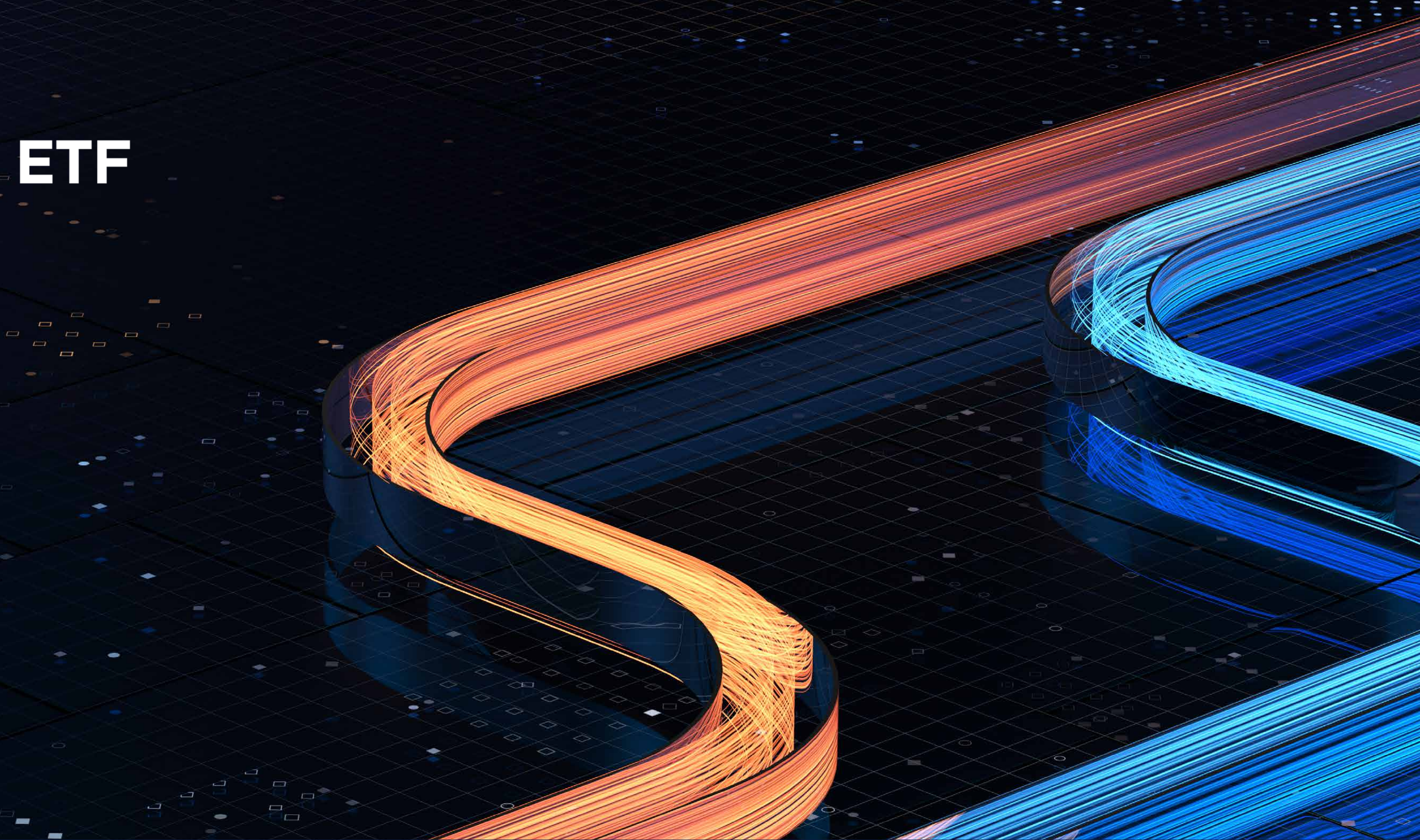
Amundi ASSET MANAGEMENT | ETF



# 2024 Outlook

## Navigating a fragmented world with ETF solutions

# Contents

# Introduction

What we already know about 2024 is that it will be a year of celebration at the Paris Olympics, of reflection on the 80th anniversary of D-Day, and of ambition with audacious space missions preparing for lift off.

**Interest rates are peaking, inflation is moderating and the growth outlook is fragmented, but broadly slowing.**

For ETF investors, though, the key consideration will not be about 'take-off' but instead the landing point for the global economy. Interest rates are peaking, inflation is moderating and the growth outlook is fragmented, but broadly slowing.

These turning points in growth, inflation and monetary policy may generate opportunities for investors to rotate from a more defensive to a more constructive stance during the year.

Explore our outlook for ideas of what to expect on the financial markets in 2024. In addition, discover where opportunities may be found through an ETF implementation.

# 2023 – how we got here

As we entered 2023, the path of inflation was in focus, along with concerns about energy prices in Europe, and China's reopening following strict lockdown measures during the pandemic.

As ever, 2023 presented a few surprises such as the resilience of the US economy and the UK's wage-price spiral.

**Surprises in 2023: The year in review**

| | Expectations at Jan 2023 | Surprises |
|---|---|---|
| **US:** Fed Pivot | • Poor economic growth with sizeable downside risks due to tightening financial conditions<br>• Progressive normalisation of inflation with Fed pausing in Q1-Q2 | • Excess savings supported consumption<br>• Strong private investment boosted by fiscal push (IRA)<br>• Fed liquidity injections to prevent the banking crisis spreading<br>• Earnings resilience |
| **Europe:** Energy Crisis | • Anaemic growth on aggregate with country divergences<br>• High volatility in gas prices | • Reallocation of energy supplies<br>• Fiscal incentives at domestic levels<br>• UK entering wage/inflation spiral |
| **China:** Growth Path | • Re-opening of the economy (end of H1)<br>• Housing market stabilisation | • Faster transition to new growth model with lower pain threshold from policymakers |

# ETF Activity in 2023

The European UCITS ETF market experienced strong growth in 2023 with assets under management (AuM) reaching €1,558 billion at the year end versus €1,243 billion in 2022.

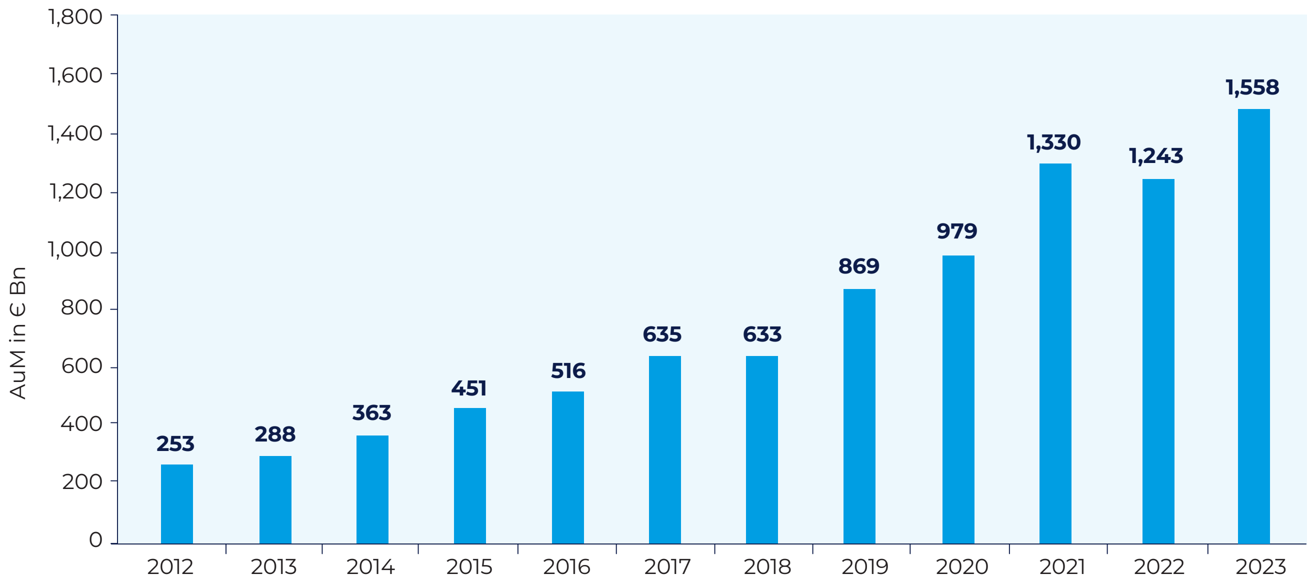
Flows proved robust in a challenging market context in which central banks across the globe pursued one of the fastest tightening cycles on record in a context of elevated price levels.

## Responsible Investment

The rotation towards ESG remained strong in both equities and fixed income across the year. Net New Assets (NNA) reached €45 billion. Overall, ESG ETFs accounted for 29% of total inflows in European ETFs.

Total ESG ETF AuM in Europe continued to increase in 2023, standing at over €349 billion at the year-end and representing almost 22% of the total size of the European ETF market.

### European ETF asset growth




Source: ETFGI data as of December 2022 and Amundi data is as of 31 December 2023 for 2023 figures.

**The rotation towards ESG remained strong in both equities and fixed income across the year.**

## Equity

At the beginning of 2023, investors were still in neutral mode but this transitioned to a more opportunistic stance, notably towards allocation into US Equities. After a volatile start to the year, US equities' performance was driven by a strong recovery of technology and growth stocks supported by the breakthrough of AI and machine learning technologies.

NNA reached €90.3 billion at the year-end versus €54 billion in 2022. Flows into Europe equities were limited (€6.2 billion) with investors lacking upside catalysts for a strong allocation into local equities at a time of anaemic growth and still elevated price levels.

Elsewhere, World, US, Emerging Markets and All Country equities exposures gathered stronger inflows. Of note also was the strong reversal from a positive momentum to significant outflows in the second semester of investors' allocations into China equities.

## Fixed income

High interest rate levels was the dominant theme in 2023, and pretty much all segments benefited from strong investor appetite for fixed income. In fact, 2023 was a record year for inflows into fixed income ETFs, which gathered €61.5 billion in net new assets across the year. The asset class presents attractive options for both income seeking investors and those looking for total return, particularly after more than a decade of low interest rates.

