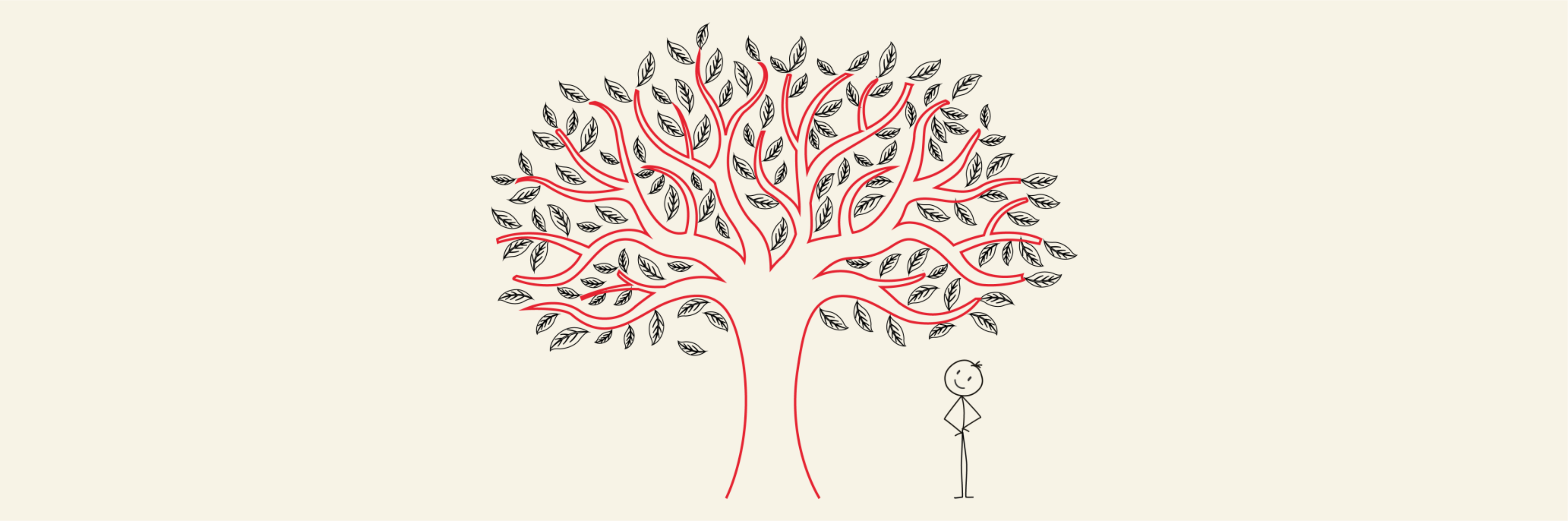

ODDO BHF Génération

ODDO BHF Asset Management SAS

JULY 2018

Exclusively dedicated to
professional clients (MIFID)

Disclaimer

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From January 3, 2018, when ODDO BHF ASSET MANAGEMENT provides investment advisory services, please note that it's always on a non-independent basis pursuant to the European Directive 2014/65/EU (so-called "MIFID II Directive"). Please also note that all recommendations made by ODDO BHF ASSET MANAGEMENT are always provided for diversification purposes.

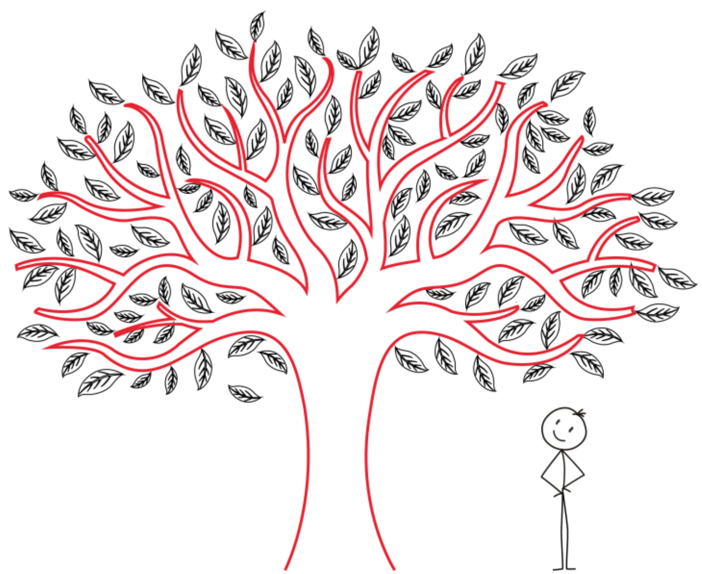
Risks

The fund is exposed to these different risks: risk of capital loss, equity risk, risk associated with holding small and mid caps, risk associated with discretionary management, interest rate risk, credit risk, counterparty risk, currency risk, risk associated with commitments on forward financial instruments, risk associated with securities financing transactions and collateral management, and, to a limited extent, emerging markets risk.

Countries in which the fund is authorised for distribution to professional clients:
France, Austria, Italy, Switzerland, Germany, Netherlands, Portugal, Spain, Belgium, Sweden, Chili

Product

ODDO BHF GÉNÉRATION CI-EUR	★★★★★ Morningstar™	1 2 3 4 **5** 6 7 Risk / return scale*
ODDO BHF GÉNÉRATION CR-EUR	★★★★ Morningstar™	1 2 3 4 **5** 6 7 Risk / return scale*



***Synthetic indicator of risk and performance: running from 1 to 7, where one is the lowest level of risk and seven the highest.**
This indicator shall be revised when changes occur in the fund's risk and reward profile.
Morningstar category: Eurozone Flex Cap Equity; as of 06/30/2018

MANAGEMENT TEAM

01

Management team

A management team with an average of 15 years' experience

20 years investment experience

Emmanuel Chapuis, CFA

Co-Head of Fundamental Equities, ODDO BHF AM

- 2005-2015: Head of Large Caps & Thematic Management, ODDO BHF AM SAS
- 1999-2005: Equity analyst-manager, CM-CIC AM
- 1998-1999: Financial analyst, Goldman Sachs/ Archon Group

Graduated from ESC Dijon, holder of an MBA from Texas Christian University, member of the SFAF (French Society of Financial Analysts)

12 years investment experience

Guillaume Delorme, CFA

Equity analyst-manager specialized in Large Caps and family companies, ODDO BHF AM SAS

- 2004-2006: Mergers & acquisitions, Merrill Lynch London and Paris

Graduated from HEC Paris, holder of a law degree

24 years investment experience

François-Régis Breuil

Equity analyst-manager specialized in Large Caps and thematic investments, ODDO BHF AM SAS

- 1995-2012: Head of the cosmetic-luxury goods and beverages team, Oddo Securities
- 1994-1995: Financial analyst, Meeschaert-Rousselle (Axa)

Graduated from EDHEC and Sciences Po Grenoble. Member of the SFAF (French Society of Financial Analysts)

10 years investment experience

Javier Gomez Rodriguez

Equity analyst-manager specialized in Large Caps and family companies, ODDO BHF AM SAS

- 2008-2010: Development and implementation of quantitative tools for decision support, ODDO BHF AM SAS

Holder of a Master in Financial Engineering and Statistics from University Paris-Dauphine

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INVESTMENT PHILOSOPHY

02

The opinions expressed in the document correspond to our market expectations at the time of publication. They are subject to change according to market conditions and ODDO BHF ASSET MANAGEMENT SAS shall not in any case be held contractually liable for them.

