

The major challenges of asset management
as seen by Covéa Finance

VIEWPOINTS



N°. 1 | ANNUAL REPORT

CO
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This document contains our strategy and results, and more importantly, an analysis of the trends that inform them. We will repeat this exercise every year throughout our strategic plan – which is set to end in 2026 – because we have two simple questions to answer in a highly-reasoned way: Do we understand the very profound changes impacting the world and our business? Are we ready to embrace them with perseverance and enthusiasm? Choosing this form is a testament to our willingness to answer “Yes” to both questions.

COVÉA FINANCE

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

COVÉA

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



Globes de la Gestion
3rd place in the European SRI
Equities category



Alpha League Table 2021
9th place in the rankings



“As we had anticipated, the main feature of 2021 was the questioning of world trade as we know it, organised on the basis of multilateralism laid down by the WTO. The dependence of the West on Asia has become evident and confrontation, rather than negotiation, is taking root in international relations.”

History proves us right...

By Ghislaine Bailly CHAIRWOMAN OF COVÉA FINANCE

The year 2021, the second year of the Covid-19 pandemic, was marked by the regular emergence of new variants. An uncertain pace kept the world, the economy and businesses under pressure, while clarifying the landscape of the new world order post-Covid.

For more than ten years, Covéa Finance’s analysis of the economic and financial environment has been identifying two major factors. The first is the questioning of multilateralism and the trend towards a more regionalised economic structure. The second is the rise of Asia, the continent of the 21st century, with the 2008 financial crisis tolling the death knell for cheery globalisation.

In our view, the main feature of 2021 was the spread of an idea that started in 2020—the questioning of world trade as we know it, organised on the basis of multilateralism laid down by the World Trade Organisation (WTO). This increased awareness is a result of the spotlight on the West’s dependence on Asia, and particularly China and India, which has led to a global disruption of production chains that has been particularly detrimental to the West.

Thus, our intuitions, supported by our factual data analyses, are now confirmed. History has proven us right.

These developments mean increasing conflict around the world. Confrontation, rather than negotiation, is taking root in international relations. The arrival of the new President of the United States, Joe Biden, did not alleviate tensions with China, the world’s second-largest country in terms of GDP, or with Russia. On the contrary, tensions rose in 2021—the opposite of what Europe had imagined. The new world that is emerging is therefore extremely troubling for Europe, dependent as it is on Russian energy, Chinese manufacturing, the Chinese consumer market and, lastly, US military protection, as well as its vast consumer market.

Political choices made in 2020 were also confirmed in 2021: worrying restrictions on individual freedoms in the West and halted or slowed business activities with negative effects, partially offset

by fiscal measures with an astronomical financial cost that will weigh on future growth. The combination of monetary and fiscal policies has supported another dramatic rise in stock markets in the West, an additional bubble added to other bubbles, including the property bubble.

To sum up, 2021 was a year of transition, especially for Europe. The governments in the European Union, more than any other region in the world, have decided to take advantage of the two-year health crisis to impose a change in the economic model with the accelerated abandonment of fossil fuels—another change in an ever-changing world, characterised by a shift in epicentre from the Atlantic to the Pacific. Because we firmly believe the energy and ecological transition will widen the gap between different geographical areas in a world that is rapidly transforming.

This backdrop has and will have a significant impact on Covéa Finance’s investment strategy. The rushed ecological transition in Europe is reflected in a degree of anarchy in ESG (Environmental, Social, Governance) approaches, as investors are faced with multiple methods of quantitative analysis and evaluation. The companies that we support in their growth through our investments are facing the same challenges. However, ESG transparency requirements have increased considerably on listed companies, paving the way for corporate strategies that sometimes conflict within the same sector.

However, as we complete this report, we already know that the conflict between Russia and Ukraine, if it confirms the emergence of a less cooperative world, could potentially undermine developments that we used to take for granted. For example, the change in the economic model with the extremely fast elimination of fossil fuels, as desired by the EU, might be called into question. The EU’s exposure to conflicts at its borders demands increased military spending and associated energy security. Its dependence on Russia and Ukraine for metals needed for the ecological transition will prevent it from transitioning within the set time frame and following the planned path. Hence, 2022 is set to be another year of challenges.

Covéa Finance has the tools and methods to fully understand the present and decipher the future in these circumstances. Drawing on our rigorous approach, independent research and collective strengths, we continue to pursue our long-term approach, while taking advantage of the opportunities offered by this new world order for the benefit of our clients, and always to best serve them.

A pivotal year for Covéa Finance

BETWEEN CHALLENGES AND CALCULATED RISKS

As in 2020, 2021 was another mixed year. In a competitive world and complex circumstances, a company's life is by nature comprised of challenges to meet gambles to take. A gamble is a calculated risk, and a calculated risk involves prior analysis of the situation, an assessment and a decision. This is routine for every company that plays fair by its clients and shareholders, and is supported and driven by its staff.

Staying calm in the face of the unknown

However, after hopes of a quick end to the pandemic with the arrival of the vaccine, it became apparent that 2021 would be another year characterised by the health crisis, as the vaccine roll-out in developed countries failed to stop the spread of Covid-19. "For every company, this meant not just analysing, understanding and choosing a pathway, i.e. taking a gamble. It also meant facing a more unpredictable future and agreeing to make decisions that could each prove to be a leap into the unknown. This is what we did in 2021 while remaining calm because of our strengths, solidity and multifaceted expertise," says Ghislaine Bailly, Chairwoman of Covéa Finance. The company has worked in several directions in line with its Ambition 2026 strategic plan, which sets a six-year course and which began in 2020, even though it officially started at the beginning of 2021.

Innovating while reaffirming fundamentals

Covéa Finance remains attentive to its environment and is reaffirming its fundamentals to meet the challenges posed by today's world. "We have renewed our full commitment to serving the interests of Covéa Group as a whole, working on the portfolios in detail. We have also been committed to developing new investment opportunities, including our private equity efforts with the creation of a third dedicated fund of funds called Covéa Accompagnement III (see page 50)," says Ghislaine Bailly. The company also continued to develop its external client base. In support of these initiatives, the Marketing Department was divided into two specialist areas to offer irrefragable quality of service to each of its stakeholders. Ghislaine Bailly is happy to report that "Finally, despite an unfavourable environment, a number of innovative communication initiatives were carried out in 2021, such as our expert debates broadcast online discussing major economic news issues".



"Agreeing to make decisions that could each prove to be a leap into the unknown. This is what we did in 2021 while remaining calm because of our strengths, solidity and multifaceted expertise."

New funds in step with the times

In 2021, to remain aligned with the new European and global order mentioned in the previous pages, Covéa Finance continued to enhance its range of new funds. On the agenda, in particular, was the creation of Covéa Renouveau France, a Relance-certified fund, in response to the issue of gaining back National sovereignty, and Covéa Selection UK, which has just offered great opportunities in currently unlisted companies. "At the same time, we continued to promote our environmental range, which reflects the strong commitment of our investments to a decarbonised future. We did the same for our two SRI-certified funds, Covéa Flexible ISR and Covéa Actions Solidaires, and the latter obtained the Finansol label in September 2021," comments Ghislaine Bailly.

Strengthening the foundations

In order to secure the business, support its development and ensure its long-term future, in 2021 Covéa Finance conducted a major overhaul on its control functions and governance. Within this context, the IT and cybersecurity teams were also strengthened so as to be able to respond to the new challenges in these areas with increasing agility and efficiency.

Protecting and fostering our values

Last but not least, Covéa Finance decided in 2021 to strengthen its social responsibility with the publication of a CSR policy featuring six areas of action. "Our cultural patronage policy, with an increase in our support for musical organisations, also fuels this fundamental commitment. This year it produced some very fine exchanges of values, meaningful both to the organisations supported and to the staff of Covéa Finance," says Ghislaine Bailly, before concluding: "A very big thank you to all Covéa Finance employees who combined responsiveness and innovation to make 2021 a successful and worthwhile year in circumstances that are still very unclear".

An organisation that is emerging from the health crisis stronger and fitter

EN ROUTE TO CHANGE

Independence and initiative

Sébastien Berthelot,
Head of the Macroeconomic Research team

“As part of the project I am running, entitled “Encouraging independence, initiative and accountability”, we first held a discussion phase in 2021, following which a questionnaire was distributed to all employees. The objective was to assess how these concepts are seen by Covéa Finance staff. In addition, job descriptions have been rewritten in order to have them develop in this direction”.

While Covéa Finance had already begun its transition before the health crisis, it must be said that the circumstances have sped up the process. In terms of upgrading and improving the security of information systems, digitisation, employee independence, asset diversification and remote work, the company was already on the path to change through its strategic plan. All of these projects have been continued, and become priorities in some cases.

Three major projects in 2021

Of these, three were particularly fundamental in meeting the constraints imposed by successive lockdowns. The first concerned remote work, for which an initial agreement was in preparation in early 2020. The first lockdown disrupted the timetable and changed the lay of the land: remote work was first set up within the framework of crisis management before being subject to an agreement signed in March 2021, which was paired with a training plan covering best practices for managers and employees (see pages 58-59). The second project that became essential with the health crisis concerned cybersecurity, as the number of cyberattacks is constantly rising owing to the increase in remote work (see pages 41-42). The third project was digitisation, which went into high gear in 2021 with the introduction of electronic signatures and a digital archiving system.

Overseeing initiative and sustaining our key principles

Remote work also led Covéa Finance to redefine the scope of managerial independence and initiative; managers in turn reported the need to give their own employees more independence and initiative. This central topic is subject to its own project in the Ambition 2026 strategic plan (see opposite). In the same vein, the company has also undertaken to intensify the dissemination of its main principles regarding fund management, risk management and the HR policy, with an overhaul of its internal university (see pages 58-59). The aim is to anchor Covéa Finance’s philosophy in the mind of each employee.

Adapting to the future

Among the organisational measures implemented during 2021, the composition of a number of committees was reviewed to include more business lines. An Audit and Compliance Committee has been set up to ensure the company’s risk management, audit and compliance. Additionally, the Information System Department was revised to strengthen IT security and archiving issues, and the Research Department was reorganised to enhance the dialogue with Fund Management teams. In line with these changes, discussions are underway on “future premises”, including the creation of a reception area and social spaces, as well as a flex office pilot in 2022 for some initial teams.

Our strategic project: Ambition 2026

TEAMWORK AT THE FOREFRONT

Addressing the challenges posed by the new circumstances

The current circumstances pose a number of crucial challenges for Covéa and Covéa Finance, as well as for the insurance sector and asset management in general: negative rates, outflows in life products, an increase in regulatory and technological costs, robots, artificial intelligence, etc. To meet these challenges and play an active role in the disruptions that are happening, Covéa Finance has set its wheels in motion with its Ambition 2026 plan. As explained in 2020 by Ghislaine Bailly, Chairwoman of Covéa Finance, “From our point of view, crises are not all doom and gloom. They force us to look at ourselves and, for an ambitious, active and responsive firm like Covéa Finance, they can be a source of opportunity”.

Playing the teamwork card to win the battles

Launched in 2020, the Ambition 2026 plan should enable Covéa Finance to strengthen its position as an asset management expert and an innovative European player committed to its clients. With this in mind, the company is fighting four key battles: assets under management, European external inflows, innovation & attractiveness, and finally teamwork. For each of these four battles, operating guidelines were devised that incorporate actions to be carried out in the form of cross-functional projects. A first milestone is due in 2023, mid-term, in order to carry out an initial assessment and efficiently address operations going forward. These are just some of the challenges that the company intends to meet by leveraging teamwork, including through the main strategic plan steering committee, which includes all the business lines (see pages 56-57).



Assets under management

The battle for assets under management will enable Covéa Finance to secure its current assets, at a time when it is increasingly challenged by European competitors and cost control requires critical mass to be maintained.



Inflow

The battle for external inflows will be played out against heightened competition for Covéa Finance. It must enable the company to increase the size of its assets under management by winning and retaining new clients. This offensive is to be carried out while continuing to support Covéa Group’s development targets.



Innovation

The battle for innovation and attractiveness will be the driving force behind the continuous improvement of Covéa Finance’s expertise across all its business lines, in order to anticipate disruptions and remain both competitive and attractive.



Teamwork

The teamwork battle reflects Covéa Finance’s belief that only teamwork will lead to achieving its “Ambition 2026” plan through the commitment of all staff and strong links between employees. It makes team cohesion the cornerstone of the strategic plan’s success.

2021: macro-economic overview

INTERVIEW WITH SÉBASTIEN BERTHELOT

“The global economy experienced a strong recovery in 2021, fostered by exceptional fiscal and monetary support. Galvanised demand met with supply that is still limited by the health situation has led to a spectacular return of inflation.”



What is the overview of 2021 in macroeconomic terms?

Sébastien Berthelot: After a record recession in 2020, the global economy recovered in 2021 erratically and at varying rates, based on health developments and the emergence of new variants of Covid-19. Against this backdrop, unusual levels of fiscal and monetary support were extended in many countries, with unprecedented stimulus packages being rolled out. A key feature of the year will still be the return of inflation—the result of the combination of demand stimulated by the policies

implemented while supply struggles to make the necessary adjustments in a still-restricted health environment.

Can you zoom in by geographical area?

S.B.: In the US, response implemented by monetary and fiscal authorities on an unprecedented scale allowed the economy to recover rapidly. As it focused on supporting household income, it has increased domestic demand. But faced with this, as mentioned above, supply has had to deal with exceptional pandemic-related constraints, which have dampened growth and stimulated inflationary pressure. In the eurozone, economic recovery was mixed. While consumption recovered significantly, and particularly goods consumption, industrial production continued to suffer. German manufacturing, which is strongly linked to the automotive sector, was hit by the semiconductor shortage. As is often the case in the eurozone, recovery varies between countries, with Spain still lagging behind while France shows a more marked recovery.

Finally, in China, where the economy was one of the few to see positive growth in 2020, the second half of 2021 was characterised by some moderate growth in view of regulatory constraints, difficulties in the real estate sector, and sporadic health restrictions.

Can you say more about the supply chain issues?