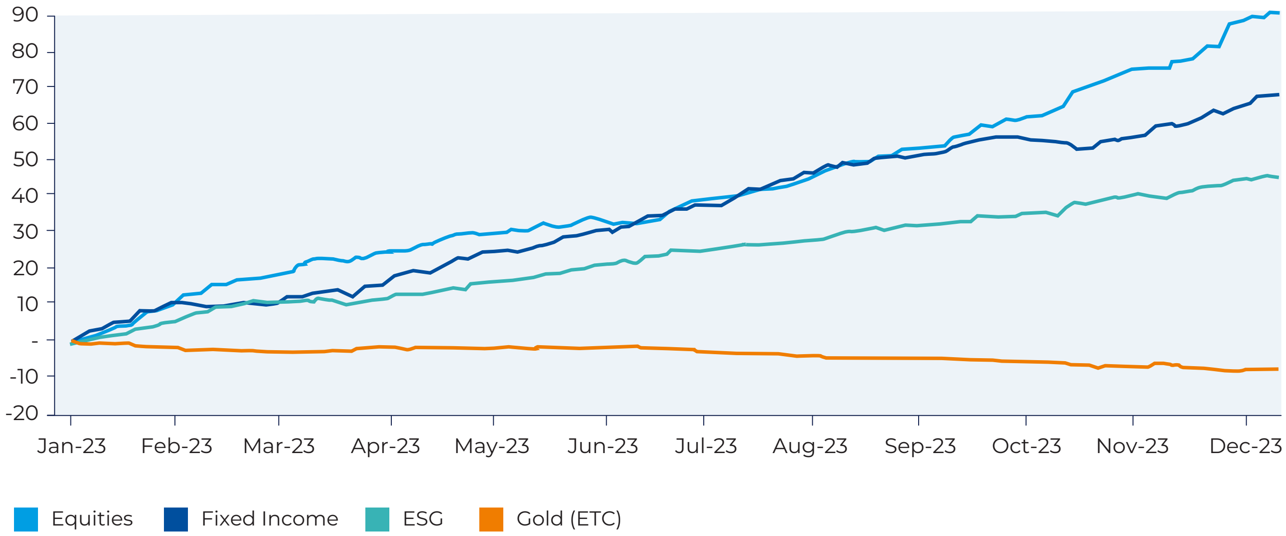
During the first two quarters Investment-Grade Corporate Bonds in Euro and US Dollar curried the most favour among investors. However, a shift in investment preference has materialised since September. Investors allocated heavily into US Treasuries and Euro Government Bonds to get exposure to fast decreasing long term interest rates. This came on anticipations that policy rates from major central banks have peaked.

Throughout the year, Euro and US Government bonds gathered €16.7 billion and €15.4 billion in net new assets respectively, whilst Euro Corporate bonds enjoyed €11.4 billion of inflows.

## Gold

The gold price recently reached its highest level since May as investors assessed how the crisis in the Middle East might impact the global economy. Yet the rebound in the gold price has not been reflected in investors' positioning. Total known ETC holdings of gold hovered around historical lows at the year end.

### European ETF Cumulative Flows in 2023




Source: Amundi, European registered ETFs, as of 31 December 2023
Past market trends are not reliable indicators of future ones.

# Our 2024 investment views

## A year of fragmentation

### **Macro views:** Slowing growth and inflation expected for 2024

For investors thinking about 2024, inflation remains a focus area, even as the economic growth outlook is fragmented. A gradual weakening of global growth is expected. Inflation will probably slow but is likely to remain above central banks' targets. Other dynamics that investors should keep on their radar include energy costs and corporate default rates, among others.

In this fragmented world, a recession is expected in the US in the first half of the year as higher rates bite, though inflation could move closer to target in the second half of the year. For the Eurozone, growth will likely remain low amid more restrictive fiscal policy on top of tight monetary policy.

Growth in Japan will start to decline but is likely to stay above trend, while a structural shift is underway in China towards more sustainable but lower economic growth. Emerging markets look to be more resilient overall.

National elections may impact the markets as investors consider what the elected representatives may mean for a specific country's direction, and what that could mean for overall market performance.

This year, several crucial elections are scheduled, which could have far-reaching effects for investors. Both Russia and Ukraine go to the polls, as will India, the world's largest democracy by population. And later in the year, Brits and Americans will have the opportunity to cast their votes.

| High stakes elections will shape 2024 | |
|---|---|
| **Taiwan** | 13 January |
| **Russia** | 17 March |
| **Ukraine** | TBD |
| **India** | Likely Q2, TBD |
| **Mexico** | 2 June |
| **EU Parliament** | 6-9 June |
| **US** | 5 November |
| **Venezuela** | TBD |
| **South Africa** | TBD |
| **UK** | Likely Q4, TBD |

## **Investment opportunities:** start with a defensive stance before turning more constructive

With these scenarios in mind, our view is that fixed income should play a crucial role in portfolios at the start of the year, through government bonds (with added duration) and investment grade credit.

Within equities, investors should consider opening 2024 with a defensive stance and a focus on dividends, quality, and value as well as US (equal-weight exposure) and Japan, before turning to cyclical sectors and rotating towards Europe and emerging markets (EM) when the Fed starts reducing policy rates.

EMs should be a key pillar of investing in 2024 and beyond, with opportunities in Asia and commodity-rich countries such as Brazil which are increasingly instrumental to green energy and decarbonisation efforts. More broadly, investors cannot afford to ignore responsible investing: While the energy transition remains the top focus, additional themes are gaining traction and could deliver long-term value to our investors.

Our outlook also assumes that energy prices will remain contained and that recent geopolitical risks will be confined to specific regions. Gold and other commodities remain a solid portfolio risk mitigation tool.

**2.5%**

Global GDP growth expected for 2024 (down from the 3% expected for 2023)*.

**2.9%**

Growth gap between EM and DM in 2024 vs 2.4 in 2023.

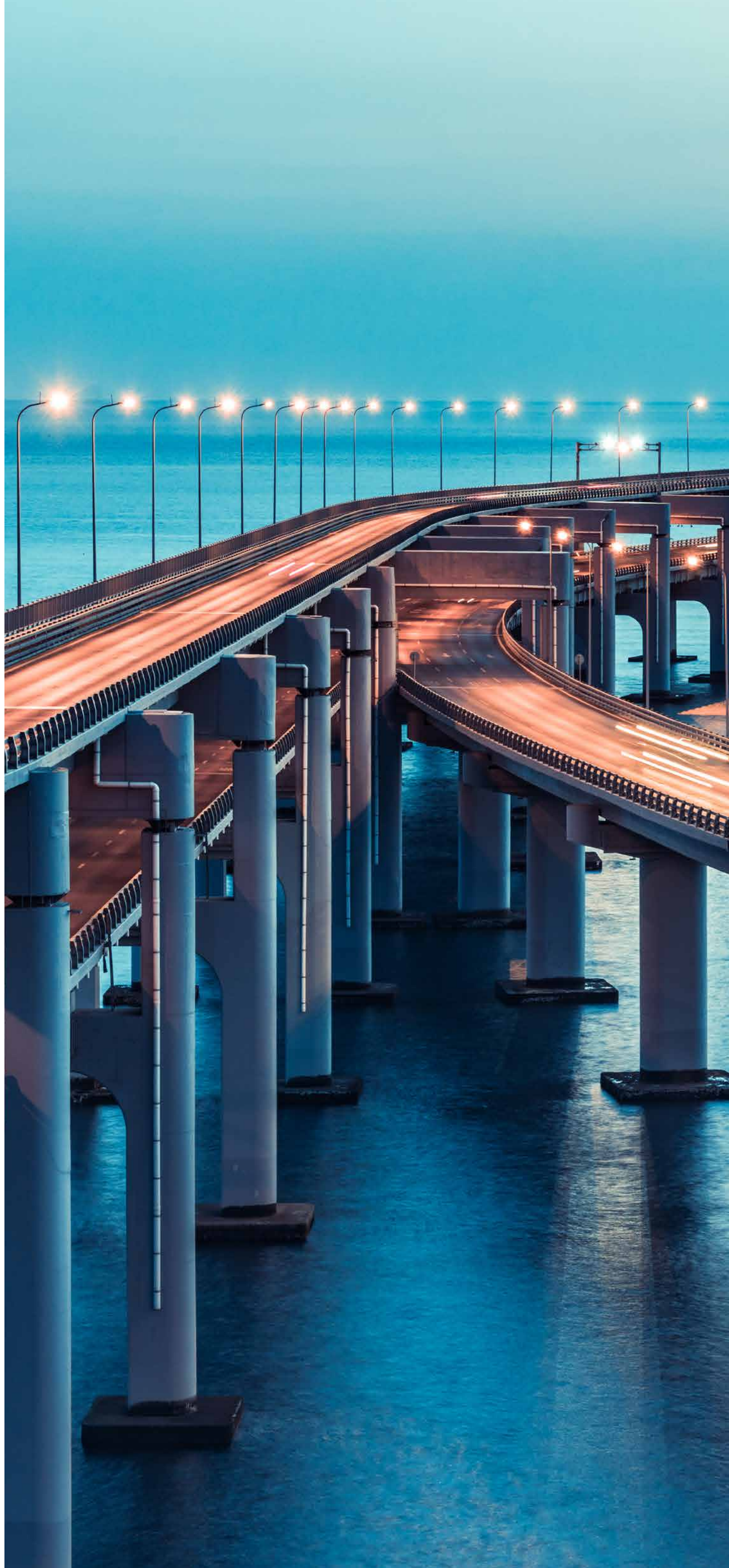
**150bps**

Expected cuts in rates by the Fed in 2024.

**80%**

Share of private climate finance in total climate investments needed in EM and DM to reach net zero emissions by 2050 according to IMF.

*Amundi Investment Institute forecasts



# Portfolio ideas for 2024

In anticipation of a fragmented economic outlook, we have identified the following investment themes for 2024:

**Equities:** Look for resilience in developed market equities and consider sector rotation. Reconsider emerging markets as a key performance engine.

**Fixed income:** Add duration and price in more rate cuts as the global growth picture deteriorates. Focus on quality with a preference for investment grade over high yield.

**Thematics:** Capture potential opportunities created through disruptive secular growth themes such as artificial intelligence (AI), bioenergy and new energy.

**Responsible investment:** Align your portfolios with the values of responsible investing by prioritising structural themes such as the energy transition.

