

**Amundi Funds**  
**(the “Company”)**  
Société d’investissement à capital variable  
Registered office : 5, Allée Scheffer  
L-2520 Luxembourg  
R.C.S. de Luxembourg B-68.806

***THIS NOTIFICATION IS IMPORTANT AND REQUIRES IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE. THE BOARD OF DIRECTORS ACCEPT RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS NOTIFICATION AS BEING ACCURATE AS AT THE DATE OF PUBLICATION.***

Luxembourg, 31 December 2019

Dear Shareholder,

We are writing to inform you of the following changes made to the Hong Kong offering document of the Company (comprising of the Prospectus and the Product Key Facts Statements (“**KFS**”)). Unless otherwise defined herein, terms and expressions used in this notice have the same meanings as given to them in the Hong Kong offering document of the Company.

**1. Amendments to reflect requirements under the revised Code on Unit Trusts and Mutual Funds**

The Company and certain of its sub-funds (each a “**Sub-Fund**”, and collectively the “**Sub-Funds**”) are authorised by the Securities and Futures Commission in Hong Kong (“**SFC**”) and hence are subject to the applicable requirements under the Code on Unit Trusts and Mutual Funds (“**UT Code**”) issued by the SFC. The UT Code has been revised.

The following key changes (“**UT Code Changes**”) are made to the offering document to reflect applicable requirements under the revised Code:

- Enhancement of disclosures on net derivative exposure – the Prospectus and the KFS of the Sub-Funds have been amended to include disclosures on the expected maximum net derivative exposure arising from derivative investments. The net derivative exposure of each Sub-Fund is calculated in accordance with the requirements and guidance issued by the SFC, which may be updated from time to time.

Note that except for the Sub-Funds listed below, the net derivative exposure of each of the Sub-Funds authorised for sale in Hong Kong may be up to 50% of the relevant Sub-Fund’s Net Asset Value:

- (a) Amundi Funds – Global Bond – the Sub-Fund’s net derivative exposure may be more than 100% of the Sub-Fund’s Net Asset Value; and
- (b) Amundi Funds – Emerging Markets Local Currency Bond – the Sub-Fund’s net derivative exposure may be more than 100% of the Sub-Fund’s Net Asset Value.

Consequential amendments are made to:

- (a) the Management Processes of the Amundi Funds – Global Bond and Amundi Funds – Emerging Markets Local Currency by removing the risk management methods and levels of the expected maximum leverage for the purpose of aligning with the enhanced disclosure; and
- (b) Appendix III of the Prospectus titled “Measurement and Management of Risk” by replacing references to levels of the expected maximum leverage with net derivative exposures and removing information of the Sub-Funds whose net derivative exposures are up to 50% of their respective Net Asset Values.

Please refer to the updated Prospectus for more details.

- Clarification on the exposure on instruments with loss-absorption features (“LAP”) – the investment policies of certain Sub-Funds have been clarified regarding their maximum exposures to LAP.

Please refer to Annex I annexed to this Notice for information on the maximum exposures to LAP in respect of the relevant Sub-Funds.

A consequential amendment is made to the sub-section titled “General investment risk” in the Prospectus to insert a new risk factor “Risks associated with investments in LAP” and integrating the existing risk factor “Contingent Convertible Bonds (Cocos) risk” into the same.

- Other amendments – other amendments and enhancement of disclosures to reflect the requirements of the revised UT Code including the following:
  - (a) amendments to reflect the requirements under the revised UT Code on transactions with connected persons and soft commissions arrangements;
  - (b) enhanced disclosures on the material risks associated with the custody arrangements in respect of the assets of the Fund and the Sub-Funds;
  - (c) enhanced disclosures on the valuation rules of the Fund, including but not limited to the relevant procedures to be undertaken for fair value adjustments and the arrangements on third party valuation; and
  - (d) enhanced disclosures on arrangements in handling unclaimed proceeds of Shareholders where a Sub-Fund is liquidated.

Please refer to the revised Hong Kong offering document for further details of the UT Code Changes.

