

The biggest challenges in asset management
as seen by Covéa Finance

VIEWPOINTS



N°3 | ANNUAL REPORT

CO
vea Finance

Covéa Finance

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

Covéa

The Covéa mutual insurance group is a European leader in insurance and reinsurance. Covéa is a robust and dynamic financial player, the leading property and liability insurer in France, operating via three brands: MAAF, MMA and GMF, and a leading global reinsurer via the PartnerRe brand.

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For the third consecutive year, we are publishing *Viewpoints*, a document that sets out our strategy and results and reviews the trends underpinning them. We will repeat this exercise each year for the duration of our strategic plan, which runs until the end of 2026. This year, we believe it is all the more essential to take this time to analyse and put things into perspective: our aim is to cast light on a world where risks are multiplying and intertwining. This interpretation of the world gives full meaning to our “Ambition 2026” strategic plan, which is entering its second phase.

“2023 has been a year of introspection but also of surprises, characterised by the emergence of new equilibriums.”

GHISLAINE BAILLY,
CHAIRWOMAN
OF COVÉA FINANCE

“
The old world order has been overturned, with major consequences for the international companies that have been driving the stock markets for decades.
”

2023 was a year of introspection for a company such as Covéa Finance, whose activity is intrinsically linked to global developments. It was a year of introspection but also one of surprises.

The context of slowing inflation in the eurozone and the United States, against a backdrop of resilient activity, particularly in terms of employment, was interpreted enthusiastically by economists and financiers as proof of the success of the central banks (the Fed¹ and the ECB²) in managing to orchestrate a soft landing for our economies, a diagnosis that Covéa Finance does not share.

A new world is emerging. The war between Russia and Ukraine, which began in 2022, looks set to continue and is no longer causing turbulence on the financial markets. 2023 marked the opening of a new front following the attack by the Palestinian Hamas movement on Israeli soil on 7 October and the Israeli response that followed, once again highlighting the tensions that these conflicts create within the international community. The latter now appears divided, with, on the one hand, the so-called Western countries and the BRICS³ countries (joined by five new members, some of whom, like Saudi Arabia, are allies of the United States) and, on the other, two major sources of conflict in a single war.

The increase in conflicts and the emergence of a form of “rebellion” against real or supposed Western supremacy are a consequence of the follow-my-leader attitude of all Western countries in the NATO-led conflicts of the 21st century, with NATO often seen as the armed wing of American imperialism. This follow-my-leader attitude has caused many countries to shift from a rejection of American hegemony to a broader rejection of Western hegemony, bringing with it a rejection of the West’s democratic values. This amounts to a challenge to Western domination that affects Africa as well as Latin America and Asia.

Finally, beyond the conflicts, climate accidents have continued to occur, as in 2022. Against such a backdrop, what are the implications for the world of finance? The old world order has been overturned, with major consequences for the international companies that have been driving the stock markets for decades. Barriers to free competition are multiplying in a world in gestation.

War is inextricably linked with finance, just as armed conflicts are with the economy and trade. However, the obstacles to the latter (loss of business opportunities for companies, difficulties in accessing suppliers and loss of economies of scale) are increasing as Western countries have developed a dependence on the rest of the world that has become out of control, highlighted by the various crises that have plagued our daily lives for several years. Economic relations are thus becoming formidable tools for exerting pressure on the holders of natural resources, factories, workers, and therefore skills and often even technologies. By way of example, by the end of 2023, China had installed more than 50% of the robots deployed worldwide, and its electric car production volume now makes it the world’s most powerful car maker.

The European Union, ill-equipped in this context, as has become evident from the Russian-Ukrainian conflict, is nevertheless continuing to implement its regulatory and ecological transition projects. This is at a time when the interventionism of States and national or supranational regulatory authorities, through the accumulation of regulations, is weighing on companies operating in Europe, increasing their costs, curbing their margins and impacting the investments of tomorrow. This interventionism is also having an impact on amplifying a process of disempowerment of those involved in economic life (companies, leaders and employees) which began several years ago as a result of hyper-specialisation, technology and multiple regulations. This disempowerment, which is more suffered than desired, has a detrimental effect on the capacity for autonomy, initiative and imagination. It is accompanied by the latent risk, in the long term, of seeing technical skills decline and thus, in a way, of hampering the capacity for innovation. Because a society that stops dreaming and inventing jeopardises progress and the future. Covéa Finance is not giving up, however, and has confidence in its employees, who are aware of their responsibilities, and who always retain their independence of mind and their ability to think, nurtured by the company’s shared values and its founding principles.

1. US Federal Reserve. 2. European Central Bank. 3. The BRICS, originally composed of Brazil, Russia, India, China and South Africa, now have five new members: Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates.

A year of transition and adaptation

2023 will have shaken the asset management market somewhat. The return of inflation on both sides of the Atlantic, which the central banks considered to be temporary in 2021, and the risk of seeing it become anchored in a political and geopolitical context favourable to the establishment of structural inflation, prompted the Fed and ECB to take radical and rapid action, essentially via a large-scale rise in short-term interest rates. This movement caused long-term interest rates to rise and bond prices to fall. The first consequence of this was a fall in the assets under management of traditional asset management companies, particularly in France, which are highly geared towards investing in bonds, and the second effect was a return of the appeal of money market investments, particularly money market SICAVs. These two factors

put pressure on the profitability of asset management companies such as Covéa Finance, while costs relating to new regulations (SFDR¹, CSRD¹, CSDR², IFAD³, DORA⁴, etc.) constantly increased, as did expenses related to the IT system and the acquisition of mandatory but still unreliable extra-financial data.

Despite the expansion of our institutional and individual client base via the unit-linked products offered by insurers, our “Ambition 2026” strategic plan, based on four battlegrounds, suffered a number of blows. However, it made major progress with the completion of structural projects for Covéa Finance. Successful projects, mobilised teams, aware of the issues at stake because they are stakeholders in the company’s strategy, and our company’s solid reputation, as highlighted in the Leaders League

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Despite the turbulent climate, our “Ambition 2026” strategic plan made major progress in 2023 with the finalisation of projects that will shape Covéa Finance’s future.

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2024 ranking by Décideurs Magazine, in which Covéa Finance is listed in the “reputed practice” category of asset management companies for banking and insurance groups: these are all decisive factors in adapting and adjusting our strategic plan to the new realities and building on the progress made thanks to the commitment of all our teams.

The new reality we are facing has led us to adjust our business in order to stabilise the accounts of our company, which is suffering a significant decrease in assets under management due to the fall in the value of our insurers’ bond investments. Knowing how to pull back before it is too late is the best way to be able to start again on a solid footing.

Finally, the return of inflation and its impact on both purchasing power and claims costs, combined with the rise in interest rates, have also had major impacts for life and non-life insurers. The latter are once again facing major losses due to extreme weather events. Our priorities for the last three-year cycle of our “Ambition 2026” strategic plan will therefore be to support our life insurers in their drive to revitalise inflows by making the euro fund the lever for new money invested in unit-linked products and to support our non-life insurers in covering their commitments, while continuing to work with our external clients.

At the same time, the need to respond to the major challenges of tomorrow’s world (cybersecurity, sustainable finance, regulatory constraints, etc.) will remain for our company and will continue to mobilise our teams, with the guiding principle always being the need to increase our productivity gains, with a view to absorbing the associated rise in costs. There is no doubt that our thinking in this area will incorporate the contribution of innovations stemming from artificial intelligence, a topic that is the subject of a dedicated project as part of our “Ambition 2026” strategic plan. Adapting, adjusting and providing support will still be the watchwords that will guide Covéa Finance in 2024 and beyond.

1. The European SFDR and CSRD regulations aim to strengthen disclosure and transparency requirements on ESG issues.
2. The European CSDR Regulation establishes uniform requirements for the settlement of financial instruments in the European Union as well as rules on the organisation of central securities depositories (CSDs) and the conduct of their activities, in order to promote safe, efficient and easy settlement.
3. The European IFAD regulation is designed to provide a framework for access to financial data.
4. The European DORA regulation, on digital operational resilience for the financial sector, covers the regulation, supervision and management of risks related to information and communication technologies (ICT) and the security of information systems in the financial sector.



Our expertise

Covéa Finance, the Covéa Group's asset management company, is independent in its decisions and targets long-term performance. Through the work of its integrated Research teams, the company enjoys recognised and award-winning analytical abilities enabling it to anticipate changes in its environment. Its corporate philosophy puts risk management at the heart of its employees' activities, where all employees contribute their expertise and know-how to support its clients.

“

All the Asset Management and Research teams work together to help us implement our investment policy based on our Economic and Financial Outlooks. European and International Equity Management, Fixed Income Management and Multi-Management are all committed to cultivating profound reflection as well as our ability to be agile and responsive in markets rich in opportunities.

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FRANCIS JAISSON,
MANAGING DIRECTOR,
IN CHARGE OF ASSET MANAGEMENT,
MARKETING, TRADING AND RESEARCH



GOLD TROPHY
for the best “diversified funds” range over three years in the insurance companies category

Our challenge

To ensure long-term performance for our clients through expertise derived from our knowledge of management under mandate for insurance companies.

Our objective

To preserve the capital entrusted to us by protecting it from monetary erosion and by requiring compensation for the risk taken, an objective that requires knowing how to position ourselves on the financial markets and being able to maintain that positioning or re-evaluate it in light of events. Adaptability and responsiveness are the key words both for anticipating developments in the financial markets and for meeting the expectations and specific requirements of each client.

Our strength

Recognised and sustainable know-how, initially developed for the Covéa Group's brands, now accessible to institutional players and the French world of distribution.

Our fund management philosophy

Our investment process raises cooperation to the status of a fundamental principle at all decision-making levels. We draw on our four major strengths: our method, our employees, our clients and our tools. Our asset management philosophy is built around a long-term vision: an understanding of the world based on fundamentals which give meaning to the economy and strategic direction to our investments. The aim of this expertise is to implement asset allocation which is based on our Economic and Financial Outlooks (EFO).

OUR EXPERTISE

Our activities



Our method

1. Anticipate to be responsive

Our structure enables us to have a reactive fund management style. It gives us the ability to seize the best market opportunities while maintaining the objective of striving for sustainable, long-term performance. Our research teams and our cross-functional committees bring added insight, allowing us to have a full understanding of the economic environment. All these factors enable us to be responsive and to prepare our fund management decisions on the financial markets as effectively as possible.

2. Selectivity in our choice of securities

Thanks to our comprehensive understanding of economic models, our studies conducted over several long-term economic cycles and the contribution of quantitative research, our unique approach to companies enables us to have a strong positioning.

3. Wide sector and geographical coverage

Our Asset Management and Research teams, experts and support staff, cover all geographical regions and sectors.

4. A sustainable and proven management process

The in-depth study of the economic and financial environment enables us to identify the areas in which to invest.

“Ambition 2026”: mid-term review and outlook

Covéa Finance’s strategic plan was drawn up in 2019. Its implementation was initially due to begin in 2020 but was postponed until 2021 due to the consequences of the pandemic. Called “Ambition 2026”, it is built around four major challenges: the battle for assets under management, the battle for inflows, the battle for innovation and the battle for teamwork. By the end of 2023, i.e. halfway through the plan, many successes had already been attributed to it. These were achieved in a very tense geopolitical climate, in the midst of a reconfiguration of the world and in a complex economic and financial environment: all factors that could have slowed or hindered certain initiatives within the company. Since the launch of the plan, numerous projects have been deployed within the teams. While some projects have already been completed, others will continue until 2026, punctuated by “Rencontres Ambition” meetings: regular progress reviews involving sponsors, project leaders and managers, as well as “Cafés Ambition” meetings involving sponsors and all employees.



COMPLETION OF PROJECTS CONCERNING THE BATTLE FOR TEAMWORK

Benefits: strengthened collective responsibility, optimised internal communication and the promotion of skills, motivations and initiatives.

SETTING UP A MARKET CRISIS UNIT

Optimisation of the organisation so as to be ever more responsive to market crises with the creation of a crisis unit dedicated to the financial markets. Its aim is to raise employee awareness internally and enable work to be shared via external communications to our clients.

ASSET DIVERSIFICATION STRATEGY

Continued deployment of private equity on behalf of the Covéa Group and launch of a private debt fund of funds

REORGANISATION OF THE MARKETING DEPARTMENT.

Reorganisation into two teams: one dedicated to supporting the Group networks and the other dedicated to external clients to provide better targeted and more effective support for our clients.

POSITIONING RESEARCH AT THE CENTRE OF THE INVESTMENT PROCESS

Strengthening of synergies between the core business functions in the service of Asset Management, a guarantee of our independence of mind.