**Commodities:** Consider gold and other commodities as portfolio mitigation tools against geopolitical risk and inflation.

| | **Start of 2024**<br>Slowing global GDP \| Mild recession in US, weak global demand | **End of 2024**<br>Extension of below-potential growth, rate cuts |
|---|---|---|
| **Dynamic asset allocation** | • Start with conservative allocation | • Add to equities and reduce government debt |
| **Fixed income's appeal amid peaking rates** | Add duration<br>Allocate to quality credit and government bonds | |
| **Equities for resilience** | • Focus on dividends, quality, value<br>• Favour Japan, US equal-weighted | • Turn to cyclical markets<br>• Rotate into Europe, EM and small caps |
| **EM winners in a fragmented world** | Look at long-term winners, nearshoring, and tech advances (China) | |
| **Energy transition and structural themes** | Focus on energy transition and green bonds<br>Other long-term themes: AI and robotics, alternative energy and related technology | |


18.050
39.281
98.937
92.369
64.827
14.411
64.827
10.531
50.084
88.380
57.056
74.849
74.849
64.963
14.411
89.204
74.849
40.404
78.680
46.050

# Equities

1

# Opportunities for rotation across the cycle

In equities, we believe defensive and quality assets should be favoured first, then rotate to cyclical markets/ sectors when the easing cycle starts.

| **Now** Fed plateau stage | **1H 2024** Entering US recession | **2H 2024** Fed cutting rates |
| --- | --- | --- |
| **Regional**<br>• Japan | **Regional**<br>• US (equal-weighted), | **Regional**<br>• EM<br>• Europe |
| **Sectors**<br>• Balanced (Defensives and Cyclicals) | **Sectors**<br>• Defensives | **Sectors**<br>• Cyclicals |
| **Factors**<br>• Quality & Value<br>• High/Safe Dividends | **Factors**<br>• Quality | **Factors**<br>• Value<br>• Small cap |

Source: Amundi Investment Institute, as of 31 December 2023.

# Developed market equities

## A challenging outlook favours a defensive stance entering 2024

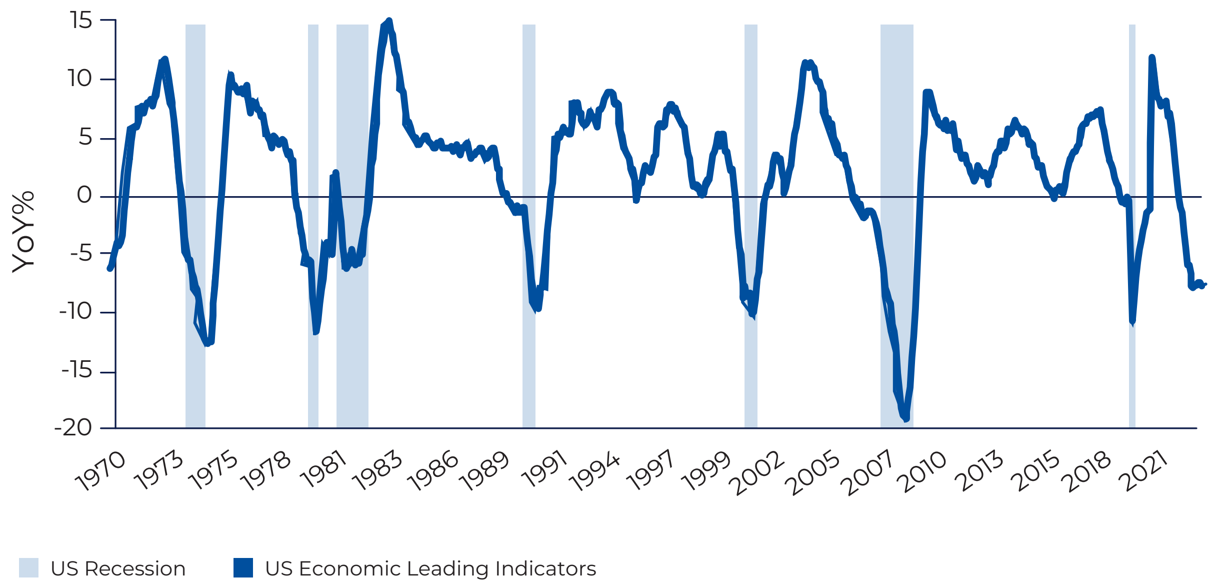
### Investment convictions

**Outlook:** Slowing global GDP and weakening fundamentals point to a challenging outlook for developed market equities entering 2024. Investors should consider a defensive profile entering the year and then picking up cyclical exposures again when the Fed implements rate cuts.

**Preferences:** Consider US equal-weighted (to avoid concentration risk), and Japan. US small caps may benefit from a probable Fed Pivot later in the year. In Europe, look at safe dividends, Quality and Value. Later, as the economic direction becomes more clear, consider sector rotation.

History shows that when Fed rates plateau, equities only tend to rise if there is no recession ahead or if a stock-market bubble is building. Otherwise, after some resistance, equities generally decline.[1] Our anticipation of a mild recession materialising in the first half of 2024, and the overvaluation of some US stocks (Magnificent 7)[2], point to this second option and we believe that revisiting the lows of October 2022 is a distinct possibility for MSCI World in the first half of the year.

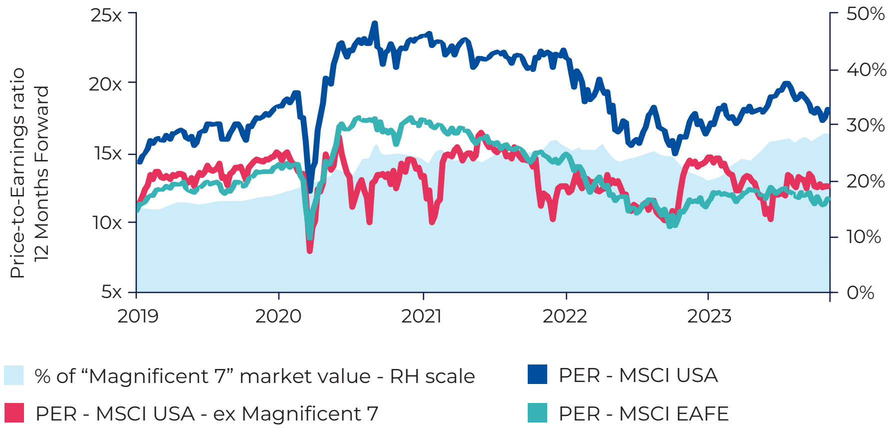
**US economic leading indicator stands at recession level from a historical perspective**




Source: Amundi Investment Institute, Bloomberg. Data is as of 6 November 2023. Monthly and Seasonally Adjusted data. Leading indicator index is the Conference Board US Leading Index Ten Economic Variables that gives a sense of the future state of an economy.

In this context, investors may wish to consider shifting from a balanced to a defensive profile entering 2024 and only turn towards cyclical markets again when the Fed implements rate cuts.

### MSCI US valuations and the Magnificent 7




Source: Amundi Investment Institute, Datastream. Data is as of 9 November 2023. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

## ETF implementation ideas

**Amundi S&P 500 Equal Weight ESG Leaders UCITS ETF**
Management fees: 0.18%*

**Amundi Russell 2000 UCITS ETF**
Management fees: 0.35%*

# Regions

## US:

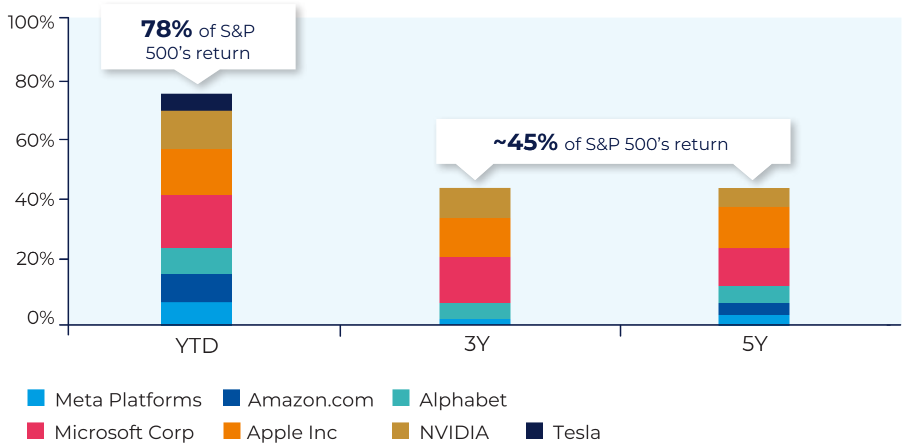
In US equities, we are witnessing a dichotomy where valuations and earnings potential in some segments are high versus others which appear overvalued. For instance, mega cap valuations are extreme, but outside these, equal weighted indices have not risen so strongly.

Investors seeking a more defensive exposure to US equities may therefore wish to consider equal-weighted indices as an alternative to traditional market capitalisation-weighted indices. These offer greater diversification, and may carry less risk, an approach that can be particularly beneficial when indices are heavily skewed towards their top holdings, such as at the present time.[3]

Small and mid caps may also be worthy of consideration later in the year: they show more reasonable valuations and may benefit from a probable Fed Pivot in the coming months.

### S&P 500's performance driven by the Magnificent 7

Contribution of top US tech firms to S&P 500's return (TR, in %)



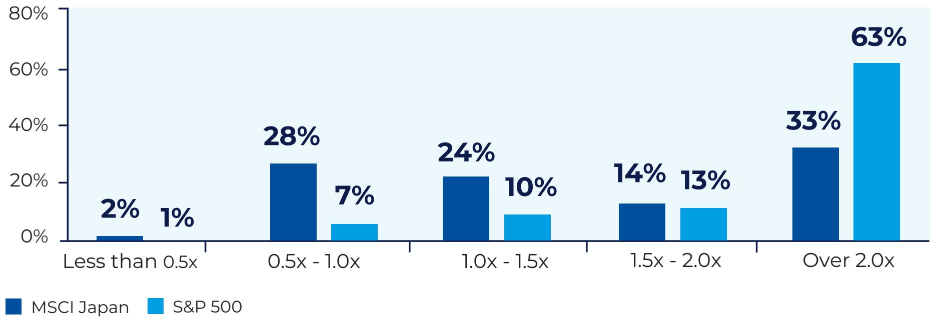

Source: Bloomberg, Amundi. Data as at 28/11/2023. Contribution calculation based on physical S&P 500 ETFs holdings. Alphabet A & C merged. Past performance is not a reliable indicator of future performance.

## Japan:

The land of the rising sun may be a good entry point. Japanese equities have performed well over the past year and appear to have regained international investors' favour. The local economy has been supported by a recovery in domestic demand, an accommodative central bank and regulatory steps to improve corporate governance. This, along with still attractive valuations compared to other developed markets, supports the case for a neutral stance on the market.

