

**French Mutual Fund**

**TIKEHAU TAUX VARIABLES**

**ANNUAL ACCOUNTS**

On 31 december 2018

**Asset management Company : Tikehau Investment Management**

**Custodian : Caceis Bank**

**Statutory auditor : Ernst & Young Audit**

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## I. INFORMATIONS ABOUT THE FUND

- **LEGAL FORM**

Mutual Fund governed by French law.

- **CLASSIFICATION**

Bonds and other debt instruments denominated in euro.

- **PROCEDURES FOR THE DETERMINATION OF DISTRIBUTABLE INCOME**

The A, A CHF, P, E, K1, K2, F and S class shares distributable income is reinvested in full.

The D shares distributable income is the subject to distribution, as provided by the legal and regulatory provisions, including the possibility of distributing interim dividends during the year.

- **INVESTMENT OBJECTIVE**

The Fund seeks to achieve an annualised gross outperformance of the 3-month Euribor "EUR 3M" +200 basis points (*quotations for this index can be found on the Internet, for example on [www.banque-france.fr](http://www.banque-france.fr)*) with an investment horizon of more than one year, net of management fees specific to each share class (i.e., an annualised net outperformance of the 3-month Euribor +150 basis points for A, A CHF, D and K1 shares, an annualised net outperformance of the 3-month Euribor +100 basis points for P and K2 shares, and an annualised net outperformance of the 3-month Euribor +180 basis points for the E share, an annualised net outperformance of the 3-month Euribor +140 basis points for F share and an annualised net outperformance of the 3-month Euribor +160 basis points for S share).

- **BENCHMARK INDEX**

Investors' attention is drawn to the fact that the portfolio's management approach (see below) will never consist in tracking the composition of a benchmark index. However, "EUR 3M" may be used as an ex post performance indicator.

Together with EONIA, EURIBOR is one of the main benchmark rates for the euro zone money market. It is the deposit account interest rate offered on the European market by top tier banks. The rate's name is derived from a contraction of Euro Interbank Offered Rate (EURIBOR). EURIBOR is determined based on a sample of 57 banks (including 51 European banks). The rates are published daily by the EBF at 11 a.m. The interest is calculated on an exact 360-day calculation basis. The rate applies two business days after it is set.

- **INVESTMENT STRATEGY**

**a) Strategy used**

This is a bond fund that will have exposure mainly to "Investment Grade" debt securities (with a rating above or equal to BBB- from Standard and Poor's/Fitch or Baa3 from Moody's), issued by entities in the private and public sectors, mainly in the euro zone and on which the interest rate risk will have been minimised by the use of floating-and variable-rate bonds regardless of maturity, bonds with short maturities, interest rate hedging instruments (interest rate swaps or futures contracts), and inflation-linked bonds. The rating applied by the portfolio management company will be the highest obtained from the rating agencies Standard and Poor's, Fitch and Moody's.

The Fund may also invest in derivatives, on a subsidiary basis, including credit derivatives (credit default swaps) on an ancillary basis, and the positions will be held with a medium-term view. Exposure to credit derivatives will be made in the limit of 10% of the net assets.

The aim is to receive the income generated by the portfolio, and to possibly optimize the income via overexposure. Derivatives may be used both for hedging and exposure purposes; the portfolio's global exposure can therefore be increased to 200%.

The Fund may also have exposure to "High Yield" securities (with a rating lower than BBB- from Standard and Poor's/Fitch or Baa3 from Moody's) or unrated securities: they may not represent more than 45% of the net assets of the Fund. Exposure in "High Yield", speculative securities, will be limited to 35% of the net assets of the Fund.

Interest-rate sensitivity range	Security issuers	Security issuers' geographical area	Corresponding exposure range
Between -1 and 1	Private and public sector companies	Primarily in the euro zone	Up to 200%

The Fund's multi-investment nature is significant, as the managers wishes are to invest freely in the debt securities that they select via the most appropriate channels.

The portfolio will be sensitive to interest rates, and will not be subject to maturity constraints for each bond. This sensitivity will be actively managed, based on the manager's expectations, and will range between -1 and 1 overall. Sensitivity to credit spreads will be between -1 and 4.

As a result, the Fund's investment strategy will be based on two main factors:

- **The level of the yield curve**
  - The Fund will minimise interest-rate risk by using floating-rate or interest-rate hedging instruments.
- **The general level of risk premiums, and their structure for borrowers**
  - The premium represents the return on risk for the asset class. The Fund will be continually involved in the fluctuations in this premium.
  - Managing the allocation between government bonds and private sector debt.

These components, along with the full array of debt instruments, will enable optimal management of the portfolio.

The issuing companies will be selected based on a high number of criteria, including:

- Size
- Operating margins
- Sector and positioning of the company
- Cash-flow stability
- Debt level
- Management's proficiency
- Company prospects and evolution of its markets.

#### **b) Concerned financial instruments**

##### **Used assets, excluding derivatives:**

**Debt securities and money market instruments:** up to 200% of net assets.

- The Fund will primarily invest in private or Government debt securities (bonds, bonds convertible into shares, subordinated bonds, transferable debt securities or any other type of debt), or in listed securities issued by securitisation vehicles such as units in Debt Securitisation Funds or equivalent vehicles.
- The Fund may also have exposure to "High Yield" securities (with a rating lower than BBB- or equivalent) or unrated securities: they may not represent more than 45% of the net assets of the Fund. Exposure to "High Yield" securities will be limited to 35% of the net assets of the Fund.
- The portfolio's sensitivity will be ranged between -1 and 1, but the Fund is not subject to any restrictions concerning the final maturity of the bonds in which it invests.
- This asset class will account for most of the capital investments.

**Units or shares of French or European UCITS and investment funds:** up to 10% of net assets. For purposes of diversification, the Fund may invest up to 10% of its net assets in:

- units or shares of French or foreign UCITS compliant with Directive 2009/65/EC,
- units or shares of other French or foreign UCIs or foreign investment funds which meet the conditions laid down in Paragraphs 1 to 4 of Article R. 214-13 of the French Monetary and Financial Code.

Units or bonds issued by Mutual Fund Securitization: The Fund may invest up to 10% of net assets in units or bonds of Mutual Fund Securitization/Securitisation Companies managed by Tikehau Investment Management and for which the portfolio management company can perceive structuring and management charges.

Exposure to the equity markets: up to 10% of net assets. The Fund may hold equities admitted to trading directly or when the debt securities held by the Fund are converted to or redeemed in equity capital. The Fund may invest in shares of companies of all market capitalisation and of all geographic regions. Moreover, the Fund may have exposure to the equity markets through investment in units or shares of UCITS.

Furthermore, the bonds and debt securitisation funds in which the Fund invests may be unlisted, within the regulatory maximum of 10% of net assets (other eligible assets). As a listing is not often a guarantee of liquidity on the bond market, we view it as a subcriterion.

#### **Securities with embedded derivatives**

The fund may invest in securities with embedded derivatives (particularly warrants, convertible bonds, credit-linked notes (CLN), callable and puttable, EMTN) traded on regulated, organised or over-the-counter Eurozone and/or international markets up to a limit of 100% max.

#### **Contingent Convertible Bonds ("CoCos"):**

The SICAV can invest in this type of instrument up to a 15% maximum of its net asset and suffer the specific risks tied to CoCos, described à the section7 of the prospectus.

#### **Forward financial instruments:**

##### **Types of markets:**

For purposes of hedging its assets and/or achieving its investment objective, the Fund may make use of financial contracts, traded on regulated markets (futures) or over the counter (options, swaps, etc.). In this respect, the asset manager may build an exposure to or a synthetic hedge on CDS indices, sectors or geographical regions. On this account, the Fund may take positions to hedge the portfolio against certain risks (interest rates, equity, credit, currency) or to obtain exposure (long or short) to these risks.

##### **Risks in which the portfolio manager wishes to invest:**

- Interest-rate risk
- Currency risk
- Credit risk
- Equity risk

##### **Nature of the transactions:**

- Hedging
- Exposure

##### **Nature of the instruments used:**

- Interest rate options
- Forward contracts on interest rates and equity
- Options on bonds, equities, interest rates
- Interest rate hedging instruments (swaps, swaptions)
- Transactions in Credit Default Swaps (CDS) or via ITRAXX indices
- Currency swaps: The Fund's assets may also include a portion of assets in foreign currencies; currency swap transactions will be entered to hedge the currency risk. No significant currency risk will be taken by the Fund.
- Asset swaps: contracts that enable the delivery of a (conventional or convertible) bond to the counterparty via swapping the physical security against its nominal value and via arranging an interest-rate and/or currency swap with a margin (known as an asset swap).

##### **Strategy for using derivatives:**

- Hedge the portfolio against certain risks (interest rates, equity, credit, foreign exchange)
- Obtain exposure to interest rate risk and equity risk
- Build a synthetic exposure to assets and risks (interest rates, equity, credit)

The maturity of the contracts shall be consistent with the Fund's investment horizon.

The exposure to these financial instruments, markets, rates and/or to some of their parameters or components resulting from the use of financial contracts may not exceed 100% of net assets.

Credit derivatives will be used in the context of the Fund's management in cases, whenever the Fund requires an active credit risk management policy.

The use of credit derivatives will meet three fundamental requirements:

- Implementing directional strategies.

Alongside positions in underlying cash assets, credit derivatives will primarily be used in the following cases:

- There are no underlying cash assets for a given issuer.
- There are no underlying cash assets for the desired length of exposure to a given issuer.
- The relative value of the underlying cash assets and the derivatives justifies the investment.

- Implementing spread strategies between issuers, and credit curves for the same issuer, or arbitrage strategies between the same issuer's products (cash against derivatives).

The Fund may use OTC (index) options on liquid underlying assets that do not pose any valuation issues (vanilla options). The managers are not planning to use over-the-counter financial instruments that are actually very complex, and where the valuation may be uncertain or incomplete.

Furthermore, the Fund does not rule out investing from time to time in other instruments that enable exposure to some risks under better conditions than via the instruments described above.

#### **Authorized counterparties**

As part of OTC transactions, counterparties are financial institutions specialized in this type of transactions. Additional information on the counterparties to the transactions will appear in the Fund's annual report. These counterparties will have no discretionary power on the composition or the management of the Fund.

#### **Management of financial guarantees**

As part of operation on financial instruments OTC, some operations are covered by a collateralisation policy. This policy consists in performing margin calls in cash in the currency of the fund in order to cover the latent result of the operation according to triggers thresholds.

#### Deposits

The Fund may invest its excess cash in term deposit accounts. These deposits may amount to up to 100% of the Fund's assets.

#### Cash borrowing

The Fund may temporarily have recourse to borrowing species in particular to optimize the cash management of the Fund. This type of operation will nevertheless be used incidentally.

As security for the overdraft facility granted by the bank or depositary institution, the Fund provides a financial guarantee in the simplified form under the provisions of Articles L. 211-38 and following of the Monetary and Financial Code.

#### Temporary purchases and sales of securities

The Fund may temporarily dispose of financial instruments (securities lending, repurchase, etc.) up to 100% of its net assets.

The Fund may purchase financial instruments on a temporary basis (borrowing securities, and reverse repos, etc.) up to an amount equivalent to 10% of its net assets. This limit will be raised to 100% in the event of reverse repos in exchange for cash, on condition that the financial instruments that are the subject of the repo are not included in any disposal transaction, including temporary transactions or the granting of guarantees.

All revenues resulting from efficient portfolio management techniques, net of direct and indirect operating costs, are returned to the Fund.

Objective of temporary purchases and sales:

- Cash management;
- Optimisation of the Fund's revenues;
- Helping to generate leverage.

#### Authorized counterparties

As part of the securities lending transactions, counterparties are financial institutions specialized in this type of transactions. Additional information on the counterparties to transactions will appear in the Fund's annual report. These counterparties will have no discretionary power on the composition or the management of the Fund.

The selection of counterparties for OTC transactions on derivatives and securities lending is in line with a procedure known as "best selection".

#### Management of financial guarantees:

As part of the realization of securities lending transactions, the Fund may receive financial assets as guarantees and aiming to reduce the exposure of the UCITS to counterparty risk.

In the event the financial guarantee is received in cash, it will either be:

- Placed on deposit with entities prescribed in Article 50, paragraph f) of the UCITS Directive;
- Invested in high quality government bonds;
- Used for repo transactions (reverse repurchase transactions), provided that such transactions are made with credit institutions subject to prudential supervision and that the fund can call at any time the total liquidity taking into account accrued interest;
- Invested in money market mutual funds in the short term (as defined in the ESMA guidelines for a common definition of European money market mutual funds).

#### Internal limits on benchmark entities and assets

The list of benchmark entities will be the same as that laid down in Article R. 214-14 3°) of the French Monetary and Financial Code for French UCITS.

The investment strategy requires monitoring the financial structure of all corporate issuers via an internal database, regardless of whether they are Investment Grade or Speculative Grade.

The companies will primarily belong to all sectors of the economy, and will mainly be located in OECD countries.

The Fund will mainly invest in the debt of sizeable companies (with revenues of over € 300 million) but will not rule out looking at smaller companies on an opportunistic basis, with a view to maximising the risk/return profile of the Fund while retaining a reasonable level of liquidity.

The use of derivative instruments may result in overexposure amounting to up to 200% of net assets.

#### Contracts amounting to financial guarantees

The Fund will offer a Bank or Financial Institution granting it an overdraft facility a guarantee in the simplified form provided for by Articles L. 211-38 et seqq. of the French Monetary and Financial Code.

#### • **RISK PROFILE:**

**Warning:** *Your money will mainly be invested in financial instruments selected by the management company. These instruments will be subject to market trends and risk.*

**Risk of capital loss:** The Fund does not guarantee the capital invested. Investors may not recover the value of their initial investment.

**Credit risk:** The Fund may be fully exposed to credit risk on private and public issuers, via bonds or credit derivatives. In the event that their financial position deteriorates, or that they default, the value of the debt securities may fall and result in a decrease in the net asset value. Investments in high-yield securities with a low or inexistent rating may increase the credit risk.

**Discretionary risk:** The discretionary management style is based on anticipating changes in the various markets. There is a risk that the Fund may not be invested in the best-performing markets at all times.

**Risk associated with futures commitments:**

As the Fund may invest in financial futures up to a maximum exposure equivalent to 200% of net assets, the Fund's net asset value may therefore experience a steeper decline than the markets to which the Fund is exposed.

**Operational risk:** The systems or processes implemented to ensure the proper processing of transactions may fail.

**Interest rate risk:** Sensitivity to interest rates may vary depending on the fixed-rate securities held, and result in a decrease in the Fund's net asset value. Even though the Fund will retain a risk sensitivity of less than 1, there may still be a residual interest-rate risk.

**Counterparty risk:** The Fund may be required to enter into transactions with counterparties that for a certain period hold cash or assets. Counterparty risk can be generated by the use of derivatives or securities lending and borrowing. The Fund therefore carries the risk that the counterparty does not carry out the transactions instructed by the portfolio management company due to insolvency, bankruptcy of the counterparty among others, which may cause a decline in the net asset value. Managing this risk entails the process of choosing counterparties both for brokerage and OTC transactions.

**Liquidity risk:** Liquidity, particularly in OTC markets, is sometimes reduced. Especially in turbulent market conditions, the prices of portfolio securities may experience significant fluctuations. It can sometimes be difficult to unwind some positions on good terms for several consecutive days.

There can be no assurance that the liquidity of financial instruments and assets is always sufficient. Indeed, the Fund's assets may suffer from adverse market developments that may make it more difficult to adjust positions on good terms.