LAUNCH OF THE STRATEGIC PLAN

Launch following an inaugural two-day working seminar in May 2019 attended by the Executive Committee and department heads.



2024–2026 Covéa Finance adjusts its course

As the environment in which Covéa Finance operates is particularly volatile, the challenges facing the company have changed. The world is experiencing a rare combination of headwinds: the Russian-Ukrainian conflict, a sharp and rapid rise in interest rates, rising claims rates, a continued increase in regulatory requirements, competition from passive asset management, etc. Covéa Finance has taken collective action and displayed clear-sightedness in adjusting its course.

Putting clients first...

At a time when Covéa Finance is facing increased competition and must meet the high expectations of its clients, the battle for assets under management and all related issues will remain the business plan's major objective.

... by drawing on Covéa Finance’s strengths

- “Finance at the service of Insurance” with the resulting know-how and expertise.
- Financial ethics governing the performance of its business, based on a set of founding principles that Covéa Finance constantly strives to regenerate.
- Stronger together

4

battles over 6 years, 1 of which completed

12

initiatives, 5 of which finalised

30

projects, 11 of which in the process of being deployed and 19 already deployed

Key figures

at 31 December 2023

ASSETS UNDER MANAGEMENT

€83.8 billion

SHAREHOLDERS' EQUITY

€77.1 million (after distribution)

RETURN ON EQUITY

21% ROE

53 UCIs

including 41 open to the public

€13.7 billion of UCI AUM

DISTRIBUTABLE NET INCOME

€14.9 MILLION

83.7%

Semi-gross cost to income ratio

€117M

In Revenue

11th

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

* Based on AUM at 31/12/2022.

185

Employees

20

Management mandates

CSR Indicators

GENDER EQUALITY INDEX

94/100

REVENUE INVESTED IN THE PUBLIC INTEREST

0.13%

ENERGY CONSUMPTION

293 MWh (compared with 297 MWh in 2022)

OUR WASTE RECYCLING RATE

57% (compared with 33% in 2022)

12.4%

Percentage of senior citizens aged over 55

44.9%

Women working at the company

98%

Staff having followed non-mandatory training

100%

of our business lines and teams located in France

Covéa Group's vision

Faced with the challenges of today's world, the Covéa Group remains committed to the principle of long-term fund management, at the service of insurance, drawing on the expertise of its subsidiary Covéa Finance.

How would you describe 2023?

OLIVIER LE BORGNE: The year saw its share of major and multi-faceted events, ranging from economic and financial to geopolitical and social. Global growth generally slowed under the combined effect of high inflation (even though inflation gradually eased throughout the year) and an unprecedented spike in rates, although long-term rates fell towards the end of the year. Equity markets showed resilience, even reaching all-time highs, despite a tense geopolitical context with the continuing war in Ukraine and the emergence of a major conflict in the Middle East. In short, it was again a year characterised by powerful dynamics, sometimes a source of volatility and uncertainty, but also of interesting opportunities, which Covéa Finance has successfully exploited.

Against this backdrop, how do you analyse Covéa Finance's results?

O. L. B.: Once again this year, Covéa Finance was able to adapt to a complex environment and "make the most of it". There were, of course, sales of shares at opportune times when markets were rising, which enabled significant capital gains to be made, but this was also accompanied by the rise in interest rates when intervention points were reached, all while respecting rigorous fund management and fundamentals, which remain at the heart of Covéa Finance's expertise. Covéa Finance was able to operate successfully in the short term during this year full of ups and downs, while continuing to contribute to the long-term vision that characterises the Covéa Group.



OLIVIER LE BORGNE,
MANAGING DIRECTOR
OF INVESTMENTS,
COVÉA GROUP

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The year was marked
by the sale of shares
at opportune times,
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capital gains, and also
by the accompanying
rise in interest rates
when intervention points
were reached.
”

“The solid relationship of trust between Covéa and Covéa Finance is the result of many years of cooperation in increasingly sophisticated and uncertain economic and financial environments.”

How would you define the relationship between Covéa and Covéa Finance?

O. L. B.: The solid relationship of trust between Covéa and Covéa Finance is the result of many years of cooperation in increasingly sophisticated and uncertain economic and financial environments. We have a shared history that has enabled us to structure and test an approach and reflexes that are largely oriented towards the long term, while constantly adapting our approach to changing circumstances. This is, I think, the strength of our model, which makes Covéa Finance and its entire integrated value chain our best ally.

What is the outlook for 2024? Given the current challenges, what does the Group expect from Covéa Finance?

O. L. B.: 2024 will be another source of change with, among other things, the US election, the European elections, the likely resumption of corporate mergers and acquisitions and a weaker global growth forecast than in 2023. In addition, it will be essential to continue to support regulatory developments linked to sustainability, which concern both insurers and fund management companies, while also maintaining our alignment of interests on this aspect. Faced with these challenges, the Covéa Group will remain committed to building long-term fund management, which underpins our shared precept: "Finance at the service of insurance". I know that I can count on Covéa Finance to act in accordance with its fundamentals to ensure the proper and sound management of the Group's assets over the long term.

Governance

“Renewing governance while perpetuating our fund management philosophy.”



Executive Committee

As at 31 December 2023

From left to right:

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

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

Ghislaine Bailly
Chairwoman

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

Since the end of 2022, Covéa Finance has initiated a change in its governing bodies with the aim of perpetuating the fundamentals that make up the company’s DNA. The guiding principle is change with continuity, without any disruption, thanks to an orchestrated transfer of skills and the fund management philosophy. “In 2023, the bodies set up in 2022 (Executive Committee, Operational Executive Committee, Audit Committee and “Ambition 2026” strategic plan steering committee) entered the operational phase, while at the same time we were fine-tuning the retirement schedule for a number of directors, due to retire between 2024 and 2025. Thus, initial changes in scope and functions, particularly at the Asset Management level, have already been agreed,” said

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

ADDITIONAL RESPONSIBILITIES FOR THE OPERATIONAL EXECUTIVE COMMITTEE

The Operational Executive Committee, created with a view to ensuring the transmission of Covéa Finance’s philosophy and culture to a new generation of future executives from its workforce, was expanded with the arrival of representatives from Asset Management and Research, while the Executive Committee entrusted it with additional responsibilities in order to boost the company’s competitiveness and continue the work on adapting to changes in its regulatory and



Operational Executive Committee

As at 31 December 2023

From left to right:

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

Nadia Ben Salah
Head of Legal and Compliance department (Compliance and Internal Control Officer)

Yannick Tatibouët
Executive Director, in charge of Strategic Intelligence, External Relations & Group Coordination

Jacques-André Nadal
Deputy Managing Director in charge of Asset Management

Ghislaine Bailly
Chairwoman

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

Lucile Loquès
Director, Advisor to the Managing Director in charge of Asset Management, Marketing, Trading and Research

Guillaume Gilmant
Head of Human Resources department

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

Frédéric Kleiss
Head of Research department

competitive environment. In addition, the organisation of the control system around the new Head of Compliance and Internal Control and its governance around the Audit and Compliance Committee became fully operational in 2023.

A MORE BROADLY REPRESENTATIVE SOCIAL AND ECONOMIC COMMITTEE (SEC)

The end of 2023 was also marked by trade union elections, which led to the first renewal of the Covéa Finance Social and Economic Committee (SEC). There was significant employee involvement in the voting process, as both voters and candidates. This resulted in the emergence of an unprecedented, broader form of trade union representation, leading to the election of new members of both the Supervisory Board of Covéa Finance’s employee savings products and the company’s Supervisory Board. The outcome of these elections is expected to also have an impact on the negotiations scheduled for 2024 around the collective bargaining agreement and other agreements. Franck Ibalot, Executive Director, in charge of Risk, Operations and Information Systems, was appointed Chairman of this new SEC in December 2023.

Supervisory Board

As at 31 December 2023

Chairman:
Olivier Le Borgne

Vice-Chairwoman:
MMA Vie, represented by Béatrice Savouré

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

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

Remuneration Committee

As at 31 December 2023

Chairman:
Amaury de Hauteclocque
Olivier Le Borgne
Thierry Francq
Ghislaine Bailly

Macroeconomic overview

+40%

Increase in the French debt burden between 2021 and 2023

110.6%

French public debt in 2023 as % of GDP

450

basis points

European Central Bank rate hike in 2022 and 2023

-4.5%

Annual contraction in German industrial production at end 2023

€6,916 billion

France's gross external debt in 2023 or 246% of GDP

In 2023, the world continued the movement towards regionalisation against the backdrop of the end of multilateralism, which we have been describing for many years now, with a confrontation between, on the one hand, the model of the so-called Western countries and, on the other, the positioning of the major emerging countries. In an environment that remains inflationary and subject to heightened geopolitical tensions, with different consequences for the United States and the eurozone, these countries are strengthening their organisation around expanded multilateral bodies to carry more weight vis-à-vis Western economies.

What were the major macroeconomic trends in 2023?

SÉBASTIEN BERTHELOT: The first key point is that the divergence between the US and European economies increased during the year. While US growth held up well despite the Federal Reserve's drastic monetary tightening, activity remained relatively sluggish across the eurozone, with even a mild recession in some countries.

The second major trend was the continued slowdown in inflation in the major developed economies, driven in particular by the fall in the price of energy products. However, prices for services remained buoyant, fuelled by wage increases, and the risk of persistently higher inflation remains. Slowdown is not the same as eradication! Lastly, in addition to the ongoing war in Ukraine, international tensions worsened at the end of the year with the war between Israel and Hamas. On the other side of the world, in China, the post-Covid

recovery has been hampered by weak domestic demand and difficulties in the property sector.

Did multilateralism continue to be called into question in 2023?

S. B.: Absolutely! With a world where conflict is increasing and cooperation decreasing and where countries are trying to secure strategic sectors by promoting industries located in their country, proof of this is the strong growth in construction spending in the manufacturing sector in the United States. At the global level, this is also reflected in the enlargement of the BRICS group¹, which now includes ten so-called "emerging" countries, illustrating the desire to create a "global South", as they call themselves, in the face of Western economic domination.

How did central banks react to inflationary pressure?

S. B.: With persistently high inflation posing significant risks to economies, central banks continued to tighten

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their monetary policies for a few months, before taking a break. Whether in the eurozone or the United States, they remain cautious about inflation returning to the 2% target. After a very rapid and significant upward cycle, the possibility of monetary easing is now in sight.

What have been the consequences of the increase in key rates, particularly on household purchasing power and consumption?

S. B.: Despite tighter monetary conditions, household consumption remained strong in the US. Two factors can explain this phenomenon: on the one hand, the strength of the labour market, which has led to substantial wage gains; on the other, the fact that Americans have continued to draw on the savings they accumulated during the pandemic. By contrast, in the eurozone, despite a tight labour market, consumption remained weak, with the majority of households choosing to save.

What impact has the increase in government debt service costs had in the wake of the Covid crisis?

S. B.: Monetary tightening, coupled with record debt levels, has led to a very sharp increase in government debt service costs. For example, in the

US, interest expense increased by 41% in 2023 and now exceeds \$700 billion, which is a record. In France, between 2021 and 2023, annual debt service costs increased by almost 40%, from €34.6 billion to €48.1 billion. This trend is set to continue as low-rate debt matures and is replaced by higher-rate securities. This increase in the debt burden is reducing room for manoeuvre and risks forcing the budgetary authorities to make trade-offs and adopt less expansionary policies, at a time when countries' structural and strategic spending (military, energy transition, relocations, etc.) is set to increase.

How are you approaching 2024?

S. B.: There are still many sources of uncertainty, in terms of both geopolitics and the direction of monetary and budgetary policies. However, the impact of the tougher stance taken by the central banks is likely to weigh heavily and lead to a slowdown in activity.

1. The BRICS+ include Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates.



SÉBASTIEN BERTHELOT,
HEAD OF
THE MACROECONOMIC
RESEARCH TEAM

“
Uncertainties remain high for 2024, both in terms of geopolitics and the direction of monetary and budgetary policies.
”

“The increase in the debt burden is reducing the room for manoeuvre for governments and risks forcing them to make budgetary trade-offs.”

Financial market overview

An increase in the cost of money, debt and inflation, and governments taking back control of their economies: 2023 saw further turbulence in the financial markets as they faced a drastic tightening of monetary conditions. Against this backdrop, Covéa Finance secured capital gains on equities while remaining patient as regards the bond portfolio.

What was the major challenge facing the financial markets in 2023?