## **2. Transition of Amundi Funds – Cash EUR (This is not a money market fund in Hong Kong)\* and Amundi Funds – Cash USD (This is not a money market fund in Hong Kong)\* (collectively the “MMF Sub-Funds”) under the revised UT Code**

\* This is a standard variable net asset value money market fund under the Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds (the “MMFR”).

As a result of the revised Code, only funds classified as short-term money market funds under the MMFR will continue to be classified as money market funds under the revised Code. As the MMF Sub-Funds are standard variable net asset value money market funds under the MMFR and the MMF Sub-Funds are unable to fully comply with the requirements under the revised Chapter 8.2 of the Code, they will no longer be classified as money market funds under the revised Code. In particular, the MMF Sub-Funds currently maintain a portfolio with weighted average maturity not exceeding 90 days and weighted average life not exceeding 12 months under the MMFR. Consequently, the MMF Sub-Funds will not be able to comply with 8.2(f) of the revised Code which requires the portfolio to maintain a weighted average maturity not exceeding 60 days and weighted average life not exceeding 120 days.

With effect from 31 December 2019, the Explanatory Memorandum will be amended to indicate that the MMF Sub-Funds are not money market funds under the revised Code even though they are standard variable net asset value money market funds under the MMFR. A new risk disclosure to the effect that the MMF Sub-Funds may be subject to higher risks (e.g. credit risk and interest rate risk) than money market funds authorised under Chapter 8.2 of the revised UT Code has been added to the Prospectus and the KFS of the MMF Sub-Funds.

Notwithstanding the reclassification, for the avoidance of doubt, there is no material change to the key features of the MMF Sub-Funds (including their investment objectives, policies, overall risk profiles, levels of fees and the way they are being managed).

### **3. Amendment to the investment policy of Amundi Funds – China Equity**

With effect from 31 January 2020, the investment policy of Amundi Funds – China Equity will be amended as follows:

#### ***“Investments***

*The sub-fund invests mainly (i.e. at least 50% of net asset value) in equities of companies based in, or that do most of their business in, the People’s Republic of China, and that are listed on stock markets there or in Hong Kong. The sub-fund is not subject to any limitation on the portion of its net asset value that may be invested in any one sector or any companies with a particular market capitalisation.*

*The sub-fund may invest up to 10% of its assets in other UCIs and UCITS.*

*The sub-fund may invest up to 100% of its net asset in China B Shares. Also, the sub-fund may from time to time invest and have direct access to China A Shares via Stock Connect and/or the quota granted to a Renminbi Qualified Foreign Institutional Investor with an exposure of up to ~~10%~~20% of its net assets.*

*The sub-fund does not intend to invest more than 10% of the sub-fund's net asset value in securities issued and/or guaranteed by a single sovereign issuer (including its government, a public or local authority of that country) which is below Investment Grade or unrated.”*

In spite of the amendment above, for the avoidance of doubt, there is no material change to the key features of Amundi Funds – China Equity (including the investment objective, policy, overall risk profile, level of fees and the way it is being managed).

### **4. Update to the Personal Information Collection Statement**

The Personal Information Collection Statement in the Prospectus has been updated to notify the Shareholders that in addition to Amundi Hong Kong Limited, CACEIS Hong Kong Trust Company Limited will also receive access to and process personal data of the Shareholders.

Please refer to the revised Prospectus for further details.

### **5. Miscellaneous updates**

The following changes have also been made to the Prospectus:

- (a) Update to the list of the directors of the Fund, the list of directors and the list of conducting officers of the Management Company;
- (b) Update to the risk factors “Contingent Convertible Bonds (Cocos) risk”, “Benchmark and Sub-Fund performance risk” and “Risk related to distribution out of capital” and insertion of a new risk factor “Money market fund risk” in the sub-section titled “General investment risk” in the Prospectus;
- (c) Update to the sub-section titled “Automatic Exchange of Financial Account Information” in the Prospectus; and
- (d) Other consequential amendments and miscellaneous updates, drafting and editorial amendments.

Please refer to the revised Prospectus for further details.

The Hong Kong offering document of the Company is available on request free of charge at the office of Amundi Hong Kong Limited, the Hong Kong Representative, at 901-908, One Pacific Place, No.88 Queensway, Hong Kong. The Hong Kong prospectus of the Company will also be available online at: <http://www.amundi.com.hk>. Please note that this website has not been reviewed by the SFC.