**Currency risk:** The Fund may be exposed to currency risk in the proportion to that part of the net assets invested outside the euro zone not hedged against this risk, which could lead to a decrease in its net asset value. For units denominated in a currency other than the euro, the currency risk linked to fluctuations in the euro versus the valuation currency is residual thanks to systematic hedging. This hedging may generate a performance differential between units in different currencies.

**Equity risk:** The Fund may be exposed to equity risk on an ancillary basis, which could lead to a decrease in its net asset value in case of decrease of this market.

**Risk of conflict of interests:** the fund can be invested in OPC managed by Tikehau IM or company connected or securities issued by these OPC. This situation can be source of conflicts of interests.

**Specific risks linked to the investment in the contingent convertible bonds ("CoCos"):**

Trigger level risk: trigger levels differ and determine exposure to conversion risk depending on the distance to the trigger level.

Coupon cancellation: Coupon payments are entirely discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

Yield/Valuation risk: investors have been drawn to the instrument as a result of the CoCos often attractive yield which may be viewed as a complexity premium.

Call extension risk: CoCos are issued as perpetual instruments, called at pre-determined levels only with the approval of the competent authority.

Capital structure inversion risks: contrary to classic capital hierarchy, CoCo investors may suffer a loss of capital when equity holders do not.

Liquidity risk: like the high-yield bond market, the liquidity of the CoCos can be significantly affected in turbulent market conditions.



- **GUARANTEE OR PROTECTION:**

The Fund offers no guarantee or protection.

- **TARGET INVESTORS AND INVESTOR PROFILE:**

The Fund's shares are not open to investors with the status of "U.S. Person" as defined in Regulation S of the SEC (Part 230-17 CFR230.903).

The Fund is not, and will not be, registered under the U.S. Investment Company Act of 1940. Any resale or transfer of shares in the United States of America or to a "U.S. Person" may constitute a violation of U.S. law and requires the prior written consent of the management company of the Fund. Those wishing to acquire or subscribe for shares must certify in writing that they are not "U.S. Persons".

The Fund's management company has the power to impose restrictions (i) on the holding of shares by a "U.S. Person" and thus enforce the compulsory redemption of shares held, or (ii) on the transfer of shares to a "U.S. Person". This power also extends to any person (a) who is shown to be directly or indirectly in violation of the laws and regulations of any country or government authority, or (b) who could, in the opinion of the Fund's management company, cause the Fund to suffer harm that it would not otherwise have undergone or suffered.

The offer of shares has not been authorised or rejected by the SEC, by the specialist commission of a U.S. state or any other U.S. regulatory authority, nor have those authorities pronounced on or sanctioned the merits of such offer, or the accuracy or adequacy of documents relating to this offer. Any statement to this effect is contrary to law.

Any holder of shares must immediately inform the Fund's management company in the event that they become a "U.S. Person". Any holder of shares becoming a U.S. person will not be allowed to acquire new shares and may be asked to dispose of their shares at any time for the benefit of people not having the status of "U.S. Person". The Fund's management company reserves the right compulsorily to redeem any shares held directly or indirectly by a "U.S. Person", or if the holding of shares by any person whatsoever is contrary to law or to the interests of the Fund.

The definition of "U.S. Person(s)" as defined in Regulation S of the SEC (Part 230-17 CFR230.903) is available at the following address: <http://www.sec.gov/laws/secrulesregs.htm>.

- **A shares:** suitable for investors with a minimum initial subscription of 1,000,000 euro.

- **A CHF shares:** suitable for investors with a minimum initial subscription of 10,000 CHF.

- **K1 shares:** suitable for investors with a minimum initial subscription of 100,000 euro.

- **E shares:** reserved exclusively for executive officers and employees (investing either directly, or through all companies under their control), shareholders, companies or invested funds under the control (i) of the management company or (ii) of any company directly or indirectly controlling the management company, the term "control" being used according to the meaning of Article L233-3 3-37 of the French Commercial Code.

- **P and K2 shares:** Suitable for investors with a minimal initial subscription of 1,000 euro.

- **F shares:** suitable for investors investing through an intermediary being a discretionary portfolio managers or independent advisers, as defined under MiFID; and/or non-independent or restricted advisers who have agreed not to receive any payments or are not permitted to receive any payments pursuant to regulatory requirements imposed by local regulators, and whose minimum initial subscription is 1,000 euro.

- **D shares:** suitable for investors with a minimum initial subscription of 100,000 euro.

- **S shares:** suitable for investors with a minimal initial subscription of 85,000, 000 euro.

Profile of the typical investor:

This Fund is intended for all investors, especially those seeking a higher return than the 3-month Euribor while having exposure to the credit market, which generally undergoes less pronounced variations than the equity market.

The recommended investment horizon is 12 to 18 months.

The amount that is reasonable to invest in the Fund will depend on the personal circumstances of each share holder. To determine this, each holder should take into account their personal wealth, their current requirements over an investment horizon of at least 12 to 18 months, but also their willingness to take risks or opt instead for a prudent investment.

## 2. CHANGES AFFECTING THE UCI

- Clarification on the conformity of the remuneration policy with the directive OPCVM V.
- New share (S).
- Modification rules for investors (share F) in accordance of MIFID rules.
- Clarifications on exposure to securities incorporating derivatives and in particular on convertible contingent bonds.
- Precision on Distribution of information related to the Fund.
- Precision on Temporary purchases and sales of securities.
- Changing criteria (ESG) Information.
- The management company will be able to delegate investment management of its investments made in Asia to Tikehau Investment Management Asia PTE LTD.
- Updating of the terms of subscription and redemption.
- Share A: up date of Minimum initial subscription amount.
- Benchmark index: compliance with the regulations (UE) 2016/1011.

### 3. MANAGEMENT REPORT

#### 2018 timeline

The first half of 2018 was marked by a real return of volatility on markets. Despite a good part of January having been positive, markets started to fear a spiralling of inflation, leading to expectations of more rapid-than-expected monetary tightening. Inflation expectations were fuelled both by core inflation, linked directly to companies' activities and the rebound of employment, and headline inflation, with the prices of commodities such as oil at their highest in three years.

This resulted in a rise in interest rates on markets and a soaring VIX, which saw its biggest daily increase since its creation (+116%). All the conditions required for the US 10-year rate to push through the symbolic 3% threshold, which the entire market had its eyes on, were thus met. However, we did not observe a surge in yields or the risk of an explosion of short-term rates. The first half of the year was also rich on the geopolitical front. The protectionist threats made by Donald Trump to implement trade tariffs on steel and aluminium imports coming from Canada, Mexico, Europe and China stirred up trouble, with China being the US President's top target, in the stated aim to reduce the size of the United States' trade deficit with the latter. Between bargaining positions and real threats possibly leading to a large-scale trade war, doubts persisted. Once again, the Middle East was not spared, with tensions related to the US exiting the Iranian nuclear deal. Lastly, Italy and Spain created some tumult at the end of May, with in the first case the unprecedented situation of a formation of a populist government, and for the latter a motion of censure against the Prime Minister in office. The credit trend thus followed these different economic and geopolitical events. After a good start to the year for credit in January (+0.43%), the high yield market (-0.70%) in particular was disrupted by the new inflation expectations in February. Credit nevertheless made an attempt at a rebound mid-February, but without erasing all of the decline, and continued to undergo corrections along with Donald Trump's protectionist measures in March (-0.20%). Following the lull in geopolitical tensions, the high yield market was able to pick up again in April (+0.65%), before being hampered by the events in Italy at end-May (-1.37%) and June (-0.44%).

Often overshadowed by the theme of a return of inflation and fears of a more rapid-than-anticipated monetary tightening by the main central banks, the geopolitical risk made a strong comeback in H2 2018. Among core concerns were the political situation in Europe (stand-off between the European Commission and Italy regarding the pathway of the country's budget deficit, and thus the issue of the sustainability of its debt, the difficult Brexit negotiations and resurgence of the possibility of a no-deal, political instability in Germany) and US protectionism (trade tariffs on steel, aluminium, the auto sector, the trade war with China, NAFTA renegotiations), sparking fears of a slowdown in world growth (successive drop in global PMIs and confidence indicators) and a destabilisation of emerging countries (rise in the dollar and spiralling drop in local currencies, widening of bond yields, fears of a hard landing in China, drop in commodities prices, notably oil). Consequently, and after a relative calm period during the summer that enabled markets to rebound following the negative months of May and June, sentiment deteriorated rapidly, leading to a sharp correction on all risky assets over the last three months of the year. In the fourth quarter, the VIX, labelled "the fear index", and which measures the volatility of US equity markets, returned to its peak levels of March. Credit was not spared by this widespread risk aversion. Following the relatively upbeat months of July (+1.58%), August (-0.19%) and September (+0.28%), the combination of idiosyncratic risks, reflected in the disappointing Q3 results for some companies, and the geopolitical tensions described above turned out to be an explosive cocktail for high-yield corporate debt, with particularly harsh months in terms of performance in October (-1.20%), November (-2.00%) and December (-0.41%). This was the most negative quarter for the performance of risky assets since the financial crisis. Note that this sharp drop was exacerbated by very low liquidity nearing the end of the year, which sometimes resulted in declines of up to 10 points in a single day. In addition to these abrupt movements confined to certain types of credit, we observed low dispersion with a widespread and indiscriminate decline, which thus created opportunities. Without fundamental justification for most of the movements, value has undoubtedly returned to the fore. However, at end-December, it appeared that the jitters and discomfort of investors took precedence over these considerations. The question now is for how long can the return to value continue to be ignored.

#### Comments on the fund's management in 2018

Throughout 2018 the fund remained consistent with its mandate and its historical positioning by concentrating its investments at the short end of the curve. We invested our unitholders' subscriptions in the most optimal way possible by seeking to maintain an optimal allocation authorised by the prospectus on the two main performance drivers (high yield and subordinated financials) while reducing the credit duration over the year (from 2.2 to 1.4 years). Lastly, although the level of cash remained relatively high throughout the year at around 20%, it produced

income through short-term investments in negotiable debt securities or callable bonds in order to generate higher returns.

## 2019 outlook

The coming year will bring many challenges, but also opportunities.

Among the main risk factors, the continual withdrawal of liquidity by the central banks, with the ECB following in the footsteps of the Fed as from the first of January, will not be without impact for credit markets, notably investment grade, which will thus see one of its main buyers disappear gradually. Brexit will of course be one of the main subjects. British MPs will have to vote on the deal at the beginning of January, while regardless of whether a deal is signed, the UK will be required to leave the EU at end-March, unless Article 50 is extended. The trade war, illustrated by the disagreements between the US and China, is not over, with the two world majors currently in talks to avoid an escalation of tensions, while signs of a world economic slowdown are accumulating (PMIs, trade, industrial production, etc.). Lastly, the political risk will remain relevant, notably with the European elections in May.

A good number of positive factors for European high yield will nevertheless offset these risks of exogenous shocks: (i) expansionist fiscal policies are gaining ground worldwide (notably in Europe and China) and are set to offset the risks of a deceleration linked to the US/China trade war; (ii) inflation remains contained, which limits the risk of an overheating and thus that of the main central banks adopting more restrictive monetary policies; (iii) the earnings growth momentum and historically high margin levels of companies dispel the idea of an economic downturn in the short to medium-term; (iv) the low interest rate environment persists following the recent resurgence of risk aversion and the ECB's forward guidance. Despite the ECB having confirmed the end of QE, it is set to raise its rates much later on (Q4 2019) and very gradually, which should lead short-term rates to remain anchored in negative territory over the medium-term (for illustration, \$7.6bn in debt still yield negative returns); (v) With the ECM remaining attentive to the economy, the default rate is set to remain contained; (vi) the recent drawdowns and rise in volatility resulted in an excessively bearish positioning and low liquidity coming up to the end of the year, decorrelated from any fundamental justification; consequently, (vii) valuations on the secondary market are increasingly attractive, with the technical support of the absence of a primary market in the short-term that could weigh on prices.

## Performance

Date	Name / Class	ISIN	AUM OFFICIAL	PERF	FDGV acquired 2018	Com de perf fees	Rate of perf fees
31/12/2018	TTV - Class A	FR0010814806	1 372 796 544,00 €	-1,55%	7 231,19 €	- €	0,00%
31/12/2018	TTV - Class A CHF	FR0012371557	13 389 621,00 CHF	-2,02%	21,29 €	- €	0,00%
31/12/2018	TTV - Class D	FR0013204104	14 494 222,00 €	-1,55%	64,50 €	- €	0,00%
31/12/2018	TTV - Class E	FR0010819847	14 301 280,00 €	-1,25%	- €	- €	0,00%
31/12/2018	TTV - Class F	FR0013292356	53 171 400,00 €	-1,65%	1 899,54 €	- €	0,00%
31/12/2018	TTV - Class K1	FR0011261957	2 588 847,00 €	-1,56%	- €	- €	0,00%
31/12/2018	TTV - Class K2	FR0011261965	692 519,69 €	-2,05%	- €	- €	0,00%
31/12/2018	TTV - Class P	FR0010819821	183 196 064,00 €	-2,05%	3 879,83 €	- €	0,00%
31/12/2018	TTV - Class S	FR0013332772	87 046 784,00 €	-1,15%	- €	- €	0,00%

*Past performance is no guarantee of future performance.*

## Movements in portfolio listing during the period

Securities	Movements (in amount)	
	Acquisitions	Transfers
<b>OSTRUM TRESORERIE PLUS IC</b>	<b>127,750,014.65</b>	<b>134,272,080.95</b>
<b>AMUNDI CASH CORPORATE IC</b>	<b>121,749,670.30</b>	<b>122,721,048.64</b>
<b>BNPP INSTICASH EUR INST CAPIT</b>	<b>104,249,999.80</b>	<b>117,768,320.13</b>
<b>AMUNDI CASH INSTITUT SRI-IC</b>	<b>98,248,483.44</b>	<b>119,873,711.00</b>
<b>CASINO ZCP 07-06-18</b>	<b>44,996,900.21</b>	<b>45,000,000.00</b>
<b>CASINO ZCP 09-07-18</b>	<b>44,996,000.36</b>	<b>45,000,000.00</b>
<b>CASINO ZCP 09-08-18</b>	<b>44,994,963.07</b>	<b>45,000,000.00</b>
<b>CASINO ZCP 10-09-18</b>	<b>44,993,201.03</b>	<b>45,000,000.00</b>
<b>SLF FRANCE MONEY MARKET EURO 3D</b>	<b>29,999,256.13</b>	<b>54,348,954.22</b>
<b>HOLC FINA BELG ZCP 07-09-18</b>	<b>41,019,740.75</b>	<b>41,000,000.00</b>

• **EFFICIENT PORTFOLIO MANAGEMENT (EPM) TECHNIQUES AND FINANCIAL DERIVATIVE INSTRUMENTS**

**a) Exposure obtained through the EPM techniques and Financial derivative instruments**

- Exposure obtained through the EPM techniques and Financial derivative instruments :
  - **Securities lending :**
  - **Securities loan :**
  - **Reverse repurchase agreement :**
  - **Repurchase :**
- Underlying exposure reached through financial derivative instruments : **423,923,954.33**
  - **Forward transaction : 137,870,444.33**
  - **Future : 286,053,510.00**
  - **Options :**
  - **Swap :**

**b) Identity of the counterparty(ies) to EPM techniques and Financial derivative instruments**

Identity of the counterparty(ies) to EPM techniques	Financial derivative instruments (*)
	GOLDMAN SACHS INTERNATIONAL LTD CACEIS BANK LUXEMBOURG

(\*) Excepted derivative listed.

**c) Type and amount of collateral received by the UCITS to reduce counterparty risk**

<b>Types of financial instruments</b>	<b>Amount portfolio currency</b>
<b>EPM</b> . Term Deposit . Equities . Bonds . UCITS . Cash (**)	800,000.00
<b>Total</b>	<b>800,000.00</b>
<b>Financial derivative instruments</b> . Term Deposit . Equities . Bonds . UCITS . Cash	
<b>Total</b>	

(\*\*) The Cash account also includes liquidity resulting from repurchase deals.

