

This is a marketing communication. Lyxor / Chenavari Credit Fund (the "Fund") is a sub-fund of Lyxor Newcits IRL II PLC. Please refer to the prospectus and the PRIIPS KID of the Fund that is operated by Amundi Asset Management ("Amundi AM"), before making any final investment decisions. This document is not intended for retail investors and is for the exclusive use of institutional investors acting on their own account and categorized as either "eligible counterparties" or "professional clients" within the meaning of the markets in financial instruments directive 2014/65/EU. This document has been prepared solely for the information of the person to whom it is presented and should not be reproduced or used for any other purpose. No recipient of this document may distribute it to any other person. This document is not intended for U.S. investors. This content reflects the views and opinions of Chenavari Credit Partners LLP ("Chenavari") at this date and is in no way the official position or advice of any kind of Amundi AM and thus does not engage the responsibility of Amundi AM nor of any of its officers or employees. The views and opinions of the individual authors may change or evolve in the future. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The Fund mentioned in this document is for information purpose only and may be not registered in some countries. This document is intended to existing investors of the Fund and institutional prospects clients where the Fund has been registered.

## Reality Check

At this point in the year and within the context of the current rate cycle, our year-to-date performance, standing at +0.63%<sup>1</sup> in Euros as at end August, falls short of our ambitions.

In this letter we analyse the reasons behind this, and discuss why we believe that going forward, the Fund is well positioned to achieve its mid to high single digits annual performance target.

In essence, the Lyxor / Chenavari Credit Fund (the "Fund") has posted positive performance every month throughout the year, except for one month: March. Our defensive approach had paid off in the recent past (during the Covid-19 crisis for example), but proved too conservative during the SVB / Credit Suisse market phase, where the swift market recovery trumped our cautious positioning and hit our hedges.

Rationale for our forward-looking conviction is summarised below and discussed in detail in the body of the letter:

- 1) **Market environment remains positive for the Fund:**
  - High Yield Carry remains at the high end of its range.
  - Robust supply of Fins and HY bonds from the new issue pipeline should drive attractive opportunities.
- 2) **Attractively priced portfolio:**
  - On Financials, valuations have not yet recovered from the March crisis, and some financial subordinated debts are offering enticing opportunities, with the potential to reprice from Perpetuity to First Call.
  - On Corporates, the persistence of significant yield makes for nice opportunities whilst also offering a chance to build a short book aimed at names that will struggle to cope with the increased cost of refinancing.
- 3) **Portfolio management adjustments to drive enhanced performance:**
  - Tactically managing the fund with a slightly higher volatility profile.
  - Increased concentration of the Fund's single name positions.
  - Near-term, long-biased positioning.

<sup>1</sup> Class SSI Euros, at 31 August 2023. Source: Bloomberg

## 1) 2023 so far: missing some oomph

Looking at the monthly Fund performance since the start of the year (see Figure 1), a few points come to mind.

- Apart from March, the Fund posted positive performance every month of the year.

- However, the drawdown in March was not insignificant, and no substantial rebound was posted in April. These two months are the main culprits underpinning the modest performance and require further analysis.

**Figure 1: Monthly performance of the Fund (SSI EUR Share Class)**

January	February	March	April	May	June	July	August	YTD
+1.14%	+0.25%	-2.27%	+0.03%	+0.58%	+0.16%	+0.61%	+0.17%	<b>+0.63%</b>

Source: Bloomberg, Chenavari, as of 31 August 2023.

As discussed in our letter at the time (link: [20230322\\_MI\\_Chenavari\\_UCITS\\_Positioning\\_CS\\_collapse.pdf](#)), the Fund was negatively affected in March by the brutal (and short lived) crisis triggered by the wipe out of the Credit Suisse AT1 at the time of the bank's purchase by UBS. Even though the Fund had no exposure to Credit Suisse AT1s, ripple effects were felt across the capital structure of European Banks and accounted for a significant portion of the drawdown.

In the second half of March and in April, fearful that the crisis could go deeper (notably because of a tightening of lending conditions in Europe, but also because of the "unknown unknowns" risk behind the SVB collapse), the PMs adopted a cautious positioning to protect the book from any further drawdown. This cost the Fund the opportunity to bounce back from the lows as markets shrugged off macro woes.

Seeing the risk abate, the team adopted a more constructive approach from May onward and performance started to improve, back from the March-April blip.

## 2) Tactical takeaway: slight increase of fund volatility in the current environment

Over the years, we have shown an inclination to reduce our exposure at the outset of major adverse events. This pattern proved effective in safeguarding the book during times of profound market disruptions, such as those witnessed during the COVID-19 pandemic for example.

This same approach cost us in March as our cautious macro call did not work and the SVB / Credit Suisse situation turned out to be a "false alarm". As a result, we failed to monetise our hedges in a timely manner, and they ultimately translated into losses (cf. Figure 2). Our assessment of market dynamics was excessively pessimistic, placing too much emphasis on the potential unfolding of "unknown unknowns" dislocation effects. We underestimated the resilience of markets, especially once valuations had adjusted to more reasonable levels.

This tendency is partly rooted in our commitment to a "low volatility and capital protection" philosophy, and our belief that daily liquidity gives us the means, and the responsibility, to react swiftly. At times our agility may have gone a bit in overdrive mode.

Specifically, our volatility has been in the region of 2-4% historically and currently reaches 3.2% while the European High Yield benchmark runs just under 5% (source: Bloomberg). We don't aim to have a vol profile below the market per se, but simply contain those vol spike once the sell off hits. There is, therefore, room for us to increase vol to a 3-5% range as we navigate H2 2023.

### 3) Short and hedge positions

Zooming in on our short and hedge positions on Figure 2 helps illustrate the point made above.

**Figure 2: Monthly gross performance of the Lyxor / Chenavari Credit Fund by category of trade**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Long Bonds	3.26%	-0.40%	-1.82%	0.36%	0.77%	0.54%	1.37%	0.01%	4.10%
Short Bonds / CDS	-0.56%	0.08%	-0.21%	-0.10%	-0.22%	-0.17%	-0.67%	-0.01%	-1.87%
Hedges & Other	-1.40%	0.62%	-0.15%	-0.11%	-0.00%	-0.02%	0.04%	0.26%	-0.77%
<b>Total</b>	<b>1.30%</b>	<b>0.30%</b>	<b>-2.18%</b>	<b>0.15%</b>	<b>0.55%</b>	<b>0.35%</b>	<b>0.74%</b>	<b>0.26%</b>	<b>1.46%</b>

Source: Bloomberg, Chenavari, as of 31 August 2023.

Usually, short and hedge positions play their role as a mitigant to the long leg of the portfolio. This has been the case again in August where the negative contribution of long positions was compensated by gains on shorts and hedges. However, in a range bound market, if we fail to monetise our hedges at the right time, they only decrease our theta without the benefit of crystallising gains, and that's exactly what happened in March and April.

