

IMPACT AND ENGAGEMENT FUND

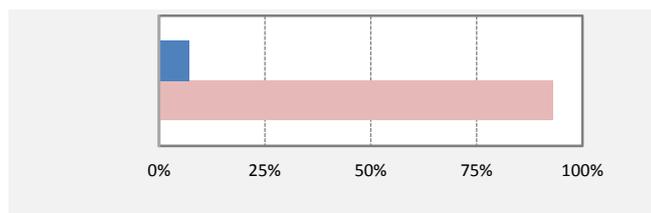
Investment strategy and objectives

The Fund's objective is to outperform the DJ Eurostoxx (dividends reinvested) index by applying an extra-financial selection methodology aimed at investing in companies which, according to Phitrust, have a long-term appreciation potential given their specific strategy in the environmental, social and societal fields as well as the evolution of their governance. This objective is based on an analysis of the environmental, social and societal impact generated by the companies' activities and a strong shareholder engagement approach, which involves asking companies for improvements in ESG fields. The management of Phitrust Active Investors Europe uses a quantitative management tool that determines the weighting of securities according to ESG data and allows managers to choose the best risk / reward ratio.

Performances (%)

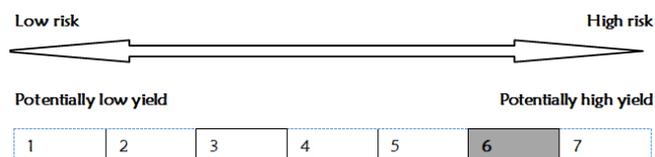
Performance	Dec.	2017	2016	2015	2014	2013
FCP C Share	-1,16	+9,84	-1,55	+4,98	+0,60	+13,99
Index div. reinv.	-1,04	+12,55	+3,67	+6,42	+4,01	+21,51

Asset allocation



Morningstar rating : ☆

Profil de risque



Investment managers

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 Simon Mauffrey +33 (0)1 55 35 07 57 / simon.mauffrey@phitrust.com

Portfolio features

Category: Eurozone stocks  
 Pricing frequency: Weekly at closing price  
 Benchmark index: Eurostoxx dividends reinvested

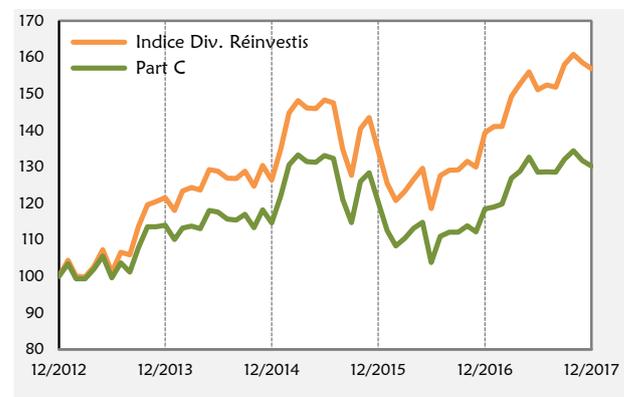
Management Company: Phitrust  
 Custodian: RBC Investor Services Bank S.A.

C share

ISIN code: FR0007037130  
 Date of inception: 11/11/1999  
 Minimum investment: 1 unit  
 Minimum period recommended: more than 5 years  
 Allocation of profits: capitalised (C units)  
 Subscription/redemption value date: Day +1  
 Decimalisation of units: no  
 Entry fee: 3% maximum. incl. 1% paid into the Phitrust donations Fund to sponsor the monitoring of charity projects  
 Exit fee: none  
 Management fee: 1.80 % of net assets p. a. incl. taxes

C share : 85,88 €

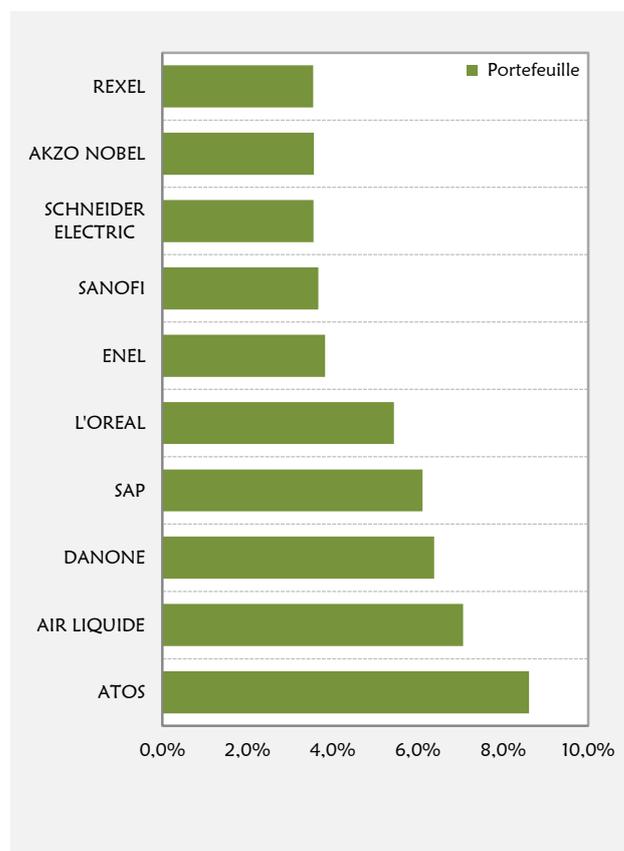
Total returns – last 5 years



Annual return	1 yr	3 yrs	5 yrs
Fund C share	+9,48%	+4,32%	+5,47%
Index div. reinv.	+12,55%	+7,48%	+9,51%

