

# AMUNDI FUNDS ABSOLUTE VOLATILITY WORLD EQUITIES - IHE

FACTSHEET

31/12/2017

## ABSOLUTE PERFORMANCE

### Key information (source : Amundi)

Net Asset Value (NAV) : 703.57 ( EUR )  
NAV and AUM as at : 29/12/2017  
Assets Under Management (AUM) :  
419.96 ( million EUR )  
ISIN code : LU0487547167  
Bloomberg code : AVWI10C 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 (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 17/02/2010 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	17/02/2010
Portfolio	-18.92%	-1.59%	-3.79%	-18.92%	-22.82%	-34.00%	-29.64%

### Calendar year performance \*

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Portfolio	-18.92%	-2.24%	-2.63%	-2.70%	-12.11%	-3.92%	5.50%	-	-	-

### Monthly performance \*

	January	February	March	April	May	June	July	August	September	October	November	December	Year
2017	-3.05%	-2.38%	-3.50%	-1.51%	-0.80%	-1.18%	-4.57%	1.02%	-0.87%	-2.27%	0.04%	-1.59%	-18.92%
2016	2.39%	1.09%	-2.87%	0.96%	-1.27%	2.38%	-1.89%	-0.28%	-0.96%	0%	-0.84%	-0.85%	-2.24%
2015	0.05%	-2.75%	1.00%	-0.76%	-2.14%	0.66%	-1.81%	3.56%	1.74%	-2.24%	-0.37%	0.61%	-2.63%
2014	1.00%	-1.58%	-0.51%	-1.18%	-1.41%	-1.58%	1.70%	-2.01%	0.66%	0.26%	0.07%	1.95%	-2.70%
2013	-4.46%	-0.17%	-0.37%	-1.24%	0.21%	0.95%	-2.83%	2.11%	-2.30%	-2.27%	-0.87%	-1.41%	-12.11%
2012	0.20%	-0.36%	-1.73%	0.41%	3.01%	-1.70%	-0.71%	0.09%	-2.90%	-1.18%	-0.85%	1.87%	-3.92%
2011	-1.27%	-0.92%	2.94%	-1.60%	-1.15%	1.20%	0.17%	2.46%	-0.26%	1.58%	0.94%	1.40%	5.50%
2010	-	-0.09%	-0.76%	0.92%	4.33%	0.42%	0.50%	0.80%	-0.06%	-0.84%	0.60%	-0.68%	5.17%

\* 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	5.95%	6.15%	6.08%
Sharpe ratio	-3.13	-1.26	-1.31

### Performance analytics

	Inception to date
Maximum drawdown	-38.28%
Worst month	07/2017
Lowest return	-4.57%
Best month	05/2010
Highest return	4.33%

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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.

In this context, there was a large dispersion in equity market performances across regions. Despite a well oriented first half of the month, equity markets of the Eurozone ended the month in negative territory. As opposed to the S&P 500, which delivered a positive performance for the 14th month in a row (+1.1%), and in Hong Kong to the HSI and HSCEI, which were up more than 2%, the Euro Stoxx 50 was down more than 1.7%. Thus it 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. The Nikkei 225 delivered a slightly positive performance at +0.3%.

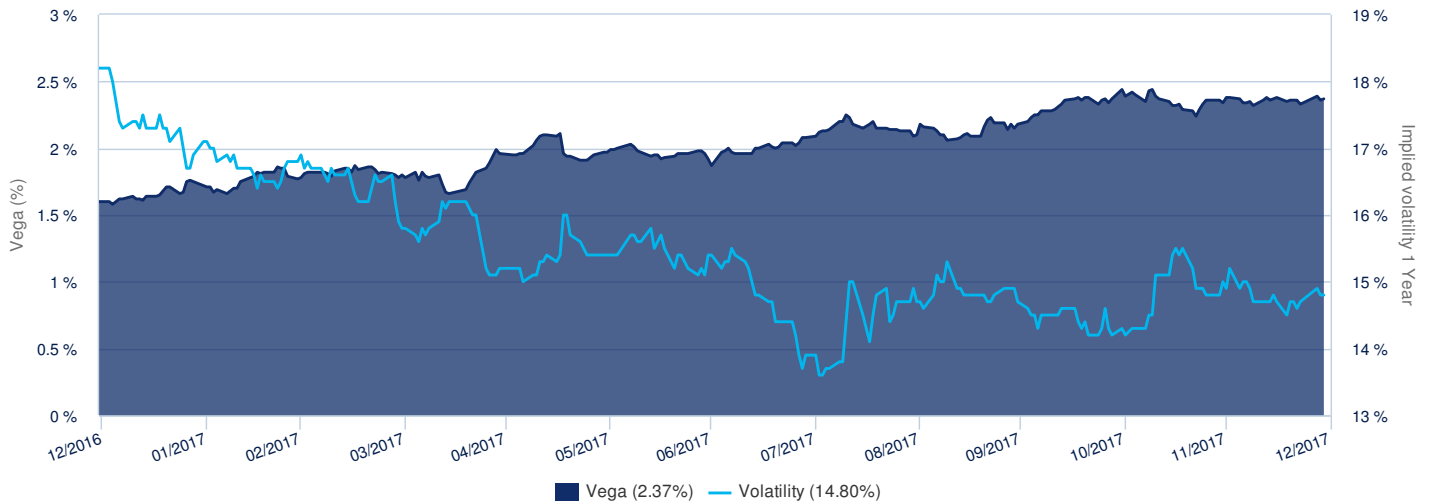
However, this evolution and the consequential increase of realised volatility of the Euro Stoxx 50 to 11%, did not stop volatility sellers as it remains well below implied volatility.

