Crédit Agricole CIB Momentum Optimal Multi-Asset 5 Index (MOMA)

Global Markets Division

Bloomberg Ticker: CAMOMA5E Index

Reuters RIC: .CAMOMA5E

Our partnership

Index Designer

Crédit Agricole CIB Momentum Optimal Multi-Asset 5 Index (MOMA) is a rule-based investment strategy developed by Crédit Agricole CIB.

The strategy is based on **Momentum principles** i.e. capitalising on the tracking of a existing market trends.

Awards 2020: Investment product of the year

Risk Awards 2020 Winner – Crédit Agricole CIB Investment product of the year

ETF Provider

Amundi ASSET MANAGEMENT | ETF

Europe’s largest asset manager by AUM, in the top 10 globally*

4th Largest European provider with 38,6bn€ AUM**

Fast and consistent growth pace

120 UCITS ETFs covering all asset allocation needs

500+ cross listings on the main European stock exchanges

Awards 2020: European ETF Provider of the year

funds europe awards 2020

Calculation Agent

SOLACTIVE German Index Engineering

The Index is calculated, administered and published by Solactive AG, assuming the role as index administrator and Calculation Agent.

Solactive AG is EU BMR compliant.

The valuation and the performance of the index is available on Solactive website.

* Source IPE “Top 400 asset managers” published in June 2018 and based on AUM as of end December 2017
**Source: DB ETF Monthly Review & Outlook as end of December 2018

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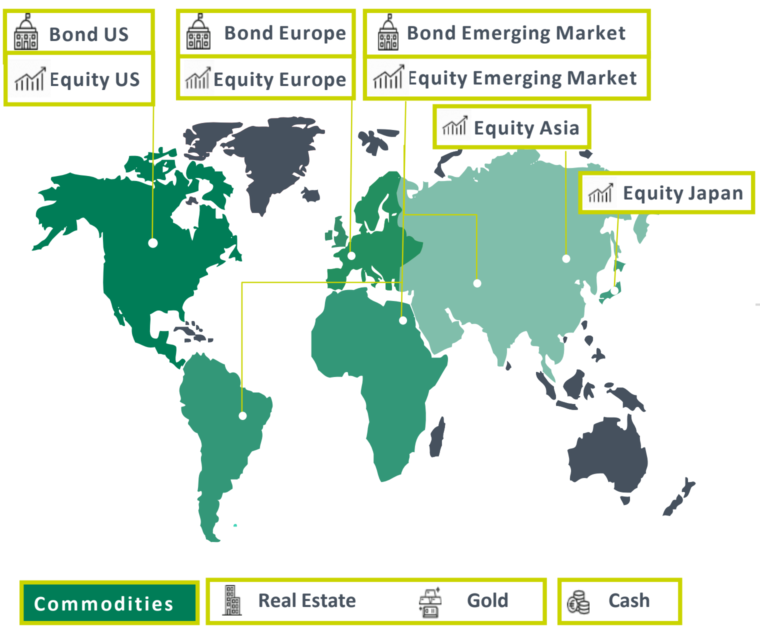
Overview: key features and advantages

1. Multi-asset and diversified across asset classes and geographies:



Asset Group	Asset Long Name	Group Cap
Equities	Amundi MSCI Europe UCITS ETF DR	70%
	Amundi Japan Topix UCITS JPY	
	Amundi Nasdaq 100 USD	
	Amundi S&P 500 UCITS ETF	
	Amundi MSCI EM Asia UCITS ETF	
US Equities	Amundi Nasdaq 100 USD	50%
	Amundi S&P 500 UCITS ETF	
Emerging Equities	Amundi MSCI EM Asia UCITS ETF	15%
	Amundi MSCI Emerging Market UCITS ETF	
Bonds	Amundi ETF Government Bond Euromts Broad 7-10 UCITS	70%
	Amundi US Treasury 7-10 UCITS ETF	
	Amundi ETF Global Emerging Bonds Markit Iboxx UCITS	
	Amundi ETF JP Morgan GBI Global Govies UCITS	
Emerging	Amundi MSCI EM Asia UCITS ETF	25%
	Amundi MSCI Emerging Market UCITS ETF	
	Amundi ETF Global Emerging Bonds Markit Iboxx UCITS	
Real Assets	Amundi ETF FTSE EPRA NAREIT Global UCITS	20%
	LBMA Gold Price PM USD	
Cash	EUR Cash	50%

5 Asset classes

- Cash
- Bonds
- Equities
- Commodities
- Real Estate

4 Geographies

- Asia
- LATAM
- USA
- Europe

13 Underlyings

- ✓ **11 ETFs** managed by Amundi
- ✓ **LBMA Gold**
- ✓ **Cash**

Group caps have been set, by underlying, asset class and by type of risk so as to **reduce to the extent possible the correlation** to a certain market / geography.

Overview: key features and advantages

2. Volatility Control: Target Volatility Strategy

Based on **Modern Portfolio Theory** (pioneered by Markowitz), weights are allocated among the 13 underlyings through a 3 steps process, in such a way to build the **optimal portfolio** offering the **maximum possible expected return for a given level of risk**.

