

# AMUNDI FUNDS ABSOLUTE VOLATILITY WORLD EQUITIES - AHE

MONTHLY  
REPORT

31/01/2017

## ABSOLUTE PERFORMANCE

### Key information (source : Amundi)

Net Asset Value (NAV) : (A) 78.64 ( EUR )  
(D) 74.39 ( EUR )

NAV and AUM as at : 31/01/2017

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

ISIN code : (A) LU0442406889  
(D) LU0644000290

Bloomberg code : CAVMCC2 LX

Benchmark : None

### Investment Objective

The sub-fund aims to achieve a positive return in any type of market condition (absolute return strategy). Specifically, the sub-fund seeks to outperform (after applicable fees) the USD LIBOR 1-month index + 3% a year over any given 3- year period, while offering controlled risk exposure.

### 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.

### Returns

Performance evolution (rebased to 100) \* from 16/09/2009 to 31/01/2017



### Cumulative returns \*

	YTD	1 month	3 months	1 year	3 years	5 years	Since
Since	30/12/2016	30/12/2016	31/10/2016	29/01/2016	31/01/2014	31/01/2012	16/09/2009
Portfolio	-3.10%	-3.10%	-4.81%	-7.78%	-12.65%	-26.82%	-21.00%

### Calendar year performance \*

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Portfolio	-2.58%	-3.27%	-3.44%	-12.75%	-4.72%	4.68%	4.02%	-	-	-

### Monthly performance \*

	January	February	March	April	May	June	July	August	September	October	November	December	Year
2017	-3.10%	-	-	-	-	-	-	-	-	-	-	-	-3.10%
2016	2.35%	1.15%	-2.84%	0.92%	-1.31%	2.38%	-1.92%	-0.30%	-1.03%	-0.11%	-0.87%	-0.89%	-2.58%
2015	0%	-2.80%	0.94%	-0.72%	-2.21%	0.60%	-1.91%	3.58%	1.66%	-2.28%	-0.47%	0.47%	-3.27%
2014	0.93%	-1.60%	-0.58%	-1.25%	-1.47%	-1.68%	1.65%	-2.08%	0.58%	0.23%	0%	1.87%	-3.44%
2013	-4.53%	-0.21%	-0.42%	-1.34%	0.16%	0.89%	-2.89%	2.05%	-2.35%	-2.35%	-0.94%	-1.46%	-12.75%
2012	0.15%	-0.43%	-1.70%	0.30%	2.91%	-1.73%	-0.78%	0.01%	-2.99%	-1.28%	-0.92%	1.77%	-4.72%
2011	-1.31%	-0.97%	2.91%	-1.65%	-1.21%	1.16%	0.15%	2.40%	-0.36%	1.40%	0.87%	1.33%	4.68%
2010	-	-	-	-	-	-	0.50%	0.68%	-0.11%	-0.91%	0.55%	-0.76%	4.02%

\* 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.

### Exposure grid (Vega)

Implied volatility 1 Year	Vega*
>35%	-1 with +/-1
30%-35%	-0.5 with +/-1
25%-30%	0 with +/-1
20%-25%	+1 with +/-1
15%-20%	+2 with +/-1
<15%	+3 with +/-1

The Exposure grid is indicative. Fund managers have a +1/-1 discretion to the exposure grid. The grid may be reviewed from time to time depending on changes in the environment.

\* Vega exposure: measures sensitivity of the fund for every 1% change in implied volatility

### Risk analysis (rolling)

	1 year	3 years	5 years
Portfolio volatility	5.39%	5.77%	5.85%
Sharpe ratio	-1.36	-0.74	-1.03

### Performance analytics

	Inception to date
Maximum drawdown	-28.64%
Worst month	01/2013
Lowest return	-4.53%
Best month	05/2010
Highest return	4.52%

**Gilbert Keskin**Co-Head of Volatility & Convertible  
Bonds**Eric Hermitte**Co-Head of Volatility & Convertible  
Bonds

