

# Financial *REPORT*

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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 2018

I hereby present to you the report on your company's activity for the financial year ended 31 December 2018 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.

## I. Economic environment of Covéa Finance

2018 was marked by the onset of commercial tensions between China and the United States, in a context of calling into question multilateralism. The two countries embarked on a series of customs duty hikes, before reaching a temporary compromise at the end of November. From a short-term point of view, the American economy has remained robust throughout the year, with a continued decline in its unemployment rate and more positive wage developments than in past years. In this context, the US Federal Reserve (Fed) continued to tighten up its monetary position. In Europe, political aspects have taken front stage in economic publications, with uncertainties raised by Brexit, the weakening of the German coalition or even the formation of an atypical coalition government in Italy. Economic data in the Eurozone has been moderated throughout the year, and there seems to be more diverse growth between countries. In China, the slowdown in activity intensified in the second part of the year. In this context, the price of Brent petrol ended the year in sharp decline reaching \$53.80 a barrel, a drop of 19.5% from 2017. The US dollar rose 4.5% against the Euro, trading at \$1.14 to €1.00 at 31 December.

In the **United States**, economic activity accelerated, supported by the easing of taxation for households and businesses. Annual GDP growth reached an average of 2.8% over the first three quarters of the year. The degree of companies' and consumers' optimism has remained at a very high level while the unemployment rate has continued to decline reaching below 4% of the workforce. Against a backdrop of still moderate inflation, despite an improvement in wage earnings over the second part of the year, the Federal Reserve has stayed the course of its gradual monetary tightening up with four increases to the reference rate over the year. In political terms, the mid-term elections brought about a divided Congress with a change of majority in the House of Representatives, now under the control of the Democrats. At the end of the year, the failure of Congress negotiations on the financing of the Mexican wall wanted by Donald Trump caused a partial closure of the tax administrations while the country's public deficit now stands around 5% of GDP.

In the **Eurozone**, economic growth declined over the first three quarters of the year, reaching 1.6% in a year. Significantly, external demand no longer contributes to its activity. Confidence indicators were fairly moderate, returning to pre-2017 levels, as did the industrial cycle, penalised at the end of the year by disruptions in the automotive sector. In the labour market, the unemployment rate has continued to decrease in most countries. It stands at 8.1% of the workforce, while nominal salaries have accelerated throughout the year, reaching 2%. However, gains in purchasing power remained low due to the rise in inflation. In its last meeting of the year, the European Central Bank (ECB) decided to end its asset purchase programme (APP) but plans to maintain an accommodative monetary policy, reinvesting in maturing securities and pursuing its low-rate policy. The political year was marked by the coming into power of a new coalition in Italy, the crumbling of the German coalition and social movements in France from November onward.

In the **United Kingdom**, moderation of activity continued in 2018 including a decline in corporate investment over the first three quarters. For its part, the Bank of England made a single increase in its reference rate to 0.75%, deeming that sufficient progress had been made in the labour market. With regard to Brexit, negotiations have been delayed and the Parliament's approval of the exit agreement signed between Theresa May and the European Union remains a major uncertainty.

In **Japan**, GDP growth weakened throughout the year with a contraction of activity in the third quarter exacerbated by climatic events. However, industrial dynamics have subsided and Japanese companies are now demonstrating a lower level of optimism. Inflation has remained very modest, despite progress in wages, at an annual rate slightly above 1%, while the Bank of Japan's monetary policy has been slightly adjusted but remains highly accommodative.

In **China**, the economic slowdown increased at the end of the year as illustrated by the braking of industrial production and investment. Faced with these developments, the Chinese authorities have activated the monetary and budgetary levers in order to support activity. The financial risks associated with the indebtedness of economic agents remain the top concern.

## Principal market indexes and indicators - values and changes

MARKET INDICATORS (1/2)		29/12/2017	31/12/2018	CHANGE SINCE 29/12/2017 (% OR BPS)*	
<b>Bond markets</b>	Base rates (%)	FED	1.50	2.50	1.00
		ECB	0.00	0.00	0.00
		BoE	0.50	0.75	0.25
		BOJ	0.10	0.10	0.00
		Bank of Korea	1.50	1.75	0.25
		Brazil	7.00	6.50	- 0.50
		Russia	7.75	7.75	0.00
		India	6.00	6.50	0.50
		China	4.35	4.35	0.00
		10-year sovereign yields (%)	United States	2.41	2.68
	France OAT		0.79	0.71	- 0.08
	Germany		0.43	0.24	- 0.19
	Italy		2.02	2.74	0.73
	United Kingdom		1.19	1.28	0.09
	Japan		0.05	0.00	- 0.05
	South Korea		2.47	1.99	- 0.48
	Russia		7.43	8.52	1.09
	Loan index	IBOXX Eur Global Index	226.5	223.6	- 1.29
	<b>Foreign exchange markets</b>	Against the euro (€1 = ... currencies)	Dollar	1.20	1.15
Sterling			0.89	0.90	1.22
Yen			135.3	125.8	- 7.0
Against the dollar (\$1 = ... currencies)		Won	1,071	1,115	4.1
		Brazilian real	3.3	3.9	17.1
		Rouble	57.6	69.7	21.0
		Indian rupee	63.9	69.8	9.2
		Yuan	6.5	6.9	5.7

MARKET INDICATORS (2/2)		29/12/2017	31/12/2018	CHANGE SINCE 29/12/2017 (% OR BPS)*		
<b>Equity markets</b>	Local currencies	United States - S&P	2,674	2,507	- 6.2	
		Japan - Nikkei 300	357	301	- 15.8	
		France - CAC 40	5,313	4,731	- 11.0	
		Germany - DAX	6,122	4,863	- 20.6	
		Eurozone - MSCI EMU	126	108	- 14.7	
		United Kingdom - FTSE 100	7,688	6,728	- 12.5	
		South Korea - KOSPI	2,437	2,041	- 16.2	
		Brazil - Bovespa	76,073	87,887	15.5	
		Russia - MICEX	2,103	2,359	12.2	
		India - SENSEX	34,057	36,068	5.9	
		China - Shanghai	3,307	2,494	- 24.6	
		Hong Kong - Hang Seng	29,919	25,846	- 13.6	
		MSCI - BRIC	1,128	949	- 15.8	
	Euro	S&P (€)			- 1.6	
		Nikkei 300 (€)			- 9.2	
FTSE 100 (€)				- 13.4		
<b>Raw materials</b>	Farming	Corn (dollar cents per bushel)	351	375	6.9	
		CRB index**	432	409	- 5.3	
	Energy	Oil (Brent, \$ per barrel)	67	54	- 19.4	
		Precious metals	Price per ounce of gold	1,309	1,281	- 2.1
			Price per tonne of copper	7,247	5,965	- 17.7

\* 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 2018, Covéa Finance has 168 employees, which represents an increase of 9% over the previous financial year.

Over the year, the governance of Covéa Finance developed with:

- a change to the composition of the Supervisory Board and the appointment of a new Chairman;
- a change to the composition of the Remuneration Committee;
- a change in the Executive Committee at the end of the year.

Covéa Finance's shareholdership also changed, with now just one shareholder, Covéa Cooperations.

General accounting was kept internally at the start of the financial year.

In 2018, six funds were created, and a mutual fund was labelled SRI. In addition, passports were obtained for Italy in order to pursue sales operations.

Finally, a new status was negotiated for employees during the year, to be first implemented from 1 January 2019.

### 2.2 ASSETS MANAGED

As at 31 December 2018, the amount of assets under management came to €95.1 billion and breaks down as follows:

- 22 management mandates on behalf of the companies of the Covéa group, or partner mutual insurers, totalling €83.2bn;
- 48 mutual funds totalling €11.9bn

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

ASSETS UNDER MANAGEMENT IN BILLIONS OF EUROS	31/12/2017	31/12/2018	VARIATIONS
Mandates	85.6	83.2	- 2.8%
Mutual funds	12.3	11.9	- 3.8%
<b>TOTAL</b>	<b>97.9</b>	<b>95.1</b>	<b>- 2.9%</b>

Readers will find in the notes a detailed statement on the mutual funds managed and their performance.

It should be stressed that although the year-end stocks have declined between the two financial years, mainly by market effect, conversely, the annual average outstanding amounts that serve as the basis for invoicing have progressed over this period (from €88.4 billion in 2017 to €90.2 billion in 2018).

In 2018, Covéa Finance won the Silver Trophy in the category Best International Equity Fund over 10 years for Covéa Actions Investissement.

### 2.3 ACTIVITY OF THE COMPANY

In 2018, Covéa Finance's operating income increased by + 7.2% compared to the previous year. This increase is mainly explained by the increase in average outstanding amounts between the two financial years.

Equity and similar assets under management, mutual funds and mandates included, amounted to €14.9 bn at the end of 2018, representing a reduction of -15.3% over the previous year. This decrease is mainly related to the withdrawal from the stock market initiated by fund management in the 3rd quarter of 2018.

