Amundi Chenavari Credit Fund - Class SSI EUR

FACTSHEET

Marketing Communication

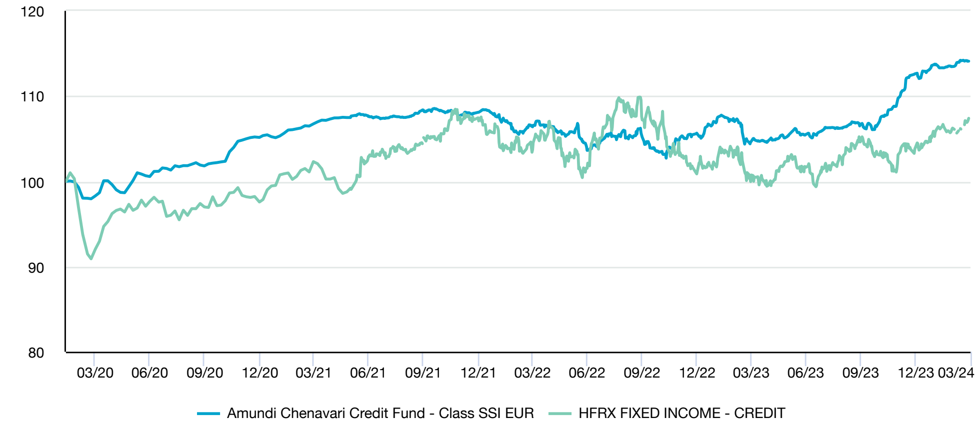
31/03/2024

ALTERNATIVE ■

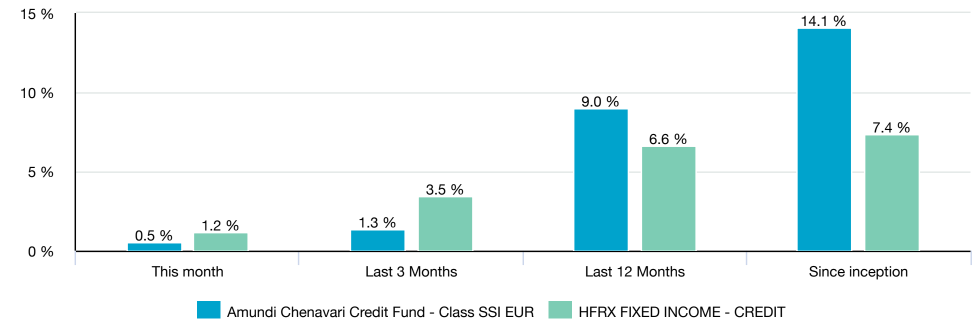
INVESTMENT OBJECTIVE

The Amundi Chenavari Credit Strategy is a European-focused Long / Short Credit Fund which aims to achieve positive risk-adjusted returns in both tightening and widening spread environments. The fund is based on a fundamental, credit spread neutral approach that seeks consistent absolute returns and invests in liquid instruments to enable a dynamic trading approach.

PERFORMANCE SINCE INCEPTION (Source : Fund Admin)



PERFORMANCE ANALYSIS (Source : Fund Admin) *



** These indicators are based upon weekly returns calculation*

HISTORICAL MONTHLY RETURNS* (Source : Fund Admin)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-	-0.07%	-1.65%	1.35%	-0.24%	1.20%	0.94%	0.32%	-0.03%	0.47%	2.37%	-	4.70%
2021	-0.03%	0.89%	0.64%	0.53%	0.16%	0.10%	-0.16%	0.06%	0.80%	-0.03%	-0.59%	0.39%	2.80%
2022	-0.51%	-1.59%	0.53%	0.02%	-0.71%	-1.92%	1.37%	0.79%	-0.67%	-1.69%	1.30%	0.87%	-2.26%
2023	1.14%	0.25%	-2.27%	0.03%	0.58%	0.16%	0.61%	0.17%	0.31%	0.34%	2.27%	2.90%	6.58%
2024	1.01%	-0.24%	0.55%	-	-	-	-	-	-	-	-	-	1.32%