**d) Revenues and operational cost/fees from EPM**

<b>Revenues and operational cost/fees</b>	<b>Amount portfolio currency</b>
. Revenues (***) . Other revenues	831.28
<b>Total revenues</b>	<b>831.28</b>
. Direct operational fees . Indirect operational fees . Other fees	4,990.67
<b>Total fees</b>	<b>4,990.67</b>

(\*\*\*) Revenues received from loans, repurchase and reverse repurchase agreements.



• **TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND OF REUSE (SFTR) – REGULATION SFTR – in accounting currency of the portfolio (EUR)**

	Securities lending	Securities loan	Repurchase	Reverse repurchase agreement	Total Return Swaps (TRS)
--	--------------------	-----------------	------------	------------------------------	--------------------------

**a) Securities and commodities on loan**

Amount					
% on Net Assets*					

\*% excluding cash & cash equivalents

**b) Assets engaged in each type of SFTs and TRS expressed in absolute amount**

Amount					
% on Net Assets					

**c) 10 largest collateral issuers received (excluding cash) across all SFTs and TRS**

--	--	--	--	--	--

**d) Top 10 counterparties expressed as an absolute amount of assets and liabilities without clearing**

--	--	--	--	--	--

**e) Type and quality (collateral)**

Type					
- Equities					
- Bonds					
- UCITS					
- Notes					
- Cash	800,000.00				
Rating					
Collateral currency					
- EURO	800,000.00				

**f) Settlement and clearing**

Tri-party					
Central Counterparty					
Bilateral	X			X	

	Securities lending	Securities loan	Repurchase	Reverse repurchase agreement	Total Return Swaps (TRS)
--	--------------------	-----------------	------------	------------------------------	--------------------------

**g) Maturity tenor of the collateral broken down maturity buckets**

< 1 day					
[1 day - 1 week]					
]1 week - 1 month]					
]1 month - 3 months]					
]3 months - 1 year]					
> 1 year					
Open					

**h) Maturity tenor of the SFTs and TRS broken down maturity buckets**

< 1 day					
[1 day - 1 week]					
]1 week - 1 month]					
]1 month - 3 months]					
]3 months - 1 year]					
> 1 year					
Open					

**i) Data on reuse of collateral**

Maximum amount (%)					
Amount reused (%)					
Cash collateral reinvestment returns to the collective investment undertaking in euro					

**j) Data on safekeeping of collateral received by the collective investment undertaking**

Caceis Bank					
Securities					
Cash	800,000.00				

**k) Data on safekeeping of collateral granted by the collective investment undertaking**

Securities					
Cash					

	Securities lending	Securities loan	Repurchase	Reverse repurchase agreement	Total Return Swaps (TRS)
--	-----------------------	-----------------	------------	------------------------------------	-----------------------------

**I) Data on return and cost broken down**

<b>Return</b>					
- UCITS	831.28				
- Manager					
- Third parties					
<b>Cost</b>					
- UCITS	4,990.67				
- Manager					
- Third parties					

## 4. REGULATORY INFORMATION

### • REGULATORY REQUIREMENTS

*Information relating to operations during the year and on the securities for which the Management Company is informed that his group has a particular interest*

	Net Asset Value in EUR
<b>Securities issued by the promoter group</b>	None
<b>Loans issued by the promoter group</b>	None
<b>UCI and investment funds situated in third countries issued by the promoter group</b>	
TIKEHAU 2X FLR 12-29	5,011,722.54
TIKE CLO I FLR 12-30	14,855,632.13
TIKEHAU FLR 08-28	2,985,712.05
FCT TE FARE 4 CL.B 2	273,539.52

### • INFORMATION ON EFFECTIVE PORTFOLIO MANAGEMENT TECHNIQUES

None.

### • INVESTMENT management delegation

The Management Company can delegate to Tikehau Investment Management Asia PTE LTD the management of the portfolio of Asian investments.

Tikehau Investment Management Asia PTE LTD is a portfolio Management Company authorised by the Monetary Authority of Singapore under License No. CMS100458-I, having its registered office at 12 Marina View, #23-06, Singapore (018961).

### • SELECTION CRITERIA OF MARKET INTERMEDIARIES

In accordance with the applicable regulations, the execution policy defined by TIM is aimed at obtaining the best possible results for its clients considering the price, cost, speed, probability of execution and payment delivery, the nature of orders or any other consideration related to the execution.

TIM is not a market member and, as such, does not by itself execute the orders on the financial markets. It transmits them to authorized intermediaries for execution on the markets. Consequently, the management company has set up a policy of market intermediaries' selection, called "best selection" policy.

TIM requests that its market intermediaries be categorized as professional clients in order for them to provide "the best execution" which the management company must in turn provide to its own clients.

#### **Selection criteria of market intermediaries**

*The Broker Committee*

As part of the management of the relation with its market intermediaries and counterparties, TIM equipped itself with a brokers Committee meeting, to be held as often as necessary, and at least once every year.

The Broker Committee is responsible for:

- Monitoring and updating the best selection policy;
- Limiting or even terminating a relation with an intermediary or counterparty.

Furthermore, the Committee takes note of newly developed relations since its last meeting.

Decisions of the Committee are recorded on a synthesis document that will be archived for at least 5 years.

The Committee is formed with the following associates:

- Directors of Tikehau Investment Management;
- Heads of management activities;
- Head of Middle Office;
- Compliance Officer.

Anybody who is deemed necessary for the Committee to make a decision may be invited.

#### *On-boarding new market intermediary*

The main criteria taken for intermediaries and counterparties selection are:

- Financial markets covered by the broker;
- The offered price compared to the offered liquidity:
  - o Fee percentage per transaction;
  - o Average size of orders to be placed, if required;
  - o Minimum fee per transaction, if required;
- Financial soundness of the structure;
- Any other relevant criteria.

The portfolio manager willing to work with a new counterparty will send to the Middle Office (with copy to the Compliance Officer) the "On-boarding of a new broker form" available in appendix, filled with his part of the information.

The Middle Office contacts the intermediary in order to collect supporting documents for the filing of a new relationship with an intermediary or counterparty. These include:

- Certificate of incorporation;
- Memorandum and articles of association;
- Proof of regulation;
- Authorized signatories list.

Once the file is complete, the Middle Office transfers it to the Compliance Officer for approval. Some restrictions or limitations to the relationship may be applied. In case of denial of approval, the Compliance Officer must give the reason for his decision. The Compliance Officer must sign the form and send it to the Directors of the Firm who will authorize the new relationship.

Once the form is signed by a member of the Tikehau IM board, the Middle Office liaises with the intermediary, in order to finalize the new relationship and requests for:

- its best execution policy;
- its terms and conditions;
- the confirmation of Tikehau IM MiFID categorization as a "Professional client".

All documents are kept and archived by the Middle Office.

#### • **REPORT ON INTERMEDIARY FEES**

When the order execution and investment decision support services and the intermediary fees for the prior financial year exceeded EUR 500,000, the Management Company draws up a document entitled "Report on intermediation fees", updated each year. This document is available on the website of Tikehau Investment Management:

<http://www.tikehaucapital.com/en/funds-and-portfolio/legal>

#### • **VOTING POLICY**

The voting policy of the Management Company for all UCI it manages is available in the head office of the Management Company and on the website of Tikehau Investment Management in accordance with Articles 321-132 to 321-134 of the "Règlement Général de l'Autorité des Marchés Financiers".

## • ENVIRONMENTAL, SOCIAL AND GOVERNANCE QUALITY CRITERIONS

### I. Background to the ESG process

In 2014, the Tikehau Capital group signed the six Principles for Responsible Investment (the “UN PRI”). The Group’s responsible investment policy is formalised in a “Responsible Investment Charter” which makes governance one of the cornerstones of the analysis of environmental, social and governance (ESG) issues.

TTV’s investment strategy is to manage, on an active and discretionary basis, a diversified portfolio composed of bonds (investment grade and high yield) and other eligible debt securities. The objective of this fund is to achieve an annualised gross return higher than 3-month Euribor plus a margin of 200 basis points. TTV’s responsible investment policy is materialized by: (1) respect of the Tikehau Capital group exclusions when selecting issuers (e.g. controversial weapons, tobacco<sup>(1)</sup> and thermal coal<sup>(2)</sup>) and (2) the integration of ESG factors throughout the life cycle of the investment.

<sup>(1)</sup> Exclusion of issuers deriving more than 30% of their revenues from tobacco and cannabis (agriculture and manufacturing for recreational purposes).

<sup>(2)</sup> Exclusion of issuers deriving more than 30% of their revenues from thermal coal (mining, trading and energy production). Metallurgical coal is not excluded.

For each investment, the research and investment teams perform an in-depth due diligence that focuses on a constant confrontation between their top-down view (directional market analysis) and their bottom-up view (fundamental analysis of each issuer leading to a selection of the securities to be held on portfolio).

The quality of the ESG analysis of issuers depends on the availability of information (website, annual report, sustainable development report, press articles, etc.) and on sector CSR practices. During roadshows, research and investment teams have direct access to the management of the issuers. The teams are also able to submit ESG questions and requests for information throughout the detention of the bond. However, as with any lender, their influence over corporate social and environmental policy remains limited.

Guided by the recommendations of Decree No. 2015-1850 of 29 December 2015 in application of Article 173 of the law on energy transition, Tikehau Capital have commissioned S&P Trucost Limited (“Trucost”), a leading expert in environmental footprint, to perform a carbon footprint and environmental assessment of TTV. In early 2019, Tikehau Capital’s investment and research teams participated in a Trucost training to strengthen their approach to environmental analysis of the main liquid funds.

### 2. ESG pre-investment analysis and performance monitoring

#### ESG procedures

With the help of a leading specialist advisor, a working group has developed an analysis grid for issuers’ non-financial risk, adapted to the investment strategy. This grid takes into account Environment, Social/Societal and Governance criteria and considers any points of contention (in terms of their materiality and their probability). While some of these criteria are objective, others rely on the fundamental analysis and opinion of the research team. Thus, the ESG approach is integrated and extra financial criteria are considered in the same way as other financial, economic or operational criteria. The investment and research teams are progressively familiarizing themselves with extra-financial criteria.

- Governance – Analysis of exposure to countries at risk on corruption and human rights violations; quality of management and governance and commitment to sustainable development (whether signatories of the UN Global Compact, CSR policy); or exposure to proven or potential controversies.

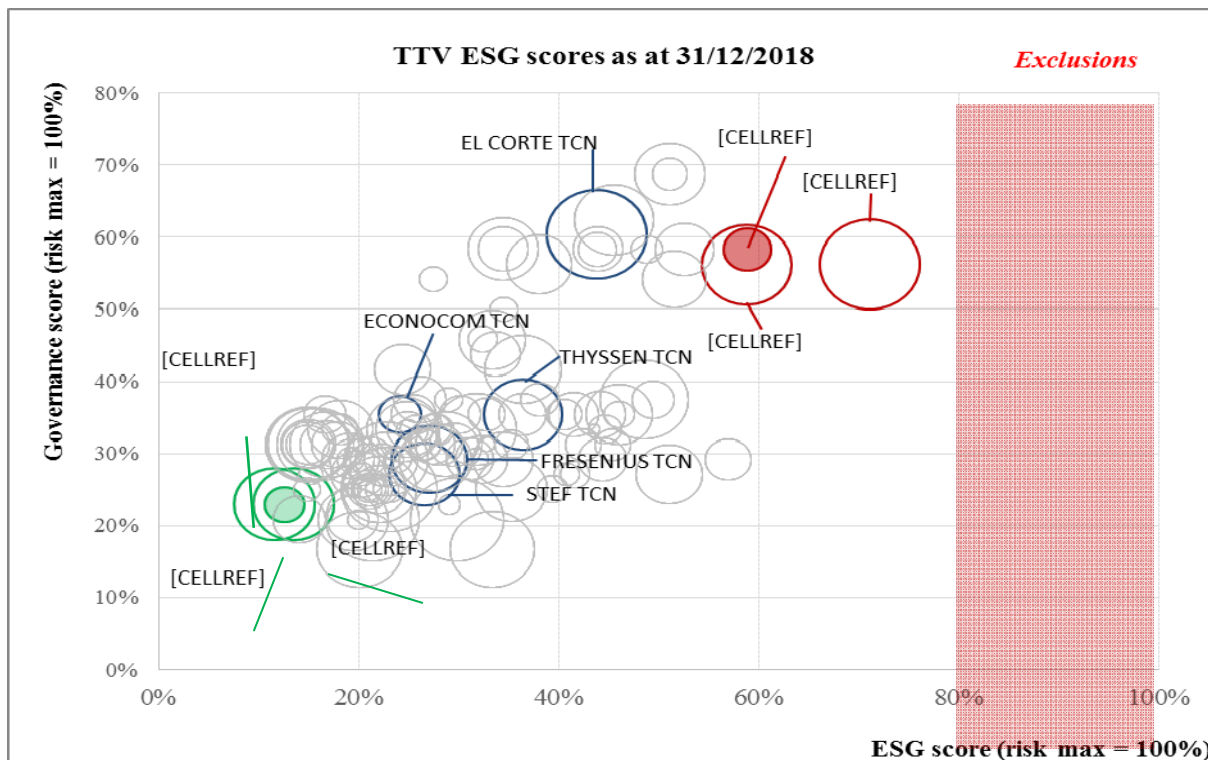
- Social – Analysis of sector- and/or company-specific health and safety risks in the supply chain but also exposure to proven or potential controversies related to human resources, products or social impact.

- Environment – Analysis of the risks and opportunities related to climate change (physical and transition factors) or taking into account the exposure to proven or potential environmental controversies.

The tool is fully operational and used by all research analysts and fund managers during the analysis of new issuers. The analysis grid is periodically updated to ensure monitoring.

#### ESG monitoring results as at 31/12/2018

As at 31 December 2018, TTV included approximately 120 different issuers (some issuers are grouped under their parent company in the ESG analysis) each one rated on the Environment, Social/Societal and Governance pillars with a score ranging from 0% (maximum ESG opportunity) to 100% (ESG maximum risk). Issuers exceeding a threshold initially set at 80% are excluded. Issuers with scores between 60% and 80% are subject to an in-depth review (ESG Manager and/or ESG Committee).



Source: Tikehau Capital research

As at 31 December 2018, the ESG scores for the top three and the bottom three performers were primarily driven by their sector.

The top performing issuers comprise three insurance companies:

- ASR Nederland NV, La Mondiale AG2R and Zurich Insurance Co Ltd are companies offering life and health insurance products as well as property and casualty insurance (housing, automobile, etc.). The reputational risks associated with these products are limited and, to a certain extent, some products contribute to improving the health and safety of their subscribers.

The three bottom performers were exposed to the agrochemical, materials and energy sectors.

- Syngenta is a leader in agrochemicals and seeds, which is a sector exposed to the rise of anti-pesticide movements. However, two elements mitigated our ESG risk analysis:
  1. the development of a range of products and services that reduce or avoid the use of pesticides (digitalisation to diagnose and optimize spreading, biocontrol solutions, training programs for farmers especially in developing countries)
  2. moreover, when Syngenta was acquired by ChemChina in 2017, extended voting rights were given to the independent directors (at least 4 out of 10) regarding changes to the code of conduct, the HSE policy or any material change in the agricultural sustainability programs.

According to our discussions with Syngenta employees, for now ChemChina's takeover has not been intrusive.

