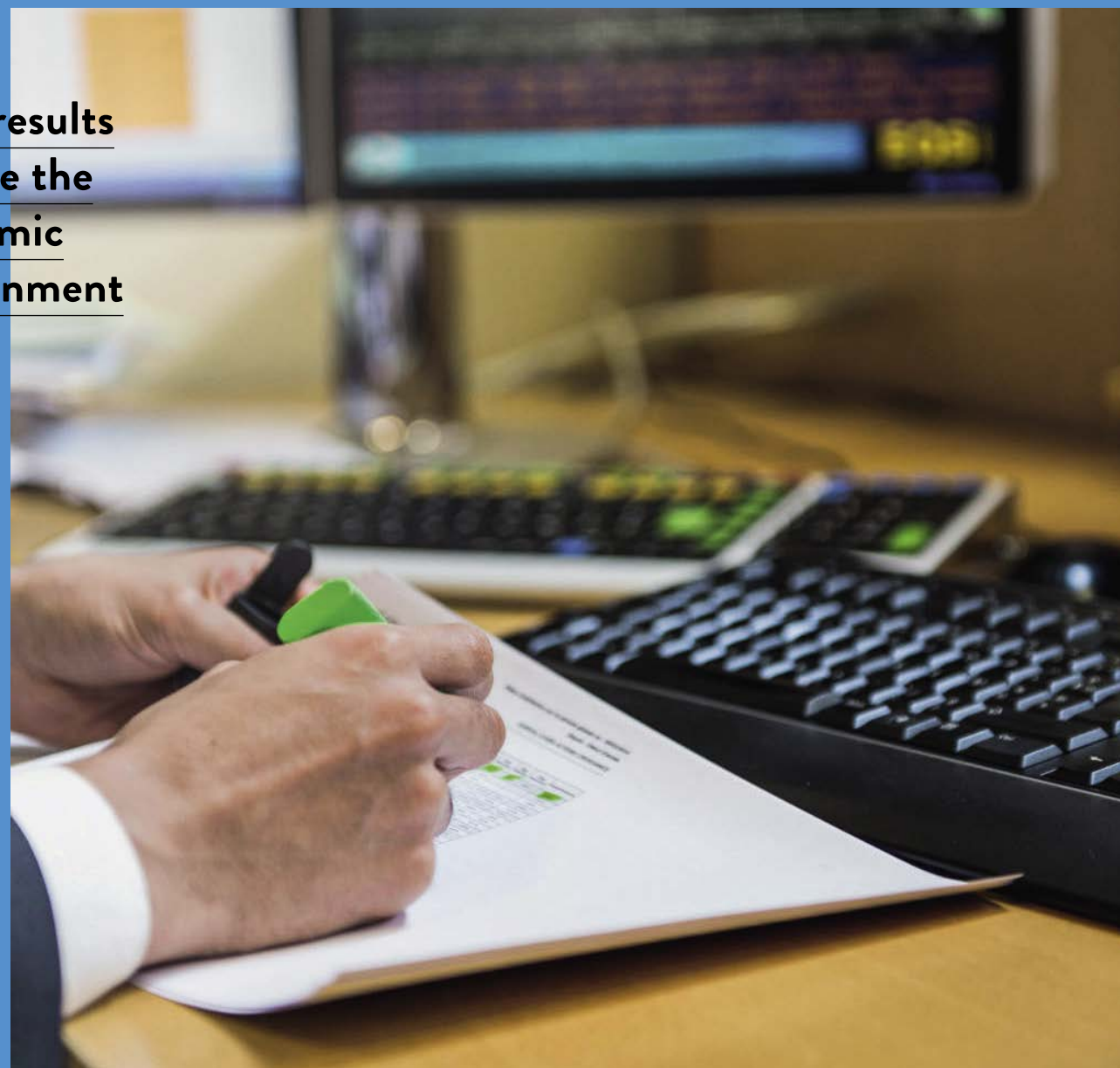
Covéa Finance's culture of expertise and innovation, centred on people, requires a detailed analysis of the development of skills. For this reason, the forward-looking management of these skills is one of the conditions necessary to achieve the company's 2026 objectives.