FRANCIS JAISSON: Last year, the challenge for economic agents of adapting to the new interest rate environment was made all the greater by the fact that the rise in the cost of money was historic in terms of both its scale and speed. The debt burden and its sustainability in the face of poor quality growth were therefore key points of attention, even though the financial markets were constantly anticipating the end of anti-inflation monetary policies and took stock market indices close to their all-time highs.

Are we seeing a trend towards governments taking back control of their economies?

F. J.: The past year has seen the return of Politics in a world where confrontational strategies are now being reflected in health regulations and industrial standards, trade exclusions and regional alliances. States have set themselves up as defenders of the strategic interests of their countries through the

implementation of support plans, at the risk of distorting competition or straining diplomatic relations. However, this approach seems necessary to bring investment and employment back to the domestic market, retain local clean technology producers and avoid geopolitical contingencies.

What were the consequences of the weakening of the US banking system in the first half of 2023?

F. J.: This crisis has highlighted the difficulty central banks have in moving away from their unconventional monetary policy when reduced liquidity leads to funding problems. Furthermore, the concentration of deposits in an even smaller number of banks increases systemic risk and could make it more difficult for regulatory authorities to carry out their standardisation work. Finally, our work highlighted the potential consequences of the slowdown in the supply of credit on the financing of certain areas of activity, most notably commercial property, private equity and the innovation ecosystem.



FRANCIS JAISSON,
MANAGING DIRECTOR,
IN CHARGE OF
ASSET MANAGEMENT,
MARKETING, TRADING
AND RESEARCH

“
We implement in the portfolios our Economic and Financial Outlook established collectively for the long term, based on our perception of global developments.
”

OVERVIEW

What can be said about the current economic disparities within the European Union?

F. J.: The European Union is a complex entity, made up of countries with different social, economic, energy and political structures. This heterogeneity was particularly evident in consumer price inflation in 2023, with peaks of 6.4% in France versus 10% in Italy and even 20% in the Baltic countries: a real challenge for the European Central Bank, which has to steer a single monetary policy for the twenty member countries of the eurozone. This observation highlights the complexity of the decision-making process within the European Union.

Against this backdrop, what was Covéa Finance's investment strategy?

F. J.: With multilateralism failing, liberalism has been severely undermined. Trade barriers and constraints on the location of investments are disrupting the way companies operate. We are therefore committed to supporting companies, whether as shareholder or creditor, which have the means to review their business model in a less open world, with lower access to raw materials and less favourable financing conditions. On interest rate markets, the response to inflation was the implementation of a cycle of increases in the key rates of the main central banks. Although

the bond markets reacted swiftly from the first fall in inflation figures in the fourth quarter, we remained vigilant about the emergence of a more inflationary structural equilibrium. As regards our bond portfolio, patience was the order of the day, as in 2022, enabling us to invest more than €10 billion at nearly 3.3%. Furthermore, in a still highly unstable environment, we secured capital gains on equities in line with what we had achieved the previous year.

What is the outlook for 2024?

F. J.: Disruption, transition, switching and reconfiguration are the words that typify the geo-economic environment of the markets. However, not all players will have the capacity or financial means to adapt their organisations and strategies and maintain their position in a world where competition for the capture of savings is fierce. These are the challenges our teams face in the new year. These are also the opportunities we will strive to seize.

“2023 confirmed the shift from a disinflationary world to an inflationary one as well as the end of the belief in a lasting peace.”

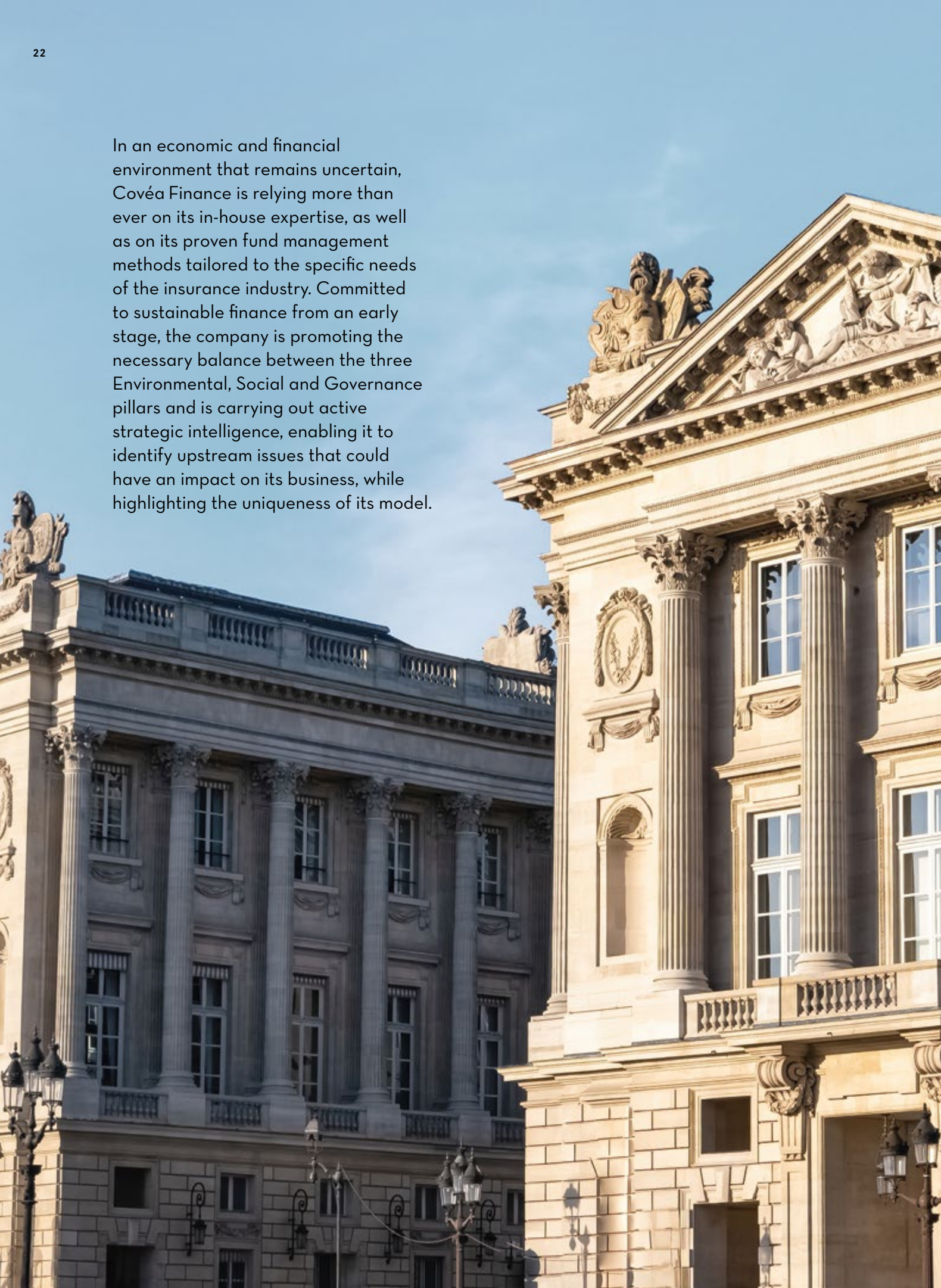
\$12 trillion

Combined market capitalization of the “Magnificent Seven”, Apple, Microsoft, Alphabet, Amazon, Tesla, Meta and Nvidia, up 73% year-on-year.

-80%

Collapse in lithium prices in 2023, caught up by the reality of the economic slowdown and China's industrial destocking.

In an economic and financial environment that remains uncertain, Covéa Finance is relying more than ever on its in-house expertise, as well as on its proven fund management methods tailored to the specific needs of the insurance industry. Committed to sustainable finance from an early stage, the company is promoting the necessary balance between the three Environmental, Social and Governance pillars and is carrying out active strategic intelligence, enabling it to identify upstream issues that could have an impact on its business, while highlighting the uniqueness of its model.



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Our decoding in a world in turmoil

FRÉDÉRIC KLEISS,
HEAD OF RESEARCH DEPARTMENT



A tense global environment

“A year of dilemmas for central banks, torn between fighting inflation and promoting financial stability.”

The dilemma that Covéa Finance describes in its Economic and Financial Outlooks refers to the difficulties in steering monetary policy faced by central banks, torn between the objective of price stability and the need to guarantee the stability of the financial system. To achieve the first, in 2023, central banks implemented an historic tightening of their policies, introducing rapid and significant increases in key rates targeting very high inflation, with the corollary of an increased risk of borrower insolvency. This reaction, which was underestimated by the markets, resulted in tighter financial conditions, with significant rate hikes aimed at curbing demand and, at the same time, continued flexible access to liquidity for institutions experiencing certain temporary difficulties, particularly in the US.

In a rapidly changing international environment, the vast majority of States have chosen to adapt, with measures to promote reindustrialisation and the relocation of production chains, in order to reduce their strategic dependence, highlighted by the Covid-19 pandemic. On this point, however, there is a certain discrepancy between the massive measures taken in the United States under the Inflation Reduction Act (IRA) and the more timid reaction of Europe, which has been more concerned, over the past two years, by the question of its dependence on fossil fuels from Russia, a player in a war now taking place on the doorstep of the European Union.

Against this backdrop, 2024 is set to be a busy year from an economic and financial standpoint, with a political and geopolitical environment that will set the tone as more than 50% of the world's population goes to the polls to vote. And all of this is taking place in a global context that is still fraught with conflict and probably not conducive to multilateral progress on the issue of transforming economies to meet the challenges of the ecological transition.



“Governments’ energy policies waver between good intentions and economic realism.”

In 2023, the global energy map was once again profoundly modified by the rethinking of the international order in the era following the fall of the Berlin Wall and the resulting rise in tensions. The conflicts in Ukraine and the Middle East have each contributed to this fundamental shift. Since February 2022, hydrocarbon trading has been disrupted and routes reshaped: Russia has found new outlets, particularly in India; and Europe now obtains most of its liquefied natural gas (LNG) from the United States, which is increasing the cost of gas and energy and has forced Europe to adapt its overall energy policy, gas stock levels and energy mix.

The energy transition is continuing, but not at the same pace everywhere and is coming up against a variety of obstacles. In the United States, the debate around these issues is crystallising the political confrontation between the Republican and Democratic camps, while in Europe budgetary constraints are limiting ambition, as is the case in Germany.

Against this backdrop, energy supply companies are adjusting their plans so as to adapt to new political and financial conditions. Their investments in renewable energy must factor in the increase in raw material prices and, above all, the rise in interest rates, which has made some projects unviable. Energy-consuming companies are also having to find alternative sources of supply, or risk being forced to relocate – which some are choosing to do. In the first case, this fuels global inflation, as they have to increase their selling prices. In the second case, seen in electro-intensive industries in Europe, this leads to a new wave of de-industrialisation that weighs on current and future growth. All these phenomena will continue in 2024, the trend remaining structurally inflationary and a source of uncertainty for all economic players.

JACQUES-ANDRÉ NADAL,
DEPUTY MANAGING DIRECTOR IN
CHARGE OF ASSET MANAGEMENT



Our ability to decipher a complex world

which guarantees our independence of mind

Drawing on a wide range of expertise and trusting out each other, these are the keys to the success of Covéa Finance’s efforts to decipher the complex world in which it operates and to understand all aspects of the financial market environment.

Covéa Finance’s ability to decipher the complexities of the current climate is closely linked to its first founding principle: foster team spirit. It is this sense of teamwork that enables the company’s strategic thinking to be implemented effectively.

ECONOMIC AND FINANCIAL OUTLOOKS

These are the result of a macroeconomic, geostrategic and microeconomic analysis of the financial environment of the companies in Covéa Finance’s portfolios. The structural importance of the Economic and Financial Outlooks is due as much to the method used to draw them up – a collective effort by the Asset Management and Research teams – as to their crucial role in the development of investment strategies for all the asset classes managed by the company.

“EXPERT DEBATES”

These are meetings organised with intellectuals who are not directly related to the financial world (historians, military specialists and academics), focusing on the issue of public debt. In 2023, it was Professor Henrik Uterwedde¹ who discussed the impact of public debt management on the Franco-German relationship and the future of the European Union. These debates are broadcast on Covéa Finance’s website and questions are raised by listeners.

HALF-YEARLY WEBINARS

Launched in 2023, these aim to disseminate Covéa Finance’s vision of the world and markets more widely, following on from the work carried out with respect to the Economic and Financial Outlooks. Building on the success of the first two editions, the company decided to continue this exercise in 2024 and to make it a regular event.