*Since inception : 11/02/2020

FUND FACTS

Legal Structure	Amundi Alternative Funds II PLC
Inception Date of the Fund	19/06/2015
Inception Date of the Class	11/02/2020
Share Class Currency	EUR
Available Currency Classes	EUR, USD
ISIN Code	IE00BL71KB37
Bloomberg Code	LYCCSSI ID
Investment Manager	Amundi Asset Management
Sub-Investment Manager	-
Administrator	SS&C Financial Services (Ireland) Limited
Liquidity (1)	Daily
Subscription/Redemption Notice	On D day 1:00 pm CET
Valuation Day	See prospectus
Total Fund Assets	554.95 (million EUR)
NAV per Share	114.09 (EUR)
NAV per Share at inception	100 (EUR)
Management Fee max. (2)	1.00%
Class Performance Fee (2)	Yes
Administration Fee max. (2) (3)	0.35%
Long Exposure*	102.54%
Short Exposure	39.69%
Net Exposure (long - short)	62.85%
Gross Exposure (long + short)	142.23%

RISK ANALYSIS (Source : Fund Admin)

	Since inception
Volatility (PTF)	2.86%
Volatility (Index)*	6.45%
Sharpe ratio (PTF)	0.86
Sharpe ratio (Index)*	0.11
Maximum drawdown (PTF)	-5.38%
Maximum drawdown (Index)*	-10.72%

**100.0% HFRX FIXED INCOME - CREDIT*

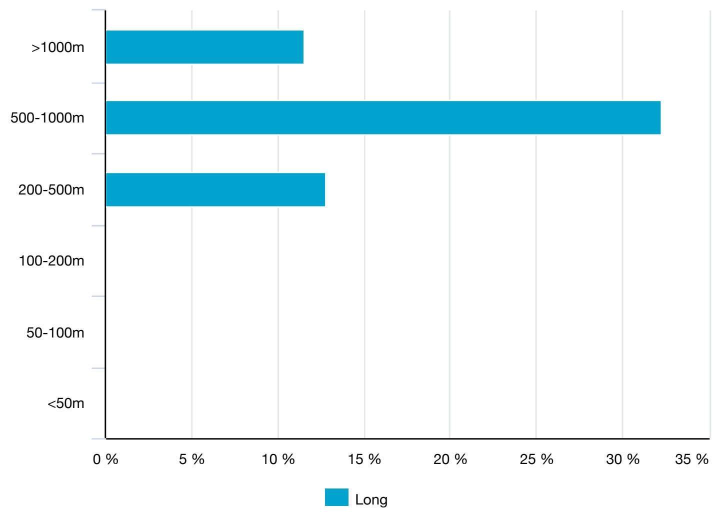
IMPORTANT NOTE

Official NAV is calculated as of every Tuesday, subject to holidays and certain extraordinary events. Performance is based on the Class's last official NAV, and the Index level as of the same day.
The Fund complies with the UCITS Directive and has been approved by the Central Bank of Ireland on February 14, 2013. Please refer to the Fund's prospectus for a full disclosure of the Fund's characteristics.
(1) Under normal market conditions, Lyxor intends to offer the LIQUIDITY mentioned above. However, the LIQUIDITY is not guaranteed and there are circumstances under which such LIQUIDITY may not be possible. Please refer to the Fund's legal documentation for complete terms and conditions.
(2) For any additional information regarding fees, please refer to the relevant fees section of the Fund's Prospectus.
(3) The Fund is subject to an Administrative Expenses Fee at a rate of up to 0.35% of the Net Asset Value of each Class of the Fund per annum
Prospective investors should consult with their independent financial advisor with respect to their specific investment objectives, financial situation or particular needs to determine the suitability of investment. There can be no assurance that the investment objective of the Fund will be achieved and investment results may vary substantially over time. Investments in the Fund places an investor's capital at risk. The price and value of investments may fluctuate and investors may lose all or a substantial portion of their investment. Past performance is not indicative of future results. PAST PERFORMANCE IS NOTE A RELIABLE INDICATOR OF FUTURE RESULTS.