Our investment philosophy

Best long-term opportunities among European all-cap equities

1 Stable and long-term shareholders

- Companies with stable and long-term shareholders, including those controlled by private persons and families in a long-term industrial perspective
- The company represents a significant proportion of the main shareholder's assets

2 Quality of fundamentals

Strength & scalability of business model

- Companies with strong competitive positioning in growth markets
- Scalable business models offering good geographical diversification of economic risk

Cash flow analysis

- Cash generative companies that can demonstrate self-funded organic growth
- Performance across the cycle: sustainability of return on capital employed

Valuation

- Systematic in-house DCF models to assess upside potential vs downside risks

3 ESG criteria used for fundamental analysis and portfolio construction, with a clear focus on management quality and corporate governance

MANAGEMENT PROCESS

03

Investment Process

4 distinctive steps to find new ideas, largely focused on stock-picking

ALL-CAP EUROPEAN EQUITIES UNIVERSE

1	2	3	4
2800 stocks	**~ 700 stocks**	**Watch list ~ 200 stocks**	**Buy list ~ 50-60 stocks**
Qualitative filter	**Qualitative and quantitative filter**	**Fundamental analysis and valuation**	**Portfolio construction**
Stable and long-term shareholders	Financial fundamentals and international operations Ranking of the 700 eligible securities and generation of investment ideas	Selection of securities with solid fundamentals according to our analysis	Active management, daily monitoring of all lines

Management guidelines

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The advantages of stable and long-term shareholders

"Controlled" management more closely aligned with shareholder's interests

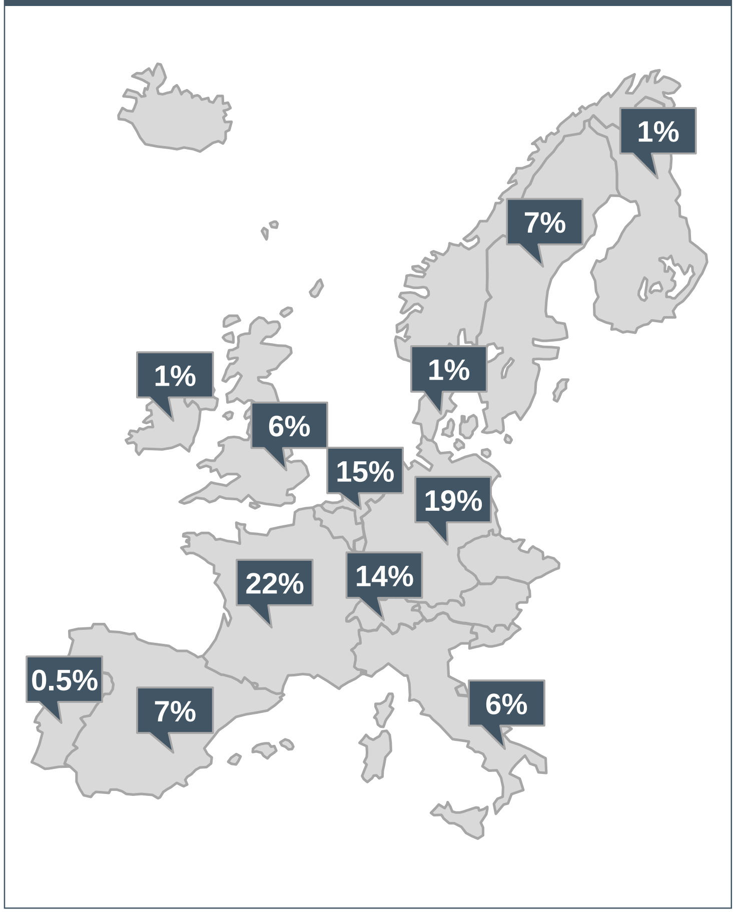
- The company represents a significant proportion of the main shareholder's assets
- Strong commitment by managers encouraged to enhance the wealth of their main shareholder prudently and regularly

Disciplined capital allocation

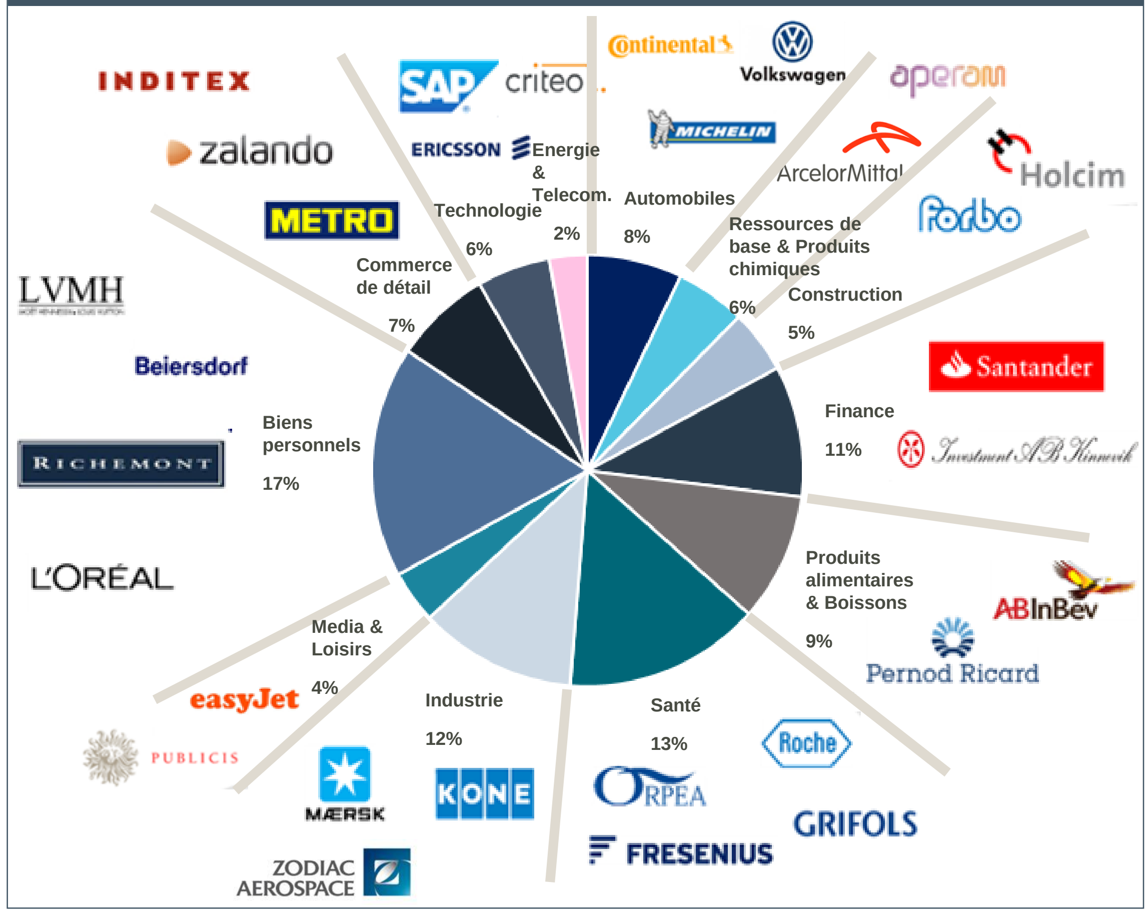
- Less reliance on debt: these businesses prefer to self-finance their growth or increase their capital
- Development strategy in a long-term perspective (stable investment)
- Analysis of the profitability of each investment unconstrained by immediate profitability

Companies with stable long-term shareholders operate in all geographies and sectors

Companies in all countries



Companies in all sectors



Opinions given in this document reflect our market forecasts at the time of the document's publication. They are subject to change according to market conditions and OMAM SAS shall not in any case be held contractually liable for them.
Source: FactSet. Data as of 03/31/2018.

