



March 2019



CPR Invest – Smart Beta Credit ESG

A low-risk ESG credit solution



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Promotional document solely for the attention of “professional investors”

A credit environment that's favourable to a low risk strategy



An environment that's favourable to carry strategies with lower risks

A low-risk direct investment in credit



Achieve a performance equivalent to IG, with less risk

Why?



- **Long-term interest:** better return on risk over the long term
- **Short-term interest:** value is back on the IG market but risks remain
- **Integration of ESG:** to better respond to the needs of institutional investors and limit the specific risk.

For whom?



- Institutional investors wishing to diversify their investments *while limiting the risk*
- A pure IG Credit investment for asset allocators

Our offer

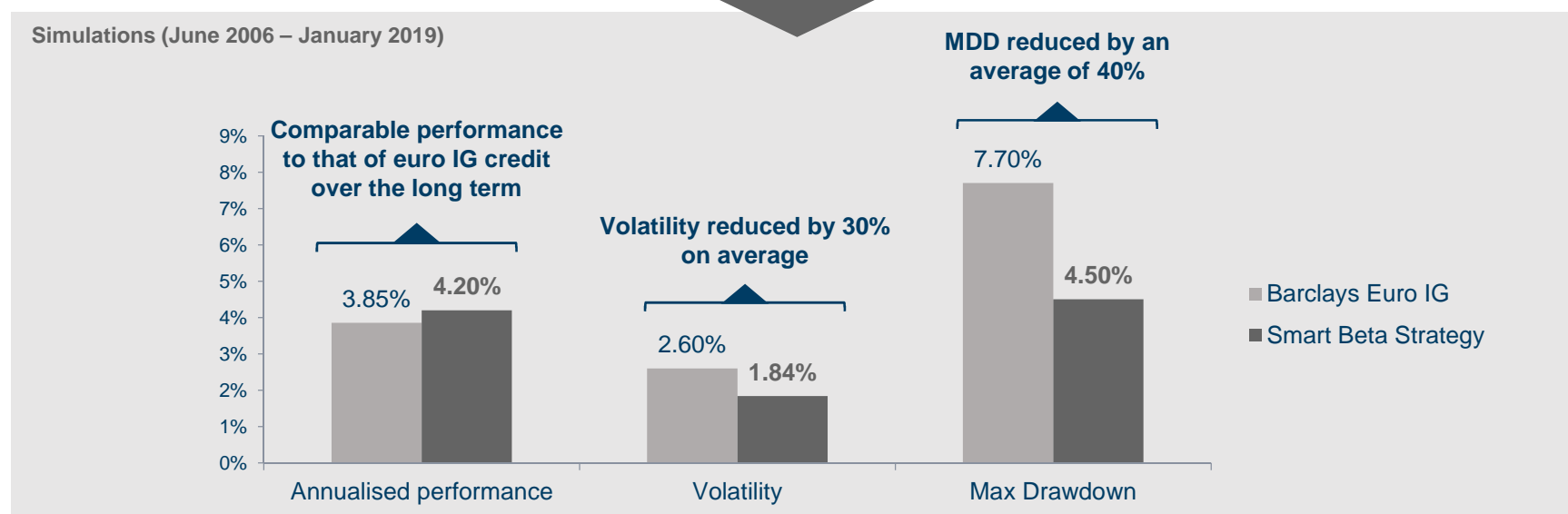
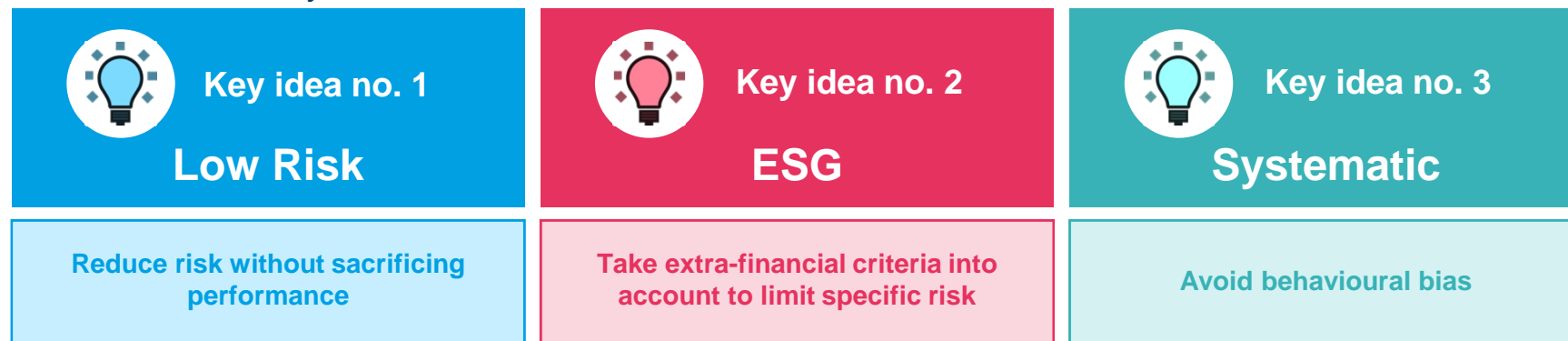


- Open-ended fund, sub-fund of the Lux SICAV : **CPR Invest – Smart Beta Credit ESG** (100% bonds, Euro, BBB-BB) with **Early Bird share class** (management fees: 0.15%)
- Possible dedicated, customised solution: client universe, local constraints, etc. (min. €50M)

OUR SOLUTION IN BRIEF

A low-risk ESG direct investment in credit

Built on three key ideas



Sources: Extra-financial analysis from Amundi, Barclays, CPR AM Research. Past performances are not constant over time and are therefore not a reliable indicator of future performance. Performance simulations are based on realistic market assumptions.