**Almost a third of MSCI Japan's constituents hold a PBV <1x**

Distribution of PBV by index constituents (in % of total constituents)




Source: Bloomberg, Amundi, as at 31/10/2023. Past performance is not a reliable indicator of future performance

### ETF implementation ideas

**Amundi MSCI Japan UCITS ETF**
Management fees: 0.12%*

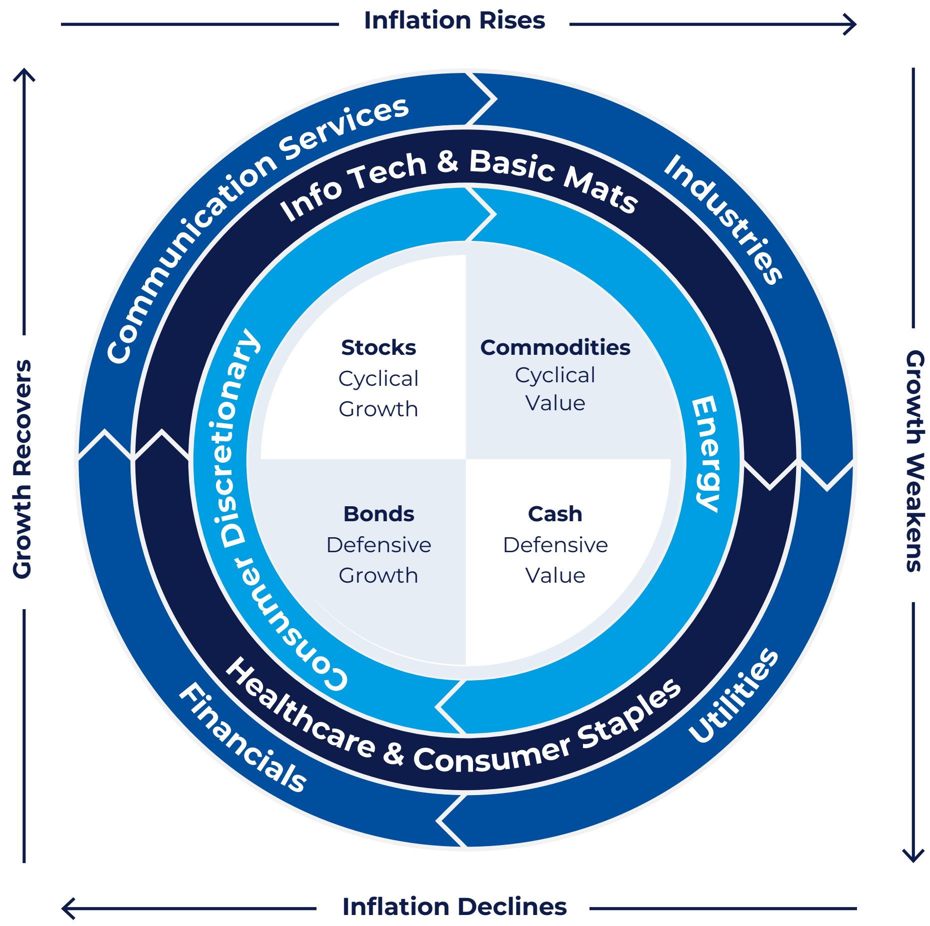
**Amundi MSCI Japan ESG Climate Net Zero Ambition CTB UCITS ETF**
Management fees: 0.45%*

## Europe:

When the Fed rate cuts do finally materialise this should then favour undervalued European equities. For now, within factors we believe safe dividends are worthy of consideration and favour corporates with high payout policies as these tend to have sustainable and relatively predictable cash flows.

As consumers' real incomes come under pressure, the pricing power of companies is also likely to be tested. In this context, we believe quality companies with strong balance sheets, high pricing power and high margin levels can more easily pass on rising input costs and may be better positioned to outperform. Favouring these companies can help build portfolio resilience against inflation and recession. Value also remains in focus.

**Consider sector rotation:** In an environment of slowing growth we believe investors should start the year with a defensive stance, favouring Healthcare and Staples, and adding Utilities and Telecommunications as bond yields fall further. Later in the cycle, when monetary policy starts to reverse, consider reallocating to cyclical sectors such as Financials and Consumer Cyclicals.




For illustrative purposes only

### ETF implementation ideas

**Lyxor Core STOXX Europe 600 UCITS ETF**
Management fees: 0.07%*

**Amundi Index MSCI Europe ESG Broad CTB UCITS ETF**
Management fees: 0.12%*

**Amundi European Factor ETF Range**
Management fees: from 0.23%*

**Amundi Global ESG Sector ETF Range**
Management fees: from 0.18%*

# Emerging market equities

Earnings recovery set to drive opportunity

### Investment convictions

**Outlook:** Emerging Markets (EM) have proven resilient but with higher fragmentation. We hold a positive view with a focus on structural themes in Asia (internal demand, supply chain relocation) and valuations in Latin America (LatAm).

**Preferences:** Within EM, consider Asia – in particular China – as a "winner" on technology disruption, and an EM-ex China allocation; additionally consider adding LatAm and more specifically Brazil to EM portfolio selection.

## A broad look into emerging markets

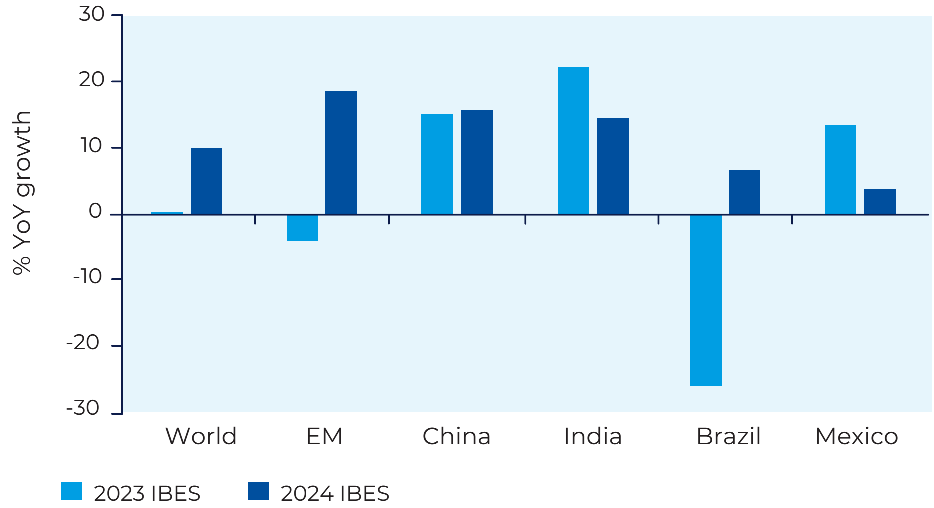
Although China's post-Covid recovery has stuttered, EM at large has been resilient. EM GDP growth for 2023 was driven by India, Mexico and Brazil.[4]

Another factor that has impacted EM equities' performance has been the strength of the US dollar over the past decade.[5] A strong dollar often leads to tighter credit conditions (due to dollar financing) and drives inflation higher in these economies. With the Fed now likely done with rate hikes, the dollar is likely to continue its progressive downtrend, a positive factor for EM equities' performance.

While a broader softening of EM growth is expected in 2024, it is unlikely to spiral into a general recessionary scenario and a mild recovery is anticipated by mid-year. Growth in EM is expected to decelerate to 3.6% on average from around 4.1% in 2023[6].

Importantly, the growth premium in favour of Emerging Markets over Developed Markets is projected to continue widening. Asia is set to register the strongest contribution to world GDP once again.

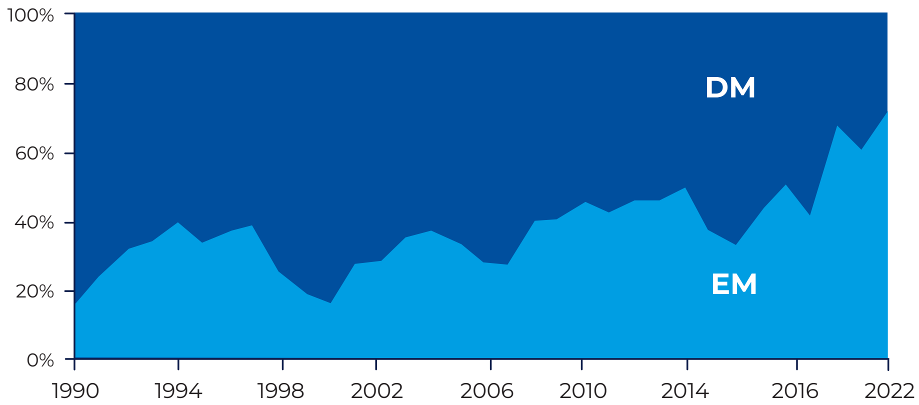
### Earnings per share growth to benefit EM




Source: Amundi Investment Institute, Datastream. IBES (Institutional Brokers' Estimate System) forecasts are subject to be reviewed due to earnings reporting season update. Data is as of 13 November 2023.

Beyond the cyclical downturn, there are structural factors at play that support EM. These factors include an incrementally higher global fragmentation, involving a great reallocation, near/friend-shoring, supply chain de-risking as well as the need for critical materials for the net zero transition, which are largely sourced from EM economies.

**World FDI (EM Share vs DM Share)**




Source: Amundi Investment Institute on Unctad FDI World data. Annual data as of end-2021. Past market trends are not reliable indicators of future ones. FDI = Foreign Direct Investment

## ETF implementation ideas

**Amundi MSCI Emerging Markets II UCITS ETF**
Management fees: 0.14%*

**Amundi Index MSCI Emerging ESG Broad CTB UCITS ETF**
Management fees: 0.20%*

**Amundi MSCI EM ASIA UCITS ETF**
Management fees: 0.20%*

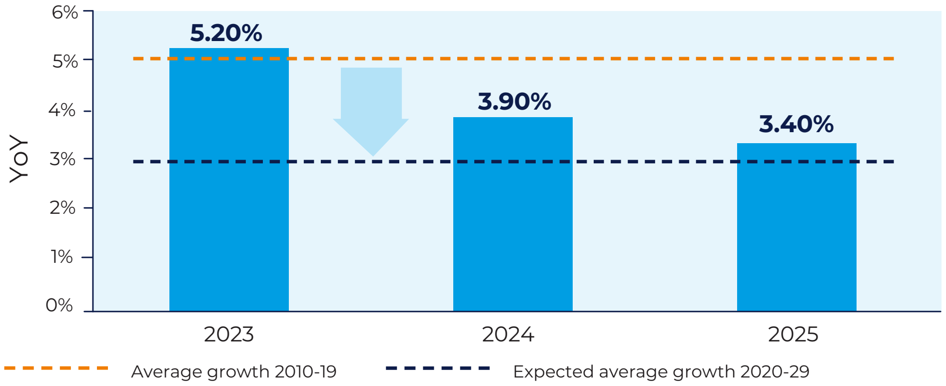
## A standalone allocation to China to capture tech advances

In our view, large divergences are likely to persist in EM equities. We maintain a neutral stance on Chinese equities for now in anticipation of further bouts of volatility in the short term as policymakers engineer China's shift from an export-oriented market to a more domestic consumption-led economy less reliant on debt.