Concerning enquiries on the above, please contact Amundi Hong Kong Limited, the Hong Kong Representative at (852) 2521 4231.

Yours sincerely,

The Board of Directors

## ANNEX I

### INFORMATION ON MAXIMUM EXPOSURE TO INSTRUMENTS WITH LOSS-ABSORPTION FEATURES

The following Sub-Funds may invest in LAP, for example, contingent convertible bonds, senior non-preferred debt instruments, Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules, etc. and the maximum exposure limit on such investments for each of these Sub-Funds is set out in the table below.

<b>Sub-Funds</b>	<b>Maximum exposure to LAP (% of net asset value)</b>
Amundi Funds – Global Convertible Bond	Less than 30%
Amundi Funds – Euro Corporate Bond	Less than 50%
Amundi Funds – Euro High Yield Bond	Less than 30%
Amundi Funds – Global Bond	Less than 30%
Amundi Funds – Emerging Markets Local Currency Bond	Less than 30%
Amundi Funds – Cash EUR	Less than 30%
Amundi Funds – Cash USD	Less than 30%

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the Prospectus.***
- ***You should not invest in this product based on this statement alone.***

## Quick Facts

<b>Management Company:</b>	Amundi Luxembourg S.A.	
<b>Investment Manager:</b>	Amundi (UK) Limited (United Kingdom, internal delegation)	
<b>Depository:</b>	CACEIS Bank, Luxembourg Branch	
<b>Dealing Frequency:</b>	Daily (any full working day during which banks are open for business in Luxembourg)	
<b>Ongoing charges over a year<sup>#</sup>:</b>	A2 USD (C)	1.36%
	A2 USD AD (D)	1.36%
<b>Base currency:</b>	USD	
<b>Dividend policy:</b>	<p>For distribution shares: Dividend, if declared, will be paid<sup>^</sup></p> <p>For accumulation shares: No dividends will be declared</p> <p><sup>^</sup>Dividend payments may, at the sole discretion of Amundi Funds, be made out of the fund's income and/or capital, or be paid out of gross income while charging/paying all or part of the fund's fees and expenses to the capital of the fund, resulting in an increase in distributable income for the payment of dividends by the fund, in which case, the fund is effectively paying dividends out of capital. Distributions out of capital or effectively out of capital may result in an immediate decrease of the net asset value per share of the fund.</p>	
<b>Financial year end:</b>	30 June	
<b>Min. Investment:</b>	Initial: none	Additional: none

<sup>#</sup>The ongoing charges figure is based on expenses for the period from 1 July 2019 to 31 December 2019 and expressed as a percentage of the average net asset value for corresponding period annualized. This figure may vary from year to year.

## What is this product?

This fund is a sub-fund of Amundi Funds, a mutual fund domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier.

## Investment Objectives

To achieve a combination of income and capital growth (total return). Specifically, the fund seeks to outperform the JP Morgan Government Bond Global All Maturities Unhedged in USD index.

## Investment Strategy

The fund invests mainly in investment-grade bonds of issuers in OECD countries.

Specifically, the fund invests at least 67% of the assets in investment-grade bonds that are either issued or guaranteed by OECD governments or supranational entities (at least 60% of assets of the fund), or issued by corporate entities. There are no currency constraints on these investments.

The fund may invest up to 20% of its net assets in asset-backed securities / mortgage-backed securities. The fund primarily invests in bonds and currencies (indirectly via financial derivative instruments). The active currency positions implemented by the fund may not be correlated with the underlying assets (i.e. bonds) of the fund.

The fund may invest in debt instruments with loss-absorption features ("LAP"), for example, contingent convertible debt securities, senior non-preferred debts, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The fund's expected total maximum investments in LAP will be less than 30% of its net asset value. The fund's exposure to contingent convertible bonds is limited to 10% of its net assets.

