

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.

| Sub-Funds | Maximum exposure to LAP (% of net asset value) |
|---|---|
| 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

| | | |
|---|---|------------------|
| Management Company: | Amundi Luxembourg S.A. | |
| Investment Manager: | Amundi Asset Management (France, internal delegation) | |
| Depository: | CACEIS Bank, Luxembourg Branch | |
| Dealing Frequency: | Daily (any full working day during which banks are open for business in Luxembourg) | |
| Ongoing charges over a year[#]: | A2 USD (C) | 0.18% |
| | A2 USD AD (D) | 0.18% |
| Base currency: | USD | |
| Dividend policy: | <p>For distribution shares: Dividend, if declared, will be paid[^]</p> <p>For accumulation shares: No dividends will be declared</p> <p>[^]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> | |
| Financial year end: | 30 June | |
| Min. Investment: | Initial: none | Additional: none |

[#]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.

This fund is a standard variable net asset value money market fund under European Money Market Fund Regulation (EU) 2017/1131.

Objectives and Investment Strategy

To offer returns in line with money markets rates while seeking to achieve a stable performance in line with the USD Libor 3-month rate.

The fund invests in short-term assets and, more precisely, mainly in money market instruments that are denominated in US dollar or hedged against US dollar. Specifically, the fund invests at least 67% of its assets in money market instruments (including asset-backed commercial papers).

The average portfolio maturity maintained by the fund will not exceed 90 days and the fund will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities.

With effect from 1 January 2020, the fund may invest up to 10% of its assets in units / shares of other UCITS (undertaking for collective investment in transferable securities) / UCI (undertaking for collective investment)

qualifying and authorized as a money market fund in accordance with the Money Market Fund Regulation (Regulation (EU) 2017/1131) (as amended and supplemented from time to time).

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.

Use of derivatives / investment in derivatives

This fund's net derivative exposure may be up to 50% 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. Not a deposit: The purchase of a share in the fund is not the same as placing funds on deposit with a bank or deposit taking company. The management company has no obligation to redeem shares at the offer value and the fund is not subject to the supervision of the Hong Kong Monetary Authority. The fund's investment portfolio may fall in value and therefore your investment in the fund may suffer loss.

2. Credit risk: The issuer of money market instrument held by the fund may default on its obligation and the fund will not recover its investment. Also the fund may not get the interest payment that it is entitled to.

3. 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.

4. Exchange rate risk: The fund may be invested, according to variable proportions and limits, in values and instruments expressed in other currencies than the base currency of the fund and, consequently, may lead to be exposed to a variation of the exchange rates.

5. Risks attached to transactions into currency swap: Use of the derivatives instruments might be unsuccessful and incur losses for the fund due to market conditions. Derivatives also involve additional specific risks such as the risk of mispricing or improper valuation and the risk that derivatives may not correlate perfectly with underlying assets, interest rates and indices.

6. Risk attached to the use of Financial Derivative Instruments ("FDI"): The fund may invest in FDI for hedging purpose only. Investment in FDI is subject to additional risks, including credit risk of the issuer, liquidity risk, counterparty risk and valuation risk. In adverse situation, the fund's use of FDI may become ineffective in hedging/efficient portfolio management and the fund may suffer significant losses.

7. 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.

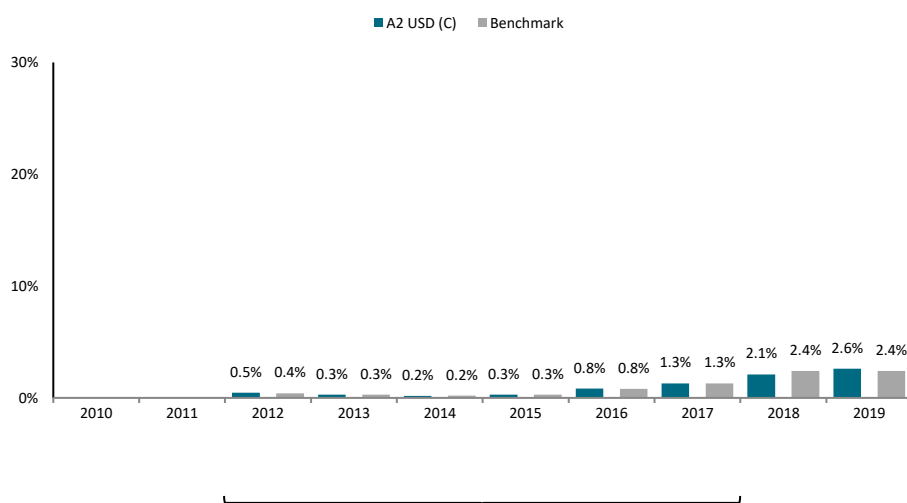
8. European Sovereign-debt Crisis Risk: The fund may be exposed to risks relating to investment in securities of issuers located or incorporated in European markets. Given that the economic and financial difficulties in Europe may continue to get worse or spread within and outside Europe, and the possibility of the failure of the measures taken by the European governments, central banks and other authorities, such as austerity measures and reforms, European markets may be subject to additional market volatility, liquidity, price and currency risks. Risk relating to potential default of some members of the Eurozone combined with a potential exit of some countries of the Eurozone or even the termination of the Eurozone, may result in increased currency risk and credit risk on issuers from those countries and the future stability and growth of those countries may be negatively affected. The value and performance of the fund may be significantly and adversely affected due to escalation of the European crisis.

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.

10. In Hong Kong, the fund is not authorised as a money market fund under the SFC's Code on Unit Trusts and Mutual Funds for offering to the public. The weighted average maturity ("WAM") (≤ 90 days) and weighted average life ("WAL") (≤ 12 months) of the fund's portfolio, are different from money market funds that are authorised under Chapter 8.2 of the SFC's Code on Unit Trusts and Mutual Funds which requires $WAM \leq 60$ days and $WAL \leq 120$ days. Therefore, investors are reminded that the fund in general may be subject to higher credit risks and interest rate risks as compared to money market funds that are authorised under Chapter 8.2 of the SFC's Code on Unit Trusts and Mutual Funds. Accordingly, investors should refer to the section titled "**General investment risk**" in the Prospectus of the fund and this section for the risks relating to the fund.

How has the fund performed?



Effective 3 August 2017, the investment objective and policy of the fund was revised, the performance obtained before 3 August 2017 was under the circumstances that no longer apply.

- 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 USD Libor 3-month rate.
- Fund launch date: 2011
- Class launch date: 2011

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) |
|---------------------------|--|
| Management fee | 0.30% (maximum) |
| Depositary fee | Included in Administration fee |
| Performance fee | Not Applicable |
| Administration fee | 0.10% (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*.
- The past performance information of other 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*.
- 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*.

*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.