

AMUNDI FUNDS BOND GLOBAL HIGH YIELD - FU

BOND ■

MONTHLY
REPORT

31/03/2017

Key information (source : Amundi)

Net Asset Value (NAV) : 109.20 (USD)
NAV and AUM as at : 31/03/2017
ISIN code : LU1162499955
Assets Under Management (AUM) :
117.56 (million USD)
Sub-fund reference currency : -
Share-class reference currency : USD
Benchmark :
Bank of America Merrill Lynch Global High
Yield
Last coupon date : USD

Investment Objective

Amundi Funds Bond Global High Yield seeks an attractive total return by combining the interest income of high yield bonds with capital appreciation**. To achieve its objective, the Sub-Fund invests at least two thirds of its assets in bonds rated high yield (Ba/BB to Caa/CCC) by the two primary bond rating agencies, Moody's and S&P*. The bonds are largely denominated in US dollars and Euros*. High yield bonds have a higher risk of default than investment grade bonds**. The minimum recommended holding term is three years.

* Given for indicative purposes only, may be changed without prior notice, within the limits stated in the prospectus.

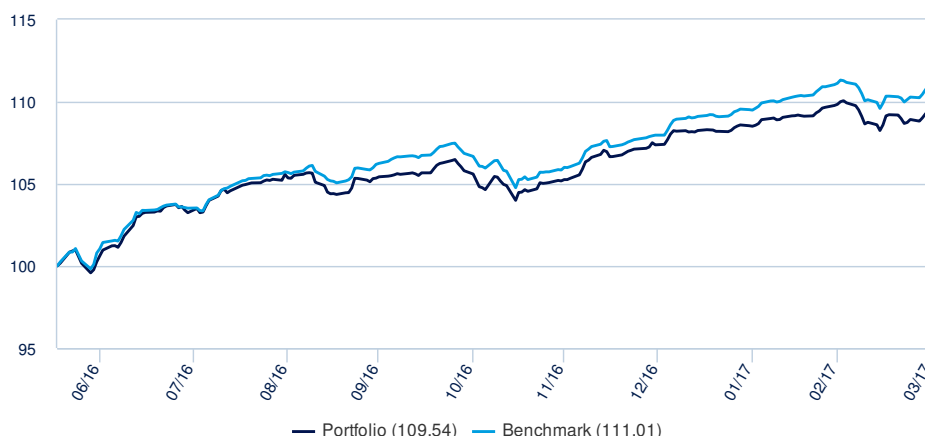
** The Sub-Fund does not offer a performance or capital guarantee.

Information

Fund structure : UCITS
Sub-fund launch date : 10/02/2015
Share-class inception date : 10/02/2015
Eligibility : -
Type of shares : Accumulation
Minimum first subscription / subsequent :
1 thousandth(s) of (a) share(s) / 1
thousandth(s) of (a) share(s)
Entry charge (maximum) : 0%
Ongoing charge : 1.99% (Estimated 30/06/2016)
Exit charge (maximum) : 0%
Minimum recommended investment period : 3 years
Performance fees : Yes

Returns

Performance evolution (rebased to 100) * from 16/06/2016 to 31/03/2017



Cumulative returns *

| | YTD | 1 month | 3 months | 1 year | 3 years | 5 years | Since |
|-----------|------------|------------|------------|--------|---------|---------|------------|
| Since | 30/12/2016 | 28/02/2017 | 30/12/2016 | - | - | - | 16/06/2016 |
| Portfolio | 2.02% | -0.27% | 2.02% | - | - | - | 9.54% |
| Benchmark | 2.82% | -0.11% | 2.82% | - | - | - | 11.01% |
| Spread | -0.80% | -0.17% | -0.80% | - | - | - | -1.47% |

Calendar year performance *

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|-----------|------|------|------|------|------|
| Portfolio | - | - | - | - | - |
| Benchmark | - | - | - | - | - |
| Spread | - | - | - | - | - |

* 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 (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.

Fund Statistics

| | Portfolio | Benchmark |
|--------------------------------|-----------|-----------|
| Yield | 5.55% | 5.49% |
| Modified duration ¹ | 4.00 | 3.74 |
| WSDTS ² | 1,708.00 | 1,432.00 |
| Average rating | B+/B | BB-/B+ |

¹ Modified duration (in points) estimates a bond portfolio's percentage price change for 1% change in yield

² WSDTS: Weighted Spread Duration Times Spread is a measure of portfolio risk. It is the total of the spread duration of each bond in the portfolio multiplied by its credit spread, which is then weighted by the market value of each bond.

Top 3 Industry Overweights

| | Portfolio | Benchmark |
|----------------|-----------|-----------|
| Leisure | 10.41% | 3.62% |
| Transportation | 4.90% | 1.83% |
| Automotive | 5.18% | 2.85% |

Top 5 issuers

| | Portfolio |
|--------------------------|-----------|
| AK STEEL CORP | 1.99% |
| MERCURY BOND CO | 1.64% |
| JC PENNEY CORP INC | 1.56% |
| WINDSTREAM SERVICES LLC | 1.50% |
| JOSEPH T RYERSON & SON I | 1.48% |

**Kenneth J. Monaghan**
Head of Global High Yield and Senior
Portfolio Manager**Jonathan M. Duensing,**
CFA
Deputy Chief Investment Officer and
Senior Portfolio Manager**Daniel C. Dektar**
Chief Investment Officer

Management commentary

As had previously suggested, the financial markets attention has shifted from the promise of expected policy changes under the Trump presidency to the difficulties of implementing those changes and getting them approved by the fractious Republican-controlled Congress. The House's recent failure to pass new health-care legislation and widening divisions within the Republican Party, signal that the near-term probabilities of sweeping tax reform and sizeable domestic infrastructure spending are waning. Though the prospects for significant near-term fiscal stimulus may have declined, global economic growth momentum and sentiment remain solid, for now, and are supportive of risk asset valuations. Will elevated sentiment and optimism readings fail to translate into actual economic growth? That is an important question for corporate bond markets and, in part, hinges on the successful execution of new pro-growth policies and legislation.