#### Use of financial derivative instruments ("FDI")

The fund may make use of FDI to reduce various risks, for efficient portfolio management, and as a way to gain its net exposure (long or short) to various assets, markets or other investment opportunities (including FDI which focus on credit, interest and foreign exchange). The fund will invest in FDI for investment purposes (e.g. currency exposure management, active duration management, and creating synthetic exposure to issuers) but it is not limited to a particular strategy regarding the usage of FDI. Such FDI may include over-the-counter and/or exchange traded options, futures, warrants, swaps, forward contracts. The fund may use credit derivatives (such as single issuer swap and indices credit default swap) for up to 40% of its net assets.

#### **Use of derivatives / investment in derivatives**

This fund's net derivative exposure may be more than 100% of the fund's net asset value.

#### **What are the key risks?**

**Investment involves risks. Please refer to the Prospectus for details including the risk factors.**

**1. Interest rate risk:** The Net Asset Value of the fund will be affected depending on fluctuations in interest rates. When interest rates decline, indeed, the market value of fixed-income securities tends to increase, and conversely. A rise in interest rates would have for consequences a depreciation of the funds investments.

**2. Credit risk:** The fund may invest in fixed-income securities. If the issuer of fixed-income securities default on its obligation, the fund will not recover its investment.

**3. Prepayment risk:** Regarding to investment in bonds and/or debt instruments, the fund may be exposed to a probability that, if interest rates fall, debtors or mortgagors will pay off their obligations (by refinancing them at lower current rates) thus forcing the fund to reinvest at lower rates.

**4. Risk attached to the use of Financial Derivative Instruments ("FDI"):** The fund will invest extensively in FDI for hedging and investment purposes. There is no guarantee that the performance of FDI will result in a positive effect for the fund. In adverse situation, the fund's use of FDI may become ineffective for hedging/investment and the fund may suffer significant losses. Investment in FDI is subject to additional risks, including:

- **Credit risk and counterparty risk** - The fund will be subject to the risk of the inability of any counterparty through or with which the fund conducts the FDI transactions to perform its obligations, whether due to insolvency, bankruptcy or other causes, and thereby exposing the fund to the counterparties' credit worthiness and their ability to perform and fulfill their financial obligations. Any failure of the counterparties may result in financial loss to the fund.
- **Liquidity risk** - There may be possible absence of a liquid secondary market for any particular FDI at anytime. The fund may be unable to sell illiquid FDI at an advantageous time or price, which may have an adverse impact on the value of the fund.
- **Valuation risk** - The fund is subject to the risk of mispricing or improper valuation of FDI, which may have an adverse impact on the value of the fund.
- **Volatility risk** – FDI tend to be more volatile and less liquid than underlying investments to which they relate, which may have an adverse impact on the value of the fund.

**5. CDS risk:** The fund may be exposed to a higher level of Credit Risk due to the acquisition of credit default swap (CDS). As the fund can hold CDS as a protection seller, in case of adverse credit event occurred to the reference asset of the CDS, the fund has to make up for the devaluation of the reference asset and may suffer losses.

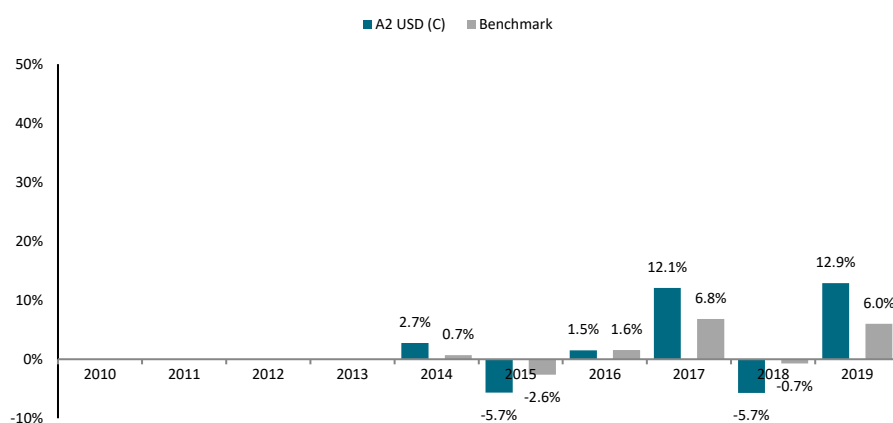
**6. Downgrading risk:** Investment grade securities may be subject to the risk of being downgraded to below investment grade securities. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the fund's investment value in such security may be adversely affected. The relevant Investment Manager may or may not dispose of the securities, subject to the investment objective of the fund. In the event of investment grade securities being downgraded to below investment grade securities, the relevant Investment Manager of the fund may or may not dispose of the securities if it is in the interests of the shareholders to do so.