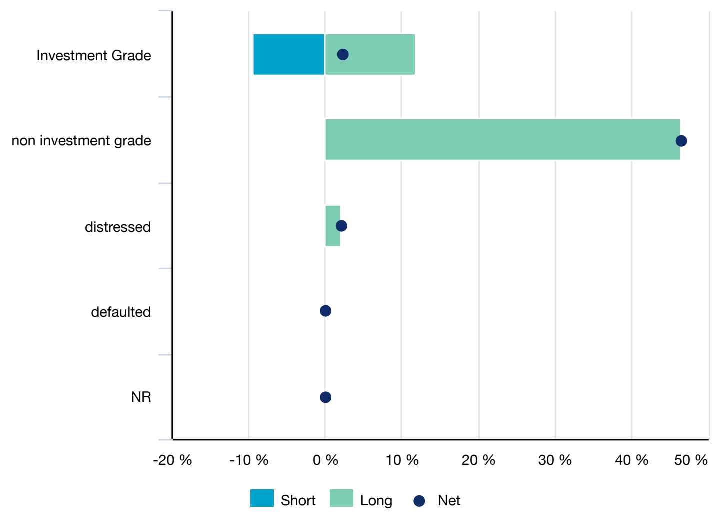
ALTERNATIVE

MONTHLY STRATEGY EXPOSURE FOR LAST 12 MONTHS

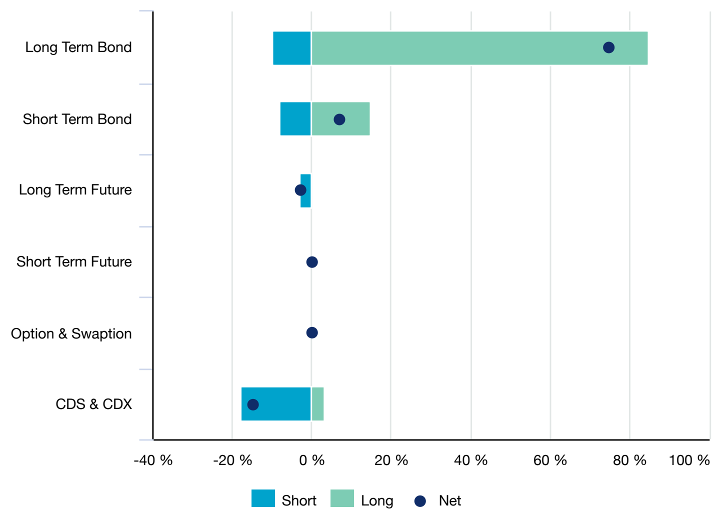
BONDS BY ISSUE SIZE



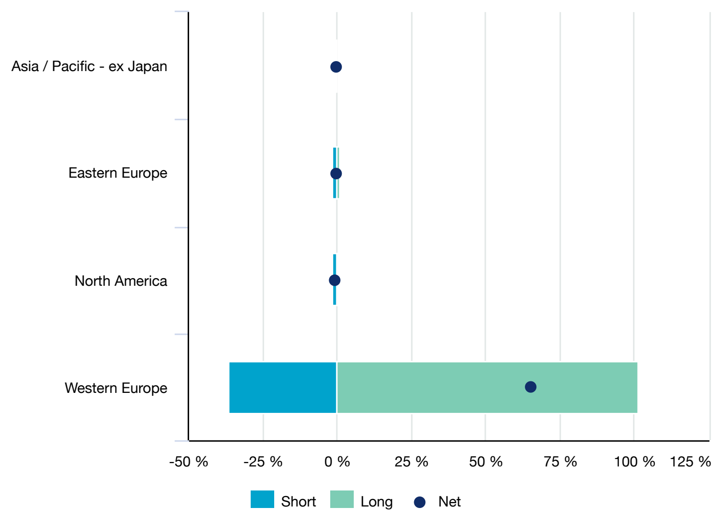
NET EXPOSURE OF BONDS BY RATING



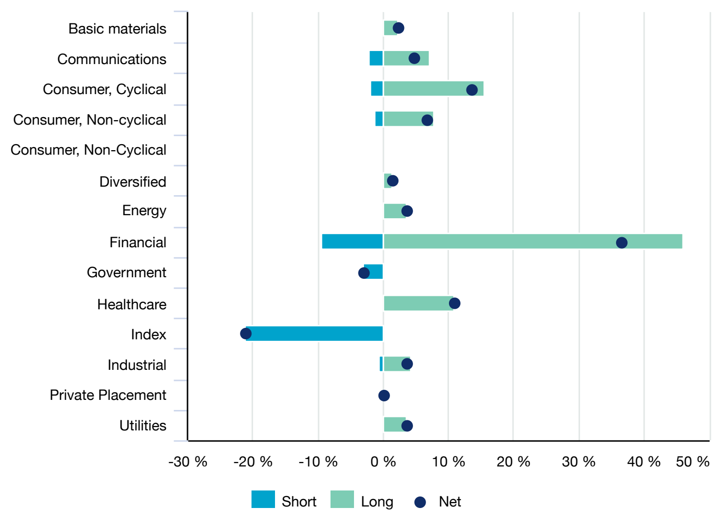
NET EXPOSURE OF FI - CREDIT BY ASSET CLASS



GEOGRAPHICAL BREAKDOWN



SECTOR ALLOCATION



MONTHLY COMMENTARY (Source: Amundi)

Management commentary

Amundi Chenavari Credit Fund net performance for March 2024 was +0.62% (class SI USD) driven by Corporate (-0.11%) and Financials (+0.89%) on a gross basis.

March was full of economic data releases and policy meetings across developed markets, providing investors with further insight into the likely response of central banks given the current trajectory of inflation.

In the U.S., the core PCE index, closely tracked by the Fed, decreased slightly to 2.8% in February (vs 2.9% in January) in line with market expectations but still above the central bank's 2% target. Persistent inflation has been reinforced by a strong labour market albeit an uptick in the unemployment rate of 3.9% (vs 3.7% in January) and cooling wage growth of 4.3% (vs 4.4% in January). Dot plot projections showed that the Fed is still keen to deliver three quarter-point cuts for the year despite upward revisions for GDP growth and core inflation.