Companies with stable and long-term shareholders are present in all capitalisation segments

Segment	Number of companies	Examples
Mega Caps	25 companies	Roche, Santander, L'ORÉAL, LVMH Moët Hennessy · Louis Vuitton, BMW, AB InBev, HERMÈS Paris, SAP
30 Bn €		
Large Caps	50 companies	MAERSK, sodexo, united internet, Dassault Systèmes, GRIFOLS, Bolloré, Beiersdorf, PUBLICIS, MICHELIN
10 Bn €		
Mid Caps	375 companies	JCDecaux, BIC, KWS, SFS, Groupe crit, TECHNOGYM, Rémy Cointreau, Forbo Flooring Systems, Gruppo CAMPARI
1 Bn €		
Small Caps	250 companies	PIAGGIO, april, komax, GL events, Guerbet, bertrandt, KSB, b, Champagne Laurent-Perrier Maison fondée 1812

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These examples are not investment recommendations.
Source: FactSet. Data as of 03/31/2018.

Qualitative & quantitative filter of financial fundamentals

Ranking of the 700 eligible companies according to the quality of their financial fundamentals and their degree of international presence

Return on capital employed

- **ROCE** on average > 12%
- Or **big improvement in ROCE** on the cards

Cash flow & balance sheet

- **Companies able to self-finance their growth (FCF > 0)**
- Or improving free cash flow generation **(no financial risk)**

Scalability of business model

- European companies with a global dimension: **good geographical diversification** of economic risk

The minimum capitalization of portfolio companies is €100M.

Valuation

Systematic valuation of studied companies

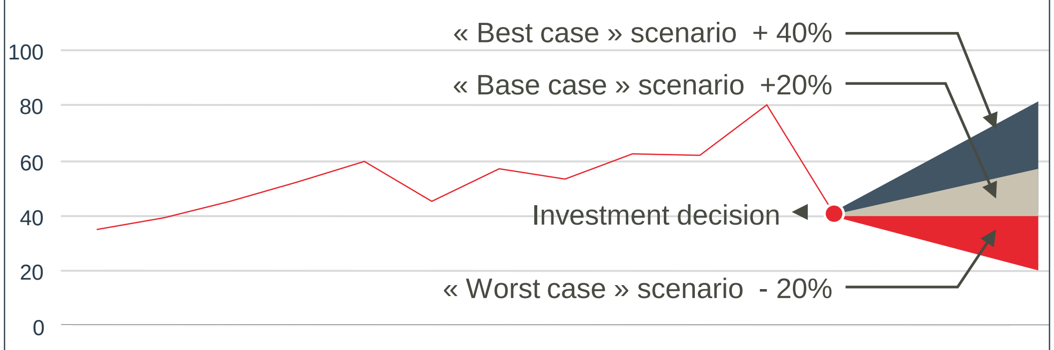
Valuation model

- Proprietary tool making possible to do a DCF valuation in a few clicks
- Internal valuation by discounting future cash flows based on three scenarios (best/base/worst)
- Discount rate using the company's economic risk profile
- Assessment of upside vs downside potential factoring execution risk
- Conservation of valuation history and associated comments

Buy and sell discipline

- Buy: stocks with a strong fundamental conviction and a potential attractive upside vs downside profile
- Sell: collegial decisions to sell or replace a stock when:
  - target price reached
  - another company offers a better profile
  - the fundamentals weaken

Valuation based on three scenarios



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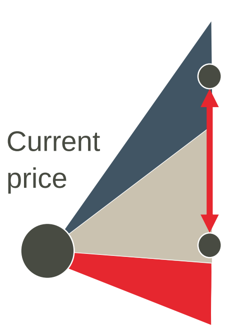
Portfolio construction: from 200 to 50 stocks

Select 50 stocks with the aim to optimize the portfolio's risk/return profile

Investment rules

- No stock representing more than 6%
- No macroeconomic plays: split between cyclical and non-cyclical stocks in line with the benchmark, i.e. 60:40 (+/- 5%)
- Weighting of stocks with high ROCE > 75%
- Weighted average capitalization of fund > €10bn

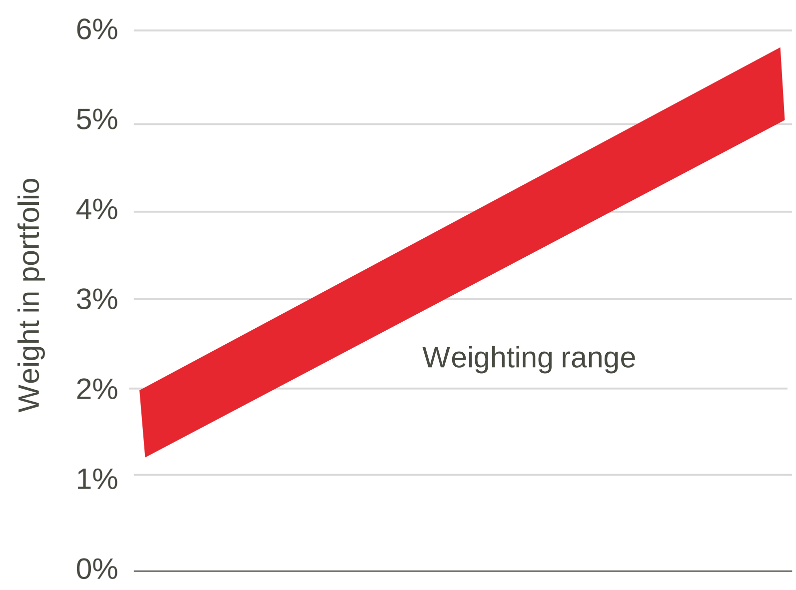
Expected return by security



- Target price: determined by probabilizing the worst-, base- and best-case scenarios
- Probabilities: related to the company's risk profile (determined in step 3: Fundamental analysis)

Weighting range by security

- The weighting range is based on the target price, liquidity and investment rules > €10bn



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The above criteria do not represent a contractual liability. They may change at any time and not be respected at all times. They are not monitored by independent risk control but by the management team.