Bond assets and other fixed-income products amounted to €80.2bn, and are overall stable in comparison to 2017.

Operating costs rose 11.8% during the financial year.

This increase is mainly due to:

- the increase in salary costs following the growth of the workforce;
- the increase in activity in stock and collection, including marketing retrocessions;
- research costs which are fully assumed by Covéa Finance.

It is worth noting the decrease in computer workloads of -13.8% compared to 2017 which arises from works related to the change of outsourcer and optimisation of data flows and market indices.

2018 operating income therefore fell 3.3% compared to the previous year. It fell from €29,974,000 in 2017 to €28,977,000 in 2018, however remains higher than our budget targets.

Accounting income, after taking financial and extraordinary income, taxes and profit-sharing into account, amounted to €18,165,000 in 2018, up by 14.2% from €15,906,000 in 2017.

## 3. Results of the activity

### 3.1 OPERATING INCOME

2018 operating income amounted to €105,327,000, compared to €98,251,000 in 2017, representing an increase of 7.2%.

Operating income breaks down as follows:

(In €000s)	2017	2018	VARIATIONS
Management fees (mandates)	10,543	10,862	+ 3.0%
Management fees (mutual funds)	83,995	91,403	+ 8.8%
Incidental income	3,713	3,062	- 17.5%

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

### 3.2 PERSONNEL COSTS

Personnel costs stood at €18,346,000 – an increase of 8% over the previous period.

This increase is mainly due to an 8.5% increase in the company's workforce, which stands at 168 employees as at 31 December 2018 over two sites, compared to 155 in 2017.

Furthermore, in the framework of the «economic and social emergency measures» of 24 December 2018, Covéa Finance undertook to pay a premium to some of its employees. In this respect, a charge was posted in the 2018 books.

Furthermore, Covéa Finance benefited from the French competitiveness and employment tax credit (CICE) that reduced personnel costs.

### 3.3 GENERAL OPERATING COSTS

Business expenses and other operating costs, excluding taxes, depreciation and amortisation and compensation costs, amounted to €52,654,000 at the end of 2018, an increase of 14.2% between the two financial years.

This increase in expenses is mainly due, on the one hand, to higher indexed expenses on outstanding amounts and, on the other hand, to costs for external research which is paid directly by Covéa Finance.

The most significant operating cost items are:

- retrocessions amounting to €21,741,000, up 19.3%;
- IT operating costs at €14,257,000, down 13.8% following the rationalisation of costs on market data and the effects of change of outsourcer;
- research costs of €4,758,000, Covéa Finance retaining the option of direct payment;
- rentals amounting to €4,024,000 up 3.4%;
- costs related to mutual funds, processors and custodians, of €3,182,000, an increase of 11.2% following the increase in average outstanding amounts and costs generated by the creation of six funds over the financial year;
- Fees (professional and statutory auditors, including mutual funds) amounted to €700,000, a fall of 24%.

### 3.4 FINANCIAL AND EXTRAORDINARY RESULTS

Financial result amounted to -€22,000. It consists mainly of unrealised losses 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.

Extraordinary income of €408,000 resulted from reversals of provisions for past liabilities in previous years.

### 3.5 TAXES AND DUTIES

Taxes and duties, excluding corporate income tax, amounted to €3,646,000.

Taxable income stands at €27,701,000.

The amount of corporation tax is €9,486,000.

### 3.6 NET PROFITS

The profit for 2018 amounted to €18,165,000, up 14.2% compared to 2017.

### 3.7 EMPLOYEE PROFIT-SHARING

The legal reserve for distributable profit for the 2018 financial year amounted to €1,711,000.

### 3.8 EMPLOYEE INCENTIVE SCHEME

In accordance with the Covéa Group profit-sharing agreement signed on 18 March 2016 entitling all employees to a share of Group income, an expense of €187,000 was recognised in the accounts.

The calculation criteria as defined in the Covéa Finance incentive scheme agreement of 14 June 2017 were met. An amount of €117,000 was recognised at year-end.

### 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 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (guide)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
<b>(A) Days overdue</b>												
<b>Number of invoices concerned</b>	-					9	-					13
<b>Total amount of invoices concerned (incl. VAT)</b>	-	24,550	23,075	-	9,840	57,465	-	835,040	30,732	-	437	866,209
<b>Percentage of total purchases for the year (incl. VAT)</b>	-	0.05%	0.04%	-	0.02%	0.11%						
<b>Percentage of revenues for the year (incl. VAT)</b>							-	0.79%	0.03%		-	0.82%
<b>(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables</b>												
<b>Number of invoices excluded</b>												
<b>Total amount of invoices excluded (state: excl. or incl. tax)</b>												
<b>(C) Reference payment terms used (contractual or statutory payment terms - Article L. 441-6 or Article L. 443-1 of the French Commercial Code)</b>												
<b>Payment terms used to determine late payments</b>	<input checked="" type="checkbox"/> Contractual deadlines: upon receipt <input checked="" type="checkbox"/> Legal deadlines: 60 days						<input checked="" type="checkbox"/> Contractual deadlines: upon receipt <input type="checkbox"/> Legal deadlines: (specify)					

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

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

### 3.11 DISCLOSURE OF CHARGES AND EXPENSES ON LUXURIES (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 request that the Supervisory Board propose to the shareholders the following allocation of net profits:

• Profit for the financial year	€18,165,068.04
• Retained earnings from previous financial year	<u>€37,661,953.45</u>
<b>TOTAL TO BE ALLOCATED</b>	<b>€55,827,021.49</b>
• Allowance for the statutory reserve	€0.00
• Dividends	€14,537,589.24
• Carry forward after allocation	<u>€41,289,432.25</u>
<b>TOTAL</b>	<b>€55,827,021.49</b>

Equalling a dividend of € 24.52 per share.

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

For the financial year 2015, Covéa Finance distributed a dividend of €17,193,723

## 5. Breakdown of capital

At 31 December 2018, 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

At Covéa Finance, the internal control and risk management system is defined and coordinated by the Executive Committee and is part of the everyday work of each employee. It is based on three levels of control and two main areas of focus:

- Control of market risks, under the responsibility of Mr Franck Ibalot, Director, member of the Executive Committee;
- Internal control and compliance, under the responsibility of Mr Ludovic Jacquier, Director, member of the Executive Committee and Compliance Officer in charge of periodic control (or Internal Audit) and Mr Sébastien Desbois, Compliance Officer, in charge of compliance and permanent control.

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 Level 2, 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 report and supporting documentation is retained in a separate file for each control. 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 compliance and periodic control (or 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 defines 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 2018, 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 and increased its reporting.

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

In parallel with the ongoing control plan, the team in charge of internal audit conducted or coordinated the following tasks: audit of compliance of all our Equities Management (mandate and mutual funds, European and international), audit of outsourcing of services, monitoring of compliance of processes of the second of our mutual fund custodians, audit of regulatory compliance and reliability of our procedures for prevention of laundering risks, audit of order making and proper execution on the markets.

These assignments have allowed to define priorities for continuous improvement, which are currently being addressed, all whilst obtaining satisfactory audit results.

The management of the Audit Group conducted an audit of the information system whose production and server rooms were recently transferred to a reputable service provider. 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 2018.

## 7. Progress achieved and difficulties encountered

Anxious to adapt its governance to the evolutions of its environment and its change of dimension, throughout 2018 Covéa Finance ran major developments in its organisation and governance: new organisation of its supervisory board, with a new chairman, new organisation and evolution of the missions of its remuneration committee, simplification of its shareholding, by intra-group reclassification of securities and new organisation of the executive committee of Covéa Finance refocused around four directors and allowing better separation of the perimeters of responsibilities.

All these developments have been accompanied by numerous internal adaptations which required updating our activity programme and adapting our various decision-making, fund management and control committees.

At the same time and with some success Covéa Finance continued its communication and commercial development plan, initiated in 2017: strengthening sales teams, developing marketing actions and organising various events in France and abroad intended for life insurance networks and CGP, creation of four new mutual funds with environmental themes, creation of a mutual fund adapted to a resumption of inflation, creation of a rupture mutual fund and obtaining an SRI label.

We have also pursued our investments to adapt our organisations and tools to the multiplication of laws and regulations affecting our business as well as our customers, with the onset of new requirements through European and national laws: PRIIPs, MiFID 2, UCITS 5, EMIR, GDPR, Solvency 2, Sapin 2, Pact Act, evolution of labour code and payroll tools, etc. In this context, we have been committed to avoiding adding to our customers' costs, for example by directly assuming custodian fees and external research costs, without increasing our maximum rates. This strategic decision is directly visible in the increase in our charges for 2018.

Maintaining decent returns under adequate market risk and operational risk management while meeting the new regulations requiring the development of our policies was not easy. It has been a major challenge for our clients, then a regulatory challenge and an IT and organisational one, for which we have successfully overcome the first obstacles, and which we will continue in 2019.

