

Working
together
to promote
growth

CO
vea Finance

Covéa Finance, a portfolio management company serving insurance and its client shareholder Covéa, is well on its way to meeting the challenges posed by a complex economic and regulatory environment. **The first major goal it has set for itself is to drive sustainable growth**, by continuing to support Covéa Group's life insurance (Vie) networks, but also by organising its development outside the group and towards a broader clientele (IFAs, institutionals). To enable this development and ensure the long-term sustainability of the company, Covéa Finance is attentive to technological changes in our world, particularly on the aspects of digitisation and digitalisation.

The second goal of Covéa Finance is to position itself directly in line with its founding principles and cultivate what is essentially in its DNA: team spirit and teamwork. Cross-functional work is one of its main strengths to respond to regulatory changes and constant transformations of its core business. Covéa Finance thus provides the necessary force to drive its progression and renewal, with two key words in mind: agility and independence.



GHISLAINE BAILLY,
Chairwoman of Covéa Finance

Commercial development

In 2018, Covéa Finance further opened to clients outside the group, without calling into question its historical motto: "La finance au service de l'assurance" ("Finance at the service of insurance"), and respectful of its client shareholder Covéa.

COVÉA FINANCE'S COMMERCIAL GROWTH IS PART OF ITS THREE-YEAR PLAN FOR SUSTAINABLE GROWTH. This is an ambitious project that should lead the company to generate significant revenue over the year, and which is organised whilst keeping in mind to respect its insurer clients and the approach of excellence applied in the management of the portfolios the company is entrusted with.

IN 2018, GROWTH OUTSIDE THE GROUP WAS PURSUED VIA ACTIVITIES TO SUPPORT AND PROMOTE OUR SERVICES IN THREE SEPARATE INVESTOR SPHERES. First, significant attention was paid to the three life insurance networks with close to one hundred actions aimed at different segments, general agents, financial advisers and independent financial advisers. This was followed by international efforts, with the building of trusting relationships with subsidiaries in the United Kingdom and especially in Italy,

where Covéa Finance's funds received significant subscriptions. Lastly, a reasoned approach was adopted towards institutional investors with the organisation of "Investor Luncheons" modelled after meetings on the Economic and Financial Outlook.

AS THIS COMMERCIAL GROWTH HAS ACCELERATED, we have had to add more members to our sales team to optimally achieve our commercial goals.



BY
FRANCIS JAISON,
Director of Fund Management
and Sales

"Covéa Finance participated in the Patrimonia trade show, an annual meeting of independent financial advisers. Our booth allowed us to interact with professionals in the sector, as did the workshop we organised with Professor Christian Bouquet on geopolitical and geoeconomic environmental, social and governance issues. In addition, 2018 was the year where investor events were set up, in Paris and in different regions, on our Economic and Financial Outlook and our new funds focused on earth, water, air and energy transition."*

* Emeritus professor of Political Geography at Bordeaux Montaigne University and researcher at the LAM - Les Afriques dans le monde - laboratory (Sciences Po Bordeaux).

Increased digitalisation

In 2018, Covéa Finance continued efforts to digitise its content and processes.

Goal: to be in line with the increasing digitalisation of its environment, to make information flows more reliable and to save the teams valuable time.

THE WAYS IN WHICH WE COMMUNICATE AND WORK ARE UNDERGOING A DIGITAL REVOLUTION. Faced with ever more rapid and demanding technological changes, the finance professions have no choice but to completely rethink the management of their content and automate their processes. This is why Covéa Finance is working on two complementary areas: digitisation of content and digitalisation,

with the objective of taking advantage of these new working methods, getting closer to its customers and better supporting them in their investment decisions.

THE STRATEGIC GOALS OF THIS PROJECT ARE MANIFOLD: load and efficiency gains, the simplification of processing circuits, data security, and the facilitation of collaborative work. Digital data can be accessed and modified by several people, in

several places and at the same time. This digital ubiquity is the great asset of digitising. Any created or modified information is known to all who may need it: data is thus secured and entails a significant gain in time and in the quality of analysis.



