

AMUNDI FUNDS BOND EURO CORPORATE - IE

BOND ■

MONTHLY
REPORT

31/07/2017

Key information (source : Amundi)

Net Asset Value (NAV) : (A) 2,046.07 (EUR)
(D) 1,320.31 (EUR)
NAV and AUM as at : 31/07/2017
Assets Under Management (AUM) :
1,070.23 (million EUR)
ISIN code : (A) LU0119099496
(D) LU0194910054
Bloomberg code : CAEUCAI LX
Benchmark : Barclays Euro-Agg Corporates (E)
Morningstar Overall Rating © : 4
Morningstar Category © : EUR CORPORATE BOND
Number of funds in the category : 930
Rating date : 30/06/2017

Investment Objective

The objective of the Sub-Fund is to outperform the reference indicator Barclays Euro-Agg Corporates (E), representative of the corporate bond market, by investing in Euro denominated debt instrument:

- issued or guaranteed by governments of countries having fully incorporated the Euro as their national currency ('Euroland') or
- issued by companies and traded on a European market.

To achieve that objective, the Sub-Fund selects debt instruments paying lower yields but being relatively safe ("Investment Grade" debt instruments, i.e. with a minimum rating of BBB- by Standard & Poor's).

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

The Sub-Fund does not aim to replicate the reference indicator and may therefore significantly deviate from it.

Risk & Reward Profile (SRRI)



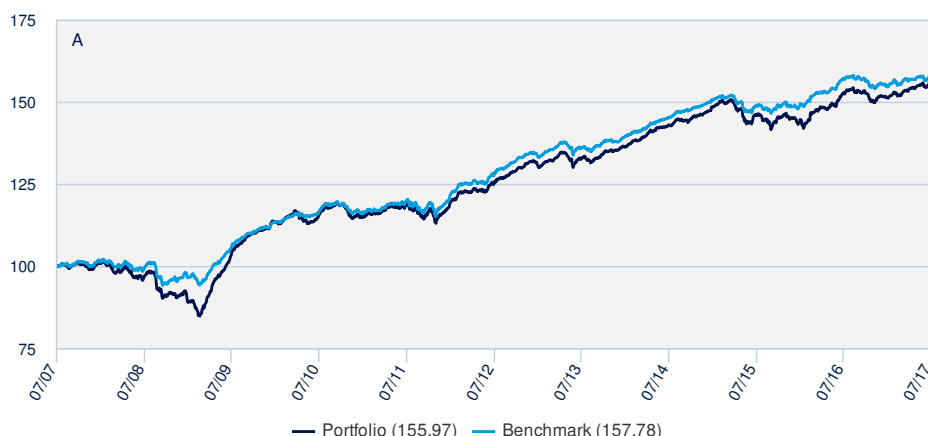
Lower risk, potentially lower rewards

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 31/07/2007 to 31/07/2017*



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

Cumulative returns *

Since	YTD 30/12/2016	1 month 30/06/2017	3 months 28/04/2017	1 year 29/07/2016	3 years 31/07/2014	5 years 31/07/2012	Since 01/02/1999
Portfolio	2.82%	0.94%	1.36%	2.08%	9.15%	24.20%	116.24%
Benchmark	1.41%	0.78%	0.60%	0.36%	8.68%	22.91%	125.49%
Spread	1.41%	0.16%	0.76%	1.72%	0.47%	1.29%	-9.25%

Calendar year performance *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Portfolio	4.65%	-1.18%	8.38%	2.63%	13.31%	0.88%	3.70%	22.08%	-8.13%	-1.90%
Benchmark	4.73%	-0.56%	8.40%	2.37%	13.59%	1.49%	4.75%	15.71%	-3.76%	0.02%
Spread	-0.08%	-0.62%	-0.02%	0.26%	-0.28%	-0.61%	-1.05%	6.37%	-4.37%	-1.92%

* 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.

