

AMUNDI FUNDS BOND EURO HIGH YIELD - IE

BOND ■

MONTHLY
REPORT

31/03/2017

Key information (source : Amundi)

Net Asset Value (NAV) : (A) 2,506.55 (EUR)
(D) 1,086.91 (EUR)

NAV and AUM as at : 31/03/2017

Assets Under Management (AUM) :
1,122.03 (million EUR)

ISIN code : (A) LU0119109980
(D) LU0194908405

Bloomberg code : CHIYIAI LX

Benchmark :
ML European Curr H YLD BB-B Rated
Constrained Hed

Morningstar Overall Rating © : 3

Morningstar Category © : EUR HIGH YIELD BOND

Number of funds in the category : 369

Rating date : 28/02/2017

Investment Objective

The objective of the Sub-Fund is to seek income and capital growth ("total return") by combining interest income, capital appreciation and currency gains.

To achieve that objective, the Sub-Fund invests at least two thirds of its assets in bonds issued in Euro and paying a high yield but having a relatively high risk of default ("high yield bonds"). The ML European Curr H YLD BB-B Rated Constrained Hed index represents the reference indicator of the Sub-Fund. The Sub-Fund does not aim to replicate the reference indicator and may therefore significantly deviate from it. Investors can sell their shares of the Sub-Fund on a daily basis.

The Sub-Fund may invest in financial derivative instruments for hedging purpose and for the purpose of efficient portfolio management.

Information

Fund structure : UCITS

Sub-fund launch date : 25/04/2001

Share-class inception date : 04/06/2001

Eligibility : -

Type of shares : (A) Accumulation
(D) Distribution

Minimum first subscription / subsequent :
500000 Equivalent in EUR of USD / 1
thousandth(s) of (a) share(s)

Entry charge (maximum) : 2.50%

Ongoing charge : 0.82% (realized 30/06/2016)

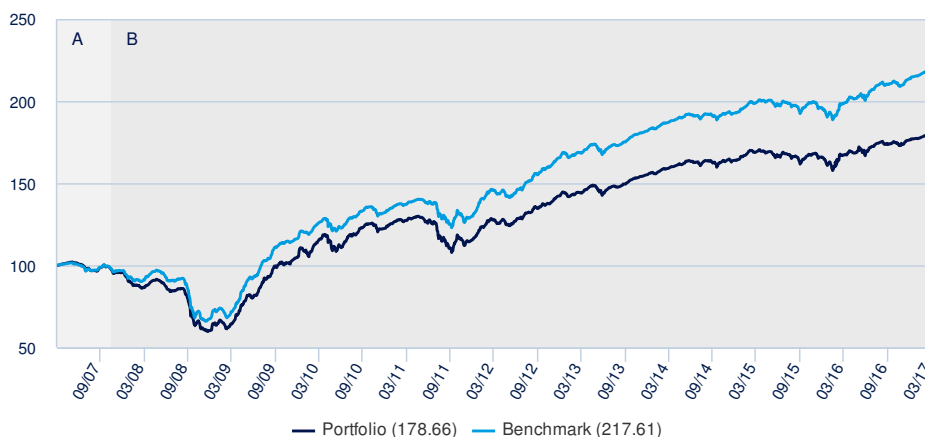
Exit charge (maximum) : 0%

Minimum recommended investment period : 5 years

Performance fees : Yes

Returns

Performance evolution (rebased to 100) * from 02/04/2007 to 31/03/2017



A : Until the end of this period, the sub-fund invested minimum two thirds of the net assets in bonds denominated in freely convertible currencies.

B : Since the beginning of this period, the sub-fund applies the current investment policy

Cumulative returns *

	YTD	1 month	3 months	1 year	3 years	5 years	Since
Since	30/12/2016	28/02/2017	30/12/2016	31/03/2016	31/03/2014	30/03/2012	06/04/2001
Portfolio	1.32%	-0.02%	1.32%	6.80%	12.22%	40.17%	150.66%
Benchmark	1.88%	0.06%	1.88%	9.51%	16.25%	49.43%	212.31%
Spread	-0.56%	-0.07%	-0.56%	-2.70%	-4.03%	-9.25%	-61.65%

Calendar year performance *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Portfolio	6.44%	1.05%	5.64%	9.09%	23.05%	-5.64%	16.74%	74.09%	-36.96%	-2.64%
Benchmark	9.37%	1.31%	6.01%	9.81%	27.37%	-1.64%	13.67%	71.83%	-30.06%	-1.66%
Spread	-2.92%	-0.26%	-0.38%	-0.72%	-4.32%	-4.01%	3.07%	2.26%	-6.90%	-0.98%

* 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

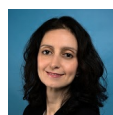
Higher risk, potentially higher rewards

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.