With this in mind, a global approach by business line was launched in 2020, to adapt the skills map to Covéa Finance's ambitions. Objective: to build, with the support of all the teams, a common reference system structured by business line, capable of remaining in phase with economic and social developments. The approach? We are focusing on building a holistic approach to human capital, to enable all employees to innovate and perform at their best.

* AMF: *Autorité des marchés financiers* [French Financial Markets Authority]. This new doctrine, published in March 2020 and revised in July 2020, aims to strengthen transparency in extra-financial matters in order to facilitate investors' choice among the various possible offers (SRI, ESG, etc.).

Performance

**Solid results
despite the
economic
environment**



**UCI performance
as of 31 December 2020**
p. 67

UCI performance as of 31 December 2020

	Morningstar classification	Benchmark index	stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	2020 PERFORMANCE		
						UCIs	Morningstar category	Benchmark index
Fixed Income UCIs								
UCITS								
Covéa Euro Souverain (C)	Government Loans EUR bonds	FTSE MTS (ex-Euro MTS) Global 16h00 reinvested net coupons	**	3.83%	3.41%	3.23%	3.27%	4.93%
Covéa Euro Souverain (D)	Government Loans EUR bonds	FTSE MTS (ex-Euro MTS) Global 16h00 reinvested net coupons	**	3.80%	3.41%	3.21%	3.27%	4.93%
Covéa Euro Spread (C)	Private Loans EUR bonds	Markit IBOXX Euro Corp net coupons reinvested	**	8.30%	8.34%	0.54%	2.15%	2.73%
Covéa Euro Spread (D)	Private Loans EUR bonds	Markit IBOXX Euro Corp net coupons reinvested	**	8.30%	8.34%	0.55%	2.15%	2.73%
Covéa Haut Rendement (IC)	Bonds EUR High Yield	Markit IBOXX Euro High Yield Fixed Rate reinvested coupons	**	6.18%	15.46%	0.12%	0.92%	1.84%
Covéa Moyen Terme (C)	Short Term Diversified EUR bonds	FTSE MTS (ex-Euro MTS) 1-3 year 16h00 reinvested net coupons	***	2.28%	3.51%	-0.37%	0.04%	-0.12%
Covéa Obligations (C)	Diversified EUR bonds	FTSE MTS (ex-Euro MTS) 5-7 year 16h00 reinvested net coupons	***	5.23%	5.36%	1.40%	1.69%	2.68%
Covéa Obligations (D)	Diversified EUR bonds	FTSE MTS (ex-Euro MTS) 5-7 year 16h00 reinvested net coupons	***	5.23%	5.36%	1.41%	1.69%	2.68%
Covéa Oblig Inter (C and/or D)	International Bonds	Merrill Lynch Global Gvt Bond Index (hedged in euros) net coupons reinvested	**	4.67%	5.37%	0.70%	-0.06%	4.22%
Covéa Rendement Réel (AC)	International Inflation-linked Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested		7.31%	4.85%	0.95%	4.63%	3.17%
Covéa Rendement Réel (IC)	International Inflation-linked Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested		7.29%	4.85%	1.10%	4.63%	3.17%
Covéa Rendement Réel (ID)	International Inflation-linked Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested		7.29%	4.85%	1.10%	4.63%	3.17%
AIFs								
MAAF Obligations 4 (C and/or D)	International Bonds	FTSE MTS (ex-Euro MTS) 3-5 year 16h00 reinvested net coupons		4.57%		-0.07%		1.27%
MAAF Stratégie Taux (C)	Diversified EUR bonds	FTSE MTS (ex-Euro MTS) 1-3 year 16h00 reinvested net coupons		1.42%		-0.09%		-0.12%

