

Marketing communication

— Some light for investors at the end of the tunnel? 2023 Outlook

2022: The great repricing

2023: A transformative year



2022: The great repricing

2022 was characterised by rising geopolitical tensions, most notably the war in Ukraine, which has fuelled inflation in energy and other commodity prices. Persistent inflation around the world prompted many central banks to act more aggressively in raising interest rates.

In the financial markets, valuations declined from past peaks across many asset classes and this is opening up opportunities for investors to seek entry points with a gradual approach and play a potential rebound in 2023.

Page 3

2022: The great repricing – No place to hide

Page 4

The great repricing – Market dynamics - 2022

Page 5

The great repricing – European ETF activity - 2022

Page 6

2023 Outlook: A transformative year

Page 10

2023 Portfolio ideas: Developed market equities

Page 11

2023 Portfolio ideas: Emerging market equities

Page 12

2023 Portfolio ideas: Fixed income

Page 14

2023 Portfolio ideas: ESG and climate change

Page 15

2023 Portfolio ideas: Commodities



2022: No place to hide

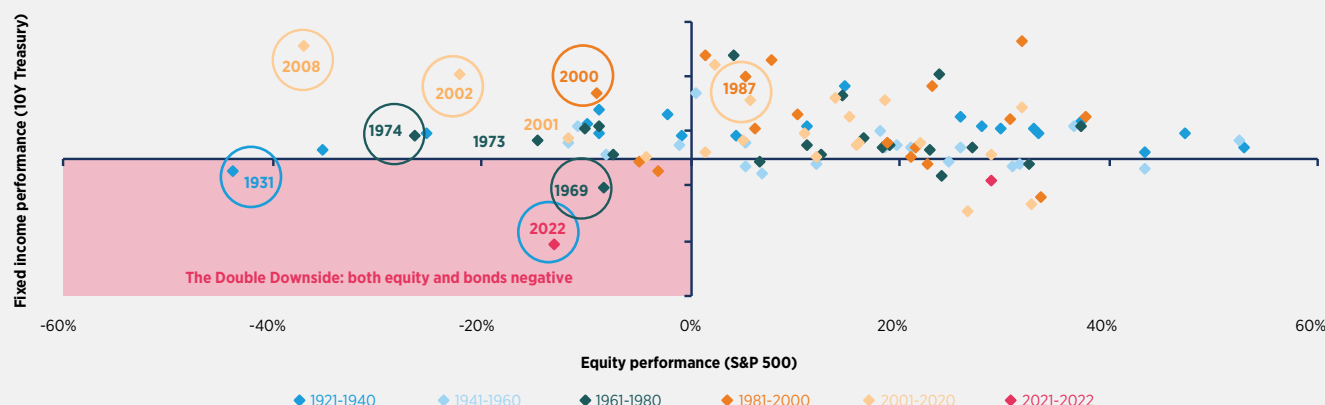
A one year in a century performance....

2022 was one of the worst years on record for multi-asset investors. Sustained inflationary pressures pushed central banks to embark on an aggressive pace of rate hikes. In this context, both equities and bonds experienced significant repricing. Bonds endured the worst annual performance in a century. Over the course of the year, the Federal Reserve (Fed) raised interest rates from 0 - 0.25% up to a target range of 4.25 - 4.50% — the highest level in 14 years.

There was almost no place to hide across the year with all main asset classes in negative territory.

Oil, commodities and the USD were some of the only positive performers, making it difficult for investors to mitigate losses. With the USD, though, we are seeing signs of a change in the strengthening trend as the Fed lowers its rate hike trajectory, within an overall tightening stance.

Chart 1: 2022 performance: 1 year in a century



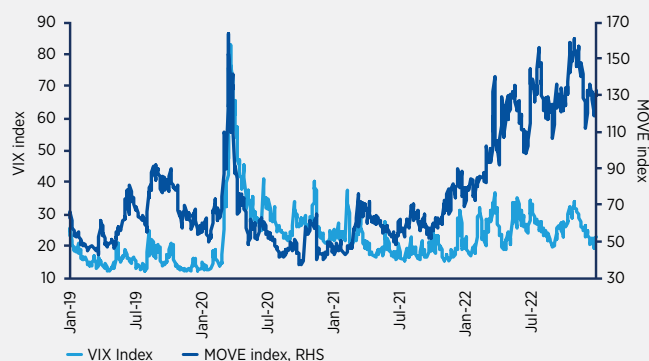
Source: Amundi Institute, Global Financial data. Data is as of October 2022. Past performance is no guarantee of future results.

.... against a backdrop of exceptional bond volatility and asset re-correlation

Persistent inflationary pressures triggered by supply constraints, an energy shock aggravated by the geopolitical crisis, and rising interest rates combined to affect the performance of both equities and bonds across 2022. The correlation between both asset classes had already

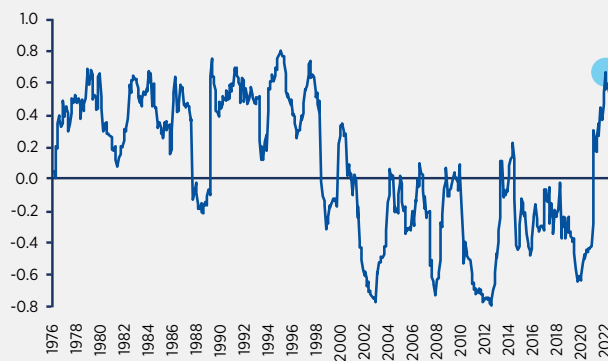
turned positive in September 2021 when central banks became more vocal on their policies to contain inflation. In 2022 market conditions drove the correlation even higher.