- ArcelorMittal is world's leading steel and mining company and their sector is noted as higher risk by the research team. However, some comfort was taken from the company's public commitments to reduce carbon emissions (recycling of steelmaking off-gases, use of renewable energy sources, waste-to-energy schemes) and priority given to health, safety and well-being of employees.
- PPC Finance PLC is a subsidiary of Public Power Corporation, the largest electricity company in Greece, which produces, stores, transports and distributes electricity. According to Trucost's analysis, Public Power Corporation currently derives less than 10% of its revenues from coal. Under the engagement component of our ESG policy, we initiated a dialogue with Public Power to understand what their environmental objectives were. Public Power shared internal documents that supported a 50% reduction in its exposure to lignite by 2022. Moreover, the company expects its CDP<sup>(1)</sup> score to improve in 2018 due to the growing share of renewable energy in its capex.

<sup>(1)</sup> The CDP (formerly known as the Carbon Disclosure Project) is an international non-profit organization that holds the world's largest database on the environmental performance of cities and businesses.

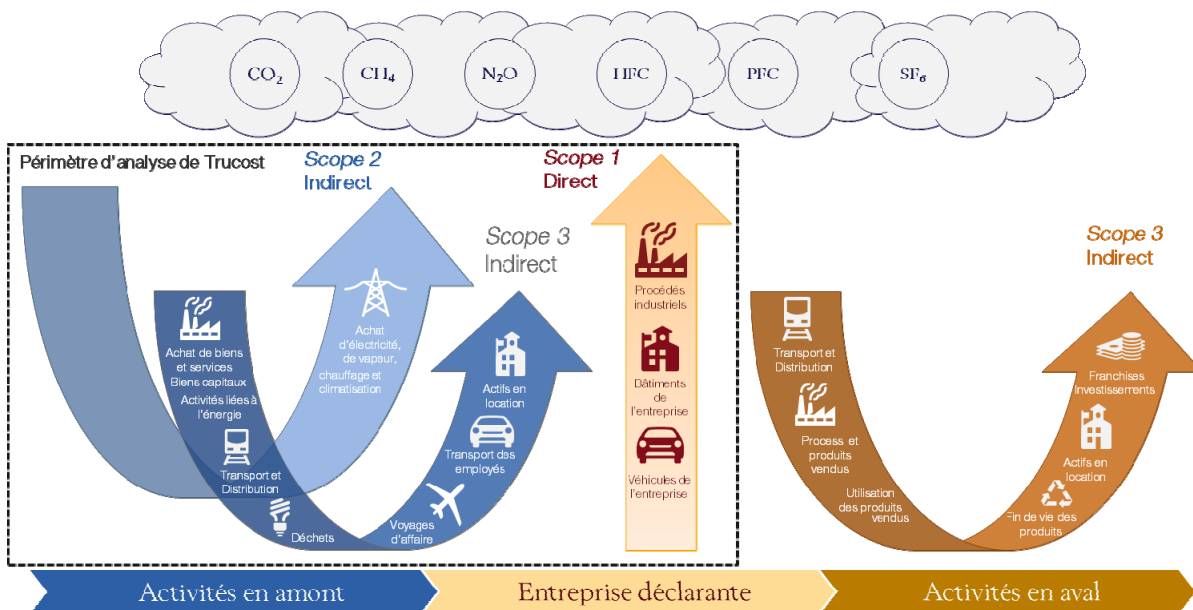
### 3. Carbon footprint and environmental analysis

#### Carbon footprint as at 31/12/2018

The calculation of the carbon footprint of a fund aims at estimating the amount of greenhouse gas (GHG) or carbon emissions (measured in tonnes of CO<sub>2</sub> equivalent) allocated to TTV. The proportion of carbon emissions allocated to the fund is calculated as follows:

$$\text{Absolute carbon footprint}_{TTV} = \sum_{Inv=1}^{N_{\text{investments}}} \text{total company emissions}_{Inv} \times \frac{\text{market value}_{Inv}}{\text{enterprise value}_{Inv}}$$

Trucost's analysis includes GHG in tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) directly issued by companies from their fixed or mobile sources owned or controlled by the organisation (Scope 1) as well as indirect emissions linked to energy consumption to produce their goods and services (Scope 2). Finally, Trucost includes leading suppliers to capture all expense items in the income statement and avoid an outsourcing bias (Scope 3 – direct suppliers).



Source : Greenhouse Gas Protocol

Tikehau Capital has used three methods to analyse TTV's carbon footprint:

1. **Relative carbon footprint:** allocated carbon footprint per € million invested that captures the absolute impact of the portfolio per € million invested:

$$\text{Relative carbon footprint}_{TTV} = \frac{\text{absolute carbon footprint}_{TTV}}{\text{assets under management} \times \text{corporate portion of TTV}}$$

2. **Carbon intensity:** allocated carbon footprint per € million of revenues held (total of the issues held divided by total revenues attributed to the portfolio) which assesses the efficiency of the portfolio:

$$\text{Carbon intensity}_{TTV} = \frac{\text{absolute carbon footprint}_{TTV}}{\text{total revenues}_{TTV}}$$

with:

$$\text{Total Revenues}_{TTV} = \sum_{Inv=1}^{N_{\text{investments}}} \text{company revenues}_{Inv} \times \frac{\text{market value}_{Inv}}{\text{enterprise value}_{Inv}}$$

3. **Weighted average carbon intensity:** arithmetical average of carbon intensities (total emissions divided by total revenues) of portfolio companies weighted by their portfolio weights which allows exposure to high emission companies:

$$\begin{aligned} \text{Weighted average carbon intensity}_{TTV} \\ = \sum_{Inv=1}^{N_{\text{investments}}} \text{Inv. Weight} \times \text{corporate portion of TTV} \times \frac{\text{total company emissions}_{Inv}}{\text{Company revenues}_{Inv}} \end{aligned}$$



As at 31 December 2018, TTV held seven Commercial Papers (CP) worth approximately € 172 million represented on the "TTV - ESG Scores as 31 December 2018" chart presented above. These securities are similar to cash and hence, they have been removed from the corporate portion of the portfolio analysed by Trucost. According to the three methods, TTV outperforms its benchmark as follows:

(tCO <sub>2</sub> e per € million)	TTV's corporate portion without CP as at 31/12/2018			Composite benchmark* as at 31/12/2018
	Scope 1 and 2	Scope 3 – direct suppliers	Scope 1, 2 and Scope 3 –direct suppliers	Scope 1, 2 and scope 3 – direct suppliers
Relative Carbon footprint (tCO <sub>2</sub> e/€m)	190.4	154.7	<b>345.1</b>	429.2
Carbon intensity per €million of revenues held (tCO <sub>2</sub> e/€m)	209.0	169.8	<b>378.7</b>	547.6
Weighted average carbon intensity per €million of revenues held (tCO <sub>2</sub> e/€m)	193.5	158.9	<b>352.4</b>	362.3

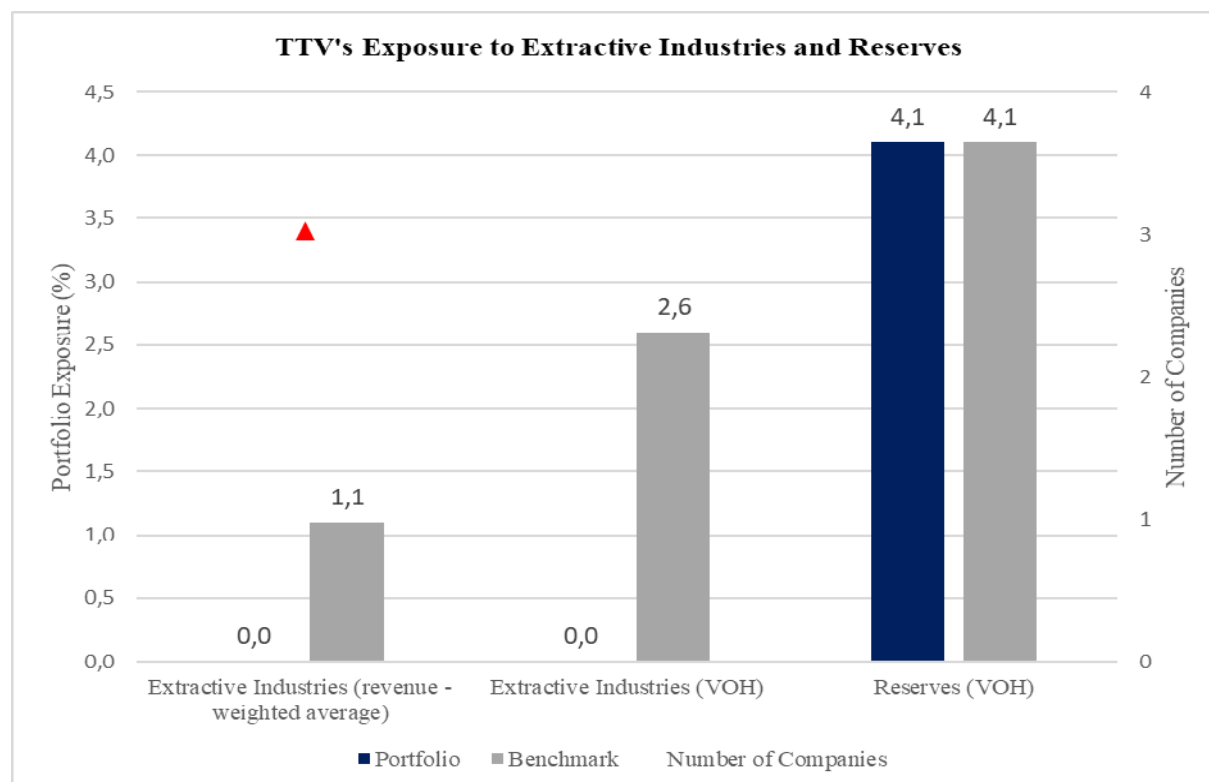
Source: S&P Trucost Limited and Tikehau Capital research.

\*The benchmark comprises 5 indices as follows: (1) 30% of ER01 (ICE BofAML 1-3 Year Euro Corporate Index), (2) 30% of H1EC (ICE BofAML BB-CCC 1-3 Year Euro Developed Markets High Yield Constrained Index), (3) 30% of HEBG (ICE BofAML Euro Financial High Yield Constrained Index), (4) 5% of ACHY (ICE BofAML Asian Dollar High Yield Corporate Index) and (5) 5% of ELT2 (ICE BofAML Euro Lower Tier 2 Corporate Index).

### Environmental Analysis as at 31/12/2018

Brown share – portion of investments in carbon intensive assets (fossil fuel production, mining and metals)

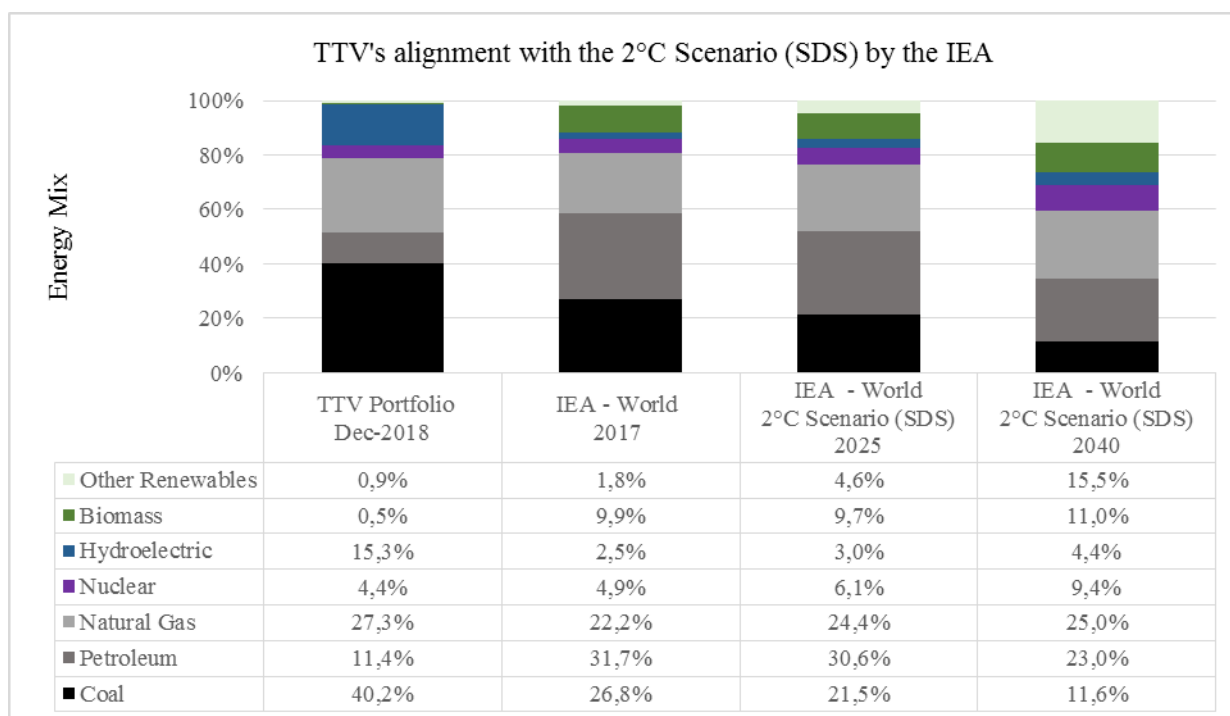
As at 31 December 2018, the exposure of TTV's portfolio to fossil fuel extraction related activities was relatively limited (in terms revenue share and value of investments). The brown share of the portfolio was concentrated in 3 issuers - ArcelorMittal, Engie and Public Power Corporation - and none of these companies derived more than 10% of its revenues from coal.



Source: S&P Trucost Limited   VOH: value of holdings

### Green share – companies “contributing to energy transition solutions”

As at 31 December 2018, renewables accounted for 16.6% of TTV's energy mix, which lies below the 2-degree scenario (Sustainable Development Scenario or SDS) target of the International Energy Agency (IAE). Solar or wind energy companies are rare in the high yield investment universe and typically only derive a lower rating to due to a risky jurisdiction. Most of the companies clearly supporting the energy transition are benefiting from preferential financing rates (e.g. green bonds), that do not meet TTV's target return objective. Thus, apart from electricity companies exposed to hydraulic energy production, the depth of the market comprising green companies in the high yield pocket of the TTV universe is limited.



Source: S&P Trucost Limited

\* The content within table above was prepared by S&P Trucost Limited, with data derived from the 2 Degree Scenario (SDS) developed by the International Energy Agency (IAE), World Energy Outlook © OECD/IEA 2018, [www.iea.org/statistics](http://www.iea.org/statistics), Licence: [www.iea.org/t&c](http://www.iea.org/t&c).

As described above, in early 2019 Tikehau Capital's liquid strategy fund managers and research team received a training by Trucost to expand their horizons in issuers rating and selection.

### • **RISK MEASUREMENT AND THE CALCULATION OF GLOBAL EXPOSURE AND COUNTERPARTY RISK**

The Management Company uses the commitment approach for the calculation of the Global Exposure of the fund.

### • **SWING PRICING**

None.

### • **COMPENSATION POLICY**

This compensation policy is designed in accordance with the provisions related to compensation of the Directive 2001/61/EU of the European Parliament and Council of June 8, 2011 (hereinafter the “AIFM directive”) and the directive 2014/91/EU of the European Parliament and Council of July 23, 2014 (hereinafter the “UCITS V directive”) applicable to the asset management sector.

This compensation policy promotes sound and effective risk management and does not encourage excessive risk-taking.

It is consistent with the objectives and interests of the managers, managed UCIs and investors of those UCIs in order to avoid conflict of interest.

#### **Scope of application**

The purpose of this policy is to ensure that the compensation of sensible employees is aligned with sound risk management practices. This compensation system is linked to the company's strategic objectives and includes:

- A balance between fixed and variable remuneration;
- Performance measurement.

