

AMUNDI FUNDS EQUITY MENA - AHE

MONTHLY
REPORT

30/06/2015

EQUITY ■

Key information

Net Asset Value (NAV) : **160.19 (EUR)**
NAV as at : **30/06/2015**
ISIN code : **LU0569690471**
Assets Under Management (AUM) :
115.79 (million EUR)
Sub-fund reference currency : **USD**
Share-class reference currency : **EUR**
Benchmark :
**100.0% S&P PAN ARAB COMPOSITE LARGE
MIDCAP**

Investment Objective

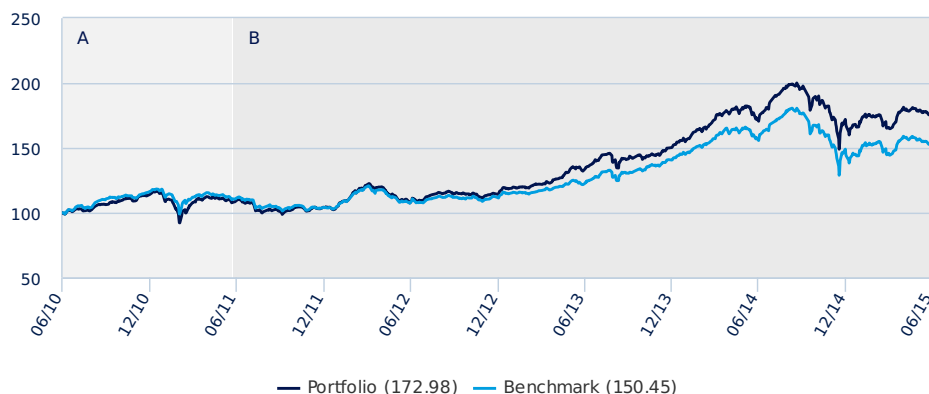
The objective of the Sub-Fund is to seek income and capital growth ("total return") by investing at least 67% of its total assets in shares and financial instruments replicating or based on shares ("equity-linked instruments") of companies of a country of Middle East and North Africa ("MENA") and listed on a market of a MENA country.

Fund information

Fund structure : **UCITS**
Sub-fund launch date : **24/06/2011**
Share-class inception date : **24/06/2011**
Eligibility : -
Type of shares : **Accumulation**
Minimum first subscription / subsequent :
1 thousandths of a share
Entry charge (maximum) : **4.50%**
Ongoing charge : **2.37% (realized)**
Exit charge : **0%**
Minimum recommended investment period : **5 years**
Performance fees : **Yes**

Returns

Performance evolution (rebased to 100) *



A : During this period, the merged sub-fund "SGAM Fund Equities Mena" was managed based on a larger scope of eligible assets

B : Performance of the sub-fund since its launch date

Cumulative returns *

	YTD	1 month	3 months	1 year	3 years	5 years	Since
Since	31/12/2014	28/05/2015	31/03/2015	30/06/2014	28/06/2012	30/06/2010	13/05/2008
Portfolio	3.90%	-3.05%	4.85%	1.46%	61.01%	72.98%	-14.33%
Benchmark	4.72%	-3.49%	4.14%	-3.32%	40.23%	50.45%	-11.26%
Spread	-0.82%	0.44%	0.71%	4.78%	20.78%	22.53%	-3.08%

Calendar year performance *

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Portfolio	10.40%	32.19%	9.51%	-8.64%	13.35%	21.20%	-	-	-	-
Benchmark	1.99%	26.62%	6.81%	-10.40%	17.32%	18.39%	-	-	-	-
Spread	8.42%	5.58%	2.70%	1.75%	-3.97%	2.81%	-	-	-	-

* 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.

Risk & Reward Profile (SRR)



The SRR 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 SRR is not guaranteed and may change over time

Fund statistics

Total portfolio holdings	93
Top ten issuers (% assets)	
	Portfolio
COMMERCIAL INTERNATIONAL BANK	4.76%
SAUDI BASIC INDUSTRIES CORP	4.55%
SAMBA FINANCIAL GROUP	4.54%
NATIONAL COMMERCIAL BANK	4.11%
EMAAR PROPERTIES PJSC	4.04%
SAUDI TELECOM CO	3.67%
BANQUE SAUDI FRANSI	3.50%
AL MOUWASAT MEDCL SERV CO	2.91%
FIRST GULF BANK PJSC	2.73%
JARIR MARKETING CO	2.67%
Total	37.48%

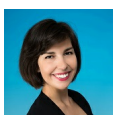
Volatility

	1 year	3 years	5 years
Portfolio volatility	22.48%	15.33%	15.80%
Benchmark volatility	23.46%	15.35%	14.91%

Volatility is a statistical indicator that measures an asset's variations around its average value. For example, market variations of +/- 1.5% per day correspond to a volatility of 25% per year.