Our low-risk vision



Commonly-held beliefs
on low risk

Our convictions

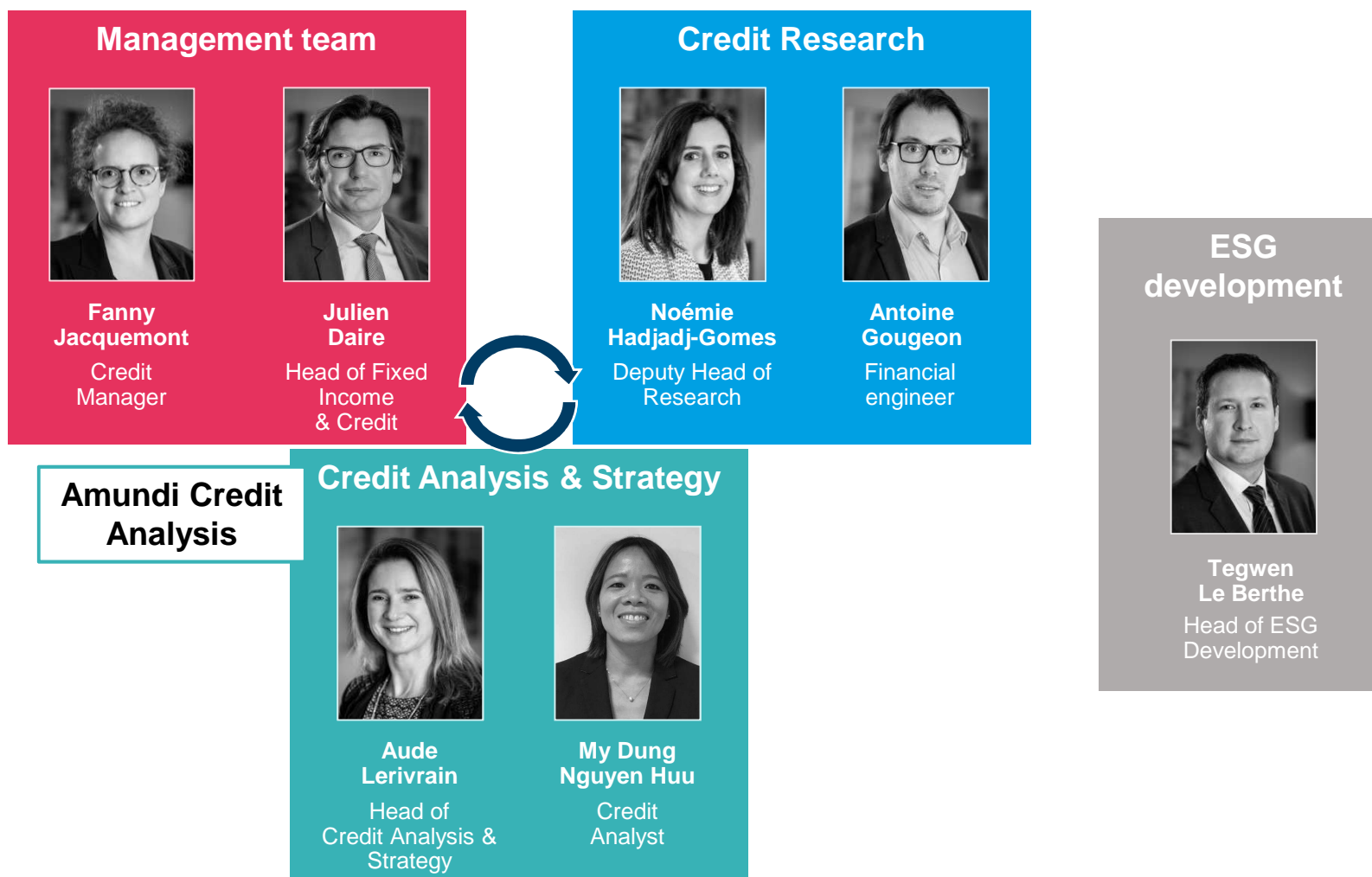


High credit quality?	--	Mismatch between ratings agencies and the market
Weak volatility?	--	Unsuitable for credit
Weak duration?	+	More suitable than volatility but insufficient to reflect the mark-to-market risk
Weak DPS (duration per spread)?	++	Effective for credit
Hedging of interest rate risk?	=	Better performing in the short term, but no offsetting of the rate component over the long term with Credit (negative correlation on average).

└─> Remains feasible for a dedicated solution

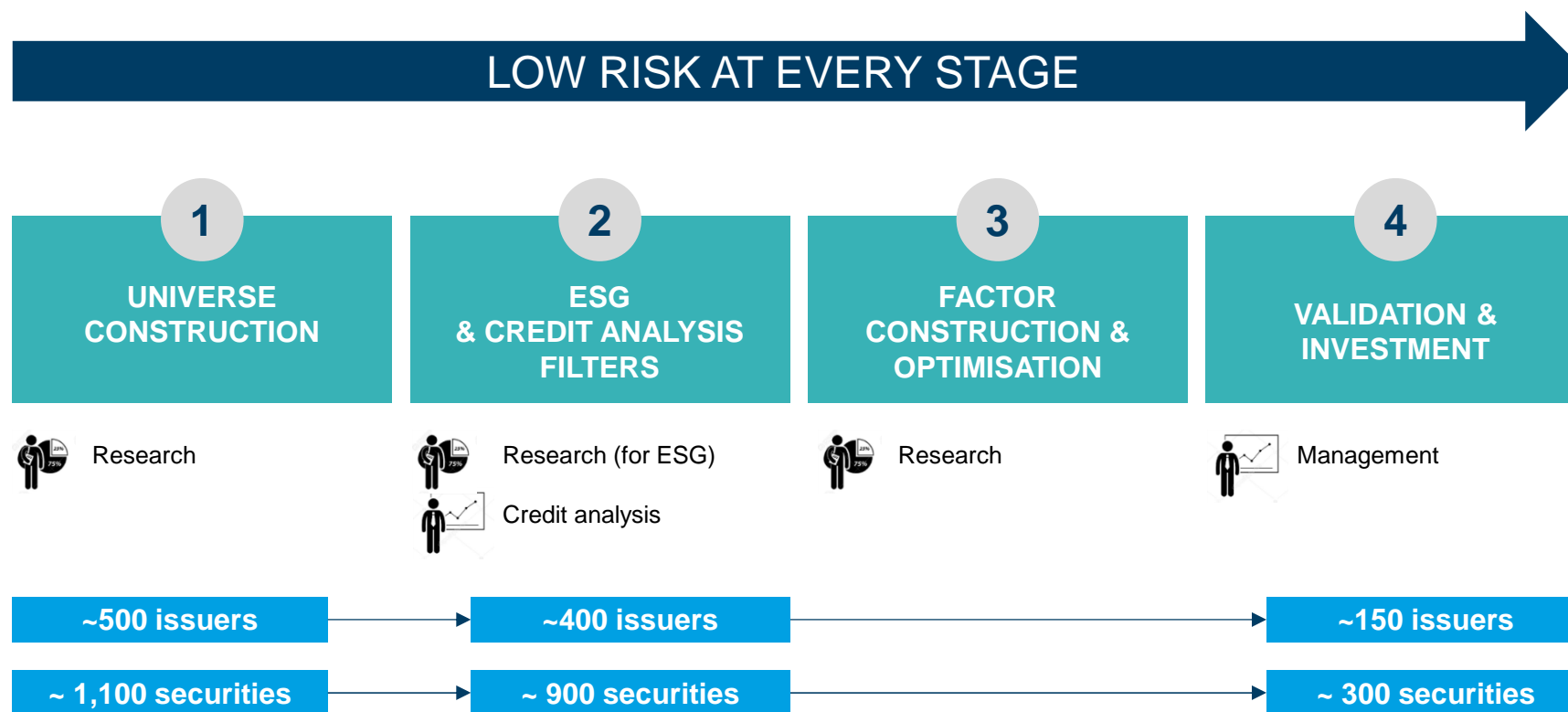
Complementary expertise

for robust financial and extra-financial management



INVESTMENT STRATEGY

A firmly low-risk investment process



Source: CPR AM as at 28/02/2019

1 Universe construction

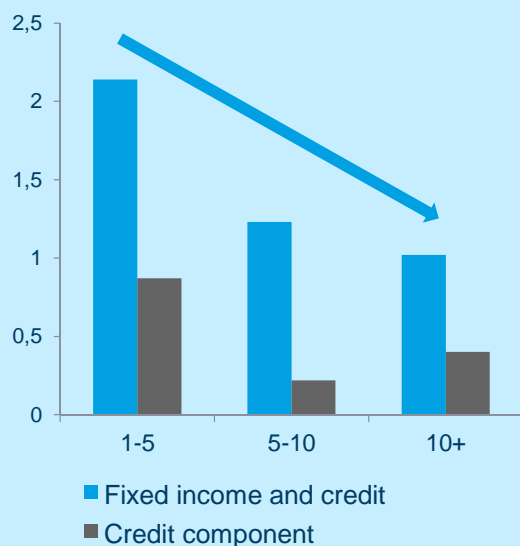
Based on 3 convictions



Conviction no. 1

Risk is better remunerated
on short maturities

The Sharpe ratio falls with maturity



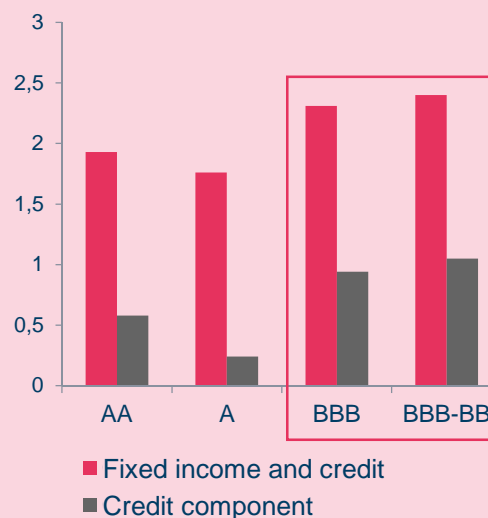
MATURITIES 1-5 YEARS



Conviction no. 2

Risk is better remunerated
on the low IG ratings

The Sharpe ratio is better when the rating falls



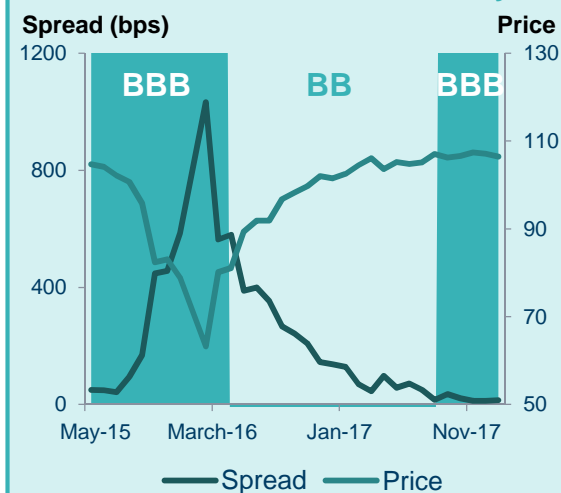
BBB RATINGS + DIVERSIFICATION ON BB



Conviction no. 3

Keeping fallen angels enables
performance not to be destroyed

The sale of a security that has become high-yield crystallises the loss and means we miss out on recovery



