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ASSET MANAGEMENT



European Money Market Fund Landscape Post-Regulatory Reform

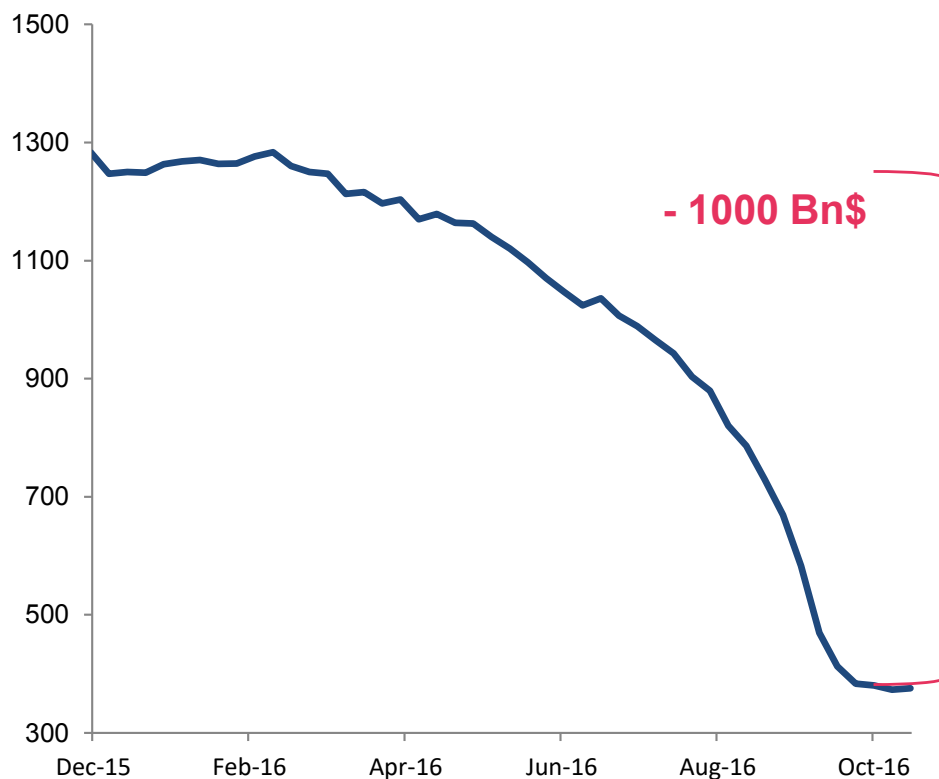
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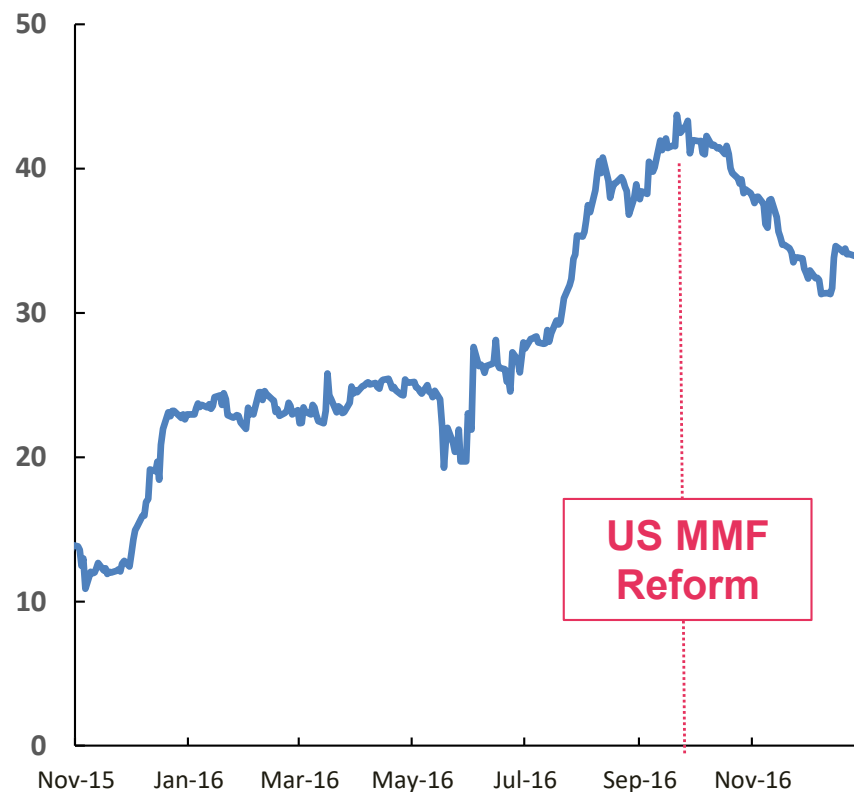
US Money Market Fund Reform October 2016