Remy Marcel
Portfolio manager



Carleen Sobczyk
Portfolio manager

Management commentary

MENA markets went down this month on the weakness of oil prices and beginning of Ramadan, which slowed down trading. S&P Pan Arab Large Midcap decreased -3.5% (net return in USD) underperforming MSCI Emerging Markets (-2.3%).

UAE (+3%) posted the best performance among key MENA equity markets on retail speculative trading and relisting of Amlak Finance. The June rally in UAE was dominated by retail names. The main gainer Amlak Finance drove local sentiment as the stock rallied +172.6% in local currency since its June 2nd relisting. Trading in Amlak was halted six-and-a-half years ago before the United Arab Emirates' government intervened to rescue the company from insolvency. Since the suspension, Amlak cut its workforce by more than half and restructured \$2.7 billion of liabilities. The company has also reduced its exposure to proprietary real-estate assets and focused on property financing. Emaar Properties, which holds a 45 percent stake in Amlak, was flat in USD terms over the month. Among winners was Dubai Parks (+11.9%) as the company made the cut into FTSE EM Index.

Saudi Arabia was the worst performer (-7.1%) over the month on crude oil decline and geopolitical concerns. Bombings in Saudi's Eastern region and a Saudi national being found responsible for the Shiite mosque bombing in Kuwait are spreading the threat of militant attacks and risk of geopolitical escalation in the region. SABIC (-7.7%) ended down on deflated oil prices and Iran's indication that it will double its oil exports as soon as sanctions get lifted. NCB (-6.8%) has issued Sukuk bonds to strengthen its Basel III capital base.

Egypt posted a -4.9% performance in June on growing tensions in the Sinai. Fitch Ratings affirmed the country's B rating, five levels below investment grade.

Qatar closed in positive territory (+2.7%) as negative news flow on the 2022 World Cup quieted down; nonetheless June turnover was weak on lack of news flow and investors remaining cautious regarding FBI's continuing corruption investigation.

The portfolio slightly outperformed the S&P Pan Arab Large Midcap in June, mainly due to sector selection and stock picking, whereas country allocation had a negative impact. From a country perspective, positive contribution from overweight of UAE was more than mitigated by underweight Kuwait and Qatar and overweight Saudi Arabia. Sector wise, overweight Health Care and Consumer Discretionary, both in Saudi Arabia were this month's main contributors whereas overweight Industrials in Saudi Arabia was the main detractor. As far as stock picking is concerned, the positive contribution was especially due to Financials such as Commercial International Bank and Bupa Arabia Coop Insurance and Industrials such as Saudi Airlines Catering Co.

In terms of country positioning, the portfolio has an overweight position on Egypt, UAE and Saudi Arabia, and an underweight position on the other countries, notably Morocco, Kuwait and Qatar.

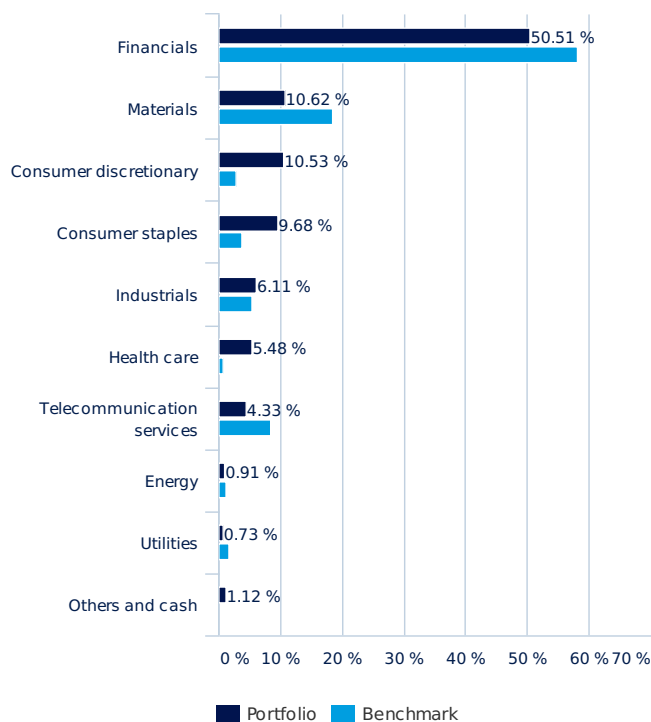
The major changes over the month were to decrease exposure to UAE, Qatar and Kuwait through Financials, and to increase exposure to Saudi Arabia, notably through Materials and Consumer Staples.

