

# AMUNDI FUNDS ABSOLUTE VOLATILITY EURO EQUITIES - AE

FACTSHEET

31/12/2017

## ABSOLUTE PERFORMANCE

### Key information (source : Amundi)

Net Asset Value (NAV) : (A) 113.61 ( EUR )  
(D) 102.41 ( EUR )

NAV and AUM as at : 29/12/2017

Assets Under Management (AUM) :  
1,103.68 ( million EUR )

ISIN code : (A) LU0272941971  
(D) LU0272942359

Bloomberg code : CAVEQAC LX

Benchmark : None

### Investment Objective

The sub-fund aims to achieve a positive return in any type of market condition (absolute return strategy). Specifically, the sub-fund seeks to outperform (after applicable fees) the EONIA (compounded daily) index + 3% a year over any given 3- year period, while offering controlled risk exposure.

### Risk & Reward Profile (SRRI)



Lower risk, potentially lower rewards

Higher risk, potentially higher rewards

The SRRI represents the risk and return profile as presented in the Key Investor Information Document (KIID). The lowest category does not imply that there is no risk. The SRRI is not guaranteed and may change over time.

### Returns

#### Performance evolution (rebased to 100) from 31/12/2007 to 29/12/2017\*



#### Cumulative returns \*

	YTD	1 month	3 months	1 year	3 years	5 years	Since
Since	30/12/2016	30/11/2017	29/09/2017	30/12/2016	31/12/2014	31/12/2012	14/11/2006
Portfolio	-16.89%	-1.16%	-3.99%	-16.89%	-14.56%	-24.88%	13.62%

#### Calendar year performance \*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Portfolio	-16.89%	0.09%	2.71%	-1.15%	-11.05%	-1.82%	2.34%	7.12%	5.76%	22.58%

#### Monthly performance \*

	January	February	March	April	May	June	July	August	September	October	November	December	Year
2017	-2.81%	-1.16%	-4.02%	-0.62%	-0.41%	-0.85%	-3.70%	0.71%	-1.36%	-2.22%	-0.66%	-1.16%	-16.89%
2016	1.79%	0.89%	-1.80%	0.82%	-0.48%	3.12%	-1.25%	-0.56%	-0.52%	0.01%	-1.06%	-0.77%	0.09%
2015	0.56%	-2.68%	0.79%	0.02%	-0.50%	2.02%	-1.13%	2.80%	0.94%	-0.66%	-0.02%	0.64%	2.71%
2014	0.48%	-1.59%	0.14%	-1.21%	-1.75%	-0.66%	1.03%	-0.61%	0.05%	0.61%	-0.19%	2.62%	-1.15%
2013	-4.19%	0.39%	0.18%	-0.73%	0.20%	0.49%	-1.59%	0.88%	-2.05%	-3.13%	-0.65%	-1.31%	-11.05%
2012	0.59%	-0.45%	-0.34%	1.46%	2.17%	-1.22%	0.27%	-0.29%	-1.29%	-1.56%	-1.52%	0.43%	-1.82%
2011	-0.74%	-1.74%	1.26%	-1.08%	-0.08%	0.18%	1.12%	2.65%	-2.02%	1.06%	-0.15%	1.97%	2.34%
2010	-0.86%	0.11%	-1.03%	2.73%	4.96%	0.45%	0.31%	0.63%	0.13%	-0.71%	0.87%	-0.53%	7.12%
2009	0.38%	1.15%	-1.48%	3.41%	2.10%	0.65%	0.33%	0.32%	0.04%	0.16%	-0.20%	-1.15%	5.76%
2008	5.56%	1.66%	1.34%	-3.45%	1.74%	1.02%	0.21%	0.50%	6.48%	-4.48%	3.45%	7.19%	22.58%

\* Source : Amundi. The above results pertain to full 12-month period per calendar year. All performances are calculated net income reinvested and net of all charges taken by the Sub-Fund and expressed with the round-off superior. Past performance is not a reliable indicator of future performance. The value of investments may vary upwards or downwards according to market conditions.

#### Exposure grid (Vega)

Implied volatility 1 Year	Vega*
>35%	-1 with +/-1
30%-35%	-0.5 with +/-1
25%-30%	0 with +/-1
20%-25%	+1 with +/-1
15%-20%	+2 with +/-1
<15%	+3 with +/-1

The Exposure grid is indicative. Fund managers have a +1/-1 discretion to the exposure grid. The grid may be reviewed from time to time depending on changes in the environment.

\* Vega exposure: measures sensitivity of the fund for every 1% change in implied volatility

#### Risk analysis (rolling)

	1 year	3 years	5 years
Portfolio volatility	5.60%	5.59%	5.23%
Sharpe ratio	-2.96	-0.84	-1.04

#### Performance analytics

	Inception to date
Maximum drawdown	-28.92%
Worst month	10/2008
Lowest return	-4.48%
Best month	12/2008
Highest return	7.19%

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**Gilbert Keskin**Co-Head of Volatility & Convertible  
Bonds**Eric Hermitte**Co-Head of Volatility & Convertible  
Bonds

## Management commentary

The main event in December was the adoption of the tax reform promised by Donald Trump, which includes i.a. a significant reduction of the corporate tax rate. As widely expected, the Fed raised its rate by 0.25% and maintained its course with respect to future rate hikes. The monetary policy tightening did not prevent the Euro from rising further versus the US dollar. It is back at the highs reached in September.