Annual volatility	1 yr	3 yrs	5 yrs
Fund C share	8,75%	16,05%	15,64%
Index div. Reinv.	9,19%	16,79%	16,33%

10 main weightings



**Phitrust**

Phitrust is a French asset management company founded in 1999 and approved by the French Financial Markets Authority (AMF). In its investment methodology, the company seeks to apply a shareholder engagement strategy aimed at improving the governance of listed companies and promoting investments that reconcile financial returns, good corporate governance and respect for society and the environment. Phitrust managed a range of FCP and SICAV funds invested in the main equity markets on behalf of individual and institutional investors. Phitrust applies a management methodology whereby it overweights companies that apply good ESG practices and encourage shareholder dialogue.

**The market**

In November, traders remained focused on the debates over US tax reform. Unveiled in detail, it provides for a “historic” decrease in the tax burden on companies from 35% to 20%. However, the reform does not seem to be unanimous, even within the US president’s ranks. Critics fear that the country’s deficit will grow.

In Europe, the economic signals continue to be positive. The eurozone’s overall activity slightly exceeded its estimates in October (56 versus 55.9). France was also at the top of this PMI index. The country is now posting its strongest growth in nearly seven years. The service sector in particular saw significant growth in October. In the eurozone, industrial producer prices continued to rise, and even a little more than expected in September. A similar finding could be seen in retail sales. The eurozone Markit PMI index picked up in October, reaching its highest point since April 2011. This means that the eurozone could have one of its best quarterly performances in six years.

The best-performing shares this month were in BASTIDE CONFORT MEDICAL (+20,79%), BONDUELLE (+14,87%), SUEZ ENVIRONNEMENT (+9,85%), PLASTIC OMNIUM (+6,58%) and NATUREX (+1,87%). Negative performers included NOKIA(-8,59%), SANOFI (-7,23%), AKZO NOBEL(-6,26%), SAINT-GOBAIN (-5,55%) and ENDESA (-4,95%). At the end of the year, the fund’s C class increased by 9.84% compared with an increase of 12.55% for the EURO STOXX index, net dividends reinvested, an under-performance of 2.71%.

**Shareholder engagement**

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the monthly report setting out our engagement policy,  
please call us on +33 (0)1 55 35 07 55*

**Editorial**

**2018: what is the mission for companies?**

The French government’s appointment of Mr Jean-Dominique Senard, manager at Michelin, and Ms Nicole Notat of Vigo to submit a report in the first half of 2018 proposing legislative changes to allow companies to insert “a mission” into their articles of association is likely to bring about many fundamental debates in 2018 about the meaning and role of companies.

While most economic players currently agree that companies must take the issues of their stakeholders into account, discussions on the definition of a company and its purpose are intense.

By construction, a company is a community of partners who come together to develop a project, with the profits derived from these activities ultimately going back to the shareholders. Many legal

experts fear that a legal evolution in the commercial law to incorporate the mission and the stakeholders do not question the governance of the same companies and raise more questions than answers, given that the very consistency of our case law (which has already existed for more than a century) would be called into question.

Some legal experts stress that mutuals and cooperatives were created in their time to allow players to join forces, particularly in agriculture, finance, insurance, and health, to provide a service to a community, while having a participatory governance (one person, one vote). While the success of these mutual groups is widely accepted, they bring a different corporate governance in all sectors of the economy.

The paradox is that today certain companies have, or wish to develop, a social or environmental mission that could be called into question by a shareholder, given the current state of the law, whereas mutuals and cooperatives, which are not accountable, if not to their members, often do not have such objectives.

Two paths are likely to be watched carefully (and discussed by stakeholders) to allow companies to decide whether to include “a mission” in their articles of association: the creation of a new specific legal regime (as in Luxembourg or the United Kingdom) that permits a double or triple objective and does not favour shareholder returns only – but it is true that few companies today have taken on this status, the possibility for any public limited company (société anonyme) (as is the case for simplified joint stock companies – SAS) to choose to include a mission in its articles of association, with an obligation to report to shareholders on the actions taken to fulfil their mission.

This last possibility is a fundamental change for the company (which will need to make every possible effort to achieve its mission), for the employees of course, but also for the shareholders, who will need to accept strategic choices to accomplish this mission. And that is what is feared by many company leaders, lawyers, and others who see multiple opportunities for each other to call into question a corporate strategy that does not fulfil its mission.

We are at the heart of the debate raised in the 1970s by the Chicago School: does a company exist solely to generate returns for its shareholders? Since the creation of Phitrust, we have been convinced that the answer is NO and that it also exists for other causes/objectives. We will be mindful of participating in these debates, as they engage us and will engage future generations. Have a wonderful 2018!

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