

Amundi ETF

ETFs: Ideal tools for implementing Fixed Income portfolio strategies

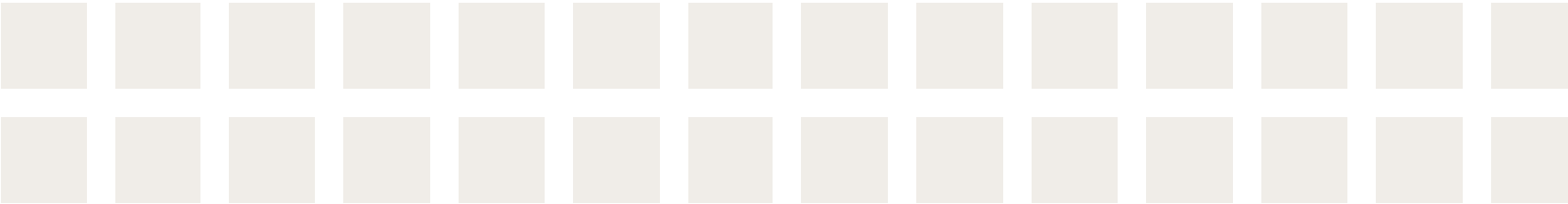
SIX Swiss Exchange & Scoach "ETP Day" 2011
March 2011

Benoit Garcia - Amundi ETF Institutional Sales – Amundi Switzerland

This document is solely for the attention of qualified investors within the meaning of Article 10 paragraph 3 of the Federal Act on Collective Investment Scheme of June 23, 2006. It is not to be distributed to non-qualified investors

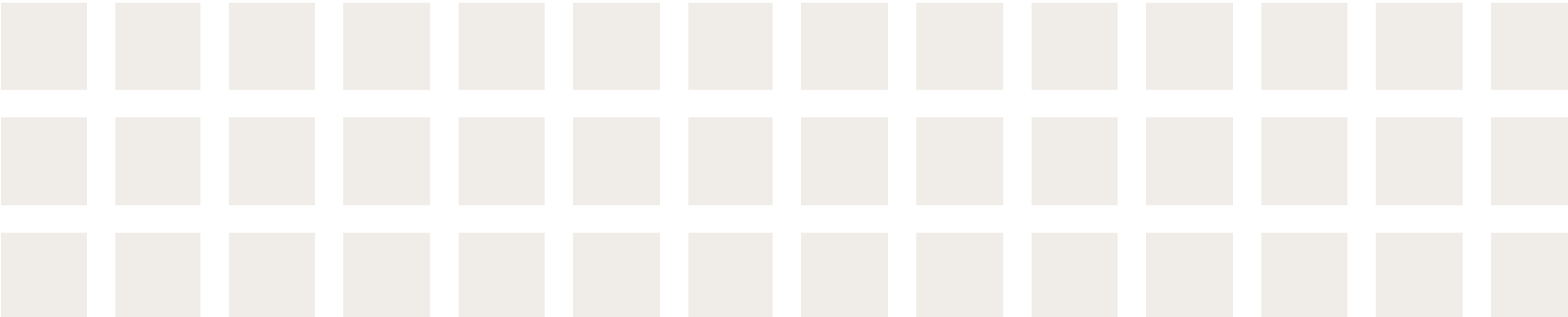
Agenda

- 01 Introduction: Amundi ETF
- 02 Overview of the Fixed-Income ETF market in Europe
- 03 Use of Fixed Income ETFs in portfolio strategies
- 04 Conclusion