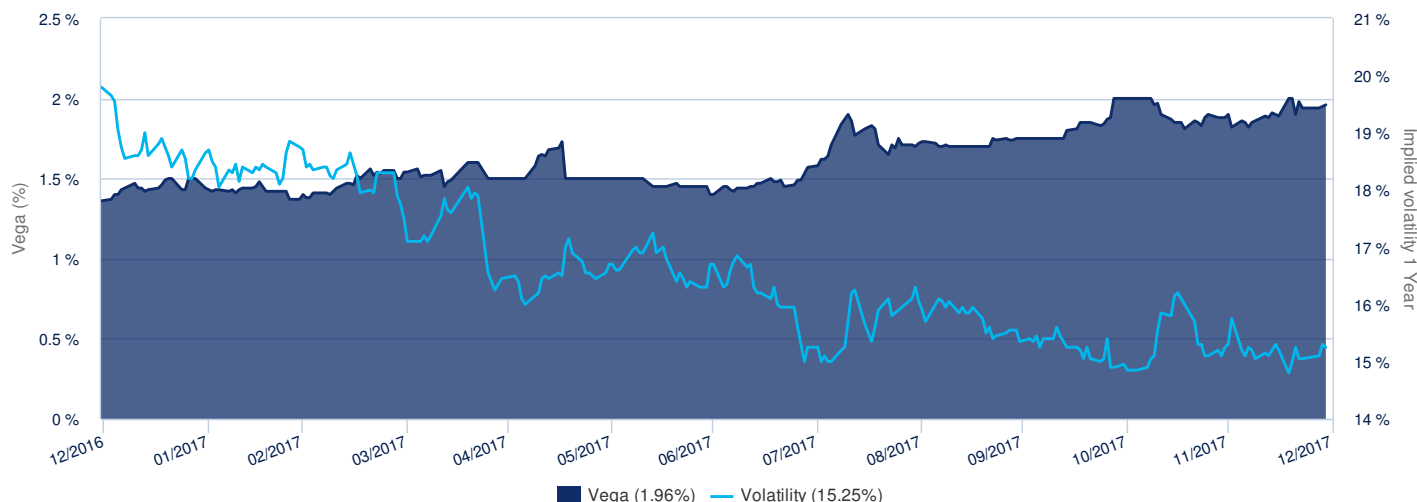
Despite a well oriented first half of the month, equity markets of the Eurozone ended the month in negative territory. As opposed to other developed markets, the Euro Stoxx 50 receded more than 1.7% and thus ended the year below the 10% mark at 9.2%, net return. The bulk of the profit taking occurred in the last days of the year as fears of political risk in Europe returned and also because of the appreciation of the European currency.

However, this evolution and the consequential increase of realised volatility of the Euro Stoxx 50 to 11%, did not stop volatility sellers as it remains well below implied volatility. The VSTOXX ended the month unchanged at 13.5% and the 1-year implied volatility of the Euro Stoxx 50 declined marginally to 15.25%, i.e. 455 bps below the level at the end of 2016. The reasons for the low implied volatilities are the same as last month, i.e. a lack of demand for protection, combined with a strong appetite for strategies offering yield. By selling index options the latter weigh on implied volatilities.

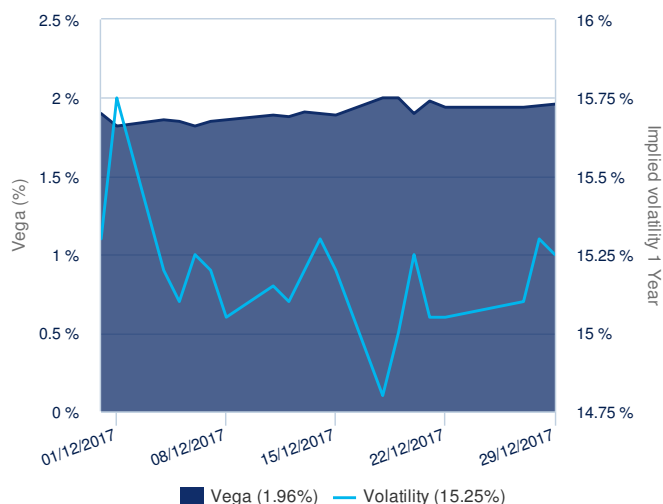
In this context, the strategy implemented in the fund cannot deliver good results. Indeed, the directional engine suffered from the decline in volatilities with an average sensitivity at 1.9 in December. Furthermore high replication costs again impacted the second engine. The sensitivity to volatility (Vega) of the fund was increased to 2 when the 1-year implied volatility fell below 15%. At the end of December, the Vega stood at 1.96.