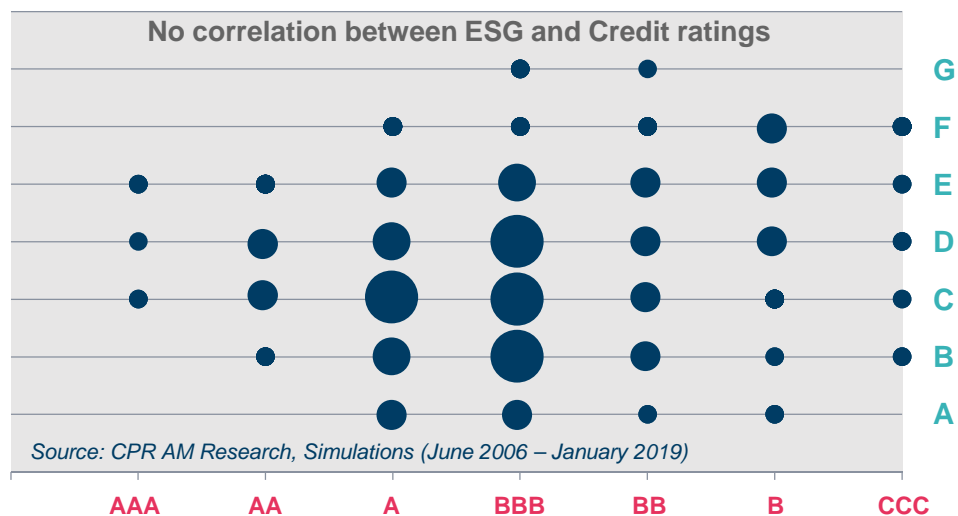
Example of issuer (May 2015 – January 2018)

KEEPING FALLEN ANGELS

Source: CPR AM Research, Simulations (June 2006 – January 2019)

2 ESG & Credit Analysis Filters

Two complementary frameworks for specific risk

G
F
E
D
C
B
A

AAA AA A BBB BB B CCC

Credit Analysis

A team dedicated to Credit management at CPR AM, to enrich Amundi's credit analysis resources:

43 analysts

1150 rated issuers

+ €200Bn of assets under Credit management

Source: Amundi as at 31/12/2018



Financial risks

ESG

(CPR AM methodology based on Amundi's ESG ratings)



Dedicated experts in each CPR AM team supported by Amundi's ESG analysis and development:

12 analysts

5500 rated issuers

+ €275Bn of assets under SRI management

Source: Amundi as at 31/12/2018

Extra-financial risks



INITIAL UNIVERSE

A double filter offering a full vision of the risks of a company

INVESTABLE UNIVERSE

2 Focus on the ESG filter



CPR AM's approach by risks

A double exclusion level

to avoid the loss of information and fine-tune behavioural analysis.

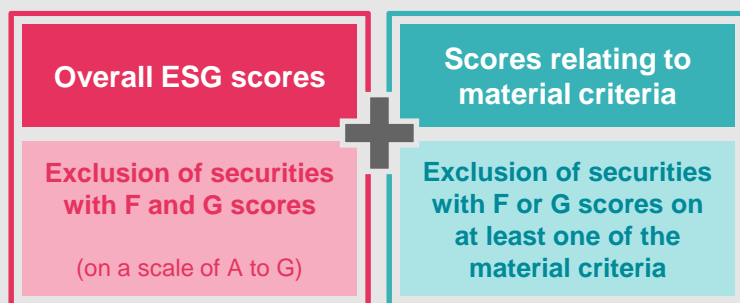
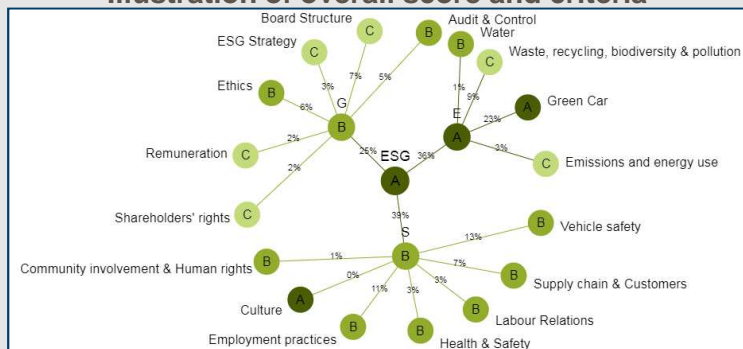


Illustration of overall score and criteria



¹ Monthly review of the investable universe based on updated scores

Criteria selected on the investment universe

Varying materiality of criteria depending on the regions

ISSUERS' GEOGRAPHICAL REGION (ISSUES DENOMINATED IN €)

	Euro/Europe	North America
E	Energy & greenhouse gas emissions	Energy & GHG Water Biodiversity & Waste
S	Health & safety	-
G	Board of Directors Audit & control Shareholders' rights	Board of Directors Audit & control

In the case of North America, as the information ratios for social criteria are negative, they are not selected.

2 Focus on the Credit Analysis filter

An additional framework to ESG for specific risk

CPR AM CREDIT ANALYSIS & STRATEGY TEAMS' PREROGATIVES CRÉDIT DE CPR AM

- **Top-down vision:** sector opinions, follow-up of main themes (ex: banking regulations) and market technical factors
- **Bottom-up vision:** « *qualified opinion* » for any integration of or arbitrage over an issuer in a portfolio
- **Follow-up of issuers in portfolios** (fundamental newsflow) and **warnings to management teams**
- **Veto in case of strong concerns over an issuer's credit quality → leads to an exit obligation**

Initial universe

VETO COMMON TO ALL PORTFOLIOS

Anticipation of a default risk

- High level of debt coupled with probability of significant fall in EBITDA and free cash flows with covenants at risk
- Short-term cash-flow problems
- « Risk event » leading to default risk

Impossibility of conducting a credit analysis

- Insufficient financial communication
- Difficulties in obtaining regular accounts
- Impenetrable and complex financial management/group structure

VETO SPECIFIC TO SMART BETA CREDIT ESG

Anticipation of a security exiting the investable universe (Single-B downgrading)

Based on:

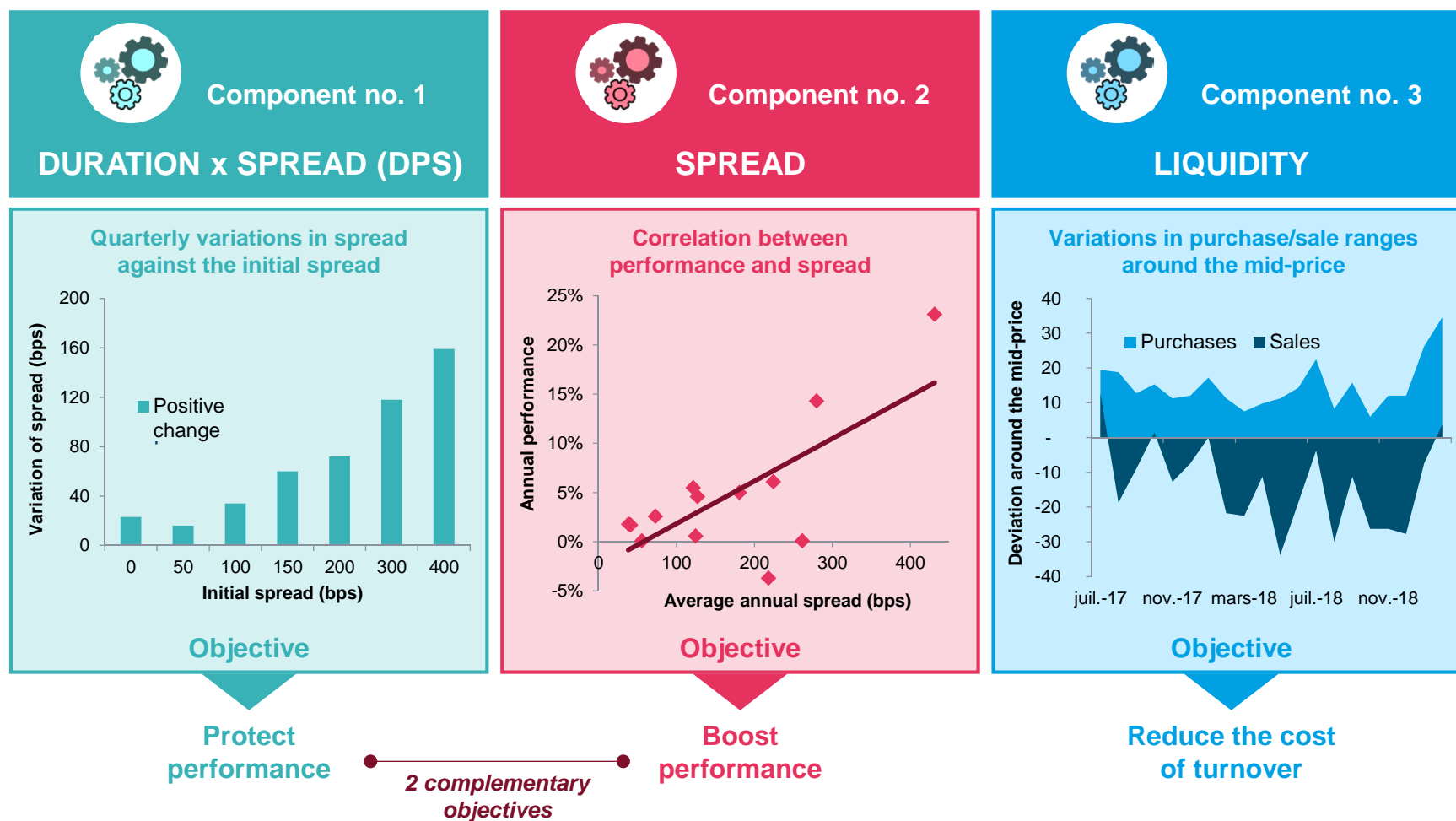
- Internal ratings of Amundi or, if not, CPR AM
- Ratings issued by credit rating agencies S&P, Moody's et Fitch