60+

The average number of participants in the first two webinars organised in 2023. This format is aimed at a diverse audience comprising institutional and retail clients as well as the Covéa Group.

265

The number of views of the webinar replay webpage. These webinars can be replayed at any time on the Covéa Finance website.

1. From the Franco-German Institute in Ludwigsburg

Expertise

that is tried and tested

Covéa Finance uses effective and sustainable methods adapted to the context and challenges of insurance management and structured around its Economic and Financial Outlooks.

“

To effectively meet the needs of its main client, the Covéa Group, Covéa Finance has developed and tested a fund management method and proprietary tools that give it independence in terms of both analysis and action.

”

FRANCIS JAISSON,
MANAGING DIRECTOR,
IN CHARGE OF ASSET MANAGEMENT,
MARKETING, TRADING
AND RESEARCH

Covéa Finance’s fund management method was designed to meet the needs of its main client, the Covéa Group. It is based on the specific accounting and tax features of insurance in France and has clear objectives: preserving capital and generating financial income. Construction of FIFO stacks¹, inclusion of the capitalisation reserve and currency accounting; these are just a few examples of how Covéa Finance’s method meets the needs of the Group, with which the company maintains a close link throughout the year.

Covéa Finance supports the Covéa Group through active and specific portfolio management aimed at preserving and improving recurring financial income. Taking into account the liabilities of companies is an integral part of the company’s know-how, and one of its key indicators is the monitoring and improvement of recurring returns. Covéa Finance seeks to combine risk management and asset allocation in order to help ensure the best possible return for holders of the euro fund, whatever the market conditions.

Covéa Finance’s know-how is based on its continuous analysis of the world, which is published three times a year in its Economic and Financial Outlooks. These form the backbone of Covéa Finance’s asset management process and its ability to manage the portfolios entrusted to it with conviction and with a long-term view. They also allow the company to adapt the positioning of portfolios according to the changes it perceives and anticipates. This expertise enables it to control risk and generate financial income and performance in different market environments.

Lastly, Covéa Finance has decided to maintain its in-house capacity to process thousands of transactions on many financial markets. In line with this, the company has historically invested in high-performance tools, and, more recently, recruited an engineer responsible for managing its execution data internally (data scientist). Its objective has been to improve the selection of its execution counterparties and meet reporting requirements. In addition, the trading desk is involved in collective fund management decisions, which contributes to value creation while ensuring the confidentiality of Covéa Finance transactions.

1. FIFO: “First In, First Out”.

Sustainable finance: issues and approach

“As regards sustainable finance, Covéa Finance attaches great importance to the balance between the E, S and G pillars.”

MARIE-ÈVE KIEFFER,
HEAD OF THE FINANCIAL AND
EXTRA-FINANCIAL ANALYSIS TEAM

The rise of sustainable finance has been accompanied by the emergence of associated regulations. In this context, the obligations incumbent on a fund management company in terms of transparency and communication have led Covéa Finance to broaden its approach and assessment of risk by looking beyond purely financial criteria. This reconfiguration has included the need to increase employee expertise, change processes by including more business lines, and make strategic choices to secure access to ESG data and strengthen its control, particularly with the development of proprietary assessment models.

Covéa Finance's commitment to sustainable finance has historically been long-term. In 2015, the company worked to formalise its approach by giving particular importance to the Governance pillar through its voting at general meetings, then expanded its approach in subsequent years by looking at companies' social and environmental practices. Today, Covéa Finance's fund management philosophy is placing more emphasis than ever on the necessary balance between the three pillars (E, S and G), to achieve an overall assessment of sustainable finance. This is a natural choice for the fund management company of the Covéa mutual insurance group, which places people at the heart of its concerns and strives to understand the changing world in which its members operate, in order to better serve them.

The ESG approach has thus formalised the principles that Covéa Finance has applied since its creation, as the company has always set clear limits in terms of investment choices, in line with its ethical principles. While the main change in recent years has revolved around the importance of environmental criteria, the E pillar, this strong trend should not, however, lead us to downplay the S and G pillars.



“True to its spirit of independence, Covéa Finance has undertaken to create its own ESG rating model.”

There are a number of requirements in terms of sustainable finance, governed by European and French legislation. They are more complex if the funds have some form of certification, as in the case of our range of funds with an environmental theme. Faced with this plethora of regulations, Covéa Finance has decided to work on the basis of a common foundation, supplemented by specific building blocks depending on the orientation of the funds. This formalisation is a long and evolving process, because regulations are constantly changing: we will therefore have to continue to supplement this common foundation and the range of building blocks. In this way, we are able to effectively integrate the sustainable finance dimension into our asset management processes (equities, fixed income and multi-management).

Among the requirements, the supervisory authorities now make fund management companies responsible for monitoring data providers. In other words, they ask us to guarantee the quality of the extra-financial rating of issuers. However, there is currently no common and universal method for all data providers, which makes comparisons and controls difficult. This is why Covéa Finance has decided to define its own rating, based on raw data, acquired externally, admittedly, but calculated according to a proprietary method that allows us to control our assessment of issuers. This major project, which involves Asset Management, Financial and Extra-Financial Analysis, Quantitative Research, Compliance, Reporting and IT, is a fine example of collaboration and collective responsibility, one of our major principles. Or alternatively it shows how, by taking a constraint as a starting point, a team can combine all the expertise that makes it up in order to move the company forward, as well as the employees individually, each of whom has to step outside his or her comfort zone in order to innovate.

LUCILE LOQUÈS,
DIRECTOR, ADVISOR TO
THE MANAGING DIRECTOR
IN CHARGE OF ASSET
MANAGEMENT, MARKETING,
TRADING AND RESEARCH



Sustainable finance

A close collaboration with the Covéa Group

As regards sustainable finance, the Covéa Group draws on Covéa Finance’s historical expertise. This is a subject on which the Group and fund management company teams work hand in hand throughout the year.

Coordination on sustainable finance matters between Covéa, the insurer, and Covéa Finance, the fund management company, is now more essential than ever given the growing regulatory requirements. To this end, Covéa Finance’s Strategic Intelligence, External Relations and Group Coordination Division maintains an ongoing dialogue with many of the Group’s divisions in order to provide them with its expertise through the sharing of information on sustainable finance issues, which are gaining in importance year on year. Its main contacts are: the Investment Division; the Transformation, Finance and Sustainability Division; the Life Insurance Division; the Corporate Social Responsibility Division and Covéa Immobilier.

Through these discussions, Covéa Finance is positioning itself within the Group as a specialist in

sustainability issues. The Strategic Intelligence, External Relations and Group Coordination Division thus participates in various committees, meetings and working groups throughout the year. At the operational level, Covéa Finance contributes to the Group’s extra-financial reports as well as questionnaires (regulatory or otherwise) and market surveys.

In addition to relations with the Group, the Strategic Intelligence, External Relations and Coordination Division also organises several projects internally, at Covéa Finance, around sustainable finance. This in-depth work benefits both the company itself and Covéa, as well as the relationship between the Group and its subsidiary.

1. The European SFDR and CSRD regulations aim to strengthen disclosure and transparency requirements on ESG issues. 2. The taxonomy refers to the classification of economic activities having a favourable impact on the environment. The ultimate aim is to direct investment towards “green” activities. 3. The Green Industry Act aims to accelerate the country’s reindustrialisation and make France the leader in green industry in Europe. 4. The aim of the French SRI certification is to offer greater visibility to investment funds that comply with the principles of socially responsible investment.

100+

Number of meetings organised in 2023 between Covéa Finance and the Covéa Group on sustainable finance issues.

2

Number of key European regulations (SFDR¹ and taxonomy²).

2

Number of national laws or regulations that will impact Covéa Finance’s product range (Green Industry Act³ and new SRI certification reference framework⁴).



Supporting savers

in their investment choices and companies in their activities towards greener and more inclusive growth

Covéa Finance offers its savers investment solutions that respond to contemporary and societal concerns and supports companies that are driving change in environmental, social and governance issues through six SRI-certified funds¹.

CHALLENGES

As an asset management company serving the insurance industry, Covéa Finance contributes to the long-term financing of the economy. Through its four environmental funds² launched five years ago, Covéa Finance enables savers to support the energy and ecological transition and the fight against global warming. In addition, the company owns the Covéa Actions Solidaires fund, which promotes social cohesion by encouraging the integration of people in precarious economic situations: 5% to 10% of the fund’s assets are invested in unlisted shares in socially useful solidarity structures. It also owns the Covéa Flexible ISR fund, which operates according to three pillars: respect for human resources, respect for the environment and proper functioning of corporate governance.

These investments are based on an SRI approach and a robust fund management process, making it possible to assess companies, beyond financial fundamentals, from an extra-financial

perspective and using a solidarity-based approach. All six funds have been awarded the SRI label, confirming their commitment to this approach.

COMMITMENT

Covéa Finance aims to support selected companies towards greater sustainability by financing their projects, as well as by reconciling financial performance with the three pillars (Environmental, Social and Governance). With this in mind, the teams maintain a dynamic shareholder dialogue that encourages companies to improve their practices. They also actively monitor controversies that may lead to the exclusion of certain companies.

There is evidence that this commitment is long-standing: Covéa Finance’s commitment to SRI funds dates back to 2001 for the Covéa Flexible ISR fund and to 2007 for the Covéa Actions Solidaires fund.

“Covéa Finance offers savers the opportunity to invest in companies that take a long-term approach by integrating environmental and societal concerns.”

PAULINE BRUNAUD,
EUROPEAN EQUITIES UCI MANAGER

1 SRI: Socially Responsible Investment 2. The environmental-themed range currently includes four funds: Covéa Aeris (decarbonisation of the economy), Covéa Solis (energy transition), Covéa Aqua (responsible water resources management) and Covéa Terra (responsible production and consumption).

Strategic Intelligence, External Relations and Group Coordination

Staying alert and highlighting the specific features of Covéa Finance's model

Covéa Finance endeavours to identify the issues that will affect its model and to represent the company, and sometimes the Covéa Group, at industry events.

FROM LEFT TO RIGHT:
LAURA NOUVEL,
YANNICK TATIBOUËT AND
VALÉRIE PIQUET-GAUTHIER



“ We pay particular attention to maintaining the alignment of interests between the Covéa Group and Covéa Finance. ”

YANNICK TATIBOUËT,
EXECUTIVE DIRECTOR,
IN CHARGE OF STRATEGIC
INTELLIGENCE, EXTERNAL
RELATIONS & GROUP
COORDINATION

Strategic Intelligence

Strategic Intelligence involves identifying and actively monitoring issues that may concern Covéa Finance as a fund management company and subsidiary of an insurance group. This involves producing analysis and summary reports, mappings or teaching materials, which are shared with the teams concerned. The identification of specific issues may lead to the implementation of operational projects coordinated by the Strategic Intelligence, External Relations and Group Coordination Division. In 2023, this Division initiated work to identify “institutions’ strategic priorities”. Its aim was to shed light on the environment in which the company operates.

External relations

The Strategic Intelligence, External Relations and Group Coordination Division actively contributes throughout the year to the working groups of professional federations, namely the AFG (French Financial Management Association – Association française de la gestion financière), as well as France Assureurs (the main professional representative body for insurance companies in France) and Paris Europlace (association for the promotion and development of the Paris financial centre). It also coordinates Covéa Finance’s responses and contributions to various industry questionnaires on investment, the dominant subject in recent years being sustainable finance.

Coordination with the Covéa Group

The Covéa Group is Covéa Finance’s main client. This creates links between the two entities, which are constantly seeking to align their interests. The Group is multi-faceted and comprises a number of different business lines. This is why the Strategic Intelligence, External Relations and Group Coordination Division works closely with several of its divisions, in particular, but not exclusively, on sustainable finance issues.

Cross-functionality

In addition to the three core activities mentioned above, the Strategic Intelligence, External Relations and Group Coordination Division has regular discussions with all Covéa Finance teams. In 2023, it coordinated work on sustainability: defining sustainability and sustainable investment, as well as producing calculations based on the European Union’s environmental taxonomy. It is also responsible for coordinating Covéa Finance’s contributions to the ESG reports produced by the Group’s life insurance entities and now supervises the production of Covéa Finance’s ESG report and its AMF appendices. More particularly, this work involves close collaboration with the Research, Asset Management, Data and Reporting and Compliance teams.

Covéa Finance's business lines strive to ensure that excellence, throughout the value chain, goes well beyond asset management itself, through the cooperation of the business lines and the use of proprietary tools. This applies from research, now placed at the heart of the investment process, through to risk control, now repositioned further upstream in the process. In addition, in order to fully guarantee the quality of the data used, the company has a dedicated department responsible for overseeing its entire life cycle.