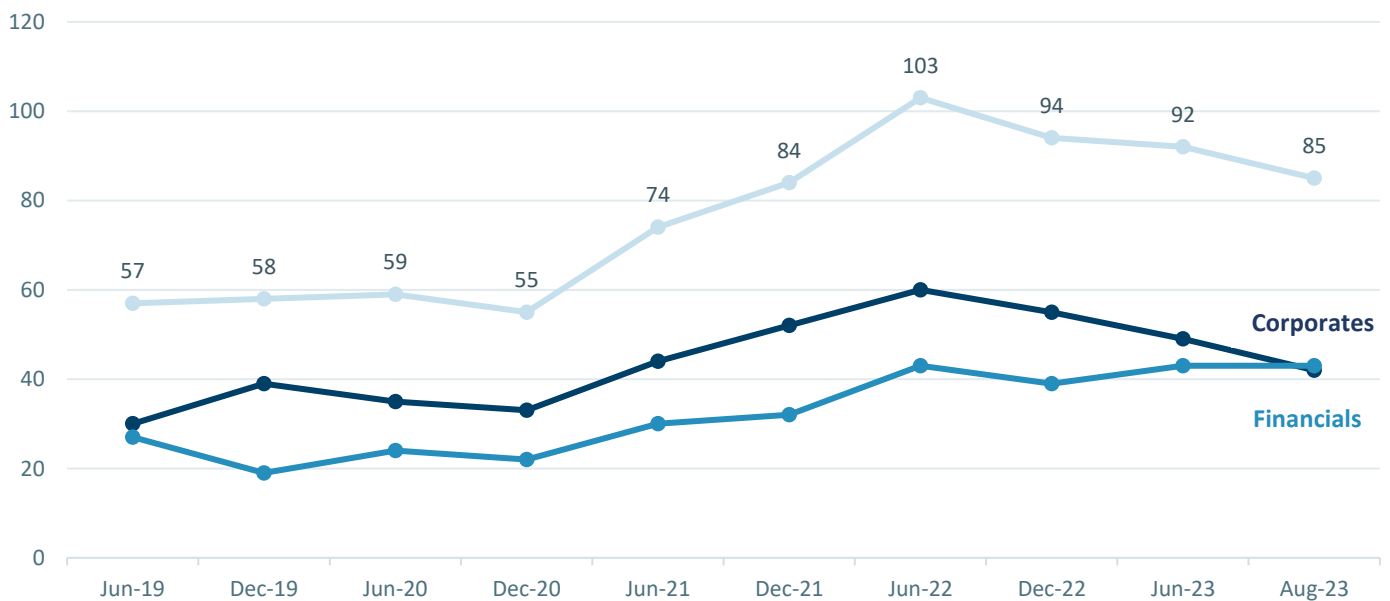
### 4) Single name longs: accept more volatility, and increase portfolio concentration

The aspiration to increase the Fund's volatility is also corroborated by the prevailing levels of carry within the credit market.

As certain names suffer from market fluctuations, as long as our conviction stands that they will be able to repay their debt, we should embrace a degree of volatility and hold on to our position to collect the carry and mark to market gains as they converge to fair value over time. This is especially pertinent for shorter duration bonds.

In addition, we have been increasing the concentration of the Fund's single name positions, as our concentration level had somehow reduced over time (see Figure 3).

**Figure 3: Evolution of the number of single name positions since 30 June 2019 (Fund level and per strategy)**



Source: Chenavari risk, as of 30 August 2023.

There are clear benefits of having a crisper, more targeted portfolio, as it helps secure more differentiated alpha generation. However, this may also point to an increase in volatility.

## 5) Positioning

The Fund is currently positioned with a long bias. Based on PV10<sup>2</sup> (our preferred measure of risk positioning), the Fund is currently in the “longest local region” it has been since mid-2019, back to the levels observed between November 2022 and early March 2023 (cf. Figure 4).

**Figure 4: Evolution of our PV10 (4 week rolling average) since August 2019**



Source: Chenavari Risk, as of 31 August 2023.

We feel comfortable with this positioning, focusing on names which allow us to generate strong carry whilst benefiting from potential mark-to-market gains. The short portfolio is limited but is concentrated on fundamentally weak names which trade at levels which we believe do not fully price in the potential for further deterioration.

Naturally, we remain watchful of the macroeconomic environment and are not oblivious to the risks arising notably from China, and from growth and inflation prospects. Our capacity to adjust our positioning based on further developments remains a key part of our long / short toolkit.

## Financials Strategy

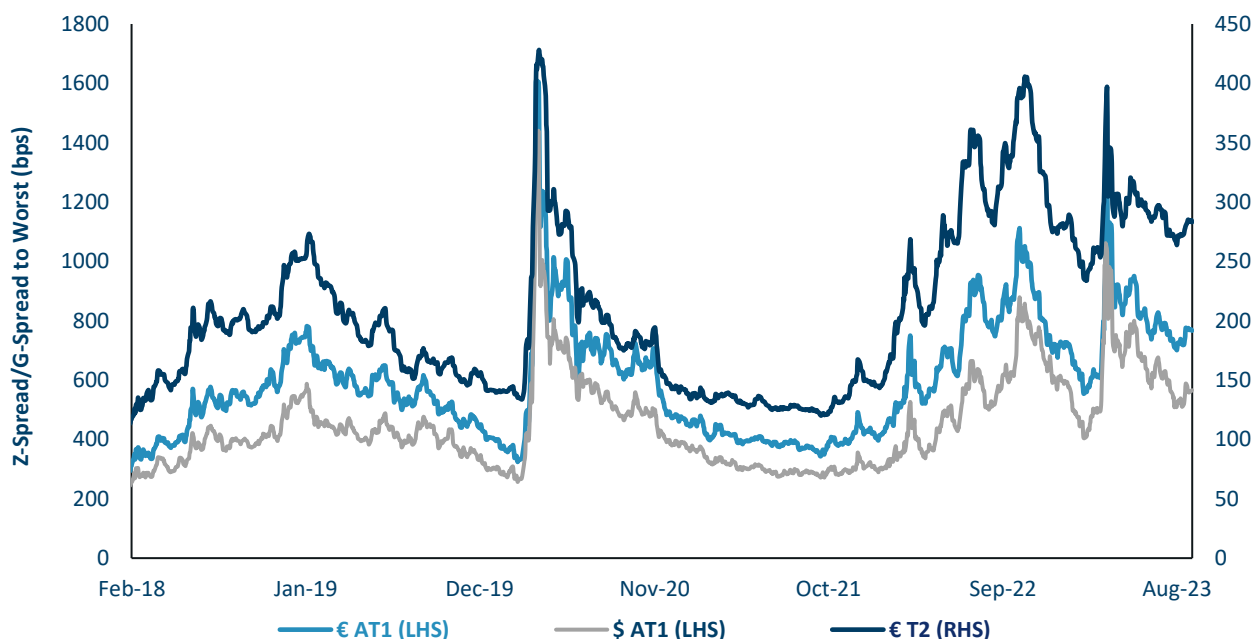
On the Financials side, we believe there is room for spreads to rally for many credit names.

Firstly, bank fundamentals continue to be very strong. Not only is this highlighted in recent earnings releases, with profitability continuing to trend upward on the back of higher NII (while deposit beta is remaining low in Europe) and a number of banks upgrading their FY23 profit guidance, the recent EBA EU-wide Stress Test only solidified the strength and resilience of European banks. Despite the shocks applied during the exercise being the most severe used in the EU-wide stress up to now, EU banks fared better than the previous exercise.