Number of excluded issuers ~20

Source: CPR AM Credit Analysis & Strategy, as at 28/02/2019

3 Factor construction

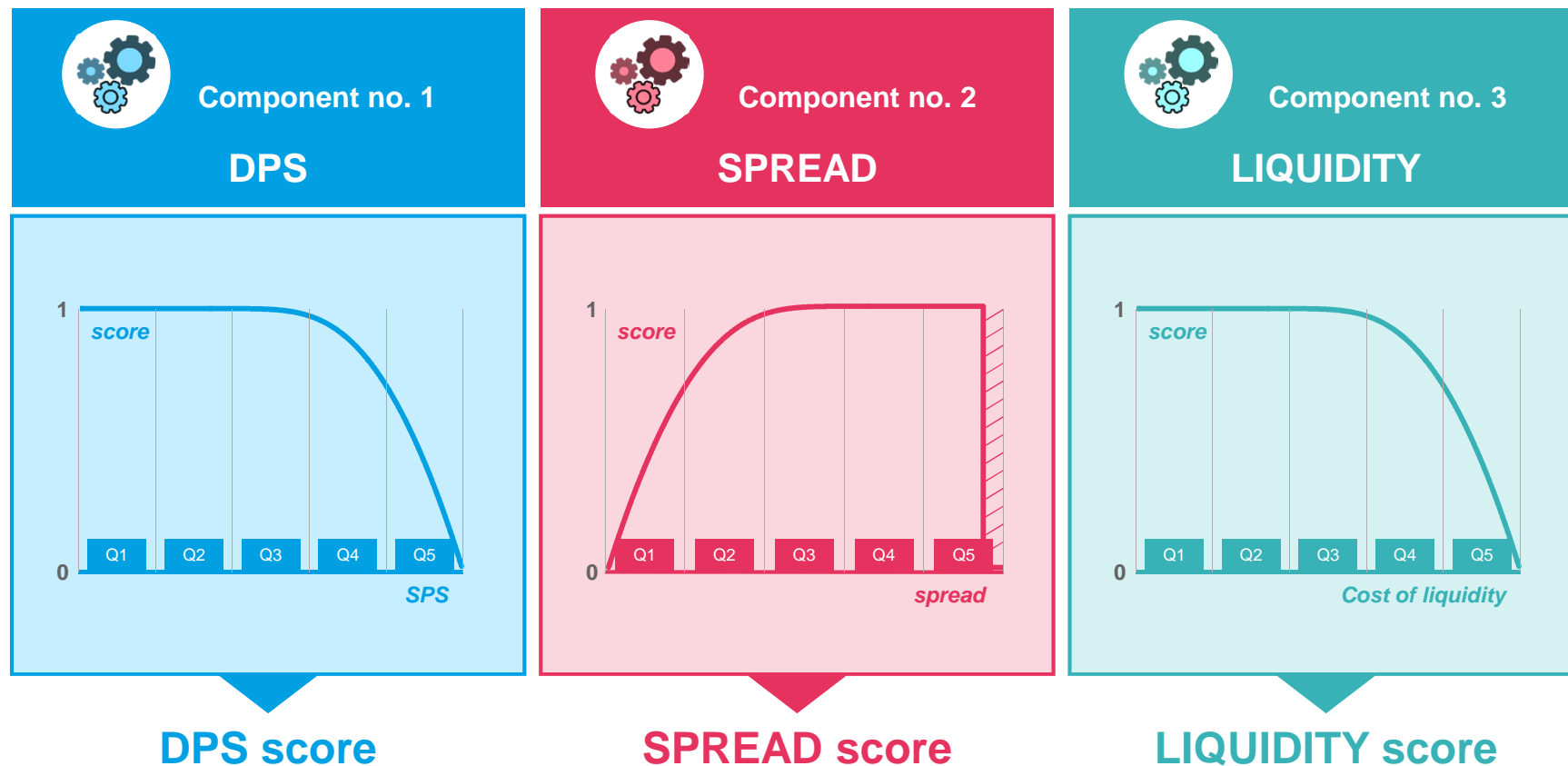
The three components of our low risk factor



Source: CPR AM Research, Simulations (June 2006 – January 2019) / data from Amundi's trading desk