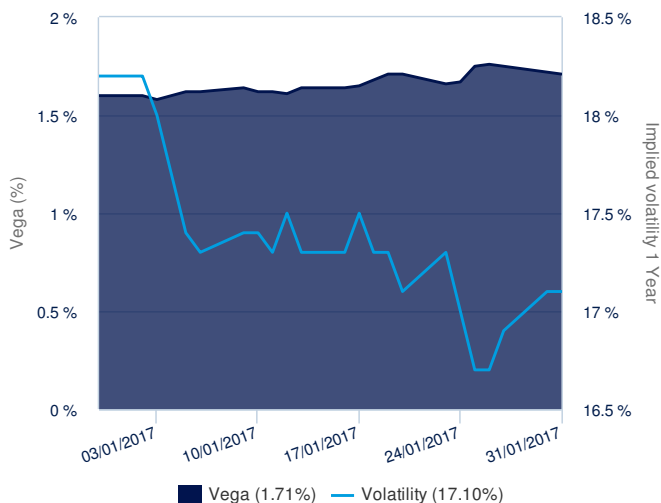
## Management commentary

Equity markets were largely trendless and barely volatile in January. The European index Euro Stoxx 50 was down 1.7% whereas the US market reached new highs (S&P 500 +1.9%) and Japan is almost flat (Nikkei 225 -0.4%). The strong dispersion of sector performances led to very low realised volatility of major indices this start of the year (S&P 500 at 6.1%, Euro Stoxx 50 at 10.2% and 16.4% for the Nikkei 225 in January). In this context, implied volatilities were down for all indices and across the entire maturity range. The VSTOXX ends down 0.7 points at 17.4% despite the market being down, while the VIX, for the US, sheds over 2 points at 12%. The 1-year implied volatility of our global basket dropped 1.1 points (S&P 500 -1.2% ; Euro Stoxx 50 -1.1% ; Nikkei 225 -0.7% ; HSI -1.6% ; HSCEI -1.95%) and reached near a 2 year low at 17.1%. Medium term volatilities remained resilient at the end of last year, sustained by strong demand, which came from investors massively seeking upside exposure via call options and from hedging activity in connection to maturing structured products. The start of the year showed the flipside, with the retracement of volatility significantly hurting the portfolio. The directional engine contributed negatively (-1.83%) due to our average Vega exposure of 1.66 over the month. The second engine ("active management") did not allow to offset the costs of being long volatility and thus increased the loss over the month. Indeed, the downward move of volatility was fairly regular and did not provide opportunities for active trading. Furthermore, replication costs rose due to extremely low realised volatility (high cost of carry) and due to the steepening of the term structure throughout the 4th quarter of 2016, which led to costs of roll (i.e. cost of maintaining a 1-year average maturity) penalising again performance. We took advantage of the rising risk appetite to increase slightly our volatility exposure at attractive levels. At the end of January the Vega stands at 1.71 after reaching 1.76 during the month. The geographic allocation did not change much this month, with Asia overweight at the expense of the US (37% US ; 34% Europe ; 29% Asia). Within Asia, we increased the weight of China to 9%, with a higher exposure to the HSCEI than the HSI. Indeed the former reached very attractive volatility levels from a historic perspective. So far markets do not seem wary of upcoming events in both Europe and the US. Nevertheless some investors seize the current low volatility levels to protect their equity portfolios. Rising uncertainties surround in particular the implementation of Trump's economic programme and the outcome of upcoming elections in various European countries. This reinforces our belief that markets are currently too complacent and that turmoil lies ahead, potentially in the coming weeks.

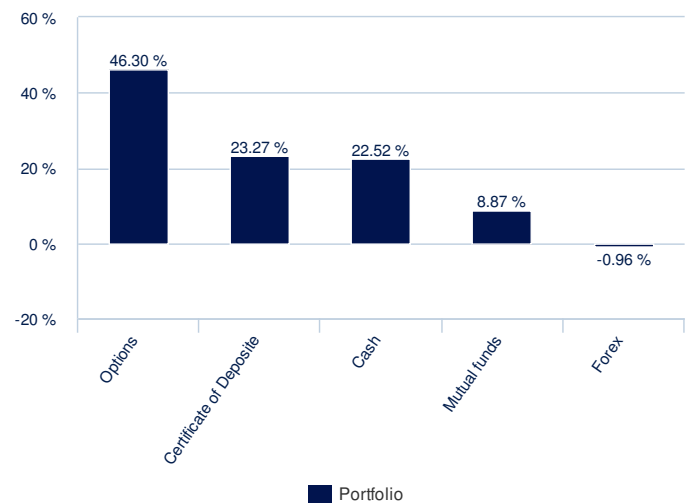
## Vega and implied volatility evolution during the last 12 months