At the same time, China leads the manufacturing and trade of clean energy technology, an area of specialism that investors should consider in their asset allocation.

We do, however, expect China's economy to grow just below 4% in 2024 with mini monetary easing, and a 20bp rate cut likely in H2 2024. Taking these factors into account, along with the complexity of the local market, there is a case for adopting a separate allocation to China from the EM bloc.

### China GDP Forecast




Source: Amundi Investment Institute on Unctad FDI World data. Annual data as of end-2021. Right chart shows growth in Foreign Direct Investments for selected EM countries. Past market trends are not reliable indicators of future ones.

### ETF implementation ideas

**Amundi MSCI China Tech ESG Screened UCITS ETF**
Management fees: 0.55%*

**Amundi MSCI Emerging Ex China ESG Leaders Select UCITS ETF**
Management fees: 0.35%*

## Attractive valuations in LatAm

LatAm performed well in 2023 due to attractive valuations and better-than-expected GDP growth. Inflation dynamics have improved in the region, and lower inflation allowed local central banks to start easing policy rates in the summer.[7] Looking ahead, further easing is likely, which should eventually support underlying activity.

Valuation levels in the region remain attractive versus historical levels and against other EM economies. Delving further into LatAm, Brazil surprised to the upside in 2023. The local market's outperformance has been driven by its strong exposure to the materials and energy sectors with higher commodity prices supporting local equities.[8]

In 2024 we believe this country could benefit from a cyclical improvement in earnings per share and could emerge as a potential winner in the energy transition from commodities and biomass production.

### ETF implementation ideas

**Amundi MSCI EM Latin America UCITS ETF**
Management fees: 0.20%*

**Amundi MSCI Brazil UCITS ETF**
Management fees: 0.65%*


# Fixed income

2

# Government bonds

Govies: 'higher for longer' does not mean 'higher forever'

## Investment convictions

**Outlook:** Growth is slowing, inflation is coming down and these trends are likely to accelerate in 2024. Investors will need to add duration to their portfolios in early 2024.

**Preferences:** Consider US Treasuries (UST) and EUR government bonds for the potential of steady income with lower risk.

**Adding duration is key to locking in higher levels as longer-dated bonds are the biggest beneficiary of lower rates**

## US Treasuries

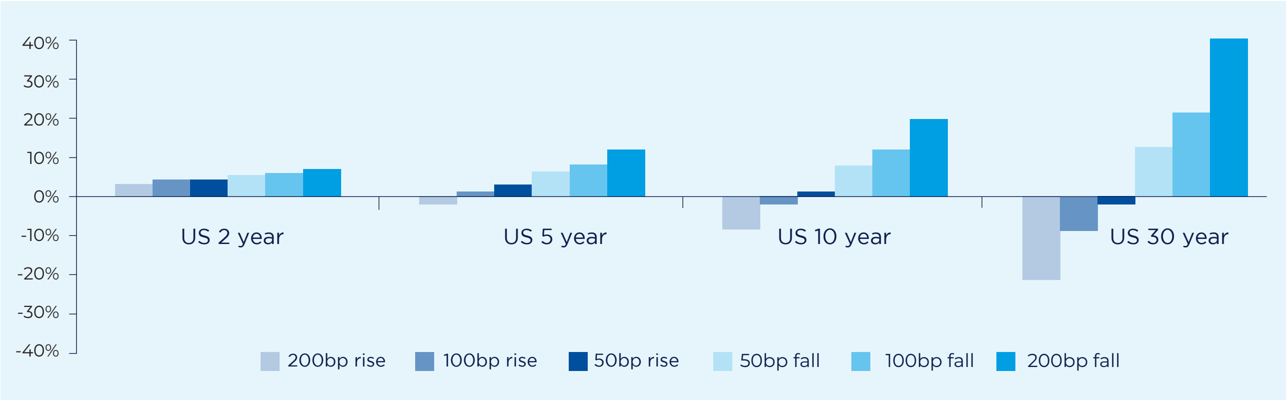
'Higher for longer' doesn't mean 'higher forever'. Central banks are likely to be done with rate hikes as inflation decelerates and global growth stalls. The Fed has indicated to likely cut rates in 2024.

With interest rates having risen during 2023 to curb inflation, investors found value in shorter-dated bonds to help defend their portfolio. But with rates peaking - or having peaked - adding duration is key to locking in higher levels as longer-dated bonds are the biggest beneficiary of falling rates.

US Treasury valuations are attractive in light of a weaker macro backdrop. The Fed has been more aggressive with its policy rate hikes compared to the ECB. As a result, US fixed income currently offers more attractive yields compared to European markets.

### US treasury Risk-reward profile

12-month total returns with different yield movements over 1 year horizon




Source: Amundi Investment Institute estimations, Bloomberg. Data is as of 2 November 2023.
Past performance is not a reliable indicator of future returns.

With the Fed seemingly done with its tightening cycle, attention is turning to the timing of its first rate cut. We anticipate that the current high-rate environment will push the US economy into a shallow recessionary phase in the first half of the year. On this basis, we anticipate better performance from US Treasuries and keep a positive stance.

US government bond yields are also an indication of potential further downside in the US dollar. A currency-hedged allocation to US Treasuries could allow international investors to reduce the volatility of their exposures.

## ETF implementation ideas

**Amundi US Treasury Bond 7-10Y UCITS ETF**
Management fees: 0.05%*

**Amundi US Treasury Bond Long Dated UCITS ETF**
Management fees: 0.07%*

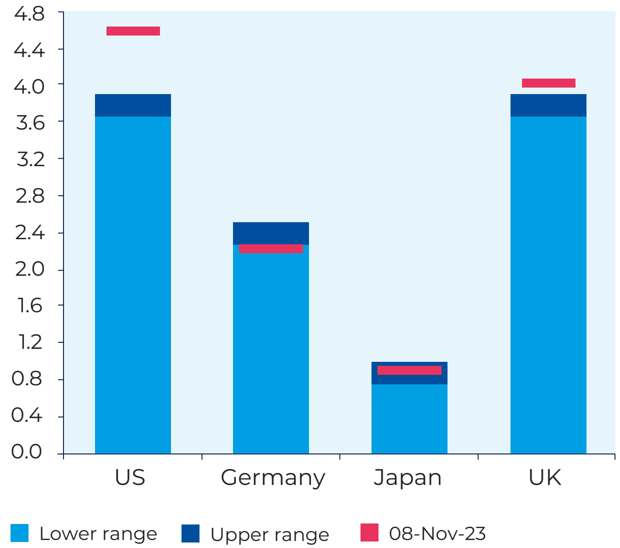
## European government bonds

With EUR bonds, we enter 2024 with a neutral stance on duration in light of the ECB's data-dependent approach on inflation, and stand ready to increase duration through 2024 depending on the inflation path.

We expect the ECB to be done with rate hikes, with Christine Lagarde acknowledging that the "effects of monetary policy are already more forceful than expected" even if the Governing Council "did not discuss rate cut at all" so far. The ECB will remain cautious and fully reinvest securities under PEPP[9] through the first half of 2024, bringing some support to the government bond asset class.

Core government bonds are currently attractive and adding duration will be key as the growth picture likely deteriorates. But lower-rated sovereign debt is likely to face stress as economic conditions worsen, so we remain cautious on peripheral issuers.

## Amundi 10yr yield forecast, +12 months




Source: Amundi Investment Institute, Bloomberg. Data is as of 8 November 2023. Forecasts are by Amundi Investment Institute as of 8 November 2023.

## ETF implementation ideas

**Amundi Euro Government Bond 5-7Y UCITS ETF**
Management fees: 0.165%*

**Amundi Euro Government Tilted Green Bond UCITS ETF**
Management fees: 0.14%*

# Credit

## Quality to remain in focus, supported by absolute valuations

### Investment convictions

**Outlook:** Slowing economic conditions will impact corporate fundamentals and support a case for higher-quality credit over high yield.

**Preferences:** Focus on quality credit through US and Euro Investment-grade credit.

The expected economic slowdown, together with the assessment of absolute valuations and technicals, supports the case for focusing on quality in credit markets, with a preference for Investment Grade (IG) credit.

Although fundamentals within IG show some deterioration, credit metrics still look sound from a historical perspective, with margins supported by higher pricing power and lower input costs, which are preventing leverage from rising as has occurred in some previous cycles.

The impact of monetary tightening on corporate fundamentals has been limited so far, owing to the significant liquidity accumulated during the Covid-19 crisis and low short-term refinancing needs.

However, the transition towards higher funding costs will be more painful and faster for low HY-rated corporates, which have less ability to generate cash flow, are more vulnerable to higher short-term refinancing needs and are more sensitive to the strong repricing in bank loan costs.

The most indebted leveraged companies may face the risk of default and a gradual increase in default rates is anticipated. S&P Global Ratings reported 25 defaults in the year leading to the end of November, which compares to 17 over the same period last year.[10] This is well above historical averages.

### Investor flows to remain supported by attractive yields, mostly in the IG space

Corporate bond valuations look attractive at absolute levels and continue to attract positive flows, primarily in the high quality/ IG space, thanks to the attractive trade-off between the yield offered and resilient credit quality.

Technicals also look more favourable for IG than HY on the demand/supply balance. Primary markets are likely to keep showing healthy activity in the IG sector, although without pressure being too strong in terms of net issuance versus the past.