3 Factor construction

Calculation of score of each of the three components

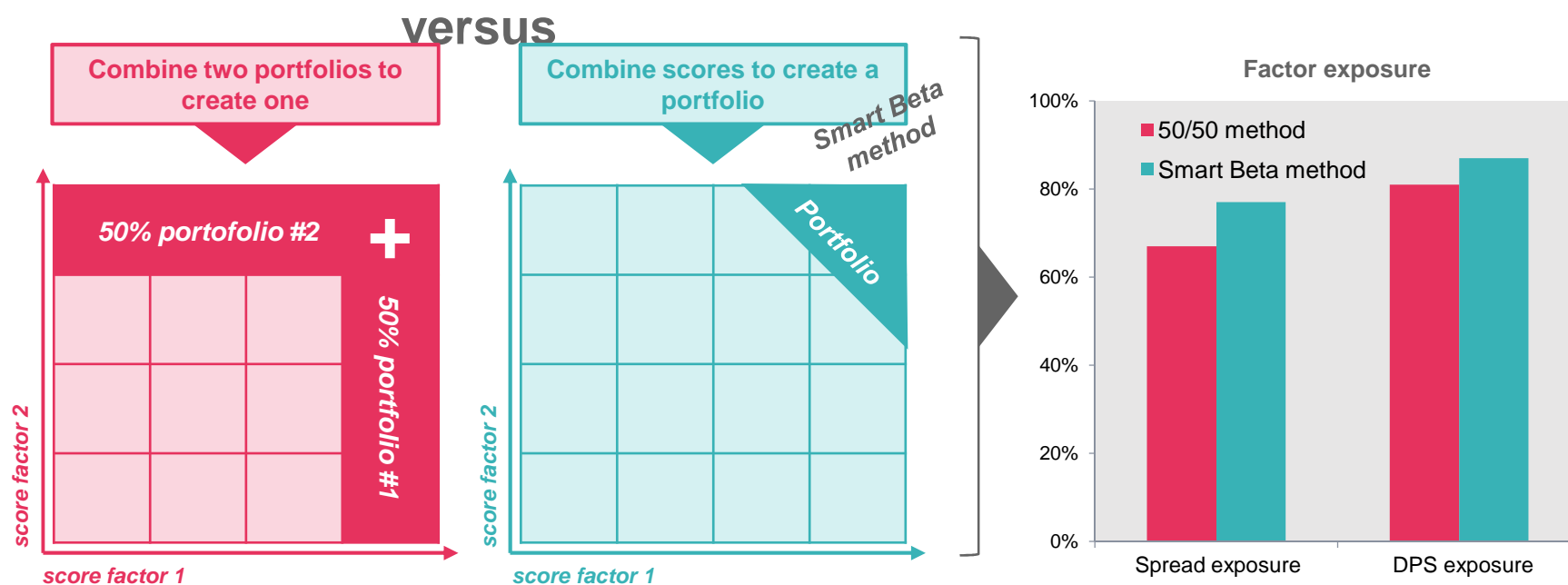


3 Factor construction

Low risk factor: aggregation of the three components



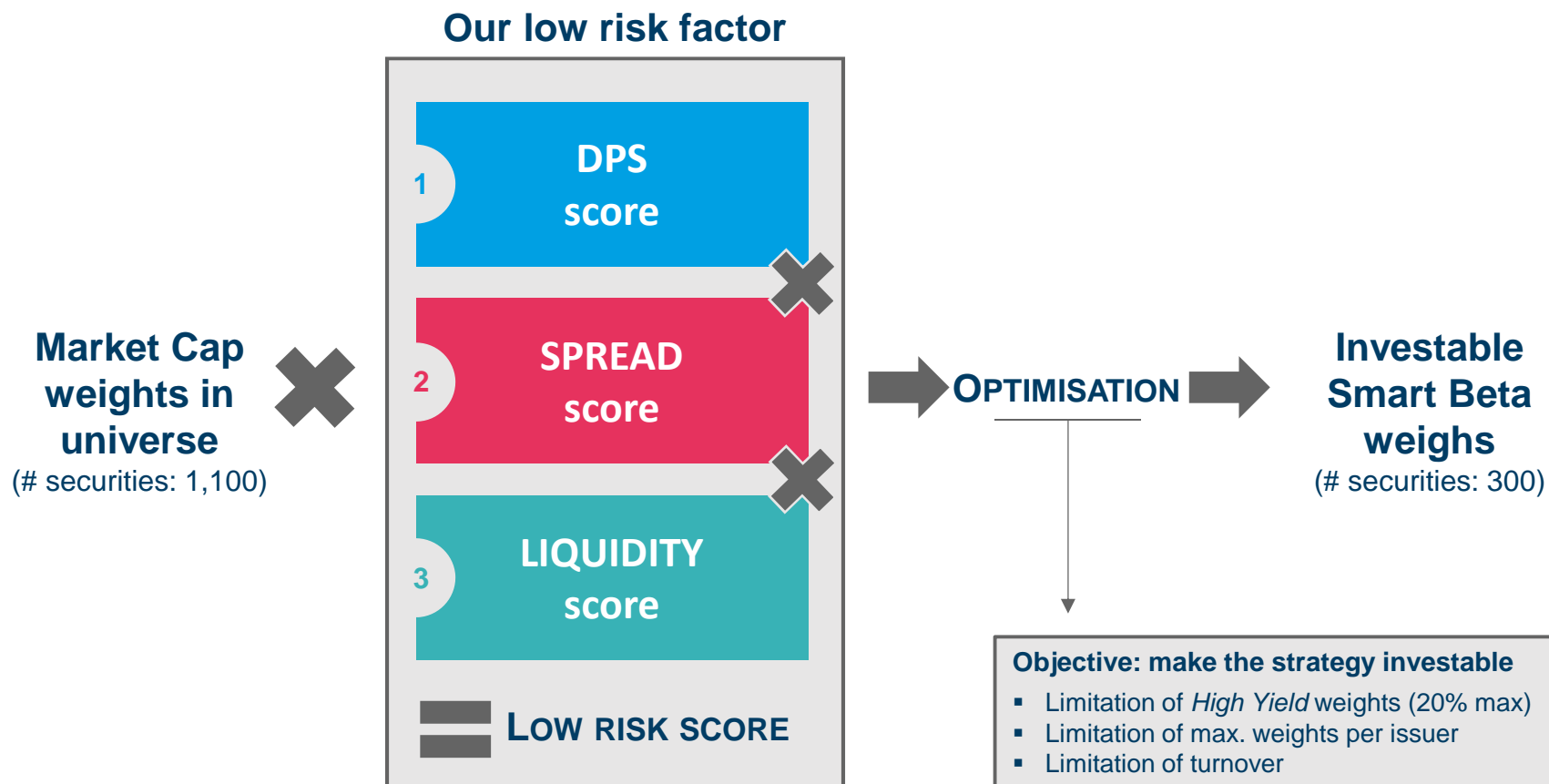
Our bottom-up approach does not dilute exposure to the factors:



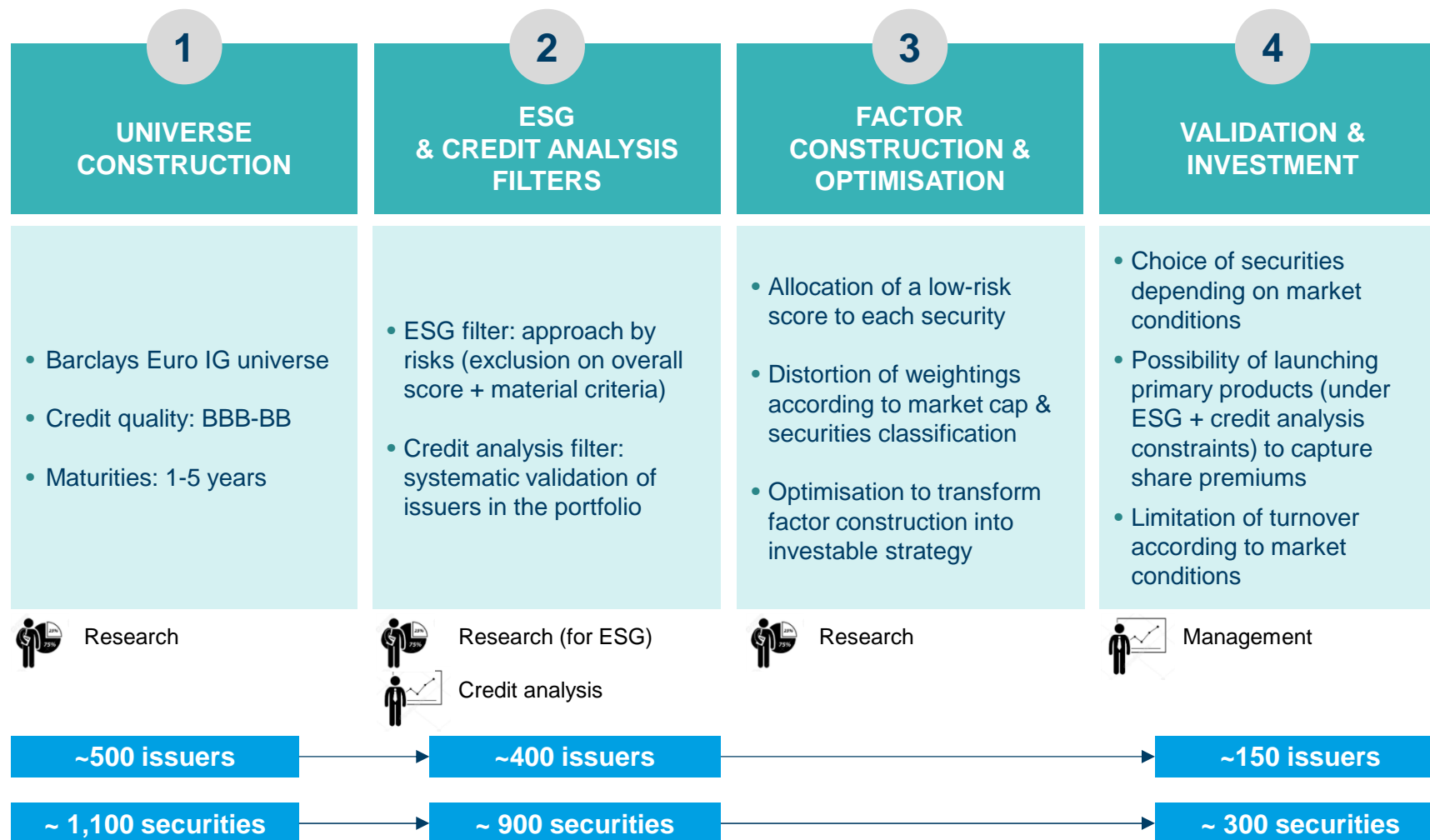
Source: CPR AM Research

3 Factor construction

Low risk factor: aggregation of the three components



A firmly low-risk investment process



Source: CPR AM as at 28/02/2019

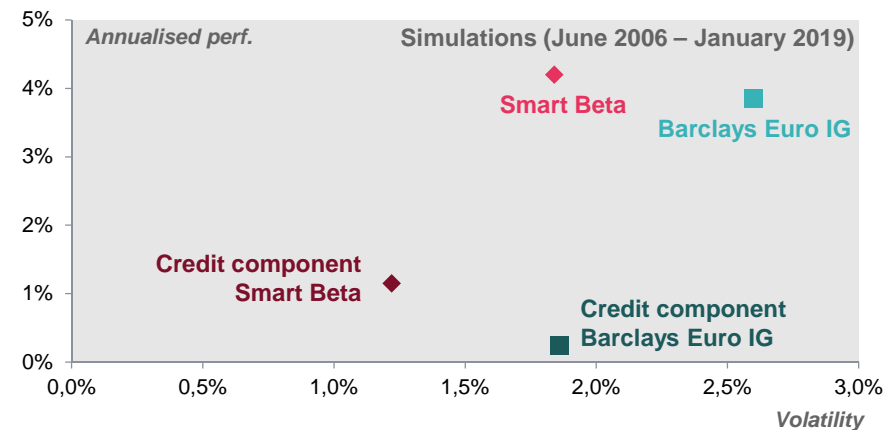
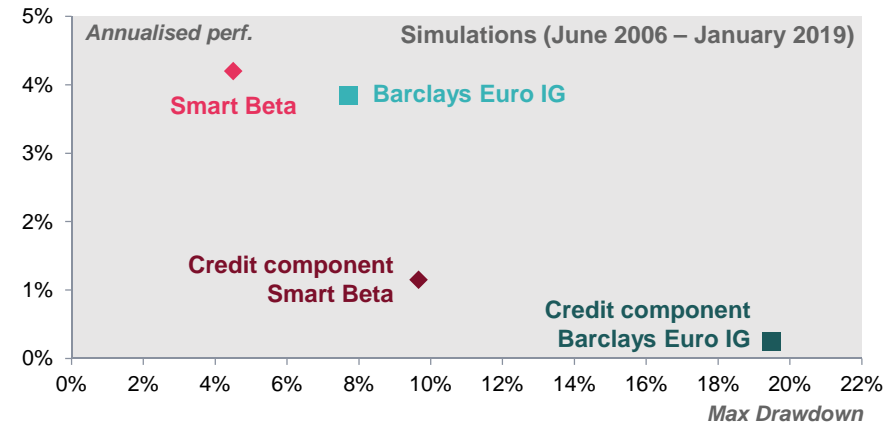
Results that validate the approach

Less drawdown for a comparable performance over the long term

SIMULATIONS SINCE JUNE 2006	TOTAL	Barclays Euro IG	Smart Beta
	Annualised perf	3.85%	4.20%
	Volatility	2.60%	1.84%
	Sharpe ratio (r=0)	1.48	2.28
	MDD	7.70%	4.50%
	Average sensitivity	4.6	3.0
	Average return	3.0%	3.1%
	o/w spread (bps)	116	137
	Credit component	Barclays Euro IG	Smart Beta
	Annualised perf	0.25%	1.15%
	Volatility	1.86%	1.22%
	Sharpe ratio (r=0)	0.13	0.94
	MDD	19.50%	9.66%
	Fixed income component	Barclays Euro IG	Smart Beta
	Annualised perf	3.35%	2.70%
	Volatility	2.45%	1.55%
	Sharpe ratio (r=0)	1.37	1.74
	MDD	4.12%	3.16%
FOCUS TODAY	Return and risk levels in February 2019		
		Barclays Euro IG	Smart Beta
	Sensitivity	4,91	2,90
	Current return	1,00%	0,92%
	o/w spread	80	94

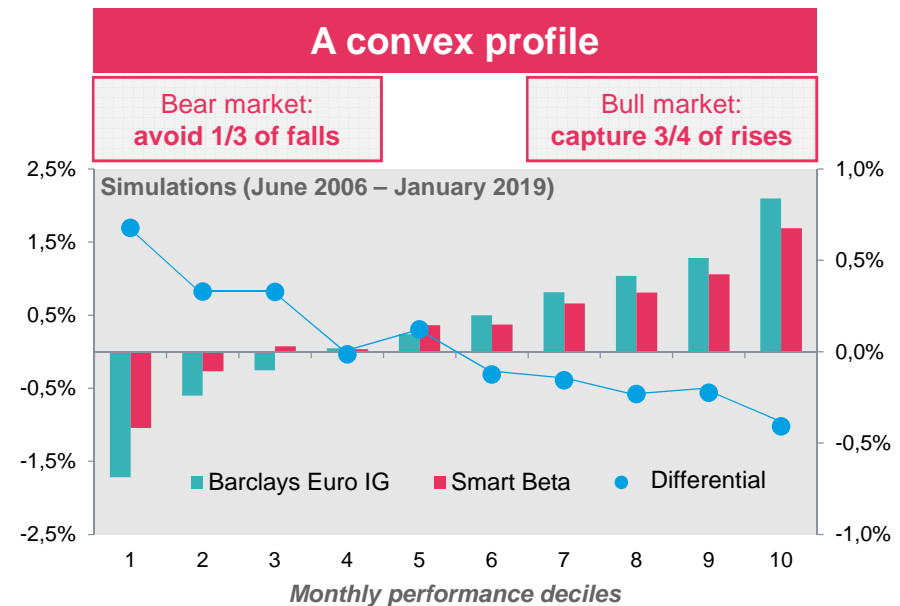
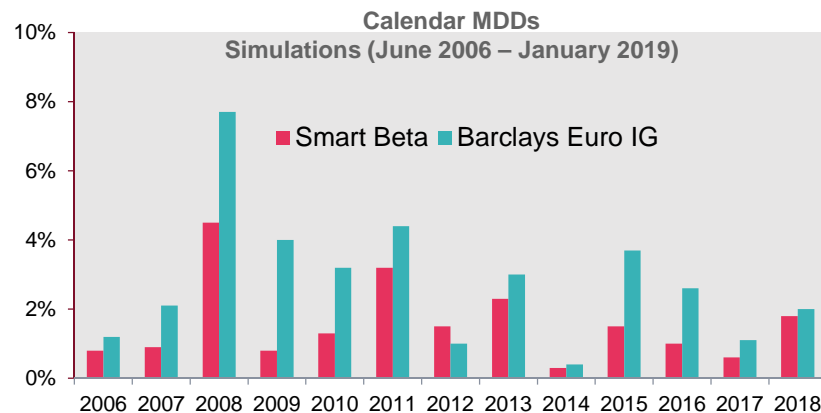
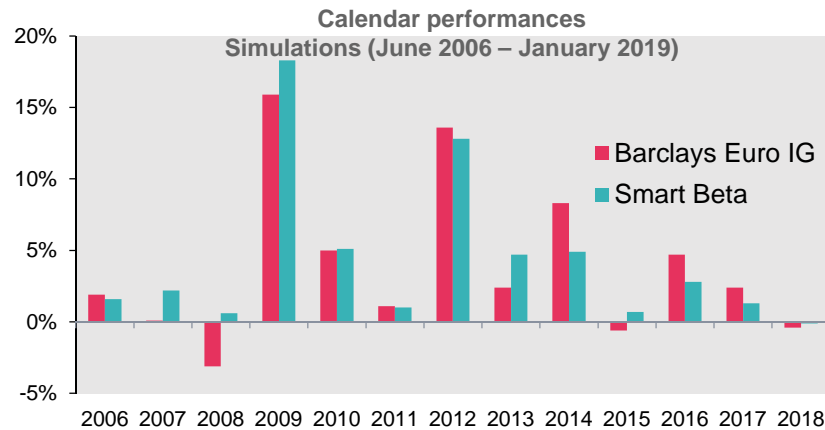
Sources: Extra-financial analysis from Amundi, Barclays, CPR AM Research. Past performances are not constant over time and are therefore not a reliable indicator of future performance. Performance simulations are based on realistic market assumptions.