In this same spirit, in accordance with our 2017-2019 plan we continued to strengthen our skills in all business areas through an active recruitment policy, increased presence on social networks, combined with a policy encouraging loyalty, and continued investment in training at our in-house university. The transfer of know-how and life skills remains at the heart of Covéa Finance's concerns; management feels it is essential for the company's sustainability and performance. At the same time, negotiations initiated in 2017 were successfully concluded in December and have made it possible to simplify our collective bargaining agreement and main company agreements to meet the company's future needs and employee expectations.

In IT, Covéa Finance has finalised its project of securing and transforming its IT production, undertaken in 2016 with the setting up of a new production centre entrusted to a specialised provider, the setting up of a new business continuity and recovery plan, for which areas pertaining to management, crisis communication, IT continuity and use of the new user backup site have been successfully tested. The IT development plan was able to continue with, among other things, delivering new reporting tools, internalising a new version of the accounting tools, modernising and securing back-office tools and continuing work on the project of adapting to the digitalisation of its environment.

Furthermore, the work begun in 2017 to streamline the flows and costs of data and market indices began to show in the accounts of this financial year 2018, with a decrease in this cost despite the increase in supplier prices. These works will continue in 2019.

Finally, the Back-Office administrative management and mandate accounting teams continued their investments and efforts, including personal efforts, in order to meet the expectations of their clients in their ever-increasing need to reduce accounting close times and enhance regulatory reporting data (Solvency 2).

## 8. Foreseeable developments

2019 is shaping up to be a very difficult year economically and financially worldwide against the challenging of European regulatory calendars and borders.

2018 confirmed the establishment of a tripolar world (United States, Russia and China) in which Europe will have to find its place, while it lacks political and economic strengths and its financial system is in a fragile situation, its missions challenged by citizens.

As for emerging countries, the brutal return to economic and social reality puts an end to financial speculation.

In terms of energy transition, vital for the preservation of our environment, it is proving difficult all over the world to find a profitable and sustainable economic model without social problems.

In this troubled world, the American economy is the only one with the assets to emerge: semi-independent in energy supply, coherent in its economic and monetary policies, fiscally competitive, and seeing growth in its value-added jobs.

In this context, stock markets should be affected all year round and interest rates should remain low.

In the long term, we believe that this is a pivotal era for the world, one that has seen:

- the normalisation of the status of emerging countries;
- the spread of technological and digital disruption which challenges not only traditional patterns of consumption, distribution and services, but also production methods;
- an economic transition involving either a return to fundamental economic values, or a more uncertain change of model based on the energy transition and the priority given to protecting the planet.

If this analysis is to be believed, equities must remain a priority in portfolios, the choice of security again becoming fundamental and requiring the involvement of a diverse range of (financial and extra-financial) skills and expertise, which we employ at Covéa Finance.

This context will also be an opportunity to continue the modernisation of our range of mutual funds by launching the promotion of two of our mutual funds labelled SRI (socially responsible investment) at the beginning of 2019 and continuing the promotion of our six mutual funds addressing investors' current concerns created in 2018.

Furthermore, 2019 see the entry into application of a new set of regulations (PRIIPs, index regulation, money market funds, etc.), for which we had prepared. Our strategic and organisational choices will therefore be challenged, with choices made by the competition

on both a European and global scale. Maintaining reputable performances under adequate risk management, while responding to these changes and keeping costs under control, remains a challenge already set out in our three-year objectives for 2017-2019.

With these goals in mind, in 2019 we are continuing to translate our two three-year objectives for 2017-2019 into projects over the coming years:

- Be a driver of sustainable growth.
- Capitalise on teamwork.

In 2019, Covéa Finance will finalise its large transversal projects obtained as part of the three-year objectives, thanks to the will and mobilisation of all the employees, led by a collective culture and a collegial state of mind.

In this sense, Covéa Finance will continue to deploy its business in France and abroad while managing its financial balances.

With its new organisation set up at the end of 2018, the company also continues to contribute to our world's societal issues, in line with its founding principles, thanks to its financial and non-financial analyses and its independent research. We are also completing the adaptation of fund management to a broader investment universe, by revising portfolio construction and modernising risk management.

2019 marks the last milestone of our 2017-2019 three-year objectives, and, confident in the progress of the various projects initiated at the end of 2016, we are already working to define Covéa Finance's new strategic topics, with our directors and managers.

## 9. Statutory Auditors' fees

In 2018 financial year, the amount of the two Statutory Auditors' fees recorded for auditing the company accounts amounted to €87,000.

In response to the evolution of our information system and its impact on the company's accounting tools, the auditors have carried out a specific mission auditing the compliance and integrity of our accounting tools, in addition to that carried out by the audit group.

# 2018 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 V Directive»). The objective of these rules, covering the fund manager's structures, practices, and remuneration policy, is to solidify healthy and effective management of the risks faced by both the fund management company and the fund.

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

During 2018, the total amount of remuneration paid by Covéa Finance to all its personnel, (168 employees at 31 December 2018), amounted to €11,693,350.87. This amount breaks down as follows:

- €10,088,701.66, or 86.2% of the total remuneration paid by the company to all its staff, was fixed compensation; and
- €1,604,649.21 or 13.8% 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 2018 financial year, concerned 93 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, €5,463,178.51 concerned salaried executive management of Covéa Finance whose activities had a significant impact on the funds' risk profile, as defined in our 2018 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 funds 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 5 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.
- 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 SASU Supervisory Board;
- two representatives from the Covéa group, independent of Covéa Finance SASU, at least one of whom attends Covéa group Remuneration Committee meetings, and;
- the Chairwoman of Covéa Finance SASU.

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

# Report on intermediation fees and execution policy

## Financial year 2018

Pursuant to the General Regulations of the French Financial Markets Authority, Covéa Finance is required to report on the intermediation fees paid during the financial year 2018 where the total exceeds €500,000. Intermediation fees are the fees including tax received directly or indirectly by the investment service providers working for Covéa Finance:

- fees associated with order execution services;
- 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 included in the brokerage allocated to each intermediary on the list. Intermediation costs relating to the order execution service amounted to €4,968,030 for the 2018 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.

Our execution and selection policies of investment service providers are available on our website under the «Publications», «Our 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 2018 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 2018;
  - 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 2018.

## 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 < 1 ORDER EXECUTED ON AVERAGE PER BUSINESS DAY OF THE PREVIOUS YEAR				
FIVE TOP INVESTMENT COMPANIES CLASSIFIED BY VOLUMES NEGOTIATED	NO				
	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	22.3	21.96	N/A	N/A	N/A
ITG	20.81	16.01	N/A	N/A	N/A
UBS	17.38	19.61	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE	8.49	9.32	N/A	N/A	N/A
HSBC PLC	3.63	5.82	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.

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: BOND				
INDICATE WHETHER < 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	22.15	10.96	N/A	N/A	N/A
HSBC PLC	11.87	8.35	N/A	N/A	N/A	
BNP PARIBAS	9.62	6.16	N/A	N/A	N/A	
JP MORGAN	8.73	8.77	N/A	N/A	N/A	
NATWEST MARKETS	8.24	6.47	N/A	N/A	N/A	

Covéa Finance electronically or verbally sends orders to the market by putting in competition 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 < 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	35.12	34.01	N/A	N/A	N/A
CACIB	15.05	14.23	N/A	N/A	N/A	
CIC-BFCM	10	11.46	N/A	N/A	N/A	
BNP PARIBAS	9.61	9.24	N/A	N/A	N/A	
SOCIÉTÉ GÉNÉRALE	8.36	7.76	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

## INTEREST RATE DERIVATIVES

CATEGORY OF INSTRUMENTS		INTEREST RATE DERIVATIVES: FUTURES AND OPTIONS ACCEPTED ON A NEGOTIATION PLATFORM				
INDICATE WHETHER < 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 (%)	
	UBS	67.33	50	N/A	N/A	N/A
GOLDMAN SACHS	32.67	50	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 < 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	81.28	62.5	N/A	N/A	N/A
UBS	18.72	37.5	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 < 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	46.39	53.13	N/A	N/A	N/A
SOCIÉTÉ GÉNÉRALE	43.48	40.63	N/A	N/A	N/A
HSBC PLC	5.79	3.13	N/A	N/A	N/A
NATIXIS	4.35	3.13	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

## STRUCTURED FINANCIAL INSTRUMENTS

CATEGORY OF INSTRUMENTS	STRUCTURED FINANCIAL INSTRUMENTS				
INDICATE WHETHER < 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 (%)
BNP PARIBAS	100	100	N/A	N/A	N/A

When Covéa Finance is at the initiative of a structured product type instrument, a call for tenders is issued to a selection of market intermediaries.

If the product is at the initiative of a market intermediary, Covéa Finance verbally transmits the order to its market intermediary which has been chosen ahead of time. In accordance with our internal procedure, the product is subject to valuation and counter-valuation by Covéa Finance.