In the Eurozone, YoY headline inflation rate slowed to 2.6% in February (vs 2.8% in January) while core inflation eased to 3.1% (vs 3.3% in January), slightly above consensus forecasts due to the impact of sustained wage growth. ECB President Lagarde has signalled that June will be the likely timing of the first rate cut with the ECB forecasting lower inflation and growth for the year.

In the U.K., the BoE also expects imminent rate cuts after headline inflation fell more than expected to 3.4% (vs 4.0% in January).

Meanwhile in global markets, the Bank of Japan has ended its negative interest rate policy, increasing the target range for interest rates between 0% to 0.1% for the first time since 2007.

Equities continued their rally from the previous months as the STOXX Europe 600 rose by +3.65%, whilst the S&P 500 and Nasdaq also closed higher by +3.10% and +1.79%, respectively. In synthetic credit, both the iTraxx Xover and CDX HY tightened further, with Xover closing the month below the 300bp mark. In global bonds, both the U.S. 10Y Treasury (-5bp) and German 10Y Bund (-11bp) yields moved slightly lower, closing at 4.20% and 2.30%, respectively.

CORPORATE

In the European corporate credit market, March continued in positive fashion, with the Bloomberg European High Yield benchmark pushing +0.41% higher in the month, which closed out a very positive first quarter for the asset class. However, the month was mainly characterised by a handful of idiosyncratic stories which dominated the headlines, with high leverage and excessive upcoming debt maturities a consistent theme in each case, which led to dispersion within the European HY universe with telecoms and paper & packaging the two sectors underperforming the most.

