

WORKING TOGETHER
TO SERVE OUR CUSTOMERS

Financial report 2019

CO
vea Finance

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Chairwoman's management report to the Supervisory Board and for the attention of the Sole Shareholder

(French Commercial Code – L. 232-1 et seq.)

FINANCIAL YEAR 2019

I hereby present to you the report on your company's activity for the financial year ended 31 December 2019 and submit for your approval the annual accounts for this financial year.

The Statutory Auditors will provide in their reports all necessary information on the lawfulness and accuracy of the annual accounts presented to you.

The financial statements and the notes thereto are enclosed with this report. Please refer to the notes for further information on the accounting principles used.

1. Economic environment of Covéa Finance

Trade uncertainties remained high in 2019, reflecting China-US tensions resulting in tariff barriers between the two countries. Brexit negotiations also contributed to this lack of visibility. These uncertainties have affected economic activity, which is in sharp decline on a global level. Also, this year has been associated with the return of monetary policy easing by the central banks. The price of Brent oil rose to \$66.4 per barrel, i.e. an increase of 22.68% in a year. The Euro fell 1.89% against the dollar, trading at \$0.89 to €1.00 at 31 December.

In the US, growth remains solid in the first three quarters of 2019 despite a slowdown compared to the last two years. Household consumption was the driving force behind this growth, while the contribution of non-residential investments was lower. The slowdown in activity is concentrated in the manufacturing sector while services continue. While the trade deficit remains significant, there were signs of a reduction at the end of the year, especially in relation to a decline in imports that could reflect the effects of tariff barriers. Despite already tight conditions at the beginning of the year, the labour market has maintained its dynamism, contributing to wage growth. Annual inflation remained slightly below the 2% target for the first three quarters before slightly exceeding in November to 2.1%. After continued policy rate hikes between late 2015 and late 2018, the Fed radically changed its policy in 2019 by beginning a new phase of monetary easing. Fiscally, the US deficit continued to new levels during periods of expansion. In terms of politics, the year was marked by the impeachment proceedings against Donald Trump, which has little chance of success, and the campaign of the democratic primaries for the 2020 election.

In the first three quarters of 2019, economic growth in the **Eurozone** stabilised at lower levels than in 2017 and 2018. This year was marked by lower performance by Germany – the engine of European growth post-recession – which, after a sluggish 2018, came close to recession in 2019 due to the fragility of its automotive industry. Across the Eurozone, growth was mainly driven by domestic demand, while the contribution of foreign trade was negative. Across the sector, there was clear decoupling between manufacturing, which contracted in 2019, and continued services. This dichotomy raises the risk of contagion of the degradation of the industry towards services. Inflation remains well below target, especially in relation to the negative contribution of the energy component. In terms of monetary policy, a further easing was passed in September before normalisation could be initiated. The political environment remains uncertain in the Eurozone, as illustrated by the fragility of some coalition governments in Italy, Spain and Germany.

In the United Kingdom, the economy remains marked by Brexit uncertainties as shown by the volatility of stocks and external trade. Activity was mainly supported by household consumption while investment remained sluggish. Successive postponements of Brexit and the continuation of the risk of a no-deal stoked uncertainty until the UK general election in December. The latter resulted in the establishment of a solid conservative majority in parliament allowing the vote on withdrawing from the European Union, and as such, more visibility in the outcome of the process.

Japan's economy remained slow in 2019. It was mainly supported by investment, public spending and consumption, while the contribution of trade was negative. Despite a tight labour market and a very accommodative monetary policy, wages remain sluggish and inflation remains at very low levels. On the budget front, the government announced a \$239 billion support plan through 2021. Between trade conflict and a slowdown of trends, **China** shows a half-hearted performance in 2019. However, activity was mainly supported by the contribution of foreign trade, driven by the depreciation of the Yuan, while investment underperformed. The US share of Chinese trade fell sharply. Despite the slowdown in commodity prices, inflation increased over the year in line with food prices.

Principal market indexes and indicators - values and changes

MARKET INDICATORS (1/2)			31/12/18	31/12/19	CHANGE SINCE 31/12/2018 (% OR BPS)*
Bond markets	Base rates (%)	Fed	2.50	1.75	- 0.75
		ECB	0.00	0.00	0.00
		BoE	0.75	0.75	0.00
		BOJ	0.10	0.10	0.00
		Bank of Korea	1.75	1.25	- 0.50
		Brazil	6.50	4.50	- 2.00
		Russia	7.75	6.25	- 1.50
		India	6.50	5.15	- 1.35
		China	4.35	4.35	0.00
	10-year sovereign yields (%)	United States	2.68	1.92	- 0.77
		France OAT	0.71	0.12	- 0.59
		Germany	0.24	- 0.19	- 0.43
		Italy	2.74	1.41	- 1.33
		United Kingdom	1.28	0.82	- 0.46
		Japan	0.00	- 0.01	- 0.01
		South Korea	1.96	1.63	- 0.32
		Russia	10.26	6.79	- 3.47
	Loan index	IBOXX Eur Global Index	223.6	237.7	6.29
	Foreign exchange markets	Against the Euro (€1 = ... currencies)	Dollar	1.15	1.12
Sterling			0.90	0.85	- 5.76
Yen			125.6	122.0	- 2.9
Against the dollar (\$1 = ... currencies)		Won	1,115	1,157	3.8
		Brazilian real	3.9	4.0	3.5
		Rouble	69.4	62.0	- 10.5
		Indian rupee	69.7	71.2	2.2
		Yuan	6.9	7.0	1.6

MARKET INDICATORS (2/2)			31/12/18	31/12/19	CHANGE SINCE 31/12/2018 (% OR BPS)*
Equity markets	Local currencies	United States - S&P	2,507	3,231	28.9
		Japan - Nikkei 300	301	350	16.2
		France - CAC 40	4,731	5,978	26.4
		Germany - DAX	4,863	5,910	21.5
		Eurozone - MSCI EMU	108	132	22.4
		United Kingdom - FTSE 100	6,728	7,542	12.1
		South Korea - KOSPI	2,041	2,198	7.7
		Brazil - Bovespa	87,887	115,645	31.6
		Russia - MICEX	2,359	3,046	29.1
		India - SENSEX	36,068	41,254	14.4
		China - Shanghai	2,494	3,050	22.3
		Hong Kong - Hang Seng	25,846	28,190	9.1
		MSCI - BRIC	949	1,129	18.9
	Euro	S&P (€)			31.4
		Nikkei 300 (€)			19.7
Raw materials	Farming	Corn (dollar cents per bushel)	375	388	3.4
		CRB index**	409	402	- 1.7
	Energy	Oil (Brent, \$ per barrel)	52	66	26.4
		Precious metals	Price per ounce of gold	1,281	1,523
		Price per tonne of copper	5,965	6,174	3.5

* Change in basis points (bps) in sovereign yields and base rates.

** CRB: price index for 22 industrial raw materials (59.1%) and food commodities (40.9%). This index does not include energy prices.

Sources: Covéa Finance, Bloomberg.

2. Position and activity of the company

2.1 DEVELOPMENT OF THE COMPANY'S POSITION

As at 31 December 2019, Covéa Finance has 170 employees, which represents an increase of 1.2% over the previous financial year.

In 2019, Covéa Finance continued the governance changes begun in 2018, with:

- redeveloping the company's articles of association, distinguishing and clarifying the scopes of responsibility between the Supervisory Board, Remuneration Committee, Executive Committee and company administrators (chairwoman and managing directors);
- the appointment of two managing directors to separate the functions of chairwoman and managing directors and increasing the distinction between the control functions with regard to asset management roles;
- the appointment of two executive directors assisting the Managing director in their respective fields of responsibility;
- the modernisation of the remuneration policy, broadening the scope of "risk takers" to control roles and support managers;
- replacing the unified DUP with a Social and Economic Committee;
- the implementation of four separate control functions (compliance, audit, internal control and risk control) and a Data Protection Officer.

Commercial development continued with obtaining passports produced in five European countries, the labelling of SRI funds, and implementing partnerships with distribution platforms.

During the fourth quarter of 2019, a Professional Capital Investment Fund was created.

The various regulatory compliance and modernisation tools projects continued in 2019. Among others, centralisation on a single centralising custodian for the whole mutual fund range was initiated at the end of 2019.

2.2 ASSETS UNDER MANAGEMENT

As at 31 December 2019, the amount of assets under management came to €101.6 billion and breaks down as follows:

- 22 management mandates on behalf of the companies of the Covéa group, or partner mutual insurers, totalling €86.9bn;
- 49 mutual funds totalling €14.7bn.

Variations in assets under management in relation to the previous financial year are presented below:

ASSETS UNDER MANAGEMENT IN BILLIONS OF EUROS	31/12/2018	31/12/2019	VARIATIONS
Mandates	83.2	86.9	+ 4.4%
Mutual funds	11.9	14.7	+ 23.5%
TOTAL	95.1	101.6	+ 6.8%

In 2019, Covéa Finance won the Quantalys Award for best "local company" in the Global Equity category.

2.3 ACTIVITY OF THE COMPANY

In 2019, Covéa Finance's operating income increased by + 5.4% compared to the previous year. This increase is mainly explained by the increase in average outstanding amounts in mutual funds between the two financial years.

Equity and similar assets under management, inclusive of mutual funds and mandates, amounted to €16.9bn at the end of 2019, representing an increase of 13.4% over the previous year. This increase in equity assets is mainly the result of developments in equity markets during 2019.

Bond assets and other fixed-income products amounted to €84.7bn, an increase of 5.6% over 2018.

Operating costs rose 2.2% during the financial year.

This increase is mainly due to:

- increased salary costs;
- the increase in costs on stock, including marketing retrocessions;
- a growth in IT expenses.