01

Amundi ETF: 2 years of constant growth



Amundi ETF: 2 years of constant growth

Amundi ETF is recognised as a Major European player

96 ETFs

• Full range of products covering all asset classes

€6 Bn

• AUM⁽¹⁾

3rd

• Number of ETFs launched in 2010⁽²⁾

+60%

• AUM growth in 2010

4th

• Player in terms of product offer in Europe ⁽²⁾

260

• Listings in Europe

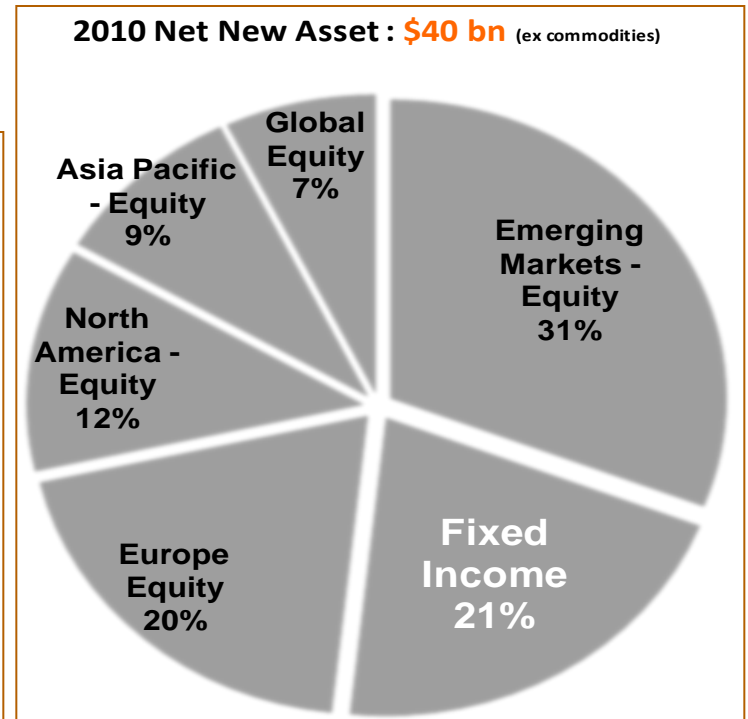
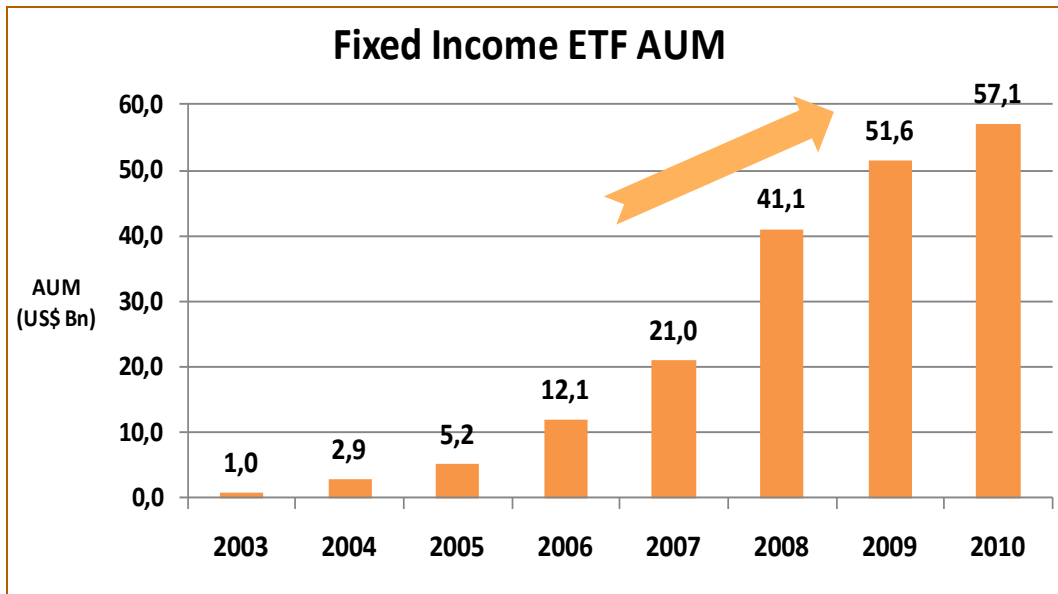
02

Overview of Fixed Income ETF market in Europe

A fast growing ETF asset class since 2007

Fixed income ETFs market in Europe:

- Fixed Income ETF AUMs x 2.5 since 2007
- Today, there are 200 ETFs for a total AUM of \$57bn
- In 2010, Fixed Income ETFs net new assets accounted for 21% of ETF net inflows



3 Exposures weight for 85% of the AUM on Fixed Income ETFs

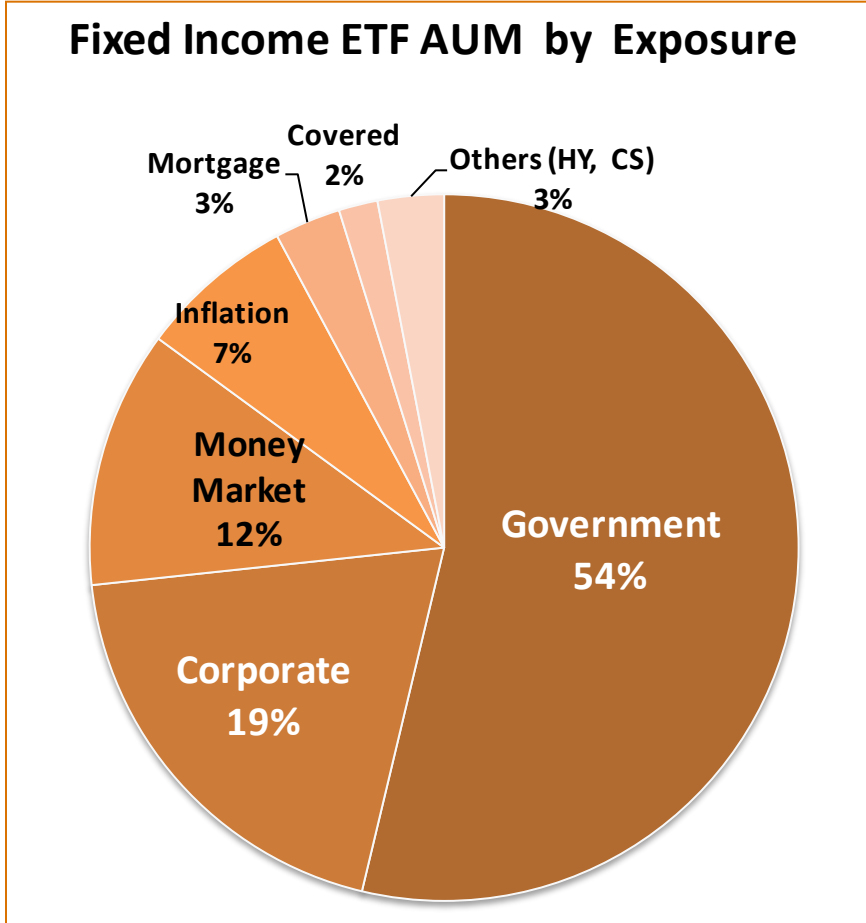
Fixed income ETF market in Europe:

■ **85% of the AUM on Fixed Income ETFs is concentrated on 3 major type of exposures**

- Government bonds
- Corporate bonds
- Money Market

■ **15% of the remaining AUM on Fixed Income cover**

- Inflation
- Mortgage
- Covered Bonds
- Credit Spread , High Yield



03

Use of Fixed Income ETFs in portfolio strategies

From simple strategies ...