Fund statistics

	Portfolio	Benchmark
Modified duration ¹	5.31	5.22
Average Rating	BBB-	BBB+
Yield To Maturity	1.67%	0.76%
SWMD ²	9.45	5.22
Spread ³	172	92
Number of lines	289	2,100

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

² SWMD : spread-weighted modified duration

³ Spread: difference in yield between a corporate bond and its reference government bond (Germany for the Euro zone).

Risk analysis (rolling)

	1 year	3 years	5 years
Portfolio volatility	2.39%	3.19%	2.99%
Benchmark volatility	2.21%	2.39%	2.36%
Ex-post Tracking Error	1.03%	1.44%	1.26%
Information ratio	1.62	0.10	0.17
Sharpe ratio	1.02	0.99	1.51

Performance analytics

	Inception to date
Maximum drawdown	-17.25%
Recovery period (days)	126
Worst month	09/2008
Lowest return	-5.37%
Best month	07/2009
Highest return	5.93%



Alexandra Van Gyseghem
Head of Credit Investment Grade



Hervé Boiral
Head of Euro Credit

Management commentary

The credit market continued to post excellent results in July. Indeed, as macroeconomic and political conditions in Europe improved last quarter, the credit spread was compressed to its lowest level since April 2015. The Barclays Euro-Aggregate Corporate index spread narrowed 10 pb in July to reach 92 pb (synthetic -3 pb to 53pb). In July the index's performance settled at 0.78%, outperforming the Govies (at equivalent duration) by 67 pb. High beta credits continued to show solid performance, demonstrating investors' search for yield. The best performance came from insurance (especially the subordinated segment) and metals and mining while the cyclical consumer goods sector recorded the most significant underperformance.

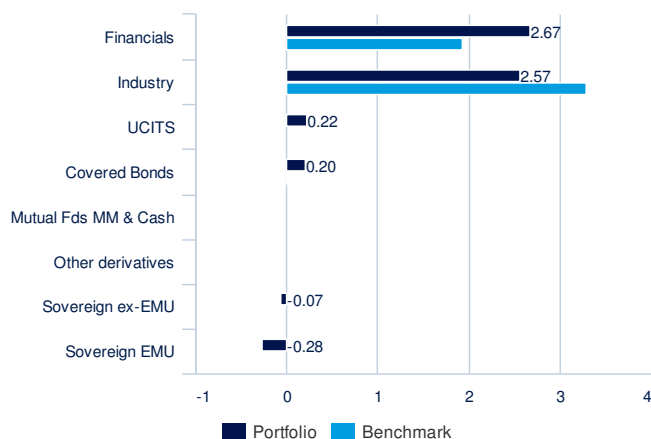
The market was particularly shored up by a buoyant economic environment. In the Eurozone, things continue to move in the right direction and the prospects are very positive for the rest of the year. Nevertheless Mario Draghi was much more cautious at the ECB meeting on 20 July than in his speech at Sintra in late June. This change in the ECB's attitude brought the rate increase to a halt. The German 10-year, which had risen 15bp in June to end at 0.44% rose to 0.55% in July then ended the month at 0.50%.

During the period, the fund outperformed its benchmark index as a result of credit overweighting, especially on high beta stocks. Credit exposure remained stable and the financial sector remained the priority. We remain optimistic about August. In fact, we believe monetary policy will gradually be normalised in order not to disturb the economic players. We are expecting credit spreads to remain constant between now and the end of the year, or even narrow slightly as current corporate fundamentals are better than in 2015 when the credit premium narrowed to 89bps. Credit spreads in June and July also presented a negative correlation to Govies Euro yields.

In terms of duration, the fund's sensitivity is close to the index (5.13 v. 5.21). The portfolio is focused on the 7-year maturity.

