

April 6th, 2021

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WHAT IS YOUR VIEW ON 2020 FOR THE FIXED INCOME MARKET?

2020 has been an exceptional year in many ways for the fixed income market. Like all other market segments, the fixed income one was unprepared for the emergence of COVID 19 and what would become the worst pandemic in nearly 100 years. The year had started on a solid footing, with the bond market offering good prospects, buoyed by abundant liquidity and encouraged by good corporate fundamentals. The shock of the pandemic was all the more violent. Bond valuations fell, reflecting both the risk of recession and the effect of the sudden deterioration in liquidity conditions and a profound dysfunction of the bond market. This almost unprecedented situation affected all types of bonds, even the safe havens ones such as government securities, and it lasted until the massive interventions of central banks coupled with fiscal stimulus policies put out the ongoing fire. Bond markets, which were directly targeted by central banks, were the first to recover.

Overall, despite the high volatility of 2020, we are satisfied with the performance of our funds, most of which ended in positive territory. The robust construction of our portfolios, based on strong diversification and a rigorous selection of issuers, as well as our reactivity during the year made it easier for us to navigate in a difficult context and to respond to our clients' expectations and needs. Besides, the launch of Moorea Fund- High Yield Opportunity 2025, allowed us to expand our range at an opportune moment.

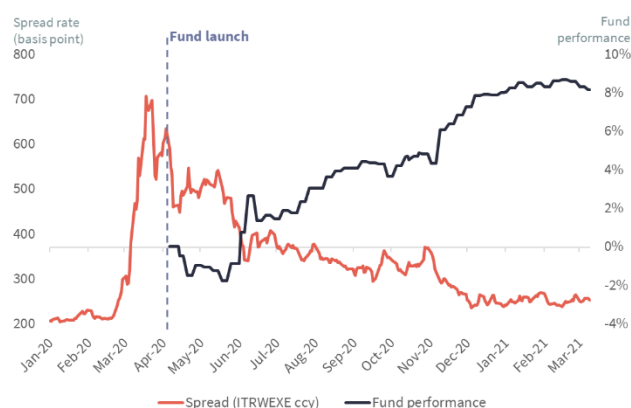
” Our two funds "Moorea Fund - Gestion Patrimoniale" and "Moorea Fund - Floating Rate Income" got awarded the "LuxFLAG" ESG label. We are proud that our commitment to a more responsible economy was recognized one again. ”

MOOREA FUND – HIGH YIELD OPPORTUNITY 2025

TELL US ABOUT THE LAUNCH OF YOUR NEW FIXED MATURITY (2025) FUND

The launch of a fund is always surrounded by uncertainties and doubts about market conditions. In this particular case, as the fund was launched on April 6, 2020 in the midst of the crisis, I think I can confidently say that they could not have been much stronger.

A timely launch (performance Inst. Euro Cap share class.)



Source: Société Générale Private Wealth Management, Bloomberg March 2021

Past performance is not a reliable indicator of future results.

MOOREA FUND – HIGH YIELD OPPORTUNITY 2025

While it was difficult, if not impossible, to say whether the downturn would continue, intensify or whether the economy would quickly recover, we had strong convictions that led us to seize the opportunity. The first was that a large part of the correction in bond markets was due to a dysfunction caused by illiquidity. Central banks had already experienced the 2008 and 2011 crises in Europe and knew the remedy. We therefore believed, and rightly so, that a joint intervention by central banks and an injection of liquidity would help to normalize the situation in bond markets. We also benefited from the help of a team of high quality credit analysts who have allowed us to carefully select issuers that we believe will be able to weather this crisis over the long term.

” We have the experience of a previous successful launch of a bond carry fund which facilitated the responsiveness of the teams. ”

These elements gave us the confidence to launch this fund during this period of uncertainty, and the investors who trusted us were able to seize this opportunity.

HOW DID YOU DEVELOP THIS FUND?

We built the fund with a clear philosophy: to offer an attractive yield while providing visibility. We have therefore focused our portfolio construction on a selection of bonds with a maturity around 2025 to ensure visibility. The emphasis was placed on diversification to reduce the specific risks of issuers in a climate of uncertainty. Finally, we took particular care in selecting issuers, a significant portion of which are rated Investment Grade, synonymous with lower risk. All these factors have been an integral part of the fund's profile since its conception and remain the basic principles of our current management.