- Following 2008 crisis, the SEC introduced a reform in order to reduce the vulnerability and systemic risk. The US MMF reform entered in force in October 2016 and left the private sector of short term borrowers deprived of **more than 1 trillion USD**

Drop in the AuM of US Prime MMF (Bn\$)



LOIS Tensions: 3M LIBOR versus OIS





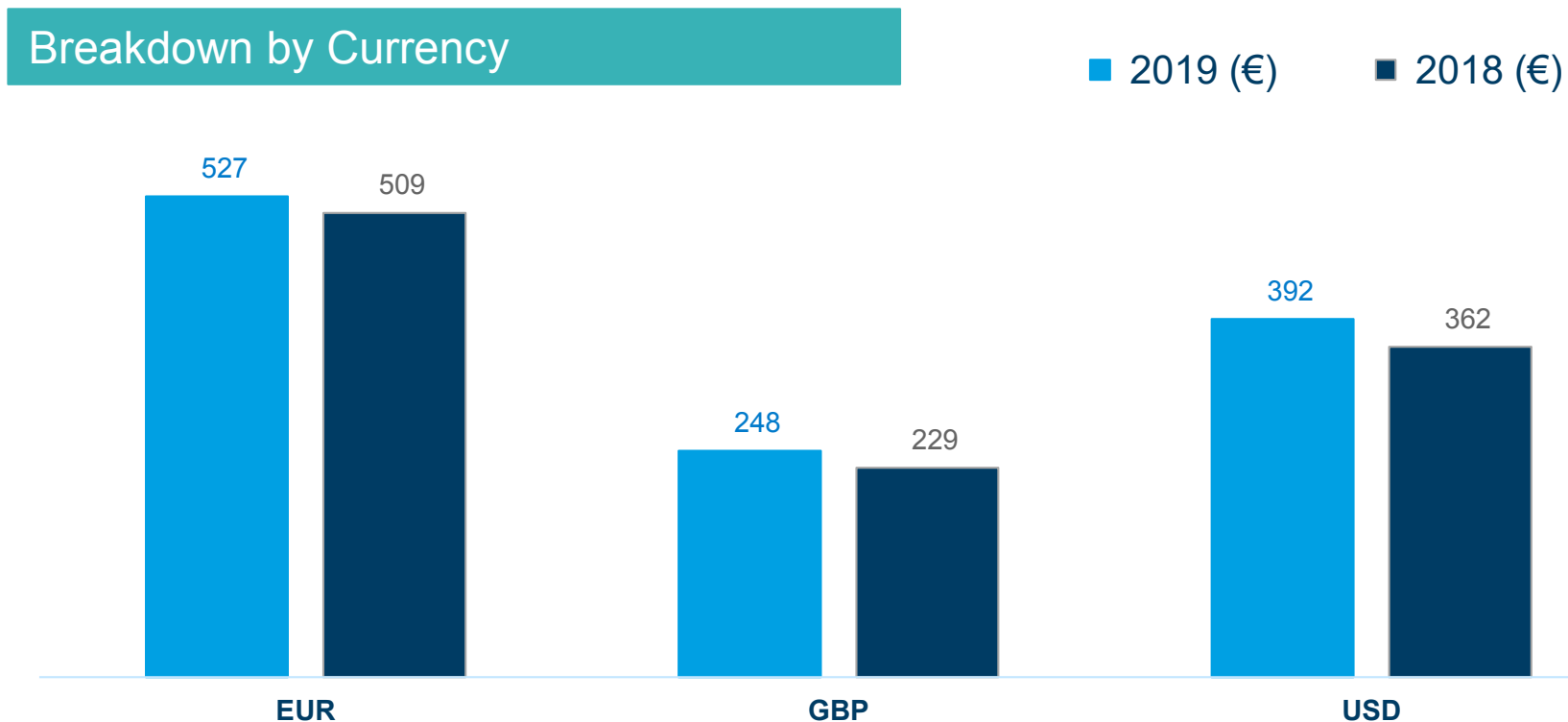
Key Characteristics of the US MM Reform

	GOV - MONEY MARKET FUNDS	INSTITUTIONAL MONEY MARKET FUNDS
ELIGIBLE INVESTMENTS	At least 99,5% of its total assets in cash, government securities or repurchase agreements that are collateralized fully	Assets are invested in any eligible USD-denominated money market instruments as defined by SEC, including government securities, commercial paper, certificates of deposit, corporate notes, and other private instruments from domestic and foreign issuers, as well as repurchase and potentially reverse repurchase agreements.
MIN DAILY LIQUIDITY	10%	10%
MIN WEEKLY LIQUIDITY	30%	30%
MATURITY MAX	397 days	397 days
MAX WAM	60 days	60 days
MAX WAL	120 days	120 days
CREDIT QUALITY	Based on internal credit quality assessment while removing any reference on credit ratings	
VALUATION	Amortised cost	No longer be able to use amortized cost
NAV	CNAV	VNAV
LIQUIDITY FEES & GATES	Non Applicable	May impose fees up to 2% and temporary redemption gates up to 10 business days in a 90-day period if a fund's weekly liquid assets falls below 30% of total assets
	Non Applicable	Unless board determines it would not be in best interest of the fund, these funds are required to impose 1% liquidity fee on each redemption after a fund's weekly assets fall below 10% of its total assets



EU Money Market Fund Landscape

- A market unaffected by the new EU MMF reform entered in force in March 2019
- MM Funds market represents **1,2 trillion EUR**, dominated by three main currencies
- No cliff effect (contrary to the US) despite a change in the MM Fund classifications