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Focus on Business Lines

Our response in a changing world

Round table

A value chain dedicated to excellence



ALAIN OURVOY,
FINANCIAL AND EXTRA-FINANCIAL
ANALYST

In-depth analyses, reliability of data, risk control, performance calculations, settlement-delivery: Covéa Finance's business lines strive together to guarantee excellence at all stages of the value chain.

Alain Ourvoy:

Finance is not an exact science, and the human factor, in the broadest sense, plays an important role. In this respect, the work of the Financial and Extra-Financial Analysis team involves providing fund managers with key information to help them with their investment decisions. To this end, we analyse companies through their strategy, their positioning on the markets, their financial and extra-financial performance and their valuation. To achieve this, we each rely on in-depth knowledge of the sectors for which we are responsible, as well as regular discussions with the companies concerned, while constantly monitoring the environment in which they operate. This proximity to the economic fabric is reflected in our contacts with company management and our demanding shareholder dialogues, the aim of which is to enable our analysts to best meet the

needs of Asset Management. Finally, we cultivate interactions with the other two teams in the Research department, namely Macroeconomic Research and Quantitative Research, whose work supplements our analysis.

Samir Ramdane:

If I had to sum up the fund managers' work in one simple sentence, I would say that we are responsible for investing the money entrusted to the company. To do this in the most efficient and enlightened way possible, we use all the inputs and analyses produced by Covéa Finance. Firstly, the insight on the economic situation provided by our Economic and Financial Outlooks helps us determine our investment framework. In addition, the work of the Research teams is an invaluable decision-making tool. We work together, in particular with financial and extra-financial analysts, to identify investment themes and the best way to take advantage of them in our portfolios: for example, if a regulation is about to make composting mandatory, we search, together, for the economic players concerned and, based on the studies carried out by our analysts, we make a selection. Asset Management validates key points before investing, through a systematic and rigorous approach that contributes to excellence. We also go out into the

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field, directly to production sites, to get a feel for certain realities that are impossible to grasp in any other way. Finally, of course, to ensure our decision-making is exhaustive, we also interact with all the other links in the value chain, such as Risk Control or Legal and Compliance department, the latter providing us with guidance on regulatory matters.

Soufiane Jaouani:

In terms of Risk Control, our mission is to identify, classify and quantify the risks that could affect the value of our portfolios under management, while continuously analysing their changes using the indicators we consider most relevant, on a case-by-case basis. The team also ensures compliance with the various investment constraints, both internal (emanating from company senior management or

SAMIR RAMDANE,
HEAD OF THE EUROPEAN EQUITIES
UCI TEAM



SOUFIANE JAOUANI,
HEAD OF THE RISK CONTROL TEAM

our clients) and external (arising from regulations). At Covéa Finance, Risk Control now contributes to the work of many fund management committees, and is therefore involved right from the outset, alongside the Asset Management and Research teams, so as to enable us to anticipate the elements to be monitored and the information to be disseminated. Finally, our role is also to sound the alarm. Through the various reports that include figures and comments on the situation of our investments, as well as through the regular monitoring of risk indicators





MOHAND BENBACHIR,
HEAD OF THE REPOSITORY
AND MARKET DATA TEAM

in respect of relevant internal limits, we are provided with an overview of threshold breaches. Thus, we can immediately notify the Asset Management teams or company senior management if necessary, to enable them to take the necessary corrective measures to guarantee the protection of our portfolios.

Mohand Benbachir:

The quality and reliability of market data is crucial to the smooth operation of the financial management cycle, including decision-making, risk calculation, portfolio valuation and financial reporting. The Repository and Market Data team provides its expertise in the data acquisition process,

managing the relationship with suppliers as well as assisting internal users of flow services and terminals. In particular, they make it possible to monitor changes in the prices of financial instruments and to access financial and economic information. Our role is also to administer the data and ensure that the information made available to other relevant teams is accurate, consistent and complete, so that investment decisions are based on reliable and up-to-date information. To guarantee the quality of the data present throughout the process, we have automated control tools to secure our production and thus reduce operational risk. Finally, given the key positioning of the Repository and Market Data unit in Covéa Finance's value chain, our team benefits from multiple, daily interactions with the company's various players.

Elisa Karimlou:

As Performance analysts, we need to be able to break down and explain the performance generated by asset management during the various stages of the investment process. Our attribution calculations are designed as tools for fund managers wishing to identify the reasons for over- or under-performance relative to a benchmark index. To this end, the team produces reports and analyses that also take risk indicators into account. The objective of Reporting is to collect data from various sources and present it as clearly and visually as possible, so that it is ready for analysis. By producing high-quality reports, we are aware that we are contributing to the excellence of the value chain, as we enable the Asset Management teams to be reactive, either by taking actions to confirm the positions taken or by considering new investment opportunities compared with the portfolio benchmark.



ELISA KARIMLOU,
REPORTING AND PERFORMANCE
OFFICER

Laëtitia Courdoisy:

The Middle Office is ultimately in a fairly central position within the company, in that it interacts with almost all units. We are a supervisory body responsible for ensuring the completeness of securities and cash positions, to provide our fund managers with a position that is in line with their bank statements. From the day-to-day running of the portfolios to the processing of market transactions, we are always there to support the Asset Management teams. Prior to validating the net asset values of our UCIs, we ensure that Covéa Finance's pricing policy is applied on a daily basis. At the same time, we carry out checks to ensure that all stock market transactions have been reflected in our portfolios. Finally, we strive to optimise the settlement

-delivery rate of transactions. Thus, at the end of 2023, 97.61% of the CSDR¹ penalties were payable and consequently benefitted our clients. This performance is made possible on the one hand thanks to the automation of the trading processing chain and on the other hand thanks to our in-depth knowledge of the specific features of the settlement-delivery process.

1. The Central Securities Depositories Regulation (CSDR) contains provisions designed to reduce settlement failures on the European market.

LAËTITIA COURDOISY,
HEAD OF THE MIDDLE-OFFICE TEAM



Round table

Changes in asset management business lines

Adapting to an ever-changing environment



LUCILE LOQUÈS,
DIRECTOR, ADVISOR TO
THE MANAGING DIRECTOR
IN CHARGE OF ASSET
MANAGEMENT, MARKETING,
TRADING AND RESEARCH

In an environment that is increasingly difficult to anticipate and decipher, Covéa Finance has, in recent years, worked hard to place research at the heart of its investment process and position risk control further upstream, while at the same time stepping up its dialogue with shareholders.

Lucile Loquès:

The changes in the asset management business lines are a consequence of the changes in the financial markets, with the increase in competition and the growing importance of regulatory issues, such as the Markets in Financial Instruments Directive (MiFID). While at Covéa Finance we have always, historically, highlighted our value chain, it is clear that today asset management is a process that places greater importance on business lines other than fund management

or research, such as risk control or legal. Another key factor over the past ten years has been the growing importance of ESG issues, particularly in Europe, which has further increased the regulatory framework with which fund managers have to comply. Finally, we should mention the exponential growth of ETFs¹, which are attracting more and more investment and making the environment even more competitive for conviction-based fund managers like ourselves. Hence the need to change our working methods, which Covéa Finance has achieved in particular by placing its proprietary research at the very heart of its asset management process.

Victor Labate:

Financial and extra-financial analysis currently occupies a central place in Covéa Finance's investment process. In addition to carefully studying the accounting and financial statements produced by companies, we seek to gain an in-depth understanding of their business model, the framework in which they operate and their strategy, from a long-term perspective, guided by the reflections included in our Economic and Financial Outlooks. The extra-financial aspect of our analysis enables us to grasp the risks and opportunities associated with environmental, social and governance (ESG) factors. Our working methodology, specific to Covéa Finance, is characterised by the balance between the E, S and G pillars. This approach has enabled us to identify, for example, companies

1. ETFs (Exchange Traded Funds) or index funds are UCITS that are listed on a continuous basis on the stock exchange and replicate the performance, both upwards and downwards, of a given index.

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set to benefit from the electrification of transport or developments related to artificial intelligence. In addition, on a daily basis, we monitor news categorised as controversial to better understand the risks involved.

Julien Chevalier:

In terms of Equity Management, over the last few years, this trend has been reflected in a sharp increase in interactions with all the Research teams over and above what already existed with Macroeconomic Research. The tool called Investment Universe, maintained by Quantitative Research, is a good illustration of this growing collaboration: it enables us to rank companies according to a number of accounting criteria that have been proposed by the Financial and Extra-Financial Analysis team. This team is also increasingly helping us to carry

VICTOR LABATE,
FINANCIAL AND
EXTRA-FINANCIAL ANALYST



JULIEN CHEVALIER,
HEAD OF THE EUROPEAN EQUITY
MANDATE MANAGEMENT TEAM

out financial studies and presents its work each month to our various investment committees. In addition, with the increasing importance placed on ESG issues, this same team is working on the construction of exclusion lists, alerts us in the event of major controversies, coordinates a large part of shareholder dialogue with us and supports the management of the range of equity, environmental or certified UCIs. Lastly, it should be noted that the modernisation of Risk Control has resulted in the team's increased involvement in day-to-day Asset Management, mirroring the increase in the contribution by Research.





MARIE-EDMÉE DE MONTS,
HEAD OF THE FIXED INCOME UCI
MANAGEMENT TEAM

Marie-Edmée de Monts:

In terms of Fixed Income Management, we also have more and more discussions with the Research teams. The Macroeconomic Research team is essential to our understanding of the economic and geostrategic positioning of countries and the monetary policy of their central banks (which have a major impact on our fixed income markets). In addition, the Financial and Extra-Financial Analysis team has become a stakeholder in the decision-making process when we select private issuers. Analysts also play a central role in the control and monitoring of so-called green bonds. This key role for research is particularly in line with our long-term fund management approach: good corporate governance and social management are long-term values, and the financial and extra-financial perspective of analysts is invaluable in these areas. Lastly, the rating scale for sovereign countries developed internally

2. The European SFDR and CSRD regulations aim to strengthen transparency requirements on ESG issues.
3. Corporate social responsibility (CSR) has three dimensions: environmental, corporate and social.

by Research is particularly useful to us in understanding our investments from a sustainable finance perspective.

Victor Labate:

The growing importance of extra-financial factors is also reflected in the tightening of regulatory constraints, for fund management companies and other businesses alike. These constraints are integrated into our decision-making tools and investment process. In accordance with the SFDR² regulation, we carry out an in-depth analysis of the ESG risks and impacts of the companies in which we invest, which influences the process by which we evaluate and select assets for our portfolios. Another consequence, which is beneficial to say the least: regulatory changes have led to a stepping up of shareholder dialogue, in which we are participating, together with Asset Management. The aim of these exchanges is to encourage companies to improve their sustainability and CSR practices³, thereby contributing to reducing their risks and creating value for shareholders. Lastly, shareholder dialogue itself now follows strict traceability rules, and the supervisory authorities must be able to check at any time that said rules are being properly applied within Covéa Finance.

Victor James:

Quantitative Research also supports the changes in the portfolio management business lines, in an increasingly competitive environment, in that it opens up the field of possibilities in terms of innovation, ESG integration and financial market modelling. Covéa Finance places the expertise of its Research at the heart of its investment process. As such, Quantitative Research operates at three main levels: firstly, in the context of securities with complex characteristics, with mathematical modelling of risks and performance; secondly, at management committee meetings, with the analysis of investment universes based on a comparative study of accounting ratios over the long term; and thirdly, at



VICTOR JAMES,
HEAD OF THE QUANTITATIVE
RESEARCH TEAM

portfolio level, with the measurement of risks and their optimisation. In recent years, the team has developed tools for analysing strategies based on risk premiums that currently provide an innovative angle of analysis and greater control over the sensitivity of portfolios to market effects.

Franck Ibalot:

The role and positioning of Risk Control have changed in recent years within Covéa Finance. Historically, it has been involved downstream of fund management decisions, in particular to ensure compliance with the guidelines set by the various fund management or asset allocation committees. Following various work carried out as part of the Risk Control modernisation project, interactions between the Asset Management and Risk Control teams have been strengthened, particularly through various reports

developed jointly and distributed each week, but above all through regular alerts sent to fund managers. In addition, governance was reviewed in order to place Risk Control further upstream in the value chain, with active participation in various fund management or asset allocation committees, in collaboration with the company senior management, Asset Management and Research teams. This presence enables it to anticipate what needs to be monitored and what information needs to be passed on. Lastly, at the same time, the heads of the Asset Management departments have joined the risk committee bodies.