Specific provisions are applicable to categories of employees whose professional activities have a significant impact on the risk profile of the management company or the UCIs it manage ("Identified personnel").

#### **"Identified personnel"**

Tikehau IM has set up a three-year deferred variable compensation system applicable to the Identified personnel in accordance with current regulations.

The identification process of the Identified personnel is carried out jointly by the Human resources department and the Compliance department. Afterward, it is submitted to the Compensation committee of Tikehau IM. The list of the Identified personnel is reviewed annually.

#### **Breakdown of fixed and variable remuneration as of 31/12/2018**

	Number of beneficiaries	Fixed remuneration (EUR)	Variable remuneration (EUR)	Carried Interests (EUR)	Total (EUR)
Total Tikehau IM staff	188	12,617,825	4,793,569	0	17,411,394
Identified staff	4	791,252	667,714	0	1,458,966

Source: Tikehau IM Human Resources

#### **Remuneration principles within Tikehau IM**

The total compensation of Tikehau IM's employees is made of the following elements:

- Fixed remuneration;
- Annual variable compensation;
- Employee savings schemes that do not fall within the scope of the AIFM and UCITS V directives.

In addition, it is clear that any variable compensation is not automatically acquired to the employees. Each employee is subject to all or part of these different remuneration components depending on his/her responsibilities, skills and performance.

The remuneration terms and conditions are established in accordance with the applicable regulations and are in line with the general principles followed by Tikehau group in terms of remuneration policy.

#### **Rules applicable to the variable part of the remuneration of members of the "Identified personnel"**

Upon the attainment of the applicable threshold, members of the Identified personnel are subject to the following rules for the variable portion of their remuneration:

- A significant percentage of the variable portion of the compensation is deferred;
- The deferral of this portion of the variable compensation is applied on a period of minimum three years;
- The deferred portion of the variable compensation is not definitively acquired by the employee until the effective payment date and it cannot be received by the employee before this date.

#### **Payment and acquisition of the variable compensation of the "Identified personnel"**

The acquisition and payment of the deferred portion of the variable compensation are subject to conditions related to the achievement of performance criteria linked to the company's results and the individual objectives (including appropriate risk management), to the respect of compliance rules as not to expose the company to an abnormal and material risk and to the presence of the employee.

These conditions are defined precisely and explicitly at the moment of the remuneration attribution.

The rules applicable to the variable portion of the remuneration include a three year deferral period with annual instalments. The deferred compensation is acquired to the employee over three years, a third of the compensation being acquired at the end of each year (N+1, N+2 and N+3).

If any of the above conditions are not met, the unearned portion of the deferred compensation may be reduced or withheld.

Finally, it is specified that:

- Guaranteed variable compensation is prohibited, except in the event of employment outside of Tikehau group. In this case, the warranty is strictly limited to the first year.

The use of coverage or insurance strategies that would limit the scope of this compensation policy for the Identified personnel is strictly prohibited.

#### • **ARRANGEMENT FEES**

The structuring of certain financing operations may, in accordance with the fund's regulations, lead to the collection by the Management Company of arrangement fees.

The arrangement fee is paid by the issuer to the arranger of the transaction and is calculated pro rata to the commitments.

Those fees are then equally divided between the fund which perceives 50% of them and the management company which keeps the remaining 50%.

*Tikehau Taux Variables – Summary of arrangement fees collected over the last three years (in €) :*

None.

#### • **OTHER INFORMATION**

The Fund's regulations and the latest annual and periodic reports can be sent upon written request to:

TIKEHAU INVESTMENT MANAGEMENT

32 rue de Monceau,

75008 PARIS, FRANCE

E-mail: [info@tikehauim.com](mailto:info@tikehauim.com)

## 5. CERTIFICATE DRAFTED BY THE AUDITOR



## Tikehau Taux Variables

Exercice clos le 31 décembre 2018

### Rapport du commissaire aux comptes sur les comptes annuels

Aux Porteurs de Parts du fonds Tikehau Taux Variables,

#### Opinion

En exécution de la mission qui nous a été confiée par la société de gestion, nous avons effectué l'audit des comptes annuels de l'organisme de placement collectif Tikehau Taux Variables constitué sous forme de fonds commun de placement (FCP) relatifs à l'exercice clos le 31 décembre 2018, tels qu'ils sont joints au présent rapport.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine du fonds à la fin de cet exercice.

#### Fondement de l'opinion

##### ■ Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités du commissaire aux comptes relatives à l'audit des comptes annuels » du présent rapport.

##### ■ Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance qui nous sont applicables, sur la période du 1<sup>er</sup> janvier 2018 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par le Code de déontologie de la profession de commissaire aux comptes.



## **Justification des appréciations**

En application des dispositions des articles L. 823-9 et R. 823-7 du Code de commerce relatives à la justification de nos appréciations, nous vous informons que les appréciations les plus importantes auxquelles nous avons procédé, selon notre jugement professionnel, ont porté sur le caractère approprié des principes comptables appliqués, notamment pour ce qui concerne les instruments financiers en portefeuille et sur la présentation d'ensemble des comptes, au regard du plan comptable des organismes de placement collectif à capital variable.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

## **Vérifications spécifiques**

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion établi par la société de gestion.

## **Responsabilités de la société de gestion relatives aux comptes annuels**

Il appartient à la société de gestion d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la société de gestion d'évaluer la capacité du fonds à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider le fonds ou de cesser son activité.

Les comptes annuels ont été arrêtés par la société de gestion.

## **Responsabilités du commissaire aux comptes relatives à l'audit des comptes annuels**

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L. 823-10-1 du Code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre fonds.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- ▶ il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;
- ▶ il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;
- ▶ il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la société de gestion, ainsi que les informations les concernant fournies dans les comptes annuels ;
- ▶ il apprécie le caractère approprié de l'application par la société de gestion de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité du fonds à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;
- ▶ il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle.

Paris-La Défense, le 15 avril 2019

Le Commissaire aux Comptes  
ERNST & YOUNG et Autres



Hassan Baaj



## 6. ANNUAL ACCOUNTS STATEMENTS

### • BALANCE SHEET *in EUR*

#### ASSETS

	12/31/18	12/29/17
<b>Fixed Assets, net</b>		
<b>Deposits</b>		
<b>Financial instruments</b>	<b>1,675,088,605.41</b>	<b>1,784,231,258.51</b>
<b>Equities and similar securities</b>		
Traded in a regulated market or equivalent		
Not traded in a regulated market or equivalent		
<b>Bonds and similar securities</b>	<b>1,317,990,447.97</b>	<b>1,591,403,684.25</b>
Traded in a regulated market or equivalent	1,317,990,447.97	1,591,403,684.25
Not traded in a regulated market or equivalent		
<b>Credit instruments</b>	<b>183,192,829.98</b>	<b>22,000,776.17</b>
Traded in a regulated market or equivalent	131,998,828.43	22,000,776.17
Negotiable credit instruments (Notes)	59,000,980.25	22,000,776.17
Other credit instruments	72,997,848.18	
Not traded in a regulated market or equivalent	51,194,001.55	
<b>Collective investment undertakings</b>	<b>173,375,904.96</b>	<b>170,038,288.09</b>
General-purpose UCITS and alternative investment funds intended for non-professionals and equivalents in other countries	173,102,365.44	169,794,887.29
Other Funds intended for non-professionals and equivalents in other EU Member States		
General-purpose professional funds and equivalents in other EU Member States and listed securitisation entities		
Other professional investment funds and equivalents in other EU Member States and listed securitisation agencies	273,539.52	243,400.80
Other non-European entities		
<b>Temporary transactions in securities</b>		
Credits for securities held under sell-back deals		
Credits for loaned securities		
Borrowed securities		
Securities sold under buy-back deals		
Other temporary transactions		
<b>Hedges</b>	<b>529,422.50</b>	<b>788,510.00</b>
Hedges in a regulated market or equivalent	529,422.50	788,510.00
Other hedges		
<b>Other financial instruments</b>		
<b>Receivables</b>	<b>140,755,409.13</b>	<b>202,794,818.88</b>
<b>Forward currency transactions</b>	<b>137,870,444.33</b>	<b>173,705,958.09</b>
<b>Other</b>	<b>2,884,964.80</b>	<b>29,088,860.79</b>
<b>Financial accounts</b>	<b>66,736,795.36</b>	<b>36,736,728.75</b>
<b>Cash and cash equivalents</b>	<b>66,736,795.36</b>	<b>36,736,728.75</b>
<b>Total assets</b>	<b>1,882,580,809.90</b>	<b>2,023,762,806.14</b>

## LIABILITIES

	12/31/18	12/29/17
<b>Shareholders' funds</b>		
<b>Capital</b>	<b>1,721,514,794.74</b>	<b>1,774,975,562.47</b>
Allocation Report of distributed items (a)		
Brought forward (a)	384,256.07	5,751.97
Allocation Report of distributed items on Net Income (a,b)	-48,559,357.50	-34,676,917.66
Result (a,b)	66,829,859.64	74,566,506.18
<b>Total net shareholders' funds (net assets)</b>	<b>1,740,169,552.95</b>	<b>1,814,870,902.96</b>
<b>Financial instruments</b>	<b>529,425.11</b>	<b>788,510.00</b>
<b>Transfers of financial instruments</b>		
<b>Temporary transactions in securities</b>		
Sums owed for securities sold under buy-back deals		
Sums owed for borrowed securities		
Other temporary transactions		
<b>Hedges</b>	<b>529,425.11</b>	<b>788,510.00</b>
Hedges in a regulated market or equivalent	529,425.11	788,510.00
Other hedges		
<b>Payables</b>	<b>141,870,969.64</b>	<b>207,993,228.44</b>
<b>Forward currency transactions</b>	<b>138,959,439.92</b>	<b>173,068,416.43</b>
<b>Other</b>	<b>2,911,529.72</b>	<b>34,924,812.01</b>
<b>Financial accounts</b>	<b>10,862.20</b>	<b>110,164.74</b>
<b>Short-term credit</b>	<b>10,862.20</b>	<b>110,164.74</b>
<b>Loans received</b>		
<b>Total liabilities</b>	<b>1,882,580,809.90</b>	<b>2,023,762,806.14</b>

(a) Including adjustment

(b) Decreased interim distribution paid during the business year

- **Off-Balance Sheet in EUR**

	12/31/18	12/29/17
<b>Hedges</b>		
<b>Contracts in regulated markets or similar</b>		
<b>Contracts intendeds</b>		
I EURIBOR 3 0920	43,550,025.00	
LIF I EURIBOR 3 1220	43,523,925.00	
XEUR FGBS SCH 0318		515,085,000.00
XEUR FOAT EUR 0319	105,107,600.00	
<b>OTC contracts</b>		
<b>Other commitments</b>		
<b>Other operations</b>		
<b>Contracts in regulated markets or similar</b>		
<b>Contracts intendeds</b>		
XEUR FGBL BUN 0319	93,871,960.00	
<b>OTC contracts</b>		
<b>Other commitments</b>		

- **Income Statement in EUR**

	12/31/18	12/29/17
<b>Revenues from financial operations</b>		
Revenues from deposits and financial accounts	43,655.73	561.40
Revenues from equities and similar securities		717,651.00
Revenues from bonds and similar securities	88,303,336.61	65,915,274.57
Revenues from credit instruments	200,399.01	101,845.25
Revenues from temporary acquisition and disposal of securities	831.28	3,264.03
Revenues from hedges		
Other financial revenues	2,050.64	49,496.94
<b>Total (1)</b>	<b>88,550,273.27</b>	<b>66,788,093.19</b>
<b>Charges on financial operations</b>		
Charges on temporary acquisition and disposal of securities	4,990.67	672.89
Charges on hedges		
Charges on financial debts	101,254.87	17,743.29
Other financial charges		
<b>Total (2)</b>	<b>106,245.54</b>	<b>18,416.18</b>
<b>Net income from financial operations (1 - 2)</b>	<b>88,444,027.73</b>	<b>66,769,677.01</b>
Other income (3)		
Management fees and depreciation provisions (4)	11,013,626.59	8,325,135.07
<b>Net income of the business year (L.214-17-1) (1-2+3-4)</b>	<b>77,430,401.14</b>	<b>58,444,541.94</b>
Revenue adjustment (5)	-10,600,541.50	16,121,964.24
Interim Distribution on Net Income paid during the business year (6)		
<b>Net profit (1 - 2 + 3 - 4 + 5 + 6)</b>	<b>66,829,859.64</b>	<b>74,566,506.18</b>

### ACCOUNTING RULES AND METHODS

The annual accounts are presented as provided by the ANC Regulation 2014-01, as amended.

General accounting principles apply, viz:

- fair picture, comparability, ongoing business,
- proper practice & trustworthiness,
- prudence,
- no unreported change in methods from one period to the next.

Revenues from fixed-yield securities are recognized on the basis of interest actually received.

Acquisitions and disposals of securities are recognized exclusive of costs.

The accounting currency of the portfolio is the EURO.

The accounting period reported on is 12 months.

#### Asset valuation rules

Financial instruments are initially recognized at historic cost and carried on the Balance Sheet at their current value: this is their latest known market value or, in the absence of a market, is determined by any external means or by recourse to financial models.

Differences between the securities' current values determined as above and their original historic cost are recognized in the accounts as "differences on estimation".

Securities denominated in a currency other than that of the portfolio are valued in accordance with the above principle and then converted into the currency of the portfolio at the exchange rate obtained on the valuation date.

#### Valuation rules:

Convertible bonds are valued on the basis of the prices provided by the designated market-makers.

Transferable debt securities are valued at their current value; an actuarial method is applied if there are no material transactions. The straight-line method may be used in the case of transferable debt securities with a residual maturity of less than three months.

Units in UCIs and UCITS are valued at the last reported net asset value.

Futures traded on organised markets are valued at the settlement price.

Options traded on organised markets are valued at the settlement price.

Credit derivatives are valued at their current value, on the basis of the prices provided by designated market-makers.

Swaps are valued at their current value, on the basis of the prices provided by designated market-makers.

OTC products are valued at their current value, on the basis of the prices provided by designated marketmakers.

Spot currencies are valued at the exchange rate on the net asset value date.

Currency futures are valued at forward rate on the net asset value date.

Deposits are valued at their current value on the net asset value date.

Securities received (or lent) under repurchase agreements and securities loaned or borrowed are valued at the cost price plus interest.

#### Income accounting and transaction expenses:

The option chosen is that of coupons and income received.

Transaction expenses on the financial instruments making up the Fund are excluded from their purchase or selling prices.

The Fund accounting is done in EUR (€).

## Off-Balance Sheet Commitments:

Firm hedging contracts are stated among “Off-Balance Sheet Commitments” at their market value at the rate used in the portfolio.

Conditional hedges are converted into their underlying equivalents.

Swap commitments are stated at their nominal value or at an equivalent amount, where there is no nominal value.

## Management fees:

### Operating costs and management fees

These fees cover all the costs invoiced directly to the Fund, except for transaction costs. Transaction costs include intermediary fees (brokerage fees, stock market taxes, etc.) as well as transfer fees, if any, that may be charged by the custodian and the portfolio management company, in particular.

The following charges are in addition to operating costs and management fees:

- Performance fees. These reward the management company when the Fund exceeds its objectives. They are therefore charged to the Fund,
- Transfer fees invoiced to the Fund,
- A portion of the income from acquisitions and temporary sales of securities

### Performance fees

These fees correspond to 10% of the Fund's performance above an annual level, net of all costs, in excess of:

- 3M EURIBOR + 150 basis points for the A, A-CHF, K1 and D shares.
- 3M EURIBOR + 100 basis points for the P, K2 shares.
- 3M EURIBOR + 140 basis points for the F share.
- 3M EURIBOR + 160 basis points for the S share.

