Amundi ASSET MANAGEMENT 東方匯理資產管理

Issuer: Amundi Hong Kong Limited

PRODUCT KEY FACTS

Emerging Markets Green Bond (a sub-fund of Amundi Funds)

April 2022

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the Prospectus.***
- ***You should not invest in this product based on this statement alone.***

Quick Facts

Management Company:	Amundi Luxembourg S.A.
Investment Manager:	Amundi (UK) Limited (United Kingdom, internal delegation)
Depositary:	CACEIS Bank, Luxembourg Branch
Dealing Frequency:	Daily (any full bank business day in Luxembourg)
Ongoing charges over a year:	A2 USD (C): 1.88%# A2 USD MD3 (D): 1.86%* A2 HKD MD3 (D): 1.85%* A2 RMB Hgd-MD3 (D): 1.85%* A2 AUD Hgd-MD3 (D): 1.85%*
Base currency:	USD
Dividend policy:	For distribution shares (D): Dividends, if declared, will be paid^. The share classes with suffix "MD3" declare dividends (if any) payable at the end of each calendar month. For accumulation shares (C): No dividends will be declared. ^Dividend payments may, at the sole discretion of Amundi Funds, be made out of the fund's income and/or capital, or be paid out of gross income while charging/paying all or part of the fund's fees and expenses to the capital of the fund, resulting in an increase in distributable income for the payment of dividends by the fund, in which case, the fund is effectively paying dividends out of capital. Distributions out of capital or effectively out of capital may result in an immediate decrease of the net asset value per share of the fund. The share classes with suffix "MD3" target to pay dividends (if any) out of both net distributable income and capital attributable to those share classes.
Financial year end:	30 June
Min. Investment:	Initial: none Additional: none

The ongoing charges figure is based on expenses for the period from 1 July 2021 to 31 December 2021 and expressed as a percentage of the average net asset value for corresponding period annualized. This figure may vary from year to year.
* As the share class is newly set-up, the ongoing charges figure is based on estimated expenses borne by the share class over a 12-month period divided by the estimate average net asset value over the same period. It mainly includes the management fee, the administrative fees and the Luxembourg tax (Taxe d'Abonnement). The actual figure may be different from this figure and may change from year to year.

What is this product?

This fund is a sub-fund of Amundi Funds, a mutual fund domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier.

Objectives and Investment Strategy

To increase the value of your investment and to provide income through investment in Sustainable Investments[1] pursuant to Article 9 of the Disclosure Regulation[2]. The fund aims to achieve its investment objective through primarily investing in "Emerging Markets Green Bonds" (as defined below).

The fund invests at least 75% of its net assets in a diversified portfolio of "Emerging Markets Green Bonds" (as defined below) denominated in USD or other OECD currencies (i.e. the lawful currencies of the member countries of the Organisation for Economic Co-operation and Development).

"Emerging Markets Green Bonds" are defined as debt securities and instruments which finance eligible projects meeting the criteria and guidelines of the Green Bond Principles (as published by the International Capital Market Association (ICMA)) (each a "**Green Bond**" and collectively the "**Green Bonds**") issued by companies that are headquartered, or do substantial business, in an emerging market. The Green Bond Principles (GBP) are process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. The GBP have the following four core components: (i) use of proceeds, (ii) process for project evaluation and selection, (iii) management of proceeds, and (iv) reporting. To align with these four core components of the GBP, issuers of Green Bonds shall: (i) indicate that proceeds will be used to finance "green"/climate projects; (ii) have process to identify qualifying projects based on sound methodology and clear criteria; (iii) allocating proceeds to the identified projects and not to other general expenses/investments; (iv) report, at least annually, the status of the use of proceeds, the status of projects and the actual environmental impact. The Investment Manager assesses eligibility of projects and/or issuers with Amundi's proprietary tool based on external research data with internal analyses. The majority of the Green Bonds invested by the fund relate to climate and environmental objectives, for example to encourage sustainability and/or to support climate-related or other types of special environmental projects, including, without limitation, renewable energy, water management, clean transportation.

