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NOT INTENDED FOR RETAIL CLIENTS

Euro Credit PAB

Bonds are Back and Aligned with a Greener Future

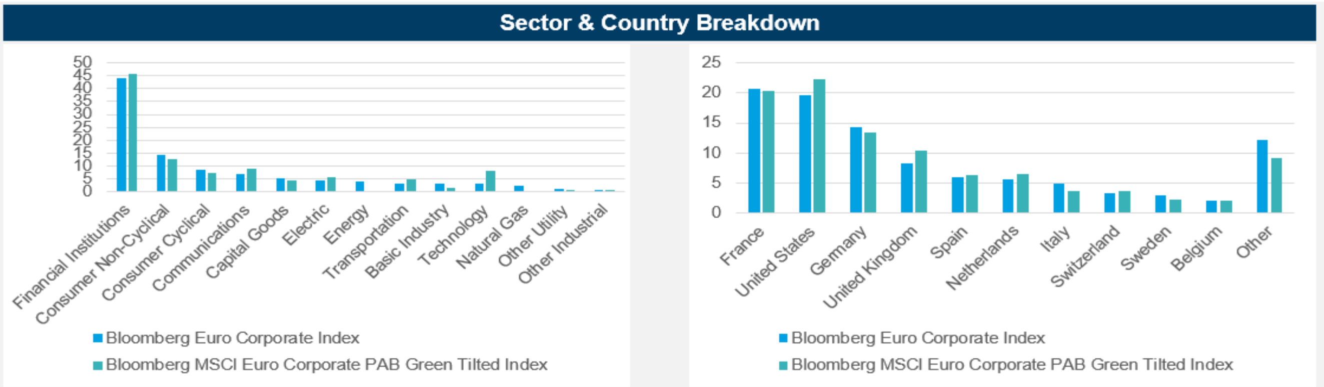
Context, Risks and Opportunities

- The ECB is expected to continue its aggressive tightening over the coming months: Amundi's projections anticipate ECB policy rates will peak at 3.5% with a further 25bps increase in June.
- Investment Grade corporate debt exhibits attractive valuations with yield levels comfortably above 4%, after last year's sell-off. Still, volatility risks remain with net supply in corporate debt on the rise.
- The Paris Agreement on climate change requires a significant shift in investment towards low-carbon and sustainable assets, and has increased the demand for renewable energy.

Bloomberg MSCI EUR Corporate PAB Green Tilted

- The Bloomberg MSCI EUR Corporate PAB Green Tilted Index brings an investment approach that exceeds the Paris Aligned Benchmark's requirements through strict exclusions, carbon reduction targets, and a focus on green bonds.
- Its methodology expands on baseline exclusions, including an emphasis on improving ESG minimum standards and implementing additional green bond constraints.
- The Green Tilted Index delivers similar short- and long-term returns and a risk-return profile comparable with the Bloomberg Euro Corporate Index while showcasing significantly improved ESG metrics and carbon footprint and intensity metrics.

Bloomberg MSCI EUR Corporate PAB Green Tilted: a comparable risk-return profile with broader EUR corporate



Sources: Amundi, Bloomberg, data as at 31/12/2022.
Past performance is not a reliable indicator of future returns.

Amundi ETF Market Strategy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Summary

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2023: the Year of Fixed Income, finally?

The current market backdrop remains challenging as we draw closer to the end of the current economic cycle. Corporates across the globe are facing many headwinds. The rapid increase in policy rates affects corporate margins and the end of the economic cycle will ultimately increase market volatility.

Still, the higher yield environment offers interesting income opportunities in corporate bonds and corporate fundamentals are strong. We are nonetheless vigilant on liquidity, hence our preference for Investment Grade corporate debt as opposed to High Yield on which we hold a cautious stance.

The ECB's difficult balancing act

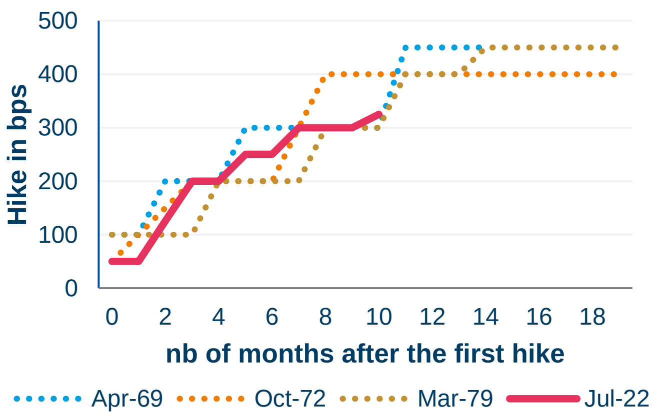
The pace of the rise in policy rates since July last year has been aggressive and the cycle is not yet complete. ECB members have also been extremely vocal in recent months that further hikes will be necessary to tackle underlying inflation pressures and wage growth. The speed of hikes in the current cycle is reminiscent of that seen back in the 70s (see chart). Over that decade, inflation in Germany averaged 5.0% and peaked at a 7% annual rate in 1973-74.