S.B.: Multiple factors are contributing to supply problems. On the one hand, health restrictions have distorted the structure of household spending towards goods at the expense of services. Household income support measures, particularly in the US, have also contributed to this demand. Meanwhile, the necessary adjustments on the supply side were complicated by the health situation. Between epidemics and government restrictions, the entire freight transport chain has been jammed, leading to obvious bottlenecks at ports. In addition to logistical difficulties, the increase in production capacity may require massive long-term capital expenditure. The most prominent example is semiconductors, essential components for the automotive sector and the shortage of which has been paralysing



→ **SÉBASTIEN BERTHELOT**
Head of the Macroeconomic Research team

have retired, the lack of migrant labour owing to closed borders, as well as record numbers of resignations, at all qualification levels. These are all factors that are now leading to higher wages and price effects. In the eurozone, the labour market showed remarkable resilience, with unemployment and employment rates almost returning to pre-crisis levels at the end of 2021, despite the end of short-time working measures in September.

What trends are emerging at the start of 2022?

S.B.: Beyond persisting uncertainties on the health front, the main factor at beginning of the year is obviously the Russia-Ukraine conflict. This crisis has revealed the extent of Europe's energy dependence on Russia. Inflationary pressures, which were already high, are likely to be exacerbated by rising energy-related and agricultural raw materials prices, further complicating the task of central banks. They will have to juggle increased uncertainty about business activity, particularly in Europe, with inflationary pressures that could very well endure. Under the circumstances, striking a balance between business support and inflation control will be a major challenge.

16

The number of central banks that increased their key rates in 2021, out of a sample of 33. This figure shows the fears of inflation and tightening global monetary conditions.

vehicle production for many months. All these difficulties result in extraordinarily long delivery times and price increases. The emergence of new variants and prolonged health concerns have caused these disruptions, which were previously considered to be temporary, to become a more long-term factor.

Can you tell us about the pressure on the labour market?

S.B.: This pressure is particularly strong in the United States and has much to do with the support measures put in place during the health crisis. While governments favoured job retention through short-time working arrangements in Europe, the emphasis was on preserving income for the unemployed in the US. As a result, companies had mass layoffs, breaking the link with their employees and, in the current recovery phase, they are finding it hard to recruit. There are many reasons for this trend: the fear of the virus for some, the unresolved childcare issues weighing considerably on women's employment, the fact that many

“The ability of central banks to strike a balance between supporting business and controlling inflation risk is one of the big unknowns of 2022.”

2021: financial market overview

INTERVIEW WITH FRANCIS JAISSE

“2021 was a year of uncertainty, but also of stock market recovery, exceptional debt and an economic jolt. Against this backdrop, our work has enabled us to position our long-term investments in strategic sectors and in resilient, low-leverage companies with the means to adjust their strategy.”



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

How can 2021 be summed up regarding the financial markets?

Francis Jaisse: The first adjective that springs to mind is paradoxical. On the one hand, there was the extreme uncertainty surrounding the duration of the pandemic and the effectiveness of the solutions provided. On the other hand was the spectacular stock-market rebound, with the CAC 40 gaining 28.9%, while the fixed-income markets were finally exiting very negative territory. However, this economic jolt was at the cost of exceptional debt and support policies with potentially adverse collateral effects. Finally, the stand-off between the US and China continued on semiconductors, international standards, strategic sectors to protect and attracting investment.

What major trends have you observed?

F. J.: In Asia, the year was marked by the launch of the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement between 15 countries around the Pacific Ocean and China. Another characteristic of the stock-market year was the paralysis that struck transport for certain critical components, resulting in severe pressure on manufacturers' margins. As a result, both listed and unlisted companies had to deal with not only a dramatic rise in gas and electricity prices, but also upheavals in their supply chains. This came at a time when China was implementing a more isolationist policy, with Beijing calling for its most promising technology firms to be listed on Chinese marketplaces, while the US supervisory authorities tightened their own regulations on auditing foreign companies' accounts.

What was Covéa Finance's investment strategy?

F. J.: On the equity markets, the continued rise in indices gave us the opportunity to secure capital gains for our principals, in a global context where cooperation is fading and the risk of pockets of depression emerging remains high. We have nonetheless found opportunities to invest in companies based on the three themes

developed in our Economic & Financial Outlooks, namely structural changes, promising areas for the future and, lastly, the ability to adapt and preserve margins through pricing. From a geographical perspective, our preference was in equity markets in developed countries, excluding emerging economies, but avoiding China due to political risk, debt levels, and the hindering of digital giants. With regard to bonds, our patience allowed us to invest at positive rates on long maturities (between 0.10% and 0.30% on the French ten-year benchmark) during the tense April-May period. And, on the credit side, the teams continue to question the best status on a case-by-case basis: shareholder or creditor? These strategies on the markets were based on work carried out by Covéa Finance before the pandemic on the risks related to globalisation and its consequences (inequality, dependence, etc.). This research approach continued amidst the new circumstances brought about by the health crisis, by intensifying work on strategic sectors: after technology, healthcare and infrastructure in 2020, it was automotive and energy in 2021.

What will the challenges be in 2022?

F. J.: 2022 will be a transition year against a backdrop of slowing global economies and persistent inflation, and the end of accommodative policies by central banks. In this situation, companies will find it challenging to maintain their margins while managing their own digital, energy and social transitions. The Russia-Ukraine war has revealed both a high level of energy dependence on the part of European economies and an extremely conflicting framework for business strategies.

OVERVIEW OF THE YEAR IN FIGURES

7 days

The number of days the Suez Canal was blocked



after the grounding of the container ship *Ever Given*, preventing 422 other ships from passing through. An episode that highlights the risks to companies from choosing a supply chain model that is fragmented across the globe and the vulnerabilities of global trade.



+28.9%

2021 was marked by a stock market recovery, with the CAC 40 gaining 28.9%

\$10,000 billion

in AUM reached by exchange-traded funds (ETFs)



Exchange-traded funds (ETFs) reached \$10,000 billion in assets under management, driven by a strong market effect and record inflows of nearly \$1,150 billion, reflecting an increase in passive management compared to active management. Key features of 2021 were the appetite of US retail investors for highly-targeted ETFs on specific investment themes and, above all, the appetite of institutional investors for ESG index assets, where assets under management increased by \$370 billion.

15

countries signed a free trade agreement in 2021 around the Pacific Ocean and China



The Covéa Group vision

INTERVIEW WITH OLIVIER LE BORGNE



→ **OLIVIER LE BORGNE**
Managing Director
of Investments,
Covéa Group

“The year 2021 was another opportunity for Covéa Finance to demonstrate the relevance of its model based on independent research, strong convictions, collegial management and rigorous investment principles.”

What are your thoughts on 2021?

Olivier Le Borgne: The year was again very atypical owing to the pandemic and the race for vaccination in developed countries, as well as the emergence of shortages in certain raw materials and recruitment issues in many sectors. But it was also a year of strong economic recovery, with a significant catch-up supported by government stimulus plans backed by central banks. In addition, on the financial side, we saw two phenomena: a rise in equity markets, with variations resulting only in weak and short-lived downturns, and high bond volatility between negative rates and slightly positive rates.

What is your assessment of this year?

O.L.B.: Once again, Covéa Finance’s model has demonstrated its resilience and strength. Having a global view rooted in strong convictions, but also procuring independent research, has enabled us to make fully-informed decisions regardless of the market consensus. Covéa Finance’s remarkable tactics enabled it to take advantage of the most favourable windows for selling and buying throughout the year. And it did so while respecting its fundamentals and its rigorous investment principles by always adopting a long-term stance, and by relying on cooperation during the investment process, which is a differentiating factor and a defining attribute of the company.

“If market volatility continues through 2022, Covéa Finance will meet it with complete peace of mind thanks to its well-positioned portfolios and its investment policy, which remains in step with the specific nature of our insurance business, no matter what.”

What do you think of Covéa Finance’s 2021 results?

O.L.B.: They are at a good level despite complex circumstances. To achieve them, we had to be highly selective in choosing securities, to identify those that would prepare the foundation for future returns. I also commend the improvement in portfolio resilience thanks to various transactions conducted in 2021, making them, in my opinion, even stronger than they were at the end of 2020. Finally, the increasing consideration of extra-financial criteria by Covéa Finance teams brings real added value to portfolio management, notably by limiting sustainability risks and obtaining an even more comprehensive assessment.

What Covéa Finance solutions have been implemented to meet Group needs?

O.L.B.: I think it is important to reiterate that the interests of the Group and its subsidiary are fully aligned. In this spirit, Covéa Finance decided to support the rise in equity markets with four major disposal phases in 2021. The company also benefited from periods of rising interest rates by taking the opportunity to gradually invest in loans, particularly European Government loans. As part of the diversification of its investments, Covéa Finance continued to invest in unlisted equities with the launch of a new generation of private equity funds (see

page 50). Lastly, the securing of a number of labels has set the quality of Covéa Finance funds apart (Relance, Finansol).

How are you approaching 2022?

O.L.B.: Despite the extraordinary recovery in 2021, there are still uncertainties regarding the coming years. The main factor in the first quarter of 2022 was the conflict between Russia and Ukraine, which could have a lasting impact on the global economic and geopolitical order. Rising energy and food prices as well as shortages of raw materials are already fuelling inflation, which will likely push central banks to begin normalising their monetary policies sooner than planned. This is also happening in a situation where the record debt levels of all economic players make any rate hike problematic... However, I remain calm in this respect because of the long-standing construction of our portfolios and the soundness of our management fundamentals. Covéa and Covéa Finance share a common strategic vision on investment policy that takes into account the specific nature of our insurance business. It’s a tried-and-tested investment philosophy.

22

The number of management mandates entrusted to Covéa Finance by the Group’s companies and mutual partners.

185

The number of Covéa Finance employees who have met the challenges of this complex year.

Strong governance refocused on its priorities



Executive Committee

as of 31/12/2021

→ **LUDOVIC JACQUIER**
Managing Director
in charge of all
Support and
Control functions

→ **FRANCIS JAISSON**
Managing Director
in charge of Asset
Management,
Marketing,
Trading and
Research

→ **GHISLAINE BAILLY**
Chairwoman

→ **FRANCK IBALOT**
Executive Director,
Director of Risk,
Operations
and Information
Systems

→ **YANNICK TATIBOUËT**
Executive Director,
Director of Strategic
Intelligence, External
Relations and Group
Coordination

Continuity of governance

Covéa Finance maintained its management philosophy in 2021, which is aligned with Covéa Group's strategy. The Supervisory Board, whose membership had been reduced at the end of 2020 to refocus it on its duties, now has four members – two women and two men – who are part of the Group. The organisation of the company's Executive Committee remained unchanged, still presided over by Ghislaine Bailly, assisted by two managing directors (see opposite). The Executive Committee is also pursuing a process of delegation to the main department managers, in order to give them more independence and involve them more in the management and operational strategy of the company.

Establishment of an Audit and Compliance Committee

To ensure optimal transparency in governance, a new body has been created which carries out its activities under a delegation of authority within the remit of the Executive Committee, namely the Audit and Compliance Committee. It comprises company administrators, the four control functions and all operational managers. It is involved in all matters relating to internal control mechanisms, non-compliance risks and regulatory aspects. Its role is to define priorities, and consequently allocate or reallocate the corresponding resources to better manage risks. Its role includes providing advice and assistance to operational managers, ensuring that financial ethics are maintained, and strengthening a culture of compliance within the company.

Updating of the accreditation file

The French Financial Markets Authority (AMF) changed the structure of the accreditation file and the arrangements for exchanging information with fund management companies through a new electronic reporting and communication system (the ROSA application). While some observers have seen this change as the AMF tightening its grip, Covéa Finance has chosen to see it

as an opportunity to change its own organisation and gain agility. Several projects under the Ambition 2026 plan have been accelerated to this end, including to rewrite the investment comitology or formalise the involvement of the Research department in fund management processes, thereby increasing the company's responsiveness in the presentation of its organisation.

Inclusion of extra-financial criteria in the remuneration policy

The remuneration policy drawn up in 2021 and which came into force in 2022 contains new provisions. It takes into account not only the reorganisation of the marketing teams, but also the constraints arising from the SFDR, which introduces extra-financial criteria into the calculation methods. In this regard, Covéa Finance has now initially incorporated these criteria into the variable remuneration of senior managers and risk takers, based on qualitative criteria in the absence of standardised quantitative indicators, which are currently being standardised by the regulator.

Formalisation of the CSR policy

Governance, diversity, intern policy, and patronage are just some of the areas where Covéa Finance was already pursuing an active CSR policy, without having actually made it a formal policy document. In 2021, the company decided to remedy this through a CSR policy and a specific communication campaign (see pages 45-46) to clearly demonstrate its commitment and its social role. This came quite naturally to Covéa Finance as a company built on strong values and as a subsidiary of a major mutual insurance group.

Supervisory Board

as of 31/12/2021

Chairman:
Olivier Le Borgne

Vice-Chairwoman:
MMA Vie, represented
by Béatrice Savouré

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

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

Remuneration Committee

as of 31/12/2021

Amaury de Hauteclocque (Chairman)
Olivier Le Borgne
Thierry Francq
Ghislaine Bailly

KEY FIGURES

as of 31 December 2021

Assets under management (up 2.7%)

€102.9 Bn

52 UCIs

€16.3 Bn of UCI AUM

Gender equality index (up 3 pt)

89/100

22 management mandates

Shareholders' equity

€69.5 M (after pay-out)

49% ROE Return on Equity

Distributable net income (up 40.6%)

€30.8 M



66.6% Cost-to-income ratio

€132.2M

in Revenues (up 16.5%)

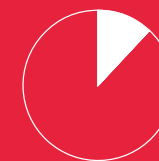
9th French Asset Manager

in the Top 500 Investment & Pensions Europe (IPE) ranking*
* Based on AUM at 31/12/2020.



185 employees

CSR INDICATORS



12% Proportion aged over 55 years

Staff with disabilities

3.7%



44% of staff at the company is female

30%

Proportion of women in governance and investment bodies (Rixain law)



Revenue invested in the public interest



0.10%



63% Staff having taken any non-regulatory training

Water consumption

851 m³



Energy consumption (down 3.5%)



274 MWh

Perspectives & development

In an economic world where the cards have been reshuffled by the global health crisis and major geopolitical upheaval, and where divisions are widening, Covéa Finance is staying its course. The company, true to its long-standing management principles, relies more than ever on its analytical capacity and on cooperative decision-making to continue to operate with peace of mind.

