

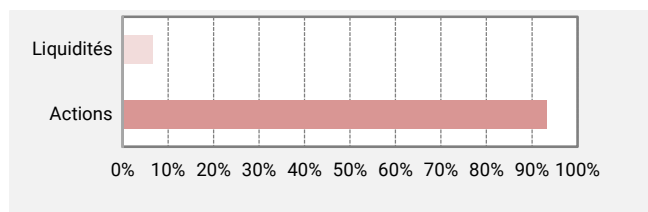
Investment strategy and objectives

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 (%)

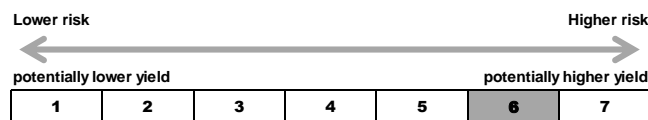
Annual return	May	2018	2017	2016	2015	2014
Fund C Share*	-0,90	+1,51	+11,46	+6,59	+10,79	+0,33
CAC40 div. reinv.	-1,05	+3,27	+11,69	+7,67	+10,92	+1,73

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

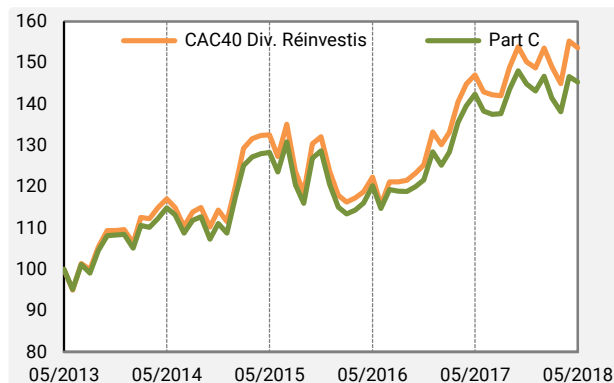
ISIN code: FR0010538033
 Minimum investment: 1 share
 Entry fee: 3% maximum. incl. 1% paid into the PhiTrust donations fund to sponsor the monitoring of charity projects
 Exit fee: none
 Management fee: 1.44% of net assets p. a. incl. taxes

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 : € 120,13
 C share : € 236,86
 D share : € 169,13

Total returns – last 5 years

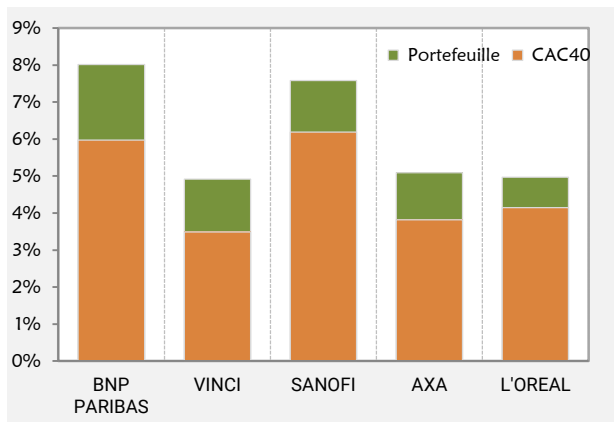


Annual return	1 yr	3 yrs	5 yrs
C Share	+2,07%	+4,25%	+7,77%
CAC40 div. reinv.	+4,50%	+5,05%	+8,97%

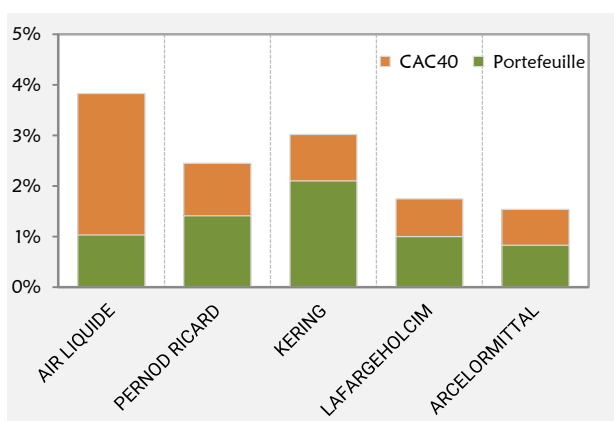
Annual volatility	1 yr	3 yrs	5 yrs
C Share	12,94%	17,41%	16,31%
CAC40 div. reinv.	13,39%	18,44%	17,24%