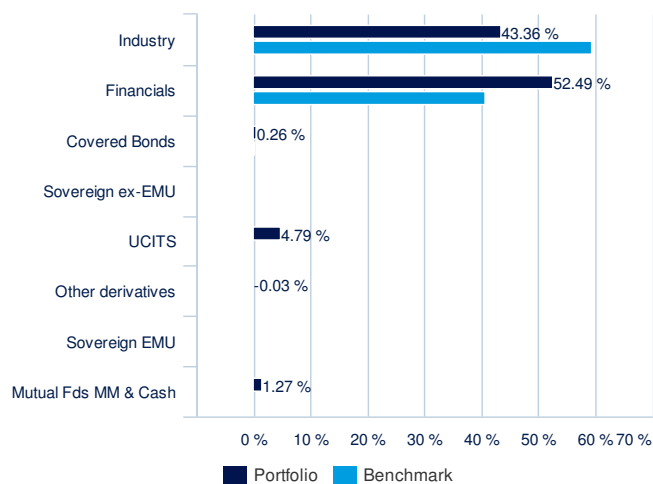
Portfolio breakdown by issuer

Modified duration



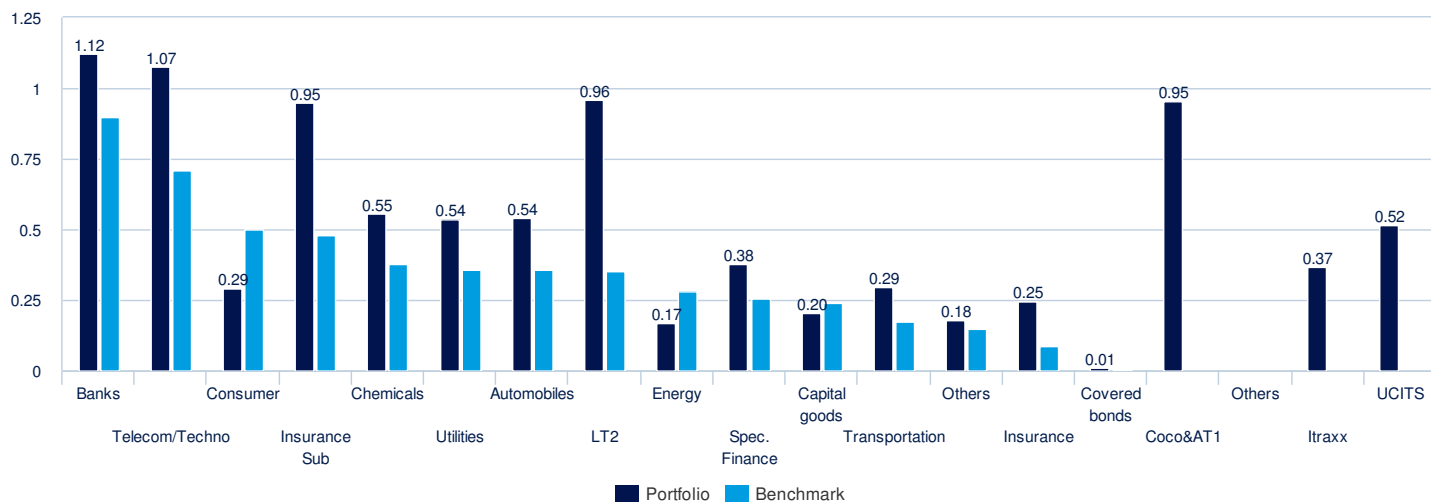
Includes derivatives

% of assets



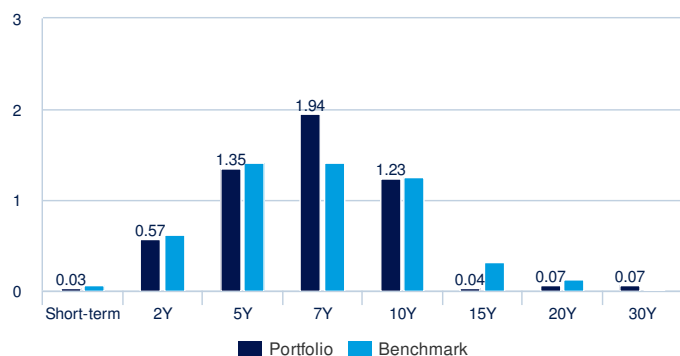
The total can be different by up to 100% as deferred cash is excluded

Sector Allocation (in units of SWMD)