The central bank faces a difficult balancing act between high inflation, a slowing economy and woes in the global banking sector. The Governing Council raised the deposit rate to 3.25% in May. In its assessment for the path of policy rates, the ECB is focused on three inputs: 1/ inflation forecasts – taking into account incoming economic and financial data; 2/ the dynamics of underlying inflation with an emphasis on wage dynamics and; 3/ the strength of monetary policy transmission. This leaves the central bank heavily data dependent. While headline inflation prints in the euro area (EA) have certainly been off their peak in recent months, core inflation remains sticky and adds to the case for tighter policy rates in the months ahead.

Ultimately, the pace of the hikes will remain dependent on inflation prints and overnight index swap markets are expecting rates to peak this summer. Our projections anticipate an additional 25bp increase in June, which would imply policy rates peaking at around 3.5%. Having said that, an additional move in July also remains a possibility if price levels prove too sticky.

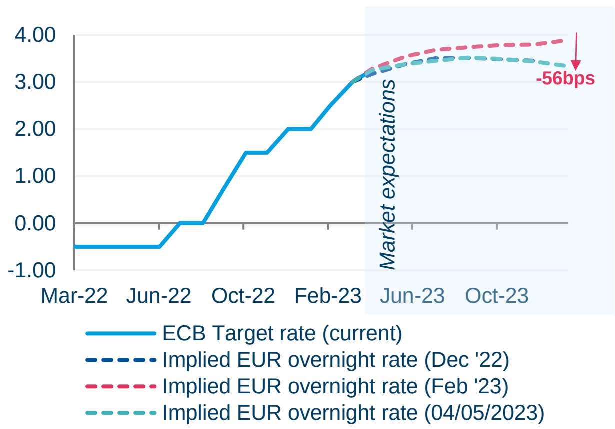
ECB's aggressive tightening cycle reminiscent of those from the 70s

Current ECB hike cycle vs. history (German Bundesbank)



Markets expect ECB rates to peak in summer '23

ECB target rate and market implied rates (OIS)



Source: Bloomberg, Bundesbank, Amundi. Data as at 04/05/2023. Past performance is not a reliable indicator of future performance

Higher borrowing costs also put the economic and fiscal resilience of EA members to the test. When looking at recent high frequency data, economic activity in the euro area is proving resilient. Having said that we still anticipate anaemic growth in Europe for this year and next (+0.3% YoY and +0.7% YoY respectively).

The higher rate environment has already led to a fast deterioration in both lending and demand. Lending to businesses and households has dried up quickly in recent months: Data for February data shows near- zero credit impulse (the change in the annual growth rate of credit) for households and non-financial corporations. Looking at European corporates, it is evident that the effects of monetary tightening on corporate credit has been contained so far owing to limited refinancing needs and the high use of available cash.

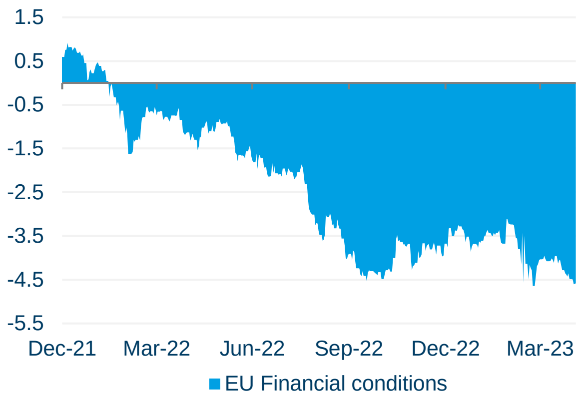
Yields are Back, across the board

With higher policy rates still feeding through to borrowing costs in the real economy for businesses and households, further deterioration in activity seems likely. Thus far, though, the effects of monetary tightening on corporate credit have been contained owing to limited refinancing needs and the high use of available cash reserves, including those built up during the pandemic. High frequency data also shows that economic activity in the euro area is proving resilient. We nevertheless anticipate anaemic growth in Europe for this year and next (+0.3% YoY and +0.7% YoY respectively).

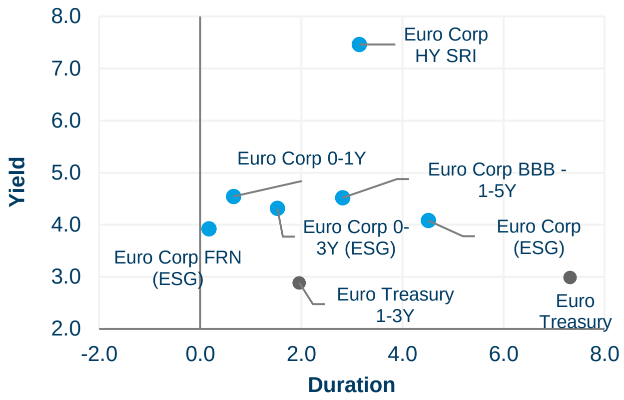
That said, we believe that spread levels in the European corporate bond market priced in a far bleaker outcome last year than the reality that has materialised. Following last year's sell-off, and after a decade of low to negative interest rates, Investment Grade corporate debt exhibits attractive valuations with yield levels comfortably above 4% (see chart), and some compelling entry points have emerged.