DID YOU EXPECT SUCH A STRONG PERFORMANCE IN THE FIRST YEAR?

We were expecting a rebound in bond valuations, but the extent and speed of the movement surprised us. Indeed, the liquidity phenomenon was reversed very quickly with the central banks' injection announcements, leading to an initial phase of price normalization. From then on, the market focused on the fundamentals of issuers. Thanks to the careful selection of issuers and the positioning on investment grade securities, we were confident in the fund's trajectory.

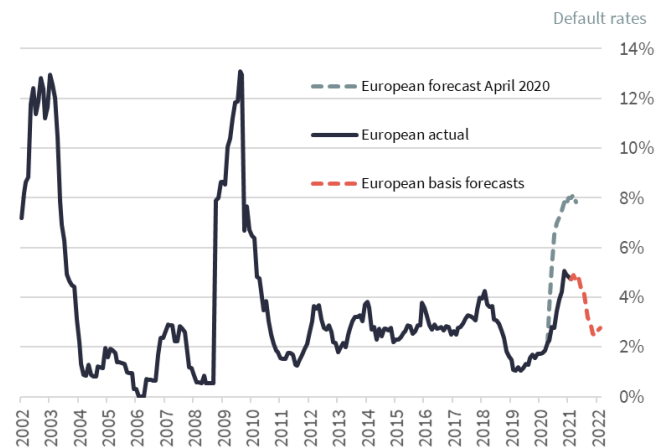
IS THE OPPORTUNITY TO INVEST IN THE FUND STILL THERE?

The fund has indeed well behaved in 2020 and is unlikely to repeat this annual performance. The fund's trend should be more gradual and remain above its annual return (around 1.6%).

Today, most of the uncertainties are behind us and the visibility of the fund remains strong.

The fund therefore retains its appeal in a context where money market rates will remain low or even negative.

Default rate forecasts



Source: Société Générale Private Wealth Management, Bloomberg March 2021

Past performance is not a reliable indicator of future results.

The year 2020 will therefore have been a choice year for the launch of Moorea Fund - High Yield Opportunity 2025 as well as for Moorea Fund - Floating Rate Income, which still benefits from the current context.

MOOREA FUND – FLOATING RATE INCOME

MOOREA FUND – FLOATING RATE INCOME

WHAT IS YOUR OUTLOOK FOR THE BOND MARKET IN 2021?

The recovery scenario for 2021 and 2022 will depend largely on the control of the health crisis and, in particular, the pace and effectiveness of vaccination. It will be more of an economic catch-up than an actual recovery. In theory, the economy recovers more strongly after a health crisis than after a traditional economic recession, provided that governments manage to protect the economic fabric during the downturn. Indeed, governments have announced massive economic stimulus packages in the US and Europe to protect and revive the economy.

High volatility is to be expected in 2021. Given the base effects on oil prices, which had gone in negative territory for a while last year, but also other factors such as the cut in VAT rates in Germany and the recent spike in freight rates, prices are likely to accelerate sharply in the coming months. Central banks should however remain unmoved in the face of this expected surge in inflation. They have adopted a target of average inflation rate, which means that after a period of low inflation, they are able to accept that inflation will exceed the target.

“As in any crisis, opportunities are emerging, such as the digital transition and the new working methods that go with it. This is also the case with the consideration of the challenge of climate change.”

WHAT OTHER INVESTMENT OPPORTUNITIES DO YOU SEE FOR 2021 AND BEYOND?

For the fixed income market, an outlook of stronger growth generally leads to a rise in long-term rates as investors revise their inflation expectations upwards. In this environment, floating rate bonds should perform well because of their low duration and their upward coupon reset mechanism. We believe that the Moorea Fund - Floating Rate Income fund is well suited to this rising rate outlook.

Inflation expectations in Europe and the US



Source: Société Générale Private Wealth Management, Bloomberg March 2021

Past performance is not a reliable indicator of future results.