Chart 2: Bond and equity volatility



Source: Amundi Institute, Bloomberg. Data is as of November 2022.

Chart 3: S&P 500 correlation with Treasury, 18-month



Source: Amundi Institute, Bloomberg. Data is as of November 2022.

Market dynamics – 2022

Risk asset correction amid higher rates

2022 was a volatile year with markets reassessing the impact on growth of persistent inflationary pressures and geopolitical risk following Russia's invasion of Ukraine. Headline inflation in developed economies rose sharply, pushing central banks into an aggressive response at the risk of derailing the economic cycle.

The correlation between equities and bonds jumped to multi-decade highs. Government bonds bore the brunt of central banks' aggressive response, while the hike in raw material prices also hit the performance of global equities. The strong performance of growth-tilted US megacaps, which benefitted the most from the pandemic, reversed and drove the strong underperformance of the S&P 500 within global equities.

Meanwhile, European equities suffered further downside with the emergence of the energy and cost-of-living crisis. Higher input prices bit into corporate margins and households' disposable income.

The general rise in government bond yields also affected bond performance across the board. Still, lower duration exposures and defensive equities allocation proved the most resilient in the downturn. At a sector level, energy, basic resources and financials outperformed while industrials and retail sectors bore the brunt.

The performance of emerging markets was also mixed. Commodity exporters such as Brazil proved resilient, but this was more than offset by the strong underperformance of Chinese equities. Chinese activity was hit by strict pandemic curbs and deleveraging in the real estate sector, although towards the end of the year newsflow on economic reopening provided some cheer.

Finally, performance was also mixed for commodities. Oil and other energy prices were supported by the unfolding of the energy crisis triggered by the war in Ukraine. Gold prices were hit by the resurgence of positive real rates.

Table 1: 2022 performance of main market indicators

Equity	Δ Ytd
MSCI World	-18.1%
MSCI Europe	-9.5%
S&P 500	-18.5%
Topix	-2.9%
MSCI EM	-20.1%
MSCI China A	-25.9%
Commodity	Δ Ytd
Gold (\$/ounce)	-0.4%
Rates (yield)	Δ Ytd
Germany 10Y	+275 bp
France 10Y	+291 bp
USA 10Y	+237 bp
UK 10Y	+270 bp
Credit (spreads)	Δ Ytd
USD IG Credit*	+38 bp
EUR IG Credit*	+72 bp
USD High Yield*	+186 bp
EUR High Yield*	+182 bp

Source: Amundi based on Bloomberg data, as of 30 December 2022.
 Net return equity indices.

*Based on Bloomberg Barclays all maturity indices, OAS spreads.

European ETF activity - 2022

The European UCITS ETF market experienced mildly negative growth in 2022 (-6.5%) with assets under management (AuM) reaching €1,244 billion versus €1,330 billion in 2021. It nevertheless displayed resilience in the face of difficult market conditions. Net new assets (NNA) were positive at €82 billion versus €158 billion in 2021. The decrease in AuM may be attributed to multiple factors including uncertainty over economic growth, the war in Ukraine, rising inflation and rates.

ESG

The rotation towards ESG remained strong in both equities and fixed income across the year. NNA reached €53 billion versus €87.7 billion for 2021. However, ESG ETFs accounted for 64% of total inflows in European ETFs (ex ETC) market (vs. 55% in 2021), demonstrating that the trend for sustainable investing continues to accelerate. In total, ESG accounted for 59% of equity net inflows (almost level with 2021) and more than 65% of all fixed income net inflows across the year (vs. 47% in 2021).

Total ESG ETF AuM in Europe continued to increase in 2022, standing at over €260 billion at the year-end and representing almost 21% of the total size of the European ETF (ex ETC) market.

Equity

At the beginning of 2022, investors were still in a risk-on mode but this transitioned to a more defensive stance following the outbreak of the war in Ukraine and mounting concerns over inflation and economic growth. NNA reached €56 billion at the year end versus €117 billion in 2021. Eurozone equities suffered from almost €6.5 billion of redemptions whereas World Equities, US equities, All Country exposure and Emerging Markets gathered positive flows respectively.