We remain cautious and do not significantly increase our exposure. We will wait how 2018 begins to adapt our portfolio in terms of maturities and its Vega level. Currently, a little bit more than half of the exposure is on December 2018, while the remainder is on June 2019. Considering the very good year for equities in 2017, it is likely that markets start the year quietly. While this will again weigh on performance, it will also be an opportunity to increase our volatility sensitivity at cheap levels in order to rebound even more in case of market stress. Indeed, the higher the complacency – as it is the case on the volatility asset class –, the stronger the trend reversal in case of a market shock. We believe that 2018 may see a turning point, mainly due to the positioning of investors and the herd behavior, rather than due to an economic slowdown.

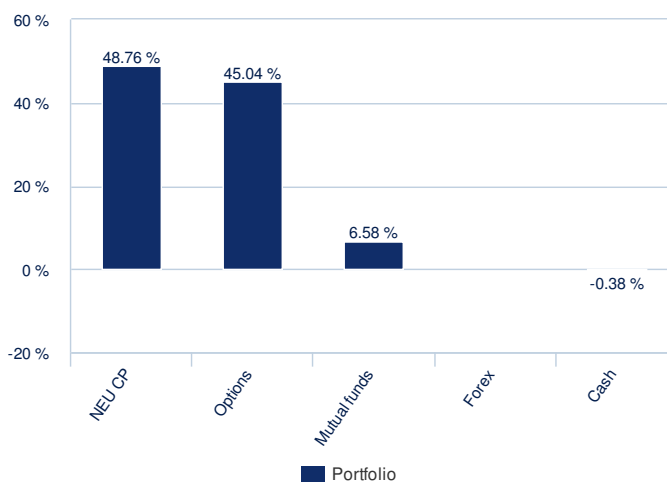
## Vega and implied volatility evolution during the last 12 months



## Vega and volatility evolution during the month



## Breakdown by instrument type



NEU CP : Negotiable European Commercial Paper

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## Performance contribution

			1 yr Implied volatility			Gross Performance Contribution	
Performance			Start	End	Average Vega	Engine 1 : Directionnal <sup>1</sup>	Engine 2 : Vol of vol <sup>2</sup>
YTD 2017	-16.89%	YTD 2017	19.80%	15.25%	1.62%	-7.37%	-8.24%
December 2017	-1.16%	Dec-2017	15.30%	15.25%	1.90%	-0.10%	-0.95%
November 2017	-0.66%	Nov-2017	14.85%	15.30%	1.91%	0.86%	-1.39%
October 2017	-2.22%	Oct-2017	15.35%	14.85%	1.82%	-0.91%	-1.18%
2017	-16.89%	2016	21.00%	19.80%	0.92%	-1.10%	2.79%
2016	0.09%	2015	20.30%	21.00%	0.99%	2.04%	2.06%
2015	2.71%	2014	17.50%	20.30%	1.35%	3.83%	-3.03%
2014	-1.15%	2013	21.70%	17.50%	1.09%	-4.31%	-5.36%
2013	-11.05%	2012	28.05%	21.70%	0.61%	-1.72%	1.01%
2012	-1.82%	2011	24.05%	28.05%	0.35%	-3.67%	7.80%
2011	2.34%	2010	24.30%	24.05%	0.46%	1.76%	7.17%
2010	7.12%	2009	34.80%	24.30%	-0.13%	1.13%	6.07%
		2008	20.30%	34.80%	0.50%	5.70%	18.54%

<sup>1</sup> Directional 1: Calculated monthly as follows: (Implied Volatility End – Implied Volatility Start ) \* Average Vega<sup>2</sup> Vol of Vol 2: Calculated monthly as follows: Gross Return – Other Engines. Includes replication and carry costs.

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## Information

Fund structure	UCITS
Applicable law	under Luxembourg law
Management Company	Amundi Luxembourg SA
Fund manager	Amundi Asset Management
Custodian	CACEIS Bank, Luxembourg Branch
Share-class inception date	13/11/2006
Share-class reference currency	EUR
Type of shares	(A) Accumulation (D) Distribution
ISIN code	(A) LU0272941971 (D) LU0272942359
Minimum first subscription / subsequent	1 thousandth(s) of (a) share(s) / 1 thousandth(s) of (a) share(s)
Frequency of NAV calculation	Daily
Dealing times	Orders received each day D day before 14:00
Entry charge (maximum)	4.50%
Maximum direct annual management fees including taxes	1.20% IAT
Maximum indirect annual management fees including taxes	-
Performance fees	Yes
Maximum performance fees rate (% per year)	20 %
Performance fees details	EONIA (compounded daily) index + 3%
Exit charge (maximum)	0%
Ongoing charge	1.72% ( realized ) - 06/11/2017
Minimum recommended investment period	3 years
Benchmark index performance record	14/11/2006: None

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