The improvement in growth expectations, linked to a gradual reopening of the economies supported by massive government stimulus plans and ultra-accommodating central bank monetary policies, should make it possible to anchor inflation expectations on the upside and thus lead to a steepening of yield curves. In the short term, however, central banks will probably not rush to raise their key rates, as this could hamper the economic recovery. The stock of government debt is now so large that it constrains monetary policy, preventing the raising of key rates at the risk of affecting the solvency of governments.

However, the markets already seem to be anticipating a rise in rates in the longer term. The German 10-year rate went from -57 basis points (bp) at the beginning of the year to -26 bp at the end of February. Recently, the interest rate on French 10-year treasury bonds moved back into positive territory for the first time since June 2020.

IS MOOREA FUND - FLOATING RATE INCOME SUITABLE FOR THE NEGATIVE MONEY RATE ENVIRONMENT?

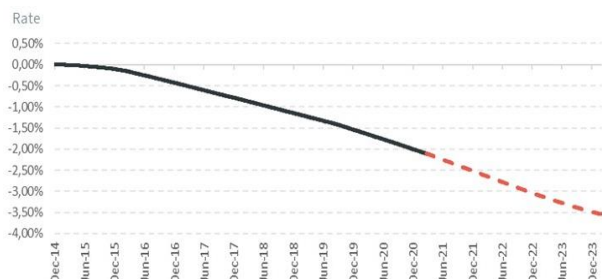
The Moorea Fund - Floating Rate Income is an interesting opportunity for investors looking to position themselves in a scenario of monetary policy normalization.

Indeed, the fund offers a positive return of around 0.4% for a low duration of 0.5 and a defensive profile with an average rating of BBB. Despite the market shock in March 2020, the fund was one of the first in the range to get back into positive territory last year.

MOOREA FUND – FLOATING RATE INCOME

An investor who entered the fund on December 31, 2019 gained 1.21% as of today (March 31, 2021 - inst. Eur Cap share), while suffering a loss of around 59 bp on a conventional deposit.

Performance of a money market investment



Source: Société Générale Private Wealth Management, Bloomberg March 2021

Past performance is not a reliable indicator of future results.

CAN YOU TELL US MORE ABOUT THE FUND'S STRATEGY?

The fund's strategy consists of investing in floating rate bonds to benefit from a rising rate scenario. The fund has a defensive profile as it invests mainly in senior investment grade bonds. In order to benefit from upward revisions of inflation expectations and a steepening of the yield curve, the fund also invests in subordinated debt of investment grade issuers indexed to long-term rates.

The performance driver of these old generation bonds, known as "legacy" bonds, is the indexation of the coupon to long rates, but also the probability of an early call or a redemption offer by the issuer. The market regulator recently reminded us that these instruments,

which do not comply with Basel III regulations and have benefited from a "grandfathering" regime, are destined to be gradually removed from regulatory capital.

Finally, we have moved towards a more responsible management with regards to Environmental, Social and Governance (ESG) criteria.

ESG indicators of the fund

Quality rating	6,3
ESG Rating	A
Average controversy rating	3,7
Carbon footprint	64,1

Source : Société Générale Private Wealth Management, MSCI March 2021

Past performance is not a reliable indicator of future results.

The investment process now takes these factors fully into consideration and the fund refrains from investing in issuers exposed to controversies that could significantly impact their performance. The investment philosophy thus responds to investors' concerns about so-called "sustainable" issues.

Our commitment to the long-term challenges of sustainable development has been rewarded with the LuxFLAG ESG label in 2020.

“The current period is an opportunity to increase the transition to green economies with the acceleration of the digital and the energy transitions.”

MOOREA FUND – HIGH YIELD OPPORTUNITY 2025 & FLOATING RATE INCOME

KEY INFORMATION

	Moorea Fund – High Yield Opportunity 2025	Moorea Fund – Floating Rate Income
UCITS risk/return profile (1 to 7)	4	3
Investment horizon	5 years	3 years
Legal structure	Sicav Luxembourgeoise UCITS	
Management company	Société Générale Private Wealth Management S.A.	
Custodian / ValORIZER	Société Générale Luxembourg	
Reference currency	EUR	
Initial net asset value	250 EUR	
Initial launch date	April 2020	Octobre 2014
Valuation - Subscriptions / redemptions	Weekly	Daily