<sup>2</sup> The PV10 is a measure of our theoretical drawdown in case of a homogeneous widening of all 5-year on-the-run credit indices by 10%. When the PV10 is zero, the Fund is market neutral. When the PV10 is negative, the Fund has a net long exposure to the market, and finally when the PV10 is positive the Fund is net short.

In our view, current valuations do not reflect these improving fundamentals, and there is a real potential for continued positive price action across the capital structure (Figure 5 shows the current spread levels for both AT1 and T2).

**Figure 5: EUR AT1, USD AT1 and EUR T2 spreads (yield-to-worst)**

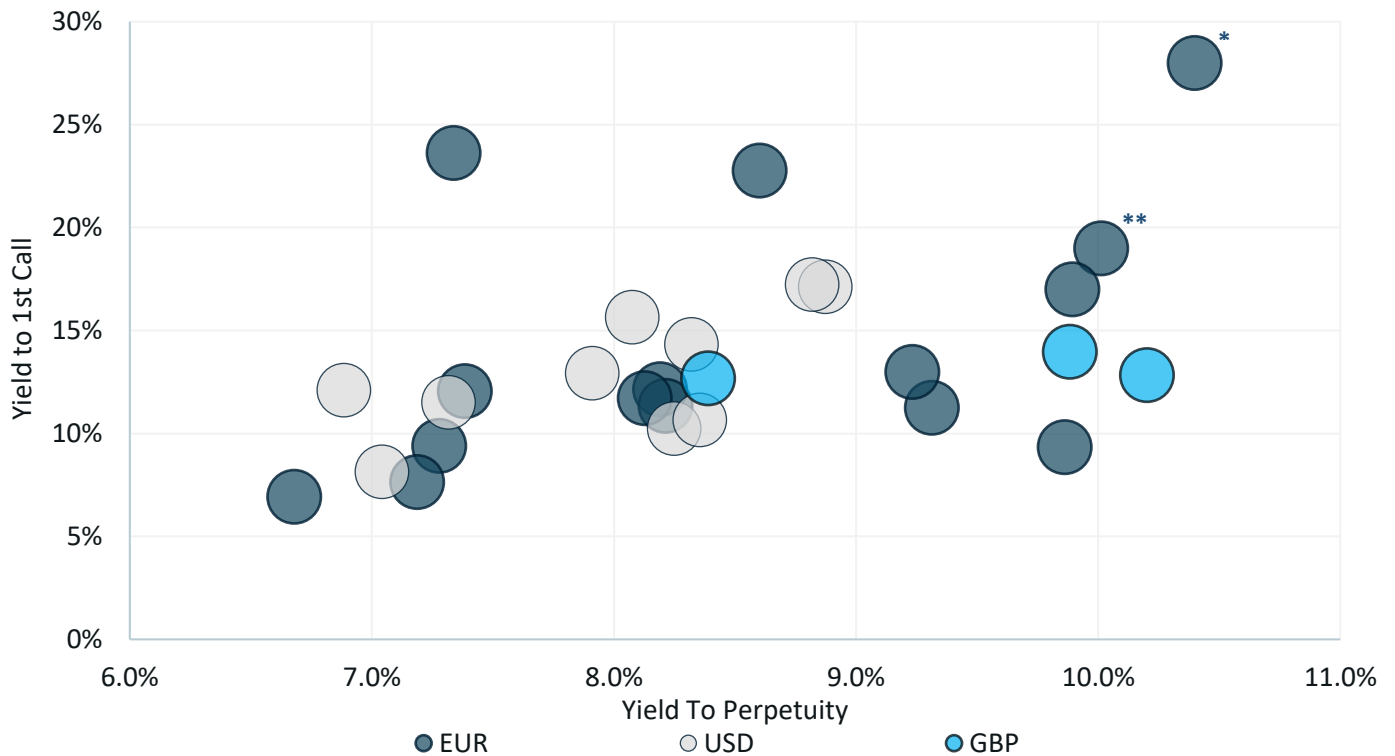


Index Spread to Worst (bps)	Current	Pre-SVB Collapse (8-Mar-23)	3 Year tight
EUR AT1	767	621	344 (Sept 21)
USD AT1	566	505	271 (Sept 21)
EUR T2	283	255	120 (Sept 21)

Source: Bloomberg, Chenavari, as at 30 August 2023.

Furthermore, as we have seen recently with Barclays, CaixaBank and Société Générale, we believe national champions should continue to call their AT1s at their first call dates (with some outliers such as Santander or Deutsche Bank, who took a purely economic stance as regards their call decisions). We therefore remain positive as we believe that the AT1 sector can increasingly trade to call (cf. Figure 6). We reckon that alpha generation in the book will notably come from those names which are not at all priced to call.

**Figure 6: AT1 exposure – yield to first call versus yield to perpetuity**



\*: For this specific bond, we do not show the Yield to First Call (which would be significantly higher) but the Yield to third Call date (Dec 24) as we consider it to be a much more realistic call date. Dec 24 and Dec 25 based on Chenavari assumptions.

\*\* : For this specific bond, we do not show the Yield to First Call (which would be significantly higher) but the Yield to third Call date (Dec 25) as we consider it to be a much more realistic call date based on Chenavari assumptions.

Source: Bloomberg, Chenavari, as at 30 August 2023.