Even though we have reduced our underweight position in materials over the recent months, we continue to see better risk/reward in the domestic sectors such as consumption and healthcare. In two favored countries, Saudi Arabia and UAE, these sectors are seeing continued fiscal support from government and lower oil revenues have not yet translated into material budget cuts. Consumer's disposable income keeps increasing and meeting pent-up demand given low penetration rates.

Egypt is one of our main conviction. Within the country we are still favoring banks which benefit from loan growth pick up, specifically on incremental investments on improved political stability and high profitability as well as consumption. We remain of the view that the risk of protracted drop in Brent price is limited as we anticipate at some point discipline from non-OPEC oil producers, as well as a gradual demand recovery.

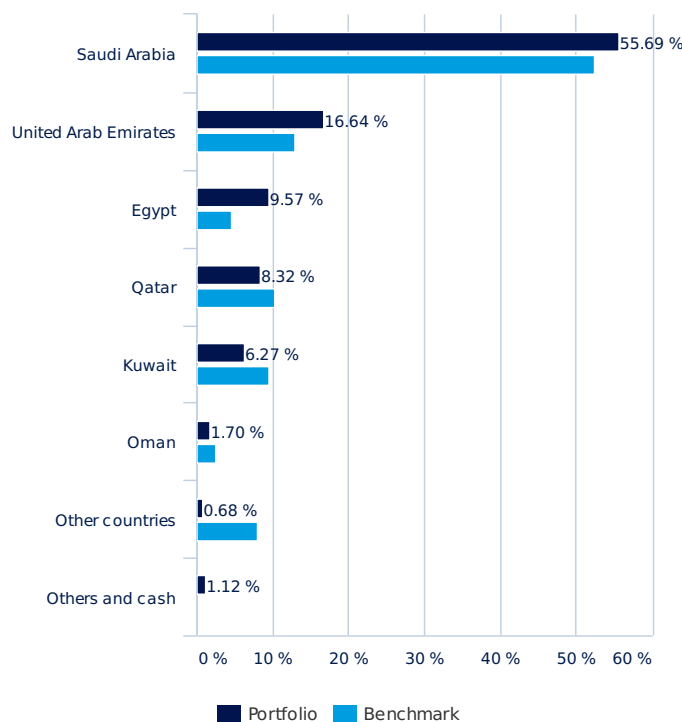
Portfolio breakdown

Sector breakdown



Excluding derivatives.

Geographical breakdown



Excluding derivatives.

Legal information

Amundi Funds is a UCITS organised as an open-ended investment company (société d'investissement à capital variable, "SICAV") under the laws of the Grand Duchy of Luxembourg, and is regulated by the Commission de Surveillance du Secteur Financier ("CSSF"). Number of registration RCS B68.806. AMUNDI FUNDS EQUITY MENA, which is a sub-fund of Amundi Funds, has been authorised for public marketing in Netherlands by the Autoriteit Financiële Markten (AFM). The issuer of this document is Amundi, 90 Boulevard Pasteur, 75730 Cedex 15 - France, registered in France under number GP 04000036, authorised and regulated by the Autorité des Marchés Financiers. This document is not a Prospectus. The offering of shares in Amundi Funds can only be made using the official Prospectus. The latest prospectus, the key investor information document ("KIID"), the articles of incorporation as well as the annual and semi-annual reports are available free of charge from the representative agent (CACEIS Netherlands, De Ruyterkade 6, 1013 AA Amsterdam, Netherlands), and on our website www.amundi.com. The latest available prospectus, more specifically on risk factors, as well as the KIID should be consulted before considering any investment. The data source of this document is Amundi except otherwise mentioned. The date of these data is indicated under the mention MONTHLY REPORT at the top of the document except otherwise mentioned. Warnings: Please read the Prospectus carefully before you invest. Remember that the capital value and the income from investments may go down as well as up and that changes in rates of exchange between currencies may have a separate effect also causing the value of the investments to decrease or to increase. Past performance is not necessarily a guide to future performance. Investors may not get back the amount they originally invested. Investors should note that the securities and financial instruments contained herein may not be suitable for their investment objectives.