

Amundi Patrimoine

Weekly review

Week
6th to 10th of
March 2017

Our convictions and Investment choices in the current environment



by **Delphine Di Pizio Tiger***, co-manager of Amundi Funds Patrimoine and **Bruno Saugnac***, co-manager of Amundi Funds Patrimoine

Our management actions

Markets price in the next rate hike

The ECB announced its intention to maintain the status quo this week, stating that it was not yet the right time to shift course in terms of monetary policy. However, the economic outlook continues to improve in the United States, as shown by February's employment figures exceeding expectations. It now seems highly likely that the Fed will increase rates three times this year and that it will kick this process off at its meeting on 15 March. The pending rate hike hampered bond yields, while the dollar continued on its upward trajectory and stock market indices remained close to their highest levels despite hitting a lull.

The portfolio is positioned to benefit from the extension of the economic cycle with 56% of its holdings consisting of risky assets, of which 35% are equities. However, our optimism is tempered when we factor in political risk in the Eurozone.

European assets have suffered as a result of the political uncertainty and are lagging behind the US market. Nevertheless, European corporate earnings publications for Q4 2016 demonstrated the highest level of growth for two years with an 11% rise. They also exhibited more momentum than those of US companies. This strong performance may be attributed to the weakening euro, the rally in commodities and the banking sector recovery.

Against this backdrop, we see the greatest potential in the European equities market and continue to favour European equities (11%) within the developed market equity component (31%).

The positive effects of oil prices on inflation will start to wear off in the coming weeks. As a result, we have starting taking profits on the inflation theme and reduced our exposure from 8% to 4%. Other fixed income investments remain unchanged with 23% in government bonds and 32% in corporate bonds.

Weekly news summary

The European Central Bank slightly increased its growth forecasts from 1.7% to 1.8% for 2017 and from 1.6% to 1.7% for 2018. Its inflation forecasts were also revised upward. While publicly stating that "the recovery broadened further in the last quarter last year across sectors and across countries" and that "risks of deflation have largely disappeared", it decided to maintain monetary support in the belief that price changes were mainly due to rising oil prices.

Mario Draghi said that key ECB interest rates would remain at present or lower levels well past the horizon of net asset purchases, while also ruling out taking further action.

In the United States, the labour market is continuing to recover. The US economy created 235,000 jobs in February (vs the expected 190,000), after 238,000 in January. The unemployment rate fell from 4.8% in January to 4.7% in February.

Oil prices fell back below the USD 50 per barrel threshold following a significant rise in US oil reserves.

* Since December 2nd, the fund is managed by **Delphine Di Pizio Tiger** (portfolio manager since 2002, 20 years of experience on financial markets) and **Bruno Saugnac** (portfolio manager since 1990, 28 years of experience on financial markets) as co-managers.

Need more details? Ask your questions to the fund managers via the mailbox amundipatrimoine@amundi.com

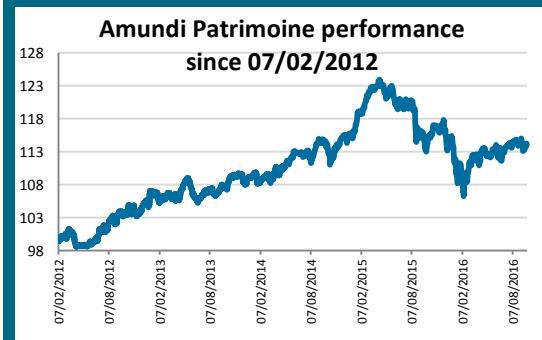
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Performance

As at 09/03/2