Anticipate

The rise of the concept of sustainable finance, the global reorganisation of value chains, and tensions surrounding energy are just some of the underlying matters that have a significant impact on Covéa Finance's business, and on which the company's Research and Fund Management teams work.

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Act

To respond to new challenges and market trends, Covéa Finance combines creativity and expertise.

The objective is to offer innovative ranges of investment solutions through a commitment to sustainable and responsible finance, in line with the major challenges of our time.

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Anticipate

The inclusion of ESG by companies: a mixed picture

Energy: an essential link to understanding our world

Upheaval in global value chains: impact and outlook

The inclusion of ESG by companies: a mixed picture



→ **LUCILE LOQUÈS**
Head of International Equities

→ **SYLVAINE RODRIGUES**
Project Manager for the Research Department

Lucile Loquès: However, the global picture proves to be very mixed. In Asia, the Governance criterion is currently the only major concern. In the United States, Governance has been important for a long time and the Social criterion is now gaining traction. As for the Environmental criterion, Europe is easily furthest ahead.

Are ESG figures reliable?

“Listed companies are now obliged to adapt by presenting evidence of their commitment to the three components E, S and G. However, there are very different expectations and maturity levels by geographical region and business sector.”

S.R.: The data on which our analysts work is two-thirds published data and one-third estimates, which gives an idea of how poorly many companies prepare to communicate on these topics. There is also a comparability issue: the figures that are provided are not all calculated according to the same methods. Fortunately, European regulations are moving in this direction (taxonomy, CSRD, Disclosure Regulation).

What place does ESG currently hold in businesses?

Sylvaine Rodrigues: In finance, ESG refers to environmental, social and governance issues, which are the three components of extra-financial analysis. However, within companies, we usually talk about corporate social responsibility, which is now subject to a specific report called the extra-financial performance statement (DPEF). Nowadays, companies are asked to be able to control the negative impacts of their activities on the environment, or to contribute to the common good, while continuing to create financial value.

L.L.: We recently conducted a test by surveying five service providers about the same issuer. Ultimately, the same issuer’s rating can range from bad to good! Beyond the initial data, the weighting and importance given to E, S and G also have an effect. We are therefore navigating through a world of data without necessarily knowing how the data is built.

Sustainable finance: a social issue

ESG, referred to as “sustainable finance” by the European Commission, is now a real issue for society with strong political connotations. This is an area in which the trend is to tighten regulations on activities that are already regulated—hence the frequent use of the word “supra-regulatory”. The watchwords for the regulatory structure already in

place are transparency and therefore reporting, which remains the number one requirement for finance and fund management companies. The authoritative texts include not only the European SFDR and taxonomy regulations, but also French provisions including Article 173 of the Law on Energy Transition and now Article 29 of the Law on Energy and Climate.

How then is the subject addressed and taken into account when this is the case?

L.L.: ESG reports published by companies vary depending on the economic sector, maturity and size of the company. In France and Europe, the Environmental portion is currently very well developed, as the subject is very much front and centre. However, it remains more difficult to find information about the Social aspect.

S.R.: It also depends on the geographical area. The US regulator (the Securities and Exchange Commission), for example, wants to improve financial firms’ transparency on climate change, and their management of various risks. Lastly, in some Asian markets, particularly in Japan, the local culture is sometimes at odds with ESG requirements.

What is the risk for companies that do not understand this issue?

S.R.: They may be undermined at their general meetings, where shareholders are already proving more demanding and sometimes form coalitions to change the management’s strategy. They also risk finding themselves on investor blacklists, with a real danger of “offenders” being excluded.

L.L.: One example is an Australian mining company that took the decision to mine on a sacred Aboriginal site. The ensuing

scandal caused the departure of the entire management team, a downgrade in its ESG ratings and the exclusion of the stock by many asset managers. However, beware of unintended consequences: unlisted mid-cap companies inclined to disregard ESG are beginning to buy out environmentally-unfriendly businesses and develop them, e.g. shale oil in the United States. This kind of arrangement is detrimental to the environment.

What is Covéa Finance’s investment strategy as regards ESG?

S.R.: Covéa Finance has been publishing a voluntary report since 2016 on its ESG strategy, policies and achievements. In 2020, it took an additional step by merging its financial and extra-financial analysis teams, the idea being that it is essential to have a global view of the risks and opportunities in its portfolios. The involvement of the Research and Fund Management teams is a core priority now more than ever.

This is reflected in the inclusion of analysts on investment committees.

L.L.: At the Fund Management level, we are increasingly committed to integrating ESG. It is crucial for the teams to measure the impacts of fund management decisions we make on our portfolios and on companies’ strategies. We are striving to support companies in their ESG transition, with a view to constructive shareholder dialogue rather than a desire to exclude companies.

Energy: an essential link to understanding our world

→ **JACQUES-ANDRÉ NADAL**

Head of the European Equities Department

→ **SOPHIE PONS**

World Equities Fund Manager

“Our energy work is part of extensive consideration of the global restructuring of value chains in light of de-globalisation and the returning emphasis on Governments. These trends have implications for geopolitical and geostrategic power relationships.”

Can you tell us about the central issue of energy and the energy transition as discussed in our Economic & Financial Outlooks in 2021?

Sophie Pons: The conclusions of our latest Economic & Financial Outlooks have highlighted an acceleration in de-globalisation. This trend is now and will in the future result in a reduction in free trade through the relocation of production facilities and jobs, and by a certain degree of isolationism. We can reasonably expect that each major region will rethink its energy mix in order to limit its dependence. An ecological objective can be added to this way of thinking, because manufacturing goods thousands of miles away is no use when the environment suffers. In any case, each region will have to combine two long-term objectives, sometimes contradictory, all while trying to gain competitiveness. The first is to shift the energy mix to pollute less; the second to secure energy supply and reduce dependence. In Europe, awareness of this dependence, which was already keenly felt, has increased further with the onset of the Russia-Ukraine conflict.



Europe imports more than 30% of its gas requirements from Russia. Beyond this dependence on gas, Europe is also suffering from a dependence on the raw materials needed for energy transition, which are not produced on European soil. We believe it is now more necessary than ever to prioritise energy in Government policy as it is one of the keys to building a sovereign economy.

Jacques-André Nadal: The energy transition is understood to be a change in energy production and consumption. The objective is to move from consumption mainly based on hydrocarbons (gas, oil and coal) to a more diversified energy mix favouring renewable energy sources. But contrary to past energy transitions during which first wood, then coal and finally oil topped the rankings, the one currently taking shape will differ depending on the region and the available natural resources. In addition, there is a political and strategic requirement, namely the security of the energy supply, which is fundamental for the proper functionality and competitiveness of the economy, and independence against a backdrop of de-globalisation.

“Looking at the energy transition also means being in a position to identify the new markets that are opening up to those involved in these value chains.”

What can be said about the energy mix of different geographical areas?

S.P.: The strategies adopted differ from region to region. The United States is capitalising on its gas, a resource that emits less CO₂ than coal and that abounds in the US, while accelerating the development of solar and wind energy. In the US, which is almost energy independent by virtue of domestic oil and gas production, the pace of renewable energy development will dictate the reduction in the proportion of hydrocarbons in its mix. On the other side of the world, China is experiencing a different situation: it is dependent in terms of oil, but is a major producer and user of coal. So while it is encouraging the development of renewable energy sources, it is also modernising its coal-fired power plants by coupling them with carbon-capture units.

J.-A.N.: In the middle ground, Europe is focusing on solar and wind turbines, both on land and at sea, which, in the medium term, aims to ensure direct resource independence to generate its electricity, but leads to other dependence as regards the minerals needed to develop these infrastructures. It is also becoming more dependent on gas and gas producers. As a result of its dependence on Russian gas, the adjustment of its energy mix is hurried, as is its new composition. The trajectory is less clear and the adjustment is likely to be painful, with oil and gas prices likely to remain high. In this respect, the European Commission’s “RepowerEU” plan aims to reduce European dependence and reduce price increases by accelerating the development of renewable energy and nuclear power, and by diversifying its sources of gas by using more liquefied natural gas (LNG) from the Middle East and/or the United States.

**What is the impact of these changes on different sectors?
What investment strategies result from this situation?**

J.-A.N.: The viability and economic competitiveness of renewable energies have been obvious for several years now, but their development makes it necessary to adapt value chains. Looking at de-globalisation and energy independence also requires an understanding of the major changes to be expected in this area, particularly in corporate strategies.

S.P.: Utility companies, the revenues of which used to be subject to fluctuations in electricity prices, have moved towards long-term fixed-price contract models, which offer the investment flexibility essential to the development of solar and wind power. As the long-standing leaders in this economy, they have the recognised expertise that enables them to cope with growing competition from oil and gas companies. The latter, forced to make their model lower in carbon emissions, are in turn investing in these greener alternative technologies. Their ability to manage this transition will depend heavily on their local strategic environment and financial resources. We will therefore focus on those who will have the means to follow a clear strategy, the end-points of which we also share.

J.-A.N.: At the same time, these transformations offer new markets for those involved in these value chains. Studying them, as with the other economic sectors already analysed, provides us with a large pool of companies that we can use and that allows us to diversify portfolios. However, the current questioning of the timing and form of this transition requires us to be vigilant about the stances that Governments, particularly in Europe, will adopt in the coming months.

Upheaval in global value chains: impact and outlook



“The objective of this work, carried out jointly by Covéa Finance’s Research and Fund Management teams, is to understand and analyse global value chains in order to anticipate the impacts of ongoing upheavals on our portfolios.”

Why this work on global value chains?

Samir Ramdane: First, the context in which this work began should be reiterated. In 2020, the first lockdown resulted in the near-total shutdown of entire sectors of business activity and a severe contraction in the global economy, resulting in serious disruptions to production and supply chains. Halted production, reduced inventory levels, falling prices (which then sharply rose in 2021) of certain raw materials... it is difficult to produce a complete list, but the result was to shine a spotlight on

→ **SAMIR RAMDANE**
Head of the European Equities UCI team

→ **VINCENT HADERER**
Head of the American and Global Equity Department

the fragility of world trade, trade that is dependent on the world’s main factory, i.e. China.

Vincent Haderer: The objective of the studies begun in 2020 was to understand and analyse in detail this dependence and how to reduce it, and also how to secure production and supply in the strategic sectors of healthcare, food, technology and energy. This research, carried out jointly by the Research and Fund Management teams, is helping to ensure both the security and the quality of Covéa Finance’s investments.

What are we learning from this work?

S.R.: The research is revealing critical and potentially problematic interdependencies for governments, many of which passed legislation in 2021 to secure sensitive sectors. It also highlights the fragility of Western economies, with a spectacular domino effect whereby production shutdowns in Asia paralysed factories in Europe and the United States.

“The macroeconomic environment is leading to increased volatility in markets and stocks. Some companies are, occasionally overnight, ensnared for geopolitical reasons, causing significant microeconomic disruption.”

V.H.: We are also seeing a degree of withdrawal from governments seeking to reduce or at least curb their cooperation with other Nations. In this respect, the United States “blacklist” has grown considerably with the addition of many Chinese companies. This trend is also giving rise, given an environment of scarcity, to the temptation to capture certain resources or production to serve its domestic market first. Some companies are, occasionally overnight, ensnared for geopolitical reasons, causing significant microeconomic disruption. The Russia-Ukraine conflict has added an additional dimension to this complexity by making Governments and companies increasingly aware of how fragile they are. The problems have intensified a notch: it is no longer a matter of having access to components, production and transport; it is a matter of being able to provide the supply of critical raw materials needed for heat, food and to run factories. All of these macroeconomic and geopolitical factors are leading to increased market and stock volatility.

Can you give examples?

V.H.: The pandemic has shown the limitations of the semiconductor production model. Faced with disruptions in deliveries, the West was forced to contend with the organisational chaos that resulted in many branches of the industry. Mainly concentrated in the hands of a few global firms, and mainly in Asia, the relocation of this critical sector to

Europe and the United States is currently being planned. The example of Intel’s investment of 17 billion in Germany is a clear indication of this desire to make production secure.

S.R.: The automotive sector was one of those most affected by these supply issues. For some components, manufacturers are now calling into question their just-in-time operating methods and considering building up larger stocks, particularly for semiconductor components. They also had to cope with an unprecedented drop in production owing to plant shutdowns, which led to some unprecedented commercial consequences, such as the concentration of their sales on the highest-margin vehicles, which contain a great deal of electronic components.

How do you see the years to come?

S.R.: We are seeing the return of national or even regional preferences, leading to a reorganisation of world trade, one tangible example being the US-Mexico-Canada agreement (USMCA), which entered into force on 1 July 2020. Another trend is the desire of some countries to relocate critical production to their own soil so as to no longer rely on Asia, or to significantly diversify sources of supply for critical goods and materials.

V.H.: To conclude, our Economic & Financial Outlooks work describes the emergence of two blocs, the United States on the one hand and China on the other. Russia, which we have long considered to be a challenger sitting in between these powers, reminds us of the extent to which vital raw materials, concealed beneath Russian soil, make it necessary for governments and companies to rethink their modes of supply and production. Europe is struggling to find its place in this landscape: the example of the current energy crisis only reflects Europe’s difficulty in reducing its dependence on the outside world.



A#ct

- _ Ramping up sustainable finance
- _ Adaptation of the UCI range
- _ New circumstances, new funds
- _ Marketing: as close to clients as possible

Ramping up sustainable finance

01. A company committed to sustainable finance

Covéa Finance actively participates in market discussions and internal initiatives carried out within the Covéa Group.

Working groups

Covéa Finance, wishing to participate in discussions around extra-financial issues, is a member of the working groups on sustainable finance within French Asset Management Association (AFG*) and France Assureurs (the French insurers association, formerly FFA). The company responds, on its behalf and on behalf of the Group, to questionnaires from the AMF and the French Prudential Supervisory Authority (ACPR**). Covéa Finance also contributes to the transparency exercise by the French Observatory for Sustainable Finance.