2019 operating income therefore rose 13.7% compared to the previous year. It rose from €28,977k in 2018 to €32,950k in 2019.

Accounting income, after taking financial and extraordinary income, taxes and profit-sharing into account, amounted to €20,288k in 2019, up by 11.7% from €18,165k in 2018.

3. Results of activity

3.1 OPERATING INCOME

2019 operating income amounted to €110,996k, up from €105,327k in 2018, representing an increase of 5.4%.

Operating income breaks down as follows:

(in €k)	2018	2019	VARIATIONS
Management fees (mandates)	10,862	10,276	- 5.4%
Management fees (mutual funds)	91,403	97,278	+ 6.4%
Incidental income	3,062	3,443	+ 12.5%

This increase in income comes from management fees collected on mutual funds as a result of the growth of average outstanding amounts between the two billing periods.

3.2 PERSONNEL COSTS

Personnel costs stood at €19,711k – an increase of 7.4% over the previous period.

This increase is due to the growth in the company's average workforce over the financial year, taking into account the new status of employees from 1 January 2019 and the implementation of a remuneration policy for a wider population.

3.3 GENERAL OPERATING COSTS

Business expenses and other operating costs, excluding taxes, depreciation and amortisation and compensation costs, amounted to €52,751k at the end of 2019, stable between the two financial years.

The most significant operating cost items are:

- retrocessions amounting to €22,869k, up 5.2%;
- IT operating costs of €14,633k, up 2.6%;
- rentals amounting to €4,084k, up 1.5%;
- Inherent costs applicable to mutual funds, valuers and custodians amounted to €2,914k, a fall of 8.4%; The increase in outstandings over the year, and accordingly, fees indexed to valuations, were offset by the contractual renegotiation following the custodian tender;
- research costs of €2,871k, down sharply (-39.7%) from 2018 as a result of excessive provisioning this financial year;
- Fees (professional and statutory auditors, including mutual funds) amounted to €1,223k, an increase of 74.7%.

3.4 FINANCIAL AND EXTRAORDINARY RESULT

Financial result amounted to €2,017k. It consists mainly of gains on the portfolio resulting from investing the company's own funds. As a reminder, unrealised gains are not recognised.

It should be noted that the company has no long-term debt.

The extraordinary result of -€726k mainly results from provisions for risks.

3.5 TAXES AND DUTIES

Taxes and duties, excluding corporate income tax, amounted to €4,070k.

Taxable income stands at €33,489k.

The amount of corporation tax is €11,788k.

3.6 NET PROFITS

The profit for 2019 amounted to €20,287k, up 11.7% compared to 2018.

3.7 STATUTORY EMPLOYEE PROFIT-SHARING

The legal reserve for distributable profit for the 2019 financial year amounted to €2,166k.

3.8 EMPLOYEE INCENTIVE PLAN

In accordance with the Covéa Group profit-sharing agreement signed on 28 June 2019 entitling all employees to a share of Group income, an expense of €185k was recognised in the accounts.

The calculation criteria as defined in the Covéa Finance incentive scheme agreement of 14 June 2017 and which trigger the incentive scheme were not met.

3.9 INFORMATION ON THE PAYMENT TERMS OF TRADE ACCOUNTS PAYABLE AND RECEIVABLE

Pursuant to Articles L. 441-6-1, D. 441-4 and A. 441-2 of the French Commercial Code, the amounts of invoices received and issued, overdue but not settled at year-end, are presented below by days overdue.

	ARTICLE D.441 I.-1: INVOICES RECEIVED, OVERDUE BUT NOT SETTLED AT YEAR-END						ARTICLE D.441 I.-2: INVOICES ISSUED, OVERDUE BUT NOT SETTLED AT YEAR-END					
	0 DAYS (GUIDE)	1-30 DAYS	31-60 DAYS	61-90 DAYS	91 DAYS AND OVER	TOTAL (1 DAY AND OVER)	0 DAYS (GUIDE)	1-30 DAYS	31-60 DAYS	61-90 DAYS	91 DAYS AND OVER	TOTAL (1 DAY AND OVER)
(A) Days overdue												
Number of invoices concerned	-					13	-					8
Total amount of invoices concerned (incl. VAT)	-	81,546.12	240.79	420.00	1,506.00	83,712.91	-	650,149.09		-		650,149.09
Percentage of total purchases for the year (incl. VAT)	-	0.15%	0.00%	0.00%	0.00%	0.16%						
Percentage of revenues for the year (incl. VAT)							-	0.59%				0.59%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables												
Number of invoices excluded												
Total amount of invoices excluded (state: excl. or incl. tax)												
(C) Reference payment terms used (contractual or statutory payment terms - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used to determine late payments	<input checked="" type="checkbox"/> Contractual terms: upon receipt <input checked="" type="checkbox"/> Statutory terms: 60 days						<input checked="" type="checkbox"/> Contractual terms: upon receipt <input type="checkbox"/> Statutory terms: (specify)					

3.10 RESEARCH AND DEVELOPMENT ACTIVITIES (ART. L. 232-1 OF THE FRENCH COMMERCIAL CODE)

The company performed no research and development activity during the period.

3.11 NOTIFICATION OF "EXCESSIVE" COSTS AND EXPENDITURES (ART. 223 QUATER AND 39-4 OF THE FRENCH GENERAL TAX CODE)

The company incurred no expenditures or costs that are non-tax deductible under Article 39-4 of the French General Tax Code.

3.12 SIGNIFICANT POST-BALANCE SHEET EVENTS

No significant events occurred since the balance sheet date likely to materially affect the financial statements.

4. Allocation of earnings

I am submitting a proposed allocation of net earnings to the Sole Shareholder, as follows:

• Profit for the financial year	€20,287,780.40
• Retained earnings from the previous financial year	€41,289,432.25
Total to be allocated	€61,577,212.65
• Allowance for the statutory reserve	€0.00
• Dividends	€16,230,224.32
• Retained earnings after allocation	€45,346,988.33
Total	€61,577,212.65

Equalling a dividend of € 27.37 per share.

For the financial year 2018, Covéa Finance distributed a dividend of €14,537,589.
For the financial year 2017, Covéa Finance distributed a dividend of €11,146,275.
For the financial year 2016, Covéa Finance distributed a dividend of €15,859,727.

5. Breakdown of capital

At 31 December 2019, the company's capital was unchanged and amounted to €7,114,644.

On 15 November 2018, the company became a one-person simplified joint-stock company (SASU), with Covéa Cooperations now the sole shareholder of Covéa Finance.

6. The internal control and risk management mechanism

In 2019, Covéa Finance set up a system of Compliance and Internal Control which is structured around four functions:

- the Compliance Function in charge of advising and assisting with the implementation of legal and regulatory obligations;
- the permanent control function in charge of level two internal control, which verifies the adequacy and efficiency of the systems to control operational risks and steers the mapping of non-compliance and operational risks;
- the internal audit function, which works as level three internal control in Covéa Finance;
- the Risk Control Function in charge of the a posteriori control of market risks, and participating in the level 1 (a) control.

All of these controls (permanent or periodic) are executed using control policies and plans validated by the executive committee before distribution:

- compliance policy;
- internal control policy;
- audit policy;
- risk control policy.

These policies complement the audit policy applied to Covéa Finance by the Covéa group.

The policies are published on the Covéa Finance website: www.covea-finance.fr.

All of the company's procedures, including control procedures, are modelled in the MEGA internal procedure intranet.

Internal control and compliance are managed by Mr. Ludovic Jacquier, Managing Director in charge of support and control functions, and RCCI in charge of internal audit. He is assisted by Mr. Sébastien Desbois, RCCI in charge of permanent control and Ms. Nadia Ben Salah, Head of the Legal department in charge of compliance.

Control of market risks is under the responsibility of Mr Franck Ibalot, Executive Director, member of the Executive Committee.

The first of the three control levels consists of permanent and operational controls carried out as part of transaction processing. It focuses on the processing and management of transactions during the day, on their satisfactory completion, and their correct incorporation into the accounting and summary systems at the end of the day. These first-level controls are performed by the operational personnel within the normal course of their duties, as well as by the Front Office, Middle Office, Back Office, other support offices, and processors.

At the second level, Permanent Internal Control and Risk Management perform controls not integrated within the "production processes" and therefore carried out subsequently, on a periodic or random basis, by an entity not operationally involved.

Verification by Permanent Internal Control consists of controls on both substance and form in order to validate compliance of the process and the processing methods related to a transaction or application and to evaluate the operational risks. Each control produces a summary and the supporting documents are kept in a specific file. Internal control teams ensure, among other things, compliance with investment ratios and undertaking limits, traceability of operations, prevention of risks of market abuse, fraud and conflicts of interest, and regulatory compliance by organisations and operations. A quarterly summary of the permanent control activity, including the follow-up of any recommendations issued, is forwarded to the Executive Committee.

For its part, Risk Control assesses market risks or complex asset prices and specifically tracks the various risks in the portfolios and regularly conducts a risk committee meeting of members of the Executive Committee and Internal Control. Risk Control regularly runs stress testing on portfolios and alert indicators for Executive Management.

Each team checks, within its area of responsibility, the compliance (regulatory and in terms of operational or financial risk) of the transactions carried out by the portfolio management company, of its organisation, and of its internal procedures with the professional obligations defined by the laws, regulations, and professional rules applicable to the performance of its activities in addition to all the decisions made by its senior managers and the contractual commitments related to management activities for third parties.