Portfolio construction with a focus on risk management

“Measured” conviction-based investment management

1 **Execution risk**	• **At the management team level: implementation of investment decisions (collegiality / frequency)** • **At the company level: ESG analysis with a focus on governance and management quality criteria**
2 **Economic risk**	• The portfolio’s overall cyclicity is in line with the market • European companies with a global reach and highly regionally diversified distribution • Companies that are profitable throughout the economic cycle
3 **Financial risk**	• A core shareholder involved in operations and more efficient capital allocation • Companies that are less leveraged than the market average • Fundamental, cash flow-focused research
4 **Thematic risk**	• No macroeconomic bets: cyclical/non-cyclical weights kept in line with the market • A blended approach: striking a balance between high-ROCE companies and future high-ROCE companies
5 **Risk of loss of capital**	• A systematic DCF approach (for assessing risk/return) • Constantly keep an eye on growth assumptions underlying share prices • Envision a worst-case scenario at all times

ESG integration at the heart of our investment process

Our ESG approach

- Factoring in ESG criteria in the third phase of the investment process, particularly during valuation
- The goal: to better understand companies' execution risk through a combined "best in class"/"best efforts" approach
- ESG analysis is not applied as exclusion criteria
- We encourage constant dialogue with companies and voting at all meetings

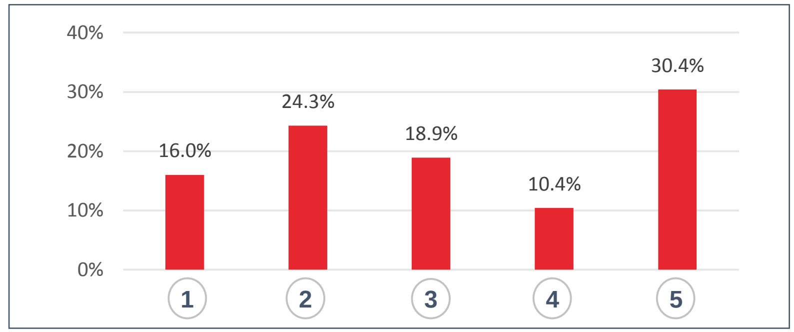
An ESG scoring grid

- A proprietary expertise combined with external databases, such as Sustainalytics, Boardex & ISS
- ESG rating for each company, sector by sector:

Best

5. Strong opportunity
4. Opportunity
3. Neutral
2. Moderate risk
1. High risk

Worst



Impact on company target prices

ESG score	Best case scenario	Base case scenario	Worst case scenario
5	60%	40%	-
4	50%	40%	10%
3	40%	40%	20%
2	30%	40%	30%
1	20%	40%	40%

Target price and upside potential

Target price and upside potential are combined with volatility and liquidity criteria to determine each portfolio company's final weighting

Source: ODDO BHF AM SAS. Figures as of 06/30/2018

Portfolio construction with a focus on risk management

“Measured” conviction-based investment management

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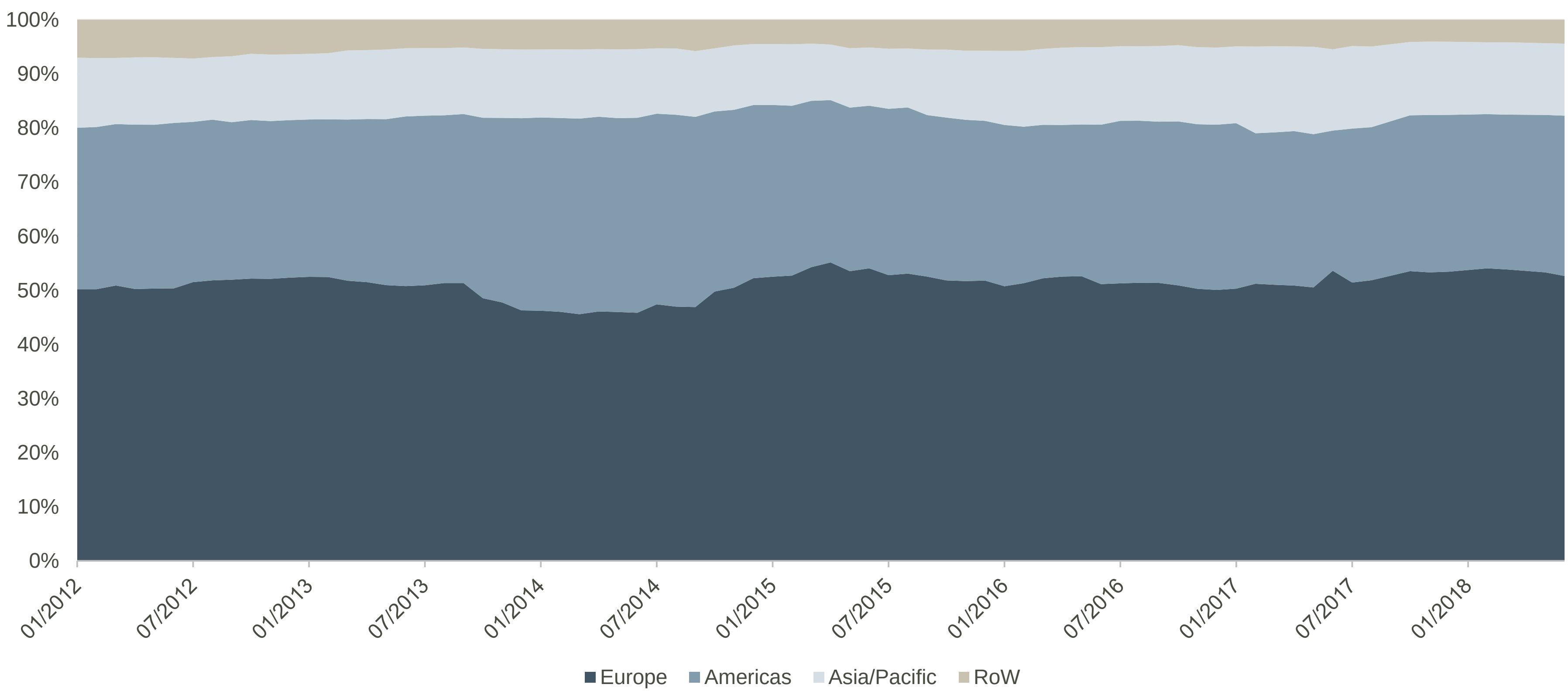
Resolutely international companies