Whilst the Investment Manager aims to invest in ESG Rated securities (i.e. securities which are ESG rated or covered for ESG evaluation purposes by Amundi Asset Management or by a regulated third party recognised for the provision professional ESG rating and evaluation), not all investments of the fund will have an ESG rating and in any event such securities (i.e. securities which do not have any ESG rating by Amundi Asset Management or by a regulated third party recognised for the provision professional ESG rating and evaluation) will not be more than 10% of the fund's net assets.

Based on the Investment Manager's exclusion policies, the Emerging Markets Green Bonds, which shall make up at least 75% of the fund's net asset value, will not consist of securities issued by companies (a) in contradiction with the Investment Manager's ESG policy on controversial sectors (including coal and tobacco) and/or (b) that do not respect international conventions, internationally recognized frameworks or national regulations in respect of ESG (e.g. the United Nations Global Compact Principles and the Ottawa and Oslo Treaties).

Apart from Emerging Markets Green Bonds denominated in USD or other OECD currencies, the fund may also invest up to 25% of its net assets in bonds issued by companies, governments or institutions from any country that are denominated in other currencies.

The fund may invest up to 80% of its net assets in high yield bonds. "High yield bonds" means bonds which are rated below investment grade (i.e. rated below BBB- by S&P, Baa3 by Moody's and/or BBB- by Fitch) or unrated. "Unrated bonds" means bonds which neither the bonds themselves nor their issuers have a credit rating. While these credit ratings provided by the relevant rating agencies serve as a point of reference, the Investment Manager will conduct its own assessment on the credit quality based on various factors including the issuer's financial leverage, interest coverage and operating cash flows, liquidity position, industry outlook and competitive position, as well as corporate governance.

While complying with the above policies, the fund may also invest in the following up to these percentages of the fund's net assets:

- convertible bonds (without any requirement on their credit ratings): 25%
- asset-backed securities (ABS) and mortgage-backed securities (MBS) and other collateralised products (without any requirement on the credit ratings of the foregoing securities): 20%
- equities and equity-linked instruments: 10%
- UCITS (undertaking for collective investment in transferable securities) / UCIs (undertaking for collective investment): 10%

[1] "Sustainable Investment" has the same meaning as "sustainable investment" as defined in the Disclosure Regulation (as defined below), the full definition of which is set out in the Prospectus.

[2] "Disclosure Regulation" means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector, as may be amended, supplemented, consolidated, substituted in any form or otherwise modified from time to time.

The fund may invest up to 25% of its net asset value in urban investment bonds[3] through the China Interbank Bond Market.

The overall currency exposure to emerging markets local currency may not exceed 10% of the fund's net assets.

The fund may invest in debt instruments with loss-absorption features ("LAP"), for example, contingent convertible bonds, senior non-preferred debts, debt instruments that meet the qualifying criteria to be Tier 1 Capital, Additional Tier 1 Capital or Tier 2 Capital under the Banking (Capital) Rules or under an equivalent regime of non-Hong Kong jurisdictions, etc. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The fund's expected total maximum investments in LAP will be less than 30% of its net asset value.

The fund's exposure to contingent convertible bonds is limited to 10% of net assets.

The fund's exposure to distressed securities (i.e. securities issued by a company, sovereign state or entity that are either in default or in high risk of default) is limited to 10% of its assets.

The fund will not invest more than 10% of its net asset value in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade or unrated.

The fund may under exceptional circumstances (e.g. market crash or major crisis) invest temporarily up to 100% of net assets in liquid assets such as bank deposits, certificates of deposit, commercial paper and treasury bills for cash flow management.

The fund is actively managed and uses the 3 Month USD Libor Index (the "Benchmark") a posteriori (i.e. as an indicator for assessing the fund's performance). There are no constraints relative to any such Benchmark restraining portfolio construction. Further, the fund has not designated the Benchmark as a reference benchmark for the purpose of the Disclosure Regulation.