EU Financials conditions heavily restricted

EA Financial conditions



Euro Corporate bond yields: comfortably above 4%



Sources: Amundi ETF, Bloomberg, data as at 03/05/2023. Past performance is not a reliable indicator of future returns.

Corporate bond yield levels in Europe are similar, if not higher yield levels compared to equities for a much lower volatility premium. Even though the corporate bond space is good value in Europe, volatility risks remain. Net supply in corporate debt should rise after 2022 lows – see our latest ESG credit Bond Explorer for an overview and our weekly Fixed Income Chartbook for a snapshot of the bond market.

Generally higher funding costs, sluggish growth and labour costs should result in higher default rates in high yield debt which we anticipate rising closer to 4% by the end of the year. A few sectors already faced a difficult quarter with negative excess returns (Consumer non-cyclical in Europe) but carry levels supported the overall indices' excess returns in Q1 '23. Overall, we believe better entry points will materialise for European high yield debt later in the year.

Significant flows into Corporate Bonds, confirming that "Bonds are Back"

Looking at investor flows, those into European IG corporate debt have accelerated steadily over the last few months, supported by the positive performance of underlying exposures. Notably, EUR IG corporate bond exposures have gathered € 5.7bn year to date[1]. In spite of the recent turmoil in Financials, corporate bond spreads have also reverted the levels seen at the end of Q1 2022.

It's interesting to note as well that the appetite for ESG Fixed Income ETFs is still strong: with €4.6bn of inflows they represented more than 20% of the € 21.8bn gathered by Fixed Income ETFs.

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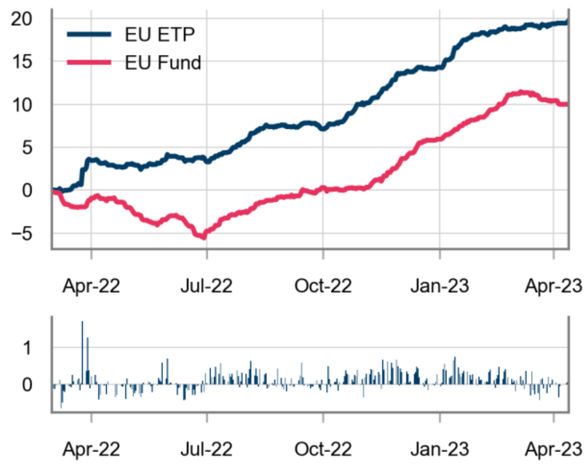
[1] Source Amundi ETF, Bloomberg. Data as at 11/05/2023. Past performance is not a reliable indicator of future returns.

EUR IG: Flows accelerated into ETFs & Funds over the past year

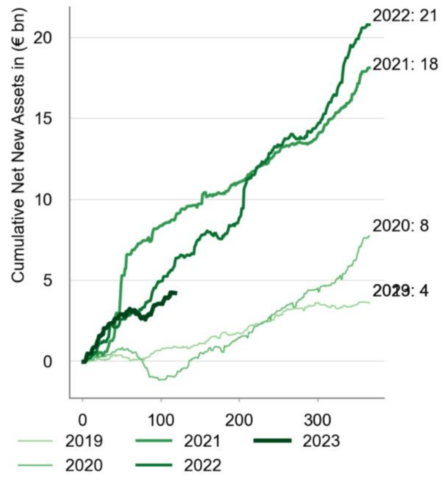
Cumulative flows into EUR IG Credit (Funds & ETFs) (base 0 = 31/03/2022)



ESG Fixed Income ETFs: strong momentum

Cumulative flows into ESG Fixed Income ETFs

(base 0 = 31/03/2022)



Sources: Amundi ETF, Morningstar, data as at 14/04/2023. Past performance is not a reliable indicator of future returns.

Credit quality: opposite direction for Investment grade and High yield

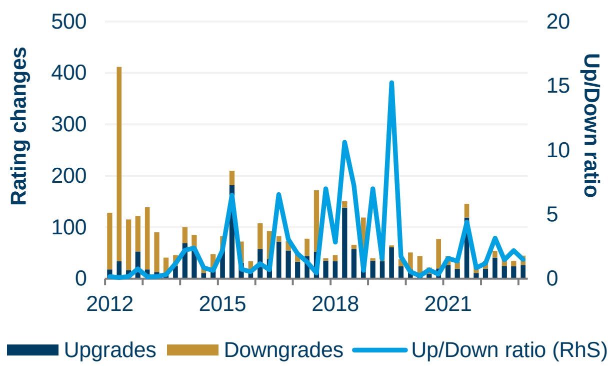
Even in the face of market turmoil, investment grade credit quality has continued to improve with rating upgrades beating downgrades for the 5th quarter in a row for EUR corporate.

On the other hand, the situation seems to be deteriorating for high yield corporate. The upgrade on downgrade ratio reached its lowest this quarter since 2020 for EUR HY corporate. A few sectors faced a difficult quarter with negative excess returns (Consumer non-cyclical in Europe) but carry levels supported the overall indices' excess returns in Q1.

