

amLeague performances analysis Europe Equities SRI category

1st Semester 2016

The European Equity SRI mandate

amLeague is an online trading platform that allows asset managers to place orders on notional portfolios. The characteristics of the intervention conditions and the mandates were the same for all asset managers, as it is easier to compare the achievements of each of the asset management companies.

SRI has an increasing significance for institutional investors who, in this capacity, participated in the genesis of this mandate. In this case, in addition to the Swiss GPF and AF2i whose key members are part of the club of investors “amLeague”; the Pension Reserve Fund, the civil servants’ supplementary retirement fund (RAFP), the Humanis group and the Caisse des Dépôts intervened alongside amLeague. The mandate began on 31 December 2013.

Cedrus AM led the development such as making the specifications of the mandate and the working group for the operational implementation of the mandate. ESG ratings are provided to asset managers by Sustainalytics.

Market context – 1st Quarter 2016

The first semester of 2016 has begun falling sharply pursuing the movement initiated earlier in December. Indeed, equity markets were negatively impacted during the first Quarter by the easing of the ECB which was below expectations, but also with the Fed rate hike, the depreciation of the yuan and the decline in oil prices. The movement kept its intensity throughout the months of January and until mid-February with changes among stock markets indexes (-25% for the Nikkei 225, -24% for the Euro Stoxx 50 and -14% for the S&P 500), whereupon different financial markets have shifted upward still with differences (+13% for the S&P 500, +11% for the Euro Stoxx 50 and +10% for the Nikkei 225). On the second Quarter, the corrective movement has extended to recover in late April neutral performance on a Year-To-Date period (or even positive for the US). Subsequently, uncertainty about the US macro economy and more recently with the decision of the UK to leave the European Union have brought back volatility on the front row and led to massive daily losses (-8.4% for the Euro Stoxx 50, -7.9% for the Nikkei 225 and -3.6% for the S&P 500)

STOXX Europe 600 - Net Total Return	
S1 2016	-7.85%
Interim period	
January	-6.37%
February	-2.21%
March	+1.40%
April	+1.75%

May	+2.50%
June	-4.83%

Global performances analysis

31/12/2015 - 30/06/2016

Asset Management Company	Manager	Performance	Volatility	Tracking Error	Sharpe Ratio	IR	Beta	Alpha	Back-Treynor Ratio	Max Drawdown	Inception Date
THEAM BNP Paribas Low Vol	Team Managed	-2.93%	21.23	6.33	-0.15	1.36	0.82	7.31	8.89%	-13.03%	31/12/2013
Degroof Petercam	Team managed by L. Op De Beeck, K. Bosquet & G. Lermينياux	-4.95%	24.03	3.40	-0.28	1.55	0.94	5.23	5.54%	-15.58%	31/12/2013
Roche-Brune AM	B. Fine, M. Fouilloux	-6.29%	24.68	4.87	-0.37	0.58	0.96	2.70	2.81%	-16.18%	31/12/2013
Swiss Life Asset Managers	B. Jonen, P. Kaste, M. Ringel	-6.42%	24.18	4.08	-0.39	0.61	0.95	2.10	2.22%	-15.61%	31/12/2013
MOYENNE		-7.21%	24.67	4.65	-0.43	0.23	0.96	0.77	n.d.	-16.01%	
Federal Finance	R. Féroc, S. Le Gall	-7.37%	24.64	4.10	-0.45	0.19	0.96	0.40	0.41%	-14.77%	31/12/2013
STOXX 600 NR		-7.88%	25.25	n.d.	-0.47	n.d.	n.d.	n.d.	n.d.	-16.90%	
La Financière Responsable	S. Prévost	-7.87%	22.86	6.04	-0.54	-0.09	0.88	-2.15	-2.44%	-15.13%	30/06/2015
ECOFI Investissements	T. Boisseau	-8.47%	27.36	5.33	-0.46	-0.13	1.06	0.08	0.07%	-17.87%	31/12/2013
Allianz GI	C. Clet-Messadi, C. Garrigues	-8.69%	25.02	3.06	-0.54	-0.53	0.98	-2.07	-2.10%	-16.91%	31/12/2013
La Française AM	D. Buffet, R. Petitjean	-11.88%	27.98	4.64	-0.67	-1.47	1.10	-6.62	-6.03%	-19.07%	31/03/2015

Performances from 12/31/2015 to 06/30/2016

At the beginning of a year severely affected by volatility, active managers were able to demonstrate their capability in the Europe Equities SRI mandate. Indeed, **56% of the participating asset managers outperformed the benchmark** in S1 2016 and **the mandate's average displays a relative performance of +0.6%** compared to the STOXX Europe 600 NR.