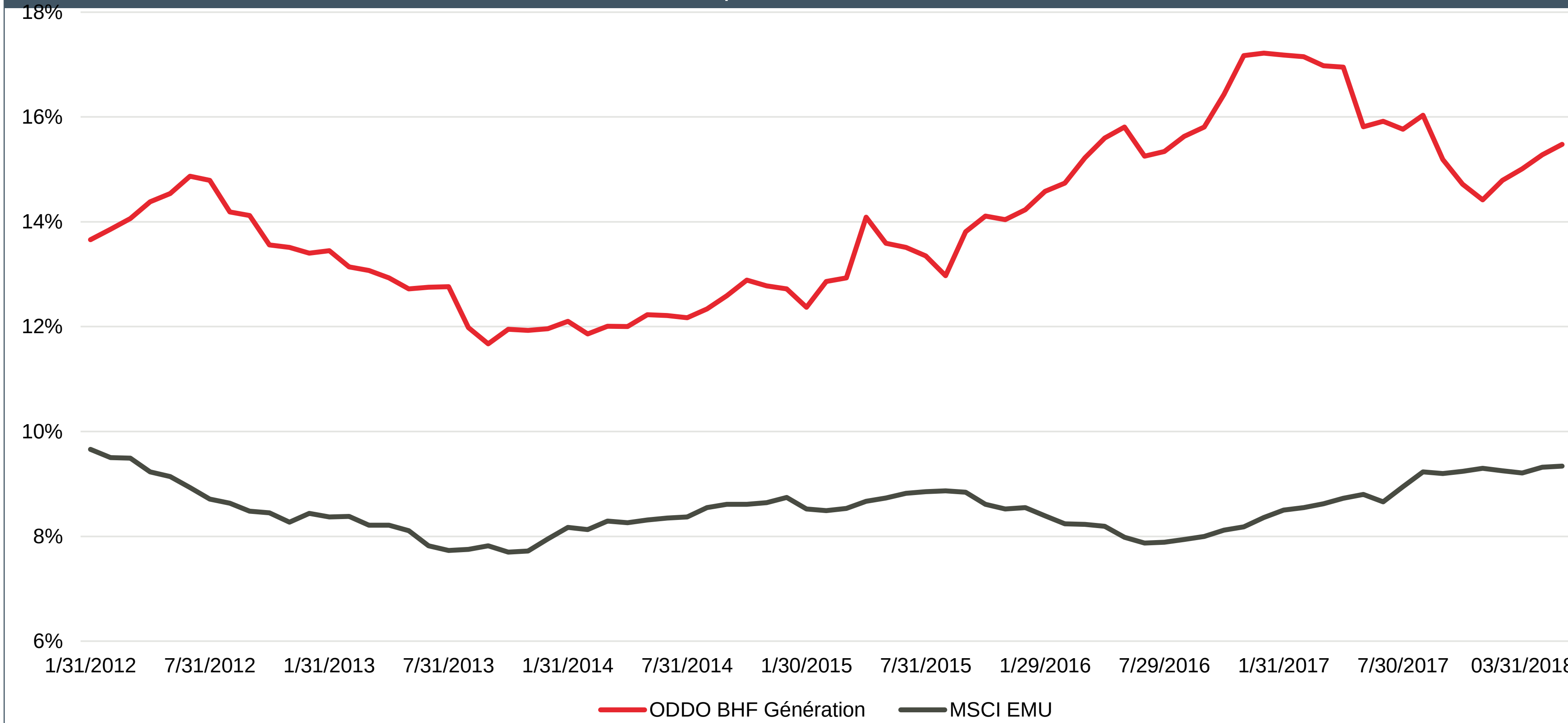
Geographical breakdown of revenues of portfolio companies



Sources: Bloomberg, FactSet. Figures as of 06/30/2018

Value-creating companies

ROE of the portfolio and the MSCI EMU



Sources: Bloomberg, FactSet. Figures as of 06/30/2018

Portfolio construction with a focus on risk management

“Measured” conviction-based investment management

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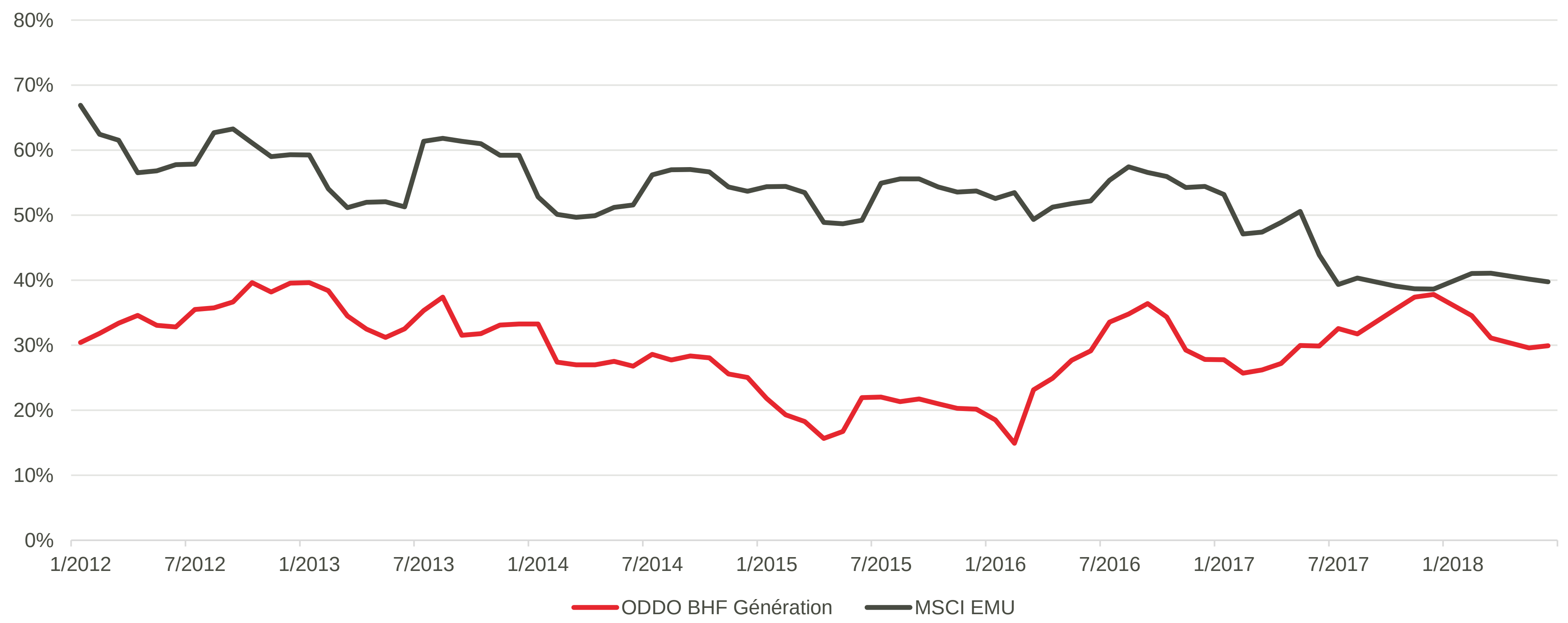
Companies less leveraged than the market average