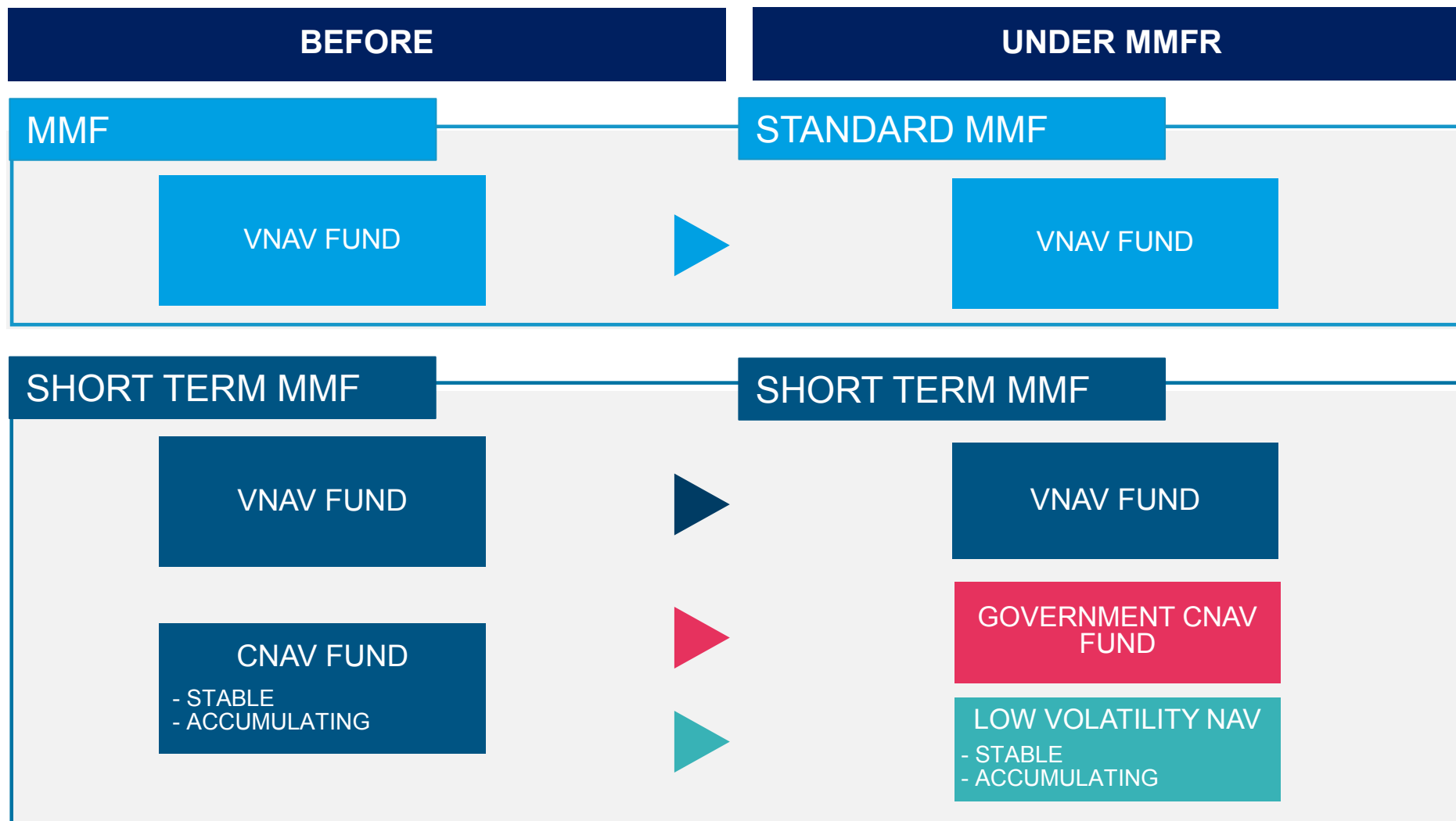


Source: Amundi, Bloomberg, IMMFA, Morningstar as at End April 2019



EU Money Market Fund Reform 'MMFR'

New Fund Classifications





Key Characteristics of the EU 'MMFR'

	Public Debt C-NAV	LV-NAV	Short Term V-NAV	Standard V-NAV
ELIGIBLE ASSETS FOR INVESTMENT	99.5% gov. assets, cash or reverse repo	Money market instruments, Asset Backed Commercial Paper (ABCP), instantly accessible deposits, short-dated reverse repo, other MMFs provided no circularity, currency and interest derivatives for hedging purposes only.		
MIN DAILY LIQUIDITY	10%			7.5%
MIN WEEKLY LIQUIDITY	30%			15%
MAX ASSET MATURITY		397 days		2 Years
MAX WAM		60 days		6 months
MAX WAL		120 days		12 months
CREDIT QUALITY	Based on internal credit quality assessment. Credit rating agency ratings as inputs to internal assessment, among others.			
SECURITY LEVEL VALUATION	Amortized cost.	Mark-to-market/mark-to-model >75 days maturity.*	Mark-to-market/mark-to-model only.*	
PORTFOLIO VALUATION	Amortized cost.	Amortised cost for assets < 75 days and with a gap vs mark-to-market < 10 bps.	Mark-to-market.	
NAV	C-NAV rounded to 2 decimals ie 1.00	C-NAV rounded to 2 decimals. Move to 4 decimal V-NAV when M2M NAV valuation gap >20bps (ie 0,0020).	V-NAV rounded to 4 decimals ie 1.0000	
LIQUIDITY FEES/ REDEMPTION GATES	<ol style="list-style-type: none"> Discretionary liquidity fees, gates or temporary suspension of redemptions may be introduced if weekly liquidity < 30% and daily net redemptions > 10% Mandatory fee or temporary gate will be imposed if the weekly liquid assets fall below 10%. If suspension of redemptions exceeds 15 days over 90 consecutive days, move to V-NAV. 		No (existing UCITS provisions on fund suspensions apply)	

*Use of mark-to-model valuation method where use of mark-to-market method not possible or where market data is not of sufficient quality.