The VSTOXX ended the month unchanged at 13.5% while the VIX and VNKY respectively lost 0.2 and 1 point at 11% and 16%. The 1-year implied volatility of our global basket dropped slightly, ending the year at 14.8% (S&P 500 at 13.6%, Euro Stoxx 50 at 15.25%, Nikkei 225 and HSI both at 17.35%, HSCEI at 21.3%), i.e. 340 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.

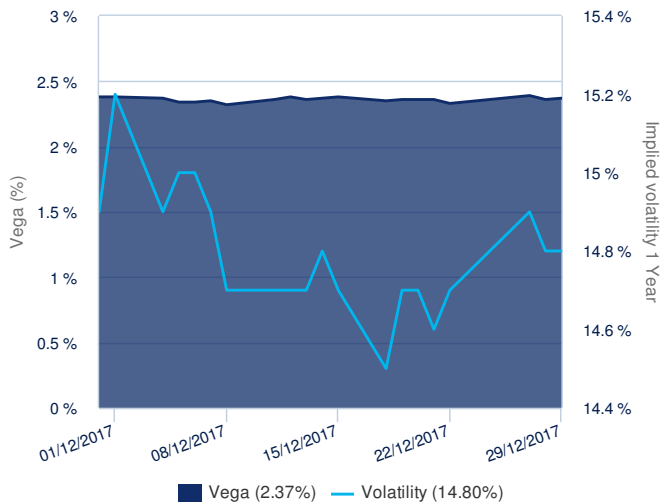
In this context, the strategy implemented in the fund cannot deliver good results. Indeed, the directional engine suffered from the decline in volatilities with an average sensitivity at 2.36 in December. Furthermore high replication costs again impacted the second engine. The geographic allocation was also a negative contributor to performance this month (-0.11%) due to our exposure to HSI and HSCEI, indices for which the volatilities decreased more than the one of the Nikkei 225. The sensitivity to volatility (Vega) remained stable and stood at 2.37 at the end of the month, of which 37% on the US, 33% on Europe and 30% on Asia.

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.

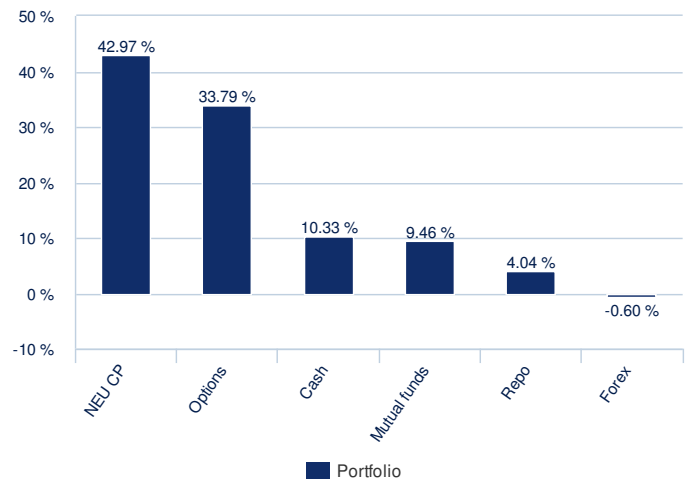
## Vega and implied volatility evolution during the last 12 months