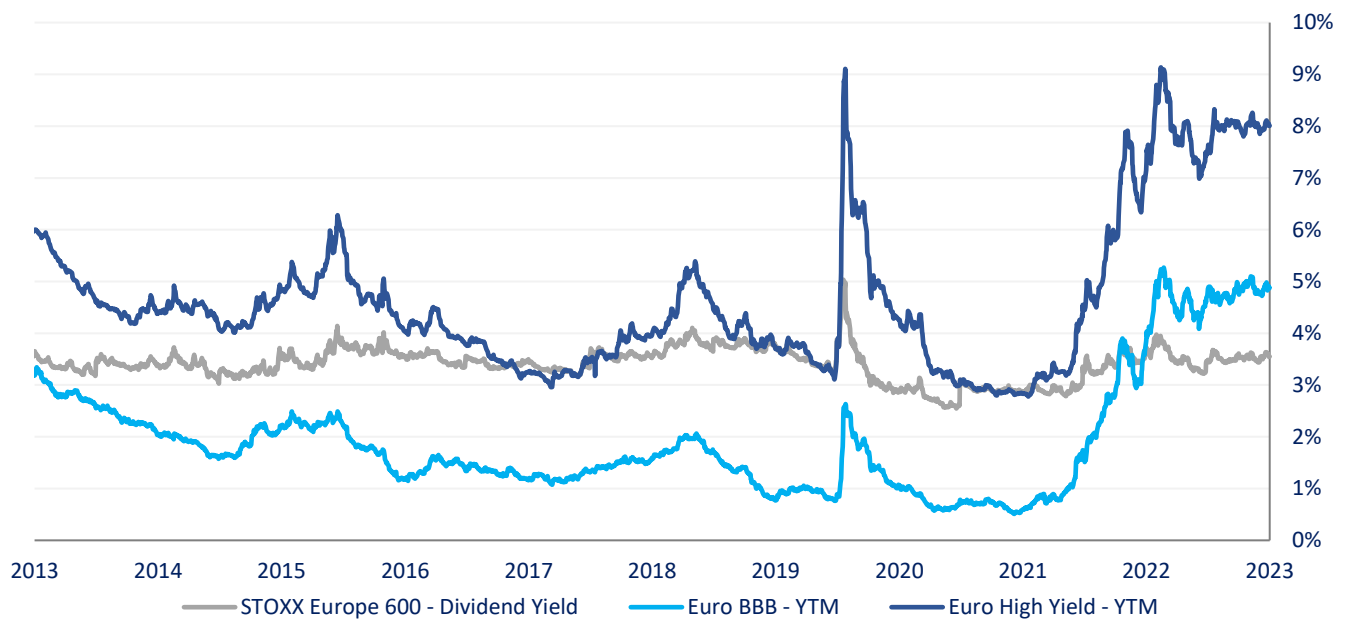
## Corporate Strategy

On the Corporate side, yields continue to be very attractive as shown in Figure 7.

Upon return from summer holidays, market participants should expect to find a healthy pipeline of bonds coming to the market, both in investment grade (IG) and high yield (HY) space. The IG new issue pipeline for September is estimated to be around EUR70 billion, with a bias towards corporates over financials. The HY figures are less certain, but we should see between 10 and 15 deals across bonds and loans. Given the large size of these issuances relative to historical standards, corporates will need to pay a premium to attract yield-hungry investors. We will take advantage of these attractive new deals to deploy our excess cash.

Furthermore, whilst the market has been in bull mode for the last 4 months, the overall yields of IG and HY have not changed substantially. We still believe there is significant value in the credit market, and many names continue to look attractive with potential to rally further in our view. For example, we particularly like supermarket names such as Asda and Morrisons, whose B+ bonds are currently yielding around 10%+. Both have continued to post strong results since the troughs of last year, showing margin expansion and good cash generation. They are also both backed by tangible real estate, which despite higher rates provides sufficient buffer for our position.

**Figure 7: European HY corporate yields (yield-to-worst): high yield and BBB versus Stoxx 600 Dividend Yield**



Source: Bloomberg, as at 30 August 2023. I20671EU Index.

From a short perspective, surging interest rates often translates into cooling economic growth with potential for economies to tip into recession. The lack of economic growth combined with the high-rate environment is likely to result in a rise in defaults (Moody's forecast European high-yield default rates hitting 3.8% in 2024, up from 2.7% in May). Not all corporates are likely to survive a high rate, low growth environment and as such creates for interesting shorting opportunities. We have already seen some sectors (notably chemicals) coming under pressure experiencing severe demand softness, and we have seen increasing profit warnings and misses in earnings. Furthermore, as we approach the 2025/26 maturity wall, the weaker names which are not consistently generating ample cash flow could struggle repaying these maturities. Shorts in our book currently include Stonegate, the UK pub operator whose refinancing and deleveraging plan poses significant execution risk in our view. Advanz Pharma is another interesting case. Potential litigations and the plan to re-lever the balance sheet should cause leverage to rise from 3.4x currently to around 5.25x, which should result in significant spread widening in our view.

Admittedly, the high-rate environment does provide the potential to earn significant returns, but the potential for defaults poses a risk to a long-only strategy. A well-structured long/short strategy tends to give the ability to earn consistently strong returns by identifying both winners and losers and positioning accordingly, while also hedging against macroeconomic shocks and minimising potential downside.

\* \* \*

**Vincent Laurencin**

Deputy CEO and Head of UCITS, Chenavari Investment Managers

## DISCLAIMER

This content reflects the views and opinions of Chenavari at this date and is in no way the official position or advice of any kind of Amundi AM and thus does not engage the responsibility of Amundi AM nor of any of its officers or employees. The views and opinions of the individual authors may change or evolve in the future. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.

### MAIN FUND RISK FACTORS:

- **Risk of losses:** Investors can suffer a loss of their initial capital, up to total loss of their investment, because it is made on the financial markets and uses technologies and instruments that are subject to variations.
- **Risk of non-achievement of investment objectives:** There is no assurance that the Fund will achieve its investment objective.
- **Risk of illiquidity:** Certain exceptional market conditions may have an unfavorable impact on the product's liquidity, or even make the product totally illiquid. This leads to a risk to the possibility of valuing the product, a risk of loss, and may make it impossible to resell the product. Some products are by nature less liquid than others and carry a high liquidity risk.
- **Credit risk:** The Fund is subject to the risk that any issuer could become insolvent or to otherwise event having an impact on the credit quality of this issuer. This risk or event may result in an investment loss. Investors are exposed to a potential default of the counterparty or issuer and or a credit downgrade for the issuer and guarantor.

The risk associated with the Fund are not limited to those described above. For any additional details about the risks associated with the Fund, please refer to the legal documentation which is available upon request at Amundi AM – 91-93, boulevard Pasteur, 75015 Paris – France or on our website at [www.amundi.com](http://www.amundi.com).

### INDEX DISCLOSURE

The index returns are provided for purposes of comparison and include dividends and/or interest income and, unlike the returns presented for the various strategies, do not reflect fees or expenses. Unlike the various strategies presented which are actively managed and periodically may maintain cash positions, an index is unmanaged and fully invested. The comparison of the performance of the various strategies presented to these indices may be inappropriate because the various strategies are not as diversified as the indices, may be more or less volatile than the indices, and may include securities which are substantially different than the securities in the indices. Although information and analysis contained herein has been obtained from sources Amundi AM believes to be reliable, its accuracy and completeness cannot be guaranteed. Investors cannot invest directly in indices. The indices referenced herein have been selected because they are well known, easily recognized by investors, and reflect those indices that Amundi AM believes, in part based on industry practice, provide a suitable benchmark against which to evaluate the investment or broader market described herein.

**Euro Stoxx 50 (SX5E Index):** The EURO STOXX 50 Index, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the region. The index covers 50 stocks from 11 Eurozone countries. The index is licensed to financial institutions to serve as an underlying for a wide range of investment products such as exchange-traded funds (ETFs), futures, options and structured products. **Source:** Bloomberg.

**STOXX Europe 600 Price Index EUR (SXXP Index):** The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region. **Source:** Bloomberg.

**Markit iTraxx Europe Crossover Index (ITRAXX XOVER):** The Markit iTraxx Europe Crossover index comprises 75 equally weighted credit default swaps on the most liquid sub-investment grade European corporate entities. The composition of each Markit iTraxx index is determined by a liquidity poll and certain criteria as determined by the index rules. The Markit iTraxx indices roll every six months in March and September. **Source:** Bloomberg

**iTraxx Europe (ITRX EUR CDSI GEN 5Y Corp):** The Markit iTraxx Europe index comprises 125 equally weighted credit default swaps on investment grade European corporate entities, distributed among 4 sub-indices: Financials (Senior & Subordinated), Non-Financials and HiVol. The composition of each Markit iTraxx index is determined by the Index Rules. Markit iTraxx indices roll every 6 months in March & September. **Source:** Bloomberg.

