

AMUNDI FUNDS EQUITY LATIN AMERICA - AU

MONTHLY
REPORT

31/05/2017

EQUITY ■

Key information (source : Amundi)

Net Asset Value (NAV) : (A) 404.03 (USD)
(D) 354.19 (USD)
NAV and AUM as at : 31/05/2017
ISIN code : (A) LU0201575346
(D) LU0201602173
Assets Under Management (AUM) :
190.96 (million USD)
Sub-fund reference currency : USD
Share-class reference currency : USD
Benchmark : 100% MSCI EM LATIN AMERICA
Morningstar Overall Rating © : 3 stars
Morningstar Category © : LATIN AMERICA EQUITY
Number of funds in the category : 296
Rating date : 30/04/2017
Last coupon date : 27/09/2016 1.18 USD

Investment Objective

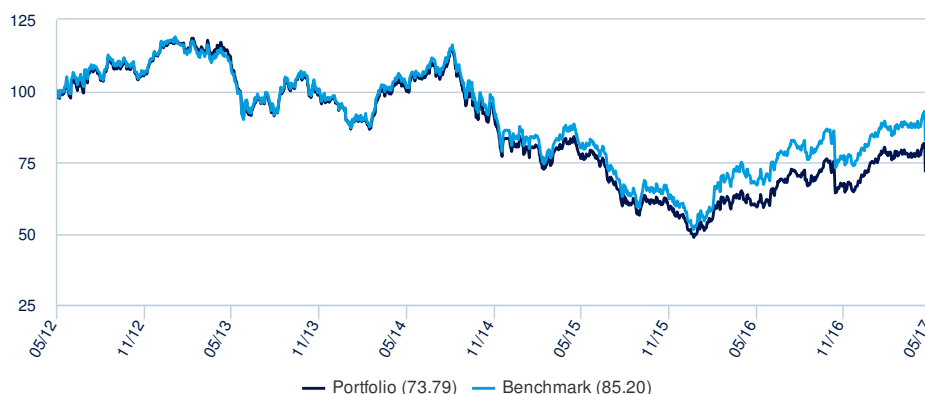
The investment objective is to outperform the index representing a booming zone: Latin American equity markets. The team taps three main sources of value added: country selection –key to mastering the emerging market risk–, sector selection and stock picking, to benefit from the companies offering the best upside potential.

Information

Fund structure : UCITS
CNMV code : 61
Sub-fund launch date : 21/02/1994
Share-class inception date : 21/02/1994
Eligibility : Securities account, life insurance
Type of shares : (A) Accumulation
(D) Distribution
Minimum first subscription / subsequent :
1 thousandth(s) of (a) share(s) / 1
thousandth(s) of (a) share(s)
Entry charge (maximum) : 4.50%
Ongoing charge : 2.37% (realized 30/06/2016)
Exit charge (maximum) : 0%
Minimum recommended investment period : 5 years
Performance fees : Yes

Returns

Performance evolution (rebased to 100) * from 31/05/2012 to 31/05/2017



Cumulative returns *

Since	YTD	1 month	3 months	1 year	3 years	5 years	Since
	30/12/2016	28/04/2017	28/02/2017	31/05/2016	30/05/2014	31/05/2012	22/02/1994
Portfolio	8.36%	-4.64%	-4.64%	24.60%	-26.11%	-26.21%	384.84%
Benchmark	9.40%	-2.37%	-1.84%	27.34%	-15.76%	-14.80%	-
Spread	-1.04%	-2.27%	-2.81%	-2.74%	-10.35%	-11.41%	-

Calendar year performance *

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Portfolio	21.87%	-33.05%	-14.76%	-13.64%	7.53%	-24.04%	16.56%	121.57%	-52.82%	50.49%
Benchmark	31.04%	-31.04%	-12.30%	-13.36%	8.66%	-19.35%	14.66%	103.77%	-51.41%	50.40%
Spread	-9.17%	-2.01%	-2.46%	-0.28%	-1.13%	-4.68%	1.90%	17.80%	-1.41%	0.09%

* 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.