FRANCK IBALOT,
EXECUTIVE DIRECTOR,
IN CHARGE OF RISK, OPERATIONS
AND INFORMATION SYSTEMS



Data & Reporting

Optimising data acquisition, quality and use

Because financial data is vital to Covéa Finance’s business lines, a department has been dedicated to it, with the aim of supervising the data lifecycle in its entirety.

FROM LEFT TO RIGHT:
ELISA KARIMLOU,
MOHAND BENBACHIR,
STEEVE SIMONIS,
MÉLISSA SACI,
OLIVIER GASTOU,
HENRI PUJOLET,
JACQUES ANDRIANABIBY,
PASCALINE MAHÉ,
VIRGINIE GANDOLPHE.



“
The proximity of the Repository and Market Data and Reporting and Performance teams within the department and their daily exchanges contribute to their data management performance.

”
OLIVIER GASTOU,
HEAD OF THE DATA
AND REPORTING DEPARTMENT

Changes

Investment decisions and reports, whether regulatory or operational, must be based on reliable and up-to-date data. Data is now the “lifeblood” of any asset management company, and the importance of sustainable finance in recent years has further reinforced this state of affairs. In 2019, Covéa Finance decided to adapt to these new constraints by creating a specific department responsible for monitoring the different phases of the life of data, from its acquisition to its use, including its integration into the information system. Upstream, a Repository and Market Data team is responsible for purchasing this market data, ensuring its integrity and disseminating it, and downstream, a Reporting and Performance team strives to make the best use of this data so as to make an effective contribution to the value chain.

Specialisation

In 2023, the Reporting and Performance team was reorganised to strengthen it while encouraging its employees to acquire specialist skills. The objective was to improve efficiency, by focusing the responsibilities of the various profiles on their strengths. The team now comprises experts in the various areas for which it is responsible: asset management reporting, performance analysis, project management (interfacing with the Information System) and data governance. The proximity of the teams making up the department facilitates cooperation and exchanges of information, guaranteeing the quality of the data and its suitability for the needs concerned. Lastly, the department is now positioned as the single point of contact for internal clients, and is responsible for meeting all their data needs.

Governance

In 2023, the department focused in particular on data governance and quality, which resulted in the recruitment of a data governance officer. This reinforcement will enable us to step up our work on the mapping of the data used in the reports, in order to identify the owners more easily and react more quickly in the event of anomalies. The Reporting and Performance team has also focused on automating data quality control and strengthening its procedures. Lastly, the entire department has worked to establish a process for harmonising the terms used, with the aim of enabling all business lines to speak exactly the same language.

Adaptation

There are several levels of reporting. When it comes to a regulatory requirement or a client request, the presentation must comply with the format specified. When it comes to operational reports, the form can be freer. This is why the Reporting and Performance team offers solutions tailored to needs, and is currently working to enhance its offering, in particular through decision-making and interactive tools. Covéa Finance’s decision to have its own data warehouse has made this finely-tuned analysis and flexibility possible. In 2023, project management for the data warehouse was entrusted to the Reporting and Performance team, which now steers and prioritises developments, while centralising the needs of all the teams concerned (Risk Control, Trading, Internal Control, etc.).

Covéa Finance’s DNA is reflected in its seven founding principles, compliance with which contributes to the collective achievement of the company’s objectives. Beyond these fundamentals, the company also knows how to adapt its organisation to ensure that knowledge and its fund management philosophy are passed on, for example by redesigning its in-house university. It is committed to defining a human resources management approach in line with the challenges it faces. Lastly, it pays particular attention to internal communication and practices conviction-based patronage, reflecting the way it is managed.

52	Our seven founding principles	58	Patronage
54	Human Resources	60	Focus on Business Lines

Our model in a challenging world

Our seven founding principles

At the heart of Covéa Finance’s model are seven founding principles that make up the company’s DNA, including team spirit, collective responsibility and traceability. Employees’ adherence to these principles and compliance with them on a daily basis are essential to the collective achievement of the company’s objectives.

1 Embracing the Covéa Finance team spirit

This means knowing how to collaborate, exchange ideas, debate and help each other. If you’re a team manager, this also means communicating to your employees this desire to move forward together, involve your staff and value their work. **It’s about trusting the expertise of each individual.**

2 Ensuring business continuity

This means sharing information in your unit as well as **delegating and trusting** your colleagues, as cooperation leads to coordination. The objective is to ensure that all the company’s activities are running smoothly, regardless of the circumstances.

3 Ensuring traceability of activities

This means being **methodical and exemplary in monitoring the work of staff**, while respecting the autonomy of each individual. As the asset management profession is regulated, we need to aim to respond to any supervisory body with solid audit trails that act as evidence. In terms of human resources, the approach enables all of us to be **accountable for our activities**. Finally, if you’re a manager, beyond the control of your employees, it provides the means to steer and prioritise your tasks.

4 Contributing to achieving performance

This means **taking initiatives, anticipating, planning and making decisions**. All this contributes to the achievement of individual and collective objectives. Performance is understood here at the level of Covéa Finance as a whole, and does not refer solely to the financial performance of the assets under management.

5 Doing what you say and saying what you do

This means assuming full autonomy for your choices and decisions as well as, if you’re a manager, those of your staff. Listening and reporting go hand in hand. Above all, it is an **exercise in transparency and integrity that must generate trust between employees and between ourselves and our clients**.

6 Controlling fund management and operational risks

This means assessing each person’s level of expertise and **calibrating the nature of the controls to be carried out accordingly**. For the regulated fund management activity, the aim is to ensure that the risk control systems are robust and appropriate.

7 Passing on know-how

This means **passing on the principles and methods of collective responsibility by getting new colleagues to embrace them**. If you’re a manager, this means involving your employees by developing their sense of initiative. Covéa Finance’s true soft skills are closely **linked business continuity, and, even more so, to the philosophy of managing the portfolios entrusted to us**. It is essential to **the long-term future of the company, together with its methods and know-how** which have enabled the Covéa Group to place its trust in the company.

Human Resources

Getting organised to meet our commitments to our clients



GUILLAUME GILMANT,
HEAD OF HUMAN RESOURCES
DEPARTMENT

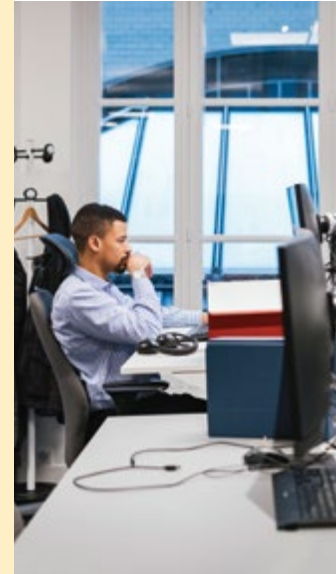
Covéa Finance is aware of the importance of managing human resources in line with the challenges it faces, and is adapting its organisation to remain competitive, ensure the long-term viability of its methods and prepare for the future, in the service of its clients.

Adapting

Regulations, new technologies, major market trends: the finance business lines are constantly evolving, hence the need for Covéa Finance to organise itself to meet these multiple challenges and continue to provide the best service to its clients, taking into account the fundamentals and ethical principles that make it unique. As the sector does not have a job observatory, the company conducts its own studies in this area, such as the project to analyse the workforce carried out as part of the “Ambition 2026” strategic plan. “In order to prepare for the future,

in recent years we have redesigned the organisation of several of our teams by making structural adjustments, such as the Research, Control and Marketing teams,” explains Guillaume Gilmant, Head of the Human Resources department. The teams have also been strengthened by new expertise that responds to the new challenges facing the sector, including, for example, the recent arrival of a data governance officer.

Integrating



With the increasing digitalisation of training to raise awareness among new recruits of Covéa Finance’s history and philosophy, it has become less easy to get feedback from newly-recruited employees on how they perceive the company. To give them the opportunity to ask questions and receive feedback on their induction process, the

Operational Executive Committee has decided to meet with them all, at an event during which they have the opportunity to speak directly to members of company senior management. The first such meetings took place in September 2023 and they are expected to be repeated in the future.

“
All the internal and organisational changes we have made have enabled us to be effective both in meeting our clients’ expectations and in preparing for the future.
”

GUILLAUME
GILMANT

Preparing for the future

Future challenges, both at the societal level and at the level of Covéa Finance, which will undergo a number of changes in its structure in 2024 and 2025, require specific support from the company’s management. This support takes the form of enhanced communication as well as dedicated training. Regular meetings have been set up with all the department and team managers, led directly by the members of the company senior management, to ensure

optimal dissemination of key messages about the company and its future. In addition, a comprehensive training programme for managers has been set up on key topics: management fundamentals, employment law, individual appraisal interviews, remote team management and crisis management. The company also supports its managers of tomorrow through targeted and tailored training.



Getting organised to support our employees

To guarantee its employees the best possible working conditions, Covéa Finance takes action through its Human Resources department. Quality of life at work, assessment of psycho-social risks, gender equality, profit-sharing agreements and CSR: all these issues were on the agenda in 2023.



QUALITY OF LIFE AT WORK:
A POSITIVE ASSESSMENT
BY EMPLOYEES

In 2023, Human Resources and the SEC organised and managed a diagnosis of quality of life and health at work within Covéa Finance, which enabled the Single Occupational Risk Assessment Document (DUERP) to be updated. On this occasion, and despite some suggested adjustments that need to be considered, the employees interviewed highlighted many positives concerning their experience in the company, including the content of the work (variety, interest, clarity of responsibilities), working conditions, relations between colleagues and with managers, employee benefits, and their pride in belonging to the company.

SIGNING OF A NEW GENDER
EQUALITY AGREEMENT

The 2020 gender equality agreement was renegotiated and signed in 2023 for a period of three years with a view to promoting equal pay and equal opportunities in the workplace, while reaffirming the company's commitment to respecting the principle of non-discrimination. It focuses on three main areas of action: effective remuneration, occupational health and safety, and promotion and grading, with a professional equality index that continues to improve at Covéa Finance, reaching 94/100.

PROFIT-SHARING REVIEWED
BY COMPANY SENIOR
MANAGEMENT TO INVOLVE
EMPLOYEES MORE CLOSELY
IN THE COMPANY'S
OBJECTIVES

As the historical mechanism of the profit-sharing agreement is quite complex, in 2023 Covéa Finance decided to simplify its triggering procedures for the next three years. The calculation mechanism has therefore been reviewed and now takes into account two indicators: on the one hand, operating profit, in order to involve all employees in the entity's economic results; and on the other hand, CSR, which takes into account the rate of waste recycled by the company.

CSR: A CHARTER TO FRAME
THE APPROACH

Since 2021, Covéa Finance has had a CSR (Corporate Social Responsibility) charter that formally sets out its approach, splitting it into six strategic issues: equal opportunities and job preservation; knowledge, education and culture; risk prevention; territories and proximity; environment and energy transition; and corporate responsibility. To illustrate this, the layout of the workspace has been designed to give priority to desks manufactured in France. In addition, recycling bins have been deployed to promote better traceability and management of the various categories of waste.

CofiCampus

An in-house university that will ensure Covéa Finance's values and knowledge are passed on

With its in-house university, Covéa Finance guarantees each employee access to its expertise and philosophy, while building a permanent knowledge base that will benefit all our businesses.

In 2014, Covéa Finance set up its in-house university, in the belief that success and performance hinge on the expertise of each individual. Since renamed CofiCampus, this system has been able to evolve over time to meet regulatory and business challenges. Given the changes in the structure and the importance of passing on expertise, the in-house university has been completely overhauled.

It is a place for teaching, training, reflection and the transmission and sharing of know-how, combining face-to-face training and digital modules through a dedicated platform. In total, around 40 training modules will be rolled out for five main courses: an induction course, a "Fund Management philosophy and investment process" course, a "Risk philosophy and control" course, a course designed for managers and a more general course to meet different needs (English, IT, personal development, etc.).

2023 saw the complete overhaul of the induction course, the aim of which is to pass on the company's culture and philosophy as well as to explain to new recruits what their role and contribution in the value chain will be. The presentation has now been harmonised and refocused on the company's history, philosophy and ambitions.

The prospects for 2024 are numerous and will focus in particular on the roll-out of new training modules within the in-house university, the redefinition of the managerial scope and the contributions of artificial intelligence within the various business lines.

10

new recruits in 2023

94/100

Gender equality
index score



Patronage in close harmony with our values

Since 2020, Covéa Finance has added a new source of inspiration to its long-term fund management approach through patronage. The stated objective is twofold: to help entities seeking funding as well as to forge ties to establish a constructive and meaningful sharing of values, both for the entities concerned and for the fund management company. While 2023 saw an increase in the number of projects supported, patronage also strengthened its transmission role through, in particular, the sharing of initiatives with clients and with employees.