**Markit iBoxx EUR Liquid High Yield Index (IBOXXMJA Index):** The Markit iBoxx EUR Liquid High Yield Index is designed to reflect the performance of EUR denominated sub-investment grade, liquid corporate debt. The index rules have been designed to offer a broad coverage of the market with emphasis on liquidity to be suitable for OTC and exchange-traded derivatives, and Exchange Traded Funds (ETFs). The index is an integral part of the global Markit iBoxx Liquid Indices which provide the marketplace with liquid and investable versions of the broader Markit iBoxx benchmark index families. **Source:** IHS Market

**Bloomberg Pan-European Aggregate: Corporate Baa Total Return Index Unhedged (I02561EU Index).** Source: Bloomberg



## IMPORTANT INFORMATION

This material is not intended for retail investors and is for the exclusive use of institutional investors acting on their own account and categorized as either "eligible counterparties" or "professional clients" within the meaning of the markets in financial instruments directive 2014/65/EU.

The Fund referenced therein complies with the UCITS Directive (2009/65/EC) and is managed by Amundi Asset Management S.A.S. ("Amundi AM"), a French management company belonging to/part of Amundi Group.

The Fund is a sub-fund of Lyxor Newcits IRL II, an investment company with variable capital incorporated in Ireland as a public limited company, and authorised by the Central Bank of Ireland. The fund complies with the UCITS Directive (2009/65/EC).

Amundi AM recommends that investors read carefully the "investment risks" section of the product's prospectus and supplement and the "What are the risks and what could I get in return?" section of the PRIIPS Key Information Document ("PRIIPS KID"). The prospectus and supplement in English, and the PRIIPS KID in the relevant local language (for all the countries referred to in this material as a country in which a public offer of the product is authorized) are available free of charge on [www.amundi.com](http://www.amundi.com).

Prior to investing in the Fund, investors should seek independent financial, tax, accounting and legal advice. It is each investor's responsibility to ascertain that it is authorized to subscribe or invest into this Fund. This material together with the prospectus and/or more generally any information or documents with respect to or in connection with the Fund does not constitute an offer for sale or solicitation of an offer for sale in any jurisdiction (i) in which such offer or solicitation is not authorized, (ii) in which the person making such offer or solicitation is not qualified to do so, or (iii) to any person to whom it is unlawful to make such offer or solicitation. In addition, the Fund has not been registered in the United States under the Investment Company Act of 1940, and shares of the Fund are not registered under the U.S. Securities Act of 1933 and may not be directly or indirectly offered or sold in the United States (including its territories or possessions) or to or for the benefit of a U.S. Person (being a "United States Person" within the meaning of Regulation S under the Securities Act of 1933 of the United States, as amended; and/or any person not included in the definition of "Non-United States Person" within the meaning of Section 4.7 (a) (1) (iv) of the rules of the U.S. Commodity Futures Trading Commission; and/or as such term is otherwise defined in the Fund's prospectus). Accordingly, this material is for distribution and/or to be used solely in jurisdictions where it is permitted and to persons who may receive it without breaching applicable legal or regulatory requirements or requiring the registration of Amundi AM or its affiliates in these countries. No U.S. federal or state securities commission has reviewed or approved this material and more generally any materials with respect to or in connection with the Fund. Any representation to the contrary is a criminal offence.

This material is proprietary and confidential. The information in this material is for illustration and discussion purposes only. It is not intended to be, nor should it be construed or used as, investment, tax or legal advice, any recommendation or opinion regarding the appropriateness or suitability of any investment or strategy, or an offer to sell, or a solicitation of an offer to buy, an interest in any security, including shares in the Fund. It may not be reproduced or delivered to any person without the prior consent of Amundi AM. Amundi AM is a French simplified joint stock company, a portfolio management company approved by the "Autorité des marchés financiers" or "AMF". No advisory relationship is created by the receipt of this material. This information is qualified in its entirety by the information contained in the Fund's confidential offering documents, including the private placement memorandum or other offering memorandum (collectively, the "Offering Documents"). Any offer or solicitation of an investment in the Fund may be made only by delivery of the Fund's Offering Documents to qualified investors. Prospective investors should rely solely on the Offering Documents in making any investment decision.

A more robust discussion of the risks and tax considerations involved in investing in the Fund is available from the more complete disclosures incorporated into the Offering Documents for the Fund. The Offering Documents contain important information, including, among other information, a description of the Fund's risks, investment program, fees and expenses, and should be read carefully before any investment decision is made. For more detailed information regarding fees and expenses, please refer to the relevant sections of the Offering Documents for a complete description of the fees and expenses. This material has not been prepared in regard to specific investment objectives, financial situations, or the particular needs of any specific entity or person. Investors should make their own appraisal of the risks and should seek their own financial advice regarding the appropriateness of investing in any securities or financial instrument or participating in any investment strategy. Before you decide to invest in any account or fund, you should carefully read the relevant client agreements and Offering Documents. No representation is made that your investment objectives will be achieved. The information displayed in this material may change from time to time without notice. Certain information presented herein has been obtained from other sources believed to be reliable. Such information has not been verified and no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of such information, nor does Amundi AM accept any liability arising from its use. Any opinions expressed herein are statements of our judgment on this date and are subject to change without notice. This material is not intended for use by retail customers. Any descriptions involving investment process, risk management, portfolio characteristics or statistical analysis are provided for illustrative purposes only, will not apply in all situations, and may be changed without notice.

This material is of a commercial nature and not of a regulatory nature. This material does not constitute an offer, or an invitation to make an offer from Amundi AM together with its affiliates, to purchase or sell the product referred to herein.

The Fund includes a risk of capital loss. The redemption value of this Fund may be less than the amount initially invested. The value of this Fund can go down as well as up and the return upon the investment will therefore necessarily be variable. Investors could sustain the loss of their entire investment.

This material is confidential and may be neither communicated to any third party (with the exception of external advisors on the condition that they themselves respect this confidentiality undertaking) nor copied in whole or in part, without the prior written consent of Amundi AM.

The obtaining of the tax advantages or treatments defined in this material (as the case may be) depends on each investor's particular tax status, the jurisdiction from which it invests as well as applicable laws. This tax treatment can be modified at any time. We recommend to investors who wish to obtain further information on their tax status that they seek assistance from their tax advisor.

The attention of the investor is drawn to the fact that the net asset value stated in this material (as the case may be) cannot be used as a basis for subscriptions and/or redemptions.

The market information displayed in this material is based on data at a given moment and may change from time to time.

Past performance does not predict future returns. This also applies to historical market data. The potential return may be reduced by the effect of commissions, fees, taxes or other charges borne by the investor. Changes in currency exchange rates may have an adverse effect on the net asset value ("NAV") or income of the product.