There are a number of participants at the third level:

- the internal audit office evaluates the effectiveness of the permanent control system, and carries out or delegates audits requested by the Executive Committee or risk surveys;
- the executive officers of the company, members of the Executive Committee and employees of the company, define the company's management strategy. The Executive Committee validates the action plan of the Compliance Officer and of the Internal Control Officer and monitors its achievement. It receives reports on the permanent and periodic controls performed, of any alerts concerning shortcomings or malfunctions, and of the annual reports on the status of the control system and participates in the risk committee coordinated by Risk Management;
- the Covéa Finance Supervisory Board examines the company's management strategy, investments, performance, regulatory changes submitted for approval, budgets and the internal control mechanism. To this end, it receives the report on the status of the internal control system produced annually by the Compliance Officer as well as any specific report requested by the Financial Markets Authority (Autorité des marchés financiers, AMF);
- Group Internal Audit carries out the Control of Controls duties at the Group level. Its mission is to ensure that the risks associated with the Group's activities are controlled in compliance with the rules. It performs annual audits on all or part of the company's activities, and therefore its risks.

In 2019, Risk Management continued to expand its human and technical resources, while remaining detached from the Reporting teams. It held four risk management meetings. Among other things, it worked on improving its risk management policy and developing its validation processes for valuation models, established new warning indicators, delivered "stress tests" and increased its reporting.

For their part, the compliance officers updated their respective action plans (internal audit and internal control).

In parallel to the permanent control plan, the internal audit team carried out or coordinated the following tasks: auditing the order and execution of markets, auditing commercial and marketing activities, auditing the custodian and centralizing the buyouts of our mutual funds.

While issuing satisfactory general audit opinions, these missions have identified areas of continuous improvement, the implementation of which is being monitored by Audit and the Executive Committee.

The Group Audit management conducted an audit of outsourcing management. This mission concluded with a general audit opinion leaving room for improvement, and an action plan was initiated to correct the identified risks.

Similarly, no problems were identified during the various supervisory or audit assignments conducted by the AMF in 2019.

7. Progress achieved and difficulties encountered

Major organisational changes in company governance, initiated in 2018, were implemented in 2019. The aim was to redevelop the legal status, governance and overall organisation of Covéa Finance in order to continue and establish its development, as well as to align itself with two of the projects embedded in its business objects: development of the fund management process and the modernisation of the control system. This triple axis of work was therefore continued in 2019, seeking to perpetuate Covéa Finance's identity and know-how, and to guarantee its transmission in the future.

One of the aims of this reflection was to redefine the scope as well as the role of each governing body and each of its parties involved (physical persons or legal entities). The new articles of association specify the sharing of responsibility between the partners, the Supervisory Board, company administrators and Executive Committee. There are now two managing directors appointed to assist the chairwoman, with broader powers over their area of competence. Like the chairwoman, they are now delegated for all of the partners, which makes them independent in terms of hierarchical relationships. Two executive directors have been added to the Executive Committee to assist the managing directors and are required to play an operational and representative role externally. Covéa Finance took advantage of this change to the articles of association to cut the number of company administrators within the meaning of the AMF: the chairwoman and two managing directors. Each bears full responsibility for what happens in their field.

This clearer hierarchical organisation is a guarantee of sustainability. The separation of powers also proves that the functions responsible for controls are independent of the roles over financial management, thanks to the two new operating branches, each completely distinct and placed under the direct responsibility of the Sole Shareholder.

The role of the Remuneration Committee is to ensure compliance with the remuneration policy, to oversee recommendations concerning remuneration (fixed and variable) of risk takers and directors, to carry out checks and to inform the Supervisory Board in the event of a malfunction. In 2019, for greater transparency, Covéa Finance decided to re-examine the principles for calculating variable remuneration and chose to define one single policy covering all elements of the remuneration of all employees and fields. This system is a reflection of Covéa Finance's collegial management and how it operates in cross-disciplinary projects. In line with the AMF's recommendations, the company integrated a qualitative measurement system with the launch of a standardised grid.

2019 finally saw the creation of a new representative body of staff, the Social and Economic Committee (CSE), replacing the CHSCT and CE. This regulatory modification did not lead to a major change within Covéa Finance, which was already operating with a Single Staff Delegation (unified DUP). 2019 also saw the implementation of the new collective agreement negotiated with the whole company.

It was also the last year of our 2017-2019 three-year action plan; the balance sheet is positive. For each of our objectives, our mobilisation enabled major advances that mean we now have the chance to consider another plan.

Thus, again in 2019, we were able to "drive sustainable growth" in terms of both business development, and digitalisation.

With regard to the first, the development of our prospect base and the improvement to our company's reputation were at the core of our strategy: investor lunches in Paris and in the provinces, strengthened support for the Covéa group's Life networks, and Patrimonia exhibition. Internationalisation has gained momentum with the acquisition of passports produced in 5 countries. We also note great success, proof of our capacity to innovate in new types of assets and offer new expertise for the Company, in the creation of our Covéa Accompagnement* private equity fund.

With regard to the second, one of our successes is the release of our new website last September, another act improving our reputation, as well as the continuation of our major company content management project, called "Atlas". Other major achievements include launching our digital training platform and the opportunity for employees to train online at their own pace, and the commissioning of our digital records, now with more than 200 digital contracts.

In 2019, we were also able to "capitalise on teamwork" to respond to the various regulatory challenges we faced, as well as the issues of cybersecurity and crisis management. Notable progress was also made on integrating ESG criteria in the core grid and fund management swots (opportunity grids). In parallel, tools to adapt management methods (FIFO V2, Inventories, Research Monitoring) were put into production and added value across the company. We must also mention the reformatting of the Economic and Financial Outlooks, as well as the creation of our unified research department, now integrating the ESG team.

All of these achievements thus provide a positive development for the outcome of our three-year objectives.

Our three-year plan enabled Covéa Finance to be set up externally while conserving the primacy of the Group's interests in our objective of efficient and profitable service. As such, our adage, "finance servicing insurance" has fully retained its meaning thanks to the successful application of the principles of togetherness in all cross-disciplinary work and projects.

The first objective, "be a driver of sustainable growth", enabled us to position ourselves towards a wider clientele. There were two imperatives at hand. The first was to maintain the trust of the Covéa group, through the quality of service we owe them. The second was to ensure the profitability of our actions and to be part of the technological movement of digitalisation.

The second objective meant capitalising on teamwork. It involved our founding principles of team spirit and working together. This was achieved through a number of transverse works.

The outcome can be measured by indicators of success: 4 out of 6 were actually achieved. We achieved a positive external net collection of income above our objectives on mutual funds alone (excluding FCPE), we maintained our no.10 position among the top 10 French portfolio management companies in terms of assets, we increased our return in equity to 33%, and as mentioned above, we preserved and improved the quality of our management given to the Group. We will nevertheless need to strengthen our efforts on controlling our operating ratio and improve our presence in performance rankings.

8. Foreseeable developments

On the eve of the new year, Covéa Finance inaugurated a new cycle of objectives called "Ambition 2025" during which our company and its employees aim to promote innovative solutions and rise to the rank of European experts. A programme full of challenges which should not overshadow the previous cycle, the need to take stock of it and to follow up on the actions in progress.

The two three-year cycles that have just ended have prepared us to face the future resolutely, including the Ambition 2025 project. They have allowed us to take stock of the changes taking place in the world of asset management, whether in France, Europe or worldwide. Covéa Finance cannot stand still. The environment of its main client, but also its shareholder, is shaken up and there are multiple sources of pressure.

Negative long-term rates are just another constraint but they create a real challenge for asset management in France, where the bulk of outstandings are invested into rate securities in spite of the excellence of equity managements operating in France and around the world from Paris. We cannot ignore the decline in the number of listed companies in Paris, or worldwide. Covéa Finance has already had to adapt by creating a new sector dedicated to private equity, just as it has already considerably expanded its geographical spectrum since the 2008 recession in response to the need to develop new expertise to deal with the consequences of the recession on asset management in Europe and France.

Since its inception, Covéa Finance has been able to get through difficult times, because it has been able to build on its strengths: committed teams, a willingness to defend its clients' interests combined with a strong independence of mind resisting trends, a fund management process with almost twenty years' backing despite adjustments made, based on teamwork, and a strong capacity for anticipation of both the financial markets and generally global development, such as the early creation of ESG positions.

These strengths all particularly resonate today in a world in search of meaning, a quest that has always inspired Covéa Finance's management teams and employees.

At the dawn of a new decade, Covéa Finance must now take action in an offensive strategy. It will be an asset to the Group at a time when insurance is facing the greatest challenges it has ever experienced and disruptions of a very diverse nature (competitive, societal and financial). The Executive Committee, together with its department managers, has set itself the goal of being a promoter of innovative solutions and a European expert in asset management by 2025. This ambitious goal will be achieved by a set of four major effects: the battle of outstandings to secure stocks, Europe's battle to diversify our sources of institutional customers, the battle for innovation and attractiveness, and the battle of teamwork.

Their successes will be achieved by maintaining control over the progression of our costs, anticipating the adaptation required for our restrictive regulatory environment, retaining the support of collaborators driven by innovation and collegial initiative and above all, remaining a centre of excellence and attractiveness for an ambitious client and shareholder group.

**The Covéa Accompagnement Fund (the "Fund") is a professional private equity fund.*

The Fund is not subject to approval by the AMF but has been the subject of a declaratory procedure in accordance with the AMF 2012-06 instruction.

Exemption investment rules can therefore be adopted. This fund presents a risk of loss of capital and liquidity. The other risks to which the fund is exposed are described in the regulation. The Fund is reserved for informed investors (Covéa group entities) and cannot be promoted.

Of course, our 2020 outlook is based on the analysis of elements existing as of 31 December 2019, in this case the low level spread of the COVID-19 virus and the absence of a global alert by the World Health Organisation (WHO) on that date.

In fact, the WHO did not call a state of health emergency until 30 January 2020. Subsequent declines in activity, decisions made by governments (such as lockdown measures) or by companies are therefore event subsequent to the closure of accounts, the impacts of which are difficult to measure at the time we go to press.