## EQUITIES DERIVATIVES

CATEGORY OF INSTRUMENTS	EQUITIES DERIVATIVES: FUTURES AND OPTIONS ACCEPTED ON A NEGOTIATION PLATFORM				
INDICATE WHETHER < 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	65.22	48.54	N/A	N/A	N/A
UBS	34.78	51.46	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 < 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 (%)
GOLDMAN SACHS	69.49	66.13	N/A	N/A	N/A
UBS	30.51	33.87	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 PRODUCTS (ETP)

CATEGORY OF INSTRUMENTS		EXCHANGE TRADED PRODUCTS (ETP)				
INDICATE WHETHER < 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	33.93	29.08	N/A	N/A	N/A
DEUTSCHE BANK	22.9	20.57	N/A	N/A	N/A	
HSBC PLC	20.92	27.66	N/A	N/A	N/A	
GOLDMAN SACHS	12.93	15.6	N/A	N/A	N/A	
EXANE	3.85	2.84	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 < 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 (%)	
	CACIB	35.43	22.66	N/A	N/A	N/A
NATIXIS	16.1	6.28	N/A	N/A	N/A	
SOCIÉTÉ GÉNÉRALE	15.86	25.88	N/A	N/A	N/A	
GOLDMAN SACHS	10.43	9.95	N/A	N/A	N/A	
JP MORGAN	7.2	12.71	N/A	N/A	N/A	

Covéa Finance electronically sends orders to the intermediaries by putting them in 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

## CONVERTIBLE BONDS

CATEGORY OF INSTRUMENTS		CONVERTIBLE BONDS				
INDICATE WHETHER < 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 (%)	
	UNICREDIT	35.42	38.04	N/A	N/A	N/A
BARCLAYS	12.66	11.96	N/A	N/A	N/A	
JP MORGAN	11.58	10.87	N/A	N/A	N/A	
EXANE	8.78	9.78	N/A	N/A	N/A	
BNP PARIBAS	6.59	6.52	N/A	N/A	N/A	

Covéa Finance electronically sends orders to the intermediaries by putting them in 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
- Payment probability.

### 3. General information on the quality of execution during 2018 (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.

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 modification of the list of places of execution stated in the best execution and selection policy results from:

- the change of status to the "SI" systematic internaliser of the BCNs (Broker Crossing Network) by intermediaries following changes to regulations;
- the emergence of new locations with the entry into force of MIF 2 as well as "Periodic Auctions" or "ELP SIs" (Electronic Liquidity Provider).

**(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 2018.

# Report on the exercise of voting rights

**Financial year 2018**

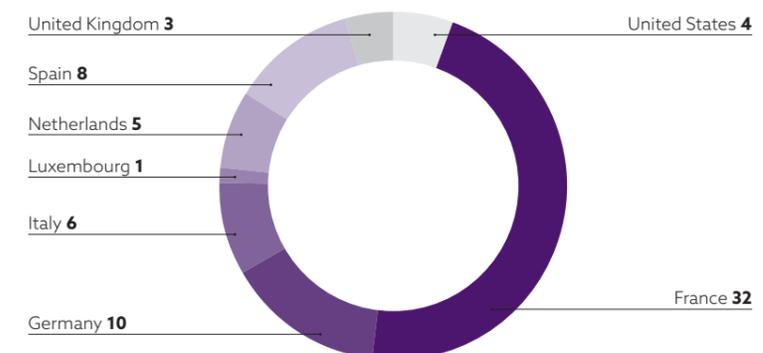
Pursuant to the provisions of Article L.533-22 of the French Monetary and Financial Code and Articles 314-100 to 314-102 and 319-21 to 319-23 of the General Regulations of the French Financial Markets Authority, we hereby present our report for the financial year 2018 on the conditions under which Covéa 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 thirteenth year to mandatory voting for portfolio management companies in accordance with the following criteria:

- To vote in the meetings of its twenty largest positions accumulated in companies of the European Union in UCITS, AIF and mandate portfolios as at 31 December 2017 (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 during the year due to legal and administrative complications.

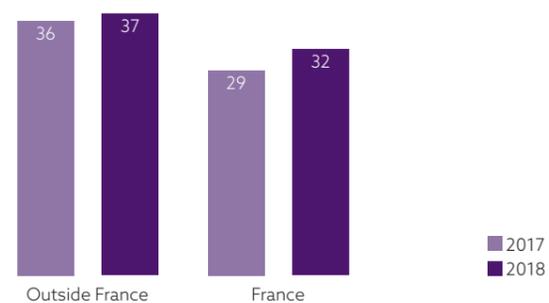
**GENERAL MEETINGS VOTED:**

As of 31 December 2018, Covéa Finance exercised its voting right in 65 European General Meetings, of which 32 were in France and 33 outside France. Covéa Finance also exercised its voting rights in four General Meetings in United States prior to the suspension of the voting rights in this geographical area, for the abovementioned reasons.

**General Meetings voted in 2018, by country**

As part of the redesign of Covéa Finance's voting policy initiated in 2016 and pursued in 2017 and 2018, 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 - 2017/-2018**

At 31 December 2017, the total number of companies in which Covéa Finance could have a voting right stood at 445 representing a volume of listed shares of €10,586,592,987 (provided that the shares on the date of the meeting scheduled in 2018 were included in a mandate, AIF or UCITS portfolio). The number of companies comprising the vote chosen by the company as at 31 December 2017 amounted to 71 (including the US companies for which voting was suspended during the financial year). Companies not included in the voting established by the company at the beginning of the year were included in the vote at their request.

Participation rate	69/445
Rate restricted to the scope defined by the fund management company	69/71

**Breakdown of votes:**

Resolutions for	978
Resolutions against	184
Abstentions	1
Total number of resolutions voted	1,163
Out of a total number of approved resolutions of	1,142
Resolutions not approved by the Board - vote for	9
Resolutions not approved by the Board - vote against	12

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	26	28	-	6
Appointment and remuneration of statutory auditors	4	0	-	0
Amendments to the Articles of Association having a negative impact on the rights of shareholders	2	1	-	-
Approval of statutory agreements	4	0	-	-
Capital transactions considered an anti-takeover* mechanism	3	-	-	-
Financial transactions/mergers	33	10	-	-
Remuneration of directors and employee share ownership	49	7	-	1
Employee shareholding	2	-	-	-
Approval of financial statements and allocation of earnings	-	-	-	-
External resolutions (not approved by the Board)	-	1	-	5

\* 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 2018, 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 combatting the financing of terrorism

## Financial year 2018

— This report covers the provisions made by Covéa Finance in terms of the fight against money laundering and the financing of terrorism, pursuant to Section 3, Chapter V of Volume III of the French Financial Markets Authority and Title VI of Volume V, Chapters I to IV of the French Monetary and Financial Code and European Directives 2005/60/EC transposed into French law by Order no. 2009-104 and their various implementation legislation.

## The role of the AML/CFT compliance officer

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.

## Risks at Covéa Finance

Covéa Finance is a portfolio management company that neither keeps accounts nor receives or sends orders on behalf of third parties. Similarly, Covéa Finance does not have direct contact with the unitholders of the UCITS and does not directly market or sell these UCITS to private individuals.

The third parties with which Covéa Finance is in contact are mainly experienced institutional players based in OECD countries:

- The companies of SGAM Covéa (mutual insurance group consisting of MAAF, MMA, and GMF) 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;
- UCITS that have delegated financial management to Covéa Finance for which the companies of SGAM Covéa, with their own anti-money laundering mechanism, are promoters, with CACEIS as the main custodian;
- Investment services providers approved by the AMF that are intermediaries, counterparts or fund management companies in the various market transactions, including in multi-management.

Given the procedures in force, no fund manager can work with a third party that has not previously undergone internal accreditation. This accreditation may only be obtained after the formal compilation of a third-party information file. To date, the risks related to clients' lack of awareness or of the origin of funds are low.

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

In 2018, as part of the periodic inspections, an evaluation of the anti-money laundering and terrorism financing system was carried out in the form of a compliance audit mission conducted by an external firm.

The anti-money laundering and terrorism financing procedure was adjusted at the end of the year, taking the improvement proposals issued by the external auditors into account.

Controls performed on transactions did not reveal any notable anomalies and did not therefore lead to any declarations of suspicious activity to Tracfin.

## Information and training personnel

Training is given to all new employees (salaried, temporary, and trainees) on arrival. On this occasion, they receive a copy of the AML/CFT procedure. In 2018, 33 employees received such training. As part of continuous training, Covéa Finance also ran seven "Recycling" sessions for 99 collaborators. At the same time, these procedures are also available to all personnel through the document management system, the suspicious transaction alert, and the reporting process modelled on the procedures intranet.