Fixed income ETFs can be used for single strategies:

Portfolio allocation

- Fixed income ETF is a simple way to buy a basket of bonds

Country / Region allocation

- The large range of Fixed Income ETFs offers investors a wide choice to invest on dedicated country, regions or ratings

Duration and maturity management

- With maturity bucket ETFs, investors can manage the duration or the yield of their fixed income portfolio

... to more sophisticated implementations

By combining long and short fixed income ETFs, investors can implemented multiple strategies:

RELATIVE VALUE STRATEGIES

Hedging Strategy

- The inverse replication of bond indices over different durations and maturities allows EFFICIENT hedging of a government exposures portfolio

Flattening/ Steepening of the yield curve

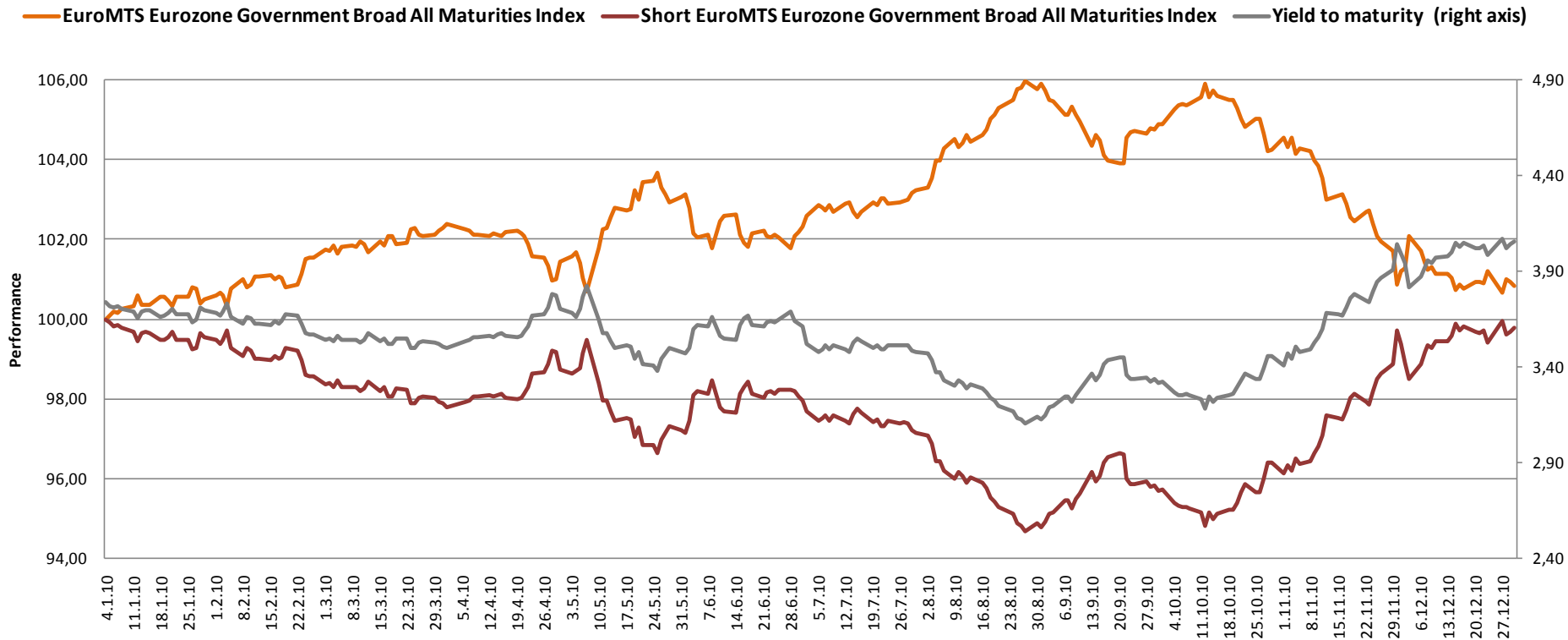
- In combination with the equivalent long ETFs on individual segments of the curve, investors can implement flattening/steepening strategies on the yield curve anticipation

Widening/ Narrowing of credit spreads

- Indices also contain a certain percentage of bonds from peripheral countries. Therefore, short ETFs profit from broader spreads.