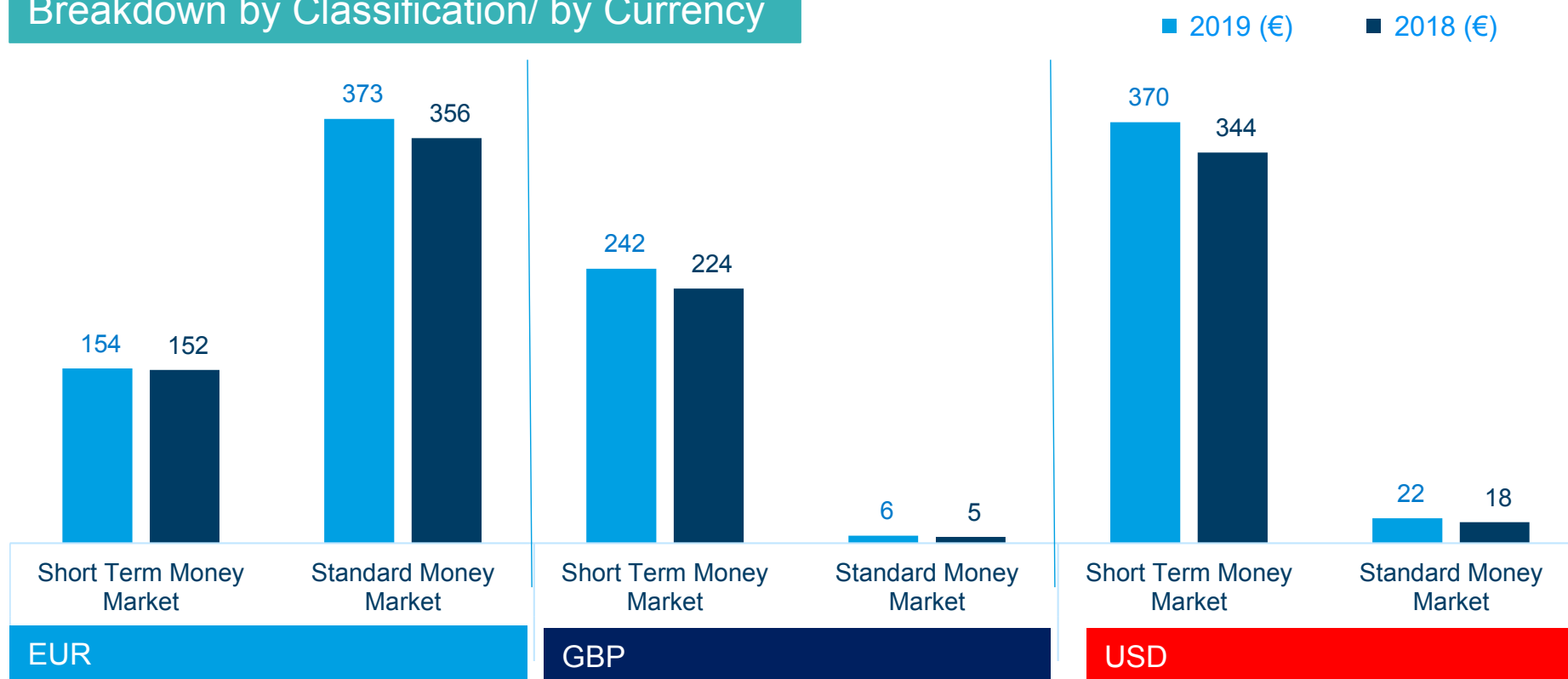


EU Money Market Fund Landscape

No significant change in terms of classification post reform

- Short Term MMFs account for nearly **2/3** of the market, mostly managed out of Ireland and Luxembourg
- Standard MMFs are predominant in EUR, insignificant in GBP and at very low level in USD