Nevertheless, the COVID-19 health crisis beginning at the start of 2020 will undoubtedly have consequences for our Economic and Financial Outlooks and our Ambitions 2025, now becoming our new "Ambition 2026" objectives, not questioning our 2019 accounts or the continuity of our activities.

9. Statutory Auditors' fees

In 2019 financial year, the amount of the two Statutory Auditors' fees recorded for auditing the company accounts amounted to €83k.

2019 Report on the Covéa Finance remuneration policy

As a fund manager, Covéa Finance places particular importance on complying with all of the provisions covering remuneration as set out in Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011, as applied to alternative investment fund managers, (hereinafter the "AIFM Directive") and in the 2014/91/EU Directive of 23 July 2014 on mutual fund managers (hereinafter the "UCITS 5 Directive"). The objective of these rules, covering the fund manager's structures, practices, and remuneration policy, is to solidify healthy and effective fund management against the risks faced by both the fund management company and the fund.

1. Remuneration paid by the fund management company to its personnel

During 2019, the total amount of remuneration paid by Covéa Finance to all its personnel, (employees at 31 December 2019), amounted to €12,071,184.49.

This amount breaks down as follows:

- €10,639,451.02, or 88.1% of the total remuneration paid by the company to all its staff, was fixed compensation; and
- €1,431,733.47 or 11.9% of the total remuneration paid by the fund management company to all of its staff, was in the form of total variable compensation. The payment of variable compensation for the 2019 financial year concerned 100 people. Deferred variable compensation over three years applied to a single employee.

Of the total remuneration announced by the fund management company for the period, €6,344,583.79 concerned salaried senior management of Covéa Finance whose activities had a significant impact on the funds' risk profile, as defined in our 2019 remuneration policy.

2. Amount of remuneration paid by the fund to the personnel of the fund management company

Covéa Finance does not operate any incentive scheme for realised capital gains or carried interest, nor is any remuneration, fixed or variable, paid by the fund to the fund managers.

3. Impact of the remuneration policy and practices on the risk profile of the fund and on the management of conflicts of interest

In February 2017, Covéa Finance brought its existing remuneration policy into compliance with the 2014/91/EU Directive of 23 July 2014 (UCITS V Directive), reviewed the internal regulations of its Remuneration Committee and implemented practices that comply with the latest statutory, regulatory, and doctrinal developments issued by the regulatory authorities while conducting a project to identify which of its employees are affected by the new remuneration provisions as set out in the AIFM and UCITS V Directives and their implementing texts (the "Identified Population"). This process covers employees who meet both of the following conditions:

- They belong to a category of personnel benefiting from variable remuneration and likely to have an impact on the risk profile of the fund management company or the managed fund, and;
- They receive variable remuneration in excess of €200,000 as a result of their level of responsibility over the risk profile.

If the remuneration of the Identified Population varies in line with performance, the total amount, which is capped at a level below one's fixed remuneration is determined by the fund management company by combining the assessment of the performance of the employee concerned, that of the operational unit to which he or she belongs, and/or that of the portfolio basket (mutual fund, AIF, and mandate) with the performance of the fund manager as a whole. This individual performance assessment also takes into account both financial and non-financial criteria.

The set of principles is described in the Covéa Finance remuneration policy available on its website.

4. Governance and control of the remuneration policy

The remuneration policy is reviewed annually by the Remuneration Committee as defined in the articles of association of Covéa Finance, comprising:

- a representative of the Covéa Finance Supervisory Board;
- two representatives from the Covéa group, independent of Covéa Finance, at least one of whom attends Covéa group Remuneration Committee meetings, and;
- the Chairwoman of Covéa Finance.

In accordance with regulations, most of the members of the Remuneration Committee do not hold executive positions nor are employed within Covéa Finance.

Report on intermediation fees

FINANCIAL YEAR 2019

Under the General Regulations of the AMF, Covéa Finance is required to report on the intermediation fees paid during the financial year 2019 where the total exceeds €500,000.

Intermediation fees are the fees including tax received directly or indirectly by the investment service providers.

Fees associated with assistance services for decision-making in investment are covered by Covéa Finance with its own resources. This decision applies to individual management under mandate as well as collective management.

Intermediaries are selected for the order execution service on organised or OTC markets from among those previously referenced by an indexing committee. Once referenced, these intermediaries are reviewed by an ad hoc committee composed of Fund Management Directors, Fund Management team managers, the Legal Department, Middle Office unit and the internal control unit.

Once a year, this committee examines the ratings established in an objective manner of the investment service providers regarding the quality of execution, and validates the quality of settlement-delivery. Meetings are arranged in accordance with the provisions set out in the intermediary selection procedure.

For the equity markets including ETFs and programme trading, the intermediation fees related to order execution services are mainly included in the brokerage allocated to each intermediary on the list. Intermediation costs relating to the order execution service amounted to €4,619,575 for the 2019 financial year.

The objective of the intermediary selection procedure is also to prevent and manage any potential conflicts of interest. To this end, Covéa Finance applies a single intermediation fee schedule structured by asset class and geographical region, regardless of the volumes handled.

The policy for selection and execution of investment service providers is available on the Covéa Finance website under the "Our Reports and Policies" section, or upon request.

As part of our activity, our intermediary selection policy will be modified.

Report on the top 5 investment companies

1. Regulatory framework and scope of application

- This report complies with the requirements of delegated Regulation 2017/576/EU of the Commission of 8 June 2016 (RTS 28), supplementing Directive 2014/65/EU of the European Parliament and of the Council (article 27, paragraph 10(b)) with the regulatory technical standards for investment firms' annual publication of information on the identity of the execution platforms and the quality of execution.
- Covéa Finance, as portfolio management company of the Covéa group, runs the management service on behalf of third parties, and publishes this annual report on the top five investment companies for 2019 with the consolidated data of all of its portfolios (mandates and mutual funds).
- Pursuant to article 65 of delegated Regulation (EU) 2017/565 of the Commission of 25 April 2016, Covéa Finance, as portfolio management company, is requested to clarify:
 - the **top five investment companies** (hereinafter "intermediaries") in terms of the trading volume for each category of financial instruments on which Covéa Finance has forwarded orders on behalf of its customers from its own investment decisions during 2019;
 - **summary information on the quality of execution** obtained from the market intermediaries who executed the orders submitted by Covéa Finance for each category of financial instruments during 2019.

2. Quantitative and qualitative assessment by category of instruments (RTS 28, art. 3 and art. 3-3 (a))

EQUITIES AND RELATED ASSETS

CATEGORY OF INSTRUMENTS	EQUITIES AND RELATED ASSETS				
INDICATE WHETHER \neq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	NO				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
UBS EUROPE (REYPIEJN7XZHSUI0N355)	15	15	N/A	N/A	N/A
GOLDMAN SACHS (W22LROWP2IHZNBB6K528)	14	17	N/A	N/A	N/A
VIRTU ITG EUROPE (213800EEC95PRUCEUP63)	13	13	N/A	N/A	N/A
MORGAN STANLEY EUROPE (54930056FHWP7GIWYY08)	9	6	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	8	10	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries selected according to the best selection and best execution policy. Client orders may be executed in different locations according to the listed criteria hereinafter.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Cost according to type of order;
- Payment probability.

In addition to these criteria the following characteristics helped to determine the classification:

- execution of blocks of actions;
- use of third-party algorithms;
- use of *Program Trading* services.

DEBT INSTRUMENTS (BONDS, MONEY MARKET INSTRUMENTS)

CATEGORY OF INSTRUMENTS	DEBT INSTRUMENTS: BONDS				
INDICATE WHETHER \neq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	NO				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	15	7	N/A	N/A	N/A
JP MORGAN (K6Q0W1PS1L1O4IQL9C32)	10	8	N/A	N/A	N/A
BNP PARIBAS (ROMUWSFPU8MPRO8K5P83)	10	5	N/A	N/A	N/A
HSBC (MP6I5ZYZBEU3UXPYFY54)	10	5	N/A	N/A	N/A
BofA SECURITIES EUROPE (549300FH0WJAEHTIQ77)	8	4	N/A	N/A	N/A

Covéa Finance electronically or verbally sends orders to the market for competition by several authorised intermediaries.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Payment probability.

Market intermediaries were used for the execution of all bond rate products on State and private debt.

The latter have contributed to the liquidity at the time of introducing competition on the most important orders.

CATEGORY OF INSTRUMENTS	DEBT INSTRUMENTS: MONEY MARKET INSTRUMENTS				
INDICATE WHETHER \neq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	NO				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
BRED (NICH5Q04ADUV9SN3Q390)	19	22	N/A	N/A	N/A
BNP PARIBAS (ROMUWSFPU8MPRO8K5P83)	12	13	N/A	N/A	N/A
CACIB (1VUV7VQFKUOQSJ21A208)	11	10	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	7	4	N/A	N/A	N/A
GFI SECURITIES (GUNTJCA81C7IHNBGI392)	7	8	N/A	N/A	N/A

Covéa Finance verbally sends orders to the intermediaries selected according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Payment probability.

INTEREST RATE DERIVATIVES

CATEGORY OF INSTRUMENTS	INTEREST RATE DERIVATIVES: FUTURES AND OPTIONS ACCEPTED ON A NEGOTIATION PLATFORM				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	NO				
FIVE TOP INVESTMENT COMPANIES CLASSED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	54	41	N/A	N/A	N/A
UBS EUROPE SE (REYPIEJN7XZHSUI0N355)	31	41	N/A	N/A	N/A
GOLDMAN SACHS (W22LROWP2IHZNBB6K528)	15	18	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries selected according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Cost according to type of order.

