

AMUNDI FUNDS ABSOLUTE VOLATILITY WORLD EQUITIES - AHE

FACTSHEET

30/09/2017

ABSOLUTE PERFORMANCE

Key information (source : Amundi)

Net Asset Value (NAV) : (A) 67.98 (EUR)
(D) 64.34 (EUR)

NAV and AUM as at : 29/09/2017

Assets Under Management (AUM) :
631.18 (million EUR)

ISIN code : (A) LU0442406889
(D) LU0644000290

Bloomberg code : CAVMCC2 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 USD LIBOR 1-month index + 3% a year over any given 3- year period, while offering controlled risk exposure.

Risk & Reward Profile (SRII)



Lower risk, potentially lower rewards

Higher risk, potentially higher rewards

The SRII 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 SRII is not guaranteed and may change over time.

Returns

Performance evolution (rebased to 100) from 16/09/2009 to 29/09/2017*



Cumulative returns *

	YTD	1 month	3 months	1 year	3 years	5 years	Since
Since	30/12/2016	31/08/2017	30/06/2017	30/09/2016	30/09/2014	28/09/2012	16/09/2009
Portfolio	-16.24%	-0.95%	-4.63%	-17.80%	-19.42%	-33.81%	-31.71%

Calendar year performance *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Portfolio	-2.58%	-3.27%	-3.44%	-12.75%	-4.72%	4.68%	4.02%	-	-	-

Monthly performance *

	January	February	March	April	May	June	July	August	September	October	November	December	Year
2017	-3.10%	-2.43%	-3.56%	-1.61%	-0.89%	-1.22%	-4.63%	0.96%	-0.95%	-	-	-	-16.24%
2016	2.35%	1.15%	-2.84%	0.92%	-1.31%	2.38%	-1.92%	-0.30%	-1.03%	-0.11%	-0.87%	-0.89%	-2.58%
2015	0%	-2.80%	0.94%	-0.72%	-2.21%	0.60%	-1.91%	3.58%	1.66%	-2.28%	-0.47%	0.47%	-3.27%
2014	0.93%	-1.60%	-0.58%	-1.25%	-1.47%	-1.68%	1.65%	-2.08%	0.58%	0.23%	0%	1.87%	-3.44%
2013	-4.53%	-0.21%	-0.42%	-1.34%	0.16%	0.89%	-2.89%	2.05%	-2.35%	-2.35%	-0.94%	-1.46%	-12.75%
2012	0.15%	-0.43%	-1.70%	0.30%	2.91%	-1.73%	-0.78%	0.01%	-2.99%	-1.28%	-0.92%	1.77%	-4.72%
2011	-1.31%	-0.97%	2.91%	-1.65%	-1.21%	1.16%	0.15%	2.40%	-0.36%	1.40%	0.87%	1.33%	4.68%
2010	-	-	-	-	-	-	0.50%	0.68%	-0.11%	-0.91%	0.55%	-0.76%	4.02%

* 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 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	5.85%	6.26%	6.11%
Sharpe ratio	-2.98	-1.08	-1.28

Performance analytics

	Inception to date
Maximum drawdown	-38.07%
Worst month	07/2017
Lowest return	-4.63%
Best month	05/2010
Highest return	4.52%



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Co-Head of Volatility & Convertible
Bonds



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Bonds

Management commentary

In September, equities performed well in the developed markets. Despite ongoing tensions with North Korea, the MSCI World rose more than 2%. The Eurozone led as best performer with the Euro Stoxx 50 NR up more than 5%. It was followed by Japan (Nikkei 225 NR up more than 4%) and the US, where the S&P 500 TR was up in excess of 2% and ended the month on a new all-time high. This market rebound occurred very smoothly, as reflected by the short dated realised volatility (10 days), which dropped to levels seen on very few occasions over the past 25 years (3.6% for the Euro Stoxx 50, below 3% for the S&P 500). The realised volatility over the month dropped to 6.8% from slightly above 10% in the 2 previous months for the European index and back to 5.9% (alike in July) for the S&P 500. Although short dated implied volatilities had already reached historically low levels, systematic volatility sellers continued to put pressure on them. Thus the VSTOXX dropped another 3.5 points to 12.1%, which alike the VIX (at 9.5%) is very close to its all-time low. Obviously there is a contagion of this downward spiral to mid-term maturities: thus for two out of three indices from our global basket the 1-year implied volatility dropped further over September (S&P 500 -25bps at 13.5%, Euro Stoxx 50 -55bps at 15.35%).

