

# AMUNDI FUNDS BOND EURO INFLATION - IE

BOND ■

MONTHLY  
REPORT

31/03/2017

## Key information (source : Amundi)

Net Asset Value (NAV) : (A) 1,552.32 ( EUR )  
(D) 985.50 ( EUR )

NAV and AUM as at : 31/03/2017

Assets Under Management (AUM) :  
260.22 ( million EUR )

ISIN code : (A) LU0201577045  
(D) LU0201602843

Bloomberg code : EUINFAI LX

Benchmark :  
Barclays Euro Government Inflation-Linked  
Bond All Markets

Morningstar Overall Rating © : 3

Morningstar Category © :  
EUR INFLATION-LINKED BOND

Number of funds in the category : 166

Rating date : 28/02/2017

## Investment Objective

The objective of the Sub-Fund is to seek a performance comparable to the performance of the reference indicator Barclays Euro Government Inflation-Linked Bond All Markets, representative of the Euroland (i.e. countries having fully incorporated the euro as their national currency) inflation-linked government bond market.

For classes DH :

The portfolio has a rate risk hedging (Hedged Duration). There is no index of reference.

## Information

Fund structure : UCITS

Sub-fund launch date : 01/10/2004

Share-class inception date : 01/10/2004

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 : 0.68% ( realized 30/06/2016 )

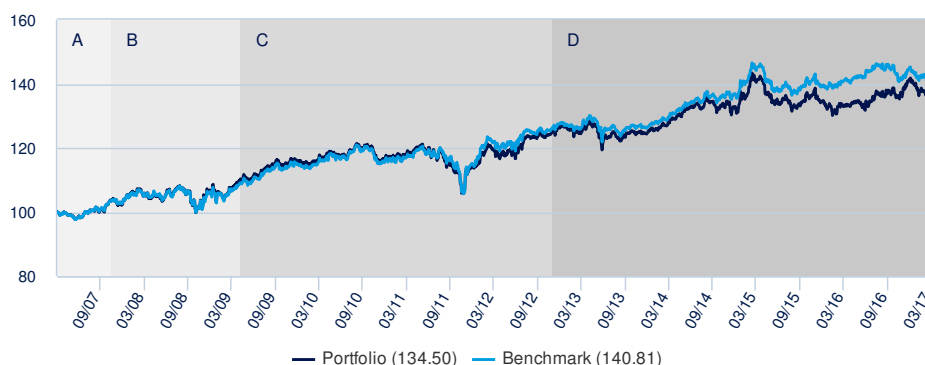
Exit charge (maximum) : 0%

Minimum recommended investment period : 3 years

Performance fees : Yes

## Returns

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



A : During this period, no condition as regards to currency denomination had to be considered for bonds eligible in the minimum investment ratio.

B : Until the end of this period, the reference indicator was "ML EMU Direct Government Inflation-Linked".

C : Until the end of this period, the reference indicator of the sub-fund was "Barclays Capital Euro Government Inflation-Linked Bond".

D : 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	17/02/2003
Portfolio	-4.71%	-2.35%	-4.71%	0.88%	5.22%	12.69%	55.24%
Benchmark	-2.69%	-1.48%	-2.69%	-0.17%	8.55%	15.42%	67.23%
Spread	-2.02%	-0.86%	-2.02%	1.06%	-3.33%	-2.74%	-11.99%

### Calendar year performance \*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Portfolio	4.83%	1.63%	6.25%	-1.20%	10.54%	-2.25%	0.84%	8.96%	3.82%	1.53%
Benchmark	3.79%	2.13%	8.00%	-0.80%	10.93%	-0.94%	0.97%	8.68%	2.85%	1.86%
Spread	1.05%	-0.50%	-1.75%	-0.40%	-0.40%	-1.31%	-0.13%	0.28%	0.97%	-0.33%

\* 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	5.28%	6.07%	6.18%

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.

