AMUNDI FUNDS BOND GLOBAL HIGH YIELD - FU

FACTSHEET

31/12/2017

BOND

Key information (source : Amundi)

Net Asset Value (NAV) : **114.99 (USD)**
NAV and AUM as at : **29/12/2017**
ISIN code : **LU1162499955**
Assets Under Management (AUM) :
132.06 (million USD)
Sub-fund reference currency : **USD**
Share-class reference currency : **USD**
Benchmark :
100% ICE BOFAML GLOBAL HIGH YIELD INDEX HEDGED
Last coupon date : **USD**

Investment Objective

Amundi Funds Bond Global High Yield seeks an attractive total return by combining the interest income of high yield bonds with capital appreciation**. To achieve its objective, the Sub-Fund invests at least two thirds of its assets in bonds rated high yield (Ba/BB to Caa/CCC) by the two primary bond rating agencies, Moody's and S&P*. The bonds are largely denominated in US dollars and Euros*. High yield bonds have a higher risk of default than investment grade bonds**. The minimum recommended holding term is three years.

* Given for indicative purposes only, may be changed without prior notice, within the limits stated in the prospectus.

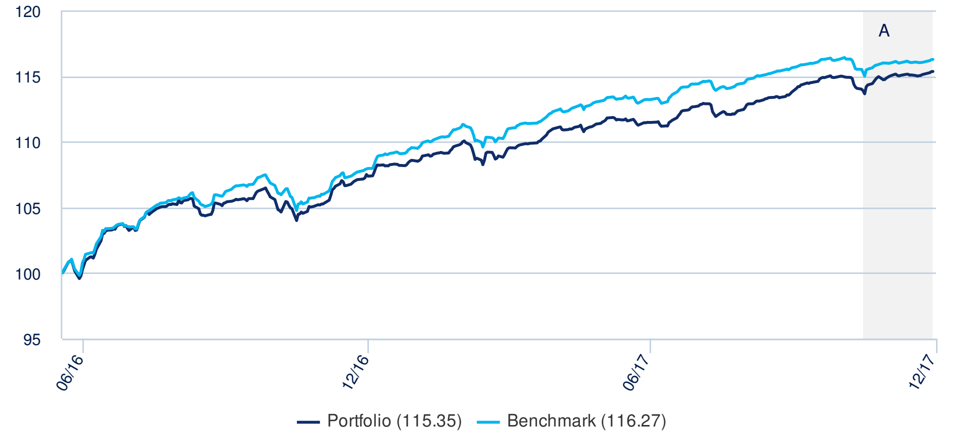
** The Sub-Fund does not offer a performance or capital guarantee.

Information

Fund structure : **UCITS**
Sub-fund launch date : **10/02/2015**
Share-class inception date : **10/02/2015**
Eligibility : **-**
Type of shares : **Accumulation**
Minimum first subscription / subsequent :
1 thousandth(s) of (a) share(s) / 1 thousandth(s) of (a) share(s)
Entry charge (maximum) : **0%**
Ongoing charge : **2.01% (realized 30/06/2017)**
Exit charge (maximum) : **0%**
Minimum recommended investment period : **3 years**
Performance fees : **Yes**

Returns

Performance evolution (rebased to 100) from 16/06/2016 to 29/12/2017*



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

Cumulative returns *

	YTD	1 month	3 months	1 year	3 years	5 years	Since
Since	30/12/2016	30/11/2017	29/09/2017	30/12/2016	-	-	16/06/2016
Portfolio	7.43%	0.38%	1.38%	7.43%	-	-	15.35%
Benchmark	7.69%	0.26%	0.55%	7.69%	-	-	16.27%
Spread	-0.26%	0.12%	0.84%	-0.26%	-	-	-0.92%

Calendar year performance *

	2017	2016	2015	2014	2013
Portfolio	7.43%	-	-	-	-
Benchmark	7.69%	-	-	-	-
Spread	-0.26%	-	-	-	-

* 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)

1 2 **3** 4 5 6 7

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

	Portfolio	Benchmark
Yield	6.26%	5.20%
Modified duration [1]	4.33	3.83
WSDTS [2]	1,766.00	1,292.00
Average rating	B+/B	BB-/B+

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

[2] WSDTS: Weighted Spread Duration Times Spread is a measure of portfolio risk. It is the total of the spread duration of each bond in the portfolio multiplied by its credit spread, which is then weighted by the market value of each bond.