Firstly, on 14 March, Swedish debt collector Intrum announced that they had hired advisors to evaluate its debt capital structure. Despite a large disposal of non-performing loan portfolios to Cerberus back in January this year, the group have been unable to deleverage, and liquidity has remained very stretched. With a big maturity wall this year and in 2025, the ability for refinancing seems very uncertain. Bonds reacted very negatively to the news, with the 2024 senior unsecured bond falling c. -15pts on the day.

Then, it was the turn of Altice France (SFR) to steal the headlines. The group released 4Q'23 numbers on 20 March which by itself were not too bad despite weaker 2024 guidance, however, comments from management on the call caused a big sell-off, with them mentioning that bondholders should share the burden in helping the group reach their <4x leverage target through tenders and haircuts, despite recent asset sales. Consequently, senior bonds moved anywhere from -5 to -10pts lower on the day, whilst the subs moved c. -20pts lower. Towards the end of the month, Altice France was downgraded by rating agencies, with the seniors moving 2 notches from B2 to Caa1 at Moody's and one notch from B- to CCC+ at S&P. Finally, news broke on 21 March that metal and glass packaging company Ardagh had appointed advisors to look at its debt pile, which caused senior secured bonds to fall c. -8pts intraday, although they picked back up c. +4pts from the lows by the end of the day.

Despite the noise, the HY primary market picked up somewhat in March, with a fair few issuers coming to market, including a debut issue from Italian pharma company Neopharmed Gentili. In particular, the strategy participated in a number of deals, including FNAC Darty, VMED O2, BT, Eutelsat and Aston Martin.

The Corporate book finished the month slightly down, -0.11% gross at the Fund level, which was mainly driven by long positions on both Altice France and Ardagh (via CDS), which suffered following the news mentioned above. On the positive side, top performers included Vår Energi (Norwegian oil and gas company), Thom (jewellery retailer) and Abertis (toll road management). During the month, Thom reported good 1Q'24 results, with sales up +4.4% and EBITDA up +1.3% despite tough market conditions.

FINANCIALS

Continued market exuberance meant that March was another strong month for Financials credit. Once again, € and $ AT1s were the outperformers in the credit space posting a total return performance of +2.63% and +2.08%, respectively, helped by both lower rates (5Y swap -13bp) and tighter spreads (c. -60/65bp). Upper in the capital stack, € T2 spreads were -15bp tighter, while € Seniors were c. -10/12bp in the month. The space has received some support from the change of tone around German banks and more generally, CRE-exposed banks. Indeed, regional banks in Germany, which have the highest CRE exposure in the European banking sector, posted a relatively reassuring set of H2 results and pointed to a positive profit outlook for 2024. With no surprise, there has been a sizeable deterioration of the Real Estate exposures, especially for those names exposed in the U.S. (among Landesbanks, Helaba and LBBW have the highest exposure to U.S. CRE), but profitability held up relatively well. Then, later in the month, Landesbanks were gifted with a second boost by being upgraded at Moody's. The upgrade reflected the greater cross-sector support coming from the Sparkassen-Finanzgruppe Institutional Protection Scheme ('IPS') following a strengthening of the IPS statute in 2024. All of this helped to ease some pressure and German banks bounced back from February lows: Deutsche PBB, LBBW and Aareal Bank's AT1s jumped between +10/20pts in the month, while Deutsche Bank and Commerzbank AT1s closed the month +4/6pts higher. Of note, following Moody's upgrade, LBBW's AT1s moved to IG rating and notes were +12pts higher in the month. On a more idiosyncratic basis, Chenavari thinks that RBI, one of its credit convictions, deserves some attention. Given the more favourable market conditions, the bank has announced a cash tender offer for the existing AT1 €650M RBIAV 8.659% (skipped the first call date in December 2022) and concurrently mandated for a new PNC5.75 AT1. This has promptly triggered a repricing of the extension risk and the complex was up as much as +4/5pts just after the announcement. However, when the deal was about to be launched a press article hit the screen alluding that U.S. authorities had been pressing the Austrian bank to ditch the purchase of the €1.5bn stake in Strabag from the sanctioned Russian oligarch Deripaska. The abrupt change of sentiment following this forced the bank to pull the deal and the RBI AT1s repriced close to pre-deal levels. Chenavari thinks that the article was more sensational in nature, and strongly believes that the bank has briefed and sought pre-compliance with all relevant authorities before announcing the deal back in December. However, considering that RBI was the largest contributor to the PnL strategy in Q1 with still an elevated headline risk, Chenavari has decided to take profit on the AT1 exposure by one third.