The Fund may include embedded leverage, which amplifies the variation, upwards or downwards, in the value of the underlying investments. If this is the case, the Fund invests in financial derivative instruments in order to reach its investment objective. These instruments could be affected by various risks such as change in law or tax events. The Fund is exposed to the risk that any credit institution with which it has concluded an agreement, or a transaction could become insolvent or otherwise default. If such an event occurs, you could lose a significant part of your investment. In certain circumstances, financial instruments held by the Fund or to which the value of the Fund is linked could suffer a temporary lack of liquidity. This could cause the Fund to lose value, and/or to temporarily suspend the publication of its net asset value and/or to refuse subscription and redemption requests. The Fund is exposed to the risk that the credit quality of any direct or indirect debtor of the Fund (be it a state, a financial institution or a corporate) deteriorates or that any such entity defaults. This could cause the net asset value of the Fund to decline.

Amundi Distributor US, Inc. ("AD"), 60 State Street, Boston, MA 02109 a U.S.-registered broker-dealer provides marketing services in connection with the distribution of products managed by Amundi AM or its affiliates. Both Amundi AM and AD are indirect, wholly-owned subsidiaries of the Amundi group. In turn, Amundi is an affiliate of Credit Agricole S.A.

AD markets these products to financial intermediaries, both within and outside of the U.S. (in jurisdictions where permitted to do so), who in turn offer such products for sale to persons who are not United States persons. AD engages with financial intermediaries only and does not engage in retail business. Individuals are encouraged to seek advice from their financial, legal, tax and other appropriate advisers before making any investment or financial decisions or purchasing any financial, securities or investment-related product or service, including any product or service described in these materials. AD does not provide investment advice or investment recommendations.

Authorizations: Amundi AM is a French simplified joint stock company (société par actions simplifiée), a portfolio management company approved by the "Autorité des marchés financiers" or "AMF" and placed under the regulations of the UCITS (2009/65/EC) and AIFM (2011/61/EU) Directives.

**Notice to European Investors:** Any potential investment in any securities or financial instruments described herein may not be suitable for all investors. Any prospective investment will require you to represent that you are a "professional client," as defined in the Markets in Financial Instruments Directive ("MiFID"). The securities and financial instruments described herein may not be available in all jurisdictions.

**Notice to French Investors:** The intent to market the units of the Fund in France has been duly notified to the French "Autorité des marchés financiers".

**For Investors in the United Kingdom:** This material is issued by Amundi (UK) Limited, 77 Coleman Street, London, EC2R 5BJ, United Kingdom. Amundi (UK) Limited is authorized and regulated by the Financial Conduct Authority ("FCA") and entered on the FCA's Financial Services Register under number 114503. This may be checked at <https://register.fca.org.uk/> and further information of its authorization is available on request.

The Fund is registered in the UK Temporary Marketing Permissions Regime (TMPR) and shares/units in the Fund may upon such registration be promoted and sold to the general public in the United Kingdom subject to compliance with the TMPR and applicable regulations under TMPR. Potential investors in the United Kingdom should be aware that most of the protections afforded by the United Kingdom regulatory system will not apply to an investment in the fund and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Amundi Funds SICAV, First Eagle Amundi SICAV, Amundi Index Solutions, CPR Invest SICAV, KBI Funds ICAV and Amundi Fund Solutions ICAV are recognized schemes for the purposes of Section 264 of the Financial Services and Markets Act 2000 (the "FSMA") of the UK and can be promoted and sold direct to the public in the United Kingdom subject to compliance with the FSMA and applicable regulations made thereunder. Where a fund is an unregulated collective investment scheme under the FSMA it will not carry the protection provided by the UK regulatory system. This material is addressed only to those persons in the UK falling within one or more of the following exemptions from the restrictions in s 238 FSMA:

- authorized firms under FSMA and certain other investment professionals falling within article 14 of the FSMA (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, as amended (the "CIS Order") and their directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 22 CIS Order and their directors, officers and employees acting for such entities in relation to investment;
- other persons who are in accordance with the Rules of the FCA prior to 1 November 2007 classified as Intermediate Customers or Market Counterparties or on or thereafter classified as Professional Clients or Eligible Counterparties.

The distribution of this material to any person in the UK not falling within one of the above categories is not permitted by Amundi (UK) Limited and may contravene FSMA. No person in the UK falling outside those categories should rely or act on it for any purposes whatsoever. Where a fund is an unregulated collective investment scheme under the UK Financial Services and Markets Act 2000 ("FSMA") it will not carry the protection provided by the UK regulatory system.

**Notice to Italian Investors:** The intent to market the units of the Fund in Italy has been duly notified to CONSOB. Before subscribing or purchasing, read carefully the prospectus approved by the Central Bank of Ireland, as available on website [www.amundi.com](http://www.amundi.com) and at the offices of Amundi AM – Via Cernaia, 8/10, 20121 Milano MI, Italy, in which documents the characteristics, the risk factors and the costs are described in detail.

**Notice to Spanish Investors:** The Fund has been registered in the CNMV for its marketing in Spain.

**Notice to Swiss Investors:** Financial intermediaries (including particularly, representatives of private banks or independent asset managers, Intermediaries) are hereby reminded on the strict regulatory requirements applicable under the Collective Investment Schemes Act - Federal Law of 2006 (CISA) to any distribution of foreign collective investment schemes in Switzerland. It is each intermediary's sole responsibility to ensure that (i) all these requirements are put in place prior to any intermediary distributing any of the Funds presented in this material and (ii) that otherwise, it does not take any action that could constitute an offer of collective investment schemes in Switzerland as referred to article 7 in the CISA and related regulation. Any information in this material is given only as of the date of this material and is not updated as of any date thereafter. This material is for information purposes only and does not constitute an offer, an invitation to make an offer, a solicitation or recommendation to invest in collective investment schemes. This material is not a prospectus as per article 40 of the Federal Act on Financial Services (FinSA), a listing prospectus according to the listing rules of the SIX Swiss Exchange or any other trading venue as defined by the Swiss Financial Market Infrastructure Act of 19 June 2015 (as amended from time to time, FMIA), a simplified prospectus, a PRIIPS key information document or a prospectus as defined in the CISA. An investment in collective investment schemes involves significant risks that are described in each prospectus or offering memorandum. Each potential investor should read the entire prospectus of offering memorandum and should carefully consider the risk warnings and disclosures before making an investment decision. Any benchmarks/indices cited in this material are provided for information purposes only. This material is not the result of a financial analysis and therefore is not subject to the "Directive on the Independence of Financial Research" of the Swiss Bankers Association. This material does not contain personalized recommendations or advice and is not intended to substitute any professional advice on investments in financial products. The Representative and the Paying Agent of the Fund(s) in Switzerland is: CACEIS (Switzerland) SA, Route de Signy, 35, CH-1260 Nyon. The prospectus or offering memorandum, the PRIIPS key information document, the management regulation, the articles of association and/or any other constitutional documents as well as the annual and semi-annual financial reports may be obtained free of charge from the Representative in Switzerland.

**Notice to German Investors:** The Prospectus in English and the PRIIPS Key Information Document in German are available free of charge in paper form from Amundi Deutschland GmbH, Taunusanlage 18, 60325 Frankfurt am Main, Germany, or electronically under [www.amundi.com](http://www.amundi.com). Please note that Amundi AM may decide at any time, without notice, to no longer market and/or distribute this Fund in any country within the European Union where this Fund is currently passported under UCITS and AIFM directive.