CURRENCY DERIVATIVES

CATEGORY OF INSTRUMENTS	CURRENCY DERIVATIVES: FUTURES AND OPTIONS ACCEPTED ON A NEGOTIATION PLATFORM				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	YES				
FIVE TOP INVESTMENT COMPANIES CLASSED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	53	46	N/A	N/A	N/A
GOLDMAN SACHS (W22LROWP2IHZNBB6K528)	27	17	N/A	N/A	N/A
UBS EUROPE (REYPIEJN7XZHSUI0N355)	20	37	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries selected according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Cost according to type of order.

CATEGORY OF INSTRUMENTS	CURRENCY DERIVATIVES: SWAPS, FORWARDS AND OTHER CURRENCY DERIVATIVES NEGOTIATED OTC				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	YES				
FIVE TOP INVESTMENT COMPANIES CLASSED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
CACIB (1VUV7VQFKUOQSJ21A208)	44	67	N/A	N/A	N/A
NATIXIS (KX1WK48MPD4Y2NCUIZ63)	30	11	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	20	13	N/A	N/A	N/A
BNP PARIBAS (ROMUWSFPU8MPRO8K5P83)	6	7	N/A	N/A	N/A
HSBC (MP615ZYBZEU3UXPYFY54)	0	2	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries by competition according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed.

EQUITIES DERIVATIVES

CATEGORY OF INSTRUMENTS	EQUITIES DERIVATIVES: FUTURES AND OPTIONS ACCEPTED ON A NEGOTIATION PLATFORM				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	NO				
FIVE TOP INVESTMENT COMPANIES CLASSED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
GOLDMAN SACHS (W22LROWP2IHZNBB6K528)	46	26	N/A	N/A	N/A
UBS EUROPE (REYPIEJN7XZHSUI0N355)	28	54	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	26	20	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries selected according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Cost according to type of order.

COMMODITY AND ISSUE QUOTA DERIVATIVES

CATEGORY OF INSTRUMENTS	FUTURES AND OPTIONS ACCEPTED ON A NEGOTIATION PLATFORM				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	YES				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
GOLDMAN SACHS (W22LROWP2IHZNBB6K528)	55	46	N/A	N/A	N/A
UBS EUROPE (REYPIEJN7XZHSUI0N355)	34	42	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	11	12	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries selected according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Cost according to type of order.

EXCHANGE-TRADED FUNDS (ETF)

CATEGORY OF INSTRUMENTS	EXCHANGE-TRADED FUNDS (ETF)				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	YES				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
MORGAN STANLEY EUROPE (54930056FHWP7GIWYY08)	26	12	N/A	N/A	N/A
HSBC (MP6I5ZYBZEU3UXPYFY54)	24	25	N/A	N/A	N/A
KEPLER CHEUVREUX (9695005EOZG9X8IRJD84)	13	15	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	12	19	N/A	N/A	N/A
JP MORGAN (549300SOGM3USX5DOD03)	10	7	N/A	N/A	N/A

Covéa Finance electronically transmits orders, either to the market through an intermediary selected for execution, or by placing several authorised counterparts in competition.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Cost according to order type (NAV: net asset value);
- Payment probability.

OTHER INSTRUMENTS: FX SPOT

CATEGORY OF INSTRUMENTS	OTHER INSTRUMENTS: FX SPOT				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	NO				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
NATIXIS (KX1WK48MPD4Y2NCUIZ63)	25	12	N/A	N/A	N/A
CACIB (1VUV7VQFKUOQSJ21A208)	23	20	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE (O2RNE8IBXP4R0TD8PU41)	19	30	N/A	N/A	N/A
BNP PARIBAS (R0MUWSFPU8MPRO8K5P83)	14	10	N/A	N/A	N/A
HSBC (MP6I5ZYBZEU3UXPYFY54)	8	11	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries by competitive procedure according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Speed;
- Payment probability.

CONVERTIBLE BONDS

CATEGORY OF INSTRUMENTS	CONVERTIBLE BONDS				
INDICATE WHETHER \leq 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR	YES				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	PROPORTION OF VOLUME OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL VOLUME IN THAT CATEGORY (%)	PROPORTION OF NUMBER OF EXECUTED ORDERS AS PERCENTAGE OF THE TOTAL NUMBER IN THAT CATEGORY (%)	PERCENTAGE OF PASSIVE ORDERS (%)	PERCENTAGE OF AGGRESSIVE ORDERS (%)	PERCENTAGE OF DIRECTED ORDERS (%)
UNICREDIT (2ZCNR8UK83OBTEK2170)	20	17	N/A	N/A	N/A
JP MORGAN (K6Q0W1PS1L1O4IQL9C32)	14	17	N/A	N/A	N/A
EXANE (969500UP76J52A9OXU27)	10	10	N/A	N/A	N/A
HSBC (MP6I5ZYBZEU3UXPYFY54)	9	10	N/A	N/A	N/A
BARCLAYS (G5GSEF7VJPSI7OUK5573)	8	8	N/A	N/A	N/A

Covéa Finance electronically sends orders to the intermediaries by competitive procedure according to the best selection and best execution policy.

The criteria for analysis of executions for this type of assets are:

- Price;
- Access to liquidities;
- Payment probability.

3. General information on the quality of execution during 2019 (RTS 28, art. 3-3 b-h)

a) In order to act in the best interests of its clients when executing an order through a market intermediary, Covéa Finance has implemented a better selection and better execution policy, available on its website.

Market intermediaries are selected by an executing intermediary selection committee and integrated by decision of a referencing committee according to integration criteria defined in the better selection and better execution policy.

Covéa Finance strives to implement all sufficient measures when executing an order by a market intermediary to obtain the best possible result, taking into account the following qualitative criteria: price, cost, speed, probability of execution and settlement, order size, nature of orders, payment probability.

The factors influencing the choice of a place of execution of an order are: price, need for execution as soon as possible, liquidity of the market, size and nature of the order and the fact that the customer has consented to an off-market execution.

b) Description of any close links, conflicts of interest and joint shareholdings with one or more of the executing intermediaries used to execute the orders:

Covéa Finance has no close connection or participation of one or more intermediaries used for the transmission of orders. No situation of conflict of interest has been detected.

(c) Description of any particular agreement concluded with executing intermediaries concerning payments made or received, rebates, reductions or non-monetary advantages obtained:

Covéa Finance has not signed any special agreements with intermediaries selected for the transmission of orders or execution platforms concerning particular advantages (reductions or non-monetary advantages obtained).

(d) Explanation of the factors that have led to the modification of the list of places of execution stated in the execution policy:

The list of places of execution stated in the best execution and 2019 selection policy results were not modified.

(e) Explanation of how the execution of orders varies by category of client:

Covéa Finance treats all orders in the same way, whether they originate from professional or non-professional clients.

(f) Indication that other criteria have or have not been prioritised, in relation to price and immediate costs when executing retail customers' orders and an explanation of how these other criteria have been determinative in reaching the best possible result in terms of total cost to the customer:

Not applicable.

(g) Explanation of how the investment company used data or tools in relation to execution quality, including data published under RTS 27:

Covéa Finance tracks execution quality when it forwards orders to executing intermediaries. As such, it uses tools made available by negotiation platforms (e.g.: Pre-trade analysis, market impact model, real-time liquidity analysis tools) to track data related to costs and execution locations.

(h) An explanation of how the investment company used elements from a consolidated tape provider:

Covéa Finance did not use elements from a consolidated tape provider (CTP) during 2019.

Report on the exercise of voting rights and shareholder engagement

FINANCIAL YEAR 2019

Pursuant to the provisions of Article L. 533-22 of the French Monetary and Financial Code and Articles 314-100 to 314-102 and 319-21 to 319-23 of the General Regulations of the Autorité des Marchés Financiers, we hereby present our report for the financial year 2019 on the conditions under which Covéa Finance decided to exercise the voting rights attached to the securities held in the UCITS and AIF portfolios and mandates managed by it.

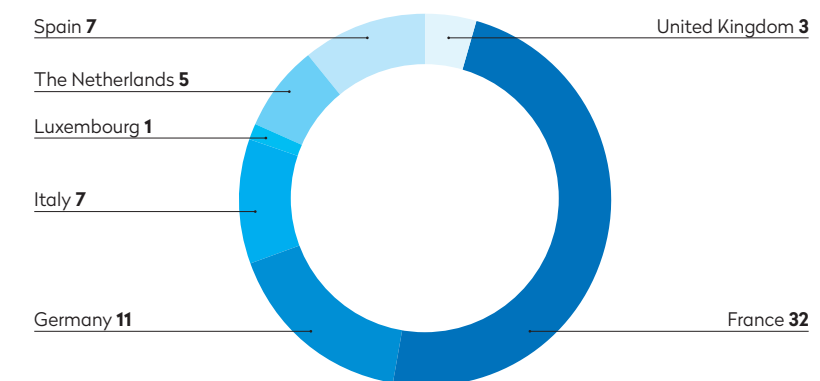
Within the framework of its "voting policy" document, Covéa Finance committed for the fourteenth year to mandatory voting for portfolio management companies in accordance with the following criteria:

- To vote in the meetings of its thirty largest positions accumulated in companies of the European Union in UCITS, AIF and mandate portfolios as at **31 December 2019** (unless these securities were sold as of the date of the General Meeting);
- To only take into account registered securities;
- To make every effort to exercise voting rights in listed European companies supported by Covéa Finance on a long-term basis and notably mid-cap companies in which Covéa Finance has a significant holding (over 1.5% of the capital and voting rights). Covéa Finance also undertook to vote in the General Meetings of companies which it assists in a long-term approach in the United States. However, this voting was suspended in 2018 due to legal and administrative complications.

GENERAL MEETINGS VOTED

As of 31 December 2019, Covéa Finance exercised its voting right in 66 European General Meetings, of which 32 were in France and 34 outside France.