Top 3 Industry Overweights

	Portfolio	Benchmark
Basic Industry	16.30%	12.07%
Retail	8.82%	4.71%
Utilities	6.42%	3.21%

Top 5 issuers

	Portfolio
WINDSTREAM SRVC / FIN	2.28%
MOHEGAN GAMING & ENT	1.93%
STONEWAY CAPITAL CORP	1.91%
CLEVELAND-CLIFFS INC	1.72%
GRUPO KALTEX SA DE CV	1.67%

BOND

Kenneth J. Monaghan

Co-Director, Global High Yield

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Director, Investment Grade Corporates

Andrew Feltus

Co-Director, US High Yield

Management commentary

Risk assets carried November's positive momentum into December and did not look back. With investors focused on impending U.S. tax legislation (passed on December 20th) and continued domestic economic outperformance (Citigroup economic surprise index near a six-year high), the FOMC's mid-December federal funds hike (25 basis points) did little to derail investor risk appetite, and many risk markets enjoyed a traditional "Santa Claus" rally to close out 2017. To that point, the S&P 500 extended its historic run of consecutive positive monthly returns to 14, and USD corporate bond spreads narrowed back to post-crisis tights for investment grade bonds and near those levels for high yield bonds. The Federal Reserve continues to signal a commitment to tighter monetary policy in the face of supportive financial conditions (higher equities and narrower credit spreads), building economic momentum and, interestingly, a cautious outlook on inflation. At some point, persistently low Inflation presents a potential policy challenge for both the Fed and the ECB. Down the road, both may be forced to choose between managing inflation levels or asset prices. If faced with that choice (one the Fed will face first), we expect policymakers will chose the former, but this will be watched closely during the next year. For now, it is "all systems go" as investors discount positive domestic and global economic growth outlooks and supportive global central banking policies. Welcome to 2018!

Summarizing December's major market activity: U.S. equity returns were mixed (S&P 500 +1.1%, RTY -0.4%), USD corporate credit spreads narrowed (IG -4 basis points, HY -1 basis point), the U.S. Treasury curve twisted flatter (5-year +7 basis points, 30-year -9 basis points), commodity prices rallied (CRB Index +2.5% and oil +5.2%), implied equity volatility declined modestly (VIX from 11.3 to 11.0) and the U.S. dollar was weaker (DXY -1.0%).

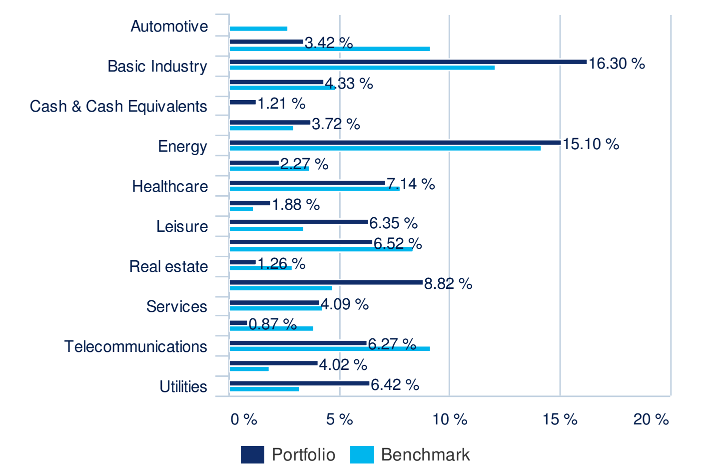
While most risk assets enjoyed a traditional "Santa Claus" rally, which has thus far extended into January (the so-called "January effect"), high yield earned less than its coupon in December as it experienced a modest price decline. The ICE Bank of America Merrill Lynch US High Yield Constrained and Global High Yield Indices were up 0.29% and 0.27%, respectively. December and January are usually seasonally strong months for high yield performance. We attribute the weaker performance in December to a robust new issue calendar in November and December and mutual fund and ETF outflows. Still, option-adjusted credit spreads for the global high yield index ended the year at +363 basis points versus +421 basis points to start the year.