BY
FRANCK IBALOT,
Director of Risk Control,
Operations and Information Systems

"The digitisation of data is leading to a fundamental change in the way we work, which will be more collaborative in the future. Digitalisation is therefore a good support for developing the cross-functionality dear to Covéa Finance. It is also an asset to strengthen our close relationship with our customers and to inform them in an optimal way about our products and latest updates. Lastly, it allows us to boost our external communication, with a now active presence on social media for both our clients and the employees we want to recruit."

Regulatory adaptation

In response to the numerous regulations that came into effect in 2018, Covéa Finance stepped up its adaptation process.

Goal: to ensure the compliance of its procedures while building up experience to meet the needs of the market.

IN AN ECONOMIC AND FINANCIAL ENVIRONMENT IN CONSTANT CHANGE, where each year brings new regulations, fund management companies must hone their adaptation skills. As regulation increases as a direct consequence of the 2008 crisis, they must not only constantly question their organisation, but also ensure all the links in their value chain are solid and reliable.

IN THE FACE THESE CHALLENGES, COVÉA FINANCE IS STEPPING UP TO THE PLACE. In 2018, with the implementation of a multitude of national and European regulatory requirements, the company was up to the challenge. Goal: to transform the necessary efforts and investments to become compliant as regards the opportunities and factors for the improvement of performance.

THROUGH SEVERAL FOUNDING PROJECTS, THE TEAMS WERE DRAWN TO REFLECT ON THE EVOLUTION OF THEIR BUSINESS LINES, and then to review existing organisations and procedures. This was an in-depth work that concerned the entire company, in connection with the requirements of the new European regulations (MIFID II, UCITS 5, EMIR, Solvency 2, GDPR, MMF, etc.) and French legislation (Sapin 2, evolution of the Labour Code, withholding tax, PACTE Act, Shareholder Law, etc.).



BY
LUDOVIC JACQUIER,
Director of Cross-Functional Cooperation, of the General Secretary and of Audit, Internal Control and Compliance

“Covéa Finance has chosen to make these new regulations an opportunity to improve its work methods, productivity and economic performance. All these developments, for which the business lines were directly at work, took place in a climate of dialogue with employees. A first assessment confirms the good progress of the projects and the good control of the costs, which is very satisfactory. Hence the interest of not seeing these changes solely as constraints, and of taking advantage of them to move forward.”

The fund management process

In an uncertain economic and financial context, Covéa Finance attaches great importance to the evolution of its fund management methods.

Goal: to form an overall, comprehensive view of risks, in terms of financial and extra-financial criteria such as ESG, in order to better manage them.

TO OPTIMISE ITS FUND MANAGEMENT PRACTICES TAKING INTO ACCOUNT AN ENVIRONMENT THAT MOVES FASTER AND FASTER, in all respects: this is one of the key objectives of Covéa Finance. To ensure a 360° view of the risk embedded in its portfolios, in 2018 the company increased its consideration of extra-financial criteria such as ESG, alongside traditional stock market, economic and accounting criteria. Thanks to the reinforcement of the ESG team, Covéa Finance fund managers now understand these parameters more naturally and hold all the cards to assess the assets in a manner that is truly comprehensive.

COVÉA FINANCE ALSO CONTINUED TO ADAPT ITS ASSET MANAGEMENT METHODS to comply with current and future regulatory changes. In particular, the company made changes to its governance to give its fund management process the means to remain mobile and

agile, but also to more formally codify the relationship between the fund management and research functions.

FINALLY, IN 2018 COVÉA FINANCE ENRICHED ITS PRODUCTS OFFERING, with the set-up of several themed funds. With this in mind, the

teams carefully considered the investment universe, extending a fund management more classically oriented to “mandates” to more targeted funds. This is a way to meet new expectations from customers, while remaining fully in tune with the evolution of the markets.



BY
YANNICK TATIBOUËT,
Director of Strategic Intelligence, External Relations, ESG and Research

“The Covéa Finance ESG team was reinforced in 2018 in order to increase coverage and enable wider dissemination of ESG culture in society, particularly among fund managers. To accelerate the adaptation of fund management methods, a dedicated seminar was organised in March 2018. Objective: to boost a sense of shared responsibility and cross-functionality of the different fund management teams, but also to reflect together on the modernisation of the work environment and processes.”

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