From the very start of its patronage programme, in line with the values that drive it, Covéa Finance has been involved with cultural organisations, particularly in the field of classical and contemporary music. This continued

in 2023 through various Radio France musical projects. Covéa Finance also supported the creative policy of the Le Cercle de l'Harmonie orchestra, led by Jérémie Rhorer. Covéa Finance's commitment to music takes three main forms. Firstly, support for orchestras, which offers a striking parallel to its activities. Indeed, the strength of the collective and collegial work of a musical group has similarities with the vital importance of rigour, precision, a sense of duty towards others and professional commitment in the business of a fund management company. At its heart is the idea of a shared destiny, with everyone working towards a common goal: the success of the concert for the orchestra and the fulfilment of its commitments to its clients for Covéa Finance. Secondly, as a second area of patronage, the company supports contemporary composers,

with two premieres in 2023: *Inlandsis* by Camille Pépin and the *Concerto pour piano* by Bryce Dessner. The company's third objective is to promote access to music for all audiences, through the Orchestre National de France's Grand Tour of France: an event in line with Covéa Finance's commitment to sharing expertise and passing on knowledge, as well as with its mutualist values. Finally, the company is committed to the notion of musical diversity, as demonstrated in 2023 by its support for the Howard Shore retrospective (Howard Shore composed the music for the film *The Lord of the Rings*) and by a Buster Keaton film concert with organist Lucile Dollat.

In addition, in another area of the cultural sphere, since 2023 Covéa Finance has been working with disabled artists to help them gain recognition and take their rightful place. This support is all the more inspiring as it opens our eyes and contributes more broadly to the desire to give everyone a chance, regardless of their life and circumstances, as well as the opportunity to find their place and develop their talents, something that Covéa Finance also aspires to achieve for each of the company's employees. In this regard, the company is supporting the IMAGO 2024 Festival in Île-de-France, which will offer a rich programme featuring groups including artists with disabilities.



TROUPE FROM THE THEATRE EURYMEDÉA, ESAT IN PLAISIR (78), FRANCE

A common vision

“

Nothing great can happen without the loyalty of core supporters who share the same values. Covéa Finance contributes to the development and missions of the Orchestre National de France, the Radio France Orchestre Philharmonique, the Radio France Choir and the Maîtrise de Radio France. United around excellence, creativity and rigour, Radio France and Covéa Finance are working together to ensure that music, in all its diversity, remains a unifying force in our society and is accessible to all.

”

MICHEL ORIER, DIRECTOR OF MUSIC
AND CREATION AT RADIO FRANCE

“

The relationship with Covéa Finance has been very fluid right from the outset. This feeling has been confirmed throughout 2023, with the events that have marked the lives of our companies and the founders and driving forces behind the IMAGO Festival. Discussions with our disabled actors have always been fruitful, respectful and rewarding. Covéa Finance's interest in our activities is deeply authentic.”

”

RICHARD LETEURTRE AND OLIVIER COUDER,
THE FOUNDERS AND DIRECTORS OF THE IMAGO FESTIVAL

“

The significant support provided by Covéa Finance since 2020 illustrates, in addition to the extremely valuable financial support it represents, the core values shared by the company and our orchestra, such as the collective commitment of musicians and the pursuit of excellence. Covéa Finance supports us in the implementation of the artistic project that I run with Le Cercle de l'Harmonie, thus offering us the opportunity to develop a bold repertoire that we strive to offer to as many people as possible.

”

JÉRÉMIE RHORER, CONDUCTOR AND ARTISTIC DIRECTOR
OF THE CERCLE DE L'HARMONIE

Assistantship & Internal Communication

Business lines that bind people together

On a day-to-day basis, and with the support of a rigorous organisation, the Assistantship, Marketing Products and Communication department helps to unite the various business lines in the interests of the company's performance.

FROM LEFT TO RIGHT:
JULIETTE M'FOUILLOU,
VÉRONIQUE GERVAIS,
CLAIRE BEAUVAIS,
NADIA TAHRI,
ALICE GUYOT,
ALICE RUE,
MARINE BARON,
MARIE-ALICE GICQUEL,
SANDRA BÈLE.



“
The willingness to listen and to see the bigger picture that is inherent in our business enables us to provide the best possible service to the Group as a whole.
”

VÉRONIQUE GERVAIS,
HEAD OF THE ASSISTANTSHIPS,
MARKETING PRODUCTS AND
COMMUNICATION DEPARTMENT

Organisation

At the heart of the company, **executive assistants** cultivate regular contact with employees and external partners. Rigour and method are their watch-words: no detail should be overlooked if they are to complete their various tasks on time. At Covéa Finance, the assistants are grouped together in a single team, which is a real strength. This structure fosters a harmonious collaboration that enables us to overcome day-to-day challenges with a strong team spirit. The organisational skills demonstrated by assistants are of paramount importance both within the team and in the company as a whole.

Adaptability

Covéa Finance's **executive assistants** have the mental agility and flexibility to adapt effectively to changes in their professional environment, particularly in terms of new technologies. They regularly have the opportunity to demonstrate their proactivity as well as their situational intelligence in the face of unforeseen events, and know how to adjust their priorities according to the company's needs. Finally, the team strives to navigate effectively in a constantly changing environment with a great sense of discretion.

Willingness to listen

The team of **assistants** has developed a willingness to listen that enables them to see beyond words. The objective is to anticipate requests, drawing on their professional curiosity, their ability to understand the various aspects of a subject and to make the link with other issues, so as to ensure a Group-wide approach. In this regard, team meetings are key moments. Approaching issues from different angles in this way encourages discernment and actively contributes to the company's performance. The ability and willingness to listen is also one of the **internal communications** team's key qualities: it enables them to fully understand the need expressed by the business line and to propose the most appropriate solutions in terms of both format and content. In this context, the regular meetings with each teams' network of communication correspondents are proving to be invaluable opportunities for discussion.

Collective responsibility

To provide effective communication within the company, **internal communication** officers rely on employees. Together, they form a unit that they coordinate with the aim of putting in place the most relevant communications in line with the objectives identified. These various communication media, articles, videos and podcasts are then distributed on the company's intranet site and are available to all employees. Over and above this, the employees in charge of internal communication form a unit, whose aim is to promote collaboration and collective thinking.

Cohesion

The role of **Internal Communication** is also to rally staff around a common objective, such as the “Ambition 2026” strategic plan, by orchestrating the dissemination of information on the progress of the business plan and by promoting the work of our employees. This communication can also take the form of events such as the “Rencontres Ambition” meetings for sponsors, drivers and managers. Lastly, Internal Communication strives to strengthen cohesion through shared moments of conviviality that bring all employees together.

2023
performance

Performance
of the UCIs
As at 31 December 2023

	Morningstar classification	Benchmark index	Morningstar stars	Volatility of the UCIs over 52 weeks	Volatility of the Morningstar category over 52 weeks	Performance in FY 2023		
						UCIs	Morningstar category	Benchmark index
FIXED INCOME UCIS								
UCITS								
COVÉA EURO SOUVERAIN (C)	Government Loans EUR Bonds	FTSE MTS (ex-Euro MTS) Global 17:15 net coupons reinvested	**	6.65%	5.99%	6.38%	6.53%	7.06%
COVÉA EURO SOUVERAIN (D)	Government Loans EUR Bonds	FTSE MTS (ex-Euro MTS) Global 17:15 net coupons reinvested	**	6.67%	5.99%	6.37%	6.53%	7.06%
COVÉA EURO SPREAD (C)	Private loans EUR Bonds	Markit IBOXX Euro Corp net coupons reinvested	**	4.40%	4.33%	6.83%	7.91%	8.19%
COVÉA EURO SPREAD (D)	Private loans EUR Bonds	Markit IBOXX Euro Corp net coupons reinvested	***	4.35%	4.33%	6.79%	7.91%	8.19%
COVÉA HAUT RENDEMENT (IC)	EUR High Yield Bonds	Markit IBOXX Euro High Yield Fixed Rate coupons reinvested	**	3.26%	4.07%	7.58%	10.18%	12.21%
COVÉA MOYEN TERME (C)	EUR Diversified Bonds - Short-Term	FTSE MTS (ex-Euro MTS) 1-3 year 17:15 net coupons reinvested	***	1.81%	1.37%	3.59%	4.21%	3.43%
COVÉA MOYEN TERME (I)	EUR Diversified Bonds - Short-Term	FTSE MTS (ex-Euro MTS) 1-3 year 17:15 net coupons reinvested		1.81%	1.37%	3.74%	4.21%	3.43%
COVÉA OBLIGATIONS (C)	EUR Diversified Bonds	FTSE MTS (ex-Euro MTS) 5-7 year 17:15 net coupons reinvested	***	5.54%	4.50%	6.20%	6.36%	6.91%
COVÉA OBLIGATIONS (D)	EUR Diversified Bonds	FTSE MTS (ex-Euro MTS) 5-7 year 17:15 net coupons reinvested	***	5.54%	4.50%	6.22%	6.36%	6.91%
COVÉA OBLIGATIONS (I)	EUR Diversified Bonds	FTSE MTS (ex-Euro MTS) 5-7 year 17:15 net coupons reinvested		5.54%	4.50%	6.52%	6.36%	6.91%
COVÉA OBLIG INTER (C AND/OR D)	Global Bonds Hedged	Merrill Lynch Global Government Bond Index (hedged in euros) net coupons reinvested	***	5.77%	5.57%	1.77%	4.61%	3.54%
COVÉA RENDEMENT RÉEL (AC)	EUR Inflation-Linked Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested	**	5.14%	5.02%	5.39%	5.04%	5.43%

	Morningstar classification	Benchmark index	Morningstar stars	Volatility of the UCIs over 52 weeks	Volatility of the Morningstar category over 52 weeks	Performance in FY 2023		
						UCIs	Morningstar category	Benchmark index
COVÉA RENDEMENT RÉEL (IC)	EUR Inflation-Linked Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested	**	5.14%	5.02%	5.57%	5.04%	5.43%
COVÉA RENDEMENT RÉEL (ID)	EUR Inflation-linked Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested	**	5.14%	5.02%	5.57%	5.04%	5.43%
AIF								
MAAF OBLIGATIONS 4 (C AND/OR D)	Global Bonds	FTSE MTS (ex-Euro MTS) 3-5 year 17:15 reinvested net coupons		3.61%		5.41%		5.35%
MAAF STRATÉGIE TAUX (C)	EUR Diversified Bonds	FTSE MTS (ex-Euro MTS) 1-3 year 17:15 reinvested net coupons		1.83%		4.13%		3.43%
MONEY MARKET UCIS								
UCITS								
COVÉA SÉCURITÉ (AC)	EUR Money Market	ESTR Volume Weighted Trimmed M		0.25%	0.30%	3.00%	3.19%	3.28%
COVÉA SÉCURITÉ (GC)	EUR Money Market	ESTR Volume Weighted Trimmed M		0.25%	0.30%	3.00%	3.19%	3.28%
CONVERTIBLE UCIS								
UCITS								
COVÉA OBLIGATIONS CONVERTIBLES (AC)	Convertible Bonds - Europe	Bloomberg EMEA Convertibles Europe (unhedged) net coupons reinvested	*****	4.69%	6.29%	5.14%	5.73%	8.09%
COVÉA OBLIGATIONS CONVERTIBLES (IC)	Convertible Bonds - Europe	Bloomberg EMEA Convertibles Europe (unhedged) net coupons reinvested	*****	4.69%	6.29%	5.77%	5.73%	8.09%
FLEXIBLE UCIS								
UCITS								
COVÉA PATRIMOINE (AC)	Allocation EUR Flexible - International	-	**	5.14%	7.01%	1.68%	8.10%	
COVÉA PATRIMOINE (IC)	Allocation EUR Flexible - International	-	***	5.13%	7.01%	2.71%	8.10%	
COVÉA FLEXIBLE ISR (C)	EUR Flexible Allocation	-	***	4.15%	7.13%	4.44%	8.69%	
MULTI-MANAGEMENT AND PROFILED UCIS								
UCITS								
COVÉA MULTI EUROPE (AC)	European Equities Large Cap Mixed	MSCI Europe net dividends reinvested	**	11.41%	11.71%	11.84%	14.04%	15.83%
COVÉA MULTI EUROPE (IC)	European Equities Large Cap Mixed	MSCI Europe net dividends reinvested	***	11.42%	11.71%	12.61%	14.04%	15.83%

