

INVESTMENT OBJECTIVE

The Sub-Fund seeks to achieve a positive performance higher than the following composite Index: 25% EURO STOXX 50 NR + 75% EONIA. This performance objective is sought by associating it to a lower annual volatility than 8%.

PORTFOLIO MANAGERS COMMENTS

The equity markets took a hefty drop in October, with the EUROSTOXX 50 NR shedding 5.9%. 9M earnings reports for European companies were more mixed than expected, which added to ongoing concerns on the political context both in Europe (Brexit, Italy, Germany, etc.) and elsewhere (trade relationship between the US and the rest of the world, elections in Brazil, slowdown in China), as well as a fresh phase of rising interest rates/inflation.

VELADOR shed -3.7% in October vs. a -1.5% dip for the benchmark (25% EUROSTOXX 50 NR + 75% EONIA). Some of our top picks reported reassuring earnings (Publicis, Saint-Gobain) or even very good figures (Carrefour, TF1), but the fund was also hit by profits warnings that were very severely punished (Atos, Bouygues down respectively 25% and 14% over the month). This was something of a key issue in October, with companies that posted reassuring or good earnings rallying on the day but gaining little (Carrefour) or not at all (TF1, Publicis, Schneider) over the month. However, stocks that really disappointed were hard hit and lost much more than just the negative impact of profits warnings on their accounts. This aspect, combined with the fund's net exposure, account for the poor month in October. We made very few changes to our portfolio this month, and remain focused on value stocks (19 P/E of around 10x and FCF yield of around 10%) which are still of strong quality (Saint-Gobain, Atos, Bouygues, Publicis, etc.), even those that disappointed. The other portion of our portfolio focuses on companies where we feel that the valuation/growth ratio is undervalued by the market, such as those that will derive great benefits from digital manufacturing, like Schneider, ABB, STM and Siemens. We hope that the value aspect for the first portion of our portfolio and surprises on growth for the second will help VELADOR rebound over the weeks ahead.

Our beta-adjusted net exposure comes to 18.2% vs. 26.4% last month, below the benchmark (25%). In view of hazy visibility, particularly on the political outlook, we would rather avoid the risk of excessive market directional strategies for VELADOR, and hope that our choice of stocks, which has been very negative this year, will help VELADOR gradually recover over the weeks ahead, rather than market trends.

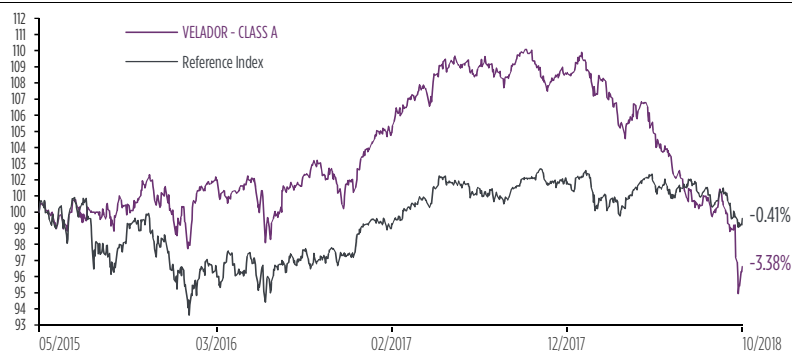
Text completed on 11/05/2018.

Cyril FREU - Mathieu PICARD - Alexis ALBERT

PERFORMANCE AND VOLATILITY

| | Share A | Reference Index ^① |
|--|---------|------------------------------|
| YTD performance | -11.02% | -1.75% |
| 2017 performance | 4.55% | 2.04% |
| Annualised performance since inception | -0.99% | -0.12% |
| Volatility 1 year | 4.78% | 8.00% |
| Volatility 3 years | 4.62% | 8.00% |
| Volatility since inception | 4.60% | 8.00% |

PERFORMANCE SINCE 18/05/2015



^①75% EONIA + 25% EURO STOXX 50 NR. Past performance is not a guarantee of future performance.

MAIN LONG POSITIONS

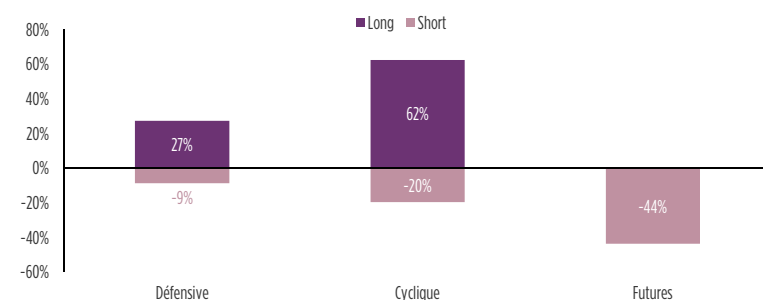
| | |
|--|------|
|  BOUYGUES | 7.0% |
|  CARREFOUR | 7.0% |
|  SAINT-GOBAIN | 6.3% |
|  SCHNEIDER | 6.1% |
|  SIEMENS | 5.9% |