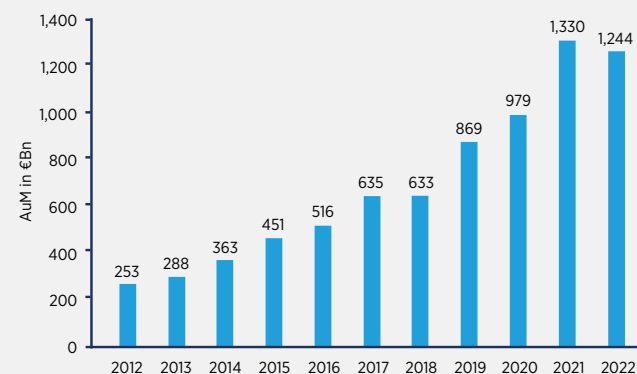
Fixed income

Rising inflation was a major source of concern for investors in 2022 as reflected by inflows of more than €6.1 billion to inflation-linked products. Upon inflation levels rising in the USA and Europe, investors redeemed inflation-related products to the tune of €5 billion. Chinese Government bonds, a popular investment theme in 2021 (attracting more than €7 billion), also suffered from large outflows in 2022 with €10.9 billion of redemptions. US treasuries drew investors at the beginning of the war in Ukraine as a flight to quality and then later in the search for yield following rate increases.

Gold

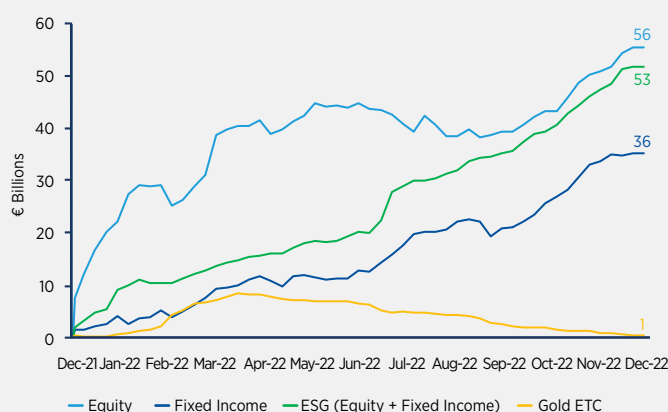
Patterns of flows to gold-tracking products followed an inversed V-shape in 2022. The onset of war in Ukraine led to the rise of uncertainties and flows to Gold ETC products reached €8 billion at end of April. Subsequently gold-tracking products suffered from steady outflows for the remainder of the year. At the end of 2022 net new assets to gold ETCs reached €1 billion.

Chart 4: European ETF asset growth



Source: ETFGI data as of December 2021 and Amundi data is as of 30 December 2022 for 2022 figures.

Chart 5: European ETF Cumulative flows in 2022



Source: Amundi, European registered ETFs, as of 30 December 2022

A close-up photograph of golden, feathery grass or reeds against a dark blue background. The grass is in sharp focus, showing fine details of the seed heads and blades. The lighting creates a warm, golden glow on the grass, contrasting with the deep blue background.

— 2023 Outlook: A transformative year

Asset performance is likely to be more sequential in 2023, starting with an initial correction as economic activity takes its toll from the higher rate environment. Expected lower inflationary pressures in the second half of the year may support the case for building more risk into portfolios.

Setting the scene: Base and alternative scenarios and risks

Three key themes will be critical to market developments across the year:

1

US: Potential Fed Pivot



Central banks (CB) will do whatever it takes to fight inflation and avoid a 1970s-style crisis. The tightening cycle still has further to go, although at a slower pace than in 2022. Financial markets may have integrated the bulk of the future hikes, but the level of the Fed's terminal rate will be critical: if close to 6%, a US recession will be on the cards and could be more severe than what is expected today.

2

Europe: Energy Crisis



The energy crisis will be the main economic driver in Europe, which will likely fall into recession. Fiscal measures may mitigate this, but the moment of truth will be in Q4 2023, when gas inventories need to be restored. Gaining strategic energy independence and signing new commercial ties will be key in a transformative year.

3

China: growth path



China's economy could unveil positive surprises in 2023, depending on the outcome of the two main challenges: the housing market and Covid-19 policy. On the former, we see a stabilisation thanks to looser policy, on the latter a further relaxation of restrictions. Geopolitical pressure and an intensifying US-China confrontation are key risks.

Our central and alternative scenario forecasts are shaped and informed by the aforementioned themes.

Central and alternative scenarios

15%
likely

Downside Scenario – Deep global slump

- Worsening / expanding Ukraine war.
- De-anchored inflation expectations, CBs overreact.
- Global economic downturn (US, China, Europe)
- Energy crisis back acute in H2 2023.
- Global financial crisis, debt crisis with several EM defaults.
- Credit event.
- Climate transition measures postponed.
- Broad-based extreme climate conditions.

70%
likely

Central Scenario – Stagflationary episode, with rising divergences and persistence

- Stalemate in the Ukraine war.
- Rising tensions between policymakers in the EZ, as the fiscal support can prove inflationary.
- **Fed** to continue to normalise / reduce the size of hikes; **BoE**: soft hiking cycle; **ECB** raises rates / passive Quantitative Tightening / probably activates Transmission Protection Instruments; **PBoC** eases.
- EU activates rescue plan to deal with energy crisis (H2 2023).
- Softening energy crisis in H2 2023.
- Inflation fails to return to CB target by 2024.
- Global nominal GDP growth trends higher with recession in EU and rising recession risks in the US and China. Modest global expansion and sub-par growth expected in 2024.
- Corporate profit recession to go on in H1 2023, followed by recovery.
- Global financial conditions to deteriorate amid continuation of the tightening cycle.
- Limited spread widening.
- Climate change adds to stagflationary trends.
- Climate risk hampers growth.