The amount of variable expenses will be deducted and provisioned when calculating each net asset value. In the event that the Fund underperforms compared with the last net asset value calculated, the provision will be adjusted via a provision write-back. Provision write-backs are capped at the level of additions to provisions. Where shares are redeemed during the financial year, the variable performance fee that corresponds to these shares accrues to the management company, if such a fee exists. The benchmark period for calculating the performance fees is the Fund's financial year.

Operating costs and management fees, and performance fees, are shown inclusive of taxes, whether or not the portfolio management company is subject to VAT. The amounts inclusive of tax may be equal to the amounts exclusive of tax should the portfolio management company not be subject to VAT.

	Fees invoiced to the Fund	Base	Rate scale
1. and 2.	Financial management fees and external administrative charges	Net assets	<u>A, A-CHF K1 and D shares</u> : 0.50% inclusive of tax <u>P and K2 shares</u> : 1.00% inclusive of tax <u>E shares</u> : 0.20% <u>F shares</u> : 0.60% inclusive of tax Maximum rate <u>S shares</u> : 0.40% inclusive of tax Maximum rate
3.	Maximum indirect fees	Net assets	None
4.	Transfer fees Service provider receiving transfer fees: Custodian only	Charge for each transaction	€ 70 maximum inclusive of tax on each transaction
5.	Performance fees	Net assets	<u>A, A-CHF K1 and D shares</u> : 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 150 bps. <u>P and K2 shares</u> : 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 100 bps. <u>F shares</u> : 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 140 bps. <u>E shares</u> : none. <u>S shares</u> : 10% incl. tax of any annualised performance that exceeds 3M EURIBOR + 160 bps.

## Allocation of net profit

The sums distributable by a UCITS consist of:

1 ° Net income plus retained earnings and plus or minus the balance of the accruals income;

2 ° Realized capital gains, net of costs, less realized capital losses, net of expenses, recognized during year, plus net capital gains of a similar nature recognized in prior years not distributed or capitalized and decreased or increased by the balance of the regulation of capital gains.

The sums mentioned in 1 ° and 2 ° may be distributed, in whole or in part, independently of one another.

Payment of distributable sums shall be made within a maximum of five months following the closure of exercise.

<b><i>Distributable amounts</i></b>	<b><i>Shares A, P, KI, K2, E, A-CHF, F, S</i></b>	<b><i>Shares D</i></b>
Allocation of the net income	Accumulation	Distribution
Allocation of the net realized gains and losses	Accumulation	Distribution

• **CHANGES IN NET ASSETS in EUR**

	12/31/18	12/29/17
<b>Net assets in start of period</b>	<b>1,814,870,902.96</b>	<b>881,440,472.04</b>
Subscriptions (including subscription fees received by the fund)	1,255,787,200.88	1,707,987,531.79
Redemptions (net of redemption fees received by the fund)	-1,297,816,468.61	-797,304,995.53
Capital gains realised on deposits and financial instruments	1,727,674.32	3,027,922.19
Capital losses realised on deposits and financial instruments	-47,051,319.06	-25,902,962.71
Capital gains realised on hedges	17,443,276.71	7,382,180.07
Capital losses realised on hedges	-28,822,052.99	-9,478,221.88
Dealing costs	-367,893.68	-168,356.83
Exchange gains/losses	3,071,029.37	-5,290,641.16
Changes in difference on estimation (deposits and financial instruments)	-54,105,182.19	-6,016,766.00
Difference on estimation, period N	-65,039,797.79	-10,934,615.60
Difference on estimation, period N-I	10,934,615.60	4,917,849.60
Changes in difference on estimation (hedges)	-1,086,382.50	788,510.00
Difference on estimation, period N	-297,872.50	788,510.00
Difference on estimation, period N-I	-788,510.00	
Net Capital gains and losses Accumulated from Previous business year		
Distribution on Net Capital Gains and Losses from previous business year	-911,633.40	-38,310.96
Net profit for the period, before adjustment prepayments	77,430,401.14	58,444,541.94
Allocation Report of distributed items on Net Income		
Interim Distribution on Net Income paid during the business year		
Other items		
<b>Net assets in end of period</b>	<b>1,740,169,552.95</b>	<b>1,814,870,902.96</b>



• **BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR COMMERCIAL TYPE**

	Amount	%
<b>Assets</b>		
<b>Bonds and similar securities</b>		
Convertible bonds traded on a regulated or similar market	14,611,208.25	0.84
Fixed-rate bonds traded on a regulated or similar market	1,009,479,212.50	58.01
Floating-rate bonds traded on regulated markets	271,046,960.50	15.58
mortgages negotiated on a regulated or assimilated market	22,853,066.72	1.31
<b>TOTAL Bonds and similar securities</b>	<b>1,317,990,447.97</b>	<b>75.74</b>
<b>Credit instruments</b>		
Certificate of deposit	59,000,980.25	3.39
Euro-Commercial Paper	51,194,001.55	2.94
European (EU) Commercial paper regulated	72,997,848.18	4.19
<b>TOTAL Credit instruments</b>	<b>183,192,829.98</b>	<b>10.53</b>
<b>Liabilities</b>		
<b>Transactions involving transfer of financial instruments</b>		
<b>TOTAL Transactions involving transfer of financial instruments</b>		
<b>Off-balance sheet</b>		
<b>Hedges</b>		
Rate	192,181,550.00	11.04
<b>TOTAL Hedges</b>	<b>192,181,550.00</b>	<b>11.04</b>
<b>Other operations</b>		
Rate	93,871,960.00	5.39
<b>TOTAL Other operations</b>	<b>93,871,960.00</b>	<b>5.39</b>

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS, BY TYPE**

	Fixed rate	%	Variable rate	%	Rate subject to review	%	Other	%
<b>Assets</b>								
Deposits								
Bonds and similar securities	1,014,209,137.00	58.28			303,781,310.97	17.46		
Credit instruments	183,192,829.98	10.53						
Temporary transactions in securities								
Financial accounts							66,736,795.36	3.84
<b>Liabilities</b>								
Temporary transactions in securities								
Financial accounts							10,862.20	
<b>Off-balance sheet</b>								
Hedges	148,631,525.00	8.54			43,550,025.00	2.50		
Other operations	93,871,960.00	5.39						

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS, BY TIME TO MATURITY**

	< 3 Months	%	[3 Months - 1 Year]	%	[1 - 3 Years]	%	[3 - 5 Years]	%	> 5 Years	%
<b>Assets</b>										
Deposits										
Bonds and similar securities	99,758,198.96	5.73	146,497,087.60	8.42	346,206,735.36	19.90	218,430,538.47	12.55	507,097,887.58	29.14
Credit instruments	39,994,001.55	2.30	74,997,304.54	4.31	68,201,523.89	3.92				
Temporary transactions in securities										
Financial accounts	66,736,795.36	3.84								
<b>Liabilities</b>										
Temporary transactions in securities										
Financial accounts	10,862.20									
<b>Off-balance sheet</b>										
Hedges									192,181,550.00	11.04
Other operations									93,871,960.00	5.39

All hedges are shown in terms of time to maturity of the underlying securities.

• **BREAKDOWN OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS, BY LISTING OR EVALUATION CURRENCY**

	CHF		USD		GBP		Others currencies	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
Deposits								
Equities and similar securities								
Bonds and similar securities			56,716,262.99	3.26	68,770,989.92	3.95		
Credit instruments								
Mutual fund units								
Temporary transactions in securities								
Liabilities	13,134,182.79	0.75	67,283.84					
Financial accounts	759,307.81	0.04	311,626.64	0.02	994.50		2,296.02	
<b>Liabilities</b>								
Transactions involving transfer of financial instruments								
Temporary transactions in securities								
Debts	1,207,408.71	0.07	56,056,745.89	3.22	68,568,521.44	3.94		
Financial accounts					1,206.89			
<b>Off-balance sheet</b>								
Hedges								
Other operations								

• **RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE**

	Type	12/31/18
Receivables	Forward foreign exchange purchase	13,134,182.79
	Funds to be accepted on urgent sale of currencies	124,736,261.54
	Subscription receivable	530,295.56
	Deposits	1,287,049.00
	Coupons and dividends in cash	1,067,620.24
<b>Total receivables</b>		<b>140,755,409.13</b>
Payables	Urgent sale of currency	125,827,420.94
	Forward foreign exchange sale	13,132,018.98
	Redemptions to be paid	1,264,886.39
	Management fees	846,643.33
	Collateral	800,000.00
<b>Total of Payables</b>		<b>141,870,969.64</b>

• **NUMBER OF UNITS ISSUED OR REDEEMED**

	Units	Value
<b>Unit A</b>		
Units subscribed during the period	7,410,116.804	941,334,976.69
Units redeemed during the period	-7,803,863.939	-988,221,224.75
Net Subscriptions / Redemptions	-393,747.135	-46,886,248.06
<b>Unit A-CHF</b>		
Units subscribed during the period	24,764.071	2,161,550.54
Units redeemed during the period	-37,546.593	-3,310,378.24
Net Subscriptions / Redemptions	-12,782.522	-1,148,827.70
<b>Unit F</b>		
Units subscribed during the period	323,402.011	32,289,699.41
Units redeemed during the period	-446,455.740	-44,580,204.62
Net Subscriptions / Redemptions	-123,053.729	-12,290,505.21
<b>Unit S</b>		
Units subscribed during the period	880,530.000	88,053,000.00
Units redeemed during the period		
Net Subscriptions / Redemptions	880,530.000	88,053,000.00
<b>Unit E</b>		
Units subscribed during the period	100,777.342	13,350,407.06
Units redeemed during the period	-71,697.389	-9,484,204.44
Net Subscriptions / Redemptions	29,079.953	3,866,202.62
<b>Unit D</b>		
Units subscribed during the period	91,198.022	9,316,299.46
Units redeemed during the period	-649,011.000	-65,384,910.67
Net Subscriptions / Redemptions	-557,812.978	-56,068,611.21
<b>Unit P</b>		
Units subscribed during the period	1,382,389.115	168,017,163.19
Units redeemed during the period	-1,537,393.626	-186,317,305.65
Net Subscriptions / Redemptions	-155,004.511	-18,300,142.46
<b>Unit K1</b>		
Units subscribed during the period	6,649.540	763,713.23
Units redeemed during the period	-4,442.540	-507,029.24
Net Subscriptions / Redemptions	2,207.000	256,683.99
<b>Unit K2</b>		
Units subscribed during the period	4,506.000	500,391.30
Units redeemed during the period	-100.000	-11,211.00
Net Subscriptions / Redemptions	4,406.000	489,180.30

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	Value
<b>Unit A</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit A-CHF</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit F</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	

• **SUBSCRIPTION AND/OR REDEMPTION FEES**

	Value
<b>Unit E</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit D</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit S</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit P</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit K1</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	
<b>Unit K2</b>	
Total of redemption fees received	
Total of subscription fees received	
Total of subscription and/or redemption fees received	

• **MANAGEMENT FEES**

	12/31/18
<b>Unit A</b>	
Underwriting commission	
Fixed management fees	8,005,075.75
Percentage set for fixed management fees	0.50
Variable management fees	7,231.17
Trailer fees	
<b>Unit F</b>	
Underwriting commission	
Fixed management fees	346,837.29
Percentage set for fixed management fees	0.60
Variable management fees	1,899.51
Trailer fees	
<b>Unit A-CHF</b>	
Underwriting commission	
Fixed management fees	65,384.93
Percentage set for fixed management fees	0.50
Variable management fees	13.74
Trailer fees	
<b>Unit S</b>	
Underwriting commission	
Fixed management fees	191,404.26
Percentage set for fixed management fees	0.40
Variable management fees	
Trailer fees	

- MANAGEMENT FEES**

	12/31/18
<b>Unit E</b>	
Underwriting commission	
Fixed management fees	28,851.09
Percentage set for fixed management fees	0.20
Variable management fees	
Trailer fees	
<b>Unit D</b>	
Underwriting commission	
Fixed management fees	204,711.98
Percentage set for fixed management fees	0.50
Variable management fees	64.49
Trailer fees	
<b>Unit P</b>	
Underwriting commission	
Fixed management fees	2,142,178.75
Percentage set for fixed management fees	1.00
Variable management fees	3,879.79
Trailer fees	
<b>Unit K1</b>	
Underwriting commission	
Fixed management fees	13,274.62
Percentage set for fixed management fees	0.50
Variable management fees	
Trailer fees	
<b>Unit K2</b>	
Underwriting commission	
Fixed management fees	2,819.22
Percentage set for fixed management fees	1.00
Variable management fees	
Trailer fees	

- COMMITMENTS RECEIVED AND GIVEN**

**Guarantees received by the UCI:**

None.

**Other commitments received and/or given:**

None.

- STOCK MARKET VALUES OF TEMPORARILY ACQUIRED SECURITIES**

	12/31/18
Securities held under sell-back deals	
Borrowed securities	

- STOCK MARKET VALUES OF PLEDGED SECURITIES**

	12/31/18
Financial instruments pledged but not reclassified	
Financial instruments received as pledges but not recognized in the Balance Sheet	

- GROUP FINANCIAL INSTRUMENTS HELD BY THE FUND**

	Isin code	Name of security	12/31/18
Equities			
Bonds			
Notes			
UCITS			273,539.52
	FR0011201086	FCT TE FARE 4 FLR 31-12-22	273,539.52
Hedges			

• **TABLE OF ALLOCATION OF THE DISTRIBUTABLE SHARE OF THE SUMS CONCERNED TO PROFIT (LOSS)**

	12/31/18	12/29/17
<b>Sums not yet allocated</b>		
Brought forward	384,256.07	5,751.97
Profit (loss)	66,829,859.64	74,566,506.18
<b>Total</b>	<b>67,214,115.71</b>	<b>74,572,258.15</b>

	12/31/18	12/29/17
<b>Unit A</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	54,529,272.35	62,285,822.62
<b>Total</b>	<b>54,529,272.35</b>	<b>62,285,822.62</b>

	12/31/18	12/29/17
<b>Unit F</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	2,058,231.20	141,199.12
<b>Total</b>	<b>2,058,231.20</b>	<b>141,199.12</b>

	12/31/18	12/29/17
<b>Unit A-CHF</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	462,354.24	582,879.07
<b>Total</b>	<b>462,354.24</b>	<b>582,879.07</b>

	12/31/18	12/29/17
<b>Unit D</b>		
<b>Allocation</b>		
Distribution	961,127.49	3,121,156.50
Brought forward	1,016.56	3,384.62
Capitalized		
<b>Total</b>	<b>962,144.05</b>	<b>3,124,541.12</b>
<b>Details of units with dividend entitlement</b>		
Number of units	146,737.022	704,550.000
Dividend per unit	6.55	4.43
<b>Tax credits</b>		
Tax credit attached to the distribution of income		



	12/31/18	12/29/17
<b>Unit E</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	611,011.93	494,865.50
<b>Total</b>	<b>611,011.93</b>	<b>494,865.50</b>

	12/31/18	12/29/17
<b>Unit S</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	2,106,444.24	
<b>Total</b>	<b>2,106,444.24</b>	

	12/31/18	12/29/17
<b>Unit P</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	6,357,755.51	7,833,243.15
<b>Total</b>	<b>6,357,755.51</b>	<b>7,833,243.15</b>

	12/31/18	12/29/17
<b>Unit KI</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	102,856.60	101,616.10
<b>Total</b>	<b>102,856.60</b>	<b>101,616.10</b>

	12/31/18	12/29/17
<b>Unit K2</b>		
<b>Allocation</b>		
Distribution		
Brought forward		
Capitalized	24,045.59	8,091.47
<b>Total</b>	<b>24,045.59</b>	<b>8,091.47</b>