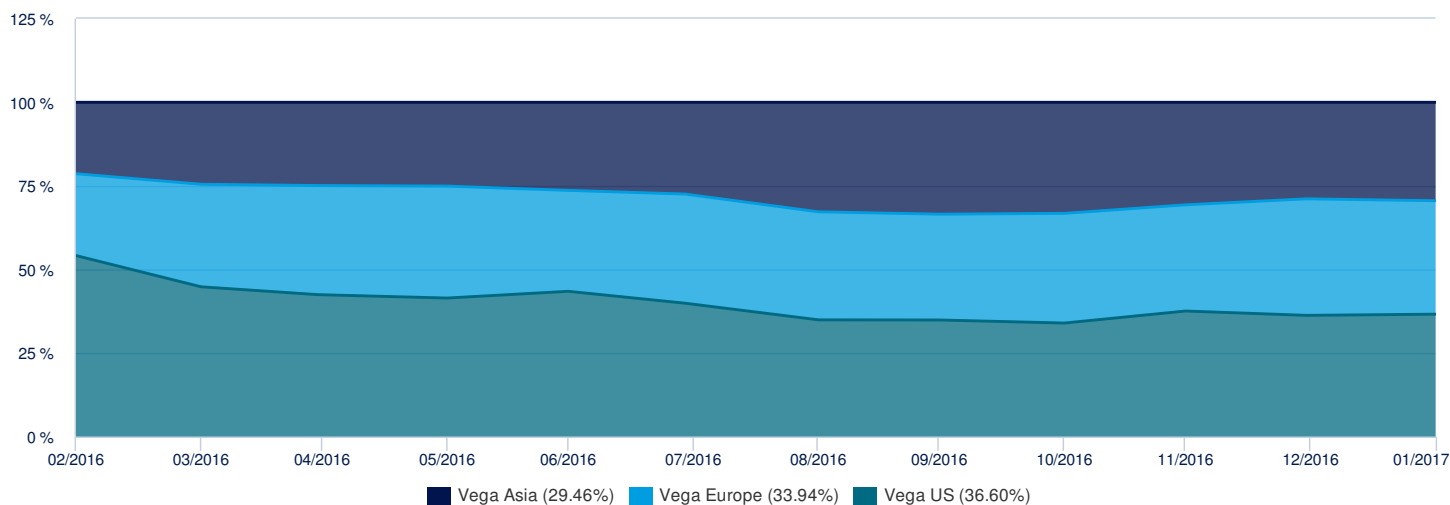
## Vega and volatility evolution during the month



## Breakdown by instrument type



## Geographical breakdown



## Performance contribution

	Performance	1 yr Implied volatility				Gross Performance Contribution		
			Start	End	Average Vega	Engine 1 : Directionnal <sup>1</sup>	Engine 2 : Vol of vol <sup>2</sup>	Engine 3: Geo <sup>3</sup>
YTD 2017	-3.10%	YTD 2017	18.20%	17.10%	1.66%	-1.83%	-0.87%	-0.07%
January 2017	-3.10%	Jan-2017	18.20%	17.10%	1.66%	-1.83%	-0.87%	-0.07%
December 2016	-0.89%	Dec-2016	18.30%	18.20%	1.55%	-0.16%	-0.37%	0.05%
November 2016	-0.87%	Nov-2016	18.70%	18.30%	1.44%	-0.58%	-0.28%	0.24%
2016	-2.58%	2016	19.10%	18.20%	1.15%	-1.04%	0.60%	0.67%
2015	-3.27%	2015	19.10%	19.10%	1.35%	0.78%	-1.98%	0.17%
2014	-3.44%	2014	17.40%	19.10%	1.59%	3.15%	-5.50%	0.85%
2013	-12.75%	2013	20.20%	17.40%	1.24%	-3.40%	-6.89%	-1.01%
2012	-4.72%	2012	24.70%	20.20%	1.01%	-2.10%	-2.01%	0.74%
2011	4.68%	2011	22.10%	24.70%	0.52%	-0.06%	4.85%	1.64%
2010	4.02%	2010	23.50%	22.10%	0.47%	1.05%	4.51%	0.19%
		2009	36.90%	23.50%	-0.13%	2.80%	5.07%	1.33%
		2008	21.70%	36.90%	0.50%	2.05%	19.20%	5.36%

<sup>1</sup> Directional 1: Calculated monthly as follows: (Implied Volatility End – Implied Volatility Start) \* Average Vega

<sup>2</sup> Vol of Vol 2: Calculated monthly as follows: Gross Return – Other Engines. Includes replication and carry costs.

<sup>3</sup> Geo 3: Calculated monthly separately against a weighted-average using internal model

## Information

Fund structure	UCITS
Applicable law	under Luxembourg law
Fund Manager	Amundi Luxembourg SA
Delegated Management Company	Amundi Asset Management
Sub-delegated Management Company	Amundi Japan Ltd
Custodian	CACEIS Bank, Luxembourg Branch
Share-class inception date	03/09/2009
Share-class reference currency	EUR
Type of shares	(A) Accumulation (D) Distribution
ISIN code	(A) LU0442406889 (D) LU0644000290
Minimum first subscription / subsequent	1 thousandth(s) of (a) share(s) / 1 thousandth(s) of (a) share(s)
Frequency of NAV calculation	Daily
Dealing times	Orders received each day D day before 14:00
Entry charge (maximum)	4.50%
Maximum direct annual management fees including taxes	1.20% IAT
Maximum indirect annual management fees including taxes	-
Performance fees	Yes
Maximum performance fees rate (% per year)	20 %
Performance fees details	USD LIBOR 1-month + 3 %
Exit charge (maximum)	0%
Ongoing charge	1.63% ( realized ) - 25/10/2016
Minimum recommended investment period	3 years
Benchmark index performance record	15/09/2009: None

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