15%
likely


Upside Scenario – Inflation falls back ending the stagflationary episode

- Ceasefire in Ukraine.
- Russia partially resumes gas exports to Europe.
- Fiscal discipline gradually restored.
- Inflation falls back quickly.
- Lower uncertainty, extra savings. and renewed purchasing power fuel DM demand.
- Return of risk-on sentiment in the market.
- Climate change policy and energy transition as top priorities.

2023 Risks and Opportunities


In 2023, certain risks may arise that have the potential to negatively impact investors. Managing these will require vigilance, but it is important to recognise that some of these may also present opportunities.

 **Risk** War escalation


 **Risk** Global profit recession, with global growth below 3%


 **Risk** Recession in China

 **Risk** DM CB losing control of inflation [stagflation]

 **Opportunities** in US Treasuries, USD, quality and value equities.

 **Opportunities** in sovereign bonds, USD, gold.

 **Opportunities** in USD, gold, US Treasury, liquid safe-haven bonds.

 **Opportunities** in TIPS, gold, commodity FX, real assets.



Source: Amundi Institute as of December 2022. DM: developed markets. CB: central banks, FX: foreign exchange. USD: US dollar, EUR: euro, TIPS: Treasury inflation-protected securities.

Allocation: Follow the sequence

The economic backdrop is likely to translate into a continuation of the current correction phase in financial markets during the first half of 2023, featuring a profit recession and high inflation. In this

context, investors should consider starting the year with a cautious stance in their portfolio allocation, but stand ready to adjust and increase risk later in the year.

Investment Implications under the base scenario

	End 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023
Bonds are back 	<ul style="list-style-type: none"> Government bonds; IG credit; Cautious on HY credit & Selective on EM bonds HC 		<ul style="list-style-type: none"> Focus still on high quality credit; Add EM bonds. 		<ul style="list-style-type: none"> HY credit may start to offer some selective opportunities.
Equity seek entry points 	<ul style="list-style-type: none"> Cautious overall Play quality-value & high dividend US equity vs rest of the world 		<ul style="list-style-type: none"> Add global equity; Look for some selective EM equities. 		<ul style="list-style-type: none"> Equity opportunities in cyclical, small cap & EM.

2023 Portfolio ideas

In anticipation of a two-speed year, we have identified five principal investment themes for 2023.

- 1 Developed market equities.** On a relative basis, favour resilient US stocks, but remain cautious on Europe. Rotate your sector exposures – start defensive, before looking to cyclicals later in the year.
- 2 Emerging market equities.** Exploit the EM-DM growth differential and prepare to capitalise on a potential China rebound.
- 3 Fixed income.** Lock in attractive sovereign yields. Seize opportunities in higher quality US and EUR corporate bonds and diversify with China bonds.
- 4 ESG and climate change.** Align your portfolio with climate and ESG-related themes such as new energy.
- 5 Commodities.** Add diversification and protection early in the year with gold.

1 Developed Market Equities

Favour resilient US equities

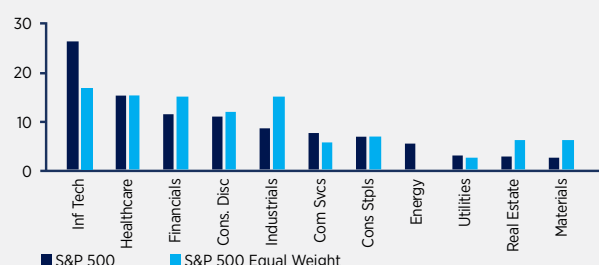
We believe that US equities should prove more resilient compared to other developed equity markets on the back of a relatively better inflation, economic growth and consumption backdrop. We have a preference for names that can reward shareholders by returning excess cash through dividends or buybacks, even in a difficult environment.

In a higher-for-longer interest rate context, we also favour lower exposure to growth stocks whose future earnings expectations can be negatively impacted by rising rates. In addition, we have a defensive stance on mega-caps, which are also vulnerable in these conditions.

The S&P 500 equal-weight index bears a lower exposure to growth stocks and megacaps, compared to a market cap weighted index. By construction, it also exhibits higher dividend yields.

Chart 6: Lower tilt on Growth sectors with equal weight

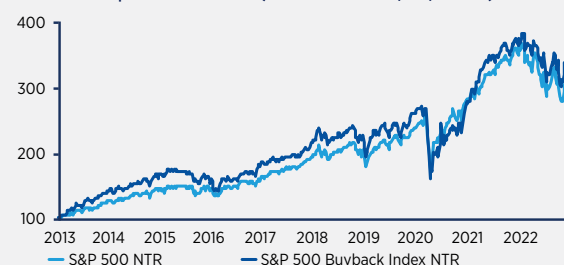
S&P 500 - sector breakdown in %



Source: S&P 500, Bloomberg, Amundi. Data is as of December 2022. Past performance is not a reliable indicator of future performance.