As a leader on the 1st semester of 2016, the strategy managed by THEAM is relatively increasing by +4.9% versus the benchmark. By promoting a 'low vol' profile (21.2% versus 24.7% for the mandate's average) and an inferior beta than its peers, THEAM management team has reinforced its leading position, displaying almost +19% of relative performance on the benchmark and +12% on the second participant that is Roche-Brune AM, since inception (12/31/2013). We can intuitively suppose that the low vol bias allows mainly (but not only) to capture a "quality" or "defensive" risk premium (there is no general framework for defining alternative systematic risk premia).

Thereafter comes the strategies managed by Degroof Petercam, Roche-Brune AM and Swiss Life AM, starting out the year in relative at respectively +2.9%, +1.6% and +1.4% compared to the STOXX Europe 600 NR. If these three strategies displayed in the end of Q1 alphas, betas and Sharpe ratios similar over the period, however, they have produced different returns on the Q2 with Degroof Petercam providing twice the alpha of its two peers. In the end of June, information ratios get some spread due to the divergence of the tracking error. It may be noted also that the strategy managed by THEAM offers one of the most significant tracking error on the period, due primarily to its low beta profile it enjoyed during the bear market earlier this year. In terms of alpha generated on the period, THEAM strategy arrives also in the first place among the participating asset managers on the European Equity SRI mandate.

As for the bottom ranking, asset managers participating to the European Equity SRI mandate have proposed very competitive strategies during the 1st Semester of 2016, with only one asset management companies ending below 1% versus the benchmark. We can see that despite a significantly higher volatility than the STOXX Europe 600 NR, strategy managed by La Française AM offered a positive alpha in the end of the 1st Quarter, allowing it to contain a reduced gap versus the benchmark since the beginning of the year, mainly due to its important beta during bear markets. Subsequently, the alpha generated by the strategy managed by La Française AM has returned strongly (+7.2 in the end of Q1 versus -12.9 in the end of Q2). On the opposite, Allianz GI managed strategy is proposing similar risk/return indicators than the benchmark. The underperformance over the period seems to come partly from Allianz GI stock selection and the factors that have been played. It displays a negative alpha of 2.1 on the period on the S1.

ESG indicators analysis – 30st June 2016

Société de Gestion	Gérant	ESG ↓	Environnement	Social	Governance
<u>Degroof Petercam</u>	Team managed by L. Op De Beeck, K. Bosquet & G. Lermينياux	77	77	77	78
<u>Allianz GI</u>	C. Clet-Messadi, C. Garrigues	76	79	75	73
<u>ECOFI Investissements</u>	T. Boisseau	75	76	74	75
<u>THEAM BNP Paribas Low Vol</u>	Team Managed	74	75	73	75
MOYENNE		73	75	72	74
<u>Swiss Life Asset Managers</u>	B. Jonen, P. Kaste, M. Ringel	72	72	71	74
<u>Federal Finance</u>	R. Féroc, S. Le Gall	72	75	68	73
<u>La Française AM</u>	D. Buffet, R. Petitjean	70	73	68	72
<u>Roche-Brune AM</u>	B. Fine, M. Fouilloux	69	73	67	70
Univers d'investissement		67	67	66	69

ESG indicators analysis – 31st December 2015

Société de Gestion	Gérant	ESG ↓	Environnement	Social	Governance
<u>Degroof Petercam</u>	Team managed by L. Op De Beeck, K. Bosquet & G. Lermينياux	76	77	75	75
<u>Allianz GI</u>	C. Clet-Messadi, C. Garrigues	75	78	75	73
<u>ECOFI Investissements</u>	T. Boisseau	75	76	76	75
<u>Swiss Life Asset Managers</u>	B. Jonen, P. Kaste, M. Ringel	73	73	72	74
<u>Federal Finance</u>	A. Lanctin, R. Féroc	73	75	71	73
MOYENNE		73	74	73	73
<u>La Financière Responsable</u>	S. Prévost	72	72	73	70
<u>THEAM BNP Paribas Low Vol</u>	Team Managed	72	72	71	73
<u>Roche-Brune AM</u>	B. Fine, M. Fouilloux	71	72	71	70
<u>La Française AM</u>	D. Buffet, R. Petitjean	71	72	71	72
Univers d'investissement		66	65	66	68

Specific indicators analysis – 30st June 2016

Société de Gestion ^	Gérant	Emission reduction	Environment controversies	Supply chain	Social controversies	Board independence	Governance controversies
<u>Allianz GI</u>	C. Clet-Messadi, C. Garrigues	96	0.75	91	2.21	67	1.81
<u>Degroof Petercam</u>	Team managed by L. Op De Beeck, K. Bosquet & G. Lermينياux	90	0.89	87	1.64	61	1.13
<u>ECOFI Investissements</u>	T. Boisseau	90	1.01	84	2.15	64	1.66
<u>Federal Finance</u>	R. Féroc, S. Le Gall	80	0.8	67	1.99	71	1.45
<u>La Francaise AM</u>	D. Buffet, R. Petitjean	80	0.86	71	1.79	62	1.32
MOYENNE		85	0.69	76	1.77	63	1.28
<u>Roche-Brune AM</u>	B. Fine, M. Fouilloux	76	0.35	67	1.54	54	1.07
<u>Swiss Life Asset Managers</u>	B. Jonen, P. Kaste, M. Ringel	85	0.39	70	1.37	63	0.86
<u>THEAM BNP Paribas Low Vol</u>	Team Managed	85	0.51	69	1.47	62	0.91
<u>Univers d'investissement</u>		71	0.4	51	1.23	57	0.9