# Balance Sheet

As of 31 December 2018

ASSETS	31/12/2018			31/12/2017
	GROSS AMOUNT	AMORTISATION OR PROVISION	NET AMOUNT	
Intangible fixed assets	1,271,094	1,057,551	213,543	-
Tangible fixed assets	7,223,979	4,405,368	2,818,610	3,999,012
Financial fixed assets	8,314,096	221,981	8,092,115	6,378,750
<b>TOTAL 1</b>	<b>16,809,169</b>	<b>5,684,900</b>	<b>11,124,268</b>	<b>10,377,762</b>
Trade accounts receivable	9,579,425	-	9,579,425	7,812,224
Other receivables	391,405	-	391,405	1,806,972
Marketable securities	70,163,906	620,664	69,543,242	60,811,638
Liquid assets	2,803,953	-	2,803,953	3,629,493
Prepaid expenses	3,012,576	-	3,012,576	3,323,962
Accrued interest	238,562	-	238,562	254,653
<b>TOTAL 2</b>	<b>86,189,827</b>	<b>620,664</b>	<b>85,569,163</b>	<b>77,638,941</b>
<b>GRAND TOTAL</b>	<b>102,998,996</b>	<b>6,305,564</b>	<b>96,693,431</b>	<b>88,016,704</b>

LIABILITIES	31/12/2018	31/12/2017
Capital	7,114,644	7,114,644
Statutory reserve	711,464	711,464
Unavailable reserve	28,164	28,164
Carry forward	37,661,953	32,901,869
Other reserves	946,485	946,485
Merger premium	4,296,782	4,296,782
Contribution premium	454,203	454,203
Earnings for the period	18,165,068	15,906,361
Investment provisions	-	-
<b>TOTAL 1</b>	<b>69,378,763</b>	<b>62,359,971</b>
Provisions for risks	146,286	400,000
Provisions for charges	-	-
<b>TOTAL 2</b>	<b>146,286</b>	<b>400,000</b>
Loans and debts with credit institutions	333,118	50,764
Equities, dividends to be distributed	-	-
Debts	26,835,264	25,205,969
Translation differences Liabilities	-	-
<b>TOTAL 3</b>	<b>27,168,382</b>	<b>25,256,733</b>
<b>GRAND TOTAL</b>	<b>96,693,431</b>	<b>88,016,704</b>

# 2018 Income Statement in list form

DEBIT	FINANCIAL YEAR 2018	FINANCIAL YEAR 2017
<b>Operating income</b>		
Management fees on mandates	10,861,697	10,543,213
Management fees on mutual funds	91,403,496	83,995,246
ESU/FCPE invoicing	- 24,717	366,745
Administrative and accounting fees	2,677,148	3,232,935
Ancillary income	398,880	101,604
<b>Total ST</b>	<b>105,316,503</b>	<b>98,239,743</b>
Other incidental income	5,364	6,480
Reversal of operating provisions, transfer of costs	4,974	5,025
<b>TOTAL I</b>	<b>105,326,841</b>	<b>98,251,248</b>
<b>Operating costs</b>		
Other external costs	52,654,416	46,125,309
Taxes, duties and related payments	3,646,037	3,670,926
Personnel costs	18,345,797	16,984,374
Other costs	2,507	52
Allocations to depreciation	1,695,985	1,490,285
Allowances, provisions for disputes	-	-
Directors' fees	5,040	6,480
<b>TOTAL II</b>	<b>76,349,782</b>	<b>68,277,427</b>
<b>OPERATING RESULT (I - II)</b>	<b>28,977,059</b>	<b>29,973,822</b>
<b>Financial income</b>		
Other income and interest	396,819	323,114
Capital gains from sales of marketable securities	4,577	270,029
Foreign exchange gains	199,196	-
Reversals of provisions for fixed financial asset imp.	7,604	9
Reversal of provisions for dep. of marketable securities	748,516	118,598
Reversals of provisions financial charges and liabilities	-	-
<b>TOTAL III</b>	<b>1,356,713</b>	<b>711,750</b>
<b>Financial costs</b>		
Other interest	3,734	1,945
Capital losses on the sale of securities	373,693	101,570
Other financial expenses	-	-
Charges on transfers of investment securities	-	-
Provisions for financial fixed asset impairment	221,982	7,604
Provisions for impairment of marketable securities	766,950	748,516
Provisions for currency risk	-	-
Foreign exchange losses	12,372	325,645
<b>TOTAL IV</b>	<b>1,378,731</b>	<b>1,185,280</b>
<b>NET FINANCIAL RESULT (III - IV)</b>	<b>- 22,019</b>	<b>- 473,530</b>

DEBIT	FINANCIAL YEAR 2018	FINANCIAL YEAR 2017
<b>Extraordinary income</b>		
Reversals of provisions for risks	580,000	162,000
Other extraordinary income	14,930	84
Earnings from previous years	-	-
Earnings from assets sold - financial fixed assets	-	288
<b>TOTAL V</b>	<b>594,930</b>	<b>162,372</b>
<b>Extraordinary costs</b>		
Allowances for regulated provisions	-	-
Extraordinary costs on management transactions	7,375	4,347
Extraordinary expenses from previous financial years	-	-
Fines & tax penalties	-	-
Book value of capital assets sold	-	288
Book value of financial fixed assets sold	-	-
Provisions for extraordinary risks and charges	180,000	-
<b>TOTAL VI</b>	<b>187,375</b>	<b>4,635</b>
<b>EXTRAORDINARY RESULT (V - VI)</b>	<b>407,555</b>	<b>157,737</b>
<b>EARNINGS BEFORE TAX (I - II + III - IV + V - VI)</b>	<b>29,362,595</b>	<b>29,658,029</b>
<b>Tax on profits (VII)</b>	<b>9,485,941</b>	<b>12,257,326</b>
<b>Employee profit-sharing (VIII)</b>	<b>1,711,586</b>	<b>1,494,342</b>
<b>Training credit earnings (IX)</b>	<b>-</b>	<b>-</b>
<b>Gains from tax consolidation</b>	<b>-</b>	<b>-</b>
<b>TOTAL INCOME (I + III + V)</b>	<b>107,278,483</b>	<b>99,125,370</b>
<b>TOTAL COSTS (II + IV + VI + VII + VIII - IX)</b>	<b>89,113,415</b>	<b>83,219,010</b>
<b>PROFIT</b>	<b>18,165,068</b>	<b>15,906,361</b>

# Statutory auditors' report on the financial statements

For the year ended 31st December 2018

*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,

## 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 2018.

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 2018 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 2018 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 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 and in the other documents provided to the sole partner.

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.

Paris La Défense, 5th April 2019

The Statutory Auditors  
French original signed by

Philippe CHEVALLIER  
PricewaterhouseCoopers Audit

Olivier Gallienne  
Deloitte & Associés

# Decision by the Sole Shareholder

## Text of the resolutions

### FIRST RESOLUTION

The General Meeting, after being read the Chairman's management report and observations made on this report by the Supervisory Board giving its opinion on the annual accounts for the year ended 31 December 2018, 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 Chairman and to the members of the Supervisory Board for the performance of their duties for this financial year.

### SECOND RESOLUTION

The sole shareholder notes that, during the year elapsed, no conventions falling under the provisions of article L. 227-10 of the Commercial Code were agreed.

### THIRD RESOLUTION

On the proposal of the Supervisory Board, the Sole Partner decides to allocate the profits of the financial year as follows:

Profit for the financial year	€18,165,068.04
Carry forward from the previous financial year	<u>€37,661,953.45</u>
<b>TOTAL TO BE ALLOCATED</b>	<b>€55,827,021.49</b>
Allowance for the legal reserve	€0.00
Dividends (€24.52 per share)	€14,537,589.24
Carry forward after allocation	<u>€41,289,432.25</u>
<b>TOTAL</b>	<b>€55,827,021.49</b>

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

2017:	€11,146,275
2016:	€15,859,727
2015:	€17,193,723

### FOURTH RESOLUTION

The Sole Partner, 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 2018 totalling €96,693,431 and the income statement totalling earnings of €107,278,483 recognise a profit of €18,165,068.

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

Covéa Finance's accounting, initially delegated to the Covéa group, was internalised at the company's registered office at the beginning of the 2018 financial year.

Covéa Finance's shareholdership changed during the last quarter of 2018, with now just one shareholder, Covéa Cooperations. The company's status has therefore evolved from simplified joint-stock company (SAS) to one-person simplified joint-stock company (SASU).

Covéa Finance benefited from a tax credit for competitiveness and employment (CICE). The impacts were a reduction in staff costs and a reduction in corporation tax to be paid totalling €122,974.

A URSSAF inspection began during the last quarter of 2018 and is still underway.

## 2. Post-balance sheet events

None.