A better risk/return profile



Results that validate the approach

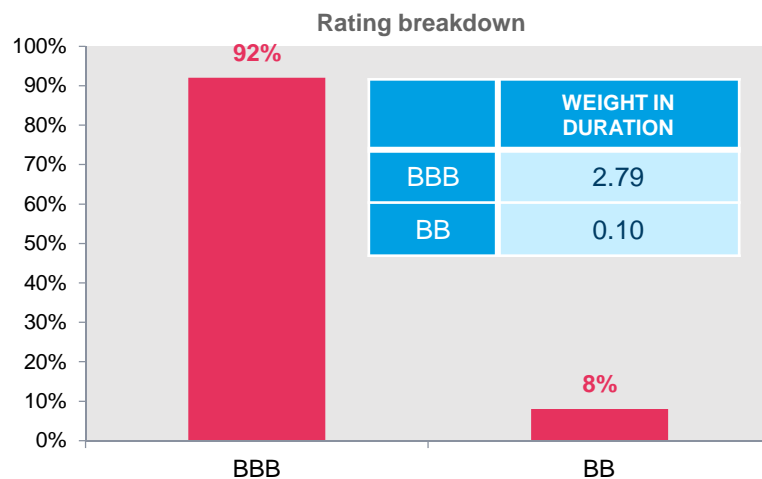
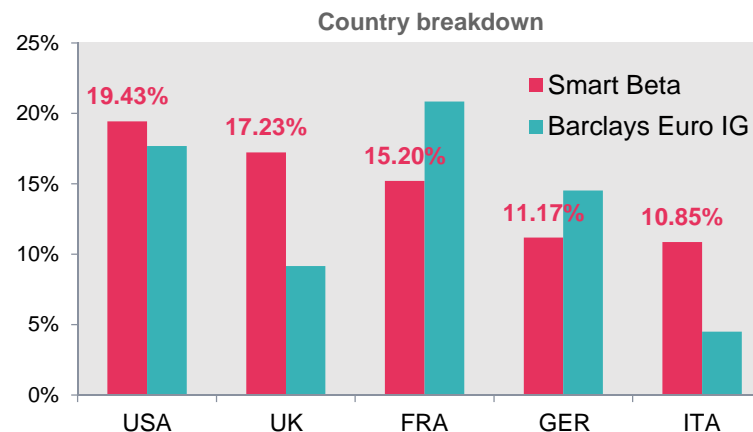
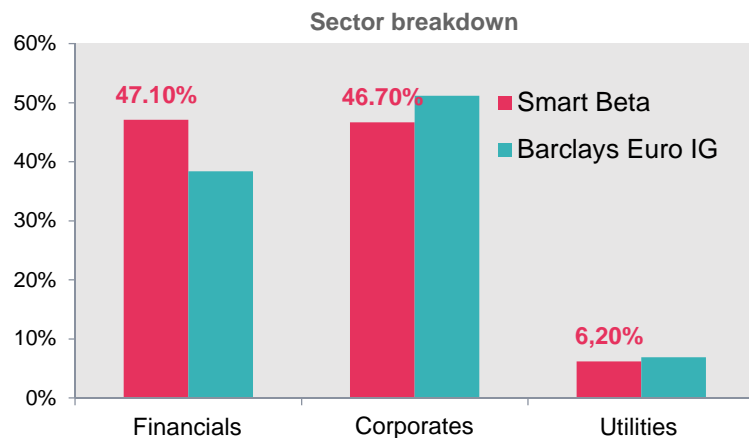
Less drawdown for a comparable performance over the long term



Sources: Extra-financial analysis from Amundi, Barclays, CPR AM Research. Past performances are not constant over time and are therefore not a reliable indicator of future performance. Performance simulations are based on realistic market assumptions.

PORTFOLIO

Current allocation

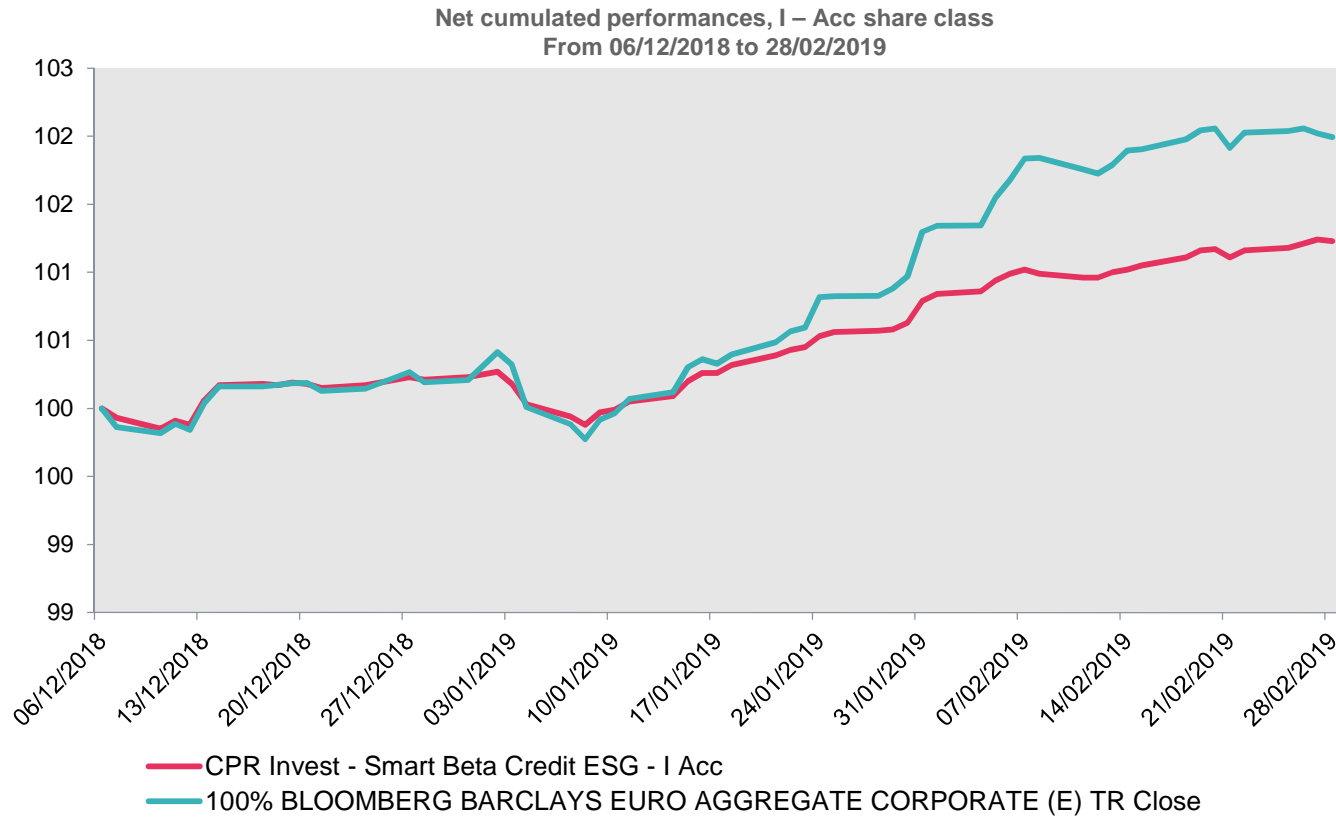


Main 10 issuers

ISSUER	WEIGHT IN PORTFOLIO	WEIGHT IN INDEX BARCLAYS EURO IG
INTESA	2.8%	0.4%
COMMERZBANK AG	2.2%	0.3%
ROYAL BANK OF SCOTLAND	2.1%	0.3%
AT&T INC	2.2%	0.4%
FCE BANK PLC	2.0%	0.2%
ABN AMRO BANK NV	1.9%	0.3%
GOLDMAN SACHS GROUP INC	2.1%	0.5%
SOCIETE GENERALE	1.7%	0.2%
BARCLAYS PLC	1.7%	0.3%
RABOBANK	1.7%	0.3%

Source: CPR AM as at 28/02/2019

Performance since launch



Source: CPR AM as at 28/02/2019

Past performances are not constant over time and are therefore not a reliable indicator of future performance

CONCLUSION

What to recall?