The investment process identifies the best opportunities both in terms of financial prospects as well as their ESG, in particular environmental, characteristics. The fund integrates sustainability factors in its investment process as outlined in more detail in "Appendix V: Sustainable Investment" of the Prospectus. The selection of securities through the use of Amundi's ESG rating methodology (as detailed in "Appendix V: Sustainable Investment" of the Prospectus) and the evaluation of their contribution to environmental objectives aims to avoid adverse impacts of investment decisions on sustainability factors associated with the environmental nature of the fund. In addition to using the Amundi ESG rating, the ESG investment research team assesses, to the extent available:

(i) Any third party opinion or other certification, such as Climate Bond (CBI) certificates;

(ii) Whether the issuer faces severe ESG controversies; and

(iii) Whether the projects to be financed by the Green Bond contribute to wider efforts by the issuer to favour the energy and/or environmental transition.

In selecting investments for the fund, the investment team will take into account the results of the analyses of the factors in (i) to (iii) above by the ESG investment research team, in addition to their financial prospects and ESG rating (as determined by Amundi's ESG rating methodology), subject to the fund's investment objective and policy as stated in this section.

The fund seeks to achieve an ESG score (as determined by Amundi's ESG rating methodology) of its portfolio greater than that of its investment universe (i.e. debt securities and instruments issued by emerging market corporations and denominated in USD or other OCED currencies).

<u>Use of financial derivative instruments ("FDI")</u>

The fund makes use of derivatives to reduce various risks (i.e. hedging), for efficient portfolio management and as a way to gain exposure (long or short) to various assets, markets or other investment opportunities (including investment in credit derivatives). For the avoidance of doubt, the use of FDI by the fund will not result in the fund being in a net short position on an overall basis.

The fund may use credit derivatives (up to 40% of net assets) for the purposes as stated above.

[3] Urban investment bonds are debt instruments issued by local government financing vehicles ("LGFVs") in the China listed bond and interbank bond-market. These LGFVs are separate legal entities established by local governments and/or their affiliates to raise financing for public welfare investment or infrastructure projects.

Further information about the fund can be found at www.amundi.com.hk. This website has not been reviewed by the SFC.

Use of derivatives / investment in derivatives

This fund's net derivative exposure may be up to 50% of the fund's net asset value.

What are the key risks?

Investment involves risks. Please refer to the Prospectus for details including the risk factors.

1. General investment risk: The fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the fund may suffer losses. There is no guarantee of the repayment of principal.

2. Risk associated with Emerging Markets Green Bonds: The fund has an investment universe that focuses on investments in Emerging Markets Green Bonds. Accordingly, the universe of investments of the fund may be smaller than that of other funds. The fund may (i) underperform the market as a whole if such investments underperform the market and/or (ii) underperform relative to other funds that do not utilize ESG criteria when selecting investments and/or could cause the fund to sell for ESG related concerns investments that both are performing and subsequently perform well.

The fund will vote proxies in a manner that is consistent with the relevant ESG exclusionary criteria, which may not always be consistent with maximising the short-term performance of the relevant issuer. Further information relating to Amundi's ESG voting policy may be found at www.amundi.com.hk. This website has not been reviewed by the SFC.

There is a lack of standardised taxonomy in ESG evaluation methodologies and the way in which different funds that use ESG criteria will apply such criteria may vary. The Investment Manager will use its own methodologies, involving its subjective judgment, in analysing and evaluating the ESG scoring of a security or its issuer. There is a risk that the Investment Manager may not apply the relevant green criteria correctly or that a fund may have indirect exposure to issuers who do not meet the relevant ESG criteria used by the fund.

The selection of assets may rely on a proprietary ESG scoring process that relies partially on third party data. Data provided by third parties may be incomplete, inaccurate or unavailable and as a result, there is a risk that the Investment Manager may incorrectly assess a security or issuer.

The securities held by the fund may be subject to style drift which no longer meet the fund's ESG criteria after the fund's investments. The Investment Manager might need to dispose of such securities when it might be disadvantageous to do so. This may lead to a fall in the fund's net asset value.

3. Concentration risk: The fund focuses in investing in Emerging Markets Green Bonds, which may give rise to higher volatility than funds with a broader range of investment. The value of the fund may also be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the emerging markets.