Example 1: Hedging portfolio strategy

SHORTAGE FORMULA
- Index performance
+ 2x EONIA
- borrowing costs

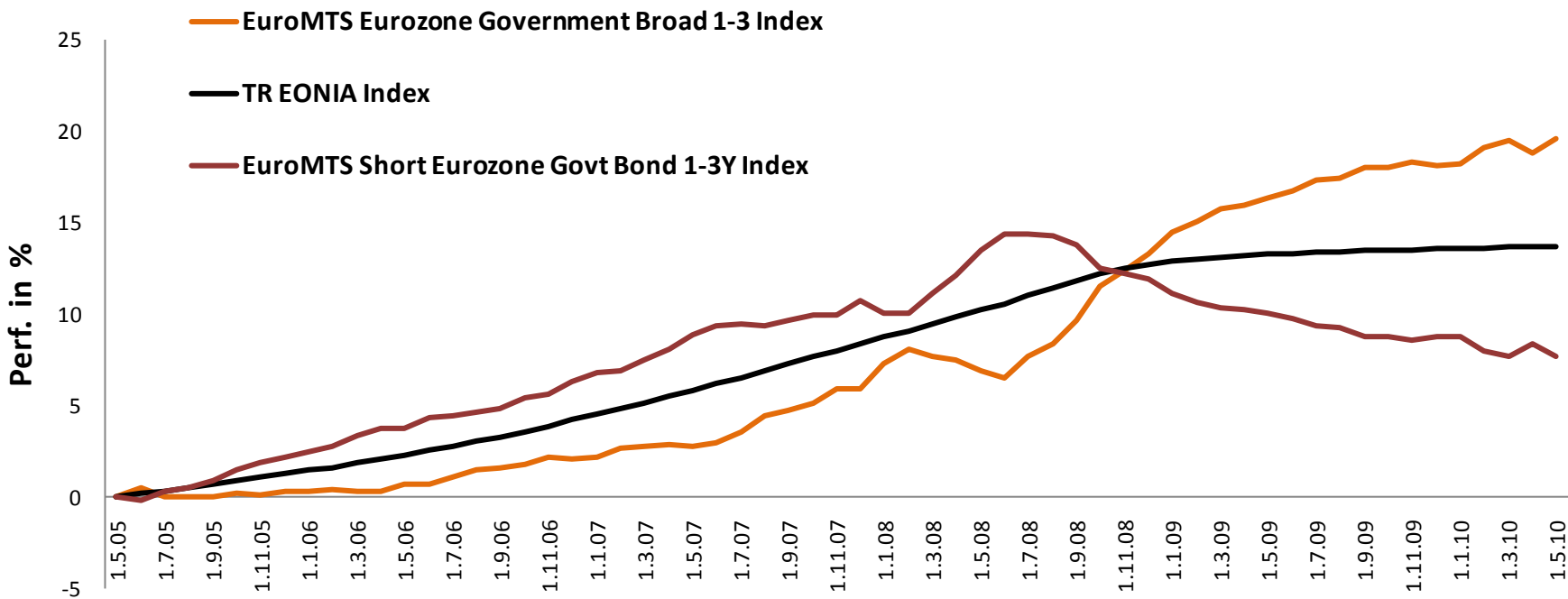


Source: Bloomberg, Amundi ET,F -
Data from 04/01/2010 to 31/12/2010

Short ETFs reflect the yield to maturity movement

These hypothetical examples are for illustration purposes only. This document does not in any way constitute an offer, investment advice, recommendation (personal or otherwise) or a solicitation to purchase, invest or convert AMUNDI ETF fund shares or units, nor should it be interpreted as such under any circumstances.

Example 2: The compounding effect – bond indices



01/05/2005 to 31/05/2010	Performance	vs Eonia
Long Index	19,59%	5,86%
Eonia	13,73%	
Short Index	7,69%	-6,04%

Source: Bloomberg, Amundi ETF, data from 01/05/2010 to 31/05/2010

These hypothetical examples are for illustration purposes only. This document does not in any way constitute an offer, investment advice, recommendation (personal or otherwise) or a solicitation to purchase, invest or convert AMUNDI ETF fund shares or units, nor should it be interpreted as such under any circumstances.

Past performance is not a guarantee or a reliable indicator for future returns

Example 3: Relative Value Strategies (flattening/steepening)

Example:
In anticipation of a **FLATTENING** of the yield curve, on the 1-3y vs 7-10y segment

Buy
ETF SHORT GOVT BOND BROAD 1-3Y
Duration weighted

Buy
ETF GOVT BOND BROAD 7-10Y
Duration weighted

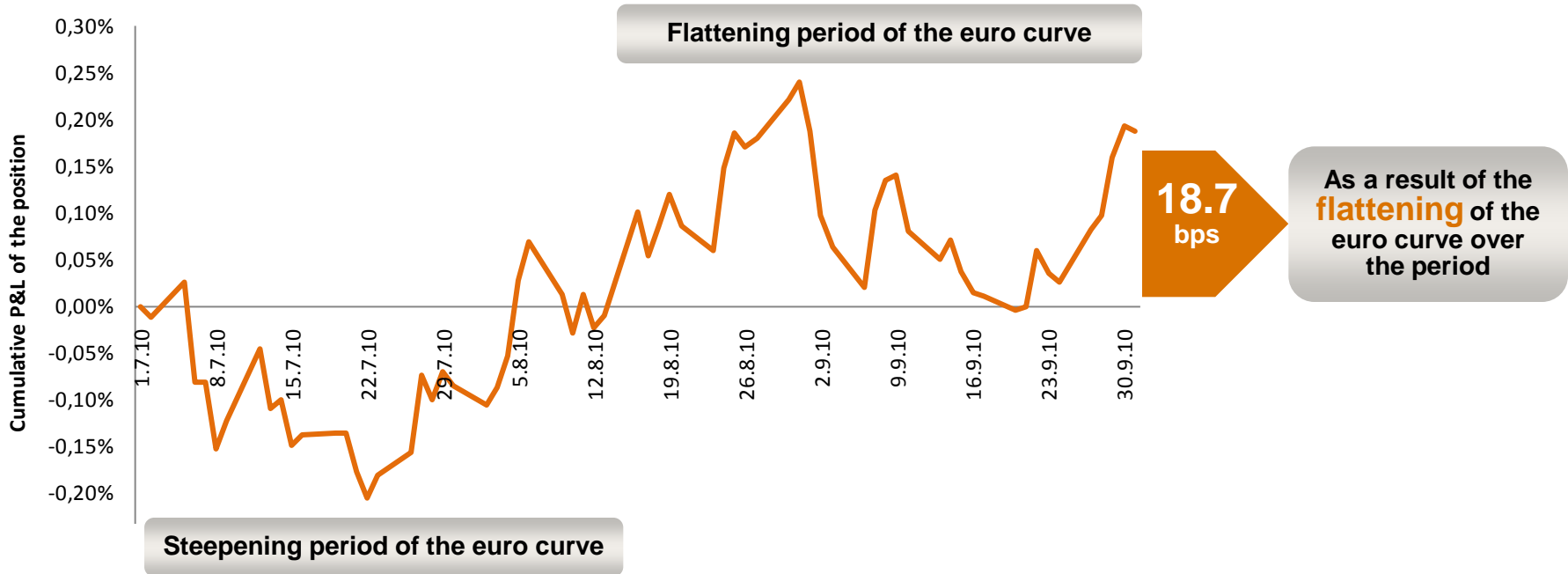
Example:
In anticipation of a **STEEPENING** of the yield curve, on the 1-3y vs 7-10y segment