**7. Exchange rate risk:** The fund may have significant exposure to currency position and therefore the fund is subject to exchange rate risk. The currency exposure of the underlying assets (i.e. bonds) may differ from the base currency of the fund, therefore currency exchange rate movements may adversely affect the value of the fund. As the active currency positions implemented by the fund may not be correlated with the underlying assets (i.e. bonds) of the fund, in the event of an adverse currency movement, the fund may suffer significant loss even if there is no loss of the value of the underlying assets (i.e. bonds) invested by the fund and therefore investors may suffer losses.

**8. High leverage risk:** The fund may have a net leverage exposure of over 100% of its net asset value to FDI. In adverse situations, this may result in significant loss or total loss of the fund's assets.

**9. Risks related to distribution out of capital:** For distribution class, Amundi Funds may at its discretion determine to pay dividends out of income or capital of the fund. In addition, Amundi Funds may at its discretion pay dividends out of gross income while charging / paying all or part of the fund's fees and expenses to the capital of the fund, resulting in an increase in distributable income for the payment of dividends by the fund, in which case, the fund is effectively paying dividends out of capital. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the fund's capital or payment of dividends effectively out of the fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share of the fund. Amundi Funds may change the fund's dividend distribution policy to pay dividends out of capital or effectively out of capital of the fund subject to the SFC's prior approval. For change of distribution policy, not less than one month's prior notice will be provided to affected Shareholders.

## How has the fund performed?



Effective 2 June 2014, the investment objective and policy of the fund was revised, and a benchmark was added to more closely reflect the existing investment approach.

Effective 1 October 2019, Amundi (UK) Limited was appointed as investment manager of the Sub-Fund in place of Amundi Asset Management.

- Past Performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- Investment manager views "A2 USD (C)" being the focus share class available to retail investors in Hong Kong as the most appropriate representative share class.
- These figures show by how much the share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The benchmark of the fund is "JP Morgan Government Bond Global All Maturities Unhedged in USD index".
- Fund launch date: 1990
- Class launch date: 2013

## Is there any guarantee?

This fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the fund.

Fee	What you pay
Subscription fee	Up to 4.50% of the amount you buy
Switching fee	Up to 1.00% of the converting amount
Redemption fee	None



### Ongoing fees payable by the fund

The following expenses will be paid out of the fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the fund's value)
<b>Management fee</b>	0.90% (maximum)
<b>Depositary fee</b>	Included in Administration fee
<b>Performance fee</b>	Not Applicable
<b>Administration fee</b>	0.20% (maximum)

### Other fees

You may have to pay other fees when dealing in the shares of the fund. The fund will also bear the costs which are directly attributable to it, as set out in the Prospectus.

### Additional Information

- You generally buy and redeem shares at the fund's next-determined net asset value (NAV) after CACEIS Hong Kong Trust Company Limited, the Hong Kong service provider who process Hong Kong orders, receives your request in good order on or before 5 p.m. (Hong Kong time) being the dealing cut-off time. Investors are reminded that the distributors may have different cut-off time. Please pay attention to the dealing cut-off time of the respective distributors.
- The net asset value (NAV) of this fund is calculated and the price of shares published each business day. They are available online at [http://www.amundi.com.hk/retail\\*](http://www.amundi.com.hk/retail*).
- The past performance information of the representative share classes offered to Hong Kong investors are available by Amundi Hong Kong Limited on request and available in English on the website [http://www.amundi.com.hk\\*](http://www.amundi.com.hk*).
- The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by Amundi Hong Kong Limited on request and can be found online at [http://www.amundi.com.hk\\*](http://www.amundi.com.hk*).

\*The above websites have not been reviewed by the SFC.

### Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.