



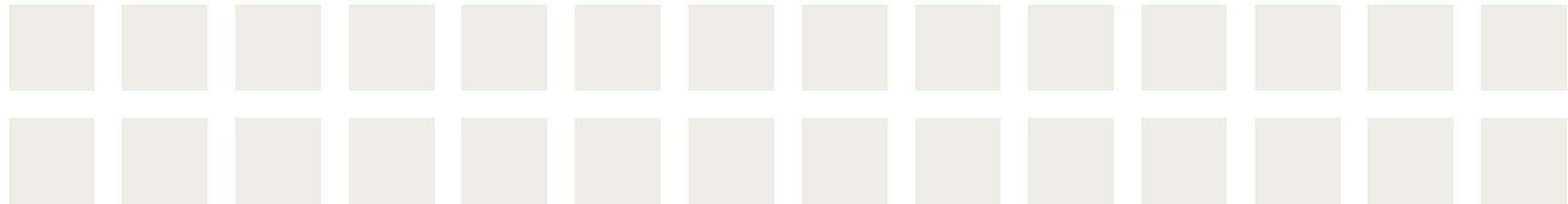
Global Investment Grade



Amundi Asset Management, London Branch

Grégoire Pesquès, CFA – Head of Global Credit

FOR PROFESSIONAL INVESTORS ONLY



- **1. Global Credit: A Compelling Asset Class**
- 2. Current Views
- 3. Global Credit Solutions: Characteristics and Performance
- 4. Conclusion
- 5. Appendices

Executive Summary

- A **High Quality** Income Solution • Average Rating: BBB+ ; Gross Yield: 3.29%
- A **“Smart”** Asset Class • **Big** (liquid and scalable)
• **Broad** (1300+ issuers from 55 countries)
• **Beautiful** (A- rating, Blue chips, volatility 3.6%)
- **9 years** of proven track record • **+77.20%** gross cumulative return since inception ⁽²⁾
• **+1.44%** gross annualised outperformance since inception ⁽²⁾
- **Flexible** and **Unbiased** Global Investment Approach • **Unbiased** by style and by region
• Unique dynamic allocation between **top-down and bottom-up strategies**
• Ability to **tap best investment opportunities** wherever they exist across the globe
- **Stability** & Dedicated **Resources** • Amundi is a major credit player with **over € 268 billion** under management ⁽³⁾
• **69 dedicated Credit professionals** within Amundi

Source: Amundi as at 30/11/2016. Past performance is not a reliable indicator of future results or a guarantee of future returns.

(1) Average Rating and Gross Yield of Amundi Funds Bond Global Corporate as at 30/11/2016.

(2) Gross performance Figures. Inception date: 30/10/2007. For gross performance figures: the net performance figures would be lower due to the effect of fees, commissions and other charges.

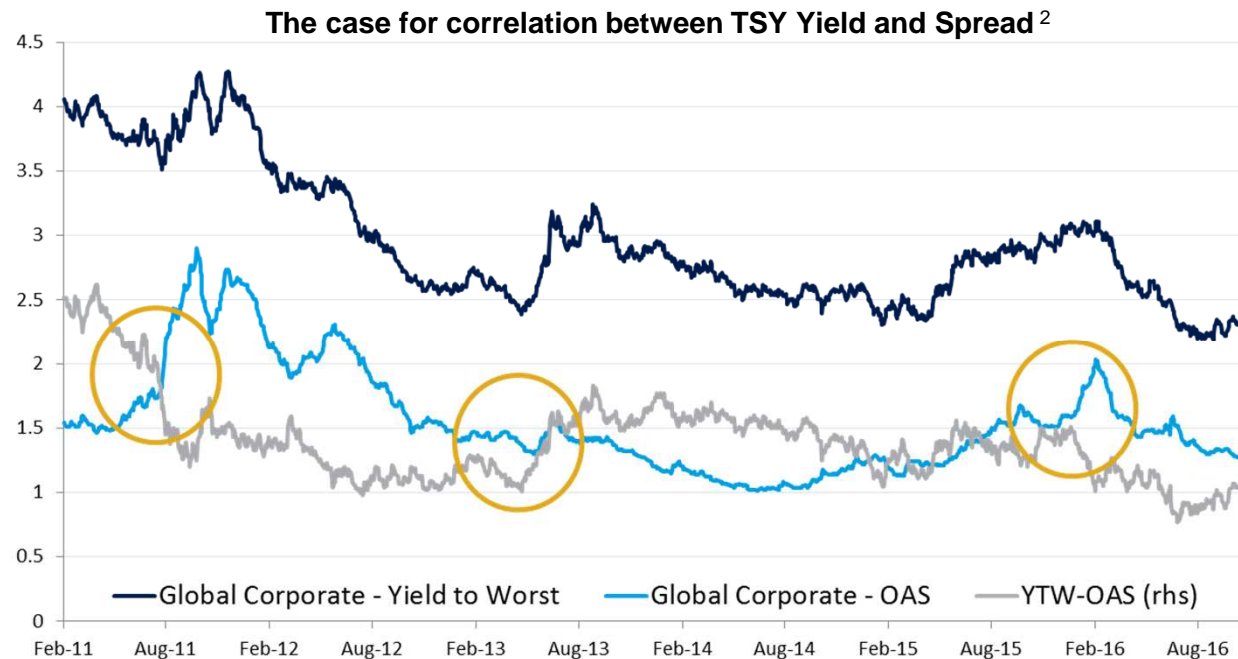
(3) Managed across Amundi's fixed income platform as at 30/09/2016.

Valuation: rates and credit dynamics

Global IG Credit key feature:

Low to negative correlation between yields and credit spreads

The right cocktail → Well-balanced across **Interest Rate** and **Credit** risk



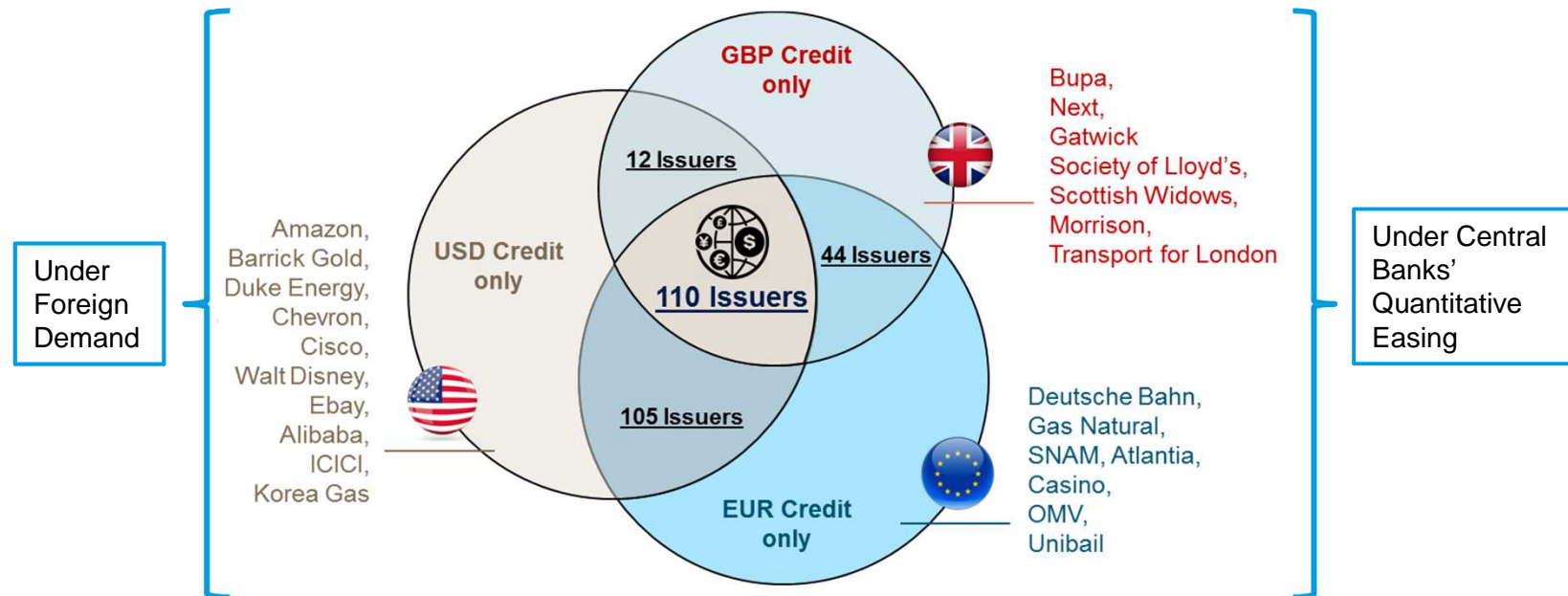
1. BOA Merrill Lynch, Amundi computations as of September 2016. Past market behaviours do not prejudice future behaviours.