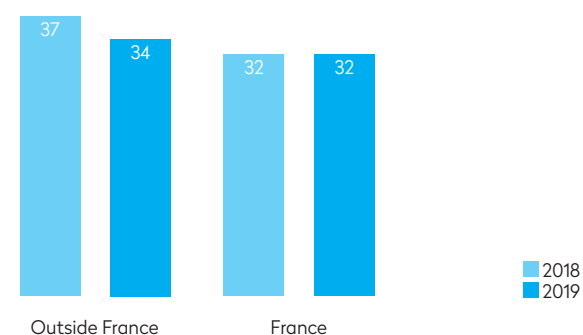
General Meetings voted in 2019, by country



As part of the redesign of Covéa Finance's voting policy initiated in 2016 and pursued in 2017, 2018 and 2019, the company decided to enable an in-depth and personalised shareholder dialogue with the various companies it votes on.

Moreover, as part of the standardisation of procedures, Covéa Finance decided not to vote at General Meetings concerning lock-up periods on the securities.

Changes in the exercise of voting rights - 2018/2019



At 31 December 2019, the total number of companies in which Covéa Finance could have a voting right stood at 482 representing a volume of listed shares of €8,919,451,931 (provided that the shares on the date of the meeting scheduled in 2019 were included in a mandate, AIF or UCITS portfolio). The number of companies making up to total votes chosen by the company as at 31 December 2019 was 66.

Participation rate	66/482
Rate restricted to the scope defined by the fund management company	66/66

Breakdown of votes:

Resolutions for	907
Resolutions against	196
Abstentions	1
Total number of resolutions voted	1,104
Out of a total number of approved resolutions of	1,069
Resolutions not approved by the Board – vote for	17
Resolutions not approved by the Board – vote against	17

*N.B. Resolutions approved = resolutions previously validated by the Board of Directors.
Resolutions not approved = resolutions for which the Board of Directors issued a negative recommendation or did not issue a prior opinion.*

Reasons for negative votes, including the votes “against” the approved resolutions and the votes “for” resolutions not approved

SUBJECT OF RESOLUTION	FRANCE	EUROPEAN UNION	EUROPE OUTSIDE EUROPEAN UNION	OUTSIDE EUROPE
Appointment of the members of the Board of Directors or Supervisory Board	21	20	-	-
Appointment and remuneration of statutory auditors	-	-	-	-
Amendments to the Articles of Association having a negative impact on the rights of shareholders	-	-	-	-
Approval of statutory agreements	-	-	-	-
Capital transactions considered an anti-takeover* mechanism	64	7	-	-
Financial transactions/Mergers	-	-	-	-
Remuneration of directors and employee share ownership	54	7	-	-
Employee shareholding	1	-	-	-
Approval of financial statements and allocation of earnings	-	-	-	-
External resolutions (not approved by the Board)	1	15	-	-

* The transactions taken into account are the following: delegations to the Board to issue warrant subscriptions; authorisations concerning the share redemptions up to 10%; amendment to the Articles of Association concerning the double voting right, etc.

Cases where Covéa Finance was unable to comply with the principles set out in its Voting Policy:

In 2019, Covéa Finance did not vote against its voting policy.

Covéa Finance will provide shareholders with details of the votes on request.

Cases where Covéa Finance found itself in a conflict of interest:

None

N.B. This report does not cover strategic Covéa Group holdings.

Report on anti-money laundering and combating the financing of terrorism

FINANCIAL YEAR 2019

This report covers the measures taken by Covéa Finance in terms of prevention of money laundering and the financing of terrorism in accordance with article 320-20-8 of the AMF's General Regulations, amended on 11 September 2019.

This report is intended to be presented to Covéa Finance's governing bodies and to be forwarded on to the AMF by 30 April.

Foreword: typology of business relations

THIRD PARTY RELATIONS

Covéa Finance is a portfolio management company that neither keeps accounts nor centralises nor receives or sends orders on behalf of third parties.

Covéa Finance's third parties are mainly institutions with the classification of professional clients, domiciled in OECD countries:

- The companies of SGAM Covéa for which Covéa Finance manages an asset portfolio under formal mandate;
- Companies external to SGAM but which have preferred relationships with one of the mutual insurers of the Group for which Covéa Finance also manages a portfolio of assets under mandate;
- Mutual funds that have delegated financial management to Covéa Finance, promoted by SGAM Covéa companies;
- Companies and institutions investing their own equity into mutual funds;
- Service providers, approved or authorised by the AMF.

INVESTOR RELATIONS

Covéa Finance does not have direct contact with the unit holders of the mutual funds and does not directly market or sell these mutual funds to private individuals.

Investors are marketed to through various distribution channels (distributors, platforms, business contributors, life insurance companies, etc.). The contracting of an agreement between the two parties defines each party's commitments and responsibilities, particularly in terms of client identification process. Nevertheless, Covéa Finance has no relationship with the end holder.

INVESTMENTS

Covéa Finance's investments are placed in assets of listed companies having their headquarters in countries of the OECD, mainly in Europe, North America and Asia as well as the State debt.

Controls performed in 2019 by Permanent Internal Control as well as External Audit on transactions did not reveal any notable anomalies and did not therefore lead to any declarations of suspicious activity to Tracfin.

Internal control procedures put in place based on the assessment of risk of money laundering and terrorism financing

A. RISK MAPPING

Covéa Finance has two risk maps included in its anti-money laundering and countering the financing of terrorism (AML/CFT) procedure. The first is the internal classification of AML/CFT risks to be applied to business relationships and the second concerns risks related to investments.

B. PROCEDURES

The methodology for assessing the risk of money laundering and terrorism financing is described in Covéa Finance's AML/CFT procedure. This is periodically updated, with the latest version dated from 31 December 2019.

In particular, the procedure recalls the obligations relative to knowledge of third parties (clients and intermediaries) as well as the supporting documents to be collected according to the degree of vigilance applied.

There is also a description of the diligences to be carried out on the investments directly or through Multimangement.

The procedure describes the system for operations monitoring as well as the procedure to be followed in the event of a declaration of suspicion.

The key concepts of "Effective Beneficiaries" and "Politically Exposed Persons" are also covered by the procedure.

The procedure also specifies the measures taken for recruitment of staff and training given to all employees.

Resources implemented for the financial year and control of activity

Covéa Finance has entrusted the task of ensuring compliance with the provisions relative to financial organisations' participation in anti-money laundering and countering the financing of terrorism to Mr. Ludovic Jacquier, Managing director, in charge of support and control.

In the exercise of this task, Maxime PERRON is responsible for AML/CFT compliance, and is the appointed Tracfin informant. He is in charge of the entire anti-money laundering mechanism, including legal watch and the training of personnel, and also for the analysis of any suspicious transaction reports made by employees before forwarding them to Tracfin.

The control system is carried in first level by operational staff working in Marketing, Fund Management, Research and Human Resources. Second-level controls are only done by the operational manager over AML/CFT or the RCCI, depending on the case.

The control plan followed each year is available in Covéa Finance's AML/CFT procedure, covering client diligence, investments and flows as well as revision of procedural framework and periodic training for employees.

Identified incidents and inadequacies and corrective actions

The entire AML/CFT control plan was executed. There were no significant incidents in the 2019 financial year.

Nevertheless, some minor corrective actions could be requested without requiring an additional alert.

Corrective actions on issues raised by the controls were able to be implemented within the allotted time.

Balance sheet as at December 31, 2019

ASSETS	31/12/2019			31/12/2018
	GROSS AMOUNT	AMORTISATION OR PROVISION	NET AMOUNT	
Intangible fixed assets	1,682,659	1,249,256	433,403	213,543
Tangible fixed assets	8,006,022	5,686,424	2,319,598	2,818,610
Financial fixed assets	7,577,796	52,969	7,524,827	8,092,115
TOTAL 1	17,266,477	6,988,649	10,277,828	11,124,268
Trade accounts receivable	11,406,576	0	11,406,576	9,579,425
Other receivables	80,832	0	80,832	391,405
Marketable securities	78,702,337	799,912	77,902,425	69,543,242
Liquid assets	1,357,674	0	1,357,674	2,803,953
Prepaid expenses	3,416,798	0	3,416,798	3,012,576
Accrued interest	238,831	0	238,831	238,562
TOTAL 2	95,203,048	799,912	94,403,136	85,569,163
GRAND TOTAL	112,469,525	7,788,561	104,680,964	96,693,431

LIABILITIES	31/12/2019		31/12/2018	
Capital	7,114,644		7,114,644	
Statutory reserve	711,464		711,464	
Unavailable reserve	28,164		28,164	
Carry forward	41,289,432		37,661,953	
Other reserves	946,485		946,485	
Merger premium	4,296,782		4,296,782	
Contribution premium	454,203		454,203	
Earnings for the period	20,287,780		18,165,068	
Investment provisions	0		0	
TOTAL 1	75,128,954		69,378,763	
Provisions for risks	525,000		146,286	
Provisions for charges	112,123		0	
TOTAL 2	637,123		146,286	
Loans and debts with credit institutions	0		333,118	
Equities, dividends to be distributed				
Debts	28,914,887		26,835,264	
Exchange differences Liabilities				
TOTAL 3	28,914,887		27,168,382	
GRAND TOTAL	104,680,964		96,693,431	