**Notice to Canadian Investors:** Any potential investment in any securities or financial instruments described herein may not be suitable for all investors. Any prospective investment will require you to represent that you are a "permitted client", as defined in National Instrument 31-103 and an "accredited investor", as defined in National Instrument 45-106. The securities and financial instruments described herein may not be available in all jurisdictions of Canada. Investment vehicles described herein will not be offered by prospectus in Canada and will not be subject to National Instrument 81-102 and National Instrument 81-106. In addition, investments in or linked to hedge funds are highly speculative and may be adversely affected by the unregulated nature of hedge funds and the use of trading strategies and techniques that are typically prohibited for prospectus offered funds. Also, hedge funds are typically less transparent in terms of information and pricing and have much higher fees than prospectus

offered funds. Investors in hedge funds may not be afforded the same protections as investors in offered funds, including limitations on fees, controls over investment policies and reporting requirements.

**Notice to Brazilian Investors:** The Fund may not be offered or sold to the public in Brazil. Accordingly, the offering of the Fund has not been nor will be submitted to the Brazilian Securities Commission ("CVM") for approval. Documents relating to such offering, as well as the information contained herein and therein may not be supplied to the public, as a public offering in Brazil or be used in connection with any offer for subscription or sale to the public in Brazil. This is a strictly privileged and confidential communication between AD and the email recipient. This communication contains information addressed only to the recipient of this material and is not intended for distribution to, or use by, any person other than the intended recipient. This communication (i) is provided for informational purposes only, (ii) should not be construed in any manner as any solicitation or offer to buy or sell any securities or any related financial instruments, and (iii) should not be construed in any manner as a public offer of any securities or any related financial instruments. If you are not the intended recipient of this material, you should not disseminate, distribute or copy this communication. Please notify the sender immediately if you have mistakenly received this communication.

**Notice to Chilean Investors:** This material does not constitute or form part of any offer or invitation to subscribe for or purchase shares in the fund and shall not be construed as such. In the event an offer to subscribe or purchase shares in the fund is made:

- i. Any such offer would be made pursuant to Rule 336 issued by the Comisión para el Mercado Financiero of Chile ("CMF");
- ii. Any such offer would deal with securities that are not registered in the Securities Registry nor in the Foreign Securities Registry kept by the CMF, and that are, therefore, not subject to the supervision of the CMF;
- iii. Given that the securities would not be registered, there would be no obligation for the issuer to disclose in Chile public information about said securities; and
- iv. The securities may not be publicly offered as long as they are not registered in the corresponding Securities Registry.

**Notice to Mexican Investors:** This material and the information contained herein does not constitute and is not intended to constitute an offer of securities and accordingly should not be construed as such. The Fund and any other products or services referenced in this material may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this material or the merits of the products and services referenced herein. This material and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This material is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed). This material is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in this material, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. This material is for the use of the intended recipient and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). The Fund has not been, and will not be, registered with the Mexican National Securities Registry (Registro Nacional de Valores) maintained by the Mexican National Banking Commission, (Comisión Nacional Bancaria y de Valores).

**Notice to Peruvian Investors:** The Fund and any other products or services referenced in this material may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this material, or the merits of the products and services referenced herein. Specifically, the Fund will not be subject to a public offering in Peru. The Fund described herein has not been and will not be approved by or registered with the Peruvian Superintendency of Capital Markets (Superintendencia del Mercado de Valores, or the "SMV") or the Lima Stock Exchange (Bolsa de Valores de Lima). Accordingly, the Fund may not be offered or sold in Peru except, among others, if such offering is considered a private offer under the securities laws and regulations of Peru. The Fund cannot be offered or sold in Peru or in any other jurisdiction except in compliance with the securities laws thereof. In making an investment decision, institutional investors (as defined by Peruvian law) must rely on their own examination of the terms of the offering of the Fund to determine their ability to invest in the Fund.

This material and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This material is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed). This material is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in this material, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. This material is for the use of the intended recipient and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

**Notice to Uruguayan Investors:** This material and the information contained herein does not constitute and is not intended to constitute an offer of securities and accordingly should not be construed as such. This material provides a high level summary only and does not define the terms and conditions relating to the Fund which will be included in the definitive offering document and other materials and agreements for the Fund. No legally binding terms are created herein or shall be created until definitive documentation is executed and delivered in accordance with any applicable law. This material is for the use of the named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof). Furthermore, the Fund will not be registered with the Central Bank of Uruguay to be publicly offered in Uruguay, and the Fund will not correspond to investment funds that are not investment funds regulated by Uruguayan law 16,774 dated 27 September 1996, as amended.

**Notice to Argentinian Investors:** This material and the information contained herein does not constitute and is not intended to constitute an offer of securities and accordingly should not be construed as such. The Fund and any other products or services referenced in this material may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this material, or the merits of the products and services referenced herein. This material and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This material is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed). This material is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in this material, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. This material is for the use of the intended recipient only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

**Notice to Colombian Investors:** This material and the information contained herein does not constitute and is not intended to constitute an offer of securities and accordingly should not be construed as such. The Fund and any other products or services referenced in this material may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia. Unless otherwise indicated, no regulator or government authority has reviewed this material, or the merits of the products and services referenced herein. This material and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This material is directed at and intended for institutional investors (as such term is defined in each jurisdiction in which the Fund is marketed). This material is provided on a confidential basis for informational purposes only and may not be reproduced in any form. Before acting on any information in this material, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required. This material is for the use of the

named addressee only and should not be given, forwarded or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

**Notice to Investors in Asia-Pacific Region:** This material is not directed at retail investors and is prepared for and intended to be distributed in the Asia-Pacific region solely to sophisticated and professional investors. You should therefore be appropriately qualified as a professional, accredited, wholesale, expert or institutional investor (however defined in your local jurisdiction). It is distributed by licensed affiliates of Amundi AM. You should be aware that local regulations may not allow this material to be distributed from your local Amundi AM licensed affiliate but may allow it to be distributed from an offshore branch or affiliate under certain circumstances. If in any doubt, you should always determine which licensed affiliate is responsible for distributing this material to you by contacting Amundi AM. You should also be aware that financial products or services referred to may not be sold, bought, or subscribed to if you do not qualify in your local jurisdiction. Always ensure that you contact and deal through appropriately licensed entities if you wish to purchase any such products or services.

**No further disclosure, reproduction or reliance permitted:** This material has been prepared solely for persons it has been distributed to directly by Amundi AM or any of its affiliates or delegates. Its contents may not be disclosed to, reproduced, or used or relied upon by, any other person, or used for any other purpose.

**For Recipients where this material is distributed by Amundi Hong Kong Limited:** This material is distributed to you by Amundi Hong Kong Limited ("Amundi HK") as an activity that is wholly incidental to its carrying out of a regulated activity for which it is already licensed. Details of Amundi HK's license can be provided upon request.

Amundi HK promotes the funds launched by Amundi AM. Investors and prospective investors should note that a service fee may be paid by Amundi AM to Amundi HK for its services.