Buy
ETF GOVT BOND BROAD 1-3Y
Duration weighted

Buy
ETF SHORT GOVT BOND BROAD 7-10Y
Duration weighted

Example 3: Relative Value Strategies (flattening/steepening)

**FLATTENING EXAMPLE:
1 July 2010 – 1 October 2010**



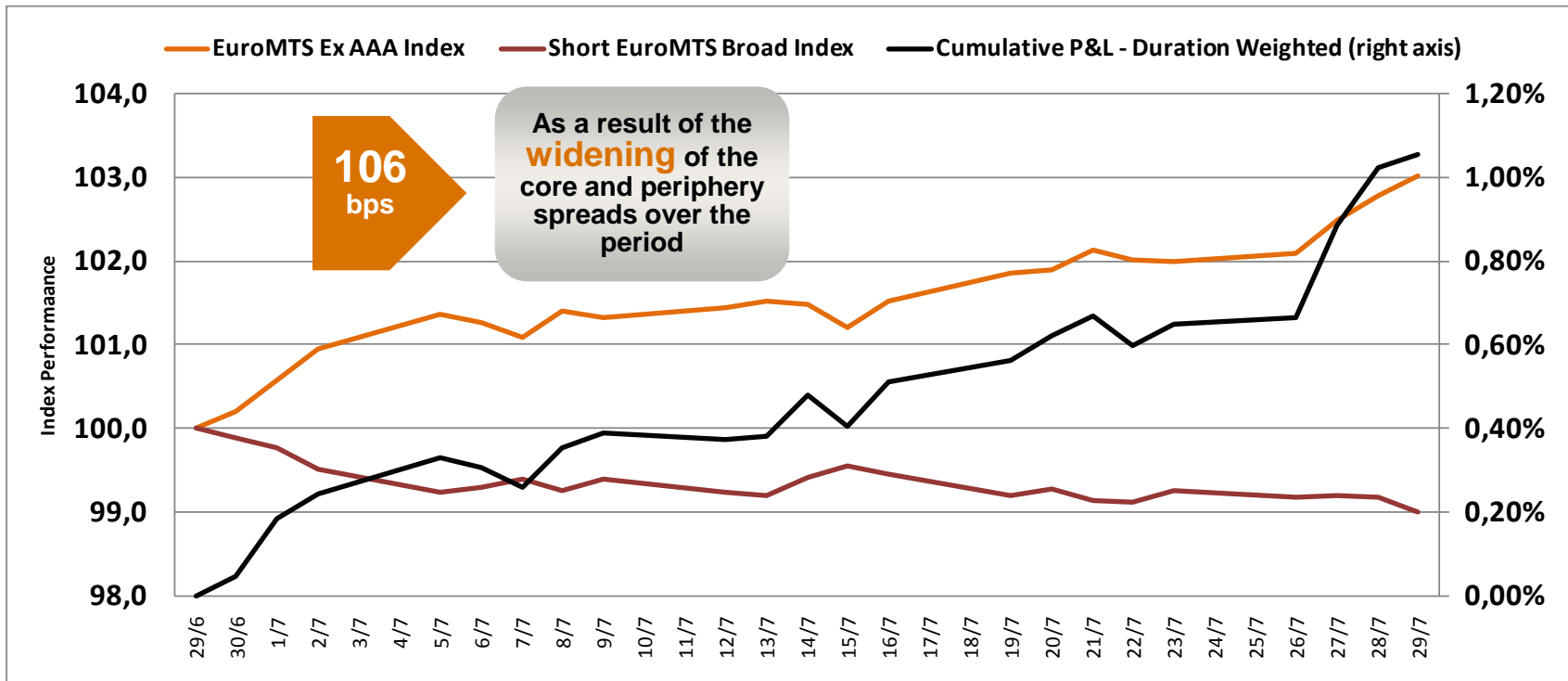
	EuroMTS Short Euro Govt Bond 1-3 Index	EuroMTS Euro Govt Bond 7-10 Index	Mod. Duration 1-3 Y	Mod. Duration 7-10Y
1 July 2010	123,24	174,90	1,84	7,08
1 October 2010	122,73	179,18	1,91	7,27
Performance	-0,41%	2,45%		

Source: Bloomberg, Amundi ETF
Data from 1/7/2010 to 1/10/2010

These hypothetical examples are for illustration purposes only. This document does not in any way constitute an offer, investment advice, recommendation (personal or otherwise) or a solicitation to purchase, invest or convert AMUNDI ETF fund shares or units, nor should it be interpreted as such under any circumstances.