## 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, lawfulness, and of a fair and accurate representation have been complied with based on the following assumptions:

- Going concern;
- 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	PROVISIONS AND REVERSALS	FIXED ASSETS GROSS VALUE	DEPRECIATION GROSS VALUE	NET ACCOUNTING VALUE
<b>Intangible fixed assets</b>	<b>797,873</b>	<b>797,873</b>	<b>473,221</b>	<b>0</b>	<b>259,678</b>	<b>1,271,094</b>	<b>1,057,551</b>	<b>213,543</b>
Software	797,873	797,873	473,221		259,678	1,271,094	1,057,551	213,543
<b>Tangible fixed assets</b>	<b>6,968,073</b>	<b>2,969,061</b>	<b>255,906</b>	<b>0</b>	<b>1,436,307</b>	<b>7,223,979</b>	<b>4,405,368</b>	<b>2,818,611</b>
Installations	3,541,600	1,385,841	55,947		716,015	3,597,547	2,101,856	1,495,691
Fixtures and fittings	438,385	310,117	31,916		60,590	470,301	370,707	99,594
Equipment	2,301,735	939,799	157,517		539,600	2,459,252	1,479,399	979,853
Telephones	12,981	4,806	2,211		4,840	15,192	9,646	5,546
Furniture	658,869	328,498	8,315		115,262	667,184	443,760	223,424
Prints	14,503		0			14,503	0	14,503
<b>TOTAL</b>	<b>7,765,946</b>	<b>3,766,934</b>	<b>729,127</b>	<b>0</b>	<b>1,695,985</b>	<b>8,495,073</b>	<b>5,462,919</b>	<b>3,032,154</b>

Fixed asset entry values are recognised at historic cost.

Acquisitions at Covéa Finance:

- Software is amortised over 12 months using the declining balance method.
- Installations, furniture, and fixtures are depreciated over 5 years on a straight-line basis.
- Equipment is depreciated over 5 years using the declining-balance method. The fixed assets acquired since 2001 are depreciated/amortised using the declining balance method at 35% instead of 40% in accordance with the new tax regulations.

Depreciation and amortisation is recorded in the income statement under «Depreciation and amortisation».

#### B - Financial and other fixed assets

DESCRIPTION OF SECURITIES	COST PRICE 31/12/2017	INVESTMENTS 2018	DISPOSALS 2018	COST PRICE 31/12/2018	UNREALISED GAINS AS AT 31/12/2018	UNREALISED LOSSES AS AT 31/12/2018
Total financial fixed assets	6,282,316	1,902,422	0	8,184,738	1,116,056	-221,981
Total other fixed assets	104,038	27,000	-1,680	129,358	0	0
<b>TOTAL</b>	<b>6,386,354</b>	<b>1,929,422</b>	<b>-1,680</b>	<b>8,314,096</b>	<b>1,116,056</b>	<b>-221,981</b>

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	9,579,425	9,579,425	-	-
Supplier receivables	25,852	25,852	-	-
VAT to be paid	87,799	87,799	-	-
Corporate income tax statement - CICE	122,974	122,974	-	-
Other receivables	154,780	154,780	-	-
<b>TOTAL RECEIVABLES</b>	<b>9,970,830</b>	<b>9,970,830</b>	-	-

Receivables mainly consist of client receivables corresponding to billing for December 2018. There are no receivables greater than one year.

#### 4.3 MARKETABLE SECURITIES

DESCRIPTION OF SECURITIES	COST PRICE 31/12/2017	INVESTMENTS 2018	DISPOSALS 2018	COST PRICE 31/12/2018	UNREALISED GAINS AS AT 31/12/2018	UNREALISED LOSSES AS AT 31/12/2018
Bonds	20,075,577	3,083,789	4,102,816	19,056,550	4,287	-597,527
UCI Covéa Finance	41,484,577	102,577,242	92,954,463	51,107,356	1,729,428	-23,137
<b>TOTAL MARKETABLE SECURITIES</b>	<b>61,560,154</b>	<b>105,661,031</b>	<b>97,057,279</b>	<b>70,163,906</b>	<b>1,733,715</b>	<b>-620,664</b>

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)	31/12/2017	INCREASES	DECREASES	31/12/2018
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	32,901,868	4,760,085		37,661,953
Earnings for the period	15,906,360	18,165,068	15,906,360	18,165,068
<b>TOTAL</b>	<b>62,359,970</b>	<b>22,925,153</b>	<b>15,906,360</b>	<b>69,378,763</b>

#### 4.5 STATEMENT OF PROVISIONS

DESCRIPTION (IN EUROS)	31/12/2017	ALLOWANCES	REVERSALS	31/12/2018	COMMENTS
Provision for disputes on valuation methods	400,000		400,000		See securities portfolio
Provision for industrial tribunals or labour disputes		180,000	180,000		
Provision for USD exchange losses		146,286		146,286	
<b>TOTAL</b>	<b>400,000</b>	<b>326,286</b>	<b>580,000</b>	<b>146,286</b>	

#### 4.6 DEBTS BY SENIORITY

(IN EUROS)	GROSS AMOUNT	ONE YEAR AND LESS	1 TO 5 YEARS	OVER 5 YEARS
Suppliers	12,940,316	12,940,316		
Current accounts	66,290	66,290		
Miscellaneous accrued expenses	190,638	190,638		
Personnel - Travel expenses	7,479	7,479		
Personnel - Profit-sharing	1,711,586	1,711,586		
Personnel - Incentive scheme bonus	303,749	303,749		
Works Council	21,247	21,247		
Other payables	1,332,383	1,332,383		
Provisions on salaries	8,737,331	8,737,331		
Social welfare agencies	628,171	628,171		
FAE VAT	155,069	155,069		
VAT to be paid	279,335	279,335		
Payroll tax	461,669	461,669		
Borrowings from and debt with credit institutions	333,119	333,119		
<b>TOTAL DEBTS</b>	<b>27,168,382</b>	<b>27,168,382</b>		

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 €3,012,576;
- Accrued income: €1,738,512 - 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 €105,326,841 and is broken down as follows:

- Management fees on mandates €10,861,697
- Management fees (mutual funds) €91,403,496
- Administrative and accounting fees €2,677,148
- Accessories and additional income: €404,244

#### 5.2 INCOME AND INTEREST

This item amounted to €1,356,713 and represents:

- Income and interest €396,819
- Transfer gains: €4,577
- Foreign exchange gains €199,196
- Reversals of provisions financial fixed asset depr. €7,604
- Reversals of provisions/marketable securities: €748,516

### 5.3 EXTRAORDINARY INCOME

This item amounted to €594,930 and represents:

• Reversals of provisions for risks	€580,000
• Other extraordinary income	€14,930

### 5.4 PERSONNEL COSTS

Salaries and social security contributions amounted to €18,345,797.

### 5.5 FINANCIAL COSTS

This item amounted to €1,378,731 and is broken down as follows:

• Income and interest	€3,734
• Transfer losses:	€373,693
• Foreign exchange losses	€12,372
• Allocations to depreciation/financial fixed assets:	€221,982
• Allocations to depreciation/marketable securities:	€766,950

### 5.6 EXTRAORDINARY COSTS

This item amounted to €187,375 and is broken down as follows:

• Provisions for risks:	€180,000
• Other extraordinary expenses:	€7,375

### 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.

For the year 2018, the amount of corporation tax is €9,485,941.

### 5.8 - EMPLOYEE PROFIT-SHARING

Profit-sharing amounted to €1,711,586.

### 5.9 INCENTIVE BONUS

The Profit sharing/Salary ratio is less than 0.16. A provision is recorded for an incentive bonus payment.

### 5.10 ALLOCATION OF EARNINGS OF THE FINANCIAL YEAR

The Board of Directors proposed allocating net profits as follows:

• Profit for the financial year	€18,165,068.04
• Retained earnings from previous financial year	€37,661,953.45
<b>TOTAL TO BE ALLOCATED</b>	<b>€55,827,021.49</b>
• Allowance for the legal reserve	€0.00
• Dividends	€14,537,589.24
• Carry forward after allocation	€41,289,432.25
<b>TOTAL</b>	<b>€ 55,827,021.49</b>

### 5.11 WORKFORCE

At 31 December 2018, Covéa Finance has 168 employees:

- 17 non-executive grade;
- 151 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 5 directives to which Covéa Finance is subject as a fund management company.

## 6. Off-balance sheet commitments

• Pension commitments	€1,156,983
• Funded (Cité Européenne policy)	€432,009
• Shortfall	€724,974

The company's commitments are valued using an actuarial method which takes account of the turnover and salary increase rate. The discount rate used is the benchmark iBoxx eurocorporate AA 10 and +, which went from 1.55% in 2017 to 1.54% in 2018.

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

The company's commitments are partially covered by an insurance policy taken out with GMF-VIE (formerly Cité Européenne).

In the off-balance sheet commitments table attached, the actuarial commitments plus social security contributions are compared to the fund constituted of the insurance premiums paid. The resulting shortfall is covered by a provision in the contributory accounts.