Gearing of the portfolio and the MSCI EMU



Sources: Bloomberg, FactSet. Figures as of 06/30/2018

Portfolio construction with a focus on risk management

“Measured” conviction-based investment management

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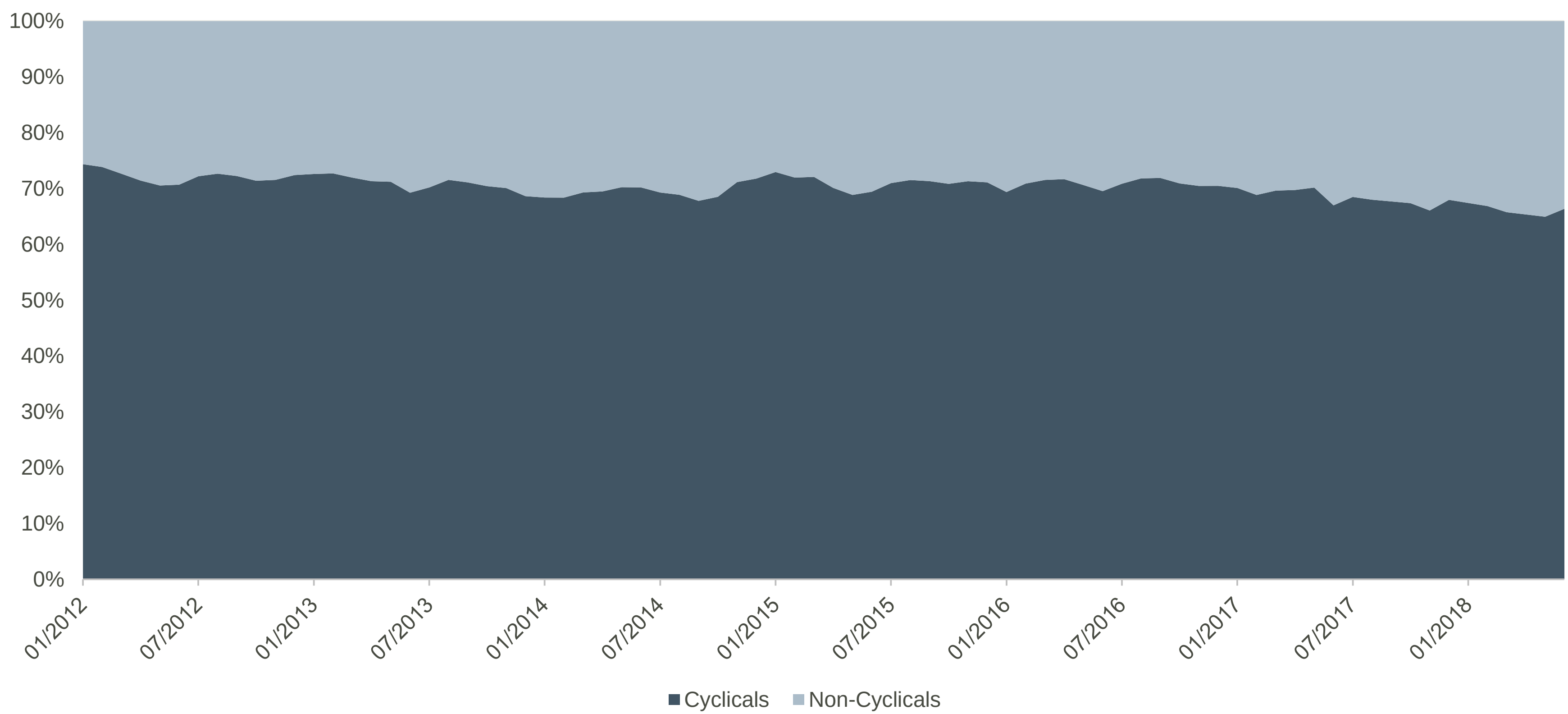
Portfolio cyclicity controlled over time

Portfolio breakdown by cyclical/non-cyclical



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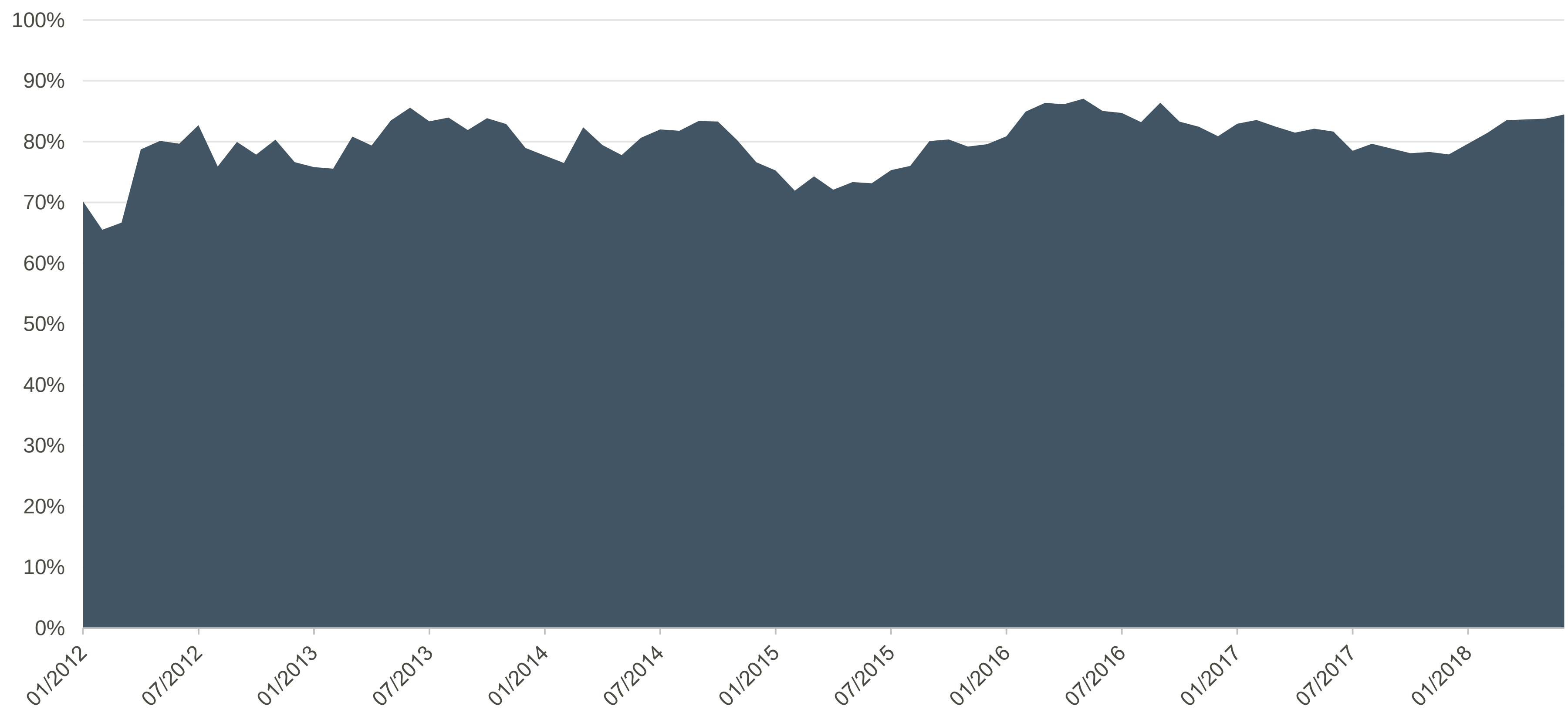
Sources: Bloomberg, FactSet. Figures as of 06/30/2018