Chart 7: S&P 500 Buyback outperformance

Historical performance (base 100= 31/12/2012)



Source: S&P 500, Bloomberg, Amundi. Data is as of October 2022. Past performance is not a reliable indicator of future performance.

ETF Implementation

AMUNDI S&P 500 BUYBACK UCITS ETF
0.15% OGC*

Maintain a cautious bias in Europe

Recession risks are greater in Europe and the continent is likely to face a mild contraction in economic activity early this year. Elevated inflationary pressures are biting into corporate margins and the energy crisis triggered by the war between Ukraine and Russia adds to uncertainties.

In this environment, quality companies with high pricing power and high margin levels can more easily pass on rising input costs and may be better positioned to outperform.

A higher rate environment also tends to impact corporates with higher duration such as growth stocks. On the other hand, corporates with greater earnings visibility and higher dividend payout policies may perform better in these conditions, hence our preference for value stocks and financials.

Consider a defensive, sector-based global approach

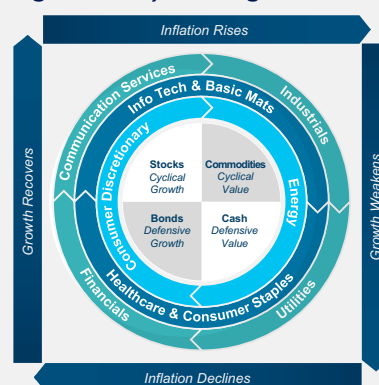
Incorporating a sector-based approach can help investors to adjust portfolio positioning according to their macro-economic views, investment objectives and risk tolerance. An agile sector allocation should allow investors to adapt their portfolio to each phase of the economic cycle.

We also favour corporates with high payout policies that tend to have sustainable and relatively predictable cash flows.

ETF Implementation

- AMUNDI MSCI EUROPE VALUE FACTOR UCITS ETF**
0.23% OGC*
- AMUNDI MSCI EUROPE QUALITY FACTOR UCITS ETF**
0.23% OGC*
- AMUNDI MSCI EUROPE HIGH DIVIDEND FACTOR UCITS ETF**
0.23% OGC*

Selecting the right sectors, at the right time



For illustrative purposes only

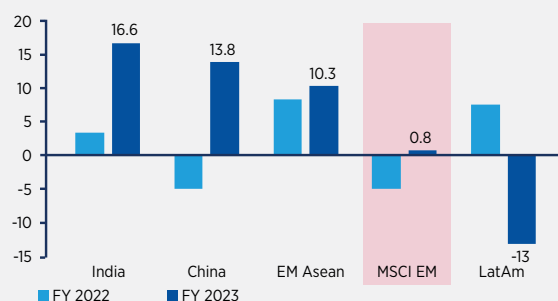
2 Emerging Market Equities

A Fed pivot may support emerging markets

The performance of emerging market (EM) equities has been mixed since the beginning of last year. The significant underperformance of Chinese equities more than offset the strong performance of Latam equities, bolstered by their exposure to the commodity complex. Looking ahead, market expectations are for a small recovery in earnings growth in 2023.

Still, this aggregate measure hides strong divergences in the earnings outlook for individual countries / regions. Our main convictions at country levels are Brazil, although we are assessing how the new President's fiscal policies may impact public finances and economic growth; and the UAE. In Asia, the Chinese economy is expected to rebound after the recalibration of the zero Covid policy but more clarity is needed. The strong decorrelation of Chinese equities' performance to other markets, and the complexity of the local market, pushes for adopting a separate allocation to China from the EM block to reflect those divergences.

Chart 8: EM earnings growth prospects hide big divergences
EM Consensus EPS Growth Estimates (%)



Sources: Amundi, Bloomberg. Data is as of November 2022.
Past performance is not a reliable indicator of future performance.

A comeback for China?

China's economy has the potential to unveil positive surprises in 2023, depending on the outcome of two main challenges: the housing market and its Covid-19 policy.

On the former, we see a stabilisation thanks to looser policy, on the latter a continuing relaxation of restrictions.

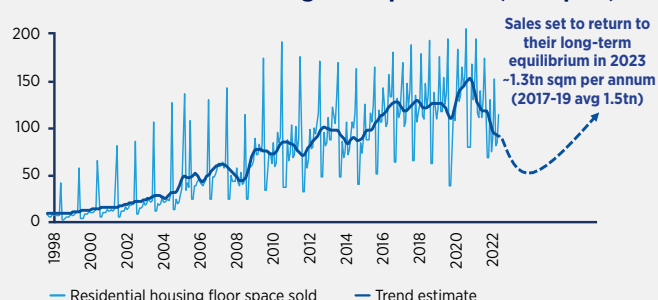
And newsflow has improved over recent weeks, following China's abrupt abandonment of strict Covid controls (albeit resulting in a surge of Covid cases) leading to some recovery in asset pricing.

Such actions have the potential to reduce the idiosyncratic risks that have hampered the performance of Chinese equities over the past year.

With regards to housing, the Q3 2022 People's Bank of China (PBoC) survey showed that the share of households planning to buy homes increased for the first time since mid-2021. New home sales volumes, after seasonal adjustments, increased for the second consecutive month in September 2022.