The Covéa Group

Covéa Finance leads the ESG Task Force, created in 2016 within the Group, with the primary aim of producing Covéa's ESG report. In this context, in conjunction with the other members and depending on the expertise needed, the company also helps respond to questionnaires sent to the Group.

Commitments

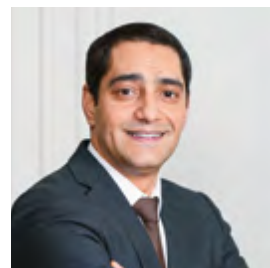
Covéa Finance was in the process of examining Covéa's endorsement of the United Nations Principles for Responsible Investment (PRI). The company is also part of the first worldwide coalition committed to a fair transition – "Investors for a Just Transition" – which has brought together managers and asset owners from the French financial ecosystem since the summer of 2021.

* AFG: Association française de la gestion financière.
 ** ACPR: Autorité de contrôle prudentiel et de résolution.



YANNICK TATIBOUËT
 Executive Director, Director of Strategic Intelligence, External Relations and Group Coordination

"Covéa Finance has historically been involved in market debates on the consideration of extra-financial criteria."



NABIL BITAM
 Head of the Data and Reporting Department

Improving the reliability of extra-financial data

The question of data is the key issue when it comes to increased consideration of extra-financial criteria in investments. "In this area, we are seeing a real boom in terms of supply from information providers, although there are notable disparities in terms of coverage, quality and methodology," says Nabil Bitam, Head of the Data and Reporting Department. To clarify the picture, Covéa Finance launched several projects in 2021 aimed at identifying the most reliable data providers, applying methodologies that are compatible with its own internal analysis approach. These measures, carried out jointly by several company teams (Research, Fund Management, Compliance, Data and Reporting, etc.), were part of a working group specifically dedicated to these issues.

02. Financial and extra-financial analysis, key links in Covéa Finance's fund management process and global approach

Further added value

The main role of the financial and extra-financial analysis team is to deliver further added value to fund managers—the famous "dual perspective", both financial and extra-financial. Objective: to comprehensively study the characteristics of securities in Covéa Finance's portfolios, and investment opportunities determined based on the adaptation of the Economic & Financial Outlooks (EFO).

Feedback on the merger of the financial and extra-financial analysis teams

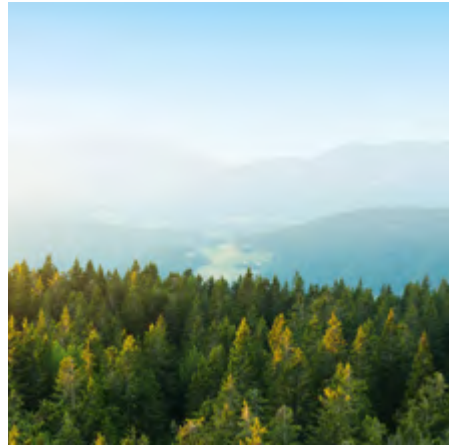
In 2020, Covéa Finance merged its financial and extra-financial analysis teams to form a single team. One year later, the dovetailing expertise is more obvious than ever for all the employees in the team: each was trained in other side's job, which meant fund managers' requirements were met more quickly, and significantly increased output (research reports, points of contention, etc.). In addition to their core business, i.e. analysis of private and public issuers, and their active participation in investment committees with fund managers, analysts are heavily involved in initiatives to label certain funds, as well as in the vital work of shareholder dialogue.

Already strengthened in 2021, the team will increase its headcount again in 2022 to be able to actively contribute to future changes.

In direct contact with all the company's news

In 2021, in the cooperative spirit that is part of its founding principles, the company focused on integrating analysis into investment decisions taken by Equities and Fixed Income managers, as part of a comitology review and greater involvement in the preparation of Economic & Financial Outlooks. The analysts also closely monitored regulatory developments (AMF Doctrine, Taxonomy, SFDR, etc.). Work carried out in close collaboration with the Research Department's economists and quantitative analysts, and with many other teams from Legal to Compliance, Internal Control, Reporting and Marketing. On the Fixed Income side, a major project was carried out jointly with the fund managers to implement a methodology to estimate the sustainable aspect of "green" bonds issued by companies. On the Equities side, analysts were heavily involved in constructing the Covéa Renouveau Europe fund.





03. Green and SRI solutions

A range dedicated to the topic of the environment

This range is part of a voluntary approach to incorporate the environmental challenges facing our time into corporate practices, including global warming, carbon and fine particulate emissions, pressure on natural resources and water shortages. The company has chosen to create four European funds eligible for equity savings plans, corresponding to the main areas of environmental protection. The first, Covéa Solis, selects companies dedicated to supporting the energy transition. The second, Covéa Aqua, is more specifically focused on companies engaged in the environmentally-friendly use of fresh water and limiting pollutants. The third, Covéa Aeris, promotes “low-carbon” firms committed to improving air quality. Covéa Terra, the fourth fund in the range, invests in companies that want to establish more responsible production methods and limit the pressure on natural resources. The fund focuses on companies that are committed to promoting and applying sound management and use of resources.

Two specific SRI funds

To contribute to the social economy, Covéa Finance created Covéa Actions Solidaires in 2007. A eurozone equity fund, labelled SRI and Finansol and with 5% to 10% of its assets invested in unlisted securities issued by socially-responsible structures of social utility, organisations working in areas ranging from employment assistance to microloans, social housing and healthcare. With Covéa Flexible ISR, Covéa Finance is demonstrating its willingness to finance ethical companies. This diversified and flexible fund is likely to invest in three main asset classes: equities, fixed income instruments and cash. Its allocation reflects the company’s vision described in its Economic & Financial Outlooks and 100% of its assets are SRI.

An offer that fits its context

Starting from the principle that a combination of good social and environmental practices allows companies to foster the sustainable development of their business, Covéa Finance considers a failure to incorporate ESG criteria as a financial risk in its own right. This belief is reflected in the areas addressed by its Economic & Financial Outlooks. For example, the issues of energy independence and disruption to supply chains raise questions regarding sovereignty that Europe can answer by relocating some of its production (such as pharmaceuticals). Covéa Finance’s SRI funds are moving in this direction, while the environmental range focuses on the opportunities offered by environmental issues that meet government requirements and consumer aspirations. The urgency of these issues has been underlined by the Covid-19 pandemic.

Adaptation of the UCI range

With the new AMF doctrine and the SFDR regulation, Covéa Finance’s UCI range is adapting to the circumstances while gaining recognition by securing prestigious labels.



The AMF doctrine and the Disclosure regulation (SFDR)

The AMF doctrine and the European SFDR (Sustainable Finance Disclosure Regulation), both of which came into force in March 2021, require fund management companies to classify their funds according to their degree of communication on extra-financial information. Covéa Finance has consequently not only reviewed its commercial presentation documents, but also published two tables on its website classifying funds according to the AMF criteria in one, and SFDR criteria for the other.

Labels that recognise Covéa Finance’s commitment

In 2021, the Covéa Actions Solidaires fund, which was already SRI-certified, secured the Finansol label, which distinguishes socially-responsible savings products. The Covéa Perspectives Entreprises and Covéa Renouveau France funds have been awarded the Relance label, which allows investors to identify UCIs that meet the financing needs of French companies, listed or otherwise, and thus put savings to use for the post-Covid recovery. In early 2022, our range of four environmental funds was awarded SRI certification. Lastly, our Covéa Terra fund was awarded the Greenfin label.

New circumstances, new funds

In light of the health crisis, a renewed desire for sovereignty, and Brexit, circumstances highlighted challenges more than ever in 2021 while creating investment opportunities. Thanks to the close collaboration between its Fund Management and Research teams, Covéa Finance was able to create funds in line with new market expectations.

01. Covéa Renouveau

Covéa Renouveau France

As a result of the global health crisis, the issue of supply risks and the complexity of production chains has risen to the top of both government and corporate concerns. “The work carried out as part of our Economic & Financial Outlooks has been highlighting these major issues for several years, including the resulting risks of dependence and the need to for Nations to regain sovereignty,” explains Vincent Haderer. This being so, Covéa Finance has launched a fund called Covéa Renouveau France. Since its creation in February 2021, this fund’s investment philosophy has incorporated criteria for consideration of the ESG dimension, and active participation in financing French listed SMEs. These guarantees naturally enabled us to obtain the Relance label, created by the French Government to mobilise savings to revive the economy. The fund’s investment philosophy is built on four cornerstones, i.e. employment and business investment, supply



VINCENT HADERER
Head of the American and Global Equity Department

“Covéa Renouveau France takes into account the strategic view of companies, the location of their productive investments, the scale of their job creation in France and their social and governance policy.”

security, health and food security, and lastly critical infrastructure (healthcare, digital, energy).

A fund aligned with market expectations

The Fund Management team strives to maintain a fair balance between the three categories of companies making up this portfolio: large caps driving investment and security, particularly in terms of infrastructure, mid-caps and, lastly, the promising start-ups that Covéa Finance wishes to support over the long term. One year after its creation, more than 50% of the fund is invested in companies with capitalisation of less than €10 billion. “A proportion that has increased since launch, notably thanks to the continuation of the work carried out jointly by the Research Department and the Fund Management teams,” adds Vincent Haderer, who is also delighted with the excellent response to Covéa Renouveau

France at each of its presentations, both within the Covéa Group and with external institutional investors.

Creation of Covéa Renouveau Europe

Covéa Finance is pursuing its renewal-based product line and will soon be adding the Covéa Renouveau Europe fund, designed and built along the same lines. “We began from the principle that certain issues needed to be addressed at a European level in order to effectively face up to Chinese and American domination, particularly in digital and energy infrastructures,” says Vincent Haderer. This fund was designed in 2021 by Covéa Finance’s internal Research teams, which were highly motivated by this ambitious project.

02. Covéa Selection UK: beyond Brexit

Brexit is not preventing the London financial markets from remaining attractive for companies. However, the uncertainty surrounding the transition has turned many investors away from the UK market. “This is a shame, because the UK market is full of promising stocks, which are often more liquid than those on the European market, offering investors profitable diversification opportunities,” states Antoine Peyronnet.

The search for balance between British champions and hopes

To structure this fund, Covéa Finance teams have chosen three evenly-distributed investment areas to maintain good diversification within the portfolio. First, mid-caps in deployment—companies that are successfully exporting their business model around the world, such as retailer Bunzl Plc, specialising in the distribution of essential products for companies (masks, disposable cups, etc.). “Second, typically British high-potential stocks that generate high dividends and are particularly attractive for investment funds attracted by reasonable valuations. These stocks include Rotork, the global leader in pressure regulators for valves and a thriving company that has no majority shareholder,” says Antoine Peyronnet. Third, worldwide champions that are UK-listed, with an ability to adapt that provides stability to the portfolio, such as AstraZeneca and Diageo.



ANTOINE PEYRONNET
European Equities UCI Manager

“In a post-Brexit environment, Covéa Selection UK offers great opportunities in companies that are currently discounted, but which feature high-quality governance.”

Marketing: as close to clients as possible

Covéa Finance reorganised its Marketing Department in 2021 to improve the effectiveness of its client relations, while adapting its communications to the constraints caused by the health crisis.



In step with the specific characteristics of each client

Knowing your clients well, and understanding their specific characteristics and expectations are time-consuming challenges. Over the years, Covéa Finance's Marketing team has focused on enhancing dialogue with increasingly diversified clients, meeting regulatory requirements or a wide variety of needs. "In the interest of excellence, we decided in 2021 to split the team in two so that salespeople can spend most of their time monitoring the clients they know best," explains Francis Jaisson, Managing Director in charge of Asset Management, Marketing, Trading and Research. Since June 2021, the Marketing Department has consequently been reorganised into two teams. The first is responsible for

supporting the Group's Life networks. "Each network has its own priorities, and its strengths, but also its own constraints. It was therefore important to have employees dedicated just to them," adds Francis Jaisson. The second team is responsible for monitoring and gaining external clients: pension funds, private banks, companies and multi-management companies. "This new organisation is a guarantee that our networks and clients will be listened to and supported on a daily basis by a team that knows them, and whose time and objectives are focused on them. This reorganisation occurred at the same time as the recruitment in 2021 of the new Head of Marketing, Suzanne Dos Santos-Wahl," explains Francis Jaisson.

Present despite the health crisis

The health situation over the past two years has made it difficult, if not impossible, to meet clients in person. "We had to think about how to stay present, demonstrating imagination and innovation. In this respect, the Marketing and Communication Unit has provided invaluable support to marketing staff by promoting alternative communication methods," Francis Jaisson points out.

Nevertheless, Covéa Finance wanted to continue to share its understanding of the world, present the investment themes arising from the teams' cooperative analysis, and also reassure clients and explain market developments. With this in mind, the team has set up several video conference presentations for its clients. "At the same time, we looked for an approach that would give us a bird's eye view of current events. We opted to organise an online forum with an expert not from the world of finance," explains Francis Jaisson. Dubbed the "Expert Debate", the first such event was held in February 2021 with Vincent Desportes, a General in the French Army, former Director of the Military Academy and Strategy Expert, on the theme "The consequences of geopolitics and a new world order". A successful experiment, repeated in October with Patrice Baubeau, a Lecturer in economic history, on the theme "French public debt: a risky asset? What does history teach us?". Finally, in September 2021, Covéa Finance met with its clients by attending the Patrimonia trade fair, running a stand adjacent to that of the MMA Expertise Patrimoine network.

Management tools for Marketing



YANNY TE
Head of the Accounting and Management Control teams

What marketing initiatives were carried out in 2021?

"On D+15 we provide a global report on UCI inflows by client type (mandates, unit-linked accounts, external clients, etc.). A specific report is also provided monthly to the Marketing team, in particular what we call Unit-Linked reporting, which lists flows and inventories according to different investment vehicles in Covéa Group's life insurance policies. In addition, a detailed report on flows by external clients is also sent to them, at the same frequency. To meet the needs of the Marketing Department, we started another project in 2021 intended to refine the monitoring of external client inventories."



SUZANNE DOS SANTOS-WAHL
Head of Marketing department

What is the added value of these reports?