A controlled approach between value creators and budding companies

Percentage of portfolio stocks with a ROE higher than the MSCI EMU



Sources: Bloomberg, FactSet. Figures as of 06/30/2018

Portfolio construction with a focus on risk management

"Measured" conviction-based investment management

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Valuation

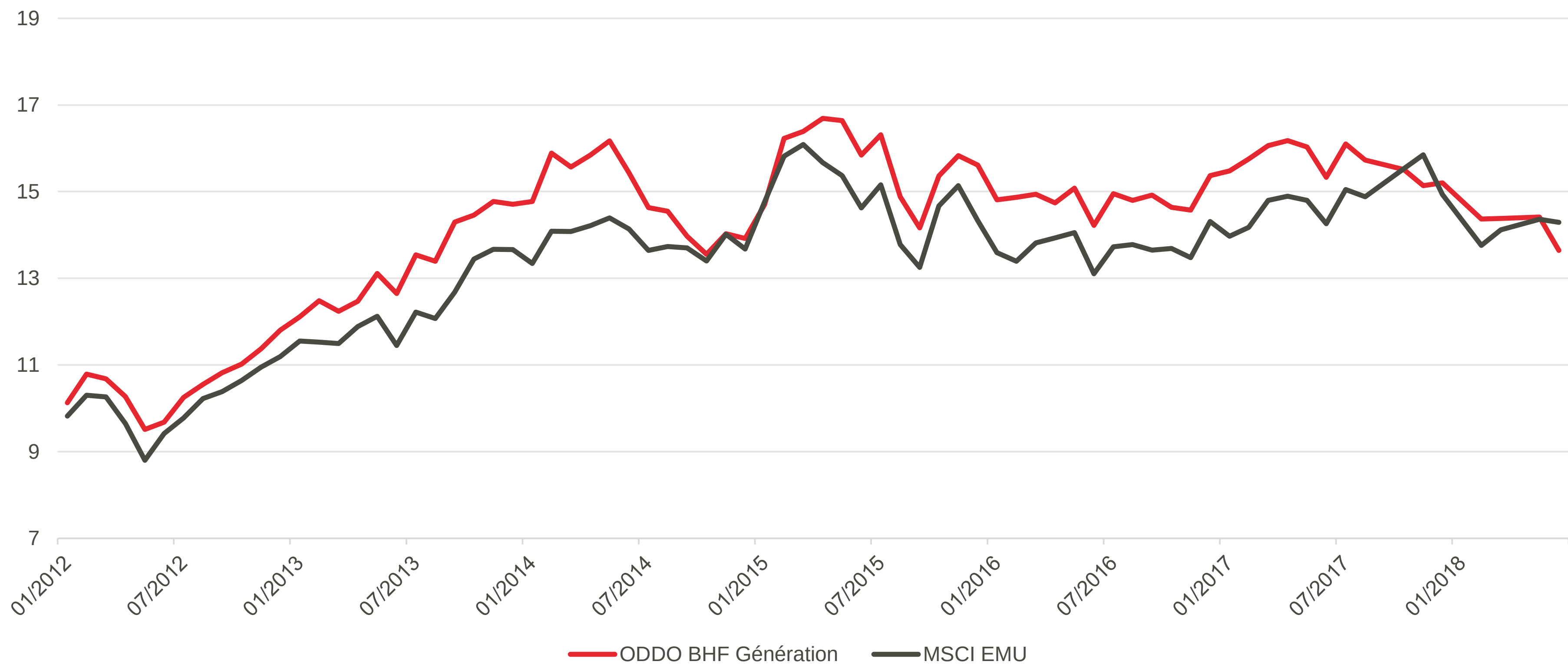
Example: Sopra Group

Sopra – share price performance

This example is not an investment recommendation | Past performance is not a reliable indication of future return and is not constant over time.
Sources: ODDO BHF AM SAS, Bloomberg. Data as of 06/29/2015

Reasonably priced growth companies, based on our analyses

P/E of the portfolio and the MSCI EMU



Sources: Bloomberg, FactSet. Figures as of 06/30/2018

INVESTMENT CASES

04

Convictions (1/4)

LVMH
MOËT HENNESSY• LOUIS VUITTON

- World leading luxury good player, present on al key categories – Fashion & Leather Goods, Wines & Spirits, Perfumes & Cosmetics, Watches & Jewelry, Selective retailing – through its stable of 70 brands. LVMH is benefiting from a top-notch management team, implementing a very long term et steady strategic approach
- The sector's strong momentum is driven by the increasing number of affluent customers, notably in emerging markets. China, the huge driver over the last two decades, is still firing on all cylinders. Good pricing power and the lack of local competitors in emerging countries are other positive features for luxury brands
- Entry barriers have also been increasing steadily and the last cycle has shown that customers tend to focus on the most established brands, such as Vuitton. It accounts for half of LVMH's profit and is still growing strong double digit in spite of its close to €10bn revenues

SAP®

- The world leader on the business software market
- A new, promising product cycle around enterprise mobility, cloud computing and in-memory databases with the launch of the S/4 HANA suite of applications
- 50% of revenues are recurrent, thanks to maintenance, whose gross margin is over 90%, and 5/6% organic growth
- The HANA in-memory database is a decisive competitive edge in redrawing the contours of the database market (with processing of massive volumes of data with results in real time).
- Aggressive migration to the cloud, complete with the necessary investments (acquisition of Concur, Ariba, SuccessFactors), thus enhancing the group's growth profile

INDITEX

- Inditex is one of the leading clothing retailers, with a network of more than 7,000 shops under eight banners (Zara, Massimo Dutti, Pull & Bear, and others). The group has developed the most aggressive "fast fashion" model, which is based on quickly adjusting its offering to consumer demand, which gives it control over its fashion risk and ensures excellent visibility on its revenues and margins.
- With total market share estimated at 1.7%, Inditex is far from having saturated its market. It is ideally positioned to accommodate strong growth in online sales (with its price range, click & collect, and store returns), the development of which requires less invested capital.
- After a new year of strong growth in 2016, featuring 9% higher same-store sales, earnings growth is likely to remain very strong (with net income CAGR of +13% from 2017 to 2020), boosted by the end of the negative forex impact on margins this year.

These examples are not investment recommendations. Source: ODDO BHF AM SAS

Convictions (2/4)

- The integrated leader in the dialysis market. The top player in both products and services, with 3,200 clinics, including 2,100 in the United States, where Fresenius Medical Care holds 36% of the market.
- A structurally growing market (4/5% CAGR); driven by demographic and social factors (obesity and sedentary living).
- Earnings growth, which had been squeezed until 2015 by pressure on US reimbursements and the dollar, is getting a boost from lower costs (restructuring, EPO generic) and increased exposure to higher-margin markets (such as Asia).
- The group aims to double its sales by 2020 to €24bn, thanks in part to the development of its new “care coordination” business, in which it is targeting more than €5bn in sales.

- OEM auto parts maker (Automotive division: 60% of sales) and tire-maker (40%)
- The Auto division is ideally positioned to benefit from megatrends in the industry, including vehicle hybridisation and electrification (48V technology), autonomous cars (ADAS components), infotainment, active and passive security, emissions reduction, and other. Aggressive R&D in recent years (8/9% of sales) allows it to strongly increase its market share while keeping its value added rate very high. Its €30bn order backlog lends credibility to prospects for 5% CAGR in sales by 2020 while improving margins.
- Tires: best-in-class margin (20%+) thanks to first-rate industrial productivity, high technological content and a product mix perfectly well suited to market trends (with strong growth in >16’’ tires). 30%+ ROCE offering FCF capacity that is rather unique for the sector.

- One of the most geographically diversified bank in the world with c.40% of profits coming from LatAm (Brazil 25% - Mexico 7% - Chile 6%), c.20% from UK, 35% from Continental Europe 20% Spain Portugal, 5% Poland and 10% Consumer Finance) and 5% from US
- Focused on retail banking only, almost no exposure to investment banking. Very strong management team.
- Spain (following the acquisition of Popular) and LatAm (economic recovery) will be significant profit growth drivers by 2020
- Well positioned regarding new potentially disruptive technologies for the financial industry: Santander has invested heavily in blockchain, robotics and artificial intelligence
- Attractive valuation for a bank offering decent medium term growth prospects: 4% dividend yield (with a strong capital base now), 10x PE 2018 and 0.9x P/BV for a 9% RoE.