We are carefully watching and analyzing the recent divergence in the trends between "soft" (surveys and sentiment) and "hard" (reported data) economic indicators. The soft data is signaling cycle peaks in optimism and confidence (consumer and business) while the hard data is reporting broadly trend economic growth. The Federal Reserve followed through with their early March jawboning and increased the Fed Funds target rate range 25 basis points during the March 15 FOMC policy meeting. In orchestrating what was widely regarded as a "dovish" hike, the Yellen-led FOMC disappointed those financial market participants who were positioned for signs of a more aggressive FOMC. That was not the case as Chairperson Yellen's message remained one of patience, data dependence, and fiscal policy monitoring. While the FOMC did not predict that health-care legislation would fail one week later, the committee indeed looked prescient when signaling patience regarding timing and economic impact of proposed policies. Though risk assets have remained relatively buoyant, we continue to look to add incremental excess returns via our active management approach focused on security and sector selection rather than taking an aggressive risk posture.

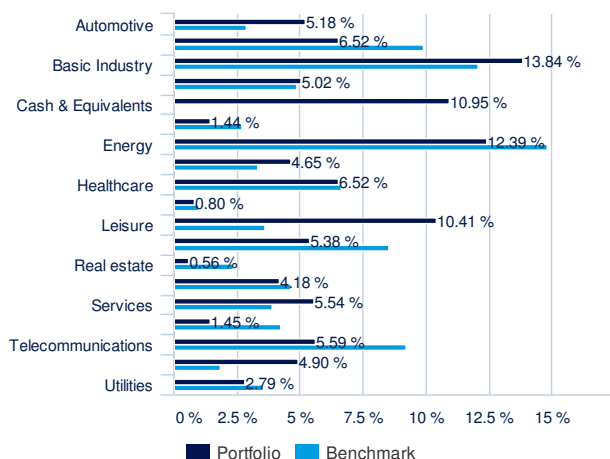
While inter-month market prices largely presented a picture of relative calm, intra-month price activity exhibited higher volatility more consistent with our cautious outlook. To summarize March's broad market activity: U.S. equities were stable (S&P 500 +0.1%), U.S. investment grade corporate credit spreads were wider, intermediate and long-maturity U.S. Treasury yields were unchanged, commodities were lower (CRB Index -2.5% with oil off -6.3%), the dollar weakened (DXY -0.8%), and implied equity volatility declined (VIX at 12.4).

The Bank of America Merrill Lynch Global High Yield Index ("HW00" or the Index) posted a -0.08% and 2.88% return for the month of March and the first quarter of 2017, respectively. Mid-month, the market was down more than 1% and rallied back the last two weeks of the month to nearly breakeven. Credit spreads for the HW00 widened 4 basis points to 403 basis points by month-end. The Index's average yield-to-worst declined 11 basis points to 5.41%. March was a month where U.S. high yield was the underperformer as Euro high yield returns (+0.21%) and Emerging Markets corporate debt returns (+0.07%) while U.S. high yield returns provided a return of -0.21%.

Specific to the Fund, it modestly underperformed the reference benchmark. The portfolio's U.S. high yield overweight was a modest drag on performance as that portion of the Global High Yield market was down more than Euro currency high yield and Emerging Market corporate debt. We are maintaining our U.S. high yield overweight though we have also boosted our exposure to Emerging Market corporate debt. We also remain overweight B-rated bonds and underweight BB-rated bonds. While we are also overweight CCC-rated bonds, we are generally long better quality CCC, which in many cases are "crossover CCCs" with a single B rating from one of the rating agencies. We still expect that the Global High Yield market will outperform most fixed income asset classes for 2017 given the magnitude of the current income of the high yield market. .

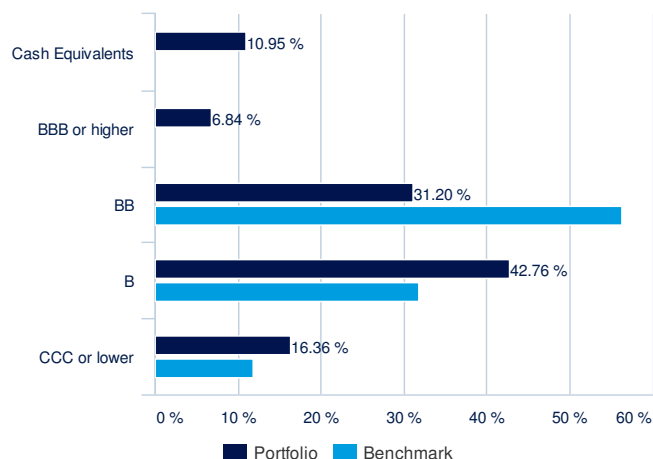
Portfolio breakdown by sector

% of assets



Portfolio breakdown by credit rating

% of assets



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. UK retail investors will not have any protection under the UK Financial Services Compensation Scheme. There will be no right to cancel an agreement to purchase fund units under section 15 of the UK Financial Services Conduct of Business Sourcebook. AMUNDI FUNDS BOND GLOBAL HIGH YIELD, which is a sub-fund of Amundi Funds, has been recognised for public marketing in United Kingdom by the Financial Conduct Authority (FCA). 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 facilitating agent (Amundi London Branch, 41 Lothbury, London EC2R 7HF, United-Kingdom) 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.