Breakdown by Classification/ by Currency



Source: Amundi, Bloomberg, IMMFA, Morningstar as at End April 2019

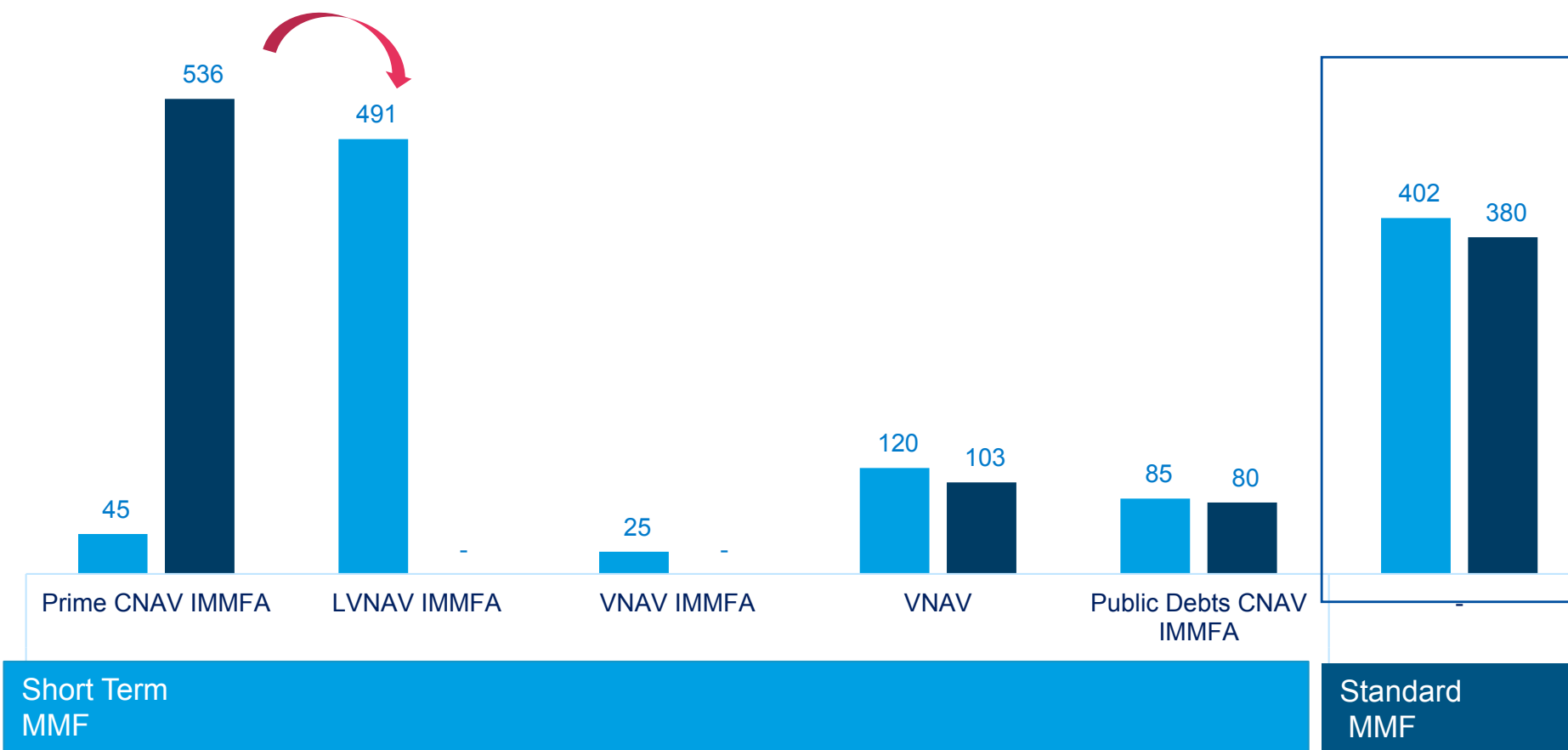


EU Money Market Fund Landscape

Prime CNAV Funds have been converted in majority in L-VNAV

Breakdown by Classification (all currencies)

■ 2019 (€) ■ 2018 (€)