4. Emerging markets risk: According to the objectives and investment strategy of the fund, it will invest in emerging markets which may subject to emerging markets risk. Investment in debt instruments of issuers of emerging markets involves special considerations and increased risks not typically associated with investment in more developed markets, including currency fluctuations/control, the risks of investing in countries with smaller capital markets, limited liquidity, the likelihood of a high degree of price volatility, different conditions applying to transaction and control and restrictions on foreign investment, legal and taxation risks, settlement risks, custody risk, as well as risks associated with emerging markets, including high inflation and interest rates, large amounts of external debt as well as political, economic and social uncertainties.

5. Risks associated with debt securities

Credit / Counterparty risk: The fund is exposed to the credit/default risk of issuers of the debt securities that the fund may invest in.

Interest rate risk: The net asset value of the fund will be affected depending on fluctuations in interest rates. When interest rates decline, indeed, the market value of fixed-income securities tends to increase, and conversely, a rise in interest rates would have for consequences a depreciation of the fund's investments.

Below investment grade / unrated bonds risk: The fund may invest up to 80% of its net asset value in below investment grade or unrated bonds, which involve greater risk of loss of principal and interest than higher rated securities, due to the possibility of default or bankruptcy of the issuers of such securities, especially during periods of economic uncertainty or change. Such securities generally tend to reflect short-term corporate and market developments to a greater extent than higher grade securities which respond primarily to fluctuations in the general level of interest rates. Such securities may be subject to wider fluctuations in yield, wider bid-offer spreads, lower liquidity and consequently greater fluctuations in market values than higher rated securities. In adverse situations, this may result in significant loss in the fund's assets.

Volatility and liquidity risk: The debt securities in emerging markets may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the fund may incur significant trading costs.

Downgrading risk: The credit rating of debt securities or their issuers may be subject to the risk of being downgraded. In the event of downgrading in the credit ratings of a security or an issuer relating to a security, the fund's investment value in such security and, in turn, the value of the fund may be adversely affected. The Investment Manager may or may not dispose of the debt securities that are being downgraded, subject to the investment objective of the fund and if it is in the interests of the Shareholders to do so. Moreover, the Investment Manager may or may not be able to dispose of the debt securities that are being downgraded.

Valuation risk: Valuation of the fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the fund.

Credit rating risk: Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

6. Exchange risk / Currency risk: The fund may be invested in securities expressed in other currencies than the base currency of the fund. Also, a class of shares may be designated in a currency other than the base currency of the fund. The net asset value of the fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

7. RMB classes related risk: RMB is currently not freely convertible and is subject to exchange controls and restrictions. Under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. In case of sizable redemption requests for the RMB classes are received, the management company has the absolute discretion to delay any payment of redemption requests from the RMB classes where it determines that there is not sufficient RMB for currency conversion by the fund for settlement purpose. Notwithstanding the foregoing, for proper redemption requests received before the cut-off time, redemption proceeds will be paid no later than one calendar month after the relevant dealing day when the redemption requests were received.

When calculating the value of the RMB classes, the offshore RMB in Hong Kong (the "CNH") will be used. The CNH rate may be at a premium or discount to the exchange rate for onshore RMB in Mainland China (the "CNY") and there may be significant bid and offer spreads. Although CNH and CNY are the same currency, they trade at different rates. As such, CNH does not necessarily have the same exchange rate and may not move in the same direction as CNY. Any divergence between CNH and CNY may adversely impact investors.

