

**Investment strategy and objectives**

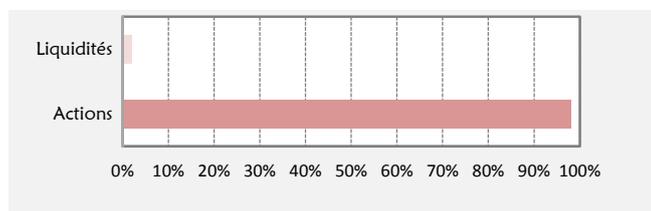
The objective of the Phitrust Active Investors France shareholder engagement SICAV fund is to outperform the CAC 40 index (reinvested dividends) through management that seeks to overweight companies that adhere to international corporate governance best practices and react to their shareholders' initiatives. The management of Phitrust Active Investors France is index-linked and seeks to maintain a maximum annual tracking error of 4% between the evolution of its NAV and that of the CAC 40 index.

**Performance (%)**

Annual return	Dec.	2017	2016	2015	2014	2013
Fund C Share*	-1,21	+11,46	+6,59	+10,79	+0,33	+20,42
CAC40 div. reinv.	-0,98	+11,69	+7,67	+10,92	+1,73	+20,95

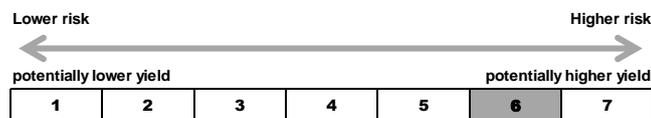
NAV including management fees

**Asset allocation**



Morningstar rating : ☆☆☆

**Risk profile**



**Investment managers**

Denis Branche 01 55 35 07 54 / denis.branche@phitrust.com  
 Simon Mauffrey 01 55 35 07 57 / simon.mauffrey@phitrust.com

**Portfolio features**

Category: French stocks  
 Pricing frequency: daily at closing price  
 Benchmark index: CAC 40 reinvested dividends

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

**A share**

ISIN code: FR0010538033  
 Minimum investment: 1 share  
 Entry fee: 3% maximum. incl. 1% paid into the PhiTrust donations fund to sponsor the monitoring of charity projects  
 Exit fee: none  
 Management fee: 1.44% of net assets p. a. incl. taxes

**C and D shares**

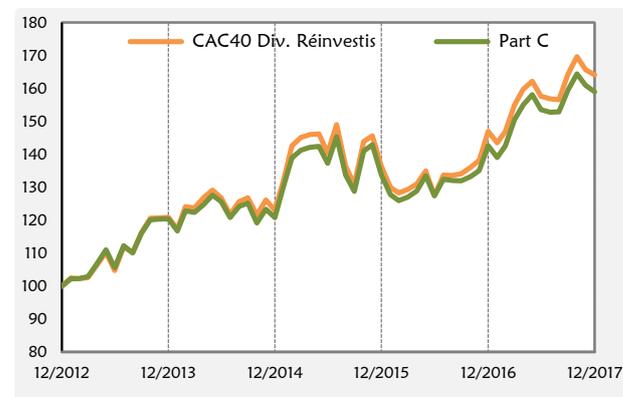
ISIN codes: FR0010027094 (C share) / FR0010027102 (D share)  
 Date of inception: 2003  
 Minimum investment: 3 000 shares  
 Minimum period recommended: more than 5 years  
 Allocation of profits: capitalised (C) or distributed (D)  
 Entry fee: 3% maximum. incl. 1% paid into the PhiTrust donations fund to sponsor the monitoring of charity projects  
 Exit fee: none  
 Management fee: 0.84% of net assets p. a. incl. Taxes