						2020 PERFORMANCE		
	Morningstar classification	Benchmark index	stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	UCIs	Morningstar category	Benchmark index
Money Market UCIs								
UCITS								
Covéa Sécurité (AC)	EUR money market	Capitalised EONIA		0.07%	0.46%	-0.39%	-0.41%	-0.47%
Covéa Sécurité (AD)	EUR money market	Capitalised EONIA		0.07%	0.46%	-0.37%	-0.41%	-0.47%
Covéa Sécurité (GC)	EUR money market	Capitalised EONIA		0.07%	0.46%	-0.39%	-0.41%	-0.47%
Convertible UCIs								
UCITS								
Covéa Obligations Convertibles (AC)	Europe convertibles	Exane ECI Europe net coupons reinvested	****	9.80%	10.98%	0.87%	4.59%	5.01%
Covéa Obligations Convertibles (IC)	Europe convertibles	Exane ECI Europe net coupons reinvested	****	9.81%	10.98%	1.48%	4.59%	5.01%
Covéa Obligations Convertibles (ID)	Europe convertibles	Exane ECI Europe net coupons reinvested		9.81%	10.98%	1.49%	4.59%	5.01%
Flexible UCIs								
UCITS								
Covéa Patrimoine (AC)	Allocation EUR Flexible - International	-	**	13.59%	14.07%	-2.75%	1.96%	
Covéa Patrimoine (IC)	Allocation EUR Flexible - International	-	***	13.59%	14.07%	-1.79%	1.96%	
Covéa Flexible ISR (C)	Allocation EUR Flexible - International	-	****	12.29%	16.12%	6.09%	0.37%	
AIFs								
Covéa Ultra Flexible (IC)	Allocation EUR Flexible - International	-	**	14.31%	14.07%	-9.08%	1.96%	
Covéa Ultra Flexible (GC)	Allocation EUR Flexible - International	-	**	14.31%	14.07%	-8.90%	1.96%	
Multi-Management et Profiled UCIs								
UCITS								
Covéa Multi Europe (AC)	European Equities Large Cap. Combined	MSCI Europe net dividends reinvested	***	25.28%	25.03%	1.93%	-0.59%	-2.53%
Covéa Multi Europe (IC)	European Equities Large Cap. Combined	MSCI Europe net dividends reinvested	****	25.30%	25.03%	2.65%	-0.59%	-2.53%
Covéa Multi Immobilier (AC)	Property - Indirect Eurozone	-	***	25.02%	30.15%	-12.79%	-12.16%	
Covéa Multi Immobilier (IC)	Property - Indirect Eurozone	-	****	25.03%	30.15%	-12.09%	-12.16%	
Covéa Multi Monde (AC)	International Equities Large Cap. Combined	MSCI AC World (in euros) net dividends reinvested	***	23.45%	22.09%	5.20%	4.31%	6.43%
Covéa Multi Monde (IC)	International Equities Large Cap. Combined	MSCI AC World (in euros) net dividends reinvested	***	23.45%	22.09%	5.94%	4.31%	6.43%

						2020 PERFORMANCE		
	Morningstar classification	Benchmark index	stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	UCIs	Morningstar category	Benchmark index
Covéa Multi Small Cap Europe (AC)	European Equities Mid Cap.	Euromoney Smaller Europe net dividends reinvested	**	29.87%	27.99%	6.85%	9.87%	7.10%
Covéa Multi Small Cap Europe (IC)	European Equities Mid Cap.	Euromoney Smaller Europe net dividends reinvested	***	29.87%	27.99%	7.71%	9.87%	7.10%
Covéa Profil Dynamique (C)	Allocation EUR Aggressive - International	55% MSCI Euro + 25% FTSE MTS 5-7 year + 20% Eonia net dividends and coupons reinvested	***	14.80%	18.22%	1.27%	3.94%	7.70%
Covéa Profil Dynamique (D)	Allocation EUR Aggressive - International	55% MSCI Euro + 25% FTSE MTS 5-7 year + 20% Eonia net dividends and coupons reinvested	**	14.80%	18.22%	1.27%	3.94%	7.70%
Covéa Profil Équilibre (C)	Allocation EUR Moderate - International	30% MSCI Euro + 35% FTSE MTS 5-7 year + 35% Eonia net dividends and coupons reinvested	***	8.65%	13.32%	1.26%	2.28%	5.91%
Covéa Profil Équilibre (D)	Allocation EUR Moderate - International	30% MSCI Euro + 35% FTSE MTS 5-7 year + 35% Eonia net dividends and coupons reinvested	***	8.65%	13.32%	1.26%	2.28%	5.91%
Covéa Profil Offensif (C)	Allocation EUR Aggressive - International	75% MSCI Euro + 15% FTSE MTS 5-7 year + 10% Eonia net dividends and coupons reinvested	***	20.21%	18.22%	0.51%	3.94%	8.55%
Covéa Profil Offensif (D)	Allocation EUR Aggressive - International	75% MSCI Euro + 15% FTSE MTS 5-7 year + 10% Eonia net dividends and coupons reinvested	***	20.19%	18.22%	0.53%	3.94%	8.55%
AIFs								
Covéa Multi Absolute Return I (C and/or D)	Alt - Multistrategy	-		5.41%		1.02%		
Covéa Multi Émergents A (C and/or D)	Emerging Market Equities	MSCI Emerging Markets (in EUR) net dividends reinvested	*	22.68%	24.06%	-13.49%	7.22%	8.31%
Covéa Multi Émergents I (C and/or D)	Emerging Market Equities	MSCI Emerging Markets (in EUR) net dividends reinvested	*	22.69%	24.06%	-12.86%	7.22%	8.31%
Covéa Multi Haut Rendement (C and/or D)	International High Yield Bonds	Merrill Lynch Global HY & EM Sovereign (hedged in euros) net coupons reinvested	*	11.70%	16.07%	-1.79%	2.59%	3.74%
Equity UCIs								
UCITS								
Covéa Actions Amérique (AC)	Large Cap US Equities. Growth	S&P 500 (in euros) net dividends reinvested	**	22.04%	22.54%	8.31%	22.76%	7.80%
Covéa Actions Amérique (IC)	Large Cap US Equities. Growth	S&P 500 (in euros) net dividends reinvested	**	22.07%	22.54%	9.51%	22.76%	7.80%