## Vega and volatility evolution during the month



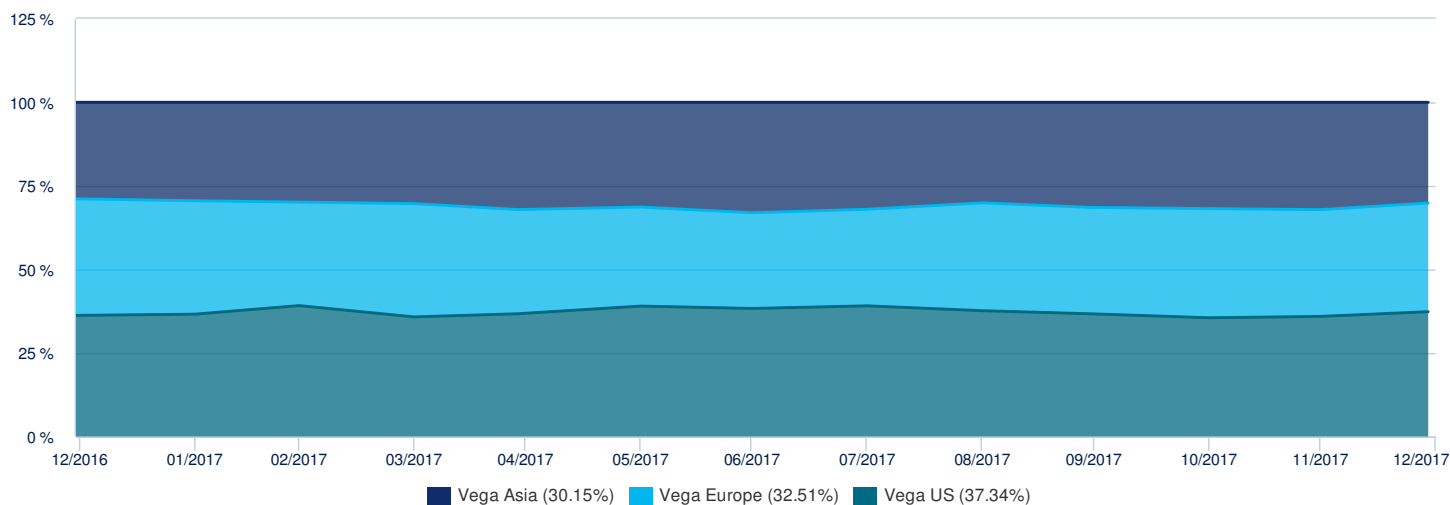
## Breakdown by instrument type



NEU CP : Negotiable European Commercial Paper

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## Geographical breakdown



## Performance contribution

	Performance	1 yr Implied volatility			Gross Performance Contribution		
		Start	End	Average Vega	Engine 1 : Directionnal <sup>1</sup>	Engine 2 : Vol of vol <sup>2</sup>	Engine 3: Geo <sup>3</sup>
YTD 2017	-18.92%	18.20%	14.80%	2.03%	-6.90%	-9.69%	0.09%
December 2017	-1.59%	14.90%	14.80%	2.36%	-0.24%	-0.80%	-0.11%
November 2017	0.04%	14.20%	14.90%	2.35%	1.65%	-1.55%	0.19%
October 2017	-2.27%	14.70%	14.20%	2.32%	-1.16%	-0.89%	0.05%
2017	-18.92%	19.10%	18.20%	1.15%	-1.04%	0.60%	0.67%
2016	-2.24%	19.10%	19.10%	1.35%	0.78%	-1.98%	0.17%
2015	-2.63%	17.40%	19.10%	1.59%	3.15%	-5.50%	0.85%
2014	-2.70%	20.20%	17.40%	1.24%	-3.40%	-6.89%	-1.01%
2013	-12.11%	24.70%	20.20%	1.01%	-2.10%	-2.01%	0.74%
2012	-3.92%	22.10%	24.70%	0.52%	-0.06%	4.85%	1.64%
2011	5.50%	23.50%	22.10%	0.47%	1.05%	4.51%	0.19%
		36.90%	23.50%	-0.13%	2.80%	5.07%	1.33%
		21.70%	36.90%	0.50%	2.05%	19.20%	5.36%

<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.

<sup>3</sup> Geo 3 : Calculated monthly separately against a weighted-average using internal model

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## Information

Fund structure	UCITS
Applicable law	under Luxembourg law
Management Company	Amundi Luxembourg SA
Fund manager	Amundi Asset Management
Sub-delegated Management Company	Amundi Japan Ltd
Custodian	CACEIS Bank, Luxembourg Branch
Share-class inception date	17/02/2010
Share-class reference currency	EUR
Type of shares	Accumulation
ISIN code	LU0487547167
Minimum first subscription / subsequent	500000 Equivalent in EUR of USD / 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)	2.50%
Maximum direct annual management fees including taxes	0.70% 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	0.97% ( realized ) - 06/11/2017
Minimum recommended investment period	3 years
Benchmark index performance record	15/09/2009: None

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