**For Recipients in Hong Kong:** This material is issued solely to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

**For Recipients in Singapore where this material is distributed by Amundi Hong Kong Limited and/or Amundi Singapore Limited:** This material is distributed by Amundi Hong Kong Limited and/or Amundi Singapore Limited (Company Registration No. 198900774E). It is provided solely for the internal use of institutional investors (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as amended and modified from time to time ("SFA")), and is not intended for and should not be provided to the public in Singapore. The Fund has not been authorized or recognized by the Monetary Authority of Singapore, and the shares / units of the Fund are not allowed to be offered to the retail public. Accordingly, this material and any other document or materials (including but not limited to the Offering Documents) issued in connection with the offer or sale, or invitation for subscription or purchase, of the shares / units may not be circulated or distributed, nor may the relevant shares / units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under an exemption provided under the SFA (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 304 of the SFA or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. By accepting receipt of this material and any other document or material (including but not limited to the Offering Documents) issued in connection with the offer or sale of the shares classes / classes, a person (within the meaning of Singapore law) in Singapore represents or warrants that person is entitled to receive such document in accordance with the restrictions set forth above and agrees to be bound by the limitations contained herein. This material and the Offering Documents of the Fund is not a prospectus as defined in the SFA and, accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and the offeree / an investor should consider carefully whether the investment is suitable for him. The Monetary Authority of Singapore assumes no responsibility for the contents of this document. **This publication has not been reviewed by the Monetary Authority of Singapore.**

**For Documents Distributed in China from Offshore** (as a Result of a Reverse Enquiry): This material has been prepared and distributed by Amundi Hong Kong Limited as a result of a reverse enquiry by you. Amundi HK, a limited liability company incorporated under the laws of Hong Kong on 9 March 1973 and regulated by the Securities & Futures Commission (the "SFC"). The products or services that may be mentioned in this material may not be able to be provided in China. Any products or services mentioned in this material to be provided are subject to laws and regulations and regulator's requirements in China, as well as the formally executed legal documents (if any).

**Notice to Korean Investors:** This material is distributed by Amundi Hong Kong Limited outside Korea and intended for Korean financial institutions holding the dealing or brokerage business license under the Financial Investment and Capital Market Act of Korea and the Enforcement Decree thereof. For other types of clients, this is distributed upon their request only. Amundi Hong Kong Limited is regulated by the Securities & Futures Commission under Hong Kong laws. The product mentioned in this material may not be eligible or suitable for all types of investors. This material is not intended for private customers.

**For Korean Investors receiving this material from NH-Amundi Asset Management:** This material is distributed by NH-Amundi Asset Management. NH-Amundi Asset Management is regulated by the Financial Services Commission and the Financial Supervisory Service under Korean laws. The product mentioned in this material may not be eligible or suitable for all types of investors. This material is not intended for private customers.

**Notice for Documents Distributed in Taiwan:** This material is to present to you as a result of reverse enquiry and may only be distributed to "professional institutional investors" within the meaning provided in the applicable regulations in Taiwan. The product(s) or service(s), if any, mentioned in this material, have not been registered with or approved by Taiwan competent authorities and are not regulated by Taiwan laws and regulations. The Fund has not been and will not be registered with the Financial Supervisory Commission (the "FSC") of Taiwan, the Republic of China ("Taiwan") pursuant to applicable securities laws and regulations and any sale of the interests in the Fund ("Interest") in Taiwan shall be in compliance with the local legal requirements and restrictions. There are restrictions on the offering, issue, distribution, transfer, sale or resale of the Interests in Taiwan, either through a public offering or private placement. The Interests cannot be sold, issued or publicly offered in Taiwan without prior approval from or registration with the FSC pursuant to applicable laws. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Interests.

**For Recipients in Thailand receiving this material from offshore:** This material is for Professional Investors only. This material has been prepared and distributed by Amundi AM and/or its affiliates within Amundi Group. This material is provided solely at your request and Amundi AM and its affiliates do not have any intention to solicit you for entering into any transactions or transacting in any product contemplated by this material (the "product"). Any such solicitation or marketing will be made by an entity permitted by the applicable laws and regulations. This material is not intended to be either an offer, sale, or invitation for subscription or purchase of the product. This material has not been registered as a prospectus with the Office of the Securities and Exchange Commission of Thailand. Accordingly, this material and any other documents and materials, in connection with the offer or sale, or invitation for subscription or purchase of securities, may only be circulated or distributed by an entity as permitted by applicable laws and regulations. Neither Amundi AM, any of its affiliates, any representatives, directors, employees of Amundi AM nor any other entities affiliated with Amundi AM make any representations or warranties, expressed or implied, with respect to the completeness or accuracy of any of the information contained in this material or any other information (whether communicated in written or oral form) transferred or made available to you. Past performance and any forecasts made are not necessarily indicative of the future results. All investments carry certain elements of risk and accordingly the amount received from such investments may be less than the original invested amount. Investments in the product involves risks and investors should exercise due care and discretion in considering the investment risks. Investors should carefully study the investment risks and ensure that they have a good understanding of such risks.

**For Recipients in Thailand receiving this document from Amundi Thailand:** For professional investor only. This document is distributed by Amundi Mutual Fund Brokerage Securities (Thailand) Company Limited (as a limited broker, dealer, and underwriter units of Mutual Fund) and is

for information only. The information contained in this document neither constitutes an offer to buy nor a solicitation to sell a product and shall not be considered as an investment advice. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of publication, Amundi Mutual Fund Brokerage Securities (Thailand) Company Limited makes no representation as to its accuracy or completeness. Opinions expressed in this report are subject to change without notice. We do not accept liability whatsoever whether direct or indirect that may arise from the use of information contained in this document. Past performance and any forecasts made are not necessarily indicative of the future results. All investments carry certain elements of risk and accordingly the amount received from such investments may be less than the original invested amount. The information contained in this document is deemed accurate as at the date of publication of this material.

**Regarding the benchmark index mentioned in this material:** Parties entering into transactions (such as a derivative or financing transaction) or investing in financial instruments that use a benchmark index are exposed to the risk that:

(1) such benchmark index may be subject to methodological or other changes which could affect the value of the relevant transaction; or  
(2) (i) may become not compliant with applicable laws and regulations (such as the European Benchmark Regulation), (ii) may cease to be published, or (iii) the supervisor or administrator of any such benchmark may make a statement that the relevant benchmark is no longer representative, and as a consequence the relevant benchmark may be replaced by another benchmark which may have an adverse and material impact on the economics of the relevant transactions.

You should conduct your own independent investigation and analysis of the potential consequences of any relevant risks such as those mentioned above, particularly in light of the ongoing industry initiatives related to the development of alternative reference rates and the update of the relevant market standard documentation.

#### **Investor's rights**

Investors or potential investors can view a summary of their rights in English on <https://about.amundi.com/Metana-Header/Quick-Links/Legal-documentation>, which is available upon request in paper form from Amundi AM.

Information related to sustainability aspects can be found on <https://about.amundi.com/Metana-Header/Quick-Links/Legal-documentation>

**Amundi © Copyright 2023**