1 Simulation of all possible portfolios respecting the **Weight constraints and the 5% Volatility Target***

* over the past six months is run; The annualized Volatility Target is subject to change when no Eligible Portfolio meets the Volatility Target

2 Among these portfolios, select

a. the one with best 1-month Excess return* (the **"Short Term Portfolio"**),

b. the one with best 3-month Excess return (the **"Medium Term Portfolio"**)

c. the one with best 6-month Excess return (the **"Long Term Portfolio")**

3 The **optimal portfolio** will result from the average between

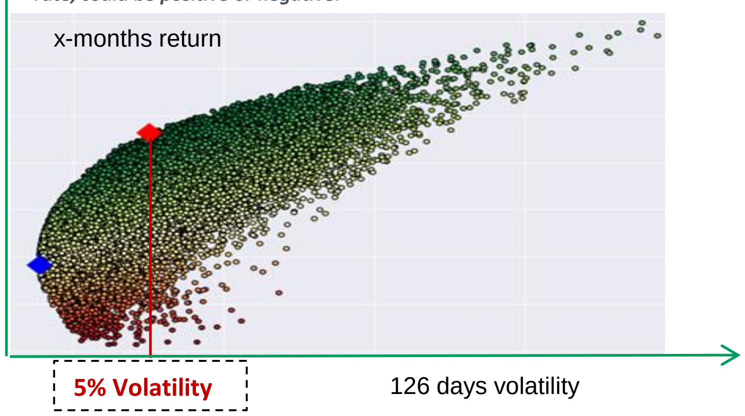
a. "Short Term Portfolio",

b. "Medium Term Portfolio",

c. "Long Term Portfolio")

Efficient Frontier for a given term portfolio

Excess returns: difference between the asset return and the riskless rate, could be positive or negative.



A **second layer of control** results in the portfolio being **instantaneously rebalanced** if realized volatility exceeds **7%** over 21 days (irrespective of bull or bear market), thus **limiting the loss** in case high market volatility.

Overview: Main risks of the strategy

1. ETF Termination

In case any of the index components is **terminated**, it will be **replaced with another ETF from Amundi**. The substituting component should have the identical benchmark (or very close), a **similar minimum** AUM, the **same currency** as well as **similar running costs**. The selection will be suggested by the Index Designer and needs to be approved by the index committee composed of staff from Solactive and its subsidiaries.

2. The strategy may underperform following major markets crash

The MOMA Strategy may **not perform under certain situations**, notably when **major markets** (bonds, stocks and real assets) **fall at the same time and lose their expected negative correlation**. This situation has been observed over the past 10 years for instance during aggressive fed tightening/inflation fighting/late stage of economic expansion.
Examples of correlated movements:

- 2013: Fed taper tantrum
- 2015: First Fed hike
- 2017: Hikes are gradual, economy is optimistic, tame inflation (SPX outperform)
- 2018: Both resources and Labor utilization were running tight at late cycle as inflation are hitting Fed Target, Fed had to hike aggressively

3. Scarce market liquidity may reduce index gains

In **stressed markets** when **liquidity is scarce** greater bid-ask spreads may result in larger discrepancies between the ETF net asset value and the value of the underlying securities. This, in turn, might have an impact on the index fixings, partially reducing the performance of the strategy.

4. Potential of partial missed momentum when the market rebound

In periods of **high uncertainty**, the index might be **mainly invested in cash**, limiting the risk but also the potential return for the investor when markets quickly recover from their low.

5. Potential risk of loss in capital

Depending on the structured product, according to the design of the index, the strategy may present a **risk of loss in capital** (partial or unlimited loss).

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Index Performance

On each business day the Index is calculated as follows:

1. The Crédit Agricole CIB MOMA ETF Index is initially equal to 100 (Base Date: 31st Dec 2007);
2. The daily returns of each ETF are measured and the return of the Reference Portfolio is computed;
3. The Excess return Index value is then retrieved by deducting the fees of **0.85%** (p.a).

Evolution of the Crédit Agricole CIB Amundi Momentum Optimal Multi-Asset 5 Index

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

Crédit Agricole CIB Amundi MOMA5 Index (EUR) Annual Returns

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
-1.01%	4.13%	10.52%	3.03%	6.75%	8.64%	11.67%	-1.26%	4.18%	11.82%	-4.70%	5.93%	3.86%

Cost and charges

Index Fees	**Running fees: 0.85% per annum**
Structured Product Fees	▪ **Entry costs:** depending on the structured product. ▪ **Exit costs:** depending on the structured product. However, as the product is not a liquid instrument, the investor might incur in higher costs, partially reducing gains, if he sells the product before the maturity date. **Costs will be disclosed prior trading**

Source: Bloomberg, Solactive, Crédit Agricole CIB (as of 31h of December 2020)
Values of the CACIB Amundi Momentum Optimal Multi-Asset 5 Index from the 01 January 2009 to the 21st December 2018 are based on simulations.

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