Returning to Investment Grade credit, President Lagarde also stressed that the ECB will gradually skew its corporate bond purchases towards "green" labels. While the impact is likely to be small (it only applies to reinvestments on maturing bonds), it shows nonetheless European institutions' commitment in the fight against climate change. Though the ECB will select eligible bonds, redemptions could prove greater in sectors that may be seen as affecting climate change to the benefit of greener alternatives.

Up/Down ratio remains strong for EUR IG

EUR IG quarterly Moody's credit rating changes



Sources: Bloomberg, Data as at 31/03/2023.
Past performance is not a reliable indicator of future returns.

'Net Zero' and the Paris Agreement for Fixed Income Investors

Investors are ever more aware that ESG factors can have a material impact on their investments and that climate change exposes companies to risk. This is reflected by strong, and growing flows to ESG products, and an increasing number of investors taking steps to align their portfolios with net zero.

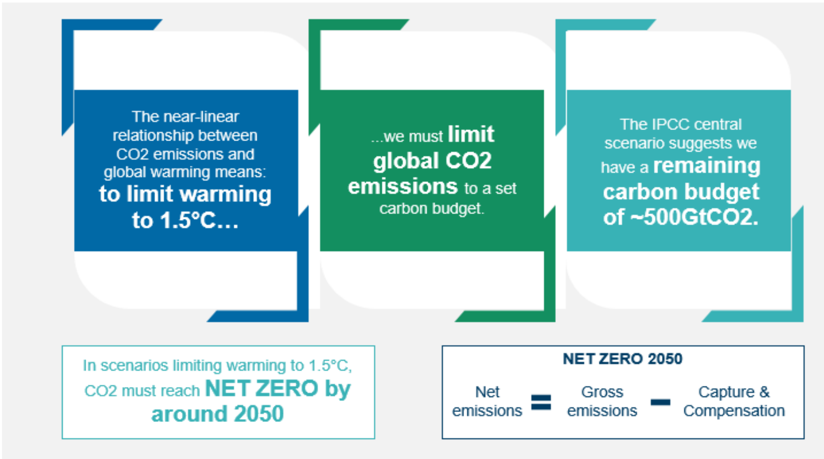
Defining 'Net Zero'

'Net Zero' refers to achieving a balance between the amount of greenhouse gas (GHG) emissions produced and the amount removed from the atmosphere. It is a state where the total emissions of GHG gases, such as carbon dioxide, are equal to the amount that is absorbed through various methods like carbon capture, natural sinks, or offsetting measures.

The aim of a 'Net Zero' approach is to combat climate change by reducing the overall impact of human activities on the environment and stabilising global temperatures. Many countries and organisations have set their 'Net Zero' targets for the coming decades to help mitigate the effects of climate change.

What is Net Zero?

An absolute requirement to stabilise the global human-induced temperature increase



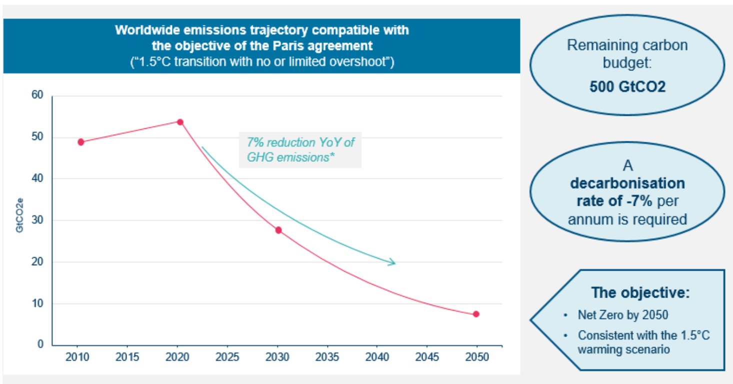
The Paris Agreement comes with ambitious targets and several considerations

Whilst most investors will probably remember the decarbonisation rate of 7% year-on-year as the key implication of the Paris Agreement when it comes to fixed income portfolio construction, re-stating the key considerations of this pivotal agreement struck in 2015 can prove useful too.

Shift towards low-carbon investments: The Paris Agreement aims to limit global warming to well below 2°C above pre-industrial levels. This will require a significant shift in investment towards low-carbon and sustainable assets, resulting in a change in the composition of portfolios.

Increased demand for renewable energy: The agreement encourages countries to transition towards renewable energy sources, leading to increased demand for clean energy investments. Portfolios with exposure to renewable energy companies and projects are likely to benefit from this trend.

CTB and PAB benchmarks are set to reach Net Zero before 2050



Source: EU Technical Expert Group on Sustainable Finance, based on data from IPCC AR5 Climate Change 2014 Synthesis Report, IPCC SR15 report Chapter 2 and Global Carbon Budget, 2018. *Greenhouse Gases - Gross emissions would still be more than zero (offset by carbon dioxide removals).

Enhanced focus on climate-related disclosures: Investors will increasingly seek transparency on how companies are managing climate risks and opportunities. Portfolios with holdings that demonstrate strong climate-related disclosures and risk management practices are likely to be more attractive to investors.