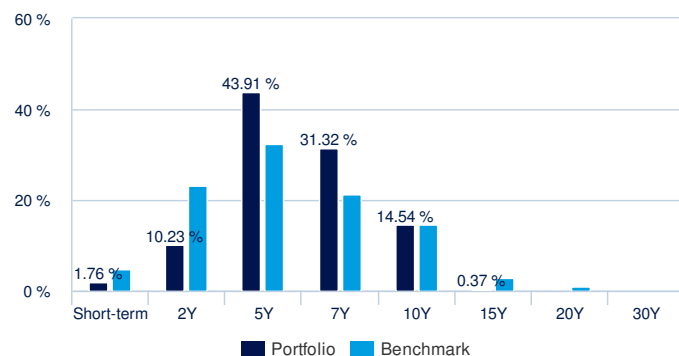
Portfolio breakdown by maturity

Modified duration



Includes derivatives

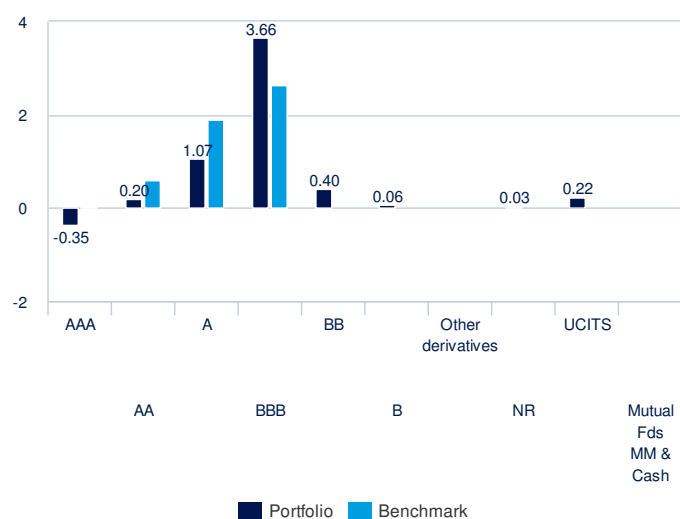
% of assets



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

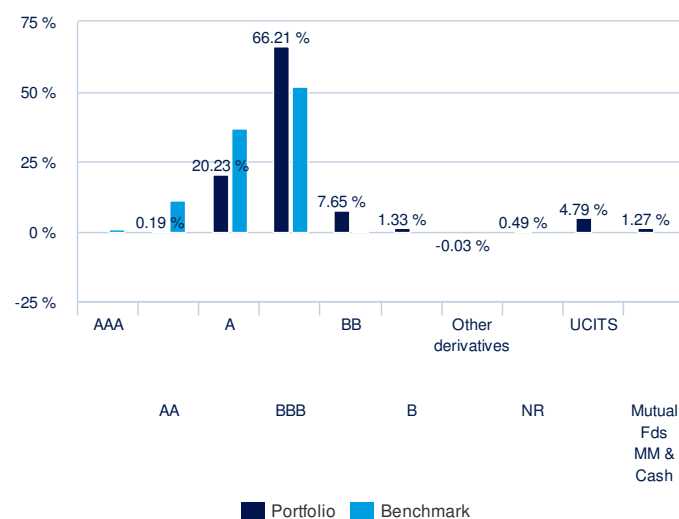
Portfolio breakdown by credit rating

Modified duration



Includes derivatives

% of assets



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

Main overweights

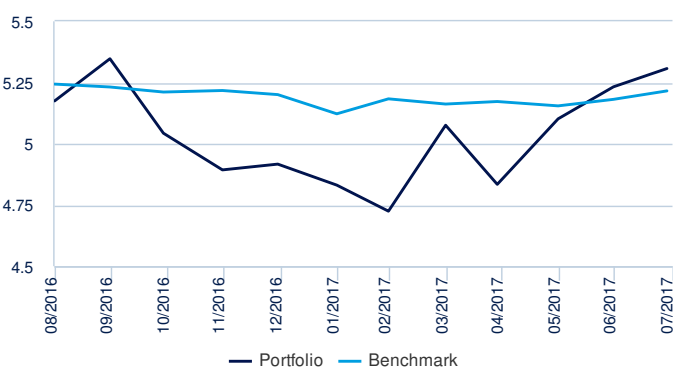
	Spread
Coco&AT1	6.56%
LT2	5.18%
Insurance Sub	4.49%
Insurance	1.25%
Transportation	0.88%