Specific indicators analysis – 31st December 2015

Société de Gestion ^	Gérant	Emission reduction	Environment controversies	Supply chain	Social controversies	Board independence	Governance controversies
<u>Allianz GI</u>	C. Clet-Messadi, C. Garrigues	94	0.95	89	2.27	63	1.69
<u>Degroof Petercam</u>	Team managed by L. Op De Beeck, K. Bosquet & G. Lermينياux	88	0.94	90	1.88	77	1.46
<u>ECOFI Investissements</u>	T. Boisseau	88	1.03	89	2.16	64	1.65
<u>Federal Finance</u>	A. Lanctin, R. Féroc	81	0.83	76	1.98	73	1.43
<u>La Financière Responsable</u>	S. Prévost	74	0.49	72	1.62	61	1.2
<u>La Francaise AM</u>	D. Buffet, R. Petitjean	75	0.81	74	1.67	66	1.19
MOYENNE		82	0.69	79	1.73	66	1.28
<u>Roche-Brune AM</u>	B. Fine, M. Fouilloux	77	0.34	78	1.42	61	1.17
<u>Swiss Life Asset Managers</u>	B. Jonen, P. Kaste, M. Ringel	83	0.42	74	1.4	66	0.88
<u>THEAM BNP Paribas Low Vol</u>	Team Managed	76	0.38	69	1.14	61	0.83
<u>Univers d'investissement</u>		66	0.39	56	1.18	56	0.83

Just as last quarter, and since the launch of the mandate in late December 2013, the overall ESG rating as well as the rating on all three pillars are higher than those of the STOXX Europe 600 NR, not weighted by capitalization among all managers. The differences and hierarchy of these ratings remain relatively stable, even if they have experienced a regression phase in S1 2016. Indeed, the overall ESG rating for the mandate decreased from 73.3 at the end of 2015 to

72.5 in the end of March 2016 and 72.8 in the end of Q2. However, we are noticing that the asset managers participating on the Europe Equity SRI mandate have improved their emission reduction rating by two points on average (from 82 to 84.1) over the period. As an example, THEAM strategy had a 76 rate in the end of the year 2015 and increased by 12% over the 1st Semester to reach an 85 rate. On a broader angle based on all ESG criteria rating, THEAM reached the fourth place from the seventh during the 1st Semester.

In our 4th Quarter of 2015 analysis, we stated that asset managers had proposed a significant improvement on the social pillar during the last Quarter even so it reversed on the 1st Semester of 2016 with an average down by 2% on this rate. This has been particularly felt over 3 concrete indicators:

- Supply chain indicator with Federal Finance declining by 12% over the period and Roche-Brune AM 15%
- Board independence with la Financière Responsable going down by 15% over the period
- Social controversies with La Française AM loosing 11% during the 1st Semester of 2016.

Annex

1) About the amLeague Europe Equity mandate

A fair competition: amLeague is an online trading platform that allows asset managers to place orders on their notional portfolios, where investment guidelines have been previously defined by the Club of institutional investors (FR and CH). The objective is to give to asset managers the opportunity to demonstrate their ability to generate added value compared to the benchmark, while providing a valuable source of data to institutional investors trying to refine their process selection.

Real trading conditions: following the guidelines of the mandates, the orders' execution prices are calculated by our ITG partner with the ACE[®] fitting algorithm; and the advanced capabilities of the trading platform allow asset managers to manage their portfolio in real conditions.

Performances are a 100% comparable: amLeague oversees the entire process, from the creation of the portfolio to its display on www.am-league.com. As a result, each asset manager is treated the same way, allowing amLeague to avoid all barriers that make the "traditional" performance comparison inaccurate and therefore unusable.

2) About Cedrus AM

Cedrus AM is an entrepreneurial Asset Management company specializing in the active selection and allocation of funds. SRI and sustainable management specialist, Cedrus AM is guided by strong principles of sustainability / responsibility and active management. Directed by Benoit Magnier and composed of 6 experienced professionals, Cedrus Asset Management advises and manages on behalf of its clients 227 million euros at the end of December 2015. The Cedrus AM offer consists of 4 SRI funds: a flexible Equity fund, a European and International Equity one, an International Equity fund based on sustainable themes: Megatrends and a Credit fund.

We also offer customized management solutions, mandates and dedicated funds, and advise on investment, selection and allocation of funds and on subjects like energetic transition and portfolios' carbon footprint, regarding of the new French law on energetic transition.