Green bonds and sustainable finance: The Paris Agreement has spurred growth in green bonds and other sustainable finance instruments, providing new opportunities for portfolio diversification and exposure to environmentally responsible projects.

Carbon pricing:
The implementation of carbon pricing mechanisms, such as emissions trading systems or carbon taxes, can impact the profitability of companies with high carbon emissions. As such, portfolios should consider the potential effects of carbon pricing on their holdings.

Physical climate risks:
Climate change can lead to physical risks such as extreme weather events, flooding, and sea-level rise. These risks can impact the value of real assets, such as real estate and infrastructure, and should be considered in portfolio management.

Transition risks and opportunities:
The transition to a low-carbon economy presents both risks and opportunities for businesses. Companies that are well-positioned to benefit from this transition may offer attractive investment opportunities, while those that are not may face challenges. Investors should assess the transition readiness of their portfolio holdings to ensure they are well-positioned for the changes ahead.

The Paris Agreement is an international treaty aimed at addressing climate change by reducing GHG emissions, adapting to its impacts, and financing the transition to a low-carbon, climate-resilient global economy. It was adopted on December 12, 2015, at the 21st Conference of the Parties (COP 21) of the United Nations Framework Convention on Climate Change (UNFCCC) held in Paris, France.

The Paris Agreement aims to:

1. *Limit global temperature increase* to well below 2 degrees Celsius above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5 degrees Celsius.
2. *Enhance adaptive capacity and resilience to climate change impacts*, as well as promote low GHG emissions development without threatening food production.
3. *Make finance flows consistent with a pathway towards low GHG emissions* and climate-resilient development.

To achieve these goals, countries that are party to the agreement submit their Nationally Determined Contributions (NDCs), outlining their individual plans for reducing GHG emissions and adapting to climate change.

The Paris Agreement requires countries to regularly update and enhance their NDCs, with a global stocktake taking place every five years to assess collective progress towards achieving the agreement's goals.

How can ETFs help Fixed Income investors to align their portfolio?

Combining Index Investing with a climate goal oriented objective

Tracking Aligned Benchmarks

Paris Aligned Benchmarks (PAB) have been developed with the aim to align allocations with the Paris Agreement's goal of limiting global warming to well below 2 degrees Celsius above pre-industrial levels. As such, these benchmarks have been widely embraced by the sustainable finance community, and a growing number of asset managers and asset owners are incorporating the PAB into their investment strategies.

Many ETFs track specific indices that are designed to measure the performance of companies that adhere to ESG criteria or focus on climate-friendly sectors. By investing in these ETFs, investors can ensure their investments are benchmarked against a standard that aligns with the Paris Agreement's goals.

Optimisation-Based Index Construction

Optimisation-based approaches are uniquely suited to addressing the multi-faceted constraints and objectives of the Paris Aligned benchmark's requirements while maintaining portfolio exposure and performance metrics closely aligned with the Corporate Bond benchmark. The use of mathematical optimisation techniques allow these strategies to efficiently balance various objectives, such as minimising carbon emissions, enhancing ESG scores, and maximizing green bond allocations. Simultaneously, they take into account essential market constraints such as sector and country weight differences, to ensure the investment strategy remains in line with the benchmark.

As a result, investors can achieve a more environmentally responsible portfolio without compromising their exposure to the corporate bond market or deviating significantly from benchmark performance. This delicate balance is crucial for supporting the global transition to a low-carbon, climate-resilient future whilst delivering a very similar risk-return profile compared to the standard indices.

The optimisation process that we will describe below allows for an intricate consideration of the diverse aspects related to sustainable investment and the Paris Agreement goals.

Bloomberg MSCI Euro Corporate PAB Green Tilted Index: A long name with an ambitious aim

Finding the right approach: Key methodology aspects

The Paris Alignment requirements for the PAB (Paris Aligned Benchmark) involve strict exclusions and carbon reduction targets to promote sustainable investments.

- **Key exclusions** consist of controversial weapons, tobacco producers, UNGC violations, environmental controversies, and companies with high thermal coal, oil, and gas revenues or power generation.

- **The carbon reduction targets** require either an initial 50% reduction in weighted average absolute GHG emissions and carbon intensity per sales compared to the Parent benchmark. Additionally, there must be either a percentage-based annual reduction in absolute GHG emissions, or a 7% annual reduction in carbon intensity per sales compared to the base date level.

- **Optional features** include favouring companies with evidence-based emissions targets and maintaining a 4x green to brown ratio compared to the Parent benchmark.