"We need accurate categorisation of our clients in order to monitor and develop them optimally. With the opening up of Covéa Finance to a further client base outside the Covéa Group, this was all the more important: we knew our "internal" clients, but had to get to know our new clients better. The availability of reports that deliver more precise information is a valuable tool. It is crucial for us to be able to click a mouse and identify the clients concerned by a given subject, and be able to explain to them our approach and provide them with relevant information in connection with their investments. Client knowledge will therefore be the focus of our work over the coming months, in conjunction with the Management Control Unit and the Information System Department".

Research & innovation

New technologies, social engagement, cybersecurity and diversification are just some of the many fronts on which Covéa Finance continued to explore new ways to serve the company's ambitions and be innovative throughout 2021.

Search

New technologies are a source of risks and opportunities, and in 2021, Covéa Finance not only strengthened its cybersecurity team, but also deepened its quantitative research expertise. In order to fully commit to its social role, the company has formalised its CSR commitments in a policy.

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Invent

As part of its digital transformation, Covéa Finance implemented an electronic archiving system in 2021 and recruited a Trading Data Scientist for its Trading Department, while the scope of Risk Control was broadened and the company continued to develop its private equity business.

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S e a r c h

Cybersecurity: a major challenge

Quantitative research as a key partner in investment decisions

CSR: a promising formal policy

Cybersecurity: a major challenge



→ **LAT-DIOR SECK**
Head of the Information System Department

of an employee's unfortunate click on a fraudulent link, hackers access the IS, encrypt data and financially blackmail the company to unblock access.

What cyber risks does an asset management company run?

L.-D.S.: The risks range from major disruption to a complete breakdown of the business. There is a strong link between the time the information system is down and blocked access to data on the one hand, and company failure on the other. If a problem is not resolved within about seven days, more than 80% of companies affected fold, either because the financial impact is too high or because they have lost the trust of their customers.

How can we protect ourselves effectively?

L.-D.S.: The first line of defence is users, because hackers exploit human weakness. Once employees are made aware, they follow best practices and are able to effectively counter the threat. We regularly communicate on this subject via the intranet and through training courses at the internal university, including using the high-quality content provided by France's Cybermalveillance.gouv.fr platform and the National Cybersecurity Agency of France (ANSSI). The second line of defence is technological, with the implementation of firewall and antivirus systems. We

“By creating a Chief Information Security Officer role, Covéa Finance is clearly demonstrating its intention to avail itself of a team entirely dedicated to managing cyber risk, from employee briefings to the implementation of technological protection, including procedures for integrating security into all projects and for crisis management in the event of a cyberattack.”

What do cyber threats consist of in the broader sense?

Lat-Dior Seck: The threat is growing and constantly changing, for individuals and in companies alike, with the latter remaining the preferred target. The spread of remote work in the wake of the health crisis has opened up new opportunities for hackers, who use all available methods to attempt to intercept data streams between employees' homes and data centres. We are seeing a growing number of phishing and ransomware attacks: taking advantage

Data protection: a strategic field

For just over two years now, Covéa Finance has been working to bring all its IT contracts into compliance with regulatory constraints on cybersecurity and personal data protection, and particularly the GDPR*. Measures include the identification and renegotiation of any "risky" clauses, the signature of contract amendments, specific due diligence for subcontracted assignments, etc. "To complete this review, the Legal and Compliance Department is working hand-in-hand with the IS Department. With regard to the provision of IT services, the

IS Department provides us with its operational and technical expertise to set up contracts that protect Covéa Finance as much as possible," explains Céline Saint-Hilaire, IT and Data Legal Manager. This collaboration led to the creation of a "cloud matrix" that anticipates the latest regulatory changes and is now systematically used to select cloud service providers, namely those that best meet expectations in terms of IT vigilance, sovereignty, personal data protection and security.

* GDPR: General Data Protection Regulation.

able to analyse the various types of threats and support us in our response to incidents. At the technical level, we practice network partitioning, which makes it possible to seal the various layers of the IS in order to contain potential viral contagion.

Why create the role of Chief Information Security Officer?

L.-D.S.: The creation of this new position in 2021 is part of the overall reorganisation of IS functions. Covéa Finance, which has had an IT and Security Coordinator since 2017, is showing its intention to set up a dedicated team with its own organisation and governance.

also encrypt the hard drives on our computers, which makes their content unusable in the event of loss or theft. In addition, we are currently deploying an EDR (Endpoint Detection and Response) tool, a solution able to detect and counter suspicious activity, and strong, multi-factor authentication systems which provide additional security guarantees.

How does Covéa Finance address this issue?

L.-D.S.: We regularly update our business continuity and recovery plans, which reduce service interruption times to a minimum and resumes those services based on recent data backups. In the event of an incident, Covéa Finance may also follow a crisis management process. On the user side, we work with business lines to effectively track any suspicious transaction or e-mail. We are also required to ensure that our partners follow best cybersecurity practices. If necessary, we call on expert partners

54%

of companies say they suffered at least one attack in 2021.

This figure is down slightly compared to previous years (57% in 2020 and 65% in 2019), demonstrating the effectiveness of the systems gradually being implemented.

(Source: Club des experts de la sécurité de l'information et du numérique - Club of experts in IT and digital security or CESIN)

Quantitative research as a key partner in investment decisions



→ **VICTOR JAMES**
Head of the Quantitative Research team

→ **NICOLAS PESCI**
Quantitative Studies Manager

landscape. We now talk in terms of data science, and artificial intelligence has brought quantitative research into a new dimension. The search for systematic strategies based on outperformance factors and risk premiums now offers us an innovative angle for analysis beyond the traditional geographic or sectoral perspective. Our monitoring and analysis work is an essential driver of innovation at Covéa Finance, which is among the asset management companies that have chosen to run an integrated quantitative research team.

How does quantitative research work at Covéa Finance?

V.J.: Covéa Finance places research at the heart of its investment process, and Quantitative Research plays an increasing role, with a headcount that has doubled since 2019. As a real driver of innovation, the team is structured around two closely linked areas: fundamental research and applied research. Fundamental research enables us to position ourselves at the forefront of our speciality and to forge strong links with the academic world. At the same time, applied research means our work can be used in Covéa Finance's investment strategies, with a profound impact on risk-adjusted returns and

"The technological advances of recent years, the rise of artificial intelligence, and the expansion of financial and extra-financial data can be viewed as both challenges and opportunities for fund management companies. This situation also explains the success of quantitative research, which is based on mathematical and statistical analysis."

How does quantitative research open up the field of possibilities for portfolio management?

Victor James: Let us first reiterate what quantitative research is, namely the application of mathematical and statistical methods to the analysis of financial data. While it has existed since the 1970s, the tech boom in recent years and the vast amount of data we see today have changed the

“Our publications breathe innovation into the field of quantitative finance. They confirm our legitimacy and boost our recognition outside of the company. Lastly, they help bolster expertise and innovative momentum, which are key components in Covéa Finance’s Ambition 2026 plan.”

on the development of a systematic approach to the investment process. We are also involved in defining some sophisticated factor-based approaches used in the construction and optimisation of portfolio profiles, not to mention the analysis of alternative data, particularly within the context of ESG approaches.

What is the nature of your relationship with the Fund Management teams?

Nicolas Pesci: The main objective of Quantitative Research, whether applied or fundamental, is to respond to requests from Fund Management teams. The innovation process therefore begins with a problem presented by the fund managers, which we first try to solve using existing data and methodologies. If they are not relevant, if the literature does not fully match what you want to do or requires modifications to improve accuracy, we develop proprietary methodologies. These innovations benefit Covéa Finance as a whole through the creation of models that we make available to Fund Management teams to help them in the stock-selection process.

What was your team doing in 2021?

N.P.: We worked on developing our ability to identify market regime changes. But if we must highlight one achievement in 2021, it is the development of a model for assessing default risk, i.e. the likelihood that a company will not repay its debt, which is a crucial issue, especially in the context of the health crisis. This default risk tool was built to meet a request from the Fixed Income team, which wanted to be able to assess this risk more accurately in its investment programmes. By combining their expertise in evaluating corporate debt with our mathematical knowledge, we have developed a tool that can be re-used for any investment programme. This work was noticed by the reading committee of the prestigious international magazine *Applied Mathematical Finance*, which chose to publish it. This was a source of great pride for the Quantitative Research team and for Covéa Finance, as few asset management companies have had the honour of being featured in this distinguished publication.

CSR: a promising formal policy



→ **LUDOVIC JACQUIER**
Managing Director in charge
of all Support and Control functions

established in our regions, financial and material support for the educational sector and for the circular economy and the financing of non-profits through socially-responsible funds. Lastly, there is the awareness of our environmental footprint, which is pushing us to speed up our initiatives in this area.

Why does Covéa Finance have a CSR policy?

L.J.: Covéa Finance has historically worked on many aspects of CSR, without this work being described as such. However, the social role played by any company is today both a motivating factor for employees and a differentiating criterion for candidates during recruitment, particularly for young graduates. For all these reasons, we decided to formalise the process in a policy that covers six areas of action. And to nurture it, we created the position of CSR Coordinator in 2021. Reporting to the HR team, the CSR Coordinator ensures alignment with Covéa Group’s CSR actions, communicates about our own commitments and organises action with employees. The goal for the coming years is to ramp up existing actions and enhance our policy with realistic and practical actions.

“Covéa Finance has always fulfilled its social responsibility since it was founded, long before the concept of CSR became established. Meanwhile, the health crisis pushed us to amplify and enhance our actions, with the desire to involve all employees.”

CSR considerations are now essential for companies. What are the main trends you are seeing in this area that you have formally implemented at Covéa Finance?

Ludovic Jacquier: CSR covers a number of dimensions. First of all, there is governance and business ethics, with the strengthening of anti-corruption mechanisms and the management of conflicts of interest, subjects for which we have always maintained high standards and which we are constantly monitoring. Then there is the purpose of our work with other economic and social stakeholders. There are three parts to this: a cultural patronage policy

“In addition to the commitments it sets out, our CSR policy formally describes actions that we have been taking for many years, on topics ranging from equal opportunity to curbing our environmental impact.”

What are the main themes of the policy?

L.J.: The first theme is “equal opportunity and job preservation”, with the aim of contributing to a world where everyone can find their place (again). In this respect, our actions range from our (particularly proactive) paid internship policy and gender equality in all roles at all levels, to our support for companies in the social and solidarity economy. The second theme is “education and culture”, with the ambition of making knowledge accessible and passing it on to as many people as possible. It is with this in mind that we engage with education and training institutions, that

we support stakeholders from the cultural sector, and that we are developing our internal university, with access to training for all. The third theme, “risk prevention”, should be obvious for a company like Covéa Finance. We make our employees aware of the right habits to develop when facing risks, whether financial or physical, including domestically when working from home. The fourth theme, “local impact”, focuses on regional cohesion and job preservation in France. This includes all of our business lines being in-house with teams located exclusively in France, and always choosing local suppliers, subcontractors and service providers. Our fifth theme is “the environment and the energy transition”. We work in conjunction with Covéa Immobilier, the owner of our premises, to manage the energy impacts of these premises and the reuse of materials. We have also initiated plans to reduce our waste and cut our use of plastic and paper. We also encourage our employees to use public and alternative transport and offer them a “sustainable mobility” package. Lastly, the sixth and final theme concerns our “corporate responsibility”, namely being a socially-responsible business, listening to all our stakeholders, complying with regulations, engaging in responsible purchasing and investing, and contracting other companies that respect our values and our choices in terms of social engagement.



Invest

- _ **ATLAS: controlled digitalisation**
- _ **Trading makes data its top ally**
- _ **Private equity flourishes**
- _ **Risks: strengthen lines of defence**
- _ **Supporting Covéa Group projects**

ATLAS: controlled digitalisation

The ATLAS project, which aims to accelerate Covéa Finance’s digital transformation, continued its progress in 2021 with the implementation of electronic signatures and the roll-out of an electronic archiving system.

Orchestrating digitalisation

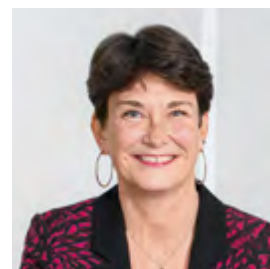
For several years, Covéa Finance has methodically orchestrated its digital transformation through a project named ATLAS, the objective of which is to switch to paperless documentation, to reduce the volume of storage space and paper consumption, as well as to facilitate remote working and control all document approval circuits. The approach concerns both regulatory aspects (integrity and durability of electronic documents, electronic signatures, archiving with probative value) and organisational aspects (control of storage spaces, collaborative work, automation of certain tasks).

A DAS already adopted by the teams

Covéa Finance’s digital archiving system (DAS) was rolled out in May 2021, accompanied by training and the appointment of a representative for each team. The ball is now in the staff’s court; they are responsible for uploading their documents into the DAS. “This system is run by the Procedures and Document Management team, which is responsible for its administration, provides assistance to users and checks to make sure documents have been uploaded,” explains Christophe Miot. The other news was the introduction of electronic signature software in August 2021, primarily used by Assistantship, Legal and Management.

Moving towards a content management system in 2022

In mid-2021, Covéa Finance decided to choose its future Enterprise Content Management (ECM) system. “Beyond the compliance aspect, the aim of the ECM is to help business lines conduct their routine activities, with advances in automation, simplification, the reduction of certain costs and overlapping tasks, as well as in risk management,” added Véronique Gervais. Since September, the project team, the IS teams and the software integrator have been working together on the infrastructures needed to implement the tool. The project requires the reorganisation of files according to a defined classification system, with migration in successive waves of business lines.



VÉRONIQUE GERVAIS
Head of the Executive Assistantship, Marketing Products and Communication Department

“The ECM due to be rolled out in 2022 will provide additional guarantees in terms of document security, automation of document life cycles, and control over their traceability.”

“The expected benefits of the ECM are in line with our philosophy on sustainability: reusing existing content will considerably reduce the number of documents.”

CHRISTOPHE MIOT
Head of the Procedures and Document Management team



Trading makes data its top ally

In 2021, the Trading Department worked on internal data to improve the efficiency of the value chain. This process was orchestrated by the Trading Data Scientist who joined the team in 2020.