## Fund statistics

	Portfolio	Benchmark
Modified duration <sup>1</sup>	5.80	7.82

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



**Benjamin Cavallier**  
Portfolio manager



**Isabelle Vic-Philippe**  
Head of Government Bonds &  
Inflation

## Management commentary

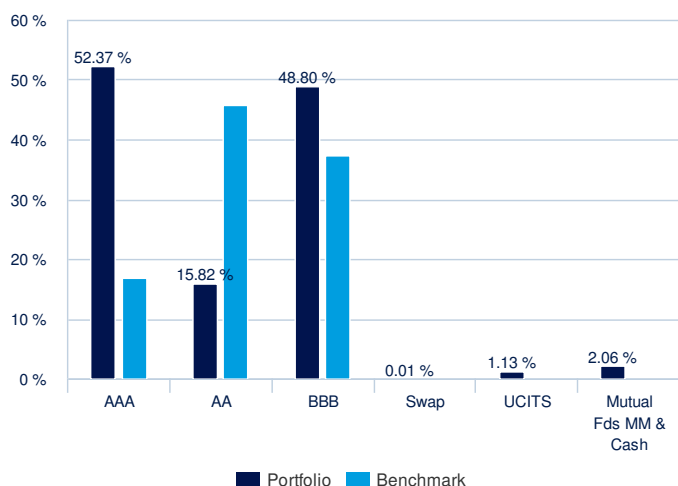
Euro inflation expectations fell for the second month running in March. Since the high reached at end-January, 10-year break-even has dropped by between 20bps and 25bps, i.e. more than one third of the ground gained since last summer. This decline has occurred with no triggering event and is the result of an accumulation of marginally negative factors. The first is naturally the sharp fall in oil prices (down by up to -10% during the month), which was wholly absorbed by inflation expectations. The second is the disappearance of the base effects which will stabilize inflation at 1.6% after having reached a peak of 2%. Although expected for the past six months and more, this movement had a negative impact on our market. Although simplistic, this correlation between actual inflation and inflation expectations continues without the shadow of a doubt. The third and last factor is the very negative carry on inflation indexed bonds in March. Five-year break even would have had to rise by 16bps to offset the carry, which a number of investors consider difficult to achieve after the rally of the past few months. In the end, all these elements prompted investors to take their profits, particularly before the French elections which are a source of worry for the markets.

From a more forward looking point of view, there are very few depressive factors for inflation. If we rule out an unfavorable result (for the markets) of the French elections, we are left with a European economy that is enjoying its strongest upturn since 2011, with growth estimated at between 1.5% and 2%, falling unemployment, and inflation that is at last nearing the ECB target rate. In these conditions, it is hard to think that inflation expectations will not recover part of the 50bps that separate them from a level that even begins to be consistent with 'normal' values.

Elsewhere, inflation expectations did not fall as sharply: they have stabilized at a little under 2% in the United States (1.97%, down by 10bps from their highest point) and at around 3.15% in the United Kingdom. Profits were taken on the long position on US inflation, part of which was switched to the euro given the pricing difference. The valuation of inflation expectations has varied considerably according to the underlyings, prompting us to reduce Ital and France and strengthen Germany. Lastly, French inflation is well valued and has been switched to euro inflation.

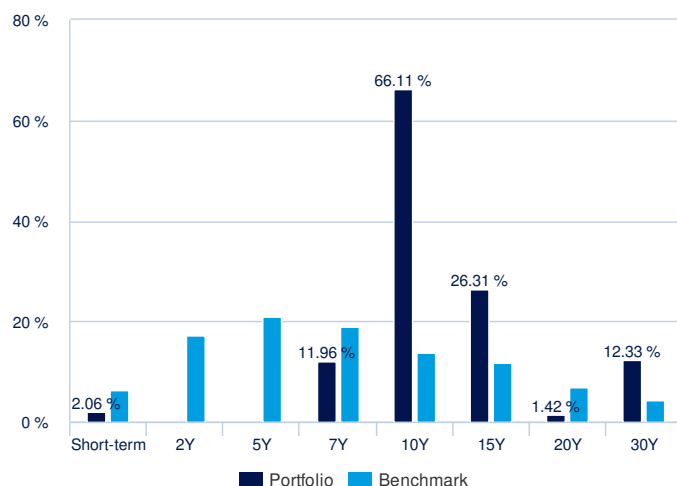
## Portfolio breakdown

### Breakdown by rating (Source : Amundi)



The total can be different by up to 100% as deferred cash is excluded

### Portfolio breakdown by maturity



The total can be different by up to 100% as deferred cash is excluded

## 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 INFLATION, 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](http://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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