A pure Credit allocation component, directly invested

LOW RISK

ESG

SYSTEMATIC

COMBINATION OF EFFICIENT RISK MEASURES

- short maturities
- DPS for market risk
- liquidity risk
- ESG and credit analysis for specific risk

DIVERSIFICATION OF PERFORMANCE DRIVERS

- BBB ratings
- keeping *fallen angels* in the universe
- spreads
- primary markets



A performance equivalent to that IG market over the long term with a regularly lower level of risk

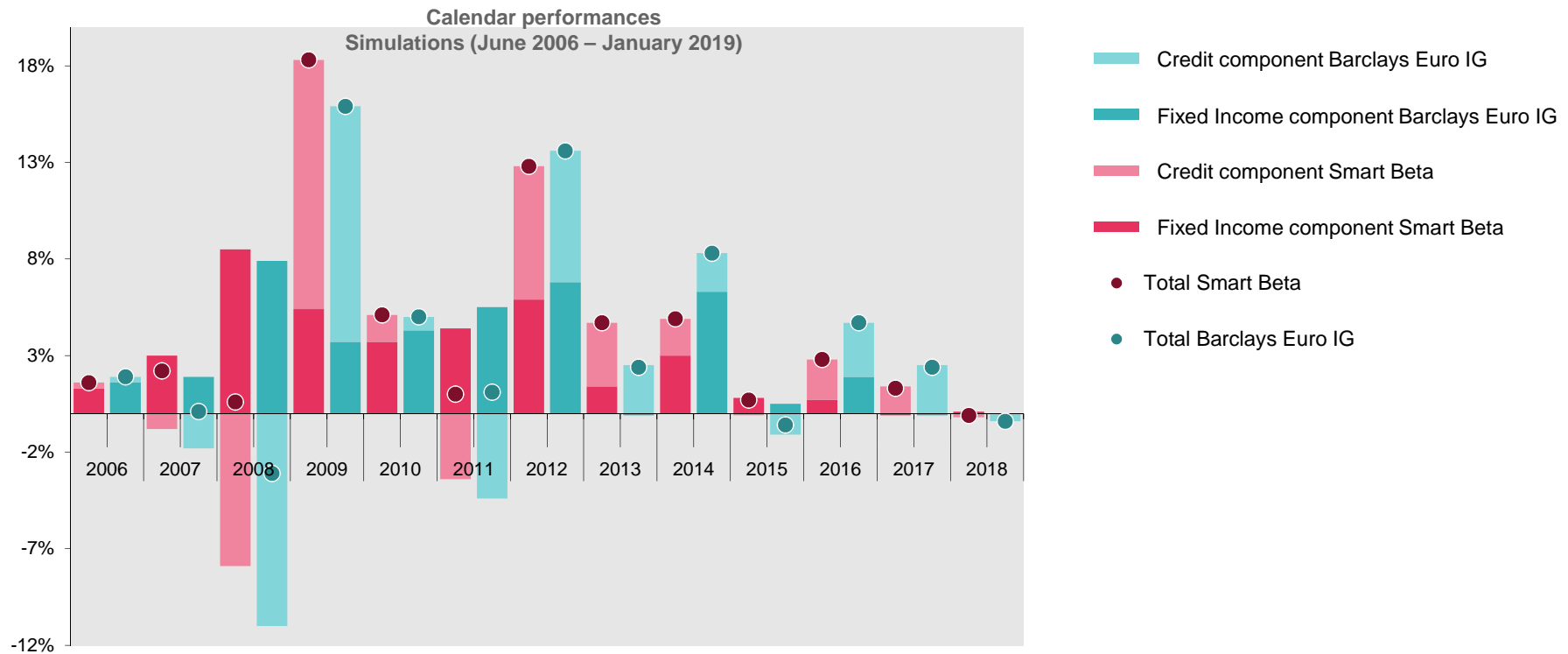


A *buy and hold* core portfolio holding relevant through several credit cycles

APPENDICES

Results that validate the approach

Less drawdown for a comparable performance over the long term



Sources: Extra-financial analysis from Amundi, Barclays, CPR AM Research. Past performances are not constant over time and are therefore not a reliable indicator of future performance. Performance simulations are based on realistic market assumptions.

Main features

GENERAL				
Management company	CPR Asset Management			
Legal form	Sub-fund of the Luxembourg SICAV CPR Invest			
Inception date	06/12/2018			
Minimum recommended period	More than 3 years			
Reference currency	EUR			
Registration countries	Austria, Belgium, Czech Republic, Finland, France, the Netherlands, Spain, Sweden, Switzerland (pending), United Kingdom			
SHARE CLASS	A-Acc / A-Dist	I-Acc	E-Acc	R-Acc
ISIN code	C : LU1902444584 D : LU1902444667	LU1861294582	LU1902445045	LU1902444824
Investor type	All investors	Institutional investors	Institutional investors "Early birds"*	Distributors without retrocessions
Share class launch date	06/12/2018			
Share class reference currency	EUR			
Currency hedge	Non-euro investments are aimed to be hedged against the euro.			
Appropriation of income	Accumulation or distribution	Accumulation	Accumulation	Accumulation
ORDERS	A-Acc / A-Dist	I-Acc	E-Acc	R-Acc
Minimum 1st subscription	1 fraction of share	€ 100,000	€ 100,000	1 fraction of share
Valuation frequency	Daily			
Centralisation time (Luxembourg time)	Before 2:00 p.m. on the basis of the NAV as at D			
S/R value date	D+2			
Custodian	CACEIS Bank, Luxembourg branch			
FEES**	A-Acc / A-Dist	I-Acc	E-Acc	R-Acc
Max. subscription fee	5,00 %			
Max. redemption fee	None			
Max. management fee p.a. (incl. tax)	1.00%	0.50%	0.40%	0.60%
Max. administration fee p.a.	0.30%	0.20%	0.20%	0.30%
Max. conversion fee (incl. tax)	5.00%			
Performance fees***	20% of the performance of the sub-fund above the reference assets, incl. tax, within the limit of 1% of net assets			

PROFILE						
Management objective: outperform the Reference indicator with lower risk, over any 3-year period, while integrating Environmental, Social and Governance (E, S, and G – or, when taken together, ESG) criteria in the investment process.						
Reference indicator: Bloomberg Barclays Euro-Agg Corporate Total Return Index denominated in the currency of each relevant Share Class.						
Investment universe	bonds denominated in euro issued by private issuers around the world					
Duration range (interest rates)	[0; +6]					
Duration range (credit)	[0; +6]					
RISKS**						
Risk of capital loss	Yes					
Interest rates and credit risk	Yes					
Market risk	Yes					
Counterparty risk	Yes					
Liquidity risk	Yes					
RISK SCALE (SRRI)****						
Lower risk, <div><div><div>←</div><div>typically lower rewards</div><div>typically higher reward</div><div>→</div></div></div> Higher risk						
1	2	3	4	5	6	7

Synthetic information to be completed by the consultation of the legal documents for the fund. Any subscription is made on the basis of the most recent Key Investor Information Document (KIID) which contained essential information regarding the fund. Not all share classes or units and, as the case may be, share categories are registered for sale in all countries. Investors may contact CPR Asset Management for further information. - * First subscribers at fund inception until a certain threshold or a certain period is reached - ** Please consult the KIID or the prospectus for a comprehensive explanation of all fees and risks related to the fund. - ***A detailed explanation of the performance fees or variable fees is provided in the KIID and prospectus which are available upon request at CPR Asset Management or on the website www.cpr-am.com - **** Synthetic Risk and Reward Indicator (SRRI) corresponds to the risk and reward profile as per the KIID and may change over time. The lowest level of risk does not mean « risk free ».

Early-bird share class

An Early-bird share class is available for anchor investors who invest over a one-year period following the launch of the compartment i.e. in the period running from December 6th, 2018 to December 6th, 2019.

The E-Acc share class, or “Early Bird” share class, **offers a 15bp discount on management fees**.

The advantageous subscription terms will end as soon as the fund has reached €100m in assets under management, or from December 6th, 2019. Subscriptions are subject to approval by the SICAV’s Board of Directors.

Institutional share classes	E - Acc	I - Acc
Category of investors	Early Bird institutional investors	Institutional investors
Isin code	LU1902445045	LU1902444741
Share class Launch date	06/12/2018	06/12/2018
Share class currency	EUR	EUR
Minimum initial subscription	€ 100,000	€ 100,000
Subscription fee (max)	5%	5%
Redemption fee (max)	None	None
Management fee (real)	0.15%	0.30%
Administration fee (max)	0.20%	0.20%
Conversion fee (max)	5%	5%
Performance fees (max)	20% (within the limit of 1% of net assets)	20% (within the limit of 1% of net assets)



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