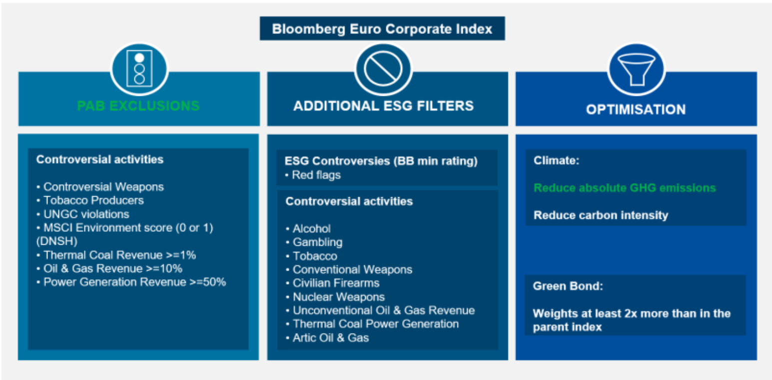
Going several steps further

The methodology of the Bloomberg MSCI Euro Corporate PAB Green Tilted Index (below, the "Credit PAB Index") surpasses the constraints of the Paris Agreement by implementing additional exclusions, more stringent carbon reduction targets, and an enhanced focus on green bonds. These extra measures ensure a more robust and environmentally-conscious investment approach.

First, the Credit PAB Index expands upon the baseline exclusions with an emphasis on improving ESG minimum standards. Issuers with an MSCI ESG rating below BB are excluded. Moreover, the index imposes exclusions on specific business activities, including alcohol production, arctic gas and oil extraction, civilian firearms, conventional weapons, gambling operations, nuclear weapons, power generation from thermal coal, tobacco, unconventional oil and gas, and weapons systems or components revenue. These exclusions address industries or practices with potentially negative environmental, social, or governance impacts.

Second and in addition to the carbon reduction targets, the methodology implements an additional green bond constraint, requiring a minimum two fold increase in green bond security weight compared to the Parent benchmark. This incentivises the growth of green bonds and reinforces the commitment to environmentally responsible investments.

Our methodology goes several steps further than PAB requirements



Sources: Amundi
Please refer to the Bloomberg index methodology for screen definitions and thresholds :
https://assets.bbhub.io/professional/sites/10/Factsheet_Bloomberg-MSCI-EUR-Corporate-PAB-Green-Tilted-Index_20220817.pdf

Bloomberg MSCI Euro Corporate PAB Green Tilted Index
In addition to the PAB requirements, the following exclusion levels apply:

	Universe	Bloomberg Euro Corporate Index Max. % of revenues
Nuclear Weapons*		0%
Civilian Firearms	Production / Distribution	5%
Unconventional Oil & Gas**		5%
Conventional Weapons		5%
Weapons	Systems/Components/Support Systems/Services	5%
Arctic oil & Gas**		5%
Alcohol	Production***	5%
	Distribution	15%
Gambling	Operation***	5%
	Related business activities	15%

Source: Bloomberg / MSCI – December 2022
Before December 2021, data for these fields were not available, hence these fields were omitted before this date. ** Before September 2020, data for these fields were not available, and hence these fields were omitted before this date. *** Before March 2022, these 2 fields were proxied as alcohol producers that derived >= 5% revenue from alcohol manufacturing/distribution/retail/license/supply and gambling operations companies that derived >= 5% revenue from gambling-related business activities.
Please refer to the Bloomberg index methodology for screen definitions and thresholds :
https://assets.bbhub.io/professional/sites/10/Factsheet_Bloomberg-MSCI-EUR-Corporate-PAB-Green-Tilted-Index_20220817.pdf

The Corporate Exposure you expect: Investment Characteristics

With 2,688 constituents, compared to the 3,479 in the Euro Corporate Index, the Green Tilted Index maintains a very similar option adjusted duration (OAD) at 4.5, and a nearly identical yield-to-worst at 4.1%. Additionally, the option adjusted spread (OAS) and option adjusted spread duration (OASD) are closely aligned.

Notably, and as expected, the Green Tilted Index exhibits a significantly higher market value percentage of green bonds at 13.2%, compared to 7.9% in the Euro Corporate Index.

Despite this emphasis on sustainability, the **performance difference remains minimal**. The Green tilted index's one-year performance (-4.46%) and three-year performance (-2.46%, annualised) closely mirror the Euro Corporate Index's (-4.28% and -2.57% respectively).