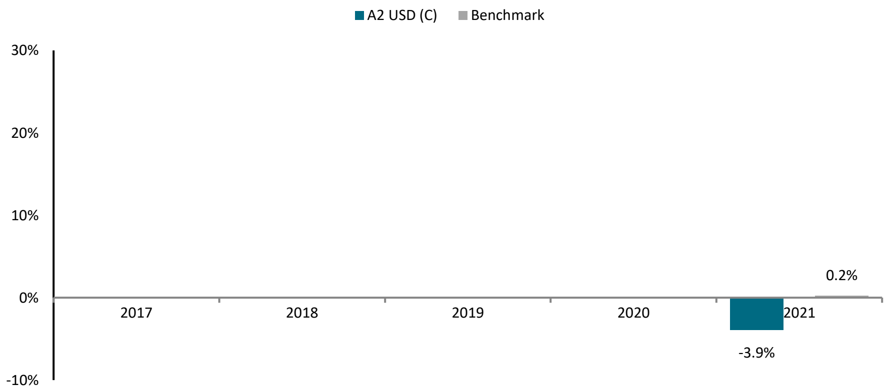
The value of the RMB classes thus calculated will be subject to fluctuation. The exchange rate of RMB may rise or fall. There can be no assurance that RMB will not be subject to devaluation. Any depreciation of RMB could adversely affect the value of investors' investments in the RMB classes of the fund. Non-RMB based (e.g. Hong Kong) investors may have to convert Hong Kong dollar or other currencies into RMB when investing in the RMB classes. Subsequently, investors may also have to convert the RMB redemption proceeds (received when selling the shares) and RMB dividends received (if any) back to Hong Kong dollar or other currencies. During these processes, investors will incur currency conversion costs and may suffer losses in the event that RMB depreciates against Hong Kong dollar or such other currencies upon receipt of the RMB redemption proceeds and/or RMB dividends (if any).

8. Risk attached to the use of Financial Derivative Instruments ("FDI"): The fund may invest in FDI for hedging, for efficient portfolio management and as a way to gain exposure (long or short) to various assets, markets or other investment opportunities. Investment in FDI is subject to additional risks, including counterparty and credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDI by the fund. In adverse situation, the fund's use of FDI may become ineffective in hedging/investment/efficient portfolio management and the fund may suffer significant losses.

9. Risks related to distribution out of capital: For distribution class, Amundi Funds may at its discretion determine to pay dividends out of income or capital or effectively out of capital of the fund. Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the fund's capital or payment of dividends effectively out of the fund's capital (as the case may be) may result in an immediate reduction of the net asset value per share of the fund.

The distribution amount and net asset value of any hedged share classes may be adversely affected by exchange rate fluctuation resulting from differences in the interest rates of the reference currency of the hedged share classes and the fund's base currency, leading to an increase in the amount of distribution that is paid out of capital and hence a greater erosion of capital than other non-hedged share classes.

How has the fund performed?



- Past Performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- Investment Manager views "A2 USD (C)" being the focus share class available to retail investors in Hong Kong as the most appropriate representative share class.
- These figures show by how much the share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The benchmark of the fund is the 3 Month USD Libor Index.
- Fund launch date: 2020
- Class launch date: 2020

Is there any guarantee?

This fund does not have any guarantees. You may not get back the full amount of money you invest.

What are the fees and charges?

Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the fund.

Fee	What you pay
Subscription fee	Up to 4.50% of the amount you buy
Switching fee	Up to 1.00% of the converting amount
Redemption fee	None

Ongoing fees payable by the fund

The following expenses will be paid out of the fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the fund's value)
Management fee	Currently up to 1.45% (maximum is 1.45%)
Depositary fee	Included in Administration fee
Performance fee	Not Applicable
Administration fee	Currently up to 0.30% (maximum is 0.30%)

Other fees

You may have to pay other fees when dealing in the shares of the fund. The fund will also bear the costs which are directly attributable to it, as set out in the Prospectus.

Additional Information

- You generally buy and redeem shares at the fund's next-determined net asset value (NAV) after CACEIS Hong Kong Trust Company Limited, the Hong Kong service provider who process Hong Kong orders, receives your request in good order on or before 5 p.m. (Hong Kong time) being the dealing cut-off time. Investors are reminded that the distributors may have different cut-off time. Please pay attention to the dealing cut-off time of the respective distributors.
- The net asset value (NAV) of this fund is calculated and the price of shares is published on each valuation day (as defined in the Prospectus). They are available online at http://www.amundi.com.hk/retail*.
- The past performance information of other share classes offered to Hong Kong investors are available by Amundi Hong Kong Limited on request and available in English on the website http://www.amundi.com.hk*.
- The compositions of dividends (i.e. the relative amounts paid out of (i) net distributable income and (ii) capital) for the last 12 months are available by Amundi Hong Kong Limited on request and can be found online at http://www.amundi.com.hk*.

*The above websites have not been reviewed by the SFC.

Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.