2. Barclays as of November 2016

How different is Global Credit: region and issuer

Global approach gives **access to names that are solely issuing in one market**

→ The more you can implement specific risk, the better.



Global approach allows you **greater scope to tap Investment opportunities:**

- 1) **More stock picking / bottom-up opportunities:** New issuers in the universe
- 2) **Cross Currency** between £, \$, Euro: More options to express the same credit trade

Active management of the geographical allocation

Global credit allocation is continuously rebalanced between geographic zones

- **Geographical allocation** is a major additional performance driver

Spread between regions



Go Global with Amundi

Why Global ?



Big Broad and Beautiful



Access to Additional Investment Opportunities : Names, sub sectors



Access to Additional Investment Strategies : Geo Allocation, Cross-currency



Right timing (Yield, Spread)

Why Amundi ?



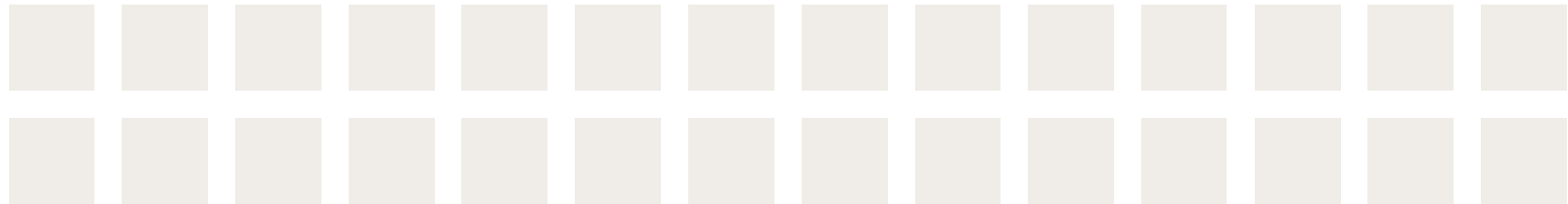
A Long and Established Track Record

- ✓ **Dedicated global corporate team** based in London with 13 years average industry experience
- ✓ Leader in global credit with 9 year track-record for our global corporate portfolio



Dedicated Credit Platform

- ✓ 35 Credit portfolio managers
- ✓ 24 Credit analysts and 11 ESG analysts
- ✓ 2 Credit strategists
- ✓ 8 Credit traders

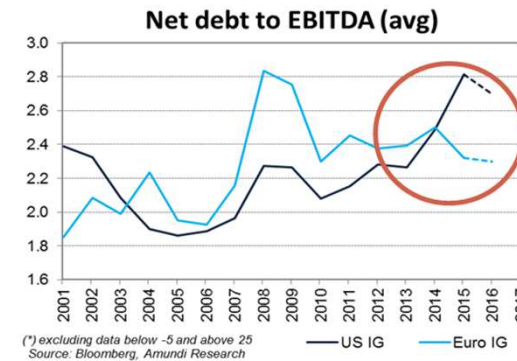
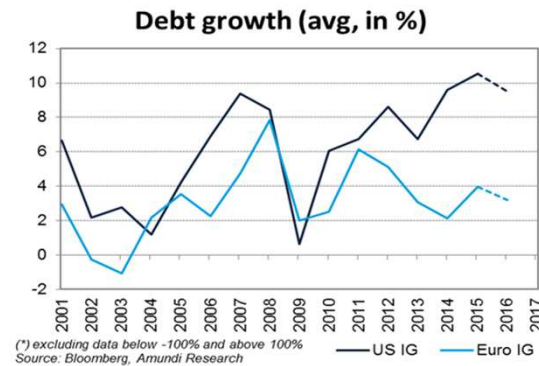
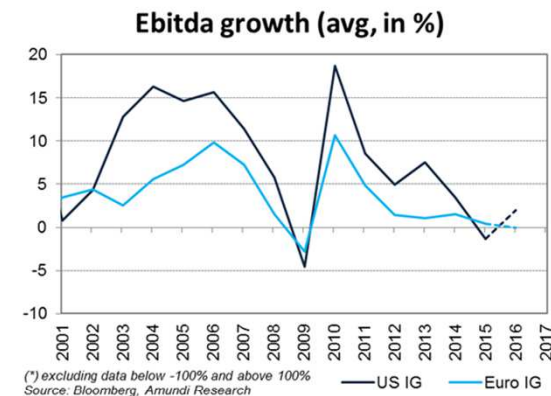
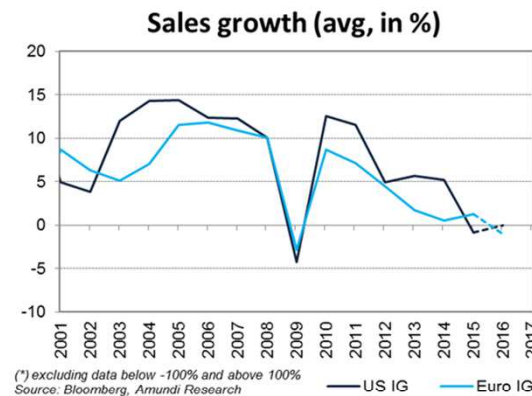


- 1. Global Credit: A Compelling Asset Class
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Fundamentals

Modest deterioration in Euro IG credit fundamentals

- The global sales/growth picture remained gloomy
- On-going strong dichotomy between manufacturing and non-manufacturing sectors
- Sales growth in Q3 remained in negative territory for IG Utilities and Energy Sectors

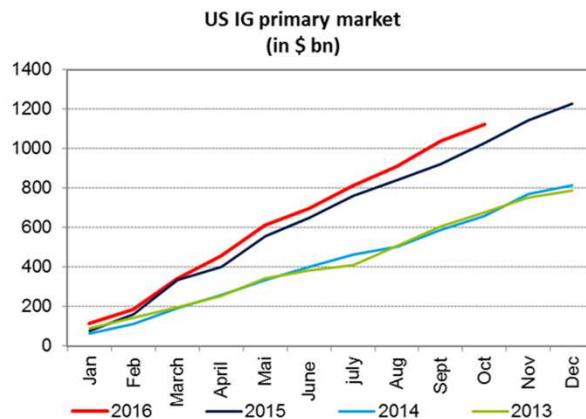


Source: Bloomberg. Amundi computations as of November 2016.