Metrics and performance comparison

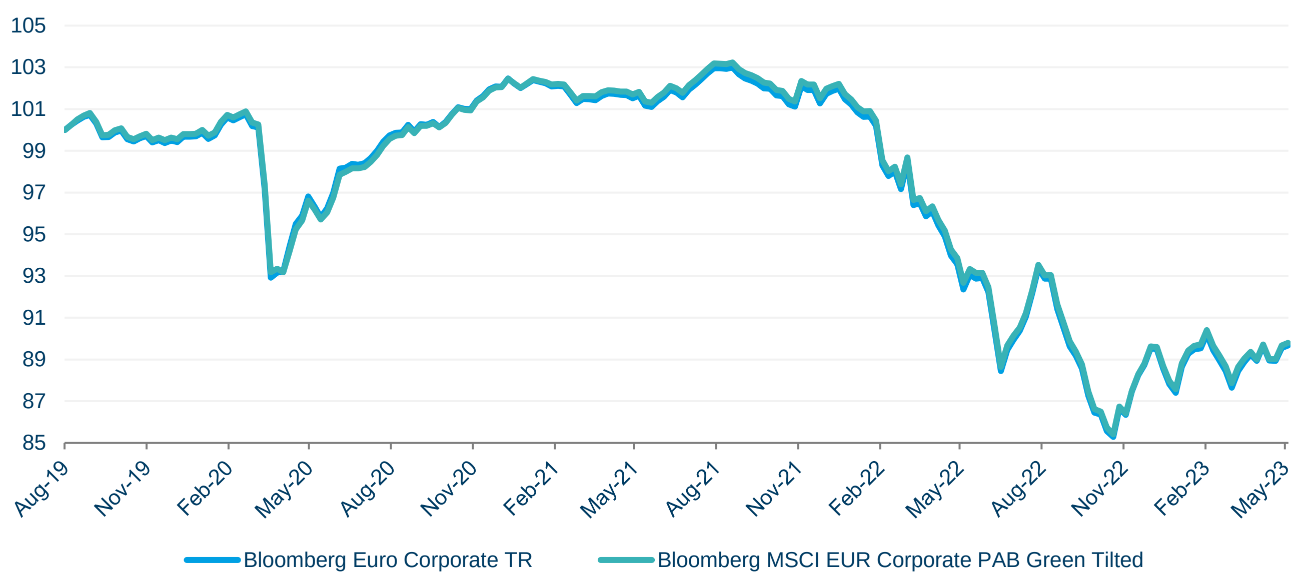
	Bloomberg Euro Corporate Index	Bloomberg MSCI EUR Corporate PAB Green Tilted Index
Fixed Income metrics		
#	3556	2651
OAD	4.5	4.5
Yield to Worst	4.1	4.1
OAS	162	161
OASD	4.7	4.7
%MV of Green Bond	7.9	13.2
Performance metrics		
YTD perf	2.46	2.40
1Y perf	-4.28	-4.46
3Y perf (annualised)	-2.57	-2.46
1Y vol	6.61	6.56
1Y TE (weekly)	-	0.21
3Y TE (weekly)	-	0.18

Source: Amundi, Bloomberg, MSCI as of 28/04/2023.
Past performance is not a reliable indicator of future returns.

Moreover, the one-year volatility for both indices is almost identical (6.56% vs. 6.61% for the EUR corporate index). The tracking error remains low and emphasises further the similarity in the risk-return profile between the two indices.

Overall, integrating a Net Zero approach to a corporate bond allocation does not necessarily mean compromising on portfolio performance. On top of a very limited tracking error between a PAB titled corporate bond index compared to an unfiltered investment universe, we will see in the following section that the PAB corporate bond index allows for an improved ESG score and much lower carbon intensity.

Comparing Bloomberg MSCI EUR Corporate PAB Green Tilted Index with Bloomberg Euro Corporate Index



Source: Amundi, Bloomberg, MSCI as of 05/05/2023. Past performance is not a reliable indicator of future returns.

ESG metrics and Carbon Intensity significantly improved

The Bloomberg MSCI EUR Corporate PAB Green Tilted Index brings significantly higher ESG score along with a very much reduced carbon footprint and intensity metrics compared to its natural benchmark, the Bloomberg Euro Corporate Index (the 'parent index').

The Green Tilted Index achieves a higher 7.7 industry-adjusted ESG score (vs. 7.0 for its parent index). Additionally specific E, S and G scores are also improved.

The Green Tilted Index also exhibits demonstrates a noticeable reduction in both carbon intensity and emissions. The weighted average carbon intensity is significantly lower at 392.7 tCO_2/$M sales, compared to the Euro Corporate Index's figure of 838.9 tCO_2/$M sales. This translates into a substantial decrease in weighted average carbon emissions (WACI), with the Green Tilted Index emitting only 13,938,223 tCO_2 compared to the Euro Corporate Index's staggering 59,280,297 tCO_2.

ESG & Carbon related metrics

	Bloomberg Euro Corporate Index	Bloomberg MSCI EUR Corporate PAB Green Tilted Index
ESG Data		
ESG Score (industry adj.)	7.0	7.7
E score	7.2	8.0
S score	5.0	5.3
G score	5.5	6.1
Carbon related data		
Weighted average carbon intensity (tCO_2/$M sales)	838.9	392.7
Weighted average carbon emissions (tCO_2)	59,280,297	13,938,223

Source: Amundi, Bloomberg, MSCI as of 30/12/2022. Past performance is not a reliable indicator of future returns.

Overall, the Bloomberg MSCI EUR Corporate PAB Green Tilted Index presents a **notably improved ESG profile** and **dramatically reduced carbon footprint and intensity metrics** compared to the Bloomberg Euro Corporate Index. This achievement highlights the Green Tilted Index's commitment to sustainable investment without compromising on performance.

Key Investment cases for the Euro Credit PAB Index

The Bloomberg MSCI EUR Corporate PAB Green Tilted index presents a compelling investment opportunity for those looking to improve their ESG metrics and carbon footprint while maintaining similar investment metrics as the Bloomberg Euro Corporate Index.

We look here at three investment cases for replacing the Bloomberg Euro Corporate Index with the Bloomberg MSCI EUR Corporate PAB Green Tilted index:

Transitioning an existing portfolio

The Bloomberg MSCI EUR Corporate PAB Green Tilted Index offers a compelling alternative to the Bloomberg Euro Corporate Index for investors looking to transition their existing portfolios to greener assets while maintaining similar investment metrics.