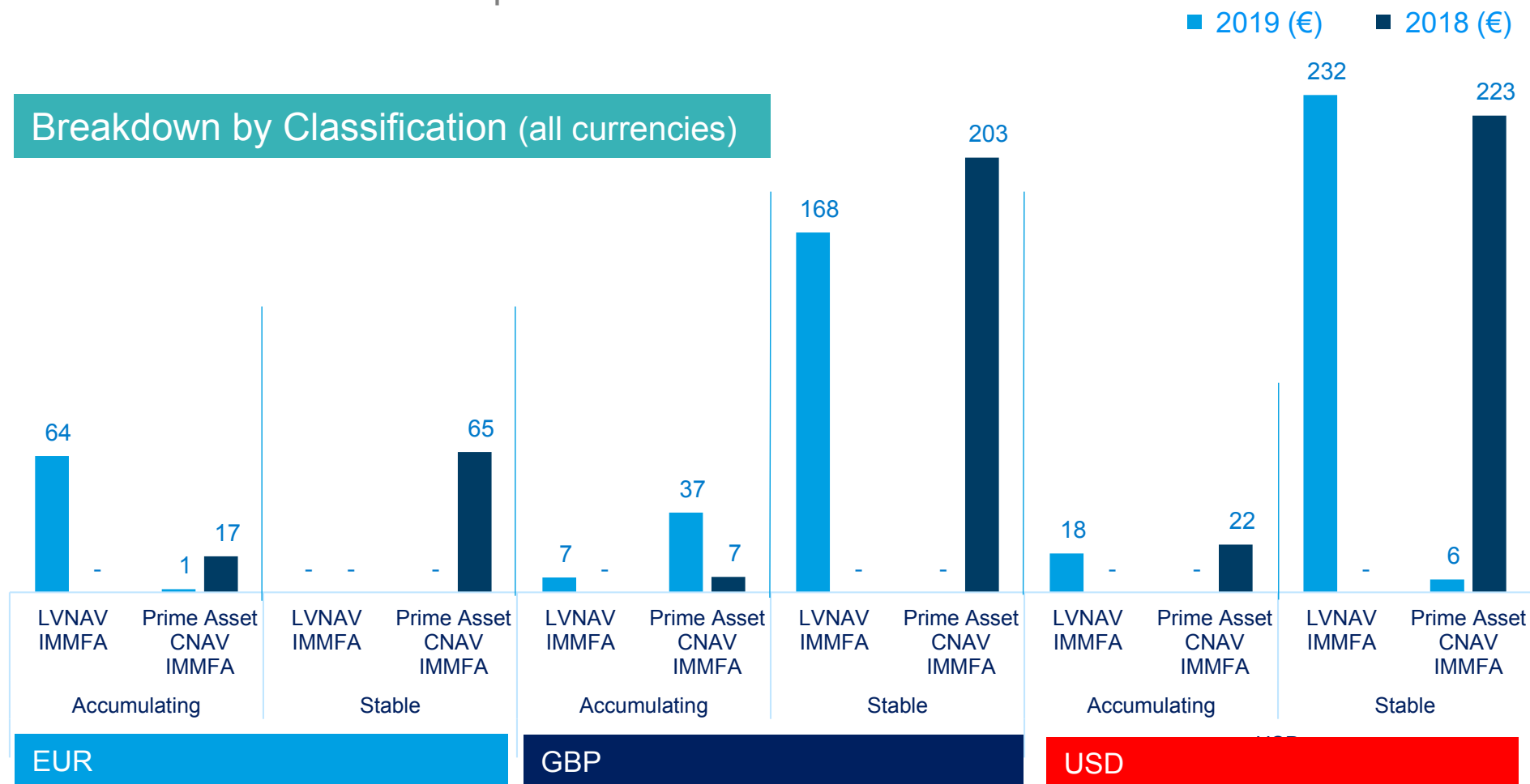


Source: Amundi, Bloomberg, IMMFA, Morningstar as at End April 2019



EU Money Market Fund Landscape

- Stable Shares do not exist anymore in EUR due to the ban of RDM
- Stable Shares remain the predominant format in GBP and USD