Actually 12m maturities resisted relatively well compared to the rest of the term structure, due to renewed demand for these options. Indeed we observed an increase of demand for protection ("put" options) and for upside participation ("call" options). Investors behind these flows take advantage of the attractive levels of option premia to improve the resilience of their portfolios in case of a market reversal. In addition, Asian volatilities benefited from hedging activities of investment banks in connection to structured products and ended the month up (Nikkei 225 +1.25 points at 16.7%, HSI and HSCEI each up 0.3 points at respectively 16.75% and 20.25%). As a result the 1-year implied volatility of our global basket ended the month at the same level as the previous month (14.7%).

Hence, the directional engine had no impact on this month's performance. The volatility exposure (Vega) remained within a narrow range over the month and ended at the same level as at the end of August (2.18). Due to the lack of active management opportunities we could not compensate the cost of being long volatility, which weighed again more significantly on the performance via the second engine. The cost of carry (loss of time value, which could not be compensated as realised volatility was depressed) was the major negative contributor over the month.

The geographic allocation contributed positively to performance (+0.2%) due to our overweight Asia, where implied volatilities rose as opposed to the other regions. As we enter into the last quarter of the year it is very difficult to anticipate, which event or reason might trigger an increase of risk aversion in the coming months. Indeed the few periods of market stress that we experienced so far this year had no impact on investor confidence. These continue to favour risky assets in their portfolio allocation. Furthermore many investors prefer to provide insurance by selling volatility and to capture the risk premium, rather than to insure their own portfolios against unexpected risks. It is crucial to keep an eye on these short volatility flows, as they could disappear suddenly in case of an unexpected and lasting shock. Short covering could trigger a surge in volatility, to an extent not seen in the past 12 months. We remain cautious in the management of our option portfolio, which continues to suffer from this unprecedented environment and alert to spot any profit taking opportunity, which allow reducing the losses suffered since the beginning of the year.

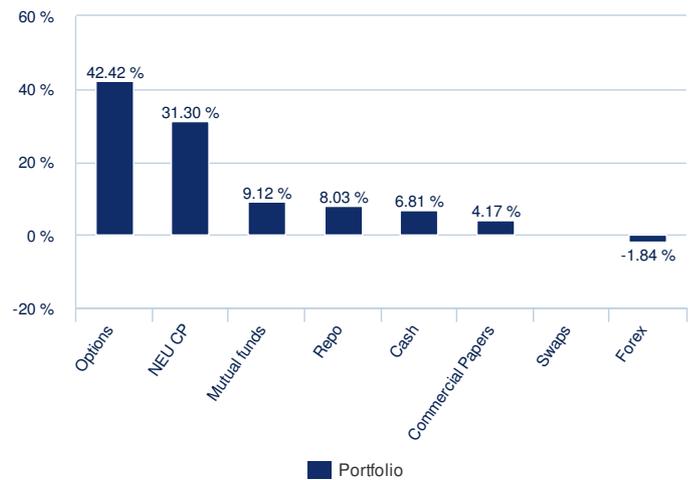
Vega and implied volatility evolution during the last 12 months