2019 Income Statement in list form

DEBIT	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
Operating income		
Management fees on mandates	10,275,878	10,861,697
Management fees on mutual funds	97,277,692	91,403,496
ESU/FCPE invoicing	0	-24,717
Administrative and accounting fees	3,424,315	2,677,148
Ancillary income	-148	398,880
Total ST	110,977,737	105,316,503
Other incidental income	10,516	5,364
Reversal of operating provisions	8,082	4,974
TOTAL I	110,996,335	105,326,841
Operating costs		
Other external costs	52,750,666	52,654,416
Taxes, duties and related payments	4,069,964	3,646,037
Personnel costs	19,710,556	18,345,797
Other costs	19,666	2,507
Allocations to depreciation	1,487,213	1,695,985
Directors' fees	8,000	5,040
TOTAL II	78,046,065	76,349,782
OPERATING RESULT (I - II)	32,950,270	28,977,059
Financial income		
Other income and interest	382,958	396,819
Capital gains from sales of marketable securities	1,676,373	4,577
Foreign exchange gains	24,391	199,196
Reversals of provisions for fixed financial asset imp.	221,982	7,604
Reversal of provision for depreciation on marketable securities	620,664	748,516
Reversals of provisions financial charges and liabilities	146,286	0
TOTAL III	3,072,653	1,356,713
Financial costs		
Other interest	207	3,734
Capital losses on the sale of securities	0	373,693
Charges on transfers of investment securities	89,363	0
Provisions for financial fixed asset impairment	52,969	221,982
Provisions for impairment of marketable securities	799,912	766,950
Provisions for currency risk	112,123	
Foreign exchange losses	322	12,372
TOTAL IV	1,054,897	1,378,731
NET FINANCIAL RESULT (III - IV)	2,017,756	- 22,019

DEBIT	FINANCIAL YEAR 2019	FINANCIAL YEAR 2018
Extraordinary income		
Reversals of provisions for risks	0	580,000
Other extraordinary income	491	14,930
Earnings from previous years	1,354	
TOTAL V	1,845	594,930
Extraordinary costs		
Extraordinary costs on management transactions	155,805	7,375
Fines & tax penalties	46,920	
Book value of financial fixed assets sold	388	0
Provisions for extraordinary risks and charges	525,000	180,000
TOTAL VI	728,113	187,375
EXTRAORDINARY RESULT (V - VI)	- 726,268	407,555
EARNINGS BEFORE TAX (I - II + III - IV + V - VI)	34,241,758	29,362,595
Tax on profits (VII)	11,788,024	9,485,941
IS - Additional		
Employee profit-sharing (VIII)	2,165,954	1,711,586
TOTAL INCOME (I + III + V)	114,070,833	107,278,483
TOTAL COSTS (II + IV + VI + VII + VIII - IX)	93,783,053	89,113,415
PROFIT	20,287,780	18,165,068

Statutory auditors' report on the financial statements

FOR THE YEAR ENDED 31ST DECEMBER 2019

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the sole partner of
Covéa Finance SAS
8-12, rue Boissy d'Anglas
75008 Paris

Opinion

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying financial statements of Covéa Finance for the year ended 31st December 2019. These financial statements were approved by the Chairwoman on 26 March 2020 on the basis of the information available at that date in an evolving context of the Covid-19 health crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31st December 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

AUDIT FRAMEWORK

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

INDEPENDENCE

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1st January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you that the most important assessments we have made, in our professional judgment, have focused on the adequacy of the accounting principles applied, the reasonableness of the significant estimates and on the overall presentation of the accounts.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Verification of the other documents addressed to the sole partner

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information with respect to the financial position and the financial statements given in the documents provided to the sole partner. With regard to the events which occurred and the facts known after the date the financial statements were approved by the Chairwoman relating to the impact of the Covid-19 crisis, the management indicated to us that they will be communicated to the sole partner called to approve the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (Code de commerce).

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the Chairwoman.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Neuilly-sur-Seine and Paris-La Défense, 15th April 2020

The Statutory Auditors

French original signed by:

Pricewaterhouse Coopers Audit

Philippe Chevalier

DELOITTE ET ASSOCIES

Olivier Galienne

Decision by the Sole Shareholder

Text of resolutions

FIRST RESOLUTION

The Sole Shareholder, after being read the Chairwoman's management report given to the Supervisory Board giving its opinion on the annual accounts for the year ended 31 December 2019, and on the business of the company during this period, and after being read the Statutory Auditors' report on the performance of their audit during this financial year, approves the annual accounts as they are presented, in addition to the transactions recognised in these accounts and summarised in these reports.

Accordingly, it grants discharge to the Chairwoman and to the members of the Supervisory Board for the performance of their duties for this financial year.

SECOND RESOLUTION

The Sole Shareholder, after being read the special report of the Statutory Auditors on the agreements provided in Article L 227-10 et seq. of the French Commercial Code, approves the conclusions of this report.

THIRD RESOLUTION

On the proposal of the Chairwoman, the Sole Shareholder decides to allocate the profits of the financial year as follows:

Profit for the financial year	€20,287,780.40
Retained earnings from previous financial year	€41,289,432.25
Total to be allocated	€61,577,212.65
Allowance for the statutory reserve	€0.00
Dividends (€ 27.37 per share)	€16,230,224.32
Carry forward after allocation	€45,346,988.33
TOTAL	€61,577,212.65

For information, the dividends paid in respect of the last three financial years were as follows:

2018 :	€14,537,589
2017 :	€11,146,275
2016 :	€15,859,727

FOURTH RESOLUTION

The Sole Shareholder, having read the management report, and noting that the share capital of the company is fully paid-up, decides in accordance with Article 19 of the Articles of Association that in the event of a distribution of interim dividends during the current financial year to offer the option of payment in cash or in company shares. The issue price of newly created shares, as payment of interim dividends, equals the amount of equity divided by the number of shares.

FIFTH RESOLUTION

The Sole Shareholder confers all powers on the bearer of a copy or extract of the minutes of this decision to conduct all filings and formalities of legal publications in response to the decisions made above and execution thereof.

Notes to the annual accounts

The balance sheet before distribution of the financial year ended 31 December 2019 totalling €104,680,964 and the income statement totalling earnings of €114,070,833 recognise a profit of €20,287,780.

The notes and the tables hereinafter constitute the NOTES. They are an integral part of the financial statements. Only significant information is produced.

1. Highlights of the financial year

The URSSAF inspection began during the last quarter of 2018 was completed in 2019. No significant anomalies were found.

A tax audit for years 2016 to 2018 was initiated in May 2019 by the authorities.

With regard to the adjustment for 2016, an "article 62" procedure was implemented in late 2019. The amounts of the adjustments for 2017 and 2018 were provisioned in 2019, in anticipation of the final notification from the authorities.

2. Post-balance sheet events

The company's activity will necessarily be affected by the general economic slowdown and market volatility associated with the COVID-19 pandemic. However, at this stage, the impact of the crisis on the company's future results is not quantifiable. In addition, no specific elements that could affect the financial statements for 2019 or call into question the continuity of the company's operations were identified.

3. Accounting principles and methods used

3.1 GENERAL PRINCIPLES

This balance sheet and the income statement were prepared in accordance with the provisions of Articles L.123-12 and L.123-13 of the French Commercial Code and pursuant to the general rules of preparation and presentation of annual accounts.

The general rules for preparing and presenting the annual accounts were established in accordance with the new chart of accounts as per ANC Regulation no. 2016-07 of 4 November 2016.

The general principles of prudence, regularity, sincerity and true image have been complied with based on the following assumptions:

- Continuity of operation,
- Consistency of accounting methods from one year to another,
- Independence of financial years

3.2 ACCOUNTING METHODS USED

The base method retained to evaluate items written in the accounts is the historic costs method. For marketable securities, the gross value is made up of the purchase cost excluding additional expenses.

4. Additional information concerning the balance sheet

4.1 STATEMENT OF FIXED ASSETS

A - Intangible and tangible fixed assets

(IN EUROS)	START OF FINANCIAL YEAR		MOVEMENTS FOR THE FINANCIAL YEAR		END OF FINANCIAL YEAR		
	FIXED ASSETS GROSS VALUE	DEPRECIATION GROSS VALUE	ACQUISITIONS	DISPOSALS	FIXED ASSETS GROSS VALUE	DEPRECIATION GROSS VALUE	NET ACCOUNTING VALUE
Intangible fixed assets	1,271,094	1,057,551	411,565	0	1,682,659	1,249,256	433,403
Software	1,271,094	1,057,551	411,565		1,682,659	1,249,256	433,403
Tangible fixed assets	7,223,979	4,405,368	796,884	14,840	8,006,022	5,686,424	2,319,598
Installations	3,597,547	2,101,856	7,815		3,605,361	2,818,006	787,355
Fixtures and fittings	470,300	370,707	7,118		477,418	432,341	45,077
Equipment	2,459,252	1,479,399	638,686		3,097,938	1,867,379	1,230,559
Telephones	15,192	9,646	37,271	14,840	37,623	11,779	25,844
Furniture	667,185	443,760	105,994		773,179	556,919	216,260
Prints	14,503				14,503		14,503
TOTAL	8,495,073	5,462,919	1,208,449	14,840	9,688,681	6,935,680	2,753,001

Fixed asset entry values are recognised at historic cost.

Acquisitions at Covéa Finance:

- Software is amortised over 3 months using the linear method;
- Installations, furniture, and fixtures are depreciated over 5 years on a straight-line basis;
- Equipment is depreciated over 5 years using the linear method.

Depreciation and amortisation is recorded in the income statement under "Depreciation and amortisation".

B - Financial and other fixed assets

VALUES (IN EUROS)	COST PRICE 31/12/2018	INVESTMENTS 2019	AMORTISATION 2019	TRANSFER PRICES 2019	COST PRICE 31/12/2019	UNREALISED GAINS AS AT 31/12/2019	UNREALISED LOSSES AS AT 31/12/2019
Total financial fixed assets	8,184,738	0	0	- 1,597,237	7,453,028	1,650,347	- 52,970
Total other fixed assets	129,358	450	- 5,040	0	124,768	0	0
TOTAL	8,314,096	450	- 5,040	- 1,597,237	7,577,796	1,650,347	- 52,970

At the end of the financial year, the subscription value is compared to the liquidation value. In the case of unrealised losses, a provision for depreciation is posted under "Allocations to provisions". Unrealised gains are not recognised.