Tracking error	1 yr	3 yrs	5 yrs
	1,21%	1,75%	1,61%

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

Despite the rise in oil prices and its possible inflationary repercussions, and consequently on interest rates, the indices continued to grow significantly before falling sharply in the last week of May, in the midst of political uncertainties. The announcement of the cancellation by Donald Trump, the President of the United States of America, of the summit with the leader of North Korea, the rise in Italy of the populist M5S/League coalition and the political risk from Spain, with the PSOE announcement of a no confidence motion against the Rajoy government, all served as a catalyst for the indices to come to a halt after eight weeks of uninterrupted progress. This combination of events has somewhat hampered the progress of the indices.

The worst-performing CAC 40 shares this month were in the banking sector: SOCIÉTÉ GÉNÉRALE (-18.92%), BNP PARIBAS (-17.07%) and CRÉDIT AGRICOLE (-13.90%). The top-performing shares were STMICROELECTRONICS (+12.36%), SAFRAN (+4.81%) and PERNOD RICARD (+4.47%). Since the start of the year the fund's C unit is up 1.51%, compared to a rise of 3.27% for the CAC 40 index, dividends reinvested.

Shareholder engagement

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the monthly report setting out our engagement policy,
please call us on +33 (0)1 55 35 07 59*

development plans implemented by the CEO. How is it that the institutional and private investors not represented on the Board of Directors, who have a large majority, have not opposed the Board's proposals? How is it that investors approve these proposals without examining them? How can we believe that, given the amounts granted, the compensation committees do not provide for any clause in the event of a lack of results, site closures, "planned" departures or dismissals, obvious signs of strategic or management errors?

It took the Medef, the Minister of the Economy, Bruno Mayor, and the media publicly protesting the results of this vote for Mr Georges Plassat to decide not to collect his non-compete compensation, which brought his 2017 salary to €9 million! Not bad for a company in deep trouble...

On the other hand, at Renault, Carlos Ghosn saw his 2017 remuneration voted by a very narrow majority (56.50%). The French government, which has 15% of the capital, announced that it would vote against it. This has probably led institutional investors to follow suit, taking into account the fact that the state is on the Board of Directors, and therefore well advised! The 2018 compensation, which has fallen, was voted at 87.89%, a sign that shareholders expected a gesture of moderation, even if the company achieved excellent financial and economic results. We note that Carlos Ghosn works for Renault, also sharing his time at Nissan and Mitsubishi... In addition, at Renault, no mention is made of a possible challenge to variable compensation related to environmental risk, as with other automobile manufacturers...

Here we are dealing with a basic principle that does not apply to any manager of large listed companies: the amounts of variable compensation are allocated according to complex criteria and are never significantly reduced, or even eliminated, in the event of economic counter-performance (Carrefour), proven environmental risk (Renault) or dismissals...

Investors, however, vote to keep these very high amounts, convinced that this is the only way to keep good leaders and directors. The fact that these compensation figures are 3 to 5 times higher than a few years ago would be the cost of the value created during this period... This may be the case for some, if they had realised the results themselves and not thanks to their less well-paid teams. But what about companies that are currently weathering storms (Carrefour), seeing their strategy questioned (Engie), or who are closing down sites (Lafarge, Technip, etc.)? The list is long and shareholder inconsistency is a serious issue: mismanagement does not result in financial consequences for these "managing directors"!

Editorial

Executive compensation: what do shareholders do?

Once again this year, executive compensation has created a media buzz about some emblematic cases, because they are too decoupled from the economic and social reality of the company.

The opportunity given to shareholders to vote for or against 2017 and 2018 compensation, with the "say on pay", showed the limits of this exercise, given the scores obtained for said resolutions.

At Carrefour, Georges Plassat was awarded more than €13 million by 68% of the shareholders, including a non-compete bonus of €3.9 million, and an annual pension of €520,000. Even though the company is going through a deep crisis, closing many DIA stores (which Georges Plassat had validated the purchase of five years ago...), it is proposing a significant voluntary departure plan and the new CEO is tightening on costs, and therefore wages.

Phitrust has reacted, with very few shareholders, to these much-too-high compensation amounts, paid despite the failure of the

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