• **TABLE OF ALLOCATION OF THE DISTRIBUTABLE SHARE OF THE SUMS CONCERNED TO CAPITAL GAINS AND LOSSES**

	12/31/18	12/29/17
<b>Sums not yet allocated</b>		
Net Capital gains and losses Accumulated from Previous business year		
Net Capital gains and losses of the business year	-48,559,357.50	-34,676,917.66
Allocation Report of distributed items on Net Capital Gains and Losses		
<b>Total</b>	<b>-48,559,357.50</b>	<b>-34,676,917.66</b>

	12/31/18	12/29/17
<b>Unit A-CHF</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-12,792.20	-1,341,022.16
<b>Total</b>	<b>-12,792.20</b>	<b>-1,341,022.16</b>

	12/31/18	12/29/17
<b>Unit A</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-39,205,127.84	-27,605,094.84
<b>Total</b>	<b>-39,205,127.84</b>	<b>-27,605,094.84</b>

	12/31/18	12/29/17
<b>Unit F</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-1,519,101.60	-156,631.76
<b>Total</b>	<b>-1,519,101.60</b>	<b>-156,631.76</b>

	12/31/18	12/29/17
<b>Unit E</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-407,944.00	-202,724.72
<b>Total</b>	<b>-407,944.00</b>	<b>-202,724.72</b>

	12/31/18	12/29/17
<b>Unit S</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-1,663,303.33	
<b>Total</b>	<b>-1,663,303.33</b>	

	12/31/18	12/29/17
<b>Unit D</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-415,165.32	-1,375,940.54
<b>Total</b>	<b>-415,165.32</b>	<b>-1,375,940.54</b>

	12/31/18	12/29/17
<b>Unit P</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-5,242,172.89	-3,946,013.47
<b>Total</b>	<b>-5,242,172.89</b>	<b>-3,946,013.47</b>

	12/31/18	12/29/17
<b>Unit KI</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-73,933.94	-45,408.92
<b>Total</b>	<b>-73,933.94</b>	<b>-45,408.92</b>

	12/31/18	12/29/17
<b>Unit K2</b>		
Allocation		
Distribution		
Net capital gains and losses accumulated per share		
Capitalized	-19,816.38	-4,081.25
<b>Total</b>	<b>-19,816.38</b>	<b>-4,081.25</b>

• **TABLE OF PROFIT (LOSS) AND OTHER TYPICAL FEATURES OF THE FUND OVER THE PAST FIVE FINANCIAL PERIODS**

	12/31/14	12/31/15	12/30/16	12/29/17	12/31/18
<b>Global Net Assets in EUR</b>	<b>429,439,301.76</b>	<b>770,604,199.95</b>	<b>881,440,472.04</b>	<b>1,814,870,902.96</b>	<b>1,740,169,552.95</b>
<b>Tikehau Taux Variables F</b>					
Net assets in EUR				66,377,531.21	53,171,401.09
Number of shares/units				663,342.379	540,288.650
NAV per share/unit in EUR in				100.06	98.41
Net Capital Gains and Losses Accumulated per share in EUR				-0.23	-2.81
Net income Accumulated per share in EUR				0.21	3.80
<b>Tikehau Taux Variables A-CHF</b>					
Net assets in CHF		4,296,718.82	10,722,610.42	14,969,550.69	13,389,621.47
Number of shares/units		43,230.000	106,831.730	146,792.628	134,010.106
NAV per share/unit in EUR in		99.39	100.36	101.97	99.91
Net Capital Gains and Losses Accumulated per share in EUR		-1.82	-2.82	-9.13	-0.09
Net income Accumulated per share in EUR		1.54	3.38	3.97	3.45
<b>Tikehau Taux Variables A</b>					
Net assets in EUR	305,977,706.21	536,441,091.96	651,589,625.75	1,444,576,771.08	1,372,796,606.60
Number of shares/units	2,527,199.353	4,364,589.298	5,216,565.190	11,341,701.498	10,947,954.363
NAV per share/unit in EUR in	121.07	122.90	124.90	127.36	125.39
Net Capital Gains and Losses Accumulated per share in EUR	-0.77	-2.47	-3.37	-2.43	-3.58
Net income Accumulated per share in EUR	5.66	5.18	4.62	5.49	4.98
<b>Tikehau Taux Variables D</b>					
Net assets in EUR			5,018,865.15	71,957,701.44	14,494,222.43
Number of shares/units			50,000.000	704,550.000	146,737.022
NAV per share/unit in EUR in			100.37	102.13	98.77
Net Capital Gains and Losses Accumulated per share in EUR			-0.48	-1.95	-2.82
Distribution on Net Income per share in EUR			0.24	4.43	6.55
Unit brought forward in EUR on the result					
Tax credits per share/unit in EUR					*

• **TABLE OF PROFIT (LOSS) AND OTHER TYPICAL FEATURES OF THE FUND OVER THE PAST FIVE FINANCIAL PERIODS**

	12/31/14	12/31/15	12/30/16	12/29/17	12/31/18
<b>Global Net Assets in EUR</b>	<b>429,439,301.76</b>	<b>770,604,199.95</b>	<b>881,440,472.04</b>	<b>1,814,870,902.96</b>	<b>1,740,169,552.95</b>
<b>Tikehau Taux Variables S</b>					
Net assets in EUR					87,046,785.96
Number of shares/units					880,530.000
NAV per share/unit in EUR in					98.85
Net Capital Gains and Losses Accumulated per share in EUR					-1.88
Net income Accumulated per share in EUR					2.39
<b>Tikehau Taux Variables E</b>					
Net assets in EUR	34,274,761.56	52,369,197.88	36,069,687.33	10,625,169.27	14,301,280.44
Number of shares/units	274,673.918	412,006.678	278,255.936	80,097.353	109,177.306
NAV per share/unit in EUR in	124.78	127.10	129.62	132.65	130.99
Net Capital Gains and Losses Accumulated per share in EUR	-0.79	-2.56	-3.51	-2.53	-3.73
Net income Accumulated per share in EUR	6.30	5.79	5.28	6.17	5.59
<b>Tikehau Taux Variables P</b>					
Net assets in EUR	86,691,956.21	175,161,310.36	176,082,129.85	205,952,076.41	183,196,071.06
Number of shares/units	735,430.581	1,471,210.167	1,462,532.045	1,686,363.703	1,531,359.192
NAV per share/unit in EUR in	117.87	119.05	120.39	122.12	119.62
Net Capital Gains and Losses Accumulated per share in EUR	-0.75	-2.40	-3.40	-2.33	-3.42
Net income Accumulated per share in EUR	4.94	4.43	4.13	4.64	4.15
<b>Tikehau Taux Variables KI</b>					
Net assets in EUR	2,289,358.45	2,473,565.53	2,467,730.49	2,375,795.73	2,588,846.98
Number of shares/units	20,925.000	22,280.000	21,870.000	20,655.000	22,862.000
NAV per share/unit in EUR in	109.40	111.02	112.83	115.02	113.23
Net Capital Gains and Losses Accumulated per share in EUR	-0.70	-2.23	-3.06	-2.19	-3.23
Net income Accumulated per share in EUR	5.10	4.65	4.22	4.91	4.49
<b>Tikehau Taux Variables K2</b>					
Net assets in EUR	205,519.33	207,665.06	209,998.38	213,010.16	692,519.71
Number of shares/units	1,900.000	1,900.000	1,900.000	1,900.000	6,306.000
NAV per share/unit in EUR in	108.16	109.29	110.52	112.11	109.81
Net Capital Gains and Losses Accumulated per share in EUR	-0.69	-2.20	-3.01	-2.14	-3.14
Net income Accumulated per share in EUR	4.48	4.12	3.59	4.25	3.81

• **PORTFOLIO LISTING in EUR**

Name of security		Quantity	Market value	%
<b>Bonds and similar securities</b>				
<b>Listed bonds and similar securities</b>				
<b>BELGIUM</b>				
AG INSURANCE SA/NV TF/TV PERPETUEL	USD	11,600,000	10,379,318.55	0.60
FORTIS BK TV07-191272 CV	EUR	13,000,000	9,881,283.75	0.57
KBCBB 5.625% 29/12/49	EUR	17,000,000	17,018,593.75	0.97
<b>TOTAL BELGIUM</b>			<b>37,279,196.05</b>	<b>2.14</b>
<b>BRITISH VIRGIN ISLANDS</b>				
CNBG 3 1/8 09/30/19	USD	5,000,000	4,391,256.25	0.25
DOUBLE ROSY LTD 3.625% 18/11/2019	USD	6,000,000	5,271,834.40	0.31
FTLNHD 4 3/4 02/11/19	USD	3,400,000	3,028,202.92	0.17
<b>TOTAL BRITISH VIRGIN ISLANDS</b>			<b>12,691,293.57</b>	<b>0.73</b>
<b>DENMARK</b>				
NYKREDIT 0.875% 13-06-19	EUR	3,800,000	3,832,453.56	0.22
<b>TOTAL DENMARK</b>			<b>3,832,453.56</b>	<b>0.22</b>
<b>EIRE</b>				
CLOVERIE TV09-240739 EMTN	EUR	24,250,000	26,001,896.40	1.49
SMURFIT KAPPA ACQUISITIO	EUR	9,000,000	9,356,635.00	0.54
<b>TOTAL EIRE</b>			<b>35,358,531.40</b>	<b>2.03</b>
<b>FRANCE</b>				
ALD SA E3R+0.43% 27-11-20 EMTN	EUR	10,000,000	9,937,621.67	0.57
AUTODIS E3R+4.375% 01-05-22	EUR	8,200,000	8,059,914.37	0.46
AXA SA 5.25%10-160440	EUR	20,000,000	21,856,398.63	1.26
BFCM BANQUE FEDERATIVE CREDIT MUTUEL EIS10R+0.1% PERP	EUR	4,895,000	3,199,442.98	0.18
BPCE 12.5% 09-50 PERP	EUR	8,300,000	9,296,284.25	0.53
CMA CGM SA 7.75% 15-01-21	EUR	10,000,000	10,255,166.67	0.59
CNP ASSUR TV 2040	EUR	25,000,000	27,486,914.38	1.59
CRED AGRIC 7.875%09-PERP TSDI	EUR	25,000,000	26,859,174.66	1.55
CREDIT AGRICOLE 8.375%/ TV PERPETUAL	USD	650,000	593,106.08	0.03
CREDIT LOGEMENT EURIBOR 3 MOIS REV +1.15 31/12/2099	EUR	9,100,000	7,948,936.45	0.46
DANONE E3R+0.33% 14-01-20 EMTN	EUR	3,500,000	3,504,783.33	0.20
DEXI CRED LOCA SA FLO 12-02-19	EUR	12,700,000	12,700,108.66	0.73
ENGIEZ 3.0% 31-12-99	EUR	5,000,000	5,132,131.16	0.29
FRAN E3R+0.57% 28-06-21	EUR	16,000,000	15,948,536.00	0.92
GROUPAMA ASSURANCES MUTUELLES SA 7.875% 27-10-39	EUR	25,000,000	26,704,905.82	1.54
GROUPE AUCHAN E3R+0.15% 01-02-20	EUR	5,700,000	5,686,719.00	0.33
GROUPE DANONE 0.167% 03-11-20	EUR	5,400,000	5,414,845.12	0.31
HAVAS 1.875% 08-12-20	EUR	2,600,000	2,670,630.60	0.15
LAGARDERE 2.0% 19-09-19	EUR	11,800,000	11,971,373.99	0.69
LAMON TF/TV 04/23/43	USD	6,810,000	6,108,277.14	0.35
LOXAM 4.875% 23-07-21	EUR	20,363,000	12,016,635.12	0.69
LOXAM 7.0% 23-07-22	EUR	24,500,000	22,749,315.75	1.31
LVMH MOET HENNESSY ZCP 26-05-20	EUR	10,000,000	10,000,550.00	0.57
MERCIALYS 4.125% 26/03/2019	EUR	1,000,000	1,040,737.88	0.06
NATEXIS BP 1YR PERP	EUR	1,800,000	1,865,564.51	0.11
NATIXIS TV 09-PERP.USMTN	USD	1,476,000	1,409,629.60	0.08

Name of security		Quantity	Market value	%
NEWCO GB SAS 8.0% 15-12-22	EUR	3,800,000	3,832,623.00	0.22
NEXANS 2.5% 01/01/19 CV	EUR	63,500	4,729,924.50	0.27
RENA CRE 0.375% 10-07-19 EMTN	EUR	5,000,000	5,020,067.47	0.29
SOCIETE GENERALE TV PERPETL	EUR	18,250,000	19,846,670.00	1.14
SOLVAY FINANCE SA TF/TV PERP	EUR	8,296,000	8,609,088.54	0.49
STE EURIBOR 3 MOIS REV +0.75 31/03/2019	EUR	2,100,000	2,102,975.18	0.12
TERE FINA GRO 4.25% 04-03-20	EUR	3,900,000	3,839,505.92	0.22
VALLOUREC 3.25% 02/08/2019	EUR	18,400,000	18,062,678.85	1.04
<b>TOTAL FRANCE</b>			<b>336,461,237.28</b>	<b>19.34</b>
<b>GERMANY</b>				
ADLE REA 4.75% 08-04-20 EMTN	EUR	12,938,000	13,187,706.99	0.76
ADLER REAL ESTATE AG 1.5% 06-12-21	EUR	4,000,000	3,898,422.74	0.22
DAIM E3R+0.53% 12-01-19 EMTN	EUR	5,000,000	5,002,968.89	0.29
FRESENIUS BV 2.875% 15-07-20	EUR	13,900,000	14,597,038.67	0.84
HTI FUNDING GMBH E12R+2.0% PERP	EUR	25,000,000	21,567,342.36	1.24
KIRK BEAU ZER 8.75% 15-07-23	EUR	15,000,000	8,180,300.00	0.47
MUNICH RE 6% 05/41	EUR	10,000,000	11,541,831.51	0.66
SAP SE E3R+0.3% 01-04-20 EMTN	EUR	1,400,000	1,401,876.00	0.08
SCHAEFFLER VERWALTUNG ZWEI GMBH 2.75% 15-09-21	EUR	3,600,000	3,587,640.00	0.21
VOLKSWAGEN BANK E3R+0.42% 15-06-21	EUR	5,000,000	4,912,182.36	0.28
<b>TOTAL GERMANY</b>			<b>87,877,309.52</b>	<b>5.05</b>
<b>HONG KONG</b>				
SHIM PROP 8.375% 10-02-22	USD	14,000,000	13,114,764.52	0.75
<b>TOTAL HONG KONG</b>			<b>13,114,764.52</b>	<b>0.75</b>
<b>ICELAND</b>				
ARION BANK 0.75% 29-06-20 EMTN	EUR	6,400,000	6,431,635.29	0.37
ARION 2.5% 26-04-19 EMTN	EUR	29,000,000	29,695,137.95	1.71
ISLA HF 1.75% 07-09-20	EUR	11,276,000	11,537,237.12	0.66
<b>TOTAL ICELAND</b>			<b>47,664,010.36</b>	<b>2.74</b>
<b>ILIACTRACTS CAIMANES</b>				
CHINA AOYUAN PROPERTY GROUP 6.525% 25-04-19	USD	2,700,000	2,394,677.86	0.14
CRHZCH 4 3/8 02/27/19	USD	4,900,000	4,358,466.74	0.25
<b>TOTAL ILIACTRACTS CAIMANES</b>			<b>6,753,144.60</b>	<b>0.39</b>
<b>INDIA</b>				
JSW STEEL 4.75% 12-11-19	USD	2,800,000	2,462,045.81	0.14
<b>TOTAL INDIA</b>			<b>2,462,045.81</b>	<b>0.14</b>
<b>ITALY</b>				
ASS GENERALI 8.5% PERP EMTN	EUR	10,000,000	10,569,547.95	0.61
BANC POP 2.75% 20-03-20 EMTN	EUR	10,000,000	10,459,989.73	0.60
BANCA FARMAFACTORING E3R+1.45% 05-06-20	EUR	7,100,000	6,812,826.69	0.39
BANCA POPOLARE 3.50% 03/19	EUR	11,022,000	11,403,115.09	0.66
INTE 5.0% 17-10-20	EUR	7,500,000	3,158,654.79	0.18
INTESA SAN 5%09-0919 SUB EMTN	EUR	2,200,000	2,299,434.73	0.13
INTESA SANPAOLO 3% 01/19	EUR	3,000,000	3,090,435.62	0.18
INTESA SANPAOLO 8.375% 09-PERP	EUR	10,000,000	10,623,656.16	0.61
KEDRION GROUP SPA 3.0% 12-07-22	EUR	4,000,000	3,297,534.25	0.19
KEDRION GROUP SPA 4.625% 24/04/2019	EUR	11,000,000	10,917,114.25	0.63
MEDIOBANCA 2.25% 03/19	EUR	3,750,000	3,833,225.09	0.22