Example 4: Relative Value Strategies (widening/narrowing)

**WIDENING EXAMPLE:
29 June 2010 – 29 July 2010**



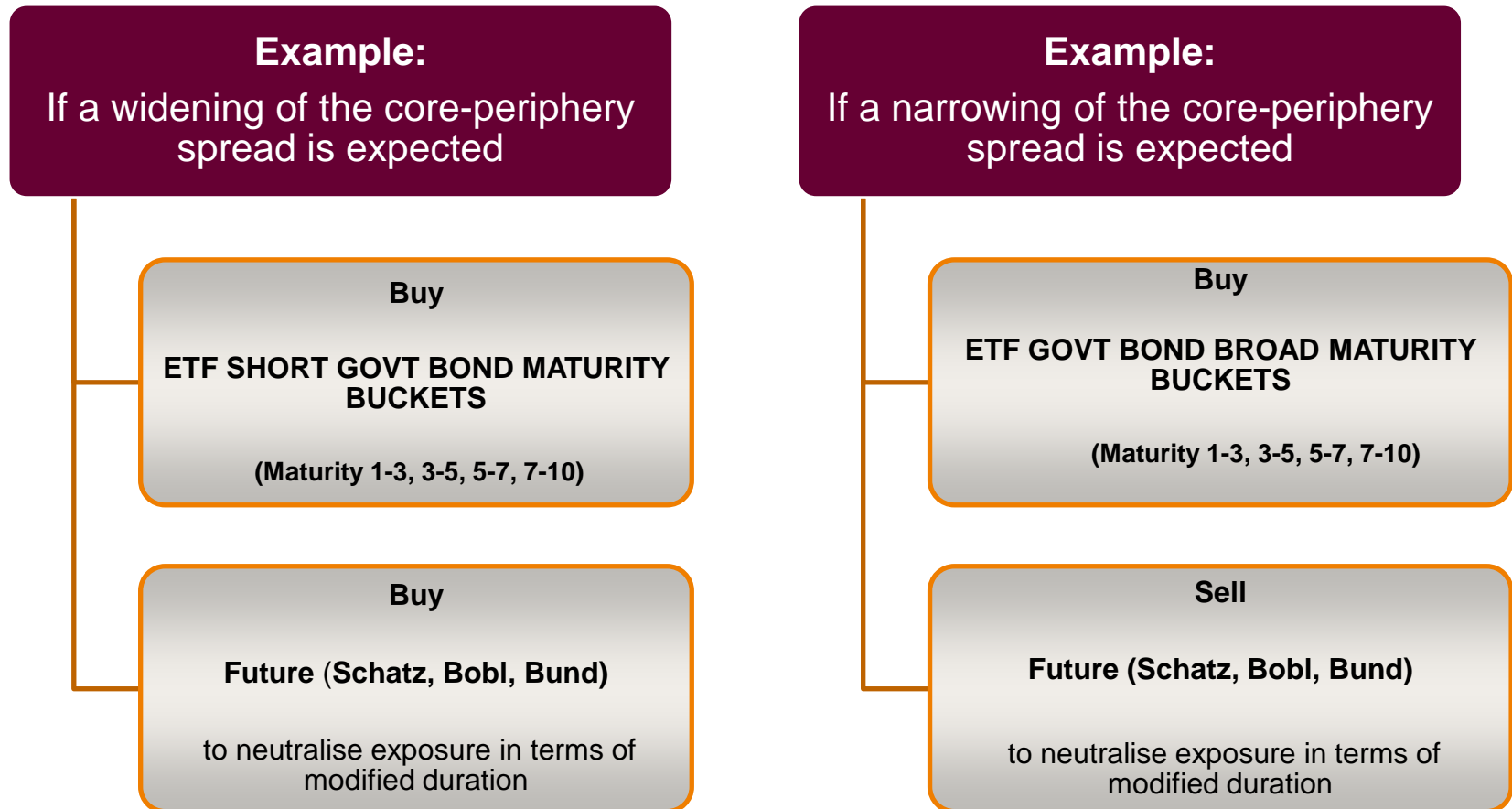
Source: Bloomberg, Amundi ETF
Data from 29/06/2010 to 29/07/2010

	Short EuroMTS Eurozone Government Broad All Maturities Index	EuroMTS ex-AAA Government Index	Mod. Duration Broad	Mod. Duration ExAAA Index
29/06/2010	111,51	159,22	-6,13	5,85
29/ July 2010	110,41	164,02	-6,21	5,91
Performance	-0,99%	3,01%		

These hypothetical examples are for illustration purposes only. This document does not in any way constitute an offer, investment advice, recommendation (personal or otherwise) or a solicitation to purchase, invest or convert AMUNDI ETF fund shares or units, nor should it be interpreted as such under any circumstances.

Example 5: Intra EMU spread strategies

Combining short Fixed income ETFs with Futures:



04

CONCLUSION

Conclusion

- Fixed income ETF asset under management have grown rapidly since 2007
- Most of the assets in Europe are concentrated in Government, Corporate and Money market exposures
- They are multiple uses for Fixed income ETFs in portfolio strategies combining:
 - Long ETFs
 - Maturity buckets ETFs
 - Short ETFs
- Trading Fixed Income ETFs is different from Equity ETFs

Amundi ETF Range

Within our wide range of products, Amundi ETF offers a complete range of Fixed Income ETFs for Investors

BONDS – 24 ETFs

- Euro Govies → 9 ETFs
- Euro Short Govies → 6 ETFs
- US Govies → 3 ETFs
- US Short Govies → 3 ETFs
- Emerging Govies → 1 ETF
- Corporate → 1 ETF
- Inflation → 1 ETF

EQUITIES – 67 ETFs

- Regions → 16 ETFs
- Countries → 19 ETFs
- Sectors → 13 ETFs
- Styles → 6 ETFs
- Short → 5 ETFs
- Leveraged → 4 ETFs
- Thematic → 2 ETFs