Expertise in execution data

Data science makes the optimal administration and analysis of data possible, and this expertise is now essential for asset management companies, which are faced with the challenge of big data and the exponential volume of data generated by the digitalisation of the business. In this regard, Covéa Finance took the innovative step in 2020 of

recruiting a Trading Data Scientist, Alice Courboulay, to take charge of execution data. “My role includes the creation of order execution databases that we actively populate every day and from which we generate reports, such as those related to best execution, or tools such as the management of significant information transmitted by our counterparties,” she explains.

Making data accessible

With the health crisis and successive lockdowns, Trading has adapted to ensure optimal operation under these new working conditions. “We have worked particularly hard on market data and decision-making tools. The objective is to ensure quicker decision-making while meeting the major challenges faced by asset management companies, including increasing regulatory constraints (MiFID 2, PRIIPs), where Trading can contribute through its execution data,” explains Olivier Brion, Head of the Trading Department. The team carried out extensive work on matching execution data, sometimes enriching it with data from the Repository, and took steps to secure it using SQL databases hosted on Covéa Finance servers. Now streamlined and reorganised, data is more accessible to all the business lines concerned.



→ **OLIVIER BRION**
Head of the Trading Department

→ **ALICE COURBOULAY**
Trading Data Scientist

Private equity flourishes

For the past two years, Covéa Finance has been developing a private equity business on behalf of the Covéa Group, which now has three funds. Appropriate diversification in a promising market, with satisfactory initial results.

Positioning ourselves in a growing market

Since its creation in 2019, with the first Covéa Accompagnement fund, the private equity business has been ramped up at Covéa Finance. This initiative is fully in line with the trend in this fast-growing market in recent years, particularly in France. "For example, 2021 beat all records with more than €10 billion raised in France (up 150% compared to 2020), thanks in particular to the emergence of new unicorns. With this level of activity, investment opportunities are increasing, allowing for a diversified selection of funds and efficient deployment," comments Xavier Simler, Head of the Multi-management team. To date, Covéa Finance has launched three private equity funds: Covéa Accompagnement, Covéa Accompagnement II and, last October, Covéa Accompagnement III, with investments in promising sectors such as healthcare, technology and industry. "The first distributions took place in 2021 and are expected to continue in 2022.

This promising start encourages the team to continue down the same path, with a fourth fund planned for late 2022," adds Xavier Simler.

A tool specifically for private equity

To support and structure the growth of this business, Covéa Finance has striven to enhance and adapt its procedures to the specific challenges of private equity. "A specific system is currently being implemented, with an initial version available from early 2022. This allows us to monitor investment opportunities and the different portfolios as closely as possible, as well as to draw a link between the various departments involved. The project in fact involves the Multi-management, Middle Office, Internal Control, Risk Control, Reporting and Legal teams," says Xavier Simler. The aim of this system is not only to improve investment and fund management processes, but also to centralise information.



XAVIER SIMLER
Head of the Multi-management team

"By virtue of its expertise in fund selection, the team has been able to rapidly and efficiently develop this new business. After a promising start, business is expected to increase further in 2022 with the launch of a fourth fund."

The Covéa Accompagnement, Covéa Accompagnement II and Covéa Accompagnement III funds are professional private equity funds. They are not subject to approval by the French Financial Markets Authority (AMF), but have been subject to a reporting procedure in accordance with AMF Instruction 2012-06. They may therefore adopt different investment rules. These funds carry a risk of capital loss and liquidity risk. The other risks to which the fund is exposed are described in the KIID. The funds are reserved for informed investors (Covéa Group entities) and cannot be promoted.

Risks: strengthen lines of defence

In a constantly changing environment, faced with the increasing complexity of products and increasingly demanding regulators and clients, Covéa Finance extended the scope of its Risk Control in 2021.

New products and new indicators

As a core issue at Covéa Finance, risk control has been subject to an ongoing modernisation project since 2017. The project's objective is to strengthen the company's lines of defence, including the implementation of more sophisticated monitoring indicators and regular alerts, as well as the production of relevant risk reports. "Following the recent extension of investments into new asset classes, such as private equity, and the enhancement of the UCI range, Risk Control has given thought to the most appropriate indicators to monitor the new types of associated risks," explains Soufiane Jaouani, Head of the Risk Control team. The same work will be carried out in 2022 in another segment that is new to the company—private debt.

Upstream Risk Control

At Covéa Finance in 2021, among other things, stress tests were integrated within the mandate fund management committees, which the Risk Control team participates in, in addition to the stress tests already presented to the Risk Committees. The aim is to gradually make it

a major tool monitored by fund management functions, in addition to the traditional risk indicators. "Risk Control is now happening all throughout the chain, beginning in the discussion phase alongside Fund Management, and no longer just at the end of the chain to measure the effectiveness of decisions," explains Soufiane Jaouani. Compliance, Internal Control, Internal Audit and Risk Control are four of the teams on the front line in terms of compliance and control. The linking of these units, which took place in 2021 when the Risk Control team joined the monthly coordination committee, helps to clarify the priorities at any given time, and to streamline the exchange of information between these different functions.

SOUFIANE JAOUANI
Head of the Risk Control team



"Participation in mandate fund management committees gradually allows Risk Control to reposition itself, with the opportunity to contribute to the discussion phases, alongside Fund Management."



Supporting Covéa Group projects

Covéa Finance has created a specific team to serve as the entry point and main contact for the Group so as to centralise Covéa's requests for certain major projects, such as Solvency II.

In the beginning was the Solvency II project

Since 2012, many Covéa Finance units have been working to meet the requirements of the Solvency II (SII) project in conjunction with Covéa Group, with help from external service providers who were typically part of the Information System Department teams. "This arrangement, while efficient because it was handled by experts, carried the risk the company could lose knowledge on a key business project. Hence the decision to bring it back in-house," explains Cathy Levoy, Head of the Group Project Support team. Once the team was created, it played its role as the single point of entry for Covéa's contacts so well that its scope was extended to all operations-related projects requiring cooperation with the Group.



A dual IT Project unit/IT Integration unit view

The Group Project Support team was created at the end of 2020, made up of three employees from Covéa Finance's Back Office. It combines the IT Project unit (MOA) and IT Integration unit (MOE) visions of projects, from the expression of the Group's requirements to development. "We track projects related to large-scale operations: creation or merger of mandates, projects involving derivatives, etc. Our role is to identify the impacts on the business lines and the Group," explains Cathy Levoy. The same approach applies to Covéa's projects, such as Diapason, which aims to harmonise the Group's general accounting system: for this purpose, the team is in charge of anticipating the impacts of this change on Covéa Finance's various business lines.

Coordinating the various business lines concerned

The team attends the project launch committee meetings for all projects monitored in order to understand the challenges and to be able to communicate effectively with the business lines affected at Covéa Finance. It then identifies issues and requirements on the Group and Covéa Finance sides, by organising workshops or meetings if necessary for smoother dialogue. It then withdraws to leave the project in the hands of the business lines in the production phase.

A major focus of work in 2021

The main focus from the Group Project Support team in 2021 was Solvency II, with an analysis of the existing systems for the business lines and IS. The objective was to identify the strengths and areas for improvement of the process, and to understand the various steps behind quarterly inflows. "We also worked on requests for upgrades and provided technical support to the business lines to help them meet the Group's needs regarding SII. Not to mention our involvement in Covéa Finance's plans to take over the financial management of a Covéa Group mutual insurer," adds Cathy Levoy.



CATHY LEVOY
Head of
the Group Project
Support team

"This new team is tasked with anticipating the impacts of Group projects on Covéa Finance business lines, and keeping the relationship with the corresponding business lines at Covéa running smoothly."

Outlook for 2022

The year 2022 will bring the disposal of an AME Life mandate by Covéa, a project on which the team worked in 2021. "We also have a major challenge to meet with the Diapason project, which will eventually merge MAAF, MMA and GMF's general ledgers. This major change involves Covéa Finance sending multi-currency accounting entries," explains Cathy Levoy in conclusion.



Teamwork & talent

Through the Ambition 2026 strategic plan, Covéa Finance as a whole is making an effort to win its current “battles” and to achieve the project’s objectives. This teamwork brings together talent across all business lines and at all levels of the company.

In 2021, the Ambition 2026 strategic plan showed and confirmed its originality, with dialogue across business lines that entirely demonstrates the Covéa Finance spirit. Its implementation has not been hampered by the health crisis, as HR has made every effort to combine teamwork and adaptability, while the Marketing Products and Communication Unit has focused on using digital tech to promote the strategy, both internally and externally. Finally, the company stepped up its patronage initiatives, in a context where the cultural sector, which has been hit hard by the crisis, needs more support than ever.

“Ambition 2026: more than just a strategic plan, it is a collective dialogue that embraces all Covéa Finance business lines.”



LUCILE LOQUÈS

Head of International Equities

XAVIER CHAPON

Head of the Fixed Income Department

Can you explain the collective aspect of the Ambition 2026 strategic plan?

Lucile Loquès: The difference between Ambition 2026 and a traditional strategic plan lies in the way we work, with a desire to avoid both silos and “pyramid” approval of projects by an executive committee. Ambition 2026 has its own steering committee (SteerCom), sponsored by Ghislaine Bailly and led by Francis Jaisson, which brings together the sponsors of the various projects in the strategic plan (executive committee and department heads). This is one of the key original aspects: the project is led by this committee, which takes on all the functions of the company.

Xavier Chapon: The approach is extremely collaborative. Together, we discuss the issues in our environment and how it has changed. Together, we think about the paths to be taken to achieve a common goal, listening to all points of view. The large number of employees who participate make it a truly company-wide project that is motivating and promotes team spirit.

Why have employees coordinate projects outside their areas of expertise?

X.C.: This makes it possible to benefit from external viewpoints and surprising connections, to broaden the picture and to bring new ideas to light. By combining skills, looking at business lines other than our own, we put ourselves in an observer’s position, ask questions, ask experts who all too often no longer have any real perspective on their own work because they see it too closely, and the pace of the work is too intense to give it any thought. These discussions sharpen the critical faculties and can only benefit the project.

L.L.: As far as possible, we have chosen project coordinators who are not experts in the subject. It is difficult to challenge the way something works when you’ve been doing a job for years and you’ve demonstrated your skills... I’d like to add something that seems important to me: asking someone from outside to look at a business they are not familiar with increases their skill set. This is positive for them, and also for the company! And it opens up a whole range of possibilities.

“One of the key original aspects of Ambition 2026 lies in its SteerCom, a body entirely dedicated to the strategic plan and which embraces all the functions of the company.”

→ LUCILE LOQUÈS

“The large number of employees who participate make Ambition 2026 a truly company-wide project that is motivating and promotes team spirit.”

→ XAVIER CHAPON

Can you give us examples?

L.L.: The first that comes to mind is that of Sébastien Berthelot, Head of Macroeconomic Research team, who is leading what would typically be an HR project called “Encouraging independence, initiative and accountability”. There is also Marie-Edmée de Monts de Savasse Burgues, Fixed Income Manager, who is running the “Revision of cumbersome processes and procedures” project with sponsor Nadia Ben Salah, Head of the Legal and Compliance Department. Or Éric Le Coz, Head of Fixed Income Mandate team, leading the project on “Optimising management-employee exchange tools”.

How is the strategic plan organised?

X.C.: The plan is structured into four “major effects” each with two sponsors. Each “major effect” is then subdivided into several actions that each become a project led by a coordinator who, as we have just explained, is usually from another business line. Projects are run in the usual way, with a scope and a schedule. All major decisions are subject to approval by the plan’s SteerCom and the Executive Committee. These projects do not all have the same timetable or duration: some are already almost over, others are just starting, others still are waiting for the end of a previous project before they can start due to overlap between the issues tackled.

How does communication work?

L.L.: Using videos, podcasts, and articles, the Communications team regularly publishes information on the progress of the strategic plan in a variety of formats. In addition to these very useful tools, it also organises meetings, such as the eponymous “Rencontres Ambition” (Ambition Meetings) in October 2021, where sponsors and coordinators met in a neutral location, outside of Covéa Finance. This time for discussion allowed attendees to better understand the overall coherence of the project and to connect the various operating lines together. On this occasion, some found that they were working within the same scope with a dovetailing viewpoint, and that it would be highly beneficial to cross-match their approaches. The event really created a teamwork dynamic.

“Enabling everyone to work in the best possible conditions by building flexibility into our practices and preserving teamwork.”



GUILLAUME GILMANT

Head of Human Resources department

What is the impact on Covéa Finance of the major trends in HR?

Guillaume Gilmant: The health crisis accelerated some underlying trends (digital transformation, desire for meaningful work, work-life balance, the impact of regulatory changes) and highlighted our ability to adapt in an uncertain environment. This is leading us to rethink organisation, tools, working environment, and the transmission of knowledge and skills needed to support these changes. The work carried out as part of our Ambition 2026 strategic plan is making it possible to promote these changes and to tackle our future challenges calmly. Some steps were taken in 2021, including the roll-out of new digital tools, the reorganisation of work, changes to certain units and job descriptions, the revision of our entire occupational risk assessment document (DUERP), the issue of a formal CSR policy, the recruitment of new talents, and the introduction of digital training, all while we adapted to an increasingly restrictive regulatory framework in terms of corporate and labour law.

What happened in 2021 in terms of recruitment?

G.G.: The uncertain environment did not alter our recruitment dynamic, with the arrival of 24 new employees, representing an increase in the workforce of around 5.6%. Covéa Finance remains a very attractive company on its market, as demonstrated by the approximately 4,200 applications received in 2021. We were also able to take on six interns, as we wanted to show students our environment and thus help with their workplace integration while paying them. Our recruitment philosophy remains the same, and we attach particular importance to the diversity of backgrounds and the training of new talent that we employ.

Can you tell us more about the remote work agreement?

G.G.: This agreement, signed in March 2021, initially for 18 months from its implementation date, meets two objectives: improving the quality of life in the workplace on the one hand, and the company's performance on the other. It allows all our employees, regardless of their job or level of responsibility, including non-executive grade employees, to work remotely to meet their needs. It is based on five main principles: trust between manager and employee, employee independence, use on a voluntary basis, cooperation and reversibility. Planned even before the start of the health crisis, negotiated with employee representatives and signed by all of our unions, it helps embed this way of working within the organisational structure by being part of the business continuity plan and preserving the company's objectives, its values and its founding principles. It clarifies the rules and makes it possible to formalise reciprocal commitments and the resources allocated, while protecting the health, safety and privacy of employees.