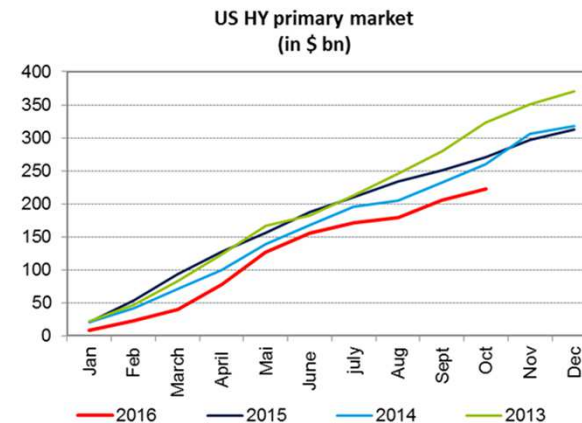
Past market behaviours do not prejudice future behaviours.

Supply: Expected to be lower in US for 2017

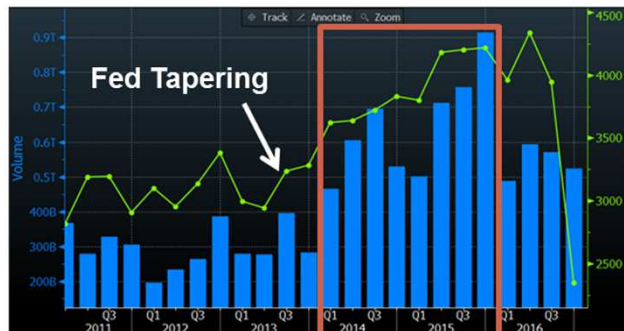
- **2013:** The Fed Tapering signalled the final opportunity for US companies to take advantage of exceptionally accommodative financing conditions
- **Dec. 2016:** The ECB surprised by 'tapering' its massive bond-buying program from April 2017
→ Corporate leverage cycle to accelerate in Europe? Spend or Die



Source: Bloomberg, Amundi Research



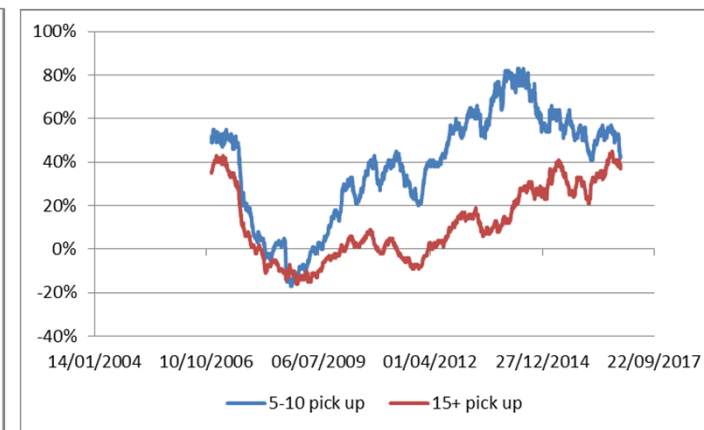
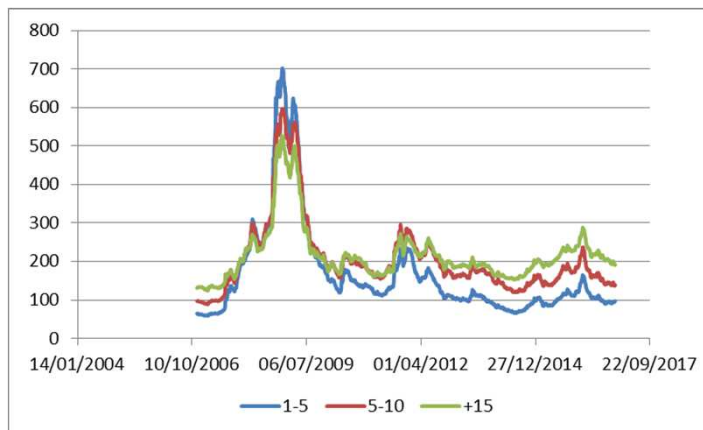
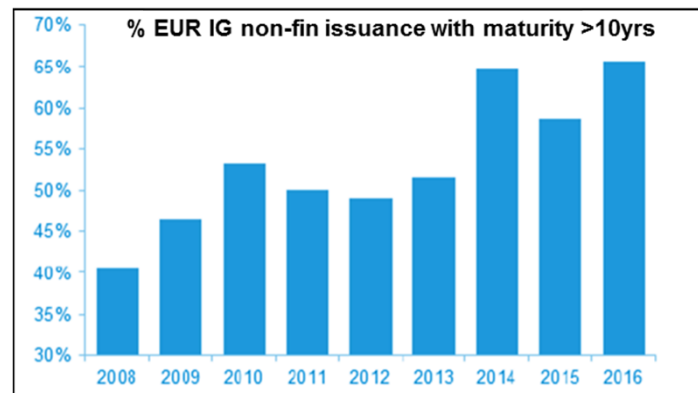
Source: Bloomberg, Amundi Research



Credit Curves

The share of long-dated EUR IG Bonds in the primary market has increased vs.2015

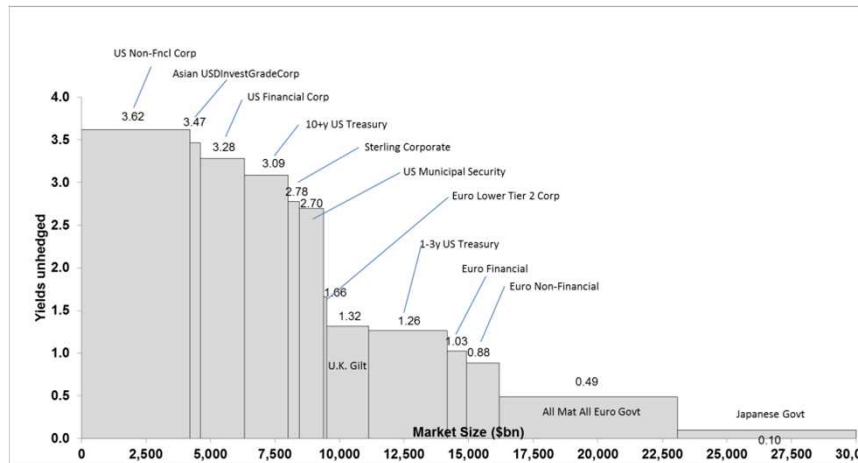
- A deleveraging trend will put further pressure on EUR spreads, mostly on the long end...
- While a normalisation in US rates is positive for a flattening of USD credit curves