Investors should stand ready to play a potential rebound later in 2023.

Chart 9: Residential housing floor space sold (mn sq m2)



Source: Amundi Institute, CEIC as of October 2022. sqm: square meters.

ETF Implementation

AMUNDI MSCI EMERGING EX CHINA ESG LEADERS SELECT UCITS ETF DR
0.35% OGC*

AMUNDI MSCI CHINA ESG LEADERS SELECT UCITS ETF DR
0.35%*

AMUNDI MSCI CHINA UCITS ETF
0.55%*

LYXOR MSCI CHINA A (DR) UCITS ETF
0.35%*

3 Fixed Income

Core sovereign may offer attractive yields

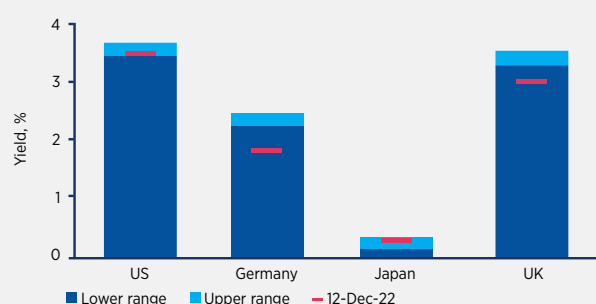
After the strong sell-off in government bonds amid volatile moves and factoring in tighter monetary policy, we believe core government bonds are already good value. At this stage, most of the expected tightening is already reflected in current yields, especially for US rates.

The Fed is maintaining its focus on controlling inflation, which is causing a decline in the possibility of a 'soft landing' scenario but a US recession is still not our base case. While we are neutral on duration at the moment, we could raise our stance depending on how far UST yields increase. We think the risk-reward of being

cautious on duration is less compelling now than it was earlier because of emerging growth concerns.

In Europe, we are slightly cautious on duration as the government bond market is likely to remain under stress. We anticipate the ECB will raise rates by a further 125 bps, bringing policy rates to peak around 3.25% in 2023. Conflicting forces remain at play with the ECB committed to tackling inflation while EU governments' fiscal support feeds inflation. We believe that better opportunities will materialise later this year when the ECB will head closer to its terminal policy rate.

Chart 10: Amundi 10y yield forecasts, +12 months



Source: Amundi Institute, Bloomberg. Data is as of December 2022. Forecasts are by Amundi Institute as of November 2022.

ETF Implementation

LYXOR US TREASURY 7-10Y (DR) UCITS ETF
0.07% OGC*

LYXOR EURO GOVERNMENT BOND 1-3Y (DR) UCITS ETF
0.17% OGC*

Fresh opportunities in US and EUR Corporate bonds with a focus on quality

In terms of credit segments, we maintain a slight preference for Investment Grade (IG) credit, while being more cautious on risky assets such as High Yield. Over the next year, investors should closely monitor the impact of 1) the slowdown in economic activity, 2) rising labour costs on margins and 3) policy tightening, especially on US corporates, paying attention to corporate leverage, and liquidity and refinancing risks.

In the US, the effect of monetary tightening on IG spreads has been limited so far. Companies currently have low refinancing needs and have dipped into their reserves for their funding needs, leading to reduced cash levels on balance sheets. These robust fundamentals coupled with a potential Fed pivot in 2023 make us positive on the asset class.

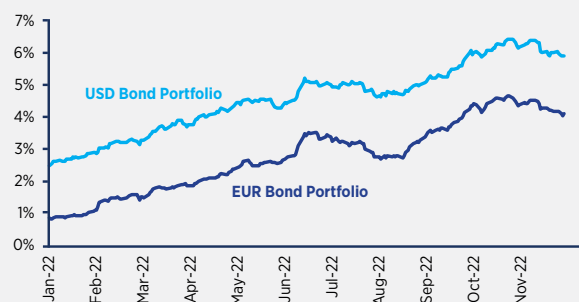
In the European corporate space, the inflation outlook, subsequent ECB policies and fiscal and energy policy will remain key drivers for corporate margins. A new EU level fiscal support package could prove supportive of businesses and alleviate some of the economic fallout of tighter liquidity conditions and elevated energy prices. When allocating to corporates, we maintain a preference for high quality credit, and a bias towards shorter duration for the first quarter of 2023.

ETF Implementation

LYXOR ESG USD CORPORATE BOND (DR) UCITS ETF
0.14% OGC*

AMUNDI INDEX EURO CORPORATE SRI 0-3Y UCITS ETF DR
0.12% OGC*

Chart 11: Yield evolution for EUR and USD Bonds Portfolios

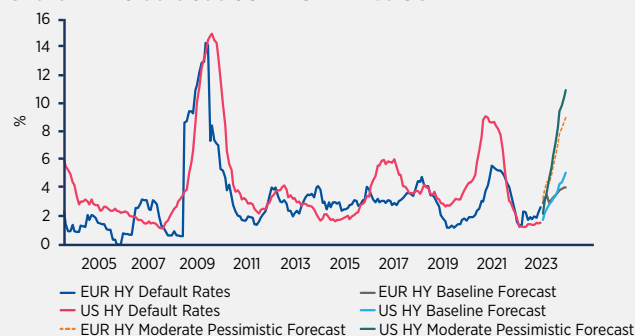


USD Portfolio composition: 50% US Aggregate, 20% Global US Credit, 10% US SUB, 10% US HY and 10% EM

EUR Portfolio composition: 50% Euro Aggregate, 20% Global Eur Credit, 10% Eur SUB, 10% Eur HY and 10% EM

Source: Amundi Institute. Analysis on latest weekly data from Bloomberg. Data is as of November 2022. EM: emerging markets.