“The circumstances did not alter our recruitment dynamic. Covéa Finance remains a very attractive company, as demonstrated by the approximately 4,200 applications received in 2021.”

→ GUILLAUME GILMANT

Can you explain the overhaul of Covéa Finance's internal university?

G.G.: It is the result of a desire to ensure Covéa Finance's knowledge and philosophy endure within the organisation. The company's success has been based on its own portfolio management methodology and investment process since its inception. We want to embed these principles long-term, and the overhaul of our internal university works towards this goal. It has given rise to a major project that will lead, within two years, to the creation of some exclusive modules. The first seven modules, introduced in 2021, relate to our investment philosophy and processes. Subsequent training courses will be devoted to our risk management philosophy and our philosophy in terms of human resources and management.

Why create a CSR Coordinator position?

G.G.: As a company and stakeholder in our environment, it was becoming important to communicate our corporate social responsibility (CSR) achievements and commitment to our employees, future employees, our subcontractors and all our partners. By setting up our CSR policy, we want to highlight and give ever greater meaning to our activities while meeting the high expectations of our various stakeholders with regard to the role that the company embodies. In this respect, this position was created to coordinate our CSR actions, both internally and with the Covéa Group to measure their impact on our labour agreements and coordinate implementation and improvements while keeping an eye on future best practices.

“Making the most of the new context by reinventing communication where digital is used to serve our strategy.”



ALICE GUYOT

Head of the Marketing Products and Communication team

What are the major trends in marketing and communication that have an impact on Covéa Finance?

Alice Guyot: Remote work is a new situation that is changing the way we communicate internally and externally. Digital tech is becoming more common and video conferences are now a part of our daily lives. In terms of events, my team now knows that it is essential to have a Plan B, 100% remote or hybrid, so as not to have to cancel if health measures are imposed. We also learned how to organise operations directly in digital environments, such as expert debates for our clients, or an online game for employees in 2021. Finally, we have noted a significant change in intranet use, where posts generate an increasing number of interactions with employees, proving the usefulness of this medium to stay connected, even when working from home.

A Marketing development project was carried out in 2021 and will continue in 2022. Why this project?

A.G.: This project is part of our Ambition 2026 plan. Its objective is to make our marketing and marketing products strategy more aggressive by reorganising the function and the teams. This includes better identification of Marketing products's role in the value chain, enriching the scope of assignments, efficient organisation between the three marketing, marketing products and communication functions and thus supporting our external development more effectively. Operational implementation will take place in 2022.

What is the Social Media Ambassadors Programme that was set up this year? What purpose does it serve?

A.G.: We have been present on Twitter and LinkedIn since June 2017, with nearly 7,000 subscribers on LinkedIn: a constantly growing audience thanks to the management of accounts, on which we regularly post qualitative content. To further increase our visibility, we decided to rely on our employees by developing an ambassador programme, so that they can promote our expertise through their own networks, thereby increasing the reach of our posts. The initiative, launched in early 2021, was organised in two stages. First, a phase for company executives, in order to define each person's area for posting and explain to them how to communicate effectively on LinkedIn about Covéa Finance's achievements. In the second phase, we selected a dozen volunteers that we invited to workshops to train them on best practices and coordinate their actions.

“To further increase our visibility, we decided to rely on our employees by developing an ambassador programme.”

→ ALICE GUYOT

Two expert debates took place online in 2021. Can you tell us a little bit about this format?

A.G.: This format was created in response to the new digital practices mentioned above. It also demonstrates our willingness to speak on issues of interest to our clients. The discussion features an external expert and two Covéa Finance experts, who hold a 45-minute debate (see details on page 37). The first one, in February 2021, attracted some thirty viewers, 75% of whom viewed the entire programme. The second, in October, brought together 93 spectators thanks to wider targeting of invitations. As this format has proven to be of interest, it will be repeated with two new debates in 2022.

What is the role of the Marketing and Communication team in supporting the Ambition 2026 plan?

A.G.: We first ensure that we are communicating regularly about the plan's progress. With this in mind, we have created a dedicated visual identity with a logo and graphics charter. Then, we make a video twice a year as a progress report, in which Francis Jaisson, as the main coordinator of the strategic plan, describes the progress of the various projects. In October 2021, we also organised the first “Rencontres Ambition” meeting. This is a way of bringing sponsors and project coordinators together to promote cross-functionality and identify synergies. Two other meetings will follow in 2022. We will also offer “Cafés Ambition” events, this time for all employees. Finally, we are ensuring that our intranet, built jointly with employees in 2018, remains in line with their expectations. Workshops and the distribution of a questionnaire at the end of 2021 identified areas for improvement that will be implemented in 2022.

“Sharing common values is a necessary condition for achieving a high standard, both in finance and in classical music.”



COLINE COURDESSES

Marketing Products and Communication Manager

“Covéa Finance decided to become a patron in early 2020 to strengthen its social and societal impact in line with its values.”

→ COLINE COURDESSES

What major trends are you seeing in terms of patronage?

Coline Courdresses: Corporate patronage has been steadily increasing over the last ten years, both in terms of number of patrons and allocated budget*, despite an uncertain economic environment. The health crisis, characterised by massive fundraising, has raised two issues: firstly maintaining existing commitments, and secondly the need to help sectors most affected by the situation, particularly the cultural sector.

When did Covéa Finance’s patronage commitments start?

C.C.: The company decided to start this patronage in early 2020 to strengthen its social and societal impact in line with its values. Its first commitment, two months before the pandemic began, took on an additional tone in this new situation. It was definitely a matter of standing alongside a sector in difficulty – the cultural sector and especially music – having been seriously affected by the crisis. But at the same time, within the company, it was a matter of facing a collective test—lockdown and new working methods. This is where the magic happened, leading to closer ties with the organisations that we support. We reaffirmed our support and they gave us a kind of food for the soul during this period: inspiring exchanges, pieces of music and moments of escape. A very strong link has been established, making this patronage particularly meaningful. Without this link, and without building a common relationship and adventure around shared and inspiring values, patronage is an empty shell. Its meaning comes from the dovetailing nature of the relationship.

What are the values behind Covéa Finance’s patronage?

C.C.: Covéa Finance’s identity and values are based on fundamental values that are very similar to those of an orchestra. There can be no success for us without teamwork, thoroughness, attention to detail or a sense of duty. But success also relies on creativity, agility and boldness, commitment and perseverance, expertise and the ability to pass it on. All of these things must be accompanied by the common goal of the pursuit of excellence and sharing.

How does patronage also serve internal communication?

C.C.: In addition to its general benefit, Covéa Finance’s patronage forges connections and transmission. It promotes the increasing involvement of employees

by sharing the latest news about organisations supported on the intranet, invitations to concerts or visits, as well as mentorship. In 2021, we had support from three mentors—volunteer employees who played the role of relaying our patronage work to all employees. They were invited to a number of exclusive events and had the chance to enjoy the two-day residency by Le Cercle de l’Harmonie orchestra in Aix-en-Provence. This experience was shared with their colleagues through video clips and podcasts. Special moments that allowed them to create a connection with the Chairwoman, Ghislaine Bailly, but also with each other. This adventure will be repeated in 2022.

What is the relationship between patronage and the strategic plan?

C.C.: In addition to internal communication, Covéa Finance’s patronage is also a source of inspiration for the company’s strategic plan, Ambition 2026. Indeed, a number of the company’s long-standing values are illustrated in real life by the music and projects that we support (see box on next page). The first is the importance of creation, innovation and self-reinvention in an uncertain world, as illustrated by the digital pre-concert with composer Oscar Bianchi, the writer of an amazing and daring concerto for 6 double basses. The second is the importance of perseverance and transmission, which we underlined through the life of pianist Georges Cziffra and the tribute composition *Cziffra Psodia*, by composer Péter Eötvös. The third is thoroughness, attention to detail, the search for perfection, high standards, and excellence, all qualities we observed during the residency in Aix-en-Provence, where our mentors met conductor Jérémie Rhorer. Finally, the fourth and final of these values is the importance of the link with local networks and sharing with the regions, which we experienced and put into practice during the Grand Tour project: this is obvious for Covéa Finance as the subsidiary of a mutual insurer.

* Admical Survey – Ifop, November 2020. Ten years of continuous growth in patronage in terms of the number of companies, almost fourfold, and in the budget, which more than doubled (from €984 million in 2010 to €2,150 million in 2019).



→ **CHARLES GATCHA**
IT Integration manager and 2021 patronage mentor

“The discovery of synergy, synchronisation and attention to detail between conductors and their musicians has changed my approach to running IT projects.

In particular, it inspired me to set up a methodology and team education for monitoring and cooperation between the various stakeholders in a project. This system facilitates communication between stakeholders and makes the handling of unforeseen events more flexible and responsive, echoing my observation of a classical orchestra performance.”



→ **CHRISTOPHE MIOT**
Head of the Procedures and Document Management team and 2021 patronage mentor

“Before playing a piece in front of an audience, musicians practice individually and then rehearse it together.

The concert is the culmination of a long process in which all instruments must play in unison, while responding to the direction taken by the conductor. At Covéa Finance, under the leadership of our Chairwoman, we have discussed this teamwork, the demands and professionalism required to play musical works: these values also apply to our day-to-day work as a financial management company.”



→ **CATHERINE VELLUTINI**
IT Project Manager and 2021 patronage mentor

“I was particularly struck by our trip during the residency and concert of the Cercle de l’Harmonie in Aix-en-Provence.

This immersive break allowed us to attend rehearsals and the concert, and also to meet the conductor, Jérémie Rhorer. He explained to us his universal conception of music, his desire for it to be transmitted to everyone, newcomers and experienced listeners alike, and the project endorsed by the orchestra, which he shares with each of the musicians, to play on period instruments.”



Created in 2005 and directed by Jérémie Rhorer, **Le Cercle de l’Harmonie**, an orchestra playing period instruments, explores the natural links between the so-called classical and romantic repertoires. The orchestra works hard to recreate the piece with the composer and their writing at the heart of the project in order to let the music be heard as it was originally composed.



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



2021 patronage in action

- **Support for the Fondation Musique et Radio (Music and Radio Foundation) - Institut de France:**
 - support for the **Grand Tour of the French National Orchestra** in the regions, showing the importance of creating links and gateways with the regions. Covéa Finance has historically contributed to the financing of the economic fabric through its investments in financial markets: with this tour, the company strengthened its social commitment to support the national and European fabric;
 - support for **contemporary creation** through two works: *6 db*, concerto for 6 double basses and orchestra by Oscar Bianchi, and *Cziffra Psodia* by Péter Eötvös.
- **Support for Le Cercle de l’Harmonie orchestra** and its entire creative policy.
- **Allocation of one-off support directly in connection with the crisis to the Théâtre des Champs-Élysées:** World premiere, in March 2021, of the *Point d’orgue* opera, words by Olivier Py, music by Thierry Escaich. Show played behind closed doors and recorded on video.

2021 PERFORMANCE 2021

UCI performance as of 31 December 2021

	Morningstar classification	Benchmark index	Stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	2021 performance		
						UCIs	Morningstar category	Benchmark index
Fixed Income UCIs								
UCITS								
Covéa Euro Souverain (C)	Government Loans EUR Bonds	FTSE MTS (ex-Euro MTS) Global 16h00 net coupons reinvested	***	3.42%	3.09%	-3.54%	-2.89%	-3.45%
Covéa Euro Souverain (D)	Government Loans EUR Bonds	FTSE MTS (ex-Euro MTS) Global 16h00 net coupons reinvested	***	3.45%	3.09%	-3.53%	-2.89%	-3.45%
Covéa Euro Spread (C)	Private Loans EUR Bonds	Markit IBOXX Euro Corp net coupons reinvested	**	1.56%	1.56%	-1.66%	-0.98%	-1.08%
Covéa Euro Spread (D)	Private Loans EUR Bonds	Markit IBOXX Euro Corp net coupons reinvested	**	1.60%	1.56%	-1.69%	-0.98%	-1.08%
Covéa Haut Rendement (IC)	EUR High Yield Bonds	Markit IBOXX Euro High Yield Fixed Rate coupons reinvested	**	0.93%	1.47%	0.25%	2.57%	3.31%
Covéa Moyen Terme (C)	Short Term Diversified EUR Bonds	FTSE MTS (ex-Euro MTS) 1-3 year 16h00 net coupons reinvested	**	0.47%	0.41%	-0.71%	-0.26%	-0.81%
Covéa Moyen Terme (I)	Short Term Diversified EUR Bonds	FTSE MTS (ex-Euro MTS) 1-3 year 16h00 net coupons reinvested						
Covéa Obligations (C)	Diversified EUR Bonds	FTSE MTS (ex-Euro MTS) 5-7 year 16h00 net coupons reinvested	***	2.34%	1.70%	-2.00%	-1.63%	-1.86%
Covéa Obligations (D)	Diversified EUR Bonds	FTSE MTS (ex-Euro MTS) 5-7 year 16h00 net coupons reinvested	***	2.34%	1.70%	-2.00%	-1.63%	-1.86%
Covéa Obligations (I)	Diversified EUR Bonds	FTSE MTS (ex-Euro MTS) 5-7 year 16h00 net coupons reinvested						
Covéa Oblig Inter (C and/or D)	EUR Hedged International Bonds	Merrill Lynch Global Gvt Bond Index (hedged in euros) net coupons reinvested	**	2.66%		-2.54%		-2.81%
Covéa Rendement Réel (AC)	Inflation-Linked EUR Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested	**	3.52%	3.28%	5.49%	5.54%	6.34%
Covéa Rendement Réel (IC)	Inflation-Linked EUR Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested	***	3.53%	3.28%	5.60%	5.54%	6.34%
Covéa Rendement Réel (ID)	Inflation-Linked EUR Bonds	ICE BofAML Euro Inflation-Linked Government net coupons reinvested	***	3.53%	3.28%	5.60%	5.54%	6.34%
AIFs								
MAAF Obligations 4 (C and/or D)	International Bonds	FTSE MTS (ex-Euro MTS) 3-5 year 16h00 net coupons reinvested		1.42%		-1.17%		-1.31%
MAAF Stratégie Taux (C)	Diversified EUR Bonds	FTSE MTS (ex-Euro MTS) 1-3 year 16h00 net coupons reinvested		0.43%		-0.43%		-0.81%