By integrating a green tilt, the PAB Green Tilted Index reallocates its exposure towards companies with lower carbon footprints and stronger ESG performance. This shift not only reduces the overall carbon impact of the portfolio but also positions it to benefit from the growing global focus on sustainability and climate change. Transitioning to the PAB Green Tilted Index allows investors to maintain exposure to the European corporate bond market while proactively addressing environmental concerns and positioning their portfolios for a low-carbon future.

Tapping to existing Fixed Income opportunities via an increased exposure to Corporate using the Credit PAB Index

The PAB Green Tilted Index offers investors an opportunity to access the existing fixed income landscape with an increased exposure to corporate bonds that adhere to the Paris Agreement's objectives.

When using the Credit PAB Index, investors can benefit from a diverse range of green fixed income opportunities while reducing the portfolio's exposure to high-carbon emitters. This approach not only enables investors to align their investments with their ESG goals but also allows them to capitalise on the growing number of companies that are integrating sustainability practices into their business models.

Starting a Fixed Income ESG investing journey

For investors seeking to embark on a fixed income ESG investing journey, the Bloomberg MSCI EUR Corporate PAB Green Tilted Index provides an ideal starting point. With its focus on companies with strong ESG metrics and a lower carbon footprint, the PAB Green Tilted Index allows investors to access the European corporate bond market while supporting their ESG objectives.

This index offers a transparent and straightforward approach to ESG investing by aligning its constituents with the goals of the Paris Agreement. As a result, investors can begin their fixed income ESG investing journey with confidence, knowing that their investment decisions are supporting the global transition towards a more sustainable, low-carbon economy.

Knowing your risk

It is important for potential investors to evaluate the risks described below and in the fund's Key Investor Document ("KID") and prospectus available on our website www.amundietf.com.

CAPITAL AT RISK

ETFs are tracking instruments. Their risk profile is similar to a direct investment in the underlying index. Investors' capital is fully at risk and investors may not get back the amount originally invested.

UNDERLYING RISK

The underlying index of an ETF may be complex and volatile. For example, ETFs exposed to Emerging Markets carry a greater risk of potential loss than investment in Developed Markets as they are exposed to a wide range of unpredictable Emerging Market risks.

REPLICATION RISK

The fund's objectives might not be reached due to unexpected events on the underlying markets which will impact the index calculation and the efficient fund replication.

COUNTERPARTY RISK

Investors are exposed to risks resulting from the use of an OTC swap (over-the-counter) or securities lending with the respective counterparty(-ies). Counterparty(-ies) are credit institution(s) whose name(s) can be found on the fund's website amundietf.com. In line with the UCITS guidelines, the exposure to the counterparty cannot exceed 10% of the total assets of the fund.

CURRENCY RISK

An ETF may be exposed to currency risk if the ETF is denominated in a currency different to that of the underlying index securities it is tracking. This means that exchange rate fluctuations could have a negative or positive effect on returns.

LIQUIDITY RISK

There is a risk associated with the markets to which the ETF is exposed. The price and the value of investments are linked to the liquidity risk of the underlying index components. Investments can go up or down. In addition, on the secondary market liquidity is provided by registered market makers on the respective stock exchange where the ETF is listed. On exchange, liquidity may be limited as a result of a suspension in the underlying market represented by the underlying index tracked by the ETF; a failure in the systems of one of the relevant stock exchanges, or other market-maker systems; or an abnormal trading situation or event.

VOLATILITY RISK

The ETF is exposed to changes in the volatility patterns of the underlying index relevant markets. The ETF value can change rapidly and unpredictably, and potentially move in a large magnitude, up or down.

CONCENTRATION RISK

Thematic ETFs select stocks or bonds for their portfolio from the original benchmark index. Where selection rules are extensive, it can lead to a more concentrated portfolio where risk is spread over fewer stocks than the original benchmark.

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For Amundi ETF:
- Amundi Index Solutions, Luxembourg SICAV, RCS B206810, located 5, allée Scheffer, L-2520, managed by Amundi Luxembourg S.A.
- Amundi ETF ICAV: open-ended umbrella Irish collective asset-management vehicle established under the laws of Ireland and authorized for public distribution by the Central Bank of Ireland. The management company of the Fund is Amundi Ireland Limited, 1 George's Quay Plaza, George's Quay, Dublin 2, D02 V002, Ireland. Amundi Ireland Limited is authorised and regulated by the Central Bank of Ireland
For Lyxor ETF:
- Multi Units France, French SICAV, RCS 441 298 163, located 91-93, boulevard Pasteur, 75015 Paris, France, managed by Amundi Asset Management
- Multi Units Luxembourg, RCS B115129 and Lyxor Index Fund, RCS B117500, both Luxembourg SICAV located 9, rue de Bitbourg, L-1273 Luxembourg, and managed by Amundi Asset Management
- Lyxor SICAV, Luxembourg SICAV, RCS B140772, located 5, Allée Scheffer, L-2520 Luxembourg, managed by Amundi Luxembourg S.A.

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