## 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 €312,931 broken down as follows:

• Audit of the Covéa Finance accounts:	€87,024
• Audit of the mutual funds:	€225,907

# Company results for the last 5 financial years

NATURE OF INFORMATION	2014	2015	2016	2017	2018
<b>Capital at the end of the financial year</b>					
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
Number of existing priority dividend shares (without voting rights)					
Maximum number of future shares to be created					
<b>Transactions and results of the financial year</b>					
Revenue before tax	79,345,847	89,883,656	91,794,558	98,239,743	105,316,503
Earnings before tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	28,323,608	35,042,563	31,674,207	31,623,836	30,891,391
Tax on profits	9,361,248	11,104,628	10,329,484	12,257,326	9,485,941
Employee profit-sharing due for the financial year	1,460,266	1,618,398	1,691,773	1,494,342	1,711,586
Earnings after tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	17,426,552	20,971,801	19,832,482	15,906,361	18,165,068
Earnings distributed in cash	13,932,845	17,193,723	15,859,727	11,146,276	14,537,589
Earnings distributed in shares					
<b>Earnings per share</b>					
Earnings before tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	47.77	59.10	53.42	53.34	52.10
Earnings after tax, employee profit-sharing, but before allowances for amortisation/depreciation and provisions	29.52	37.65	33.15	30.14	33.22
Earnings after tax, employee profit-sharing, and allowances for amortisation/depreciation and provisions	29.39	35.37	33.45	26.83	30.64
Dividend allocated to each share (in cash)	23.50	29.00	26.75	18.80	24.52
Dividend allocated to each share (in shares)					
<b>Personnel</b>					
Average workforce during the year	133	142	142	155	164
Payroll for the financial year	8,661,732	8,921,527	10,523,706	11,370,318	12,255,335
Amount of sums paid as social benefits during the financial year (social security, social works, etc.)	4,319,939	4,575,393	5,221,091	5,614,056	6,090,462

# UCITS performance appendix

As at 31 December 2018 - Source: Morningstar

	Morningstar classification	Benchmark index	Morningstar stars	Mutual fund 52-week volatility	Morningstar category 52-week volatility	PERFORMANCE OVER THE YEAR 2018		
						Mutual funds	Morningstar category	Benchmark index
<b>FIXED INCOME MUTUAL FUND</b>								
<b>UCITS</b>								
COVÉA EURO SOUVERAIN (AC)	EUR Government bonds	FTSE MTS (ex-EuroMTS) Global 16:00 net coupons reinvested	☆☆☆	2.34%	2.04%	-0.56%	0.06%	0.80%
COVÉA EURO SOUVERAIN (AD)	EUR Government bonds	FTSE MTS (ex-EuroMTS) Global 16:00 net coupons reinvested	☆☆☆	2.33%	2.04%	-0.56%	0.06%	0.80%
COVÉA EURO SPREAD (AC)	Bonds EUR private loans	Markit IBOXX Corp net coupons reinvested	☆☆	0.63%	0.96%	-0.72%	-2.26%	-1.29%
COVÉA EURO SPREAD (AD)	Bonds EUR private loans	Markit IBOXX Corp net coupons reinvested	☆☆☆	0.65%	0.96%	-0.73%	-2.26%	-1.29%
COVÉA HAUT RENDEMENT (IC)	Bonds EUR High Yield	Markit IBOXX Euro High Yield Fixed Rate reinvested coupons	☆☆	0.94%	2.97%	-1.22%	-4.23%	-3.70%
COVÉA MOYEN TERME (AC)	Bonds EUR Short-Term Diversified	FTSE MTS (ex-EuroMTS) 1-3 years 16:00 net coupons reinvested	☆☆☆	0.41%	0.88%	-0.63%	-1.57%	-0.28%
COVÉA OBLIGATIONS (AC)	Bonds EUR Diversified	FTSE MTS (ex-EuroMTS) 5-7 years 16:00 net coupons reinvested	☆☆☆	2.21%	1.13%	-1.24%	-1.65%	0.14%
COVÉA OBLIGATIONS (AD)	Bonds EUR Diversified	FTSE MTS (ex-EuroMTS) 5-7 years 16:00 net coupons reinvested	☆☆☆	2.20%	1.13%	-1.25%	-1.65%	0.14%
COVÉA OBLIG INTER (AD)	International Bonds	Merrill Lynch Global Gvt Bond Index (hedged in euros) net coupons reinvested	☆☆☆	1.16%	2.83%	-1.33%	1.27%	-0.15%
<b>AIFS</b>								
MAAF OBLIGATIONS 4 (AD)	International Bonds	FTSE MTS (ex-EuroMTS) 3-5 years 16:00 net coupons reinvested		0.46%		-0.46%		-0.24%
MAAF STRATÉGIE TAUX (AC)	International Bonds	FTSE MTS (ex-EuroMTS) 1-3 years 16:00 net coupons reinvested		0.27%		-0.39%		-0.28%
<b>MONEY MARKET MUTUAL FUNDS</b>								
<b>UCITS</b>								
COVÉA SÉCURITÉ (AC)	EUR money market	EONIA Capitalised		0.02%	0.09%	-0.34%	-0.51%	-0.37%
COVÉA SÉCURITÉ (AD)	EUR money market	EONIA Capitalised		0.05%	0.09%	-0.30%	-0.51%	-0.37%
COVÉA SÉCURITÉ (GC)	EUR money market	EONIA Capitalised		0.02%	0.09%	-0.34%	-0.51%	-0.37%

						PERFORMANCE OVER THE YEAR 2018		
	Morningstar classification	Benchmark index	Morningstar stars	Mutual fund 52-week volatility	Morningstar category 52-week volatility	Mutual funds	Morningstar category	Benchmark index
<b>CONVERTIBLE MUTUAL FUNDS</b>								
<b>UCITS</b>								
COVÉA OBLIGATIONS CONVERTIBLES (AC)	Europe convertibles	Exane ECI Europe net coupons reinvested	☆☆☆	4.58%	4.13%	- 5.86%	- 7.88%	- 4.89%
COVÉA OBLIGATIONS CONVERTIBLES (IC)	Europe convertibles	Exane ECI Europe net coupons reinvested	☆☆☆☆	4.58%	4.13%	- 5.29%	- 7.88%	- 4.89%
<b>FLEXIBLE MUTUAL FUNDS</b>								
<b>UCITS</b>								
COVÉA PATRIMOINE (AC)	Allocation EUR Flexible - International	-	☆☆☆	4.03%	6.72%	- 5.41%	- 8.93%	
COVÉA SÉLECTIF (AC)	Allocation EUR Flexible - International	-	☆☆☆☆	11.16%	6.72%	- 13.25%	- 8.93%	
<b>AIFS</b>								
COVÉA ULTRA FLEXIBLE (GC)	Allocation EUR Flexible - International	-		5.40%	6.72%	- 7.68%	- 8.93%	
<b>MULTI-MANAGEMENT AND PROFILES MUTUAL FUNDS</b>								
<b>UCITS</b>								
COVÉA MULTI EUROPE (AC)	European Equities Large Cap Mixed	DJ Stoxx 600 net dividends reinvested	☆☆☆	10.81%	11.28%	- 13.79%	- 13.35%	- 10.77%
COVÉA MULTI IMMOBILIER (AC)	Property - Indirect eurozone	70% EPRA Eurozone + 30% EPRA Europe dividends reinvested	☆☆	9.09%	9.98%	- 9.42%	- 8.42%	- 8.91%
COVÉA MULTI IMMOBILIER (IC)	Property - Indirect eurozone	70% EPRA Eurozone + 30% EPRA Europe dividends reinvested	☆☆☆	9.10%	9.98%	- 8.69%	- 8.42%	- 8.91%
COVÉA MULTI MONDE (AC)	International Equities Large Cap. Mixed	MSCI AC World (in euros) net dividends reinvested	☆☆☆	12.25%	12.45%	- 8.41%	- 8.29%	- 5.12%
COVÉA MULTI MONDE (IC)	International Equities Large Cap. Mixed	MSCI AC World (in euros) net dividends reinvested		12.27%	12.45%	- 7.78%	- 8.29%	- 5.12%
COVÉA MULTI SMALL CAP EUROPE (AC)	European Equities Mid Cap	Euromoney Smaller Europe net dividends reinvested	☆☆☆	11.88%	12.83%	- 18.75%	- 16.64%	- 14.71%
COVÉA MULTI SMALL CAP EUROPE (IC)	European Equities Mid Cap	Euromoney Smaller Europe net dividends reinvested	☆☆☆☆	11.89%	12.83%	- 18.09%	- 16.64%	- 14.71%
COVÉA PROFIL DYNAMIQUE (AC)	Allocation EUR Aggressive - International	60% MSCI World + 40% FTSE MTS Global 16:00 net dividends and coupons reinvested	☆☆☆	5.64%	9.39%	- 7.06%	- 9.87%	- 2.10%
COVÉA PROFIL DYNAMIQUE (AD)	Allocation EUR Aggressive - International	60% MSCI World + 40% FTSE MTS Global 16:00 net dividends and coupons reinvested	☆☆☆	5.65%	9.39%	- 7.05%	- 9.87%	- 2.10%
COVÉA PROFIL ÉQUILIBRE (AC)	Allocation EUR moderate - International	40% MSCI World + 60% FTSE MTS Global 16:00 net dividends and coupons reinvested	☆☆☆	3.76%	5.79%	- 5.16%	- 7.11%	- 1.06%