These examples are not investment recommendations. Source: ODDO BHF AM SAS

Convictions (3/4)

- Moncler is one of the luxury sector's biggest success stories in recent years, tripling its sales from 2011 to 2016 to more than €1bn. Meanwhile, margins have been kept very high (with EBITDA 34% of sales), thanks to very high productivity at stores, with sales per m2 of more than €30K.
- The brand is still very far from maturity. There is still lots of room to expand the store chain, with just 190 self-owned units as of the end o<f 2016. And there is lots of room to expand the product offering, given that padded jackets and coats still account for more than 80% of sales.
- After more than 18% growth in sales and earnings in 2016, the key issue is the timeframe on normalising growth. We believe that the market consensus, which has downgraded it rapidly (sales +12% in 2017e, +9% in 2018e) is too conservative, with, moreover, an ongoing flow of positive surprises as releases come out.

- Grifols is one of the three vertically integrated companies in the plasma sector, which together control 75% of the market (including 20% for Grifols). It boasts high market share for its key products, including 24% for IVIG, 64% for Alpha1, 23% for pdFVIII, and 17% for Albumin.
- The plasma sector boasts excellent fundamentals with a strong volume growth outlook (5% to 7% CAGR), relatively stable prices and high barriers to entry. Growth is being driven by the development of new indications, expansion into new geographical regions, and improved diagnostics rates.
- Margins are likely to resume their upward climb in 2017/18 after shrinking by 400 bps in 2015/16, driven by the increase in revenues per litre, an improved production process and cost leverage (automation and the impact of heavier volumes).
- EPS growth is expected in double digits for the next three years.

- The world's second-largest tire-maker (with 15% market share) and a leader in the premium segment with strong innovative power and a footprint in all the main segments (passenger cars, lorries and speciality tires)
- Significant upside potential on margins in the tourism sector, given the gradual restructuring of production, valuation of innovation and improvement in the mix
- Speciality tires are emerging from a slump, thanks to the recovery in the mining segment since late 2016, after three tough years.
- Michelin should be able to absorb higher raw material costs through its pricing power, a favourable trend in mix, and higher volumes.

ODDO BHF Génération

These examples are not investment recommendations. Source: ODDO BHF AM SAS

Convictions (4/4)

- A world leader in wireless communications equipment, with 30% market share. Ericsson also offers consulting, systems integration and resource management services to telecom operators.
- Operators must enhance their networks in order to cope with the strong growth in data, and this will boost revenues. Margins will benefit from cost-cutting carried out over the past two years and the shift in the business mix towards more software.
- After extremely rough-going in 2016, the arrival of a new CEO should make it possible for the group to fully realise its medium-term operating margin potential. The advent of 5G in 2019/20 should enhance the growth outlook.

- PSA is a case study in turnaround, led by its chairman and CEO, Carlos Tavares, who joined the group in early 2014. The repositioning of the product line and cost cutting, along with a buoyant European market, have moved the automotive division's operating income from €1bn in losses in 2013 to €2.2bn in profits in 2016, with the highest margin (6%) of European generalist automakers.
- The Opel takeover will move the group to second place in Europe, with 16% of the market. The deal does carry some operating risk, but PSA management has lots of credibility on this point, it is getting a good price (€1.3bn for the automotive business, or 8% of sales), with strong strategic value.
- Even without the Opel takeover, PSA had an attractive profile, with its new "Push to Pass" plan well under way. PSA is benefiting in particular from a highly favourable product launch schedule (with a very good start for the new 3008; and the 5008 and several SUVs to come).

- Founded in 1668, the world's oldest pharma and chemicals group has three businesses: healthcare (45% of 2016 sales), life sciences (38%) and performance materials (17%).
- Heavy expansion in life sciences with the acquisition of Sigma Aldrich in 2015, with its far more visible and stable growth profile (and, hence, with higher valuation multiples). Management is focusing on integrating Sigma and generating €260m in cost synergies by 2018, or 10% of group EBIT.
- High performance materials: ability to maintain EBITDA margins at 40% and to expand sales through further innovation (new LCD technology, OLED)
- Healthcare: new management in place with aggressive R&D optimisation. Pipeline options are not priced in by the market, given that the group has many oncology and immunotherapy assets in PIII (with implied peak sales of €500m by 2025 vs. €2bn in potential, according to management).

These examples are not investment recommendations. Source: ODDO BHF AM SAS

Detailed characteristics

COUNTRY AVAILABLE FOR SALES	FR AUT IT CHE DEU NLD PRT ESP BEL SWE CL			
General characteristics				
Fund name	**ODDO BHF Génération**			
Benchmark	MSCI EMU Net Return EUR Index			
Investment objective	The Fund's objective is to outperform the MSCI EMU Net Return Index over an investment period exceeding five years.			
Recommended investment horizon	5 years			
Inception date	06/17/1996			
Morningstar™ category	Eurozone Flex-Cap Equity			
Share class	**CR-EUR**	**CI-EUR**	**DR-EUR**	**CN-EUR**
ISIN code	**FR0010574434**	**FR0010576728**	**FR0010576736**	**FR0012847150**
Bloomberg code	ODDGENC FP	ODDGENB FP	ODDGEND FP	ODDGNB2 FP
Currency	Euro	Euro	Euro	Euro
Dividend policy	Accumulation units	Accumulation units	Distribution units	Accumulation units
Minimum initial investment	1 thousandth of a unit	250000 EUR	1 thousandth of a unit	1 thousandth of a unit
Subscription fees	4% (maximum)			
Redemption fees	None	None	None	None
Management fees	Up to 2% (inclusive of tax) of the net assets excluding units and shares of UCITS	Up to 1% (inclusive of tax) of the net assets excluding units and shares of UCITS	Up to 2% (inclusive of tax) of the net assets excluding units and shares of UCITS	Up to 1.15% (inclusive of tax) of the net assets excluding units and shares of UCITS
Performance fees	A maximum of 20% of the Fund's outperformance relative to the benchmark index provided that the Fund's performance is positive.	A maximum of 10% of the Fund's outperformance relative to the benchmark index provided that the Fund's performance is positive.	A maximum of 20% of the Fund's outperformance relative to the benchmark index provided that the Fund's performance is positive.	A maximum of 20% of the Fund's outperformance relative to the benchmark index provided that the Fund's performance is positive.
Transaction fees	Transaction fees, as defined in the prospectus, may be charged in addition to the fees described in the table.			
Structure and technical information				
Legal structure	FCP (French Mutual Fund)			
Management company	ODDO BHF AM SAS			
Custodian	ODDO BHF SCA			
Subscriptions/redemptions	Daily at unknown price until 11:15 (Paris)			
NAV calculation frequency	Daily			

Source: ODDO BHF AM SAS

ODDO BHF Asset Management SAS (France)

Portfolio management company approved by the Authorité des Marchés Financiers under GP 99011.
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