## Attractive yields in high quality Credit


Source: Amundi Investment Institute. Analysis of latest data from Bloomberg. Data is as of 26 October 2023 and refers to Yield to worst for ICE BofA indices. Past performance is not an indicator of future returns

### ETF implementation ideas

**Amundi Index US CORP SRI UCITS ETF**
Management fees: 0.14%*

**Amundi index Euro Corporate SRI UCITS ETF**
Management fees: 0.14%*

**Amundi EUR Corporate Bond UCITS ETF**
Management fees: 0.07%*

**Primary markets are likely to keep showing healthy activity in the IG sector**

# 3 Thematics

# Next gen investing:

where technology meets opportunity

## Investment convictions

**Outlook:** Thematic strategies, which focus on longer-term, global structural trends, are expected to gather even more momentum in 2024 and beyond.

**Preferences:** Consider megatrends such as robotics and artificial intelligence (AI), alternative energy and new energy technology, as supporting digital transformation and disruptive technology.

**Thematics can favour corporates that are ahead of a new millennial-led environment of green energy**

## Opportunities in thematics in 2024

Thematics, also known as megatrends, are economic, environmental, social and technological forces reshaping the world for everyone, every day.

As uncertainty remains as a constant on global markets, these are long-term structural themes, which allows for diversification away from today's biggest companies, which are systematically preferred by market-cap-weighted indices. Thematics can favour corporates that are ahead of a new millennial-led environment of green energy, digital transformation and disruptive technology, which can, in turn, provide portfolio diversification and potentially deliver returns in the long run.[11]

## Robotics and AI

There are multiple trends supporting the growth of robotics and AI. From the automation of repetitive tasks to solving problems related to an aging population, to having multiple uses in agricultural technology and healthcare advancements. Robotics and AI also play a role in offering solutions to the climate crisis, by promoting efficient energy use and improved distribution.

The global robotics market is expected to reach 37 million units by 2025 – up from 12 million in 2019[12] – while the global AI market could reach $733.7bn by 2027, a CAGR of 42.2% between 2020 and 2027[13]. With up to $15.7tn[14] in economic value potentially added by 2030 from AI productivity, the investment opportunity is hard to ignore.

## ETF implementation ideas

**Amundi MSCI Robotics & AI ESG Screened UCITS ETF**
Management fees: 0.40%*

## New energy, bioenergy and hydrogen

The global energy crisis has underscored the need to accelerate the energy transition. We believe the electricity sector will be the main contributor to emissions reduction in the net zero 2050 pathway.

In order to reach the 1.5°C limitation in warming, emissions reduction will rely on renewables, energy efficiency improvements, bioenergy with carbon capture and storage (CCS), hydrogen, and fossil fuels combined with CCS.

In 2021, the International Energy Agency (IEA) published its net zero roadmap, highlighting that investments in energy must rise from $2.3tn annually to $5tn by 2030 then $4.5tn by 2050[15]. This creates huge investment opportunities for investors in companies which are exposed to alternative energy, energy efficiency and battery value chain.

Furthermore, investments into alternative sources of fuel, such as bioenergy and hydrogen, could be a high-value and large-scale mitigation option for sectors with limited alternative to fossil (aviation, heavy industry, chemicals):

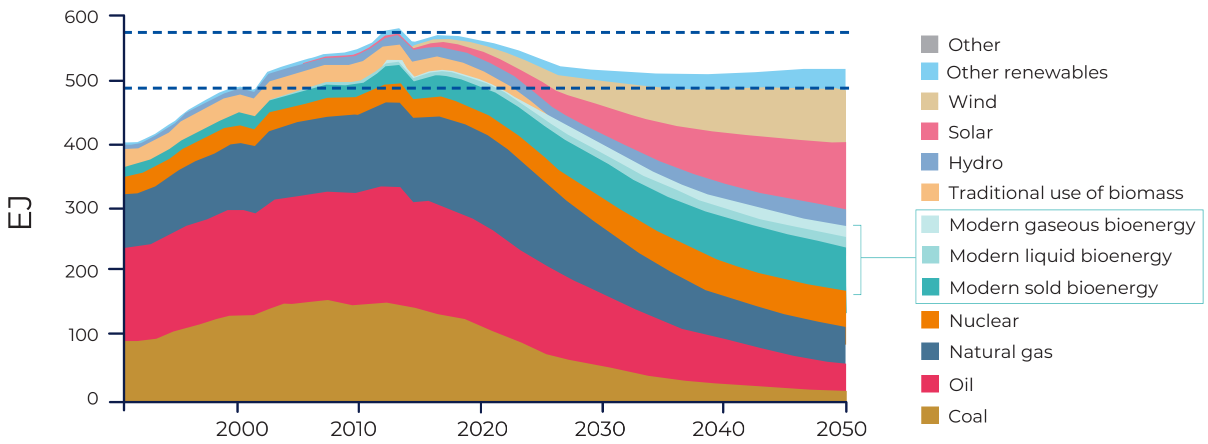
- Bioenergy is bound to strong growth: from one tenth of primary energy supply today to 18-22% in the 1.5°C scenarios in 2050[16].
- Hydrogen is deemed by the EU to be critical in achieving its objectives of reducing greenhouse gas emissions by at least 55% by 2030 and achieving net zero emissions by 2050[17].

### ETF implementation ideas

**Amundi Global Bioenergy ESG Screened UCITS ETF**
Management fees: 0.35%*

**Amundi MSCI New Energy ESG Screened UCITS ETF**
Management fees: 0.60%*

### Total energy supply in the Net Zero Emissions Scenario (in EJ*)




* EJ: Exa Joules
Source: International Energy Agency, Net zero 2050 (NZE) Report, 2021. Information given for illustrative purposes only, may change without prior notice.
Source: IPCC AR 6 Report, Working Group III "Climate Change 2022 - Mitigation of Climate Change", Chapter 6 - Energy Systems.

# Responsible investment

# 4

# Transition pathways

## Investment convictions

**Outlook:** A huge amount of investment is required to meet the goals set out in the Paris Agreement, a shortfall that could provide opportunities for investors.

**Preferences:** Consider strategies focused on financing the energy transition in addition to long-term portfolio decarbonisation.

## ETF implementation ideas

**Amundi Index MSCI World SRI PAB UCITS ETF**
Management fees: 0.18%*

**Amundi EUR Corporate Bond Climate Net Zero Ambition PAB UCITS ETF**
Management fees: 0.14%*

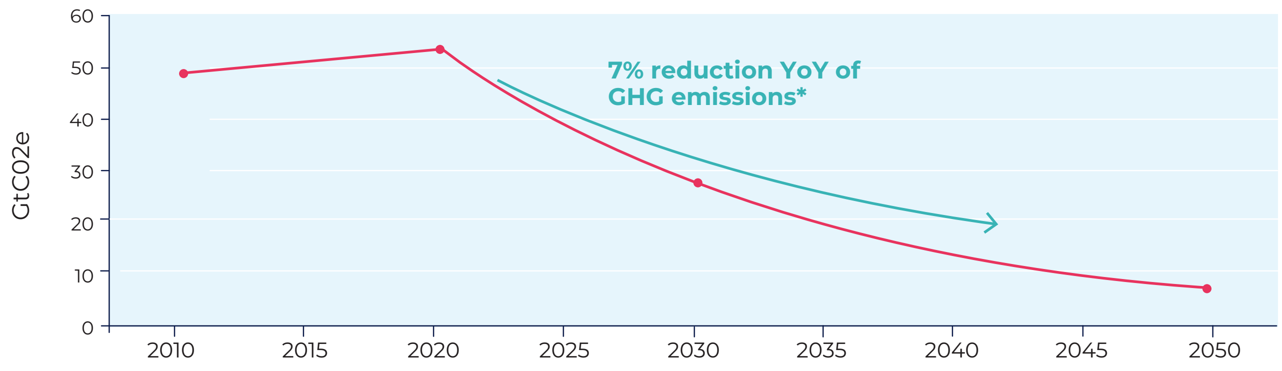
Investors should consider a dual approach to responsible investing: Decarbonisation of portfolios and financing the transition to cleaner energy.

We believe in an integrated net zero framework, embracing alignment and contribution dimensions. This framework should take into account the physical risks (the direct impact of extreme weather events, wildfires etc) and transition risks (the financial, legal, policy and regulatory impact) of climate change.

## Paris-Aligned strategies

Decarbonising is a crucial part of limiting climate change to achieve the global net zero ambitions of the Paris Agreement. In equities, we offer a comprehensive range of net zero trajectory solutions to cater to varying investor needs and ambitions. Our Net Zero Ambition ETF range includes Paris Aligned Benchmark (PAB) ETFs, designed to meet the 1.5°C pathway outlined by the Paris Agreement. In fixed income, investors can take a similar approach with an integrated net zero trajectory. There are also options to invest in climate-focused PAB corporate bond indices, which provide for a much lower carbon intensity.

**Worldwide emissions trajectory compatible with the objective of the Paris agreement** ("1.5°C transition with no limited overshoot")




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).

## The green transition

Decarbonisation on its own will not be sufficient to meet global climate goals. A huge amount of investment will be required to meet 2050 net zero targets. Global clean energy spending has to increase to $4.5 trillion per year by 2030, with nearly half of this being dedicated to EM,[18] according to recent estimates.

To support investments in clean energy infrastructure and technologies, the Inflation Reduction Act in the US and the Green Deal Industrial Plan in the EU aim to mobilise $400 billion in incentives and €300 billion in tax credits, respectively[19].

Climate Transition Benchmark equity ETFs, which are based on the opportunities and risks associated with the transition, can help drive contributions towards the energy transition.

Investors could also consider fixed income instruments as a means to finance green projects, via green bonds in a Green-Tilted Index. These often deliver a similar duration to the parent indices on top of a greater exposure to green-project financing.

## Seeking long-term value

Despite challenging market conditions, responsible investment flows have continued to increase and there are several favourable trends that should support its future development. In the long-term, many ESG indices outperform their parent benchmarks, as can be seen with MSCI World indices. Investors need to address the investment context in a holistic manner to be profitable in the long run.