						PERFORMANCE OVER THE YEAR 2018		
	Morningstar classification	Benchmark index	Morningstar stars	Mutual fund 52-week volatility	Morningstar category 52-week volatility	Mutual funds	Morningstar category	Benchmark index
COVÉA PROFIL ÉQUILIBRE (AD)	Allocation EUR Moderate - International	40% MSCI World + 60% FTSE MTS Global 16:00 net dividends and coupons reinvested	☆☆☆	3.79%	5.79%	- 5.21%	- 7.11%	- 1.06%
COVÉA PROFIL OFFENSIF (AC)	Allocation EUR Aggressive - International	80% MSCI World + 20% FTSE MTS Global 16:00 net dividends and coupons reinvested	☆☆☆☆	8.02%	9.39%	- 9.21%	- 9.87%	- 3.21%
COVÉA PROFIL OFFENSIF (AD)	Allocation EUR Aggressive - International	80% MSCI World + 20% FTSE MTS Global 16:00 net dividends and coupons reinvested	☆☆☆☆	8.06%	9.39%	- 9.20%	- 9.87%	- 3.21%
<b>AIFS</b>								
COVÉA MULTI ABSOLUTE RETURN (ID)	Other	-		1.67%		- 5.07%		
COVÉA MULTI ÉMERGENTS (AD)	Emerging Market Equities	MSCI Emerging Markets (in Euro) net dividends reinvested	☆☆☆	8.79%	11.20%	- 8.93%	- 12.50%	- 10.53%
COVÉA MULTI ÉMERGENTS (ID)	Emerging Market Equities	MSCI Emerging Markets (in Euro) net dividends reinvested	☆☆☆	8.79%	11.20%	- 8.28%	- 12.50%	- 10.53%
COVÉA MULTI HAUT RENDEMENT (AD)	International High Yield Bonds	Merrill Lynch Global HY & EM Sovereign (hedged in euros) net coupons reinvested	☆☆	5.20%	2.98%	- 4.87%	- 5.78%	- 5.38%
<b>EQUITY MUTUAL FUNDS</b>								
<b>UCITS</b>								
COVÉA ACTIONS AMÉRIQUE (AC)	Large Cap US Equities Growth	S&P 500 (in euros) net dividends reinvested	☆☆☆	14.55%	16.80%	0.09%	0.51%	- 0.44%
COVÉA ACTIONS AMÉRIQUE (IC)	Large Cap US Equities Growth	S&P 500 (in euros) net dividends reinvested	☆☆☆	14.56%	16.80%	1.22%	0.51%	- 0.44%
COVÉA ACTIONS AMÉRIQUE MID CAP (AC)	Mid Cap US Equities	Russell Midcap (in euros) net dividends reinvested		13.88%	17.44%	- 7.13%	- 7.11%	- 5.23%
COVÉA ACTIONS AMÉRIQUE MID CAP (IC)	Mid Cap US Equities	Russell Midcap (in euros) net dividends reinvested	☆☆	13.83%	17.44%	- 7.70%	- 7.11%	- 5.23%
COVÉA ACTIONS ASIE (AC)	Asian equities excl. Japan	MSCI Asia ex-Japan (in euros) net dividends reinvested	☆☆	12.82%	13.38%	- 15.87%	- 13.01%	- 12.12%
COVÉA ACTIONS CROISSANCE (AC)	Large Cap Eurozone Equities	95% DJ Euro Stoxx + 5% CAC Small net dividends reinvested	☆☆☆☆☆	13.11%	12.47%	- 11.06%	- 14.39%	- 13.42%
COVÉA ACTIONS CROISSANCE (AD)	Large Cap Eurozone Equities	95% DJ Euro Stoxx + 5% CAC Small net dividends reinvested	☆☆☆☆☆	13.12%	12.47%	- 11.09%	- 14.39%	- 13.42%
COVÉA ACTIONS EURO (AC)	Large Cap Eurozone Equities	DJ Euro Stoxx net dividends reinvested	☆☆☆	12.30%	12.47%	- 16.07%	- 14.39%	- 12.72%
COVÉA ACTIONS EURO (IC)	Large Cap Eurozone Equities	DJ Euro Stoxx net dividends reinvested	☆☆☆☆	12.30%	12.47%	- 15.22%	- 14.39%	- 12.72%
COVÉA ACTIONS EUROPE (AC)	European Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested	☆☆	10.95%	11.28%	- 13.97%	- 13.35%	- 9.87%
COVÉA ACTIONS EUROPE (AD)	Europe Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested	☆☆	10.96%	11.28%	- 13.97%	- 13.35%	- 9.87%

	Morningstar classification	Benchmark index	Morningstar stars	Mutual fund 52-week volatility	Morningstar category 52-week volatility	PERFORMANCE OVER THE YEAR 2018		
						Mutual funds	Morningstar category	Benchmark index
COVÉA ACTIONS EUROPE HORS EURO (AC)	European Equities Large Cap Mixed	DJ Stoxx Excl. Euro net dividends reinvested	★★★★	10.98%	11.28%	- 7.89%	- 13.35%	- 8.69%
COVÉA ACTIONS EUROPE OPPORTUNITÉS (AC)	Europe Equities Flex Cap	MSCI Pan-Euro (in euros) net dividends reinvested	★★★★	12.24%	11.91%	- 14.02%	- 16.31%	- 9.87%
COVÉA ACTIONS EUROPE OPPORTUNITÉS (IC)	Europe Equities Flex Cap	MSCI Pan-Euro (in euros) net dividends reinvested	★★★★	12.25%	11.91%	- 13.15%	- 16.31%	- 9.87%
COVÉA ACTIONS FRANCE (AC)	French Equities Large Cap.	-	★★	12.72%	13.72%	- 15.05%	- 14.98%	
COVÉA ACTIONS FRANCE (AD)	French Equities Large Cap.	-	★★	12.75%	13.72%	- 15.02%	- 14.98%	
COVÉA ACTIONS FRANCE (IC)	French Equities Large Cap.	-	★★★	12.74%	13.72%	- 14.19%	- 14.98%	
COVÉA ACTIONS INVESTISSEMENT (AC)	International Equities Large Cap. Mixed	60% S&P 500 + 40% MSCI Pan-Euro net dividends reinvested	★★★★	12.81%	12.45%	- 2.68%	- 8.29%	- 4.19%
COVÉA ACTIONS JAPON (AC)	Japanese Equities Large Cap.	Nikkei 300 (in euro) dividends not reinvested	★★	13.08%	12.97%	- 14.30%	- 11.43%	- 9.64%
COVÉA ACTIONS MONDE (AC)	International Equities Large Cap. Mixed	55% S&P 500 + 30% MSCI Pan-Euro + 15% MSCI Asia (in euros) dividends reinvested	★★★★	12.74%	12.45%	- 1.20%	- 8.29%	- 4.62%
COVÉA ACTIONS MONDE (IC)	International Equities Large Cap. Mixed	55% S&P 500 + 30% MSCI Pan-Euro + 15% MSCI Asia (in euros) dividends reinvested	★★★★★	12.75%	12.45%	- 0.11%	- 8.29%	- 4.62%
COVÉA ACTIONS RENDEMENT (AC)	European Equities Yield	MSCI Pan-Euro (in euros) net dividends reinvested	★★★	12.34%	10.72%	- 13.59%	- 12.17%	- 9.87%
COVÉA ACTIONS RENDEMENT (AD)	European Equities Yield	MSCI Pan-Euro (in euros) net dividends reinvested	★★	12.33%	10.72%	- 13.58%	- 12.17%	- 9.87%
COVÉA PERSPECTIVES ENTREPRISES (AC)	French Equities Small and Mid. Cap.	CAC Small & Mid Cap net dividends reinvested	★★★★	12.80%	14.49%	- 23.72%	- 25.75%	- 20.22%
<b>AIFS</b>								
COVÉA ACTIONS EUROPE INSTIT (AC)	European Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested		11.58%		- 13.32%		- 9.87%
COVÉA ACTIONS EUROPE INSTIT II (AC)	European Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested		11.42%		- 15.36%		- 9.87%
COVÉA ACTIONS EUROPE INSTIT III (AD)	European Equities Large Cap Mixed	MSCI Pan-Euro (in euros) net dividends reinvested		11.53%		- 13.21%		- 9.87%
COVÉA ACTIONS SOLIDAIRES (AC)	French Equities Large Cap.	SBF 120 net dividends reinvested	★★★	11.29%	13.72%	- 12.93%	- 14.98%	- 9.70%

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