AVAILABLE SHARE CLASSES

Moorea Fund – High Yield Opportunity 2025

		ISIN Codes	Ongoing charges*	of which management fees
RE	Retail EUR Cap	LU2108469649	1.03%	0.65%
RE-D	Retail EUR Dis	LU2108469722	1.02%	0.65%
RUHE	Retail USD Cap	LU2108469995	1.02%	0.65%
RUHE-D	Retail USD Dis	LU2108470068	1.02%	0.65%
IE	Instit EUR Cap	LU2108470142	0.82%	0.50%
IE - D	Instit EUR Dis	LU2108470225	0.82%	0.50%

Moorea Fund – Floating Rate Income

		ISIN Codes	Ongoing charges*	of which management fees
RE	Retail EUR Cap	LU1115951946	0.74%	0.40%
RE-D	Retail EUR Dis	LU1115981182	0.74%	0.40%
IE	Instit EUR Cap	LU1115981935	0.55%	0.35%

*Ongoing charges are based on the expenses for the last financial year. They may vary from year to year.

MOOREA FUND – HIGH YIELD OPPORTUNITY 2025 & FLOATING RATE INCOME

RISK FACTORS

This risk classification is a Synthetic Risk and Reward Indicator (SRRI) as required for UCITS. The sub-fund has been defined as an absolute performance fund under the Directives of the Committee of European Securities Regulators (CESR). The SRRI has been calculated based on the monthly historic volatility over five years of portfolios managed under the same strategy. The SRRI of UCITS must be calculated using the annualised volatility intervals shown below. These volatility intervals reflect the increasing level of risk borne by the fund and, therefore, its position in the risk scale.

Regarding the UCITS Risk scale from 1 (lowest risk) to 7 (highest risk), the lowest category does not mean a risk-free investment. The risk and reward category shown is not guaranteed to remain unchanged and the categorisation of the fund may shift over time. The prospectuses, KIID (Key Investor Information Document) and annual reports are available on request or on the website ww.sgpwm.societegenerale.com

GLOSSARY

ESG RATING

MSCI ESG Ratings aim to measure a company's resilience to long-term, financially relevant ESG risks (Environment, Social et Gouvernance). For each company a Weighted Average Key Issue Score is calculated based on the underlying Key Issue scores and weights. To arrive at a final letter rating, this score is normalized by industry. The Industry Adjusted Score corresponds to a rating between AAA and CCC. These assessments of company performance are not absolute but are explicitly intended to be relative to the standards and performance of a company's industry peers.

Letter Rating	CCC	B	BB	BBB	A	AA	AAA
Score	0-1.4	1.4-2.9	2.9-4.3	4.3-5.7	5.7-7.1	7.1-8.6	8.6-10

SUSTAINABLE IMPACT REVENUES

Revenue exposure to Sustainable Impact Solutions reflects the extent to which company revenue is exposed to products and services that help solve the world's major social and environmental challenges. It is calculated as a weighted average, using portfolio or index weights and each issuer's percent of revenue generated from Sustainable Impact Solutions. To be eligible to contribute, an issuer must maintain minimum ESG standards.

CONTROVERSY

An ESG Controversy may be defined as an incident or ongoing situation in which a company faces allegations of negatively impacting stakeholders (i.e.: workers, communities, the environment, shareholders, or society at large), via some type of wrongdoing across several ESG indicators. The aim of ESG Controversies research is to assess the severity of the negative impact of each situation, rather than the extent of negative press attention or public opprobrium.

For each issuer, the ESG rating comes along with a Controversy flag which reflects the lowest flag among analyzed key indicators.

- ▶ Green flag: the company is not involved in major recent controversies
- ▶ Yellow flag: in recent moderate-to-severe level controversies
- ▶ Orange flag: one or more recent severe structural controversies that are ongoing
- ▶ Red flag: one or more recent very severe controversies

Controversy flag translates also into controversy score: Red 0 - Orange 1 - Yellow 2 to 4 - Green 5 to 10

MOOREA FUND – HIGH YIELD OPPORTUNITY 2025 & FLOATING RATE INCOME

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POTENTIAL RISKS IN CASE OF AN INVESTMENT

Counterparty risk, liquidity risk, credit risk, operational risk, market risk, concentration risk.

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