Holdings may change over time

MAIN SHORT POSITIONS

| | |
|---------------------------------------|-------|
| CAC 40 | 17.2% |
| EURO STOXX 50 | 16.7% |
| DAX | 10.2% |
| STOXX 600 Industrial Goods & Services | 4.7% |
| STOXX 600 Construction | 4.5% |

SEGMENT EXPOSURE



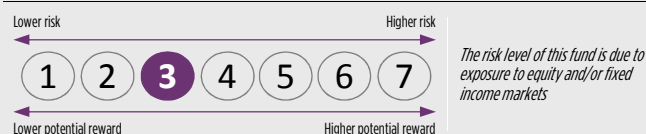
RISK ANALYSIS

| | |
|--------------|-------|
| Sharpe Ratio | -2.59 |
|--------------|-------|

MAIN CHARACTERISTICS

| | | | |
|------------------------------|--------|----------------|-------|
| NAV | €96.62 | Net assets | €789M |
| Gross exposure | 163% | Net exposure | 16.1% |
| Net exposure (beta adjusted) | 18.2% | Long positions | 40 |

RISK AND REWARD PROFILE



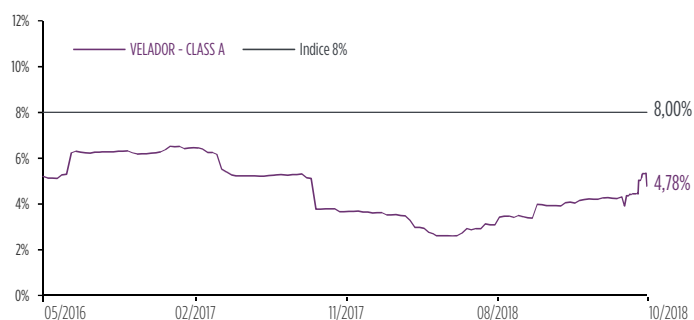
SECTOR EXPOSURE



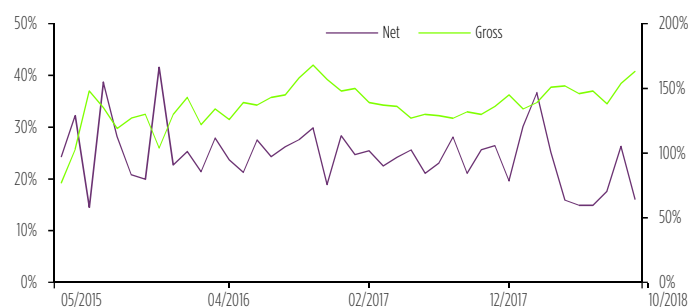
GROSS EXPOSURE TO EQUITIES BY CURRENCY



52-WEEK VOLATILITY



MARKET EXPOSURE



PERFORMANCE (%)



| | Part A | Performance index ⁽¹⁾ |
|-----------------------------|--------|----------------------------------|
| Worst performance 1 month | -3.70% | -2.27% |
| Best performance 1 month | 2.31% | 2.51% |
| Worst performance 1 quarter | -3.70% | -2.19% |
| Best performance 1 quarter | 3.82% | 2.36% |

⁽¹⁾75% EONIA + 25% EURO STOXX 50 NR
Datas calculated since inception

| Year | | january | february | march | april | may | june | july | august | september | october | november | december | Annual |
|------|-------------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|---------|
| 2016 | VELADOR - A | -0.98% | 0.99% | 0.62% | -0.67% | 0.68% | -2.60% | 2.31% | -0.01% | 1.36% | -0.80% | -0.12% | 1.78% | 2.50% |
| | Index | -1.66% | -0.75% | 0.52% | 0.34% | 0.61% | -1.48% | 1.11% | 0.28% | -0.15% | 0.45% | -0.01% | 1.91% | 1.13% |
| 2017 | VELADOR - A | 0.79% | 1.46% | 1.57% | 0.56% | 0.65% | -0.50% | 0.41% | -0.77% | 1.57% | -1.03% | -0.28% | 0.09% | 4.55% |
| | Index | -0.45% | 0.70% | 1.37% | 0.48% | 0.23% | -0.76% | 0.06% | -0.19% | 1.25% | 0.54% | -0.72% | -0.45% | 2.04% |
| 2018 | VELADOR - A | -0.26% | -0.19% | -2.44% | 0.92% | -2.11% | -1.75% | -0.95% | -0.48% | -0.56% | -3.70% | - | - | -11.02% |
| | Index | 0.75% | -1.17% | -0.55% | 1.41% | -0.65% | -0.06% | 0.95% | -0.95% | 0.06% | -1.50% | - | - | -1.75% |

⁽¹⁾75% EONIA + 25% EURO STOXX 50 NR. Past performance is not a guarantee of future performance.