Chart 12: Default outlook: EUR HY vs US HY



Source: Amundi Institute, Moody's. Data is as of December 2022. Forecasts start from November 2022. CB: Central Banks. HY: High Yield.

Add China bonds for an interesting source of diversification

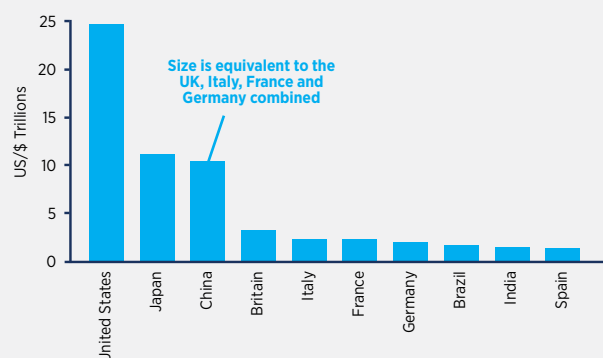
A dovish Fed pivot, a key driver for emerging market debt performance has yet to materialise, hence our cautious bias on EM debt in the near-term. Having said that, we believe entry points will materialise later in the year and we stand ready to reweight. Although the outlook for China remains uncertain, the PBoC recently provided additional support to the local debt market to ease stress levels and ultimately facilitate lending in a heavily disrupted economy. In addition, China's gradual reopening, a dovish bias from the PBoC and the government's signals for more support to growth may prove supportive for the market as the year progresses.

China's debt market, the third largest bond market in the world at USD 11 trillion, just after the US and Japan, can offer an interesting source of diversification in a global fixed income allocation.

ETF Implementation

AMUNDI CHINA CNY BONDS UCITS ETF DR
0.20% OGC*

Chart 13: China government bonds: the third largest bond market in size



Source: Amundi. Data is as of December 2022.

4 ESG and climate

Align your portfolio to climate goals

The COP27 climate talks underlined the need for further coordination amongst countries. However, they confirmed that the world will not backtrack on the Paris Agreement, an important step towards climate justice.

Companies that have invested early in the low-carbon transition, such as those aligning themselves with the Paris Agreement, may be better placed to create better long-term returns for their investors.

Invest in New Energy

Hitting net zero by 2050 requires a major shift from more polluting sources of energy to cleaner, more sustainable ones. To meet the International Energy Agency's net zero by 2050 scenario, investments in energy must surge from the current rate USD 2.3 trillion annually to USD 5 trillion by 2030 and then USD 4.5 trillion by 2050¹. This creates huge investment opportunities in companies exposed to alternative energy, energy efficiency and the battery value chain.

Climate-aligned benchmarks are designed for climate action, immediately reducing a portfolio's carbon intensity and absolute emission levels based on a target trajectory.

ETF Implementation

AMUNDI INDEX MSCI WORLD SRI PAB UCITS ETF DR
 0.18% OGC*

Russia's invasion of Ukraine in February 2022 has further reinforced the case for new energy by highlighting Europe's overdependence on a partner with significant ideological differences.

ETF Implementation

LYXOR MSCI NEW ENERGY ESG FILTERED (DR) UCITS ETF
 0.60% OGC*

Add diversification to your portfolio and help the environment with Green Bonds

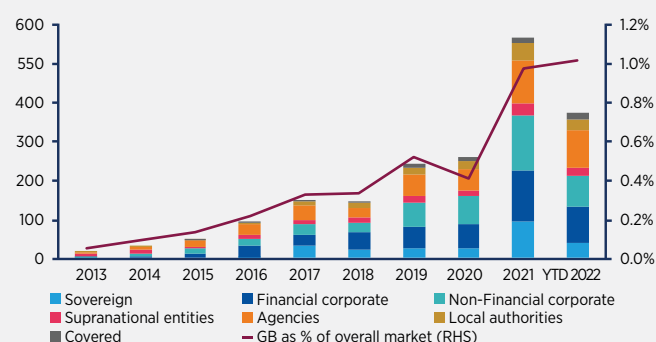
With rising commitments to climate action - and an increasingly firm hand from regulators - many investors are turning to 'green' bonds to fund pro-climate projects.

Although still relatively small for now and led by corporate issuances, the green bond market is growing fast and receiving support from a number of fundamental drivers. The market is benefitting from growing investor demand for green assets and policymakers and companies aligning themselves with the goals of the Paris Agreement. The European Commission has introduced its REPowerEU plan, which includes plans to significantly accelerate the deployment of renewable and clean energy capacity and ramp up energy-efficiency initiatives. The plan also involves additional investments of EUR 210 billion over the next five years.