Name of security		Quantity	Market value	%
MSIM 5 1/8 01/24/19	EUR	15,000,000	15,758,945.55	0.90
PMIIM 4 1/4 01/30/19	EUR	6,050,000	6,306,829.54	0.36
POST VITA SPA 2.875% 30-05-19	EUR	2,250,000	2,302,022.77	0.13
TELECOM ITAL.5 3/8%04-19 EMTN	EUR	3,000,000	3,160,623.70	0.18
UNICREDIT TF/TV PERP	EUR	6,182,000	6,890,593.12	0.40
UNICREDIT 5.75% 10/25	EUR	7,000,000	7,300,578.56	0.42
<b>TOTAL ITALY</b>			<b>118,185,127.59</b>	<b>6.79</b>
<b>LUXEMBURG</b>				
ARD FINANCE SA FLR 15-09-23	EUR	15,000,000	14,666,250.00	0.84
ARENA LUXEMBOURG FINANCE SARL E3R+2.75% 01-11-23	EUR	4,200,000	4,220,038.74	0.24
AURI LUXE II 8.0% 15-01-23	EUR	27,400,000	29,061,764.33	1.67
DUFR FINA SCA 4.5% 01-08-23	EUR	20,000,000	20,917,200.00	1.20
EUROFINS SCIENTIFIC TF/TV 21/01/2049	EUR	26,500,000	29,145,896.13	1.68
FIAT FINA 6.75% 14-10-19 EMTN	EUR	10,000,000	10,646,994.52	0.61
HANNOVER 5.75% 14/09/2040 - OBLIG TF/TV	EUR	6,600,000	7,234,103.59	0.42
HORIZON PARENT HOLDINGS SARL 8.25% 15-02-22 - PIK	EUR	20,000,000	20,924,500.00	1.20
JOHN DEERE CASH MANAGEMENT SA E3R+0.18% 15-09-20	EUR	7,000,000	6,999,265.00	0.40
LECTA E3R+6.375% 01-08-22	EUR	10,105,000	9,504,855.80	0.55
UNICREDIT INTL 8.125% 10/12/49	EUR	1,204,000	1,311,654.18	0.08
<b>TOTAL LUXEMBURG</b>			<b>154,632,522.29</b>	<b>8.89</b>
<b>NETHERLANDS</b>				
ALLIANZ FIN II E3R+0.5% 07-12-20	EUR	7,500,000	7,550,985.00	0.43
ALLIANZ FI.TV I I-08074I EMTN	EUR	25,000,000	28,440,590.75	1.64
ASR NEDERLAND NV 10.0% PERP	EUR	23,810,703	26,155,916.99	1.50
D E3R+0.35% 03-04-20 EMTN	EUR	5,000,000	4,998,475.00	0.29
DE VOLKSBANK NV 0.125% 28-09-20	EUR	6,800,000	6,806,134.90	0.39
FERRARI NV 0.25% 16-01-21	EUR	9,250,000	9,168,516.37	0.53
ING GROEP NLD I0A PERP SUB *EUR	EUR	8,000,000	5,819,326.58	0.33
NIBC BA 2.25% 24-09-19 EMTN	EUR	14,450,000	14,772,538.85	0.85
NIBC BANK NV E3R+0.5% 30-07-20	EUR	19,400,000	19,427,909.06	1.12
NN GROUP NV 0.25% 01-06-20	EUR	6,700,000	6,719,292.33	0.39
RABOBANK NEDERLAND 6.875% 19/03/2020	EUR	10,000,000	11,364,682.88	0.65
SCHA FINA BV 2.5% 15-05-20	EUR	12,500,000	12,677,166.67	0.73
SCHAEFFLER FINANCE BV 3.5% 15/05/2022	EUR	5,000,000	5,057,833.33	0.29
SNS BA 3.75% 05-11-25 EMTN	EUR	14,500,000	15,288,896.34	0.88
SWIS REI 6.302% 31-12-49 EMTN	GBP	23,000,000	26,083,213.90	1.50
TIKEHAU CLO III BV E3R+0.87% 01-12-30	EUR	15,000,000	14,855,632.13	0.85
TIKEHAU E3R+0.6% 04-08-28	EUR	3,000,000	2,985,712.05	0.17
TIKEHAU 2X E3R+1.06% 07-12-29	EUR	5,000,000	5,011,722.54	0.29
VOLKSWAGEN INTL FINANCE NV E3R+0.35% 30-03-19	EUR	8,000,000	7,999,947.33	0.46
<b>TOTAL NETHERLANDS</b>			<b>231,184,493.00</b>	<b>13.29</b>
<b>NORWAY</b>				
SANTANDER CONSUMER BANK AS 0.375% 17-02-20	EUR	2,300,000	2,312,702.14	0.13
<b>TOTAL NORWAY</b>			<b>2,312,702.14</b>	<b>0.13</b>
<b>STOCKING STITCH</b>				
LINC FINA LIM 6.875% 15-04-21	EUR	30,000,000	31,159,375.00	1.79
WEST CHIN CEM 6.5% 11-09-19	USD	4,550,000	3,204,683.12	0.18
<b>TOTAL STOCKING STITCH</b>			<b>34,364,058.12</b>	<b>1.97</b>



Name of security		Quantity	Market value	%
<b>SWEDEN</b>				
HOIST KREDIT AB 1.125% 04-10-21	EUR	3,000,000	2,964,029.38	0.17
VOLVO TREASURY 2.375% 11/19	EUR	1,000,000	1,024,032.60	0.06
<b>TOTAL SWEDEN</b>			<b>3,988,061.98</b>	<b>0.23</b>
<b>UNITED KINGDOM</b>				
ABBE NAT 0.875% 25-11-20 EMTN	EUR	7,500,000	7,578,336.99	0.44
ANACAP FIN EU SA E3R+5.0% 01-08-24	EUR	4,000,000	3,386,280.07	0.19
BARCLAYS TF/TV PERPETUAL	GBP	20,000,000	25,100,427.88	1.44
COCACOLA EUROPEAN PARTNERS E3R+0.18% 16-11-21	EUR	8,500,000	8,441,307.50	0.49
EPHI HOLD II 8.25% 01-07-23	EUR	22,125,000	22,833,848.13	1.31
FCE BANK E3R+0.5% 26-08-20	EUR	3,000,000	2,942,727.67	0.17
FRIENDS LIFE GROUP 6.875% 29/11/2049	GBP	10,435,000	12,002,388.46	0.69
INTL GAME TECHNOLOGY 4.125% 15-02-20	EUR	500,000	522,196.25	0.03
LLOY BANK GRO 7.0% 31-12-99	GBP	5,000,000	5,584,959.68	0.32
NATL EXPRESS GROUP E3R+0.4% 15-05-20	EUR	5,000,000	4,965,096.67	0.29
NATWEST MARKETS PLC E3R+0.4% 02-03-20	EUR	10,000,000	9,954,923.33	0.57
PUBLIC POWER CORPORATION FINANCE PLC 5.5% 01/05/2019	EUR	13,000,000	9,119,567.95	0.52
TA MFG LIM 3.625% 15-04-23	EUR	5,500,000	5,626,962.92	0.32
VODAFONE E3R+0.95% 25-02-19 EMTN	EUR	10,000,000	10,015,192.22	0.58
<b>TOTAL UNITED KINGDOM</b>			<b>128,074,215.72</b>	<b>7.36</b>
<b>USA</b>				
BK AMERICA E3R+0.37% 21-09-21	EUR	3,000,000	2,979,681.08	0.17
CONT RU 0.5% 19-02-19 EMTN	EUR	5,200,000	5,226,500.05	0.30
FEDEX E3R+0.55% 11-04-19	EUR	5,000,000	5,007,081.67	0.29
GENERAL MOTORS FINANCIAL E3R+0.68% 10-05-21	EUR	5,000,000	4,876,078.33	0.28
M E3R+0.3% 26-08-19 EMTN	EUR	4,100,000	4,102,091.00	0.24
MORGAN STANLEY CAPITAL SERVICE E3R+0.4% 21-05-21	EUR	11,250,000	11,177,835.00	0.64
PSPC ESCR COR 6.0% 01-02-23	EUR	25,000,000	26,382,833.33	1.51
3M E3R+0.23% 15-05-20 EMTN	EUR	2,000,000	2,003,180.00	0.12
<b>TOTAL USA</b>			<b>61,755,280.46</b>	<b>3.55</b>
<b>Total listed bond and similar securities</b>			<b>1,317,990,447.97</b>	<b>75.74</b>
<b>Total bonds and similar securities</b>			<b>1,317,990,447.97</b>	<b>75.74</b>
<b>Credit instruments</b>				
<b>Credit instruments traded in a regulated market or equivalent</b>				
<b>BELGIUM</b>				
ECONOCOM GROUP SE ZCP 05-02-19	EUR	7,000,000	6,999,300.12	0.40
<b>TOTAL BELGIUM</b>			<b>6,999,300.12</b>	<b>0.40</b>
<b>EIRE</b>				
FRES FINA IREL PLC ZCP 06-02-19	EUR	8,000,000	7,999,959.54	0.46
<b>TOTAL EIRE</b>			<b>7,999,959.54</b>	<b>0.46</b>
<b>FRANCE</b>				
ARCE MITT FRAN ZCP 21-01-19	EUR	32,000,000	32,001,680.13	1.84
STEF ZCP 07-01-19	EUR	20,000,000	20,000,000.00	1.15
<b>TOTAL FRANCE</b>			<b>52,001,680.13</b>	<b>2.99</b>
<b>GERMANY</b>				
THYSSENKRUPP AG ZCP 03-01-19	EUR	25,000,000	24,999,843.76	1.44
<b>TOTAL GERMANY</b>			<b>24,999,843.76</b>	<b>1.44</b>

Name of security		Quantity	Market value	%
<b>SPAIN</b>				
EL CORTE INGLES SA ZCP 08-01-19	EUR	40,000,000	39,998,044.88	2.30
<b>TOTAL SPAIN</b>			<b>39,998,044.88</b>	<b>2.30</b>
<b>Total credit instruments traded on a regulated or similar market</b>			<b>131,998,828.43</b>	<b>7.59</b>
<b>Credit instruments not traded in a regulated market or equivalent</b>				
<b>GERMANY</b>				
VOLK FINA SERV AG ZCP 16-07-20	EUR	11,200,000	11,200,000.00	0.64
<b>TOTAL GERMANY</b>			<b>11,200,000.00</b>	<b>0.64</b>
<b>NETHERLANDS</b>				
SYNG FINA NV ZCP 18-01-19	EUR	40,000,000	39,994,001.55	2.30
<b>TOTAL NETHERLANDS</b>			<b>39,994,001.55</b>	<b>2.30</b>
<b>Total credit instruments not traded on a regulated or similar market</b>			<b>51,194,001.55</b>	<b>2.94</b>
<b>Total credit instruments</b>			<b>183,192,829.98</b>	<b>10.53</b>
<b>Collective investment undertakings</b>				
<b>General-purpose UCITS and alternative investment funds intended for non-professionals and equivalents in other countries</b>				
<b>FRANCE</b>				
ALLIANZ SECURICASH FCP 3DEC	EUR	296.529	35,961,355.80	2.06
AMUNDI CASH CORPORATE IC	EUR	133.806	31,299,178.76	1.80
AMUNDI CASH INSTITUT SRI-IC	EUR	106.465	23,298,949.64	1.34
ELLIPSIS SHORT TERM CRED-I	EUR	2,735	3,032,568.00	0.17
KARAKORAM ANNAPURNA I	EUR	19,600	1,982,932.00	0.11
LBPAM RESPONSABLE TRESO PART I	EUR	3,428.24	34,841,100.27	2.00
OSTRUM TRESORERIE PLUS IC	EUR	305.4043	31,624,383.16	1.82
<b>TOTAL FRANCE</b>			<b>162,040,467.63</b>	<b>9.30</b>
<b>LUXEMBURG</b>				
BNPP INSTICASH EUR INST CAPIT	EUR	79,416.1389	11,061,897.81	0.64
<b>TOTAL LUXEMBURG</b>			<b>11,061,897.81</b>	<b>0.64</b>
<b>TOTAL General-purpose UCITS and alternative investment funds intended for non-professionals and equivalents in other countries</b>			<b>173,102,365.44</b>	<b>9.94</b>
<b>Other funds for professionals and equivalents in other EU Member States and unlisted securitisation entities</b>				
<b>FRANCE</b>				
FCT TE FARE 4 FLR 31-12-22	EUR	59,200	273,539.52	0.02
<b>TOTAL FRANCE</b>			<b>273,539.52</b>	<b>0.02</b>
<b>Other funds for professionals and equivalents in other EU Member States and unlisted securitisation entities</b>			<b>273,539.52</b>	<b>0.02</b>
<b>Total collective investment undertakings</b>			<b>173,375,904.96</b>	<b>9.96</b>
<b>Hedges</b>				
<b>Urgent commitments closed</b>				
<b>Urgent commitments firm on regulated or assimilated market</b>				
1 EURIBOR 3 0920	EUR	-174	-141,737.50	-0.01
LIF 1 EURIBOR 3 1220	EUR	-174	-157,675.00	-0.01
XEUR FGBL BUN 0319	EUR	574	231,550.00	0.01

Name of security		Quantity	Market value	%
XEUR FOAT EUR 0319	EUR	-697	-230,010.00	-0.01
Total Firm urgent commitments on market reglemente			-297,872.50	-0.02
Total Firm urgent commitments			-297,872.50	-0.02
Total hedges			-297,872.50	-0.02
<b>Margin call</b>				
APPEL MARGE CACEIS	EUR	297,872.5	297,872.50	0.02
APPEL MARGE CACEIS	USD	-2.98	-2.61	
Total margin call			297,869.89	0.02
<b>Receivables</b>			140,755,409.13	8.09
<b>Debts</b>			-141,870,969.64	-8.15
<b>Financial accounts</b>			66,725,933.16	3.83
<b>Net assets</b>			1,740,169,552.95	100.00

Tikehau Taux Variables A	EUR	10,947,954.363	125.39
Tikehau Taux Variables K1	EUR	22,862.000	113.23
Tikehau Taux Variables K2	EUR	6,306.000	109.81
Tikehau Taux Variables S	EUR	880,530.000	98.85
Tikehau Taux Variables F	EUR	540,288.650	98.41
Tikehau Taux Variables D	EUR	146,737.022	98.77
Tikehau Taux Variables P	EUR	1,531,359.192	119.62
Tikehau Taux Variables E	EUR	109,177.306	130.99
Tikehau Taux Variables A-CHF	CHF	134,010.106	99.91