Fund statistics

Total portfolio holdings 95

Top ten issuers (% assets)

	Portfolio
INVESTIMENTOS ITAU SA	7.26%
BANCO BRADESCO SA	6.41%
GRUPO FINANC BANORTE SAB DE CV	5.10%
PETROLEO BRASILEIRO SA	5.00%
FOMENTO ECONOMICO MEXICANO SAB	4.71%
CREDICORP LTD	3.93%
BRADSPAR SA	3.53%
BANCO DO BRASIL SA	3.50%
JBS SA	2.71%
ITAU UNIBANCO HOLDING SA (BRA)	2.64%
Total	44.79%

Volatility

	1 year	3 years	5 years
Portfolio volatility	23.17%	24.25%	22.76%
Benchmark volatility	23.52%	25.85%	23.76%

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.

Management commentary

Market environment

Although global equity markets had another good month in May, with developed and emerging markets up respectively 2.1% and 3% in USD, Latin America stocks suffered (-2.4%), dragged down by political turmoil in Brazil. The Brazilian index fell 5.0% in the month, strongly underperforming its regional peers. Peru (+6.3%), Colombia (+5.7%) and off-index Argentina (+6.0%) were the main highlights while Mexico (+0.4%) and Chile (+0.3%) lagged.

A new political crisis unravelled in Brazil putting into question President Temer's term and the feasibility of the pension reform. A taped conversation between Temer and the Chairman of protein producer JBS, allegedly implicates Mr. Temer in corruption wrongdoings. Prior to the crisis, expectations were for a 125bp cut, but the monetary authority delivered a 100bp cut, bringing the policy rate to 10.25%. On the data front, Brazil's economic activity ended 1Q with meaningful quarterly growth while unemployment started to show signs of stabilization. In addition, industrial production in April was above consensus expectations. J&F, JBS's controlling company, set a plea bargain agreement and will pay a penalty of R\$10.3 billion over 25 years. JBS will not pay anything. JBS's Chairman J. Batista resigned from his post and was replaced by a professional of the industry. Colombia's strong performance was mainly driven by the rally of index heavyweight Bancolombia. BanRep cut the policy rate 25bp to 6.25%, easing the pace after having cut by 50bp at the last meeting. On the political front, uncertainty rises regarding the peace treaty with the FARC, due to the delay of the disarmament process. Congress could also investigate President Santos over Odebrecht financing his campaign. In Peru, although growth exceeded expectations in March, President Kuczynski has been facing heavy opposition, led by Keiko Fujimori, after a period in which it appeared that the two forces were working in unison. The Central Bank cut its interest rate by 25bp to 4.0%. As for Colombia, Peru's strong equity market performance was related to the good performance of index heavyweight Credicorp. In Mexico, solid Q1 GDP print of +2.7% and recovering consumer confidence contrasted with rising inflation (6.2% annualized). Banxico hiked its policy rate 25bp to 6.75%, stressing the need to anchor inflation expectations. Chile printed a weak GDP in Q1 and the Central Bank cut the reference rate 25bp to 2.50%. On politics, the gap between former president Piñera and Senator Guillier has been at its all-time high in the polls, raising the odds of a market friendly outcome to the November presidential election. The solid Argentine equity index performance was mainly driven by positive news regarding the possible MSCI reclassification to EM set to be announced on June 20.

Portfolio performance

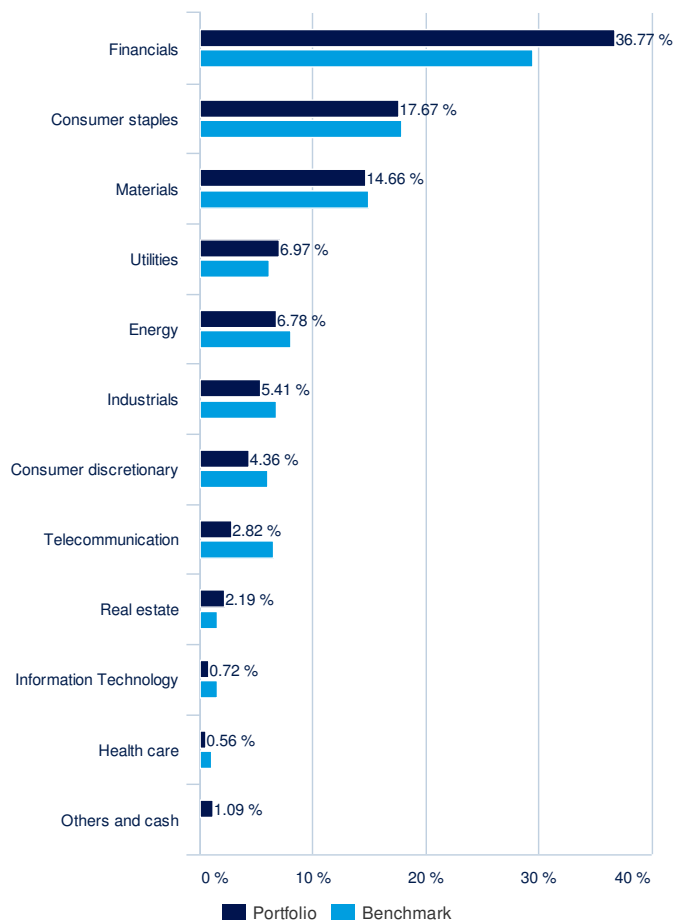
The fund underperformed its index in May. While country allocation had a slightly negative contribution, the main detractor in the month was stock picking, resulting from our overweight position on protein producer JBS. Our overweight position on Brazilian banks also yielded negative sector and stock contributions. We mainly raised banks in Brazil on improved valuation after the Brazil sell-off, while reducing our position on JBS (consumer staples) due to stock specific risks.