Despite a general slowdown in primary issuances, the green bond primary market remains dynamic with over USD 370 billion issued in 2022, and is still well supported by strong supply and high investor demand.

The Bloomberg MSCI Global Green Bond 1-10 Year Index bears much lower duration (5.1 years) compared to sovereign equivalents. This allows a global exposure to the green bond market while limiting duration risk.

Chart 14: Green Bond Issuance Over Time



Source: Amundi. Data is as of December 2022.

ETF Implementation

LYXOR GLOBAL GREEN BOND 1-10Y (DR) UCITS ETF
 0.15% OGC*

5 Commodities

Safe-haven demand remains strong for gold

Historically, gold has been used to provide protection against potential tail risks during times of market stress as it provides some stability. As such, it may be able to help preserve capital during times of geopolitical stress. In the near term, gold may be an interesting diversifier in times of high inflation and low growth when upward pressures on real rates fade, as well as reflecting potential demand from central banks as a reserve for value.

When nearing the potential Fed pivot (at some point in Q2), the focus should fall on slowing growth. In these circumstances, gold would be in demand, with valuation and positioning providing attractive entry points.

Chart 15: Gold - historical price & ETF demand



Source: Amundi Institute, Bloomberg. Data is as of December 2022.

ETF Implementation

AMUNDI PHYSICAL GOLD ETC
 0.12% TER**

LYXOR NYSE ARCA GOLD BUGS (DR) UCITS ETF
 0.65% OGC*

* Ongoing charges - annual, all taxes included. The ongoing charges represent the charges taken from the fund over a year. Until the fund has closed its accounts for the first time, the ongoing charges are estimated. Transaction cost and commissions may occur when trading ETFs.

** The TER is a measure that compares the annual total management and operating costs (all taxes included) charged to an ETC against the value of that ETC's assets. Transaction cost and commissions may occur when trading ETCs.

About Amundi

Amundi, the leading European asset manager, ranking among the top 10 global players², 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 hubs³, financial and extra-financial 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 assets⁴.

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 €275 billion of assets⁵.

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.

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² Source: IPE "Top 500 Asset Managers" published in June 2022, based on assets under management as at 31/12/2021.

³ Boston, Dublin, London, Milan, Paris and Tokyo.

⁴ Amundi data including Lyxor as at 30/09/2022.

⁵ Source: Amundi data including Lyxor as at 30/09/2022.

KNOWING YOUR RISK

It is important for potential investors to evaluate the risks described below and in the fund's Key Investor Document ("KID") or Key Investor Information Document ("KIID") for UK investors and prospectus available on our websites 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.]

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The Funds are French, Luxembourg open ended mutual investment funds respectively approved by the French Autorité des Marchés Financiers, the Luxembourg Commission de Surveillance du Secteur Financier, and authorised for marketing of their units or shares in various European countries (the Marketing Countries) pursuant to the article 93 of the 2009/65/EC Directive.

The Funds can be French Fonds Communs de Placement (FCPs) and also be sub-funds of the following umbrella structures:

For Amundi ETF:

- Amundi Index Solutions, Luxembourg SICAV, RCS B206810, located 5, allée Scheffer, L-2520, managed by Amundi Luxembourg S.A.

For Lyxor ETF:

- Multi Units France, French SICAV, RCS 441 298 163, located 91-93, boulevard Pasteur, 75015 Paris, France, managed by Amundi Asset Management
- Multi Units Luxembourg, RCS B115129 and Lyxor Index Fund, RCS B117500, both Luxembourg SICAV located 9, rue de Bitbourg, L-1273 Luxembourg, and managed by Amundi Asset Management
- Lyxor SICAV, Luxembourg SICAV, RCS B140772, located 5, Allée Scheffer, L-2520 Luxembourg, managed by Amundi Luxembourg S.A.

Before any subscriptions, the potential investor must read the offering documents (KID or KIID for UK investors and prospectus) of the Funds. The prospectus in French for French UCITS ETFs, and in English for Luxembourg UCITS ETFs, and the KID or KIID for UK investors in the local languages of the Marketing Countries are available free of charge on www.amundi.com, www.amundi.ie or www.amundiETF.com. They are also available from the headquarters of Amundi Luxembourg S.A. (as the management company of Amundi Index Solutions and Lyxor SICAV), or the headquarters of Amundi Asset Management (as the management company of Amundi ETF French FCPs, Multi Units Luxembourg, Multi Units France and Lyxor Index Fund).

Investment in a fund carries a substantial degree of risk (i.e. risks are detailed in the KID or KIID for UK investors and prospectus). Past Performance does not predict future returns. Investment return and the principal value of an investment in funds or other investment product may go up or down and may result in the loss of the amount originally invested. All investors should seek professional advice prior to any investment decision, in order to determine the risks associated with the investment and its suitability.

It is the investor's responsibility to make sure his/her investment is in compliance with the applicable laws she/he depends on, and to check if this investment is matching his/her investment objective with his/her patrimonial situation (including tax aspects).

Please note that the management companies of the Funds may de-notify arrangements made for marketing as regards units/shares of the Fund in a Member State of the EU in respect of which it has made a notification.

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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