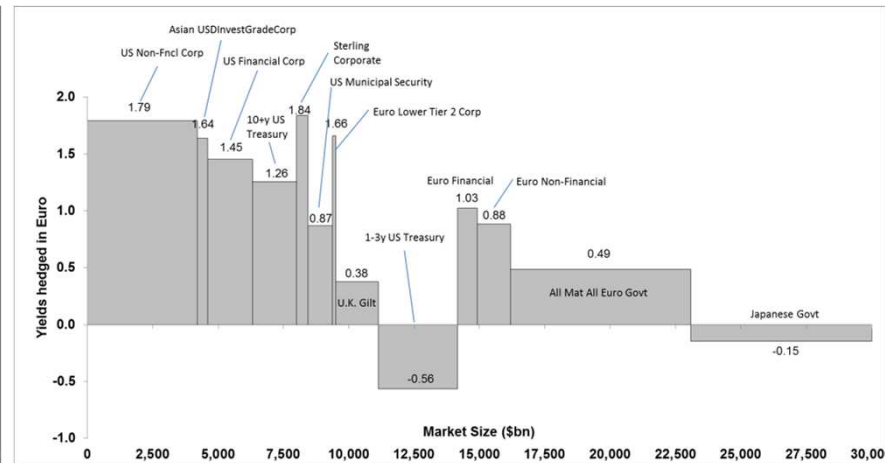
Global IG offers opportunities everywhere

A hedged approach shows that **there are opportunities everywhere** (not only in the US)

Yields **unhedged**



Vs. Yields **hedged in EUR**



Hedging Cost USD-EUR



Source: BOA Merrill Lynch, Bloomberg, Amundi as of September 2016.
Past market behaviours do not prejudice future behaviours.

2017 Outlook

- **Low growth the best scenario for credit and carry trades**
- ECB will be the **Marginal buyer** of Euro Fixed Income, BOE of £ Corporates
- Supply could be significantly lower in the US (-40% ?), Higher in Europe
- Regulators are getting more friendly with financials → less pressure on banks
- Heavy political agenda – toward less monetary policy and more fiscal policy

→ Our views are simple : **Long bias** as **portfolio construction is key**

BETA allocation

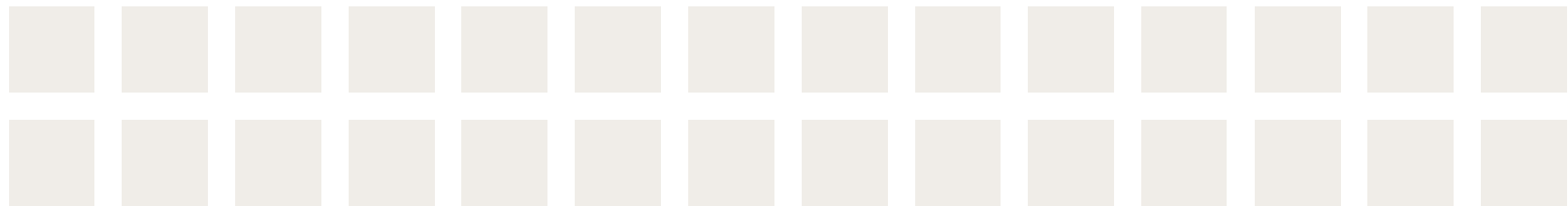
- Long Credit beta
- Prefer US (mid Beta) and Euro Selected High Beta

Sector allocation

- Long Insurance, Banks, TMT
- Energy and Auto neutral to OW
- Underweight Basic Materials, Pharma

Thematic

- Steepening of Euro Credit Curve against Flattening of US Credit Curves
- Cross Currency trades
- Roll-Down versus Capital gain



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Characteristics

Amundi Funds Bond Global Corporate

- ✓ **High Quality** Income Solution
- ✓ **Flexible** and **Unbiased** Global Investment Approach

■ **Benchmark** – BoAML Global Large Cap Corporate Hedged in USD

■ **Tracking Error (ex-ante)** – 4% p.a. maximum

■ **Currency** – Hedged

■ **Investment instruments** – Investment grade corporate bonds
– Derivatives including futures, single issuer & indices credit default swaps
– High yield corporate bonds (15% max)

■ **Diversification** – 70 to 150 issuers on average

Amundi Multi-Asset Credit Strategy

- ✓ Objective: **Absolute Return** & **Full Cycle**
- ✓ **Pure Credit** & limited Interest Rate risk)

■ **Target Return** – Eonia +400 bps

■ **Target Volatility** – 4.5% p.a.

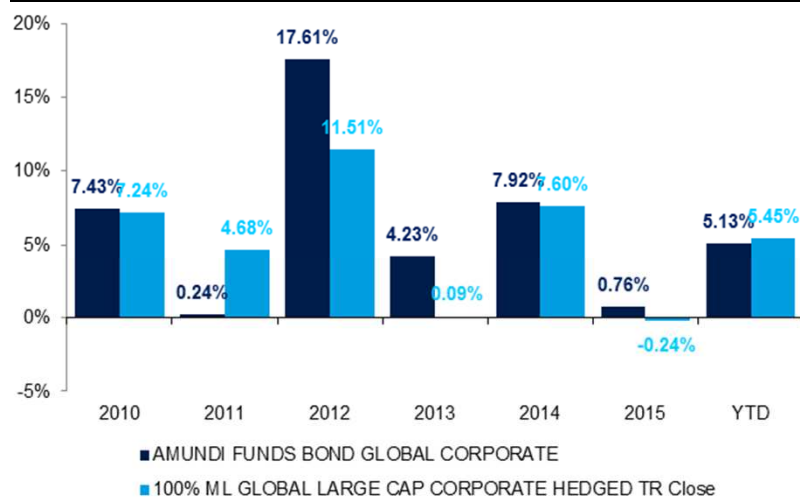
■ **Currency** – Hedged

■ **Investment instruments** – Investment grade corporate bonds / Loans [-150% – 200%]
– High Yield corporate bonds / Loans [-50% – 75%]
– EM Hard currency [0% – 40%]
– ABS Securitised [0% – 40%]

■ **Diversification** – Full Capital Structure

Gross Performances

Amundi Funds Bond Global Corporate / ★★★★★¹



Gross Rolling Performance As of end Nov-16	YTD	1 Year	3 Years Annualised	5 Years Annualised	Annualised since inception (30/10/2007)
Portfolio	5.13%	4.40%	4.77%	7.49%	6.49%
Benchmark	5.45%	4.62%	4.12%	5.22%	5.06%
Excess Returns	-0.32%	-0.22%	0.65%	2.27%	1.44%
Risk Indicators	1 Year	3 Years	5 Years	Since Inception	
Portfolio Volatility	-	5.11%	4.14%	4.55%	6.90%
Benchmark Volatility	-	4.43%	3.48%	3.69%	4.96%
Ex-post Tracking Error	-	1.62%	1.58%	1.68%	3.20%
Information Ratio	-	-0.14	0.41	1.35	0.45

Amundi Multi-Asset Credit Strategy



Gross Rolling Performance As of end Nov-16	YTD	1 Year	Annualised since inception (30/09/2014)
Portfolio	3.44%	2.93%	2.60%
Benchmark	-0.29%	-0.31%	-0.19%
Excess Returns	3.73%	3.24%	2.79%
Risk Indicators	1 Year	Since Inception	
Portfolio Volatility	-	5.52%	4.58%
Benchmark Volatility	-	0.02%	0.04%
Ex-post Tracking Error	-	5.52%	4.58%
Information Ratio	-	0.59	0.61

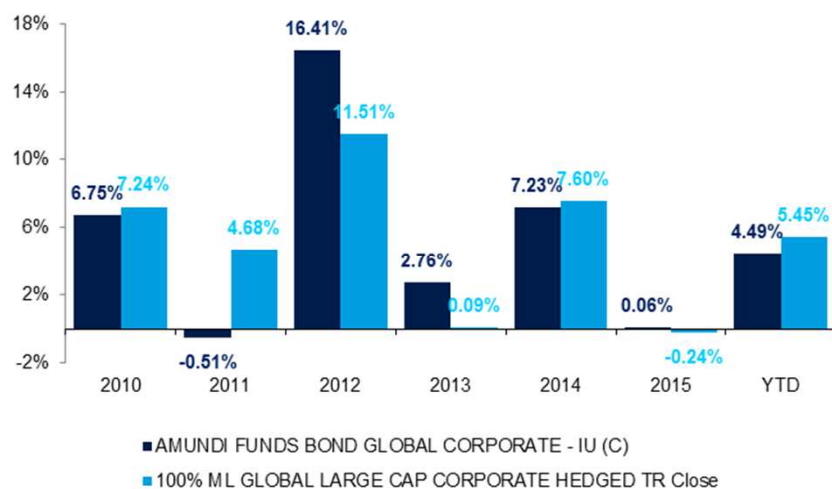
Source: Amundi, Gross performance as of 30/11/2016. Past performance is not a reliable indicator of future results or a guarantee of future returns.