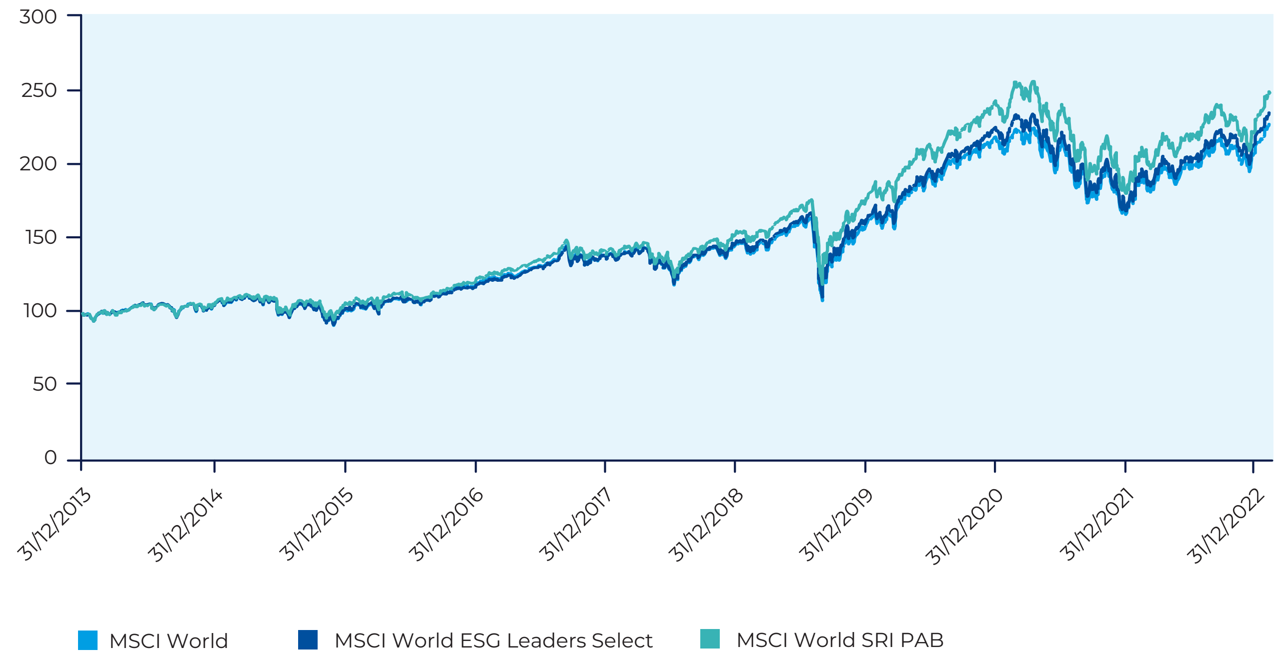
While financial markets bear a higher level of complexity and uncertainty due to both the recent geopolitical and repeated extreme weather events, at **Amundi we stand firm in our conviction that responsible investment can deliver potential long-term value to our investors.**

### ETF implementation ideas

**Amundi MSCI World ESG Climate Net Zero Ambition CTB UCITS ETF**
Management fees: 0.25%*

**Amundi Global Aggregate Green Bond 1-10Y UCITS ETF**
Management fees: 0.15%*

## Long-term performance of ESG indices vs benchmark




Source: Amundi ETF, Bloomberg, as of 29/12/2023. Past performance is not a reliable indicator of future returns.
For further information on index methodology, please consult documents available on www.msci.com.


# 5 Commodities

# Commodities in a slowing cycle with geopolitical risks

## Investment convictions

**Outlook:** Heightened geopolitical tensions have led markets to search for safe havens, of which gold is usually favoured. The conflict in the Middle East also adds to the upside pressure on oil prices. We expect high short-term volatility in oil, rising dispersion in metals and modest upside potential in gold.

**Preferences:** Consider gold and other commodities as a buffer against geopolitical risk and inflation.

## Gold

Gold prices headed upwards in the fourth quarter as investors assessed the potential impact of the Middle East conflict on the global economy.

Since gold generates no income, compared to other traditional assets, the price of the precious metal tends to rise when the 'opportunity cost' of holding it is low. However, this relationship has collapsed in recent months. The premium in gold prices seems to have been fuelled by additional demand for tail risk insurance lately rather than traditional financial drivers.

Besides geopolitics, a central bank pivot would be a key support to gold prices, but partially neutralised by the effects of quantitative tightening and by efforts to reduce deficits. We thus expect prices to remain elevated in the short-term. Longer-term, pressure on DM debt and dollar diversification trends would become more relevant. Therefore, gold may be a potential source of resilience against geopolitical risks.

Overall, gold's low correlation to other asset class returns can potentially help to lower overall portfolio volatility. It allows for increased diversification and can enhance the risk-adjusted return in a multi-asset portfolio.[20]

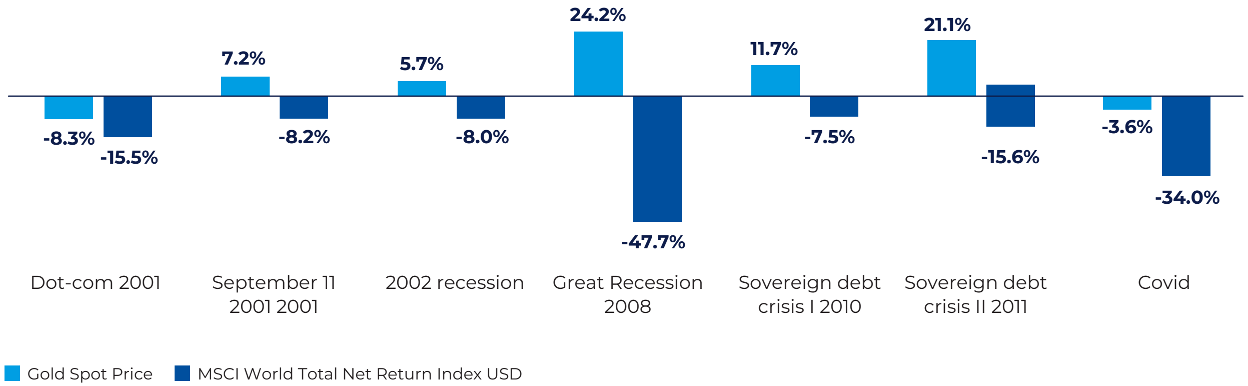
## ETF implementation ideas

**Amundi Physical Gold ETC**
Total Expense Ratio: 0.12%**

**The premium in gold prices seems to have been fuelled by additional demand for tail risk insurance**

## Gold prices tend to hold up during periods of heightened market volatility

Gold vs. equities




Dot-com: 3/2000-3/2001; September 11: 9/2001; 2002 recession: 3/2002-7/2002; Great Recession: 10/2007-2/2009; Sovereign debt crisis I: 1/2010-6/2010; Sovereign debt crisis II: 2/2011-10/2011; Covid-19: 19/02/2020-23/03/2020. Sources: Amundi, Bloomberg. Data as at 22/06/2023. Past performance is not a reliable indicator of future performance

## Broad commodities

Some commodities may help to increase portfolio resilience against the effects of inflation. Although oil will likely be affected by a short-term upside from geopolitics and supply deficit, our base case is that despite some initial shocks in oil prices, the conflict in the Middle East will likely not result in major shifts.

The economic deceleration will likely keep base metals' prices capped, at least in the first half of 2024. As the year progresses, we see dispersion rising through the year, driven by metals' supply/demand dynamics, their exposure to the energy transition, China construction, and world manufacturing.

### ETF implementation ideas

**Amundi Bloomberg Equal-Weight Commodity Ex-Agriculture UCITS ETF**
Management fees: 0.30%*

# About Amundi

Amundi, the leading European asset manager, ranking among the top 10 global players[21], offers its 100 million clients - retail, institutional and corporate - a complete range of savings and investment solutions in active and passive management, in traditional or real assets.

With its six international investment hubs[22], financial and extrafinancial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape. Amundi clients benefit from the expertise and advice of 5,400 employees in 35 countries.

A subsidiary of the Crédit Agricole group and listed on the stock exchange, Amundi currently manages more than €1.9 trillion of assets[23].

## About Amundi ETF, Indexing and Smart Beta

Amundi ETF, Indexing and Smart Beta is one of Amundi's strategic business areas. With over 30 years of expertise in index solutions replication and development, Amundi is the European leading UCITS ETF provider and a partner of choice in index management, recognised for its innovation and competitiveness.

The platform is also known for its ability to develop Smart Beta & Factor Investing solutions. Responsible investment is one of the platform's strengths, not only for open funds but also for ESG and climate solutions. The business line manages over €319 billion of assets[23].

Amundi offers over 300 ETFs across all main asset classes, geographic regions and a large number of sectors and themes. Amundi is leading the ESG transformation and its ETF, Indexing and Smart Beta platform is known for its wide range of high-quality and cost-effective ESG solutions.

### Led and coordinated by:

**Marion POUGET,** Head of Global Content Marketing, Amundi ETF, Indexing and Smart Beta
**Laura SERAFINI,** Head of ETF Content Marketing UK, Amundi ETF, Indexing and Smart Beta
**Richard FERRARIS,** Senior Content Marketing Manager, Amundi ETF, Indexing and Smart Beta
**Tobias HILTON,** Marketing Content, Amundi ETF, Indexing and Smart Beta

### With special thanks for the support to:

**Claudia BERTINO,** Head of Amundi Investment Insights & Publishing, Amundi Investment Institute
**Ujjwal DHINGRA,** Investment Insights & Client Division Specialist, Amundi Investment Institute
**Vincent DENOISEUX,** Head of Investment Strategy, Amundi ETF, Indexing and Smart Beta
**Ida TROUSSIEUX,** Investment Strategy, Amundi ETF, Indexing and Smart Beta

### With the contribution of:

**Olivier GENIN, Benoit SOREL, Mehdi BALAFREJ, Sylvain BROUILLARD, Charlotte DE LA BERGE, Gaëtan DELCULEE, Raphael DIETERLEN, Miriam OUCOUC, Laurent TROTTIER**

# Footnotes

* Management fees refer to the management fees and other administrative or operating costs of the fund. For more information regarding all the costs supported by the fund, please refer to its Key Information Document (KID). Transaction cost and commissions may occur when trading ETF.

** Total Expense Ratio (TER) is a measure that compares the ongoing costs (all taxes included) charged to a ETC against the value of that ETC's assets. For more information about all the costs of investing in the ETC, please refer to its Key Information Document (KID). Transaction cost and commissions may occur when trading ETCs.

1 Past market trends are not reliable indicators of future ones.

2 Magnificent 7 refers to a set of seven mega-cap tech stocks: Alphabet, Amazon.com, Apple Inc, Meta Platforms, Microsoft Corp, NVIDIA and Tesla.