4.2 RECEIVABLES BY SENIORITY

(IN EUROS)	GROSS AMOUNT	ONE YEAR AND LESS	1 TO 5 YEARS	OVER 5 YEARS
Trade accounts receivable	11,406,576	11,406,576	-	-
Supplier receivables	16,682	16,682	-	-
Personnel salaries	72	72	-	-
VAT to be paid	45,807	45,807	-	-
Other receivables	18,271	18,271	-	-
TOTAL RECEIVABLES	11,487,408	11,487,408	-	-

Receivables mainly consist of client receivables corresponding to billing for December 2019. There are no receivables greater than one year.

4.3 MARKETABLE SECURITIES

(IN EUROS)	+ / - VALUES RECORDED IN 2019							
	COST PRICE 31/12/2018	INVESTMENTS 2019	TRANSFER PRICES 2019	UNREALISED GAINS	UNREALISED LOSSES	COST PRICE 31/12/2019	UNREALISED GAINS AS AT 31/12/2019	UNREALISED LOSSES AS AT 31/12/2019
Bonds	19,056,550	867,737	- 860,715	0	0	19,063,572	19,236	- 766,253
UCI Covéa Finance	51,107,356	107,730,689	- 99,920,764	810,846	- 89,363	59,638,765	1,585,349	- 33,660
TOTAL MARKETABLE SECURITIES	70,163,906	108,598,426	- 100,781,479	810,846	- 89,363	78,702,337	1,604,585	- 799,913

At the end of the financial year, the subscription value is compared to the liquidation value. In the case of unrealised losses, a provision for depreciation is posted under "Allocations to provisions".
Unrealised gains are not recognised.

Liquid assets

Any liquid assets in foreign currencies at the end of the financial year are converted into national currency at the spot rate. Any currency exchange differences are recognised in the income statement.

4.4 INFORMATION ON EQUITY

(IN EUROS)	31/12/2018	INCREASES	DECREASES	31/12/2019
Share capital	7,114,644			7,114,644
Merger premium	4,296,782			4,296,782
Contribution premium	454,203			454,203
Statutory reserve	711,464			711,464
Unavailable reserve	28,164			28,164
Other reserves	305,267			305,267
Contingency reserve	641,218			641,218
Retained earnings	37,661,953	3,627,479		41,289,432
Earnings for the period	18,165,068	20,287,780	18,165,068	20,287,780
TOTAL	69,378,763	23,915,259	18,165,068	75,128,954

4.5 STATEMENT OF PROVISIONS

DESCRIPTION (IN EUROS)	31/12/2018	ALLOWANCES	REVERSALS	31/12/2019
Provisions for risks		525,000		525,000
Provision for USD exchange losses	146,286	112,123	146,286	112,123
TOTAL	146,286	637,123	146,286	637,123

4.6 DEBTS BY SENIORITY

(IN EUROS)	GROSS AMOUNT	ONE YEAR AND LESS	1 TO 5 YEARS	OVER 5 YEARS
Suppliers	13,153,291	13,153,291		
Current accounts	1,439,233	1,439,233		
Accrued expenses	654,771	654,771		
Personnel – Travel expenses	4,255	4,255		
Personnel – Profit-sharing	2,165,954	2,165,954		
Personnel, incentive scheme premium	185,425	185,425		
Works Council	5,524	5,524		
Other payables	141,571	141,571		
Provisions on salaries	9,706,050	9,706,050		
Social welfare agencies	549,499	549,499		
FAE VAT	22,425	22,425		
VAT to be paid	374,855	374,855		
Payroll tax	512,036	512,036		
TOTAL DEBTS	28,914,887	28,914,887		

Debts mainly comprise:

- supplier liabilities for invoices received at the end of the year;
- social and tax liabilities.

There are no debts greater than one year.

4.7 PREPAYMENTS AND ACCRUALS

The balance of prepayments and accruals breaks down as follows:

Prepaid expenses: €3,416,798

Accrued income: €1,692,681 corresponding to the invoicing during the second half of the year of administration and accounting fees, and proceeds from related activities.

5. Additional information on the income statement

5.1 OPERATING INCOME

This item amounted to €110,996,335 and is broken down as follows:

- Management fees on mandates: €10,275,878
- Management fees on mutual funds: €97,277,692
- Administrative and accounting fees: €3,424,315

5.2 INCOME AND INTEREST

This item amounted to €3,072,653 and represents:

- Income and interest: €382,958
- Transfer gains: €1,676,373
- Foreign exchange gains: €24,391
- Reversals of provisions financial fixed asset depr.: €221,982
- Reversals of provisions / marketable securities: €620,664
- Reversals of provisions financial expenses: €146,286

5.3 EXTRAORDINARY INCOME

This item amounted to €1,845 and represents:

- Earnings from previous years: €1,354

5.4 PERSONNEL COSTS

Salaries and social security contributions amounted to €19,710,556.

5.5 FINANCIAL COSTS

This item amounted to €1,054,897 and is broken down as follows:

- Income and interest: € 207
- Charges on transfers of investment securities: €89,363
- Allocations to depreciation / financial fixed assets: €52,969
- Allocations to depreciation / marketable securities: €799,912
- Provisions for exchange risks: €112,123

5.6 EXTRAORDINARY COSTS

This item amounted to €726,267 and is broken down as follows:

- Provisions for risks: €525,000
- Fines and penalties: €46,920
- Other extraordinary expenses: €155,805

5.7 TAX AND TAX CONSOLIDATION

The tax recognised in the income statement for the financial year corresponds to the tax payable for the period according to the tax regulations in force. On 1 January 2008, Covéa Finance joined the tax consolidation group of which SGAM Covéa is the consolidating company.

The amount of corporation tax for 2019 is €11,788,024.

This amount includes the adjustment for 2016, determined through the "article 62" procedure.

5.8 EMPLOYEE PROFIT-SHARING

Profit sharing amounted to €2,165,954.

5.9 INCENTIVE BONUS

The Profit-sharing/Salary ratio was over 0.16, therefore no incentive payments were made. A Covéa group incentive will be paid to employees.

5.10 ALLOCATION OF EARNINGS OF THE FINANCIAL YEAR

The Chairwoman proposed allocating net profits as follows:

- | | |
|--|-----------------------|
| • Profit for the financial year | €20,287,780.40 |
| • Retained earnings from the previous financial year | €41,289,432.25 |
| To be allocated | €61,577,212.65 |
| • Dividends | €16,230,224.32 |
| • Retained earnings after allocation | €45,346,988.33 |
| TOTAL | €61,577,212.65 |

5.11 WORKFORCE

As at 31 December 2019, Covéa Finance has 170 employees:

- 16 non-executive grade;
- 154 executive grade.

5.12 REMUNERATION OF SENIOR MANAGEMENT

The disclosure of senior management and risk taker remuneration is the subject of an ad hoc report, appended to the management report, in accordance with European AIFM and UCITS V directives to which Covéa Finance is subject as a fund management company.

6. Off-balance sheet commitments

- | | |
|-----------------------|------------|
| • Pension commitments | €1,266,520 |
| • Funds composed | €532,894 |
| • Shortfall | €733,626 |

The company's commitments are valued using an actuarial method which takes particular account of the turnover and salary increase rate.

The discount rate applied is iBoxx eurocorporate AA 10.

The preferential method recommended by the CNC recommendation of October 2018 is applied.

The company's commitments are partially covered by an insurance policy taken out with GMF Vie.

7. Other significant information

7.1 BREAKDOWN OF SHARE CAPITAL

On 15 November 2018, the company became a one-person simplified joint-stock company (SASU), with Covéa Cooperations now the sole shareholder of Covéa Finance.

7.2 CONSOLIDATION

The accounts of Covéa Finance are included using the full consolidation method in the combined accounts of SGAM COVÉA, SIRET no. 450527916 00016 (86-90, Rue Saint-Lazare, 75009 Paris, France).

7.3 STATUTORY AUDITORS' FEES

The impact of the statutory auditors' fees on the income statement was €335,248 broken down as follows:

- Audit of Covéa Finance's accounts: €83,320
- Audit of the mutual funds: €251,928

Company results for the last 5 financial years

NATURE OF INFORMATION	2015	2016	2017	2018	2019
Capital at the end of the financial year					
Share capital	7,114,644	7,114,644	7,114,644	7,114,644	7,114,644
Number of existing ordinary shares	592,887	592,887	592,887	592,887	592,887
Transactions and results of the financial year					
Revenue before tax	89,883,656	91,794,558	98,239,743	105,316,503	110,977,737
Earnings before tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	35,042,563	31,674,207	31,623,836	30,891,391	36,230,044
Tax on profits	11,104,628	10,329,484	12,257,326	9,485,941	11,788,024
Employee profit-sharing due for the financial year	1,618,398	1,691,773	1,494,342	1,711,586	2,165,954
Earnings after tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	20,971,801	19,832,482	15,906,361	18,165,068	20,287,780
Earnings distributed in cash	17,193,723	15,859,727	11,146,276	14,537,589	16,230,224
Earnings distributed in shares	0	0	0	0	0
Earnings per share					
Earnings before tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	59	53	53	52	61
Earnings after tax, employee profit-sharing but before allowances for amortisation and provisions	38	33	30	33	38
Earnings after tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	35	33	27	31	34
Dividend allocated to each share (in cash)	29	27	19	25	27
Dividend allocated to each share (in shares)					
Personnel					
Average workforce strength during the financial year	142	142	154	164	167
Payroll for the financial year	8,921,527	10,523,706	11,370,318	12,255,335	13,293,955
Amount of sums paid as social benefits during the financial year (social security, social works, etc.)	4,575,393	5,221,091	5,614,056	6,090,462	6,416,601



COVÉA GROUP'S
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