1. Morningstar rating for IU share as at 30/11/2016.

For gross performance figures: the net performance figures would be lower due to the effect of fees, commissions and other charges.

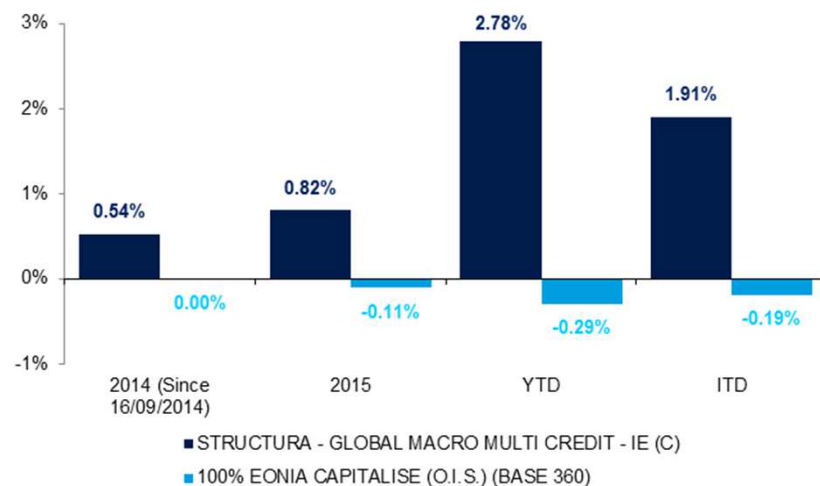
Net Performances

Amundi Funds Bond Global Corporate – IU / ★★★★★¹



Net Rolling Performance					
As of end Nov-16	YTD	1 Year	3 Years Annualised	5 Years Annualised	Annualised since inception (30/10/2007)
Portfolio	4.49%	3.70%	4.01%	6.54%	5.50%
Benchmark	5.45%	4.62%	4.12%	5.22%	5.06%
Excess Returns	-0.96%	-0.92%	-0.11%	1.32%	0.45%
Risk Indicators					
		1 Year	3 Years	5 Years	Since Inception
Portfolio Volatility	-	5.09%	4.12%	4.50%	6.76%
Benchmark Volatility	-	4.43%	3.48%	3.69%	4.96%
Ex-post Tracking Error	-	1.57%	1.48%	1.58%	3.04%
Information Ratio	-	-0.59	-0.08	0.83	0.15

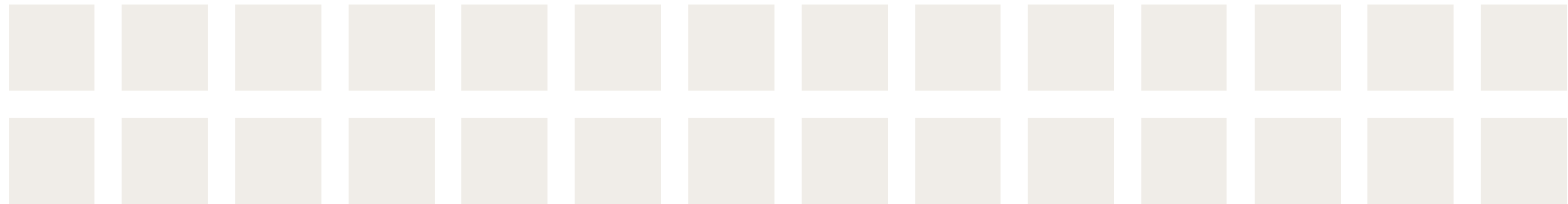
Amundi Multi-Asset Credit Strategy – IE



Net Rolling Performance			
As of end Nov-16	YTD	1 Year	Annualised since inception (30/09/2014)
Portfolio	2.78%	2.30%	1.91%
Benchmark	-0.29%	-0.31%	-0.19%
Excess Returns	3.08%	2.61%	2.09%
Risk Indicators			
		1 Year	Since Inception
Portfolio Volatility	-	5.08%	4.21%
Benchmark Volatility	-	0.02%	0.04%
Ex-post Tracking Error	-	5.09%	4.21%
Information Ratio	-	0.51	0.50

Source: Amundi, Net performance as of 30/11/2016. Past performance is not a reliable indicator of future results or a guarantee of future returns.

1. Morningstar rating for IU share as at 30/11/2016.



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Conclusion

■ Global Corporate:

- A very **deep and diversified** high quality asset class
- With a combination of blue chip names and single market opportunities
- A global framework allowing to **tap opportunities wherever they are**
- **Offering an attractive level of yield** almost unchanged over the last 3 years

■ Amundi Credentials:

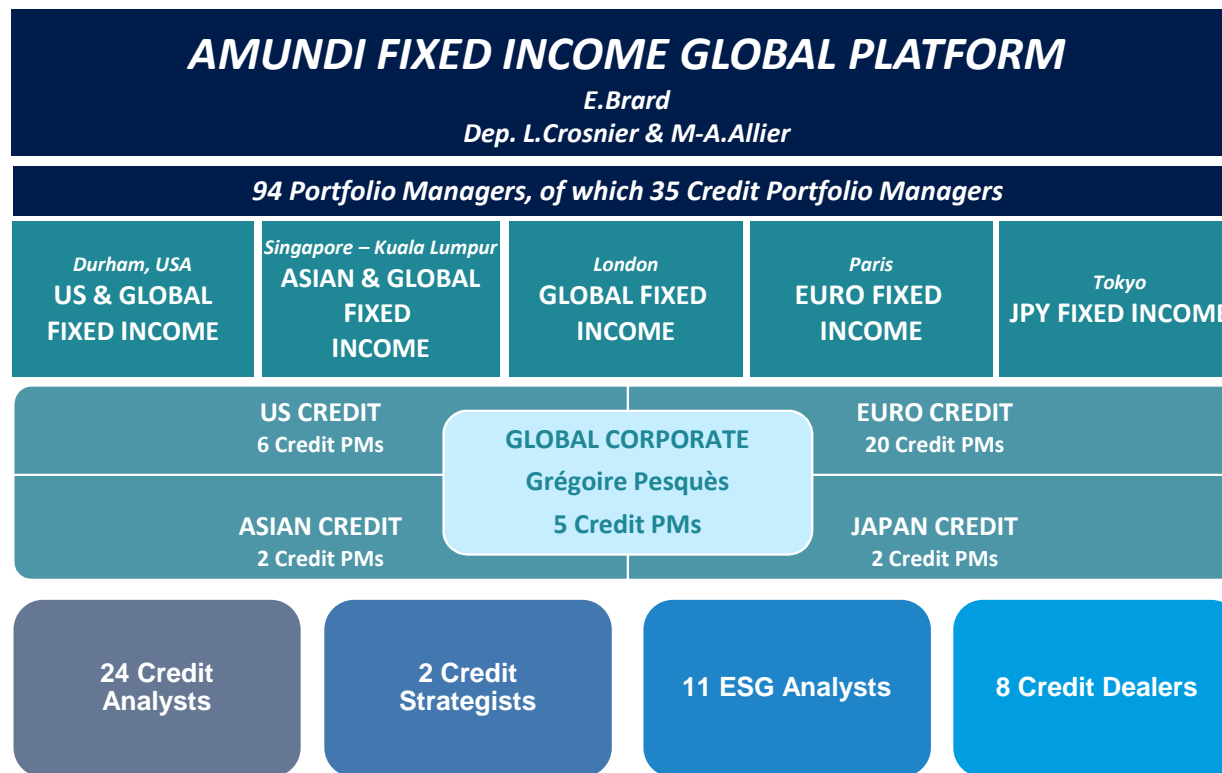
- **A major credit player** with over € 260 billion under management*
- **Outstanding relative performance** compared to peer group
- A **leader** in global credit (since 2007)
- A **comprehensive offer**: from an Investment Grade benchmarked solution to Absolute Return or ESG and customised approaches
- Strong **team/resources** along with stable **Philosophy & Process**
- **Absence of bias**: Unbiased by style and by region, unique dynamic allocation between top-down and bottom-up strategies