In terms of trading activity, Chenavari has decided to keep its long bias on convex AT1 structures, but exited some positions which performed very well and where there is limited upside (i.e BNP 4.625% C27, KBC 4.25% C25 or SOCGEN 5.375% C30) and Chenavari has topped up on names with better upside like ING 3.875% C27 or DB 4.5% C26. In addition, in the month Chenavari initiated a new position on NovoBanco Senior Preferred Zeros where the group sees upside from the IG rating (positive outlook at Moody's) and potential LME exercise (notes were tendered multiple times in the past).

In line with previous commentary, the primary market was extremely active in March with €41.7bn issued from European banks, well above 2023's level of €23.4bn. This means that March was the second largest month in terms of issuance volumes over the past 5 years, second only to 2021 with €44.0bn issued. Of note, the strategy was active in the new PNC5 AT1 issued by Fineco Bank at 7.5% (books were 6.9x oversubscribed) which performed well in the secondary, up by +3.8pts from the reoffer.

MAIN RISKS

Risk of losses : The price of Shares can go up as well as down and investors may not realise their initial investment. The investments and the positions held by the Fund are subject to (i) fluctuations in the Strategy (ii) market fluctuations, (iii) reliability of counterparties and (iv) operational efficiency in the actual implementation of the investment policy adopted by the Fund in order to realise such investments or take such positions. Consequently, the investments of the Fund are subject to, inter alia, the risk of declines in the Strategy (which may be abrupt and severe), market risks, credit exposure risks and operational risks. At any time, the occurrence of any such risks is likely to generate a significant depreciation in the value of the Shares. Due to the risks embedded in the investment objective adopted by the Fund, the value of the Shares may decrease substantially and even fall to zero, at any time.

Counterparty risk : the Fund is exposed to the risk that any credit institution with which it has concluded an agreement or a transaction could become insolvent or otherwise default. If such an event occurs, you could lose a significant part of your investment.

Credit risk : the Fund is exposed to the risk that the credit quality of any direct or indirect debtor of the Fund (be it a state, a financial institution or a corporate) deteriorates or that any such entity defaults. This could cause the net asset value of the Fund to decline.

Operational risk and asset custody risk : in the event of an operational failure within the management company, or one of its representatives, investors could experience delays or other disruptions.

Liquidity risk: in certain circumstances, financial instruments held by the Fund or to which the value of the Fund is linked could suffer a temporary lack of liquidity.

This could cause the Fund to lose value, and/or to temporarily suspend the publication of its net asset value and/or to refuse subscription and redemption requests.

Risk of using FDI : the Fund invests in financial derivative instruments in order to reach its investment objective. These instruments may include a range of risks which could lead to their adjustment or result in their early termination. This could lead to the loss of a part of your investment.

Capital at risk : the initial capital invested is not guaranteed. As a consequence, investor's capital is at risk and the amount originally invested may not be recovered.

Please refer to the Fund's Prospectus for a complete description of the Investment Risks.

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(1) such benchmark may be subject to methodological or other changes which could affect the value of the relevant transaction; or
(2) (i) may become not compliant with applicable laws and regulations (such as the European Benchmark Regulation), (ii) may cease to be published, or (iii) the supervisor or administrator of any such benchmark may make a statement that the relevant benchmark is no longer representative, and as a consequence the relevant benchmark may be replaced by another benchmark which may have an adverse and material impact on the economics of the relevant transactions..

You should conduct your own independent investigation and analysis of the potential consequences of any relevant risks such as those mentioned above, particularly in light of the ongoing industry initiatives related to the development of alternative reference rates and the update of the relevant market standard documentation.