3 Diversification does not guarantee a profit or protect against a loss.

4 Past market trends are not reliable indicators of future ones.

5 Past performance is not a reliable indicator of future returns.

6 Amundi Investment Institute estimates

7 Past market trends are not reliable indicators of future ones.

8 Past market trends are not reliable indicators of future ones.

9 The ECB's pandemic emergency purchase programme (PEPP) is a non-standard monetary policy measure initiated in March 2020 to counter the risks to monetary policy caused by the Covid-19 pandemic.

10 S&P Global Ratings, 12 December 2023

11 Diversification does not guarantee a profit or protect against a loss.

12 Source: IMARC Group, https://www.imarcgroup.com/global-robotics-market

13 Source: Grand View Research, https://www.grandviewresearch.com/industry-analysis/artificial-intelligence-ai-market

14 Source: PWC, https://www.pwc.com/gx/en/issues/data-and-analytics/publications/artificial-intelligence-study.html

15 Source: IEA, https://www.iea.org/reports/net-zero-by-2050

16 Source: IRENA, https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2022/Aug/IRENA_Bioenergy_for_the_transition_2022.pdf?rev=875a997481f04168b17499f1e5dc1473

17 Source: European Commission, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en

18 Source: IEA, https://www.iea.org/reports/net-zero-by-2050

19 Source: Amundi Institute, https://research-center.amundi.com/article/2024-responsible-investment-views

20 Diversification does not guarantee a profit or protect against a loss.

21 Source: IPE "Top 500 Asset Managers" published in June 2023, based on AUM at 31 December 2022

22 Boston, Dublin, London, Milan, Paris and Tokyo

23 Amundi data as at 30/09/2023

# Risk Indicators


| ETF Name | ISIN | Risk Indicator |
|---|---|---|
| Amundi MSCI Em Asia UCITS ETF - EUR (C) | LU1681044480 | 4 |
| Amundi MSCI Em Asia UCITS ETF - USD (C) | LU1681044563 | 4 |
| Amundi Index MSCI World SRI PAB UCITS ETF DR (C) | LU1861134382 | 4 |
| Amundi Index MSCI World SRI PAB UCITS ETF DR - HEDGED EUR (C) | LU2249056297 | 4 |
| Amundi Index Euro Corporate SRI UCITS ETF DR (C) | LU1437018168 | 2 |
| Amundi Index Euro Corporate SRI UCITS ETF DR (D) | LU1737653987 | 2 |
| Amundi Index Euro Corporate SRI UCITS ETF DR - Hedged USD (C) | LU2469335884 | 3 |
| Amundi MSCI Japan UCITS ETF Acc | LU1781541252 | 4 |
| Amundi MSCI Japan UCITS ETF Dist | LU2090063673 | 4 |
| Amundi MSCI Japan UCITS ETF GBP Hedged Acc | LU1781541682 | 4 |
| Amundi MSCI Japan UCITS ETF EUR Hedged Dist | LU2133056387 | 4 |
| Amundi MSCI Emerging Markets II UCITS ETF Acc | LU2573967036 | 4 |
| Amundi MSCI Emerging Markets II UCITS ETF Dist | LU2573966905 | 4 |
| Amundi Euro Government Tilted Green Bond UCITS ETF Acc | LU1681046261 | 3 |
| Amundi US Treasury Bond 7-10Y UCITS ETF EUR Hedged Acc | LU1407888137 | 3 |
| Amundi US Treasury Bond 7-10Y UCITS ETF Acc | LU1407887915 | 3 |
| Amundi US Treasury Bond 7-10Y UCITS ETF Dist | LU1407888053 | 3 |
| Amundi US Treasury Bond 7-10Y UCITS ETF GBP Hedged Dist | LU1407888483 | 3 |
| Amundi US Treasury Bond 7-10Y UCITS ETF HKD Hedged Acc | LU2338178481 | 3 |
| Amundi Index MSCI Europe ESG Broad CTB UCITS ETF DR - EUR (C) | LU1681042609 | 5 |
| Amundi Index MSCI Europe ESG Broad CTB UCITS ETF DR - EUR (D) | LU2678230652 | 5 |
| Lyxor Core STOXX Europe 600 (DR) - UCITS ETF Acc | LU0908500753 | 4 |
| Lyxor Core STOXX Europe 600 (DR) - UCITS ETF Monthly Hedged to EUR - Dist | LU1574142243 | 4 |

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movement in the markets or because we are not able to pay you.
Beside the risks included in the risk indicator, other risks may affect the Sub-Fund's performance. For further information, please refer to the prospectus of the fund.
Please note that the funds will not necessarily be registered or authorized in all jurisdictions or be available to all investors.

# Risk Indicators (cont’d)

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risicometer
Lees het essentiële-informatiedocument.
DIT IS EEN VERPLICHTE MEDEDELING

| ETF Name | ISIN | Risk Indicator |
|---|---|---|
| Amundi EUR Corporate Bond Climate Net Zero Ambition PAB UCITS ETF Acc | LU1829219127 | 2 |
| Amundi Physical Gold ETC (C ) | FR0013416716 | 4 |
| Amundi Bloomberg Equal-weight Commodity ex-Agriculture UCITS ETF Acc | LU1829218749 | 4 |
| Amundi Bloomberg Equal-weight Commodity ex-Agriculture UCITS ETF Daily Hedged to EUR - Acc | LU1900069219 | 4 |
| Amundi EUR Corporate Bond UCITS ETF DR – EUR (D) | LU1931975079 | 2 |
| Amundi EUR Corporate Bond UCITS ETF DR – EUR (C) | LU2089238625 | 2 |
| Amundi MSCI World ESG Climate Net Zero Ambition CTB UCITS ETF DIST | IE000PB4LRO2 | 4 |
| Amundi MSCI World ESG Climate Net Zero Ambition CTB UCITS ETF ACC | IE0001GSQ2O9 | 4 |
| Amundi Index US Corp SRI UCITS ETF DR - USD (C) | LU1806495575 | 3 |
| Amundi Index US Corp SRI UCITS ETF DR - HEDGED EUR (D) | LU2297533809 | 3 |
| Amundi MSCI Robotics & AI ESG Screened UCITS ETF Acc | LU1861132840 | 5 |
| Amundi US Treasury Bond Long Dated UCITS ETF Dist | LU1407890620 | 4 |
| Amundi US Treasury Bond Long Dated UCITS ETF EUR Hedged Dist | LU1407890976 | 4 |
| Amundi US Treasury Bond Long Dated UCITS ETF Acc | LU1407890547 | 4 |
| Amundi US Treasury Bond Long Dated UCITS ETF HKD Hedged Dist | LU2338178648 | 4 |
| Amundi US Treasury Bond Long Dated UCITS ETF GBP Hedged Dist | LU1407891271 | 4 |
| Amundi MSCI New Energy ESG Screened UCITS ETF Dist | FR0010524777 | 5 |
| Amundi MSCI New Energy ESG Screened UCITS ETF Acc | FR0014002CG3 | 5 |
| Amundi MSCI EM Latin America UCITS ETF - EUR (C) | LU1681045024 | 5 |
| Amundi MSCI Em Latin America UCITS ETF - USD (C) | LU1681045297 | 5 |
| Amundi MSCI Brazil UCITS ETF Acc | LU1900066207 | 6 |
| Amundi S&P 500 Equal Weight ESG Leaders UCITS ETF DR - USD (A) | IE000LAP5Z18 | 5 |
| Amundi S&P 500 Equal Weight ESG Leaders UCITS ETF Acc EUR Hedged | IE000M86QRT4 | 5 |

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# Risk Indicators (cont'd)


| ETF Name | ISIN | Risk Indicator |
|---|---|---|
| Amundi Euro Government Bond 5-7Y UCITS ETF Acc | LU1287023003 | 3 |
| Amundi Euro Government Bond 5-7Y UCITS ETF Dist | LU2090062865 | 3 |
| Amundi MSCI Japan ESG Climate Net Zero Ambition CTB UCITS ETF EUR Acc | LU1602144732 | 4 |
| Amundi MSCI Japan ESG Climate Net Zero Ambition CTB UCITS ETF - Hedged EUR (C) | LU2490201840 | 4 |
| Amundi MSCI Japan ESG Climate Net Zero Ambition CTB UCITS ETF JPY Acc | LU1602144815 | 4 |
| Amundi MSCI Japan ESG Climate Net Zero Ambition CTB UCITS ETF GBP Dist | LU2668197069 | 4 |
| Amundi MSCI Japan ESG Climate Net Zero Ambition CTB UCITS ETF Dist | LU2300294746 | 4 |
| Amundi MSCI Emerging Ex China ESG Leaders Select UCITS ETF DR (C) | LU2345046655 | 4 |
| Amundi Russell 2000 UCITS ETF - EUR (C) | LU1681038672 | 5 |
| Amundi Russell 2000 UCITS ETF - USD (C) | LU1681038839 | 5 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF Acc | LU1981859819 | 2 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF CHF Hedged Acc | LU1981860668 | 2 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF USD Hedged Acc | LU1981860239 | 3 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF EUR Hedged Acc | LU1981860072 | 3 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF Acc | LU1981859819 | 2 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF CHF Hedged Dist | LU1981860742 | 2 |
| Amundi Global Aggregate Green Bond 1-10Y UCITS ETF GBP Hedged Dist | LU1981860585 | 3 |
| Amundi Index MSCI Emerging ESG Broad CTB UCITS ETF DR (C) | LU2109787049 | 4 |
| Amundi Global BioEnergy ESG Screened UCITS ETF EUR Acc | LU1681046006 | 5 |
| Amundi Global BioEnergy ESG Screened UCITS ETF USD Acc | LU1681046188 | 5 |
| Amundi MSCI China Tech ESG Screened UCITS ETF EUR Acc | LU1681043912 | 5 |
| Amundi MSCI China Tech ESG Screened UCITS ETF USD Acc | LU1681044050 | 5 |

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# Important information

## Knowing your risk

It is important for potential investors to evaluate the risks described below and in the fund's Key Information 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.

**CREDIT WORTHINESS –** The investors are exposed to the creditworthiness of the Issuer.

## Important information

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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.
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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
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A summary of information about investors' rights and collective redress mechanisms can be found in English on the regulatory page at https://about.amundi.com/Metanav-Footer/Footer/Quick-Links/Legal-documentation with respect to Amundi ETFs.

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**Amundi Asset Management**

French “Société par Actions Simplifiée” - SAS with a share capital of €1 143 615 555

Portfolio management company approved by the French Financial Markets Authority (Autorité des Marchés Financiers) under no.GP 04000036

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