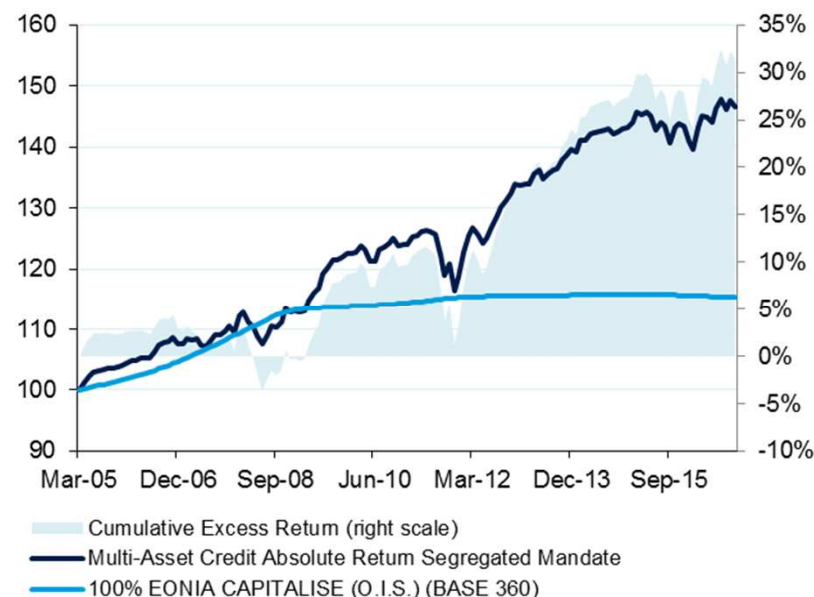
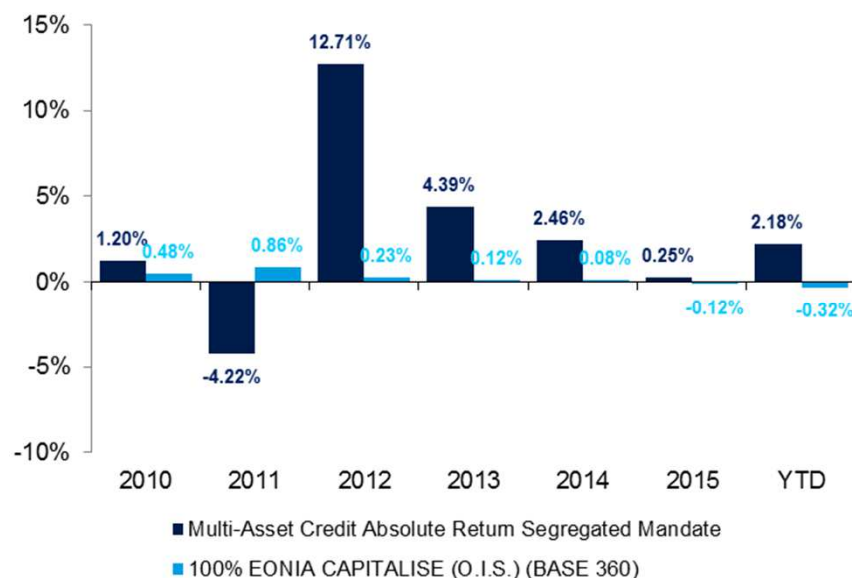
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The Fixed Income Platform

- Multi-asset strategies under one roof breeds strong convictions and cross pollination
 - The Global platform counts **94 fixed income Portfolio Managers** organised by expertise; **35 managers of which are entirely dedicated to credit**
 - **The Global Credit Team** collaborates with investment experts from Amundi's global, developed and emerging sovereign, corporate aggregate and currency teams



Multi-Asset Credit Absolute Return Segregated Mandate (EUR)