A share : € 118,64

C share : € 233,33

D share : € 170,21

**Total returns – last 5 years**

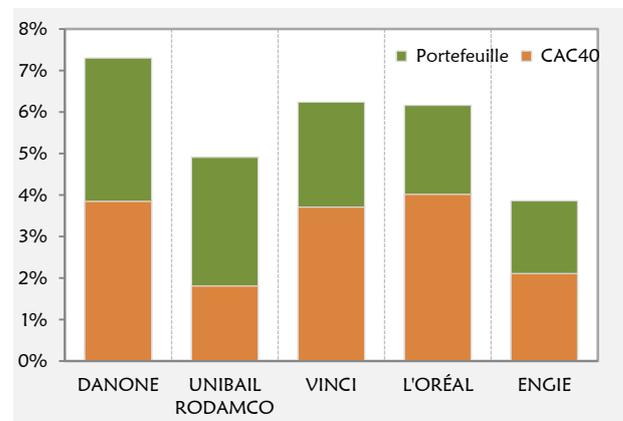


Annual return	1 yr	3 yrs	5 yrs
C Share	+11,46%	+9,21%	+9,83%
CAC40 div. reinv.	+11,695%	+9,69%	+10,54%

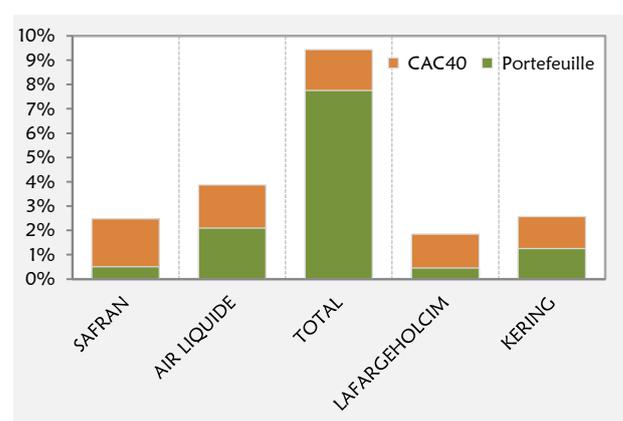
Annual volatility	1 yr	3 yrs	5 yrs
C Share	10,01%	17,29%	16,12%
CAC40 div. reinv.	10,30%	18,35%	17,03%

Tracking error	1 yr	3 yrs	5 yrs
	0,93%	1,74%	1,58%

**Main overweighting**



**Main underweighting**



## 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

On the other side of the Atlantic, the tax reform advocated by US President Donald Trump finally passed in the House and the Senate. This required a change to a provision regarding tax benefits for families. US GDP was +3.30% in the third quarter, in line with expectations. In the eurozone, economic indicators were in the news. The unemployment rate continued its slow decline: now 8.80% in the eurozone. In addition, inflation rose (+1.50%) but not as much as the estimates predicted (+1.60%).

In France, growth was confirmed at +0.50% in the third quarter of the year (+0.60% in the previous quarter). GDP was therefore +2.20% over one year, an unprecedented level since 2011. French inflation also rose slightly in November (+1.20%) under the influence of higher prices for energy and services. The only downside to this news: household consumer spending fell in October (-1.90%). The end of the year was also characterised by a rebound in oil prices, now close to \$67 a barrel. Closing at 5,312.56 points, the CAC40 had a monthly decline of 1.12% and an annual gain of 9.26%.

The best-performing CAC 40 shares this month were in TECHNIPFMC (+8.02%), ARCELORMITTAL (+6.67%), ESSILOR (+5.94%), KERING (+5.00%), and LAFARGEHOLCIM (+2.69%). Negative performers were SANOFI (-6.32%), AIRBUS (-4.97%), STMICROELECTRONICS (-4.69%), SAINT-GOBAIN (-4.37%), and MICHELIN (-4.36%). Over the year, the SICAV fund's C class saw an 11.46% increase compared with an 11.69% increase for the CAC 40 index, net dividends reinvested, a slight underperformance of 0.23%.

## Shareholder engagement

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the monthly report setting out our engagement policy,  
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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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## 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.

\*Past performances have no bearing on future performances and are not consistent over time. Fund returns are stated net of fees and expenses. This is a non-contractual document strictly limited to the private use of the recipient. It is circulated for information purposes only and may not be construed as an offer to sell or as soliciting an offer to buy the securities referred to herein. The information provided in this document is not all-inclusive and its accuracy cannot be guaranteed. The assessments made herein represent the opinion of PhiTrust at the date of publication and may be revised subsequently.