Source: Amundi, Bloomberg, IMMFA, Morningstar as at End April 2019

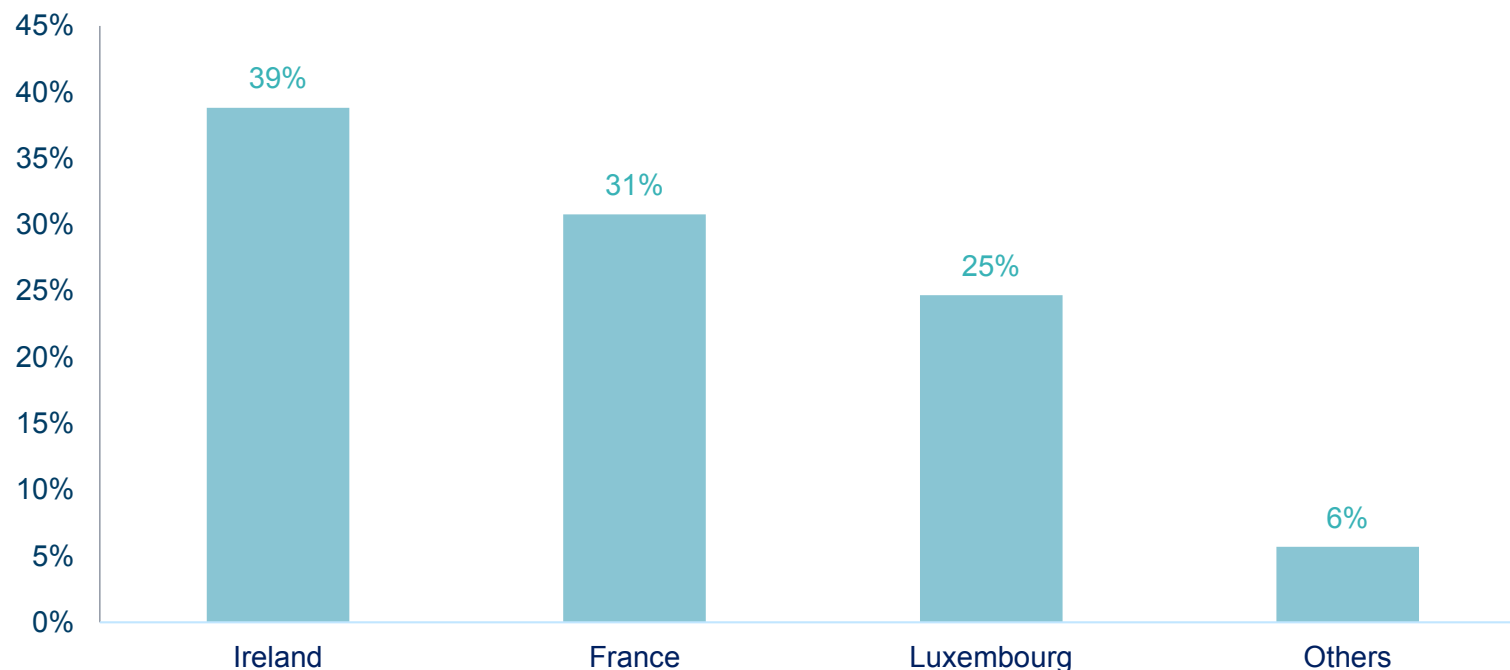


The Market totalizes EUR 1,2 trillion of AUM

3 Countries Account for 95% of the Market

- 68% of the Euro denominated Funds are domiciled in France; 14% Lux; 12% Ireland
- 70% of the GBP denominated Funds are domiciled in Ireland; 22% Lux; 7% UK
- 55% of the USD denominated Funds are domiciled in Ireland; 40% Lux; 3% CHF

Breakdown by Country (all currencies)



Source: Amundi, Bloomberg, IMMFA, Morningstar as at End April 2019

Conclusion

The new EU regulation have not changed the broad European MMF landscape

- The new EU regulation have not changed the broad European MMF landscape, **contrary to what happened in the US** : the equal treatment regarding fees and liquidity gates for both Public Debt C-NAV and L-VNAV is part of the explanation
- Most of the **C-NAV Funds have been converted into L-VNAV Funds**
- Most of the **L-VNAV Funds have kept the Stable share Format**
- Public Debt C-NAV and L-VNAV Stable shares in EUR are no more operational due to **the ban of the RDM**
- MM Funds in **EUR** are in majority **V-NAV Funds belonging to the Standard MM Fund** category and domiciled in France
- **95%** of MM Funds Assets are domiciled in **3 countries**

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Amundi Asset Management

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