	Morningstar classification	Benchmark index	Morningstar stars	Volatility of the UCIs over 52 weeks	Volatility of the Morningstar category over 52 weeks	Performance in FY 2023		
						UCIs	Morningstar category	Benchmark index
COVÉA MULTI IMMOBILIER (AC)	Property - Indirect Eurozone	-	****	18.91%	25.42%	18.46%	15.96%	
COVÉA MULTI IMMOBILIER (IC)	Property - Indirect Eurozone	-	****	18.93%	25.42%	19.42%	15.96%	
COVÉA MULTI MONDE (AC)	Equities International Equities Large Cap Mixed	MSCI AC World (in euros) net dividends reinvested	**	9.24%	9.63%	13.07%	15.09%	17.96%
COVÉA MULTI MONDE (IC)	International Equities Large Cap Mixed	MSCI AC World (in euros) net dividends reinvested	***	9.26%	9.63%	13.87%	15.09%	17.96%
COVÉA MULTI SMALL CAP EUROPE (AC)	Europe Mid-Cap Equities	MSCI Europe SMALL CAP EUR net dividends reinvested	***	15.93%	15.74%	8.33%	8.93%	12.06%
COVÉA MULTI SMALL CAP EUROPE (IC)	Europe Mid-Cap Equities	MSCI Europe SMALL CAP EUR net dividends reinvested	***	15.94%	15.74%	9.18%	8.93%	12.06%
COVÉA PROFIL DYNAMIQUE (C)	Allocation EUR Agressive - International	55% MSCI Euro + 25% FTSE MTS 5-7 years + 20% ESTR net dividends and coupons reinvested	**	6.85%	8.86%	7.86%	10.75%	13.90%
COVÉA PROFIL DYNAMIQUE (D)	Allocation EUR Agressive - International	55% MSCI Euro + 25% FTSE MTS 5-7 years + 20% ESTR net dividends and coupons reinvested	**	6.85%	8.86%	7.85%	10.75%	13.90%
COVÉA PROFIL MODÉRÉ (C)	Allocation EUR Moderate - International	30% MSCI Euro + 35% FTSE MTS 5-7 years + 35% ESTR net dividends and coupons reinvested	***	4.66%	6.79%	5.81%	8.25%	9.85%
COVÉA PROFIL MODÉRÉ (D)	Allocation EUR Moderate - International	30% MSCI Euro + 35% FTSE MTS 5-7 years + 35% ESTR net dividends and coupons reinvested	***	4.72%	6.79%	5.81%	8.25%	9.85%
COVÉA PROFIL OFFENSIF (C)	Allocation EUR Agressive - International	75% MSCI Euro + 15% FTSE MTS 5-7 years + 10% ESTR dividends and net coupons reinvested	***	8.56%	8.86%	9.16%	10.75%	17.08%
COVÉA PROFIL OFFENSIF (D)	Allocation EUR Agressive - International	75% MSCI Euro + 15% FTSE MTS 5-7 years + 10% ESTR dividends and net coupons reinvested	***	8.56%	8.86%	9.20%	10.75%	17.08%
AIF								
COVÉA MULTI ABSOLUTE RETURN I (C AND/OR D)	Alt - Multi-strategy	-	***	1.87%	2.07%	3.51%	3.09%	
COVÉA MULTI ÉMERGENTS A (C AND/OR D)	Emerging Markets Equities	MSCI Emerging Markets (in EUR) net dividends reinvested	*	11.11%	12.33%	11.22%	6.11%	6.01%
COVÉA MULTI ÉMERGENTS I (C AND/OR D)	Emerging Markets Equities	MSCI Emerging Markets (in EUR) net dividends reinvested	*	11.12%	12.33%	12.00%	6.11%	6.01%
COVÉA MULTI HAUT RENDEMENT (C AND/OR D)	Bonds International High Return	Merrill Lynch Global HY & EM Sovereign (hedged in euros) net coupons reinvested	**	3.11%	5.60%	6.80%	9.20%	10.89%

	Morningstar classification	Benchmark index	Morningstar stars	Volatility of the UCIs over 52 weeks	Volatility of the Morningstar category over 52 weeks	Performance in FY 2023		
						UCIs	Morningstar category	Benchmark index
EQUITY UCIS								
UCITS								
COVÉA ACTIONS AMÉRIQUE (AC)	Large Cap US Equities Growth	S&P 500 (in euros) net dividends reinvested	**	10.15%	12.79%	10.80%	29.75%	21.30%
COVÉA ACTIONS AMÉRIQUE (IC)	Large Cap US Equities Growth	S&P 500 (in euros) net dividends reinvested	***	10.16%	12.79%	12.03%	29.75%	21.30%
COVÉA ACTIONS AMÉRIQUE MID CAP (IC)	Mid Cap US Equities	S&P Midcap 400 (in euros) net dividends reinvested	***	14.00%	16.28%	4.88%	14.73%	11.81%
COVÉA ACTIONS AMÉRIQUE MID CAP (IC)	Mid Cap US Equities	S&P Midcap 400 (in euros) net dividends reinvested	****	14.01%	16.28%	6.02%	14.73%	11.81%
COVÉA ACTIONS ASIE (C)	Asia-Pacific Equities	MSCI AC Asia Pacific (in euros) net dividends reinvested	***	12.46%	11.06%	12.02%	5.92%	7.57%
COVÉA ACTIONS CROISSANCE (C)	Eurozone Flex Cap Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	****	16.40%	13.87%	16.14%	13.50%	17.69%
COVÉA ACTIONS CROISSANCE (D)	Eurozone Flex Cap Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	****	16.40%	13.87%	16.14%	13.50%	17.69%
COVÉA ACTIONS CROISSANCE (IC)	Eurozone Flex Cap Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	****	16.41%	13.87%	17.19%	13.50%	17.69%
COVÉA ACTIONS EURO (AC)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	***	13.31%	13.66%	16.69%	16.84%	18.78%
COVÉA ACTIONS EURO (IC)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	13.31%	13.66%	17.85%	16.84%	18.78%
COVÉA ACTIONS EUROPE (C)	European Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested	**	10.97%	11.71%	12.65%	14.04%	16.14%
COVÉA ACTIONS EUROPE (D)	European Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested	**	10.97%	11.71%	12.65%	14.04%	16.14%
COVÉA ACTIONS EUROPE HORS EURO (C)	European Equities Large Cap Mixed	MSCI Europe ex EMU net dividends reinvested	***	9.19%	11.71%	11.20%	14.04%	12.94%
COVÉA ACTIONS EUROPE OPPORTUNITÉS (AC)	Europe Flex-Cap Equities	MSCI Pan-Euro (in euros) net dividends reinvested	***	11.37%	13.33%	10.36%	12.89%	16.14%
COVÉA ACTIONS EUROPE OPPORTUNITÉS (IC)	Europe Flex-Cap Equities	MSCI Pan-Euro (in euros) net dividends reinvested	****	11.38%	13.33%	11.47%	12.89%	16.14%
COVÉA ACTIONS FRANCE (C)	France Large-Cap Equities	-	***	13.24%	14.44%	17.62%	13.66%	
COVÉA ACTIONS FRANCE (D)	France Large-Cap Equities	-	***	13.24%	14.44%	17.62%	13.66%	
COVÉA ACTIONS FRANCE (IC)	France Large-Cap Equities	-	****	13.24%	14.44%	18.78%	13.66%	
COVÉA ACTIONS INVESTISSEMENT (C)	International Equities Large Cap Growth	60% S&P 500 + 40% MSCI Pan-Euro net dividends reinvested	***	9.97%	11.62%	12.05%	18.60%	19.28%

PERFORMANCES

	Morningstar classification	Benchmark index	Morningstar stars	Volatility of the UCIs over 52 weeks	Volatility of the Morningstar category over 52 weeks	Performance in FY 2023		
						UCIs	Morningstar category	Benchmark index
COVÉA ACTIONS JAPON (C)	Japan Large-Cap Equities	Nikkei 300 (in euros) dividends not reinvested	**	12.03%	9.79%	13.32%	14.07%	13.31%
COVÉA ACTIONS JAPON (IC)	Japan Large-Cap Equities	Nikkei 300 (in euros) dividends not reinvested		12.04%	9.79%	14.67%	14.07%	13.31%
COVÉA ACTIONS MONDE (AC)	International Equities Large Cap Growth	55% S&P 500 + 30% MSCI Pan-Euro +15% MSCI Asia (in euros) dividends reinvested	***	9.04%	11.62%	12.13%	18.60%	17.64%
COVÉA ACTIONS MONDE (IC)	International Equities Large Cap Growth	55% S&P 500 + 30% MSCI Pan-Euro +15% MSCI Asia (in euros) dividends reinvested	****	9.05%	11.62%	13.36%	18.60%	17.64%
COVÉA ACTIONS MONDE (N)	International Equities Large Cap Growth	55% S&P 500 + 30% MSCI Pan-Euro +15% MSCI Asia (in euros) dividends reinvested	***	9.05%	11.62%	13.03%	18.60%	17.64%
COVÉA ACTIONS RENDEMENT (C)	Europe Yield Equities	MSCI EMU (in euros) net dividends reinvested	***	12.22%	10.69%	18.18%	13.45%	18.78%
COVÉA ACTIONS RENDEMENT (D)	Europe Yield Equities	MSCI EMU (in euros) net dividends reinvested	**	12.22%	10.69%	18.17%	13.45%	18.78%
COVÉA PERSPECTIVES ENTREPRISES (AC)	French Equities Small and Mid Cap	CAC Small & Mid Cap net dividends reinvested	***	16.19%	16.57%	7.81%	2.10%	3.93%
COVÉA PERSPECTIVES ENTREPRISES (IC)	French Equities Small and Mid Cap	CAC Small & Mid Cap net dividends reinvested	****	16.19%	16.57%	8.56%	2.10%	3.93%
COVÉA RUPTURES (AC)	International Equities Large Cap Growth	MSCI World (in euros) net dividends reinvested	***	12.76%	11.62%	15.79%	18.60%	19.49%
COVÉA RUPTURES (IC)	International Equities Large Cap Growth	MSCI World (in euros) net dividends reinvested	***	12.77%	11.62%	16.60%	18.60%	19.49%
COVÉA RUPTURES (N)	International Equities Large Cap Growth	MSCI World (in euros) net dividends reinvested		12.77%	11.62%	16.60%	18.60%	19.49%
AIF								
COVÉA ACTIONS EUROPE INSTIT (C)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	13.04%	13.66%	17.34%	16.84%	18.78%
COVÉA ACTIONS EUROPE INSTIT (D)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested		13.52%	13.66%	17.34%	16.84%	18.78%
COVÉA ACTIONS EUROPE INSTIT II (C)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	13.36%	13.66%	17.56%	16.84%	18.78%
COVÉA ACTIONS EUROPE INSTIT II (D)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested		13.36%	13.66%	17.56%	16.84%	18.78%
COVÉA ACTIONS EUROPE INSTIT III (C AND/OR D)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	13.33%	13.66%	18.79%	16.84%	18.78%

	Morningstar classification	Benchmark index	Morningstar stars	Volatility of the UCIs over 52 weeks	Volatility of the Morningstar category over 52 weeks	Performance in FY 2023		
						UCIs	Morningstar category	Benchmark index
COVÉA ACTIONS EUROPE INSTIT III (C)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested		13.32%	13.66%	18.79%	16.84%	18.78%
COVÉA ACTIONS SOLIDAIRES (C)	France Large-Cap Equities	-	**	12.95%	14.44%	13.28%	13.66%	
GREEN FUNDS								
UCITS								
COVÉA AERIS (AC)	Sector Equities Ecology	-	*	12.86%	14.73%	12.58%	6.92%	
COVÉA AERIS (IC)	Sector Equities Ecology	-	**	12.87%	14.73%	13.71%	6.92%	
COVÉA AQUA (AC)	Sector Equities Water	-	**	13.45%	13.45%	15.24%	11.41%	
COVÉA AQUA (IC)	Sector Equities Water	-	**	13.45%	13.45%	16.39%	11.41%	
COVÉA SOLIS (AC)	Sector Equities Ecology	-	*	11.89%	14.73%	13.21%	6.92%	
COVÉA SOLIS (IC)	Sector Equities Ecology	-	**	11.90%	14.73%	14.35%	6.92%	
COVÉA TERRA (AC)	Sector Equities Ecology	-	***	12.39%	14.73%	8.64%	6.92%	
COVÉA TERRA (IC)	Sector Equities Ecology	-	***	12.40%	14.73%	9.73%	6.92%	



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