	Morningstar classification	Benchmark index	stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	2020 PERFORMANCE		
						UCIs	Morningstar category	Benchmark index
Covéa Actions Amérique Mid Cap (AC)	Mid Cap US Equities.	S&P Midcap 400 (in euros) net dividends reinvested	****	24.96%	29.44%	14.19%	12.49%	3.54%
Covéa Actions Amérique Mid Cap (IC)	Mid Cap US Equities.	S&P Midcap 400 (in euros) net dividends reinvested	****	24.89%	29.44%	15.08%	12.49%	3.54%
Covéa Actions Asie (C)	Asia-Pacific Equity	MSCI AC Asia Pacific (in euros) net dividends reinvested	***	19.78%	19.59%	16.38%	7.40%	9.59%
Covéa Actions Croissance (C)	Flex Cap Eurozone Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	****	24.12%	28.29%	4.32%	0.89%	0.36%
Covéa Actions Croissance (D)	Flex Cap Eurozone Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	****	24.10%	28.29%	4.32%	0.89%	0.36%
Covéa Actions Croissance (IC)	Flex Cap Eurozone Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested		24.13%	28.29%	5.26%	0.89%	0.36%
Covéa Actions Euro (AC)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	22.76%	27.86%	2.66%	-1.23%	-0.08%
Covéa Actions Euro (IC)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	22.77%	27.86%	3.67%	-1.23%	-0.08%
Covéa Actions Euro (ID)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested		22.76%	27.86%	3.67%	-1.23%	-0.08%
Covéa Actions Europe (C)	European Equities Large Cap. Combined	MSCI Pan-Euro (in euros) net dividends reinvested	***	19.98%	25.03%	2.26%	-0.59%	-5.17%
Covéa Actions Europe (D)	European Equities Large Cap. Combined	MSCI Pan-Euro (in euros) net dividends reinvested	***	19.97%	25.03%	2.27%	-0.59%	-5.17%
Covéa Actions Europe hors Euro (C)	European Equities Large Cap. Combined	MSCI Europe ex EMU net dividends reinvested	****	17.65%	25.03%	3.22%	-0.59%	-5.10%
Covéa Actions Europe Opportunités (AC)	Europe Equities Flex Cap	MSCI Pan-Euro (in euros) net dividends reinvested	****	21.69%	27.48%	7.25%	2.83%	-5.17%
Covéa Actions Europe Opportunités (IC)	Europe Equities Flex Cap	MSCI Pan-Euro (in euros) net dividends reinvested	****	21.71%	27.48%	8.32%	2.83%	-5.17%
Covéa Actions France (C)	French Equities Large Cap.	-	***	25.98%	29.98%	-1.26%	-3.23%	
Covéa Actions France (D)	French Equities Large Cap.	-	***	25.94%	29.98%	-1.25%	-3.23%	
Covéa Actions France (IC)	French Equities Large Cap.	-	***	25.98%	29.98%	-0.27%	-3.23%	
Covéa Actions Investissement (C)	International Equities Large Cap. Perf.	60% S&P 500 + 40% MSCI Pan-Euro net dividends reinvested	***	20.34%	20.22%	9.15%	16.47%	2.56%
Covéa Actions Japon (C)	Japanese Equities Large Cap.	Nikkei 300 (in euros) dividends not reinvested	****	18.76%	20.11%	18.62%	5.38%	4.51%
Covéa Actions Monde (AC)	International Equities Large Cap. Perf.	55% S&P 500 + 30% MSCI Pan-Euro + 15% MSCI Asia (in euros) dividends reinvested	***	20.02%	20.22%	11.13%	16.47%	4.33%