						2021 performance		
	Morningstar classification	Benchmark index	Stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	UCIs	Morningstar category	Benchmark index
Money Market UCIs								
UCITS								
Covéa Sécurité (AC)	EUR Money Market	ESTR Volume Weighted Trimmed M		0.05%	0.04%	-0.60%	-0.57%	-0.50%
Covéa Sécurité (AD)	EUR Money Market	ESTR Volume Weighted Trimmed M		0.04%	0.04%	-0.49%	-0.57%	-0.50%
Covéa Sécurité (GC)	EUR Money Market	ESTR Volume Weighted Trimmed M		0.05%	0.04%	-0.60%	-0.57%	-0.50%
Convertible UCIs								
UCITS								
Covéa Obligations Convertibles (AC)	Europe Convertibles	Bloomberg EMEA Convertibles Europe (unhedged) net coupons reinvested	***	3.43%	2.99%	4.73%	1.31%	2.02%
Covéa Obligations Convertibles (IC)	Europe Convertibles	Bloomberg EMEA Convertibles Europe (unhedged) net coupons reinvested	****	3.43%	2.99%	5.36%	1.31%	2.02%
Covéa Obligations Convertibles (ID)	Europe Convertibles	Bloomberg EMEA Convertibles Europe (unhedged) net coupons reinvested	****	3.43%	2.99%	5.36%	1.31%	2.02%
Flexible UCIs								
UCITS								
Covéa Patrimoine (AC)	Allocation EUR Flexible - International	-	**	2.21%	3.46%	2.92%	9.48%	
Covéa Patrimoine (IC)	Allocation EUR Flexible - International	-	**	2.22%	3.46%	3.96%	9.48%	
Covéa Flexible ISR (C)	Allocation EUR Flexible	-	****	4.21%	4.27%	0.09%	10.99%	
AIFs								
Covéa Ultra Flexible (IC)	Allocation EUR Flexible - International	-	**	5.54%	3.46%	8.40%	9.48%	
Covéa Ultra Flexible (GC)	Allocation EUR Flexible - International	-	*	5.54%	3.46%	8.61%	9.48%	
Multi-Management and Profiled UCIs								
UCITS								
Covéa Multi Europe (AC)	European Equities Large Cap. Combined	MSCI Europe net dividends reinvested	***	9.28%	9.42%	18.45%	23.04%	25.13%
Covéa Multi Europe (IC)	European Equities Large Cap. Combined	MSCI Europe net dividends reinvested	***	9.28%	9.42%	19.28%	23.04%	25.13%
Covéa Multi Immobilier (AC)	Property - Indirect Eurozone	-	***	10.90%	12.69%	15.10%	10.98%	
Covéa Multi Immobilier (IC)	Property - Indirect Eurozone	-	****	10.91%	12.69%	16.03%	10.98%	
Covéa Multi Monde (AC)	International Equities Large Cap. Combined	MSCI AC World (in euros) net dividends reinvested	***	8.04%	7.49%	24.82%	25.81%	28.43%

						2021 performance		
	Morningstar classification	Benchmark index	Stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	UCIs	Morningstar category	Benchmark index
Covéa Multi Monde (IC)	International Equities Large Cap. Combined	MSCI AC World (in euros) net dividends reinvested	***	8.06%	7.49%	25.67%	25.81%	28.43%
Covéa Multi Small Cap Europe (AC)	European Equities Mid Cap.	Euromoney Smaller Europe net dividends reinvested	**	9.02%	9.20%	18.24%	20.37%	23.79%
Covéa Multi Small Cap Europe (IC)	European Equities Mid Cap.	Euromoney Smaller Europe net dividends reinvested	***	9.02%	9.20%	19.19%	20.37%	23.79%
Covéa Profil Dynamique (C)	Allocation EUR Aggressive - International	55% MSCI Euro + 25% FTSE MTS 5-7 year + 20% ESTR net dividends and coupons reinvested	**	4.29%	5.25%	5.45%	15.85%	11.97%
Covéa Profil Dynamique (D)	Allocation EUR Aggressive - International	55% MSCI Euro + 25% FTSE MTS 5-7 year + 20% ESTR net dividends and coupons reinvested	*	4.29%	5.25%	5.45%	15.85%	11.97%
Covéa Profil Équilibre (C)	Allocation EUR Moderate - International	30% MSCI Euro + 35% FTSE MTS 5-7 year + 35% ESTR net dividends and coupons reinvested	**	2.63%	3.44%	1.98%	9.20%	5.88%
Covéa Profil Équilibre (D)	Allocation EUR Moderate - International	30% MSCI Euro + 35% FTSE MTS 5-7 year + 35% ESTR net dividends and coupons reinvested	**	2.60%	3.44%	1.93%	9.20%	5.88%
Covéa Profil Offensif (C)	Allocation EUR Aggressive - International	75% MSCI Euro + 15% FTSE MTS 5-7 year + 10% ESTR net dividends and coupons reinvested	***	5.98%	5.25%	9.18%	15.85%	17.02%
Covéa Profil Offensif (D)	Allocation EUR Aggressive - International	75% MSCI Euro + 15% FTSE MTS 5-7 year + 10% ESTR net dividends and coupons reinvested	***	6.00%	5.25%	9.16%	15.85%	17.02%
AIFs								
Covéa Multi Absolute Return I (C and/or D)	Alt - Multistrategy	-	***	0.94%	2.37%	1.98%	5.16%	
Covéa Multi Émergents A (C and/or D)	Emerging Market Equities	MSCI Emerging Markets (in EUR) net dividends reinvested	*	7.22%	9.10%	5.61%	4.74%	5.59%
Covéa Multi Émergents I (C and/or D)	Emerging Market Equities	MSCI Emerging Markets (in EUR) net dividends reinvested	*	7.23%	9.10%	6.35%	4.74%	5.59%
Covéa Multi Haut Rendement (C and/or D)	International High Yield Bonds	Merrill Lynch Global HY & EM Sovereign (hedged in euros) net coupons reinvested	*	2.94%	2.10%	0.15%	2.86%	1.30%
Equity UCIs								
UCITS								
Covéa Actions Amérique (AC)	Large Cap US Equities. Growth	S&P 500 (in euros) net dividends reinvested	*	10.69%	11.36%	33.70%	30.72%	38.85%
Covéa Actions Amérique (IC)	Large Cap US Equities. Growth	S&P 500 (in euros) net dividends reinvested	**	10.70%	11.36%	35.18%	30.72%	38.85%
Covéa Actions Amérique Mid Cap (AC)	Mid Cap US Equities.	S&P Midcap 400 (in euros) net dividends reinvested	****	9.12%	9.20%	23.03%	28.13%	34.66%
Covéa Actions Amérique Mid Cap (IC)	Mid Cap US Equities.	S&P Midcap 400 (in euros) net dividends reinvested	****	9.14%	9.20%	24.42%	28.13%	34.66%

	Morningstar classification	Benchmark index	Stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	2021 performance		
						UCIs	Morningstar category	Benchmark index
Covéa Actions Asie (C)	Asia-Pacific Equity	MSCI AC Asia Pacific (in euros) net dividends reinvested	***	7.99%	6.31%	9.53%	7.57%	6.76%
Covéa Actions Croissance (C)	Flex Cap Eurozone Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	*****	9.03%	8.65%	22.02%	21.65%	22.28%
Covéa Actions Croissance (D)	Flex Cap Eurozone Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	*****	9.02%	8.65%	22.01%	21.65%	22.28%
Covéa Actions Croissance (IC)	Flex Cap Eurozone Equities	95% MSCI EMU + 5% CAC Small net dividends reinvested	****	9.04%	8.65%	23.12%	21.65%	22.28%
Covéa Actions Euro (AC)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	***	10.38%	10.12%	15.82%	22.01%	22.16%
Covéa Actions Euro (IC)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	10.36%	10.12%	16.99%	22.01%	22.16%
Covéa Actions Euro (ID)	Large Cap Eurozone Equities	MSCI EMU (in euros) net dividends reinvested	****	10.36%	10.12%	16.99%	22.01%	22.16%
Covéa Actions Europe (C)	European Equities Large Cap. Combined	MSCI Pan-Euro (in euros) net dividends reinvested	***	11.84%	9.42%	14.89%	23.04%	26.04%
Covéa Actions Europe (D)	European Equities Large Cap. Combined	MSCI Pan-Euro (in euros) net dividends reinvested	***	11.84%	9.42%	14.90%	23.04%	26.04%
Covéa Actions Europe Hors Euro (C)	European Equities Large Cap. Combined	MSCI Europe ex EMU net dividends reinvested	*****	10.75%	9.42%	23.37%	23.04%	28.33%
Covéa Actions Europe Opportunités (AC)	Europe Equities Flex Cap	MSCI Pan-Euro (in euros) net dividends reinvested	****	10.76%	8.83%	9.58%	21.36%	26.04%
Covéa Actions Europe Opportunités (IC)	Europe Equities Flex Cap	MSCI Pan-Euro (in euros) net dividends reinvested	****	10.77%	8.83%	10.69%	21.36%	26.04%
Covéa Actions France (C)	French Equities Large Cap.	-	***	9.27%	9.80%	25.15%	25.71%	
Covéa Actions France (D)	French Equities Large Cap.	-	***	9.35%	9.80%	25.48%	25.71%	
Covéa Actions France (IC)	French Equities Large Cap.	-	****	9.28%	9.80%	26.40%	25.71%	
Covéa Actions Investissement (C)	International Equities Large Cap. Growth	60% S&P 500 + 40% MSCI Pan-Euro net dividends reinvested	***	10.56%	8.49%	29.98%	22.52%	33.65%
Covéa Actions Japon (C)	Japanese Equities Large Cap.	Nikkei 300 (in euros) dividends not reinvested	****	9.70%	9.30%	8.72%	9.31%	7.06%
Covéa Actions Japon (IC)	Japanese Equities Large Cap.	Nikkei 300 (in euros) dividends not reinvested						
Covéa Actions Monde (AC)	International Equities Large Cap. Growth	55% S&P 500 + 30% MSCI Pan-Euro + 15% MSCI Asia (in euros) dividends reinvested	***	8.96%	8.49%	23.49%	22.52%	29.66%
Covéa Actions Monde (IC)	International Equities Large Cap. Growth	55% S&P 500 + 30% MSCI Pan-Euro + 15% MSCI Asia (in euros) dividends reinvested	***	8.97%	8.49%	24.86%	22.52%	29.66%
Covéa Actions Rendement (C)	European Equities Yield	MSCI EMU (in euros) net dividends reinvested	***	9.29%	9.80%	18.25%	20.90%	22.16%
Covéa Actions Rendement (D)	European Equities Yield	MSCI EMU (in euros) net dividends reinvested	**	9.28%	9.80%	18.25%	20.90%	22.16%

	Morningstar classification	Benchmark index	Stars Morningstar	UCI 52-week volatility	Morningstar category 52-week volatility	2021 performance		
						UCIs	Morningstar category	Benchmark index
Covéa Perspectives Entreprises (AC)	French Equities Small and Mid. Cap.	CAC Small & Mid Cap net dividends reinvested	***	8.95%	7.42%	14.74%	19.82%	18.58%
Covéa Perspectives Entreprises (IC)	French Equities Small and Mid. Cap.	CAC Small & Mid Cap net dividends reinvested	****	8.96%	7.42%	15.55%	19.82%	18.58%
Covéa Ruptures (AC)	International Equities Large Cap. Growth	MSCI World (in euros) net dividends reinvested	****	10.35%	8.49%	21.39%	22.52%	31.98%
Covéa Ruptures (IC)	International Equities Large Cap. Growth	MSCI World (in euros) net dividends reinvested	****	10.35%	8.49%	22.25%	22.52%	31.98%
Covéa Ruptures (N)	International Equities Large Cap. Growth	MSCI World (in euros) net dividends reinvested						
Covéa Renouveau France (AC)	French Equities Large Cap.	-						
Covéa Renouveau France (IC)	French Equities Large Cap.	-						
Covéa Selection UK (A)	UK Large-Cap Equity	MSCI UK (in euros) net dividends reinvested						
Covéa Selection UK (I-EUR)	UK Large-Cap Equity	MSCI UK (in euros) net dividends reinvested						
Covéa Selection UK (I-GBP)	UK Large-Cap Equity	MSCI UK (in GBP) net dividends reinvested						
AIFs								
Covéa Actions Europe Instit (C)	Large Cap Eurozone Equities	MSCI Pan-Euro (in euros) net dividends reinvested	*****	10.45%	10.12%	18.85%	22.01%	26.04%
Covéa Actions Europe Instit II (C)	Large Cap Eurozone Equities	MSCI Pan-Euro (in euros) net dividends reinvested	*****	10.42%	10.12%	18.64%	22.01%	26.04%
Covéa Actions Europe Instit III (C and/or D)	Large Cap Eurozone Equities	MSCI Pan-Euro (in euros) net dividends reinvested	*****	10.80%	10.12%	18.48%	22.01%	26.04%
Covéa Actions Solidaires (C)	French Equities Large Cap.	-	****	9.71%	9.80%	17.87%	25.71%	
Range with environmental themes								
UCITS								
Covéa Aeris (AC)	Equities Ecology Sector	-	**	12.22%	9.23%	13.97%	22.18%	
Covéa Aeris (IC)	Equities Ecology Sector	-	**	12.23%	9.23%	15.13%	22.18%	
Covéa Aqua (AC)	Equities Water Sector	-	*	12.07%	9.27%	29.13%	31.53%	
Covéa Aqua (IC)	Equities Water Sector	-	**	12.08%	9.27%	30.45%	31.53%	
Covéa Solis (AC)	Equities Ecology Sector	-	*	11.11%	9.23%	1.39%	22.18%	
Covéa Solis (IC)	Equities Ecology Sector	-	**	11.13%	9.23%	2.43%	22.18%	
Covéa Terra (AC)	Equities Ecology Sector	-	***	10.46%	9.23%	22.36%	22.18%	
Covéa Terra (IC)	Equities Ecology Sector	-	***	10.47%	9.23%	23.59%	22.18%	

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