Outlook

We stay overweight Argentina and Peru (despite temporary headwinds for the latter), mainly due to reasonable political visibility, good medium-term economic prospects and attractive market valuations. We also overweight Mexico as risks of facing much tougher trade conditions with the US have largely faded. Still, we keep in mind that the mid-2018 presidential election continues to be a key risk for the second part of this year. Our focus remains on bank stocks (on relative valuation and higher rates) as well as some resilient consumer companies. Brazil remains slightly underweight at this point. Risks of a watered down pension reform or, possibly, no significant pension reform before 2019 have increased, although we acknowledge government's efforts and some support from Congress to maintain a reform agenda alive. Banks look relatively cheap after the correction and should benefit from a softer head-wind in the sense that interest rate decline should be softer going forward. Uninspiring macro prospects combined with low market liquidity still drive our underweight stance on Colombia. In Chile, we do not find enough stocks with sufficiently attractive valuations and continue to be underweight at this stage.

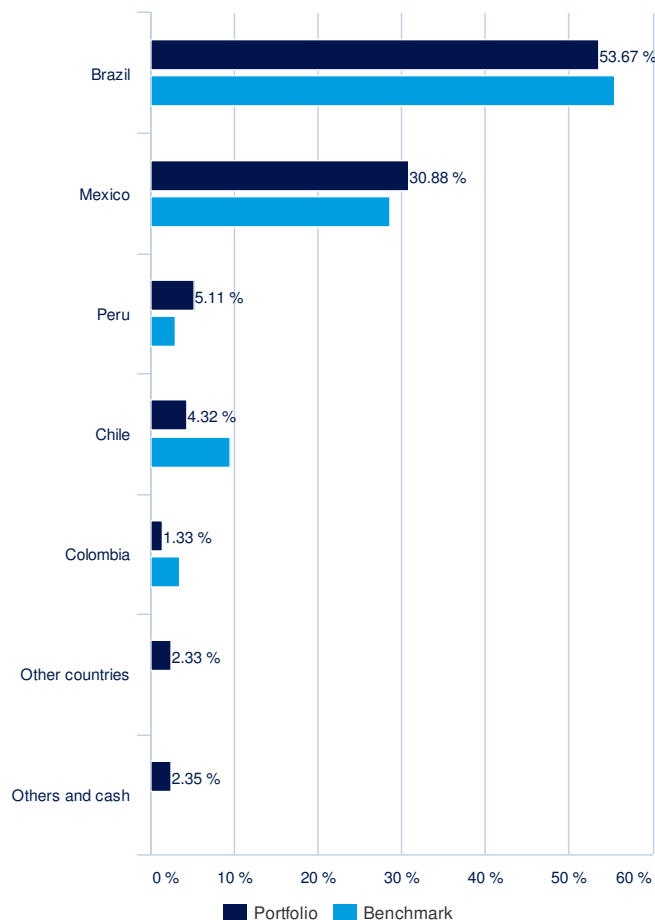
Portfolio breakdown

Sector breakdown



Excluding derivatives.

Geographical breakdown



Excluding derivatives.

Legal information

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