Vega and volatility evolution during the month

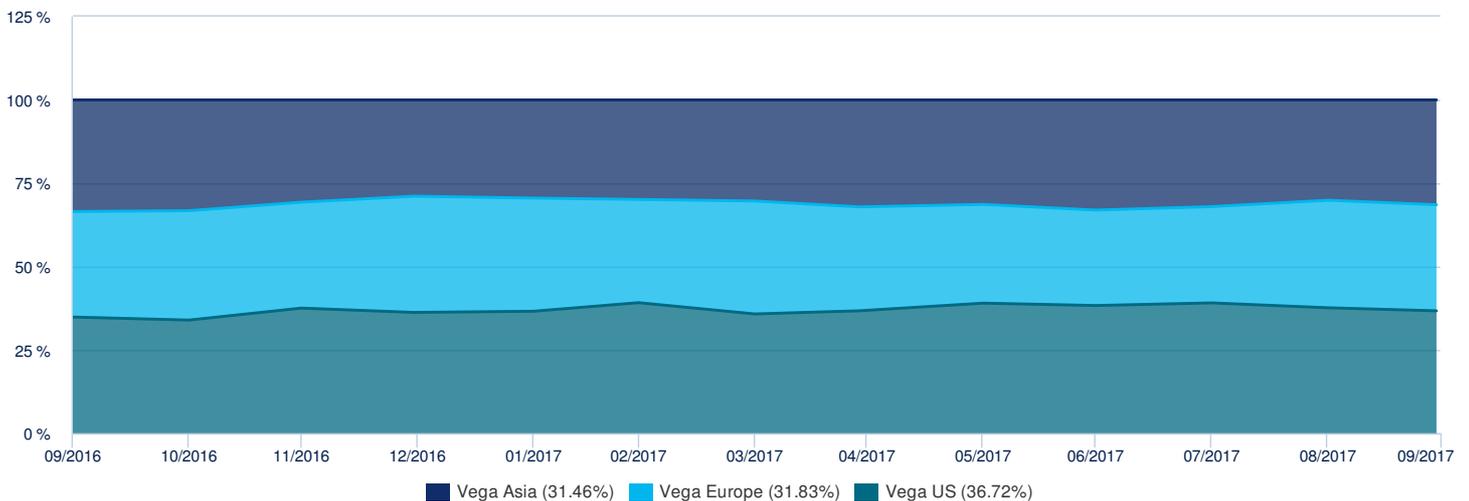


Breakdown by instrument type



NEU CP : Negotiable European Commercial Paper

Geographical breakdown



Performance contribution

Performance	1 yr Implied volatility			Gross Performance Contribution		
	Start	End	Average Vega	Engine 1 : Directional ¹	Engine 2 : Vol of vol ²	Engine 3: Geo ³
YTD 2017	18.20%	14.70%	1.92%	-6.72%	-7.28%	-0.05%
September 2017	14.70%	14.70%	2.14%	0%	-0.83%	0.20%
August 2017	13.90%	14.70%	2.15%	1.72%	-0.49%	0.08%
July 2017	15.40%	13.90%	2.00%	-3.00%	-1.37%	-0.02%
2016	19.10%	18.20%	1.15%	-1.04%	0.60%	0.67%
2015	19.10%	19.10%	1.35%	0.78%	-1.98%	0.17%
2014	17.40%	19.10%	1.59%	3.15%	-5.50%	0.85%
2013	20.20%	17.40%	1.24%	-3.40%	-6.89%	-1.01%
2012	24.70%	20.20%	1.01%	-2.10%	-2.01%	0.74%
2011	22.10%	24.70%	0.52%	-0.06%	4.85%	1.64%
2010	23.50%	22.10%	0.47%	1.05%	4.51%	0.19%
2009	36.90%	23.50%	-0.13%	2.80%	5.07%	1.33%
2008	21.70%	36.90%	0.50%	2.05%	19.20%	5.36%

¹ Directional 1: Calculated monthly as follows: (Implied Volatility End – Implied Volatility Start) * Average Vega

² Vol of Vol 2: Calculated monthly as follows: Gross Return – Other Engines. Includes replication and carry costs.

³ Geo 3: Calculated monthly separately against a weighted-average using internal model

Information

Fund structure	UCITS
Applicable law	under Luxembourg law
Fund Manager	Amundi Luxembourg SA
Delegated Management Company	Amundi Asset Management
Sub-delegated Management Company	Amundi Japan Ltd
Custodian	CACEIS Bank, Luxembourg Branch
Share-class inception date	03/09/2009
Share-class reference currency	EUR
Type of shares	(A) Accumulation (D) Distribution
ISIN code	(A) LU0442406889 (D) LU0644000290
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	USD LIBOR 1-month + 3 %
Exit charge (maximum)	0%
Ongoing charge	1.63% (realized) - 25/10/2016
Minimum recommended investment period	3 years
Benchmark index performance record	15/09/2009: None

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