MONEY MARKET – 1 ETF

COMMODITIES – 4 ETFs

All Amundi ETF products are UCITS III compliant which provides a regulated legal framework

Main Investment Risks

Investment risks

Risk of loss of capital

Transaction costs may occur

Risk inherent of the underlying

Counterparty risk

Currency rate risk

The fund objective may only be partially reached

For further details regarding risks, please refer to the full products prospectus available upon request or online on www.amundiETF.com

Investors are reminded that transaction costs may occur

Disclaimer 1/2

This marketing document is directed to professional investors within the meaning of the European directive n°2004/39 on markets in financial instruments (the “MiFID Directive”) and/or to qualified investors within the meaning of the local jurisdiction. It is not to be distributed to non professional clients within the meaning of the MiFID Directive.

The AMUNDI ETF funds (the “AMUNDI ETF Funds”) described in this document may not be authorised for distribution in your country. It is your responsibility to ensure that you are authorised to invest in the AMUNDI ETF Funds.

Amundi Investment Solutions (“Amundi IS”), a French limited company with share capital of 78.077,120 euros, a portfolio management company approved by the French financial market authorities (the “*Autorité des marchés financiers*” or “AMF”) under the number GP 05000025, whose registered office is located 91-93 boulevard Pasteur, 75710 Paris Cedex 15 – France, under the trade registration number 451 230 221 RCS Paris. Provided by Amundi IS.

The Amundi IS Group is a consortium of affiliated entities, including Amundi Investment Solutions Americas LLC, Lyra Capital LLC and Amundi Investment Solutions Americas Holding Inc., together with their affiliates. Any offer or solicitation of an investment in the AMUNDI ETF Funds now or in the future may be made only by delivery of the AMUNDI ETF Funds’ offering documents (each a “Memorandum”) (available on request from Amundi IS and on the Internet website info-etf@amundi.com).

The AMUNDI ETF Funds are managed by Amundi IS. Amundi IS has delegated to Amundi the financial management and the international distribution of the AMUNDI ET Funds. CA Cheuvreux may also be involved in the international distribution of the Funds. When making an investment in the AMUNDI ETF Funds you are buying units that are listed on stock exchange markets. The price of the units will be determined by supply and demand. Accordingly it is expected that the unit price may differ from the net asset value of the AMUNDI ETF Funds. The AMUNDI ETF Funds are not capital guaranteed. Share or unit values are subject to market fluctuations, the investments made may therefore vary downward as well as upward. It is therefore possible that investors will not get back the amount they originally invested, notably as the result of a decline in the value of the underlying index. Potential investors are invited to consult the risk profile, details of which are provided in the Memorandum of the AMUNDI ETF Fund.

The amount to be reasonably invested in the AMUNDI ETF Funds depends on the investors’ personal circumstances. To determine this, investors must take into account their personal wealth, personal assets, current and future needs, as well as their risk tolerance profile, whether this favours high or low-risk investments. It is also highly recommended that investments be diversified in order to avoid exposure solely to the risks of AMUNDI ETF Funds. Investors are advised to seek advice from their usual advisors (financial, accountant, legal and/or taxation) before purchasing any share or units in AMUNDI ETF Funds. Investors should seek advice relating to the tax incidences of their investments in the AMUNDI ETF Funds.

Investors are reminded that past performance is not a guarantee or a reliable indicator for future returns. The potential return may also be reduced by the effect of commissions, fees or other charges (ex: taxes, brokerage commission or the other commissions taken by the financial intermediary). This marketing document is of a commercial and not of a regulatory nature. The Memorandum of the AMUNDI ETF Fund should be read for further details. This document should not in any way be regarded as an offer, an investment advice, a recommendation (personal or), solicitation of an investment offer, or a purchase, sale or arbitrage of shares or units in the AMUNDI ETF Funds, nor should it in any case whatsoever be interpreted as such. This non-binding document is provided by Amundi IS for information and illustration purposes only and not for any other purposes. The exactness, exhaustiveness or relevance of the information provided is not guaranteed even though the information was derived from sources that are reputed to be reliable.

It is inevitably partial, based on market data stated at a particular moment and is subject to change. Amundi IS disclaims any and all liabilities in respect of information contained in this document. In no circumstances will Amundi IS be held liable for the consequences, whether direct or indirect, whether financial or other, of any decision made on the basis of information contained in this document. No representation or warranty, express or implied, is given on the accuracy or completeness of the information or opinions contained in this document and no liability is accepted by Amundi IS or any of its directors, members, officers, employees, agents or advisors for any such information or opinions.

Please note that analyses mentioned in the document are provided by CA Cheuvreux, member of the Crédit Agricole Group, in compliance with the applicable rules, notably the rules relating to the interest conflicts. The document is confidential and reserved to the personal use of the recipient. This material shall not be copied, reproduced, modified, translated or distributed to a third party without the prior written approval of Amundi IS.

This material has been provided without taking account anyone’s objectives, financial situations or needs. Any projections, valuations and statistical analyses provided herein are provided to assist the recipient in the evaluation of the matters described herein. Such projections, valuations and analyses may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results; accordingly such projections, valuations and statistical analyses should not be viewed as facts and should not be relied upon as an accurate prediction of future events. There is no guarantee that any targeted performance will be achieved.