	Morningstar classification	Benchmark index	stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	2020 PERFORMANCE		
						UCIs	Morningstar category	Benchmark index
Covéa Actions Monde (IC)	International Equities Large Cap. Perf.	55% S&P 500 + 30% MSCI Pan-Euro + 15% MSCI Asia (in euros) dividends reinvested	****	20.04%	20.22%	12.35%	16.47%	4.33%
Covéa Actions Rendement (C)	European Equities Yield	MSCI EMU (in euros) net dividends reinvested	***	26.50%	27.57%	-5.67%	-6.77%	-1.02%
Covéa Actions Rendement (D)	European Equities Yield	MSCI EMU (in euros) net dividends reinvested	***	26.51%	27.57%	-5.66%	-6.77%	-1.02%
Covéa Perspectives Entreprises (AC)	French Equities Small and Mid. Cap.	CAC Small & Mid Cap net dividends reinvested	***	29.91%	30.60%	9.58%	8.75%	-0.13%
Covéa Perspectives Entreprises (IC)	French Equities Small and Mid. Cap.	CAC Small & Mid Cap net dividends reinvested	****	29.92%	30.60%	10.35%	8.75%	-0.13%
Covéa Ruptures (AC)	International Equities Large Cap. Perf.	MSCI World (in euros) net dividends reinvested		20.46%	20.22%	27.57%	16.47%	6.11%
Covéa Ruptures (IC)	International Equities Large Cap. Perf.	MSCI World (in euros) net dividends reinvested		20.47%	20.22%	28.47%	16.47%	6.11%
AIFs								
Covéa Actions Europe Instit (C)	Large Cap Eurozone Equities	MSCI Pan-Euro (in euros) net dividends reinvested	****	22.34%	27.86%	3.98%	-1.23%	-5.17%
Covéa Actions Europe Instit II (C)	Large Cap Eurozone Equities	MSCI Pan-Euro (in euros) net dividends reinvested	****	22.87%	27.86%	2.55%	-1.23%	-5.17%
Covéa Actions Europe Instit III (C and/or D)	Large Cap Eurozone Equities	MSCI Pan-Euro (in euros) net dividends reinvested	****	21.80%	27.86%	5.97%	-1.23%	-5.17%
Covéa Actions Solidaires (C)	French Equities Large Cap.	-	****	21.23%	29.98%	1.69%	-3.23%	
Range with environmental themes								
UCITS								
Covéa Aeris (AC)	Equities Ecology Sector	-		29.95%	24.26%	16.44%	19.69%	
Covéa Aeris (IC)	Equities Ecology Sector	-		29.97%	24.26%	17.74%	19.69%	
Covéa Aqua (AC)	Equities Water Sector	-		26.68%	21.38%	3.91%	6.64%	
Covéa Aqua (IC)	Equities Water Sector	-		26.70%	21.38%	4.95%	6.64%	
Covéa Solis (AC)	Equities Ecology Sector	-		30.47%	24.26%	21.82%	19.69%	
Covéa Solis (IC)	Equities Ecology Sector	-		30.48%	24.26%	23.17%	19.69%	
Covéa Terra (AC)	Equities Ecology Sector	-		23.14%	24.26%	15.42%	19.69%	
Covéa Terra (IC)	Equities Ecology Sector	-		23.16%	24.26%	16.61%	19.69%	



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