Volatility

	1 year	3 years	5 years
Portfolio volatility	3.29%	4.23%	4.23%

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.

**Jean Luc Thomas**
Portfolio Manager**Thierry Lebaupain**
Portfolio manager**Marina Cohen**
Head of Credit High Yield

Management commentary

The European high yield market continued to tighten at the start of the month, before widening again on profit-taking—particularly due to strong primary activity—and returning to levels close to those at the end of February (HPC4 323 bps). The fund recorded a performance of -0.02% against +0.06% for its benchmark index.

In the United States, supported by good employment figures, the FED carried out its first key rate increase of +25 bps this year, maintaining a cautious discourse while awaiting the implementation of the budgetary stimulus measures promised by D. Trump. In Europe, despite the political uncertainties, the macroeconomic data went in the right direction, including employment, bank credit and confidence indices, and we now expect growth of over 1.5% for 2017. The ECB meeting indicated slow and cautious continuation of monetary support measure mitigation. The 5-year German interest rates increased +19 bps (-0.38%) after a peak of +28 bps in the middle of the month.

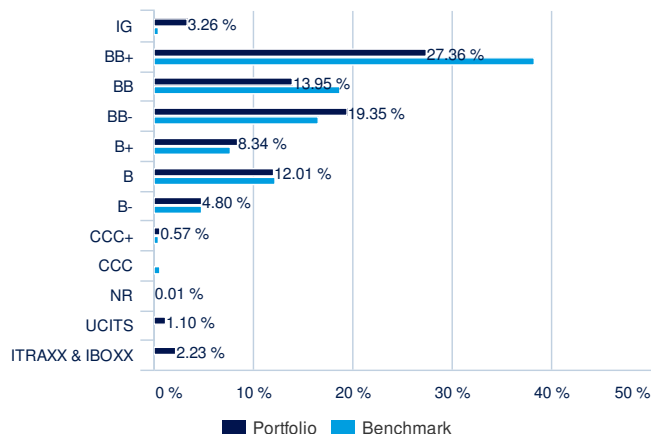
While the Dutch elections resulted in a lower score than expected by Eurosceptics, the political agenda is still changed, with the entry into force of Brexit—the start of a long period of negotiations—and the French presidential elections, in particular.

Capital flows in the European HY funds were negative with -2.5% assets (source JPM) for the month. The primary market was very active in March with €13.1 billion in issues, bringing the volume to €25.9 billion for the quarter (third most active quarter in history). Calls also played a very important role with €19.5 billion in Q1, limiting the resulting net volume. Issues remained motivated for the most part by refinancing, focussed on BB issuers (65% of the total), and their average financial leverage was down compared to Q4 2016 (source JPM). In March, we participated in the following issues in particular: Loxam, HP Pelzer, Aramark, Spie, Paprec, Nokia, Nemak and Play.

While valuations are limiting the capital gains potential at this stage, corporate fundamentals and the economic and monetary context remain promising for the asset class. In a context of weak yields, we still consider the European high yield carry (+2.94%) to be attractive and we are maintaining our positive outlook.

Portfolio breakdown by credit rating

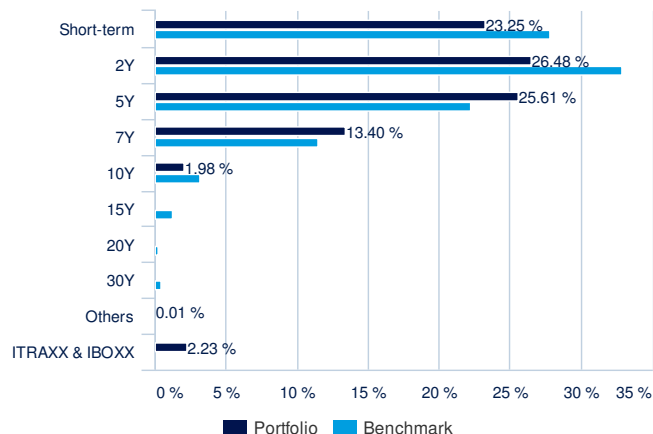
Exposure Risk



The Itraxx (and Iboxx) are indices comprising credit risk swaps (CDS). The chart shows % of assets, including Credit Default Swaps, excluding cash. The rating used is the median rating of the 3 agencies

Portfolio breakdown by maturity

Exposure Risk



The Itraxx (and Iboxx) are indices comprising credit risk swaps (CDS). The chart shows % of assets, including Credit Default Swaps, excluding cash. Maturity shall be understood as probable expiry of the credit risk as reflected by the market

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 EURO 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.

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