Disclaimer EuroMTS : EuroMTS Indices™, the EuroMTS Index™ Family and EuroMTS® are Trademarks of EuroMTS Limited. The EuroMTS Indices™ are calculated by EuroMTS Limited and marketed and distributed by MTSNext Limited. The Product is not sponsored, endorsed, sold or promoted by neither EuroMTS Limited nor MTSNext Limited, and neither shall be liable for any loss or damage whatsoever (including, without limitation, investment losses) arising wholly or partly in connection with the Product or the licence of the EuroMTS Indices™ to Credit Agricole Structured Asset Management SA. The underlying EONIA® rate is owned by (and is a registered trademark of) EURIBOR Fédération Bancaire Européenne of 10, Rue Montoyer, Brussels, Belgium, 1000 and the Supplier does not own any of the rights attached to EONIA®.

Disclaimer iBoxx and Markit : iBoxx and Markit are marks of International Index Company Limited and have been licensed for use by Amundi IS.” “The Markit iBoxx indices referenced herein are the property of International Index Company Limited and is used under license. The AMUNDI ETF products are not sponsored, endorsed, or promoted by International Index Company Limited”

Disclaimer 2/2

- This marketing document is aimed at professional investors only, and should not be circulated to or relied upon by private investors. The AMUNDI ETF Funds described in this document may not be authorised for distribution in your country. It is your responsibility to ensure that you are authorised to invest in the AMUNDI ETF Funds.
- Amundi Investment Solutions ("Amundi IS"), a French limited company with share capital of 78,077,120 euros, a portfolio management company approved by the French financial market authorities (the "Autorité des marchés financiers" or "AMF") under the number GP 05000025, whose registered office is located 91-93 boulevard Pasteur, 75710 Paris Cedex 15 – France, under the trade registration number 451 230 221 RCS Paris.
- This document is provided by Amundi IS for information and illustration purposes only and not any other purpose. The Amundi IS Group is a consortium of affiliated entities, including Amundi Investment Solutions Americas LLC, Lyra Capital LLC and Amundi Investment Solutions Americas Holding Inc., together with their affiliates.
- Any offer or solicitation of an investment in the AMUNDI ETF Funds now or in the future may be made only by delivery of the AMUNDI ETF Funds' offering documents (each a "Memorandum") (available on request from Amundi IS and on the Internet website info-etf@amundi.com) . The Memorandum of the AMUNDI ETF Fund must be provided to investors before any subscription is made. Complete documentation of the AMUNDI ETF Fund (the full prospectus, annual report, periodic documents) is available upon request from Amundi IS and on the internet site info-etf@amundi.com
- The AMUNDI ETF Funds are managed by Amundi IS. Amundi IS has delegated to Amundi the financial management and the international distribution of the AMUNDI ETF Funds. Chevreux SA may also be involved in the international distribution of the Funds. As the AMUNDI ETF Funds are listed on stock exchange markets, the unit price may differ from the net asset value. The AMUNDI ETF Funds are not capital guaranteed. Share or unit values are subject to market fluctuations, the investments made may therefore vary downward as well as upward. Investors may not get back the amount they originally invested. Risks are detailed in the full prospectus that must be made available before any subscriptions.
- The amount to be reasonably invested depends on the investor's personal circumstances, its personal assets and its risks tolerance profile. It is also recommend that investments be diversified. Investors are advised to seek advices from their usual advisors before making an investment in AMUNDI ETF Funds. Investors should seek advice relating to the tax incidences of their investments in the AMUNDI ETF Funds. This marketing document is aimed to institutions within the meaning of § 1 para. 1b of the Banking Act, private and public insurance companies, capital investment companies, investment stock corporations and foreign investment companies and management companies appointed by them as well as to pension funds and their management companies. Neither the index providers nor their affiliates guarantee the accuracy and/or the completeness of the indices nor any data used to calculate the indices or determine the indices' components. The index providers make no warranties and bear no liability with respect to the AMUNDI ETF Funds. A complete description of the index is available on request from the index providers' website.
- Investors are reminded that past performance is not a guarantee or a reliable indicator for future returns. The potential return may also be reduced by the effect of commissions, fees or other charges (ex: taxes, brokerage commission or the other commissions taken by the financial intermediary). This marketing document is of a commercial and not of a regulatory nature. The Memorandum of the AMUNDI ETF Fund should be read for further details.
- This document should not in any way be regarded as an offer, an investment advice, a recommendation (personal or not), solicitation of an investment offer, or a purchase, sale or arbitrage of shares or units in the AMUNDI ETF Funds or in the futures contracts, nor should it in any case whatsoever be interpreted as such This non-binding document is provided by Amundi IS for information and illustration purposes only. The exactness, exhaustiveness or relevance of the information provided is not guaranteed even though the information was derived from sources that are reputed to be reliable. It is inevitably partial, based on market data stated at a particular moment and is subject to change. In no circumstances will Amundi IS be held liable for the consequences, whether direct or indirect, whether financial or other, of any decision made on the basis of information contained in this document. No representation or warranty, express or implied, is given on the accuracy or completeness of the information or opinions contained in this document and no liability is accepted by Amundi IS or any of its directors, members, officers, employees, agents or advisors for any such information or opinions. The document is confidential and reserved to the personal use of the recipient. This material shall not be copied, reproduced, modified, translated or distributed to a third party without the prior written approval of Amundi IS.
- This material has been provided without taking account anyone's objectives, financial situations or needs. Any projections, valuations and statistical analyses provided herein are provided to assist the recipient in the evaluation of the matters described herein. Such projections, valuations and analyses may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results; accordingly such projections, valuations and statistical analyses should not be viewed as facts and should not be relied upon as an accurate prediction of future events. There is no guarantee that any targeted performance will be achieved.