Thankfully, while the global high-yield market under-earned its coupon in December, the performance of the Fund outpaced the market over the index. For the year-to-date, the Fund outperformed the index, benefitting from good performance of new issues purchased both on November as well as December as well as some long-held positions in key sectors such as Steel. We continue to underweight European high yield and continue to seek opportunities in emerging markets. We continue to be underweight BB-rated bonds and overweight B-rated bonds.

Given the recent passage of U.S. tax legislation, we have upgraded our domestic macroeconomic outlook. We are now forecasting 2018 real GDP growth in the mid/upper 2% area. Additionally, we stress that synchronized global growth reduces the near-term risk to U.S. growth and a recessionary shock. It is difficult to see intermediate-maturity USD interest rates move materially higher absent a surprise growth surge or inflation shock. Though inflation remains persistently low, we are carefully watching indicators that may foretell building inflation risk. As we begin 2018, our expectations for 2018 are for continued positive absolute and relative returns for Global High Yield in the year ahead. Since the beginning of the year, spreads have already narrowed to levels that are tighter than they were at the end of October and are now tighter than they have been since before the recession. Given our positive fundamental outlook, we do not see any reason that they cannot tighten even further. ***We remain focused on generating an attractive return through sector and security selection and expect that our active and global management approach to high yield will allow us to effectively navigate shifting future market environments.***

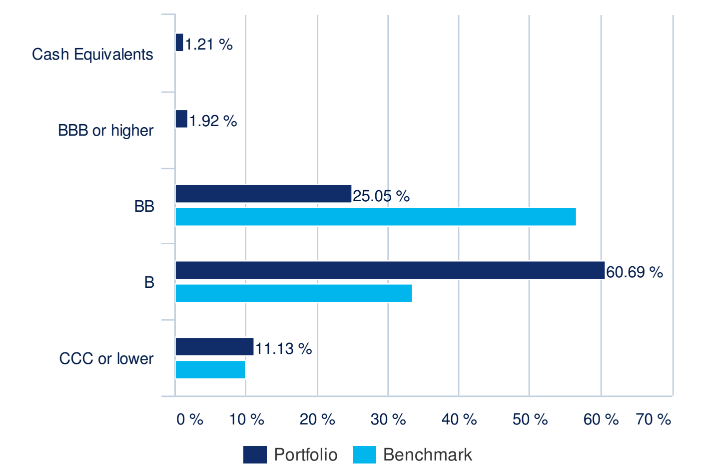
Portfolio breakdown by sector

% of assets



Portfolio breakdown by credit rating

% of assets



Legal information

Amundi Funds is a UCITS organised as an open-ended investment company (société d'investissement à capital variable, "SICAV") under the laws of the Grand Duchy of Luxembourg, and is regulated by the Commission de Surveillance du Secteur Financier ("CSSF"). Number of registration RCS B68.806. UK retail investors will not have any protection under the UK Financial Services Compensation Scheme. There will be no right to cancel an agreement to purchase fund units under section 15 of the UK Financial Services Conduct of Business Sourcebook. AMUNDI FUNDS BOND GLOBAL HIGH YIELD, which is a sub-fund of Amundi Funds, has been recognised for public marketing in United Kingdom by the Financial Conduct Authority (FCA). The issuer of this document is Amundi, 90 Boulevard Pasteur, 75730 Cedex 15 - France, registered in France under number GP 04000036, authorised and regulated by the Autorité des Marchés Financiers. This document is not a Prospectus. The offering of shares in Amundi Funds can only be made using the official Prospectus. The latest prospectus, the key investor information document ("KIID"), the articles of incorporation as well as the annual and semi-annual reports are available free of charge from the facilitating agent (Amundi London Branch, 41 Lothbury, London EC2R 7HF, United-Kingdom) and on our website www.amundi.com. The latest available prospectus, more specifically on risk factors, as well as the KIID should be consulted before considering any investment. The data source of this document is Amundi except otherwise mentioned. The date of these data is indicated under the mention MONTHLY REPORT at the top of the document except otherwise mentioned. Warnings: Please read the Prospectus carefully before you invest. Remember that the capital value and the income from investments may go down as well as up and that changes in rates of exchange between currencies may have a separate effect also causing the value of the investments to decrease or to increase. Past performance is not necessarily a guide to future performance. Investors may not get back the amount they originally invested. Investors should note that the securities and financial instruments contained herein may not be suitable for their investment objectives.

Amundi ASSET MANAGEMENT

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