Main underweights

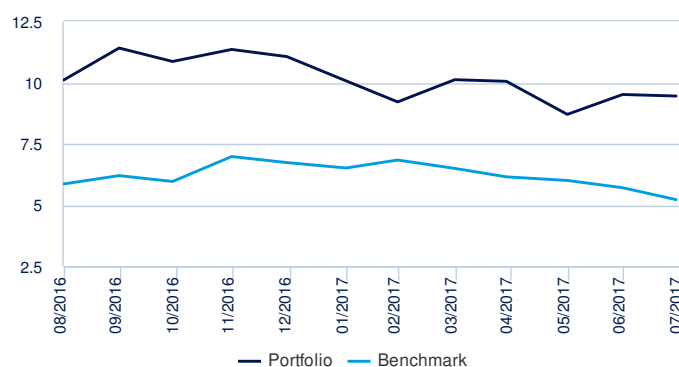
	Spread
Consumer	-5.86%
Banks	-5.64%
Energy	-3.57%
Chemicals	-1.76%
Capital goods	-1.71%

Historical risk indicators

Modified duration



Spread Weighted Modified Duration (SWMD)



Main issuers

	Sector	% asset	Mod. duration	SWMD Portfolio	SWMD Benchmark
Sovereigns	-	-	-	-	-
Out of State Issuers	-	-	-	-	-
VOLKSWAGEN INTL FIN NV	Industry	2.24%	0.15	0.37	0.17
HSBC HOLDINGS PLC	Financials	1.74%	0.12	0.28	0.04
COOPERATIEVE RABOBANK UA	Financials	1.62%	0.06	0.12	0.06
GOLDMAN SACHS GRP INC	Financials	1.61%	0.10	0.12	0.06
CREDIT AGRICOLE SA	Financials	1.54%	0.08	0.19	0.06
MORGAN STANLEY	Financials	1.53%	0.12	0.14	0.05
ASSICURAZIONI GENERALI SPA	Financials	1.39%	0.08	0.19	0.07
BANK OF AMERICA CORP	Financials	1.33%	0.09	0.11	0.04
UBS GROUP FUNDING SWITZERL LTD	Financials	1.28%	0.04	0.05	0.02
AT&T INC	Industry	1.22%	0.09	0.11	0.14
BNP PARIBAS	Financials	1.21%	0.07	0.13	0.07
CITIGROUP INC	Financials	1.21%	0.07	0.07	0.03
BARCLAYS PLC	Financials	1.14%	0.05	0.07	0.01
BUNGE FINANCE EUROPE BV	Industry	1.10%	0.06	0.08	0
TOTAL SA	Industry	1.07%	0.05	0.12	0.07

Information

Fund structure	UCITS under Luxembourg law
Fund Manager	Amundi Luxembourg SA
Custodian	CACEIS Bank, Luxembourg Branch
Sub-fund launch date	01/02/1999
Share-class inception date	01/02/1999
Sub-fund reference currency	EUR
Share-class reference currency	EUR
Other subscription/redemption currencies	USD
Type of shares	(A) Accumulation (D) Distribution
ISIN code	(A) LU0119099496 (D) LU0194910054
Reuters code	(A) LP60053632 (D) LP68013176
Bloomberg code	(A) CAEUCAL LX (D) CECBDID LX
Minimum first subscription / subsequent	500000 Equivalent in EUR of USD / 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)	2.50%
Maximum direct annual management fees including taxes	0.45% IAT
Performance fees	Yes
Exit charge (maximum)	0%
Ongoing charge	0.67% (realized)
Minimum recommended investment period	3 years
Benchmark index performance record	01/02/1999: 100.00% BLOOMBERG BARCLAYS EURO-AGG CORPORATE (E)
Management fee (p.a. max)	0.45%

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