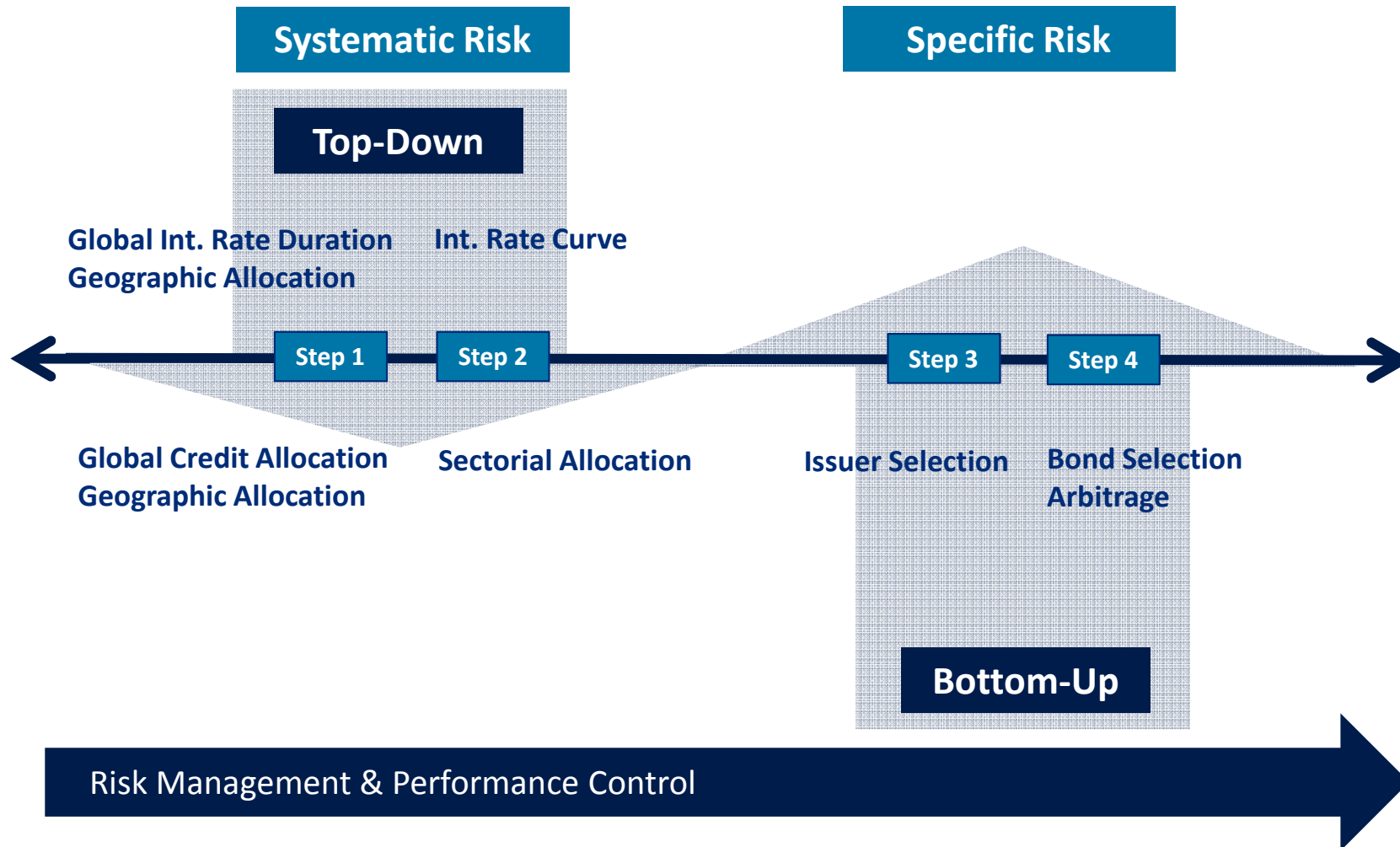
Gross Rolling Performance				
As of end Nov-16	YTD	1 Year	3 Years Annualised	5 Years Annualised
Portfolio	2.18%	1.90%	1.91%	4.71%
Benchmark	-0.32%	-0.34%	-0.11%	0.01%
Excess Returns	2.50%	2.24%	2.03%	4.70%
Risk Indicators		1 Year	3 Years	5 Years
Portfolio Volatility	-	4.49%	3.38%	3.53%
Benchmark Volatility	-	0.01%	0.06%	0.07%
Ex-post Tracking Error	-	4.50%	3.37%	3.52%
Information Ratio	-	0.50	0.60	1.34

Source: Amundi. Based on mirror valuation. Gross performance as of 30/11/2016 in EUR. Not subject to GIPS compliance review.

Past performance is not a reliable indicator of future results or a guarantee of future returns.

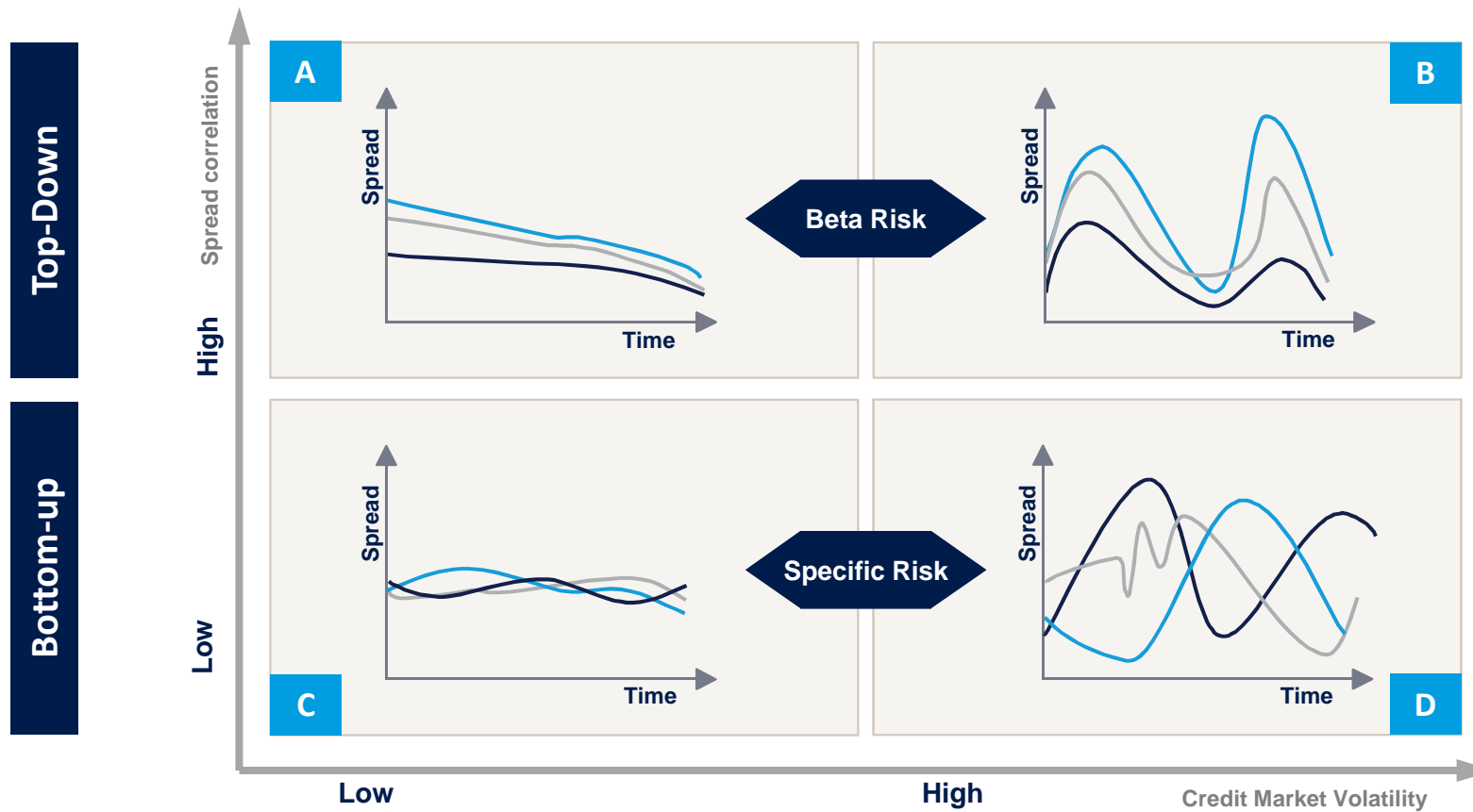
The performance returns mentioned herein are based on a representative account managed by Amundi under a similar investment strategy and are presented to illustrate the application of Amundi's investment philosophy. As this representative account may have different fee structures, applicable laws, regulations, restrictions, and leverage, the returns do not represent how the segregated mandate would have performed during this period. Information is presented here for reference only and is meant to show the investment capability of the Manager because of its longer history.

A rigorous four-step investment process...



...For a dynamic allocation between Top-Down & Bottom-Up

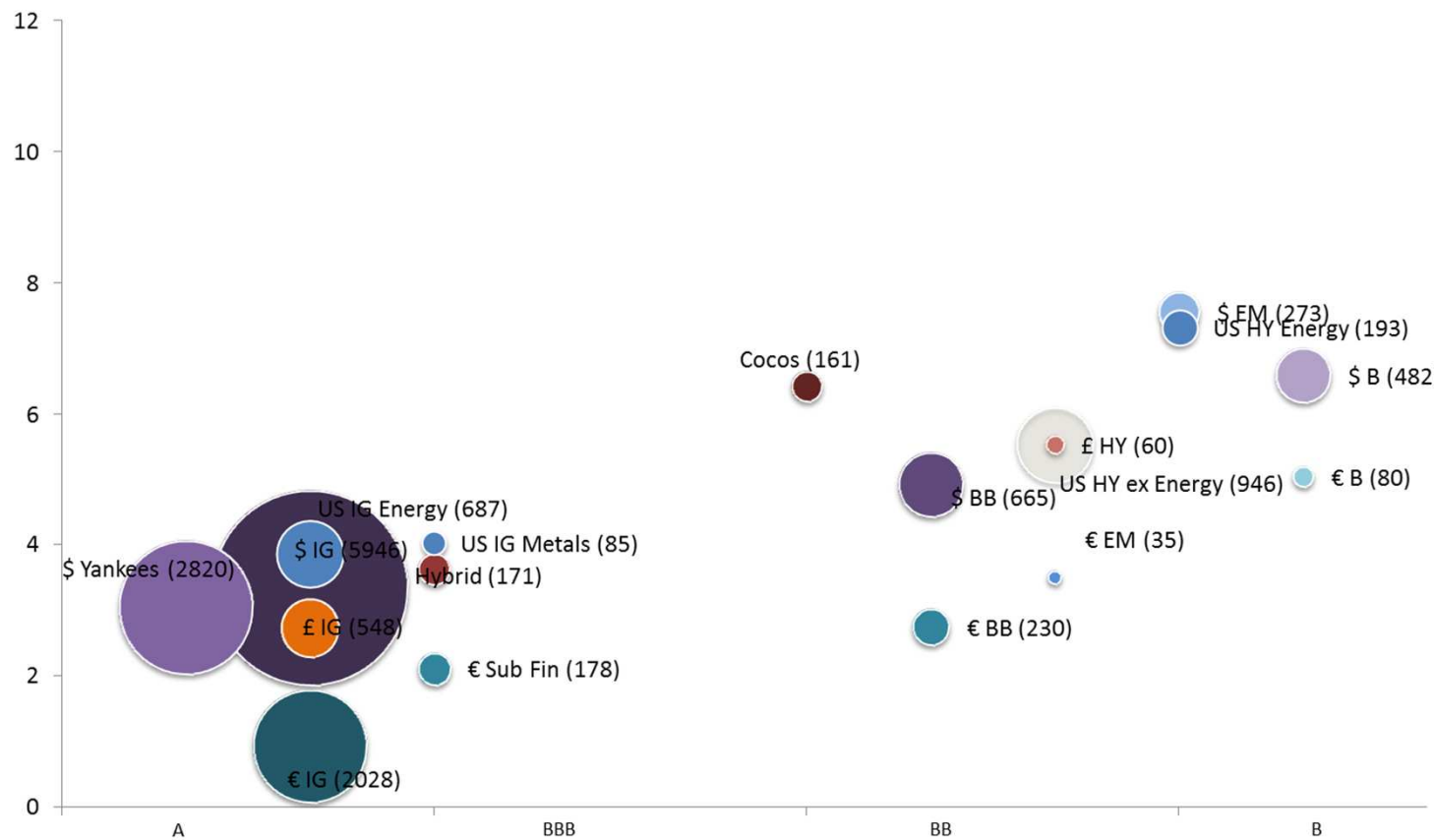
Current move away from directional Beta to Alpha generation strategies



Performance Review

	OAS	Change							
	14/12/2016	YTD		Nov-16	Oct-16	Sep-16	Aug-16	Jul-16	Jun-16
Euro credit (OAS)									
Euro IG	124	-9	-7%	16	-5	8	-7	-23	9
Euro IG fin	141	12	9%	13	-8	12	-13	-21	19
Euro IG non-fin	113	-23	-20%	17	-3	6	-3	-24	2
Euro HY	379	-156	-41%	47	-40	30	-44	-52	22
Euro HY non-fin	367	-178	-49%	43	-41	27	-48	-57	11
UK credit (OAS)									
Sterling IG	150	-19	-13%	4	6	1	-15	-37	22
Sterling fin	194	8	4%	1	4	2	-12	-42	37
Sterling non-fin	129	-31	-24%	6	6	1	-17	-35	16
Sterling HY	450	-3	-1%	5	-25	23	-63	-63	111
US credit (OAS)									
US IG	130	-43	-33%	-2	-5	4	-11	-12	8
US fin	127	-12	-9%	-4	-5	4	-11	-12	14
US Industrial	132	-59	-45%	-1	-4	3	-10	-13	5
US HY	412	-283	-69%	-24	-6	-13	-59	-52	24
Asia credit (OAS)									
Asia IG	145	-40	-28%	3	3	2	-22	-13	7
Asia IG financial	155	-27	-17%	2	3	1	-20	-11	11
Asia IG non-financial	221	-95	-43%	5	1	-1	-20	-29	1
Asia HY	450	-270	-60%	-4	-11	-19	-15	-82	-11
Asia HY financial	276	-24	-9%	6	-9	-1	-22	-22	4
Asia HY non-fin	495	-338	-68%	-13	-7	-21	-20	-90	-7

Yield Map Opportunities



FAQ (1/2)

What is the value added of Global versus Local on Credit ?

On the macro side, the universe is wider so we have access to different interest and credit cycles.

- 1) USD vs EUR vs GBP rates
- 2) USD credit vs GBP credit vs Asian Credit vs Euro Credit

On the micro side : we have access to more issuers & issues.

- 1) Some only issue in a single currency (not accessible to managers constrained by single currency investment)
- 2) Some issue in different currencies, one is cheaper than the other ! Cross currency is a big part of our active management

Is it more or less risky than EUR Credit, or USD credit?

- If you believe the higher the diversification, the better, then YES it is less risky or more efficient.
- If the rating is your chosen risk measure, then its rating of A- is in line with most IG Benchmarks
- If as a risk measure you prefer volatility then, with an average historical vol. of 3.5%, it is lower to similar local credit funds. Instead, the main risk driver is the duration.

What is the expected performance ?

Using historical data: our information ratio over the last 9Y is around 0.5. So with a tracking error approx. 2.5% we can expect an outperformance of $2.5\% \times 0.5 = 1.25\%$ over the benchmark.

We have track record 3Y+ on Mandates with unhedged benchmark and where we actively manage currencies.

FAQ (2/2)

Do you actively manage interest rate risk or just credit risk?

Yes. On the Flagship we assign on average through the cycle 1/3 of TE to active interest rate risk and 2/3 to active credit risk.

What about currency risk ?

On the flagship, there is no currency risk. Everything is hedged back into USD (as the bench). We have a track record of 3Y+ on a Mandate with unhedged benchmark and where we actively manage currencies (IR >0.5). We can tailor the risk budgeting and TE allocation as required.

Do you manage ESG/Low Carbon mandates ?

Yes. We manage Global mandates with ESG filters on the credit part. One of which also has the Austrian specific ESG label. We have all the tools available to have direct access to ESG and carbon data. We recently won a Global Corporate Mandate with ESG/low carbon guidelines.

What is your differentiating point ?

Process and DNA

Our style or Approach: we are unbiased by style with a dynamic allocation to Top Down or/and Bottom depending on the 4 main stages of the credit cycles.

A truly global European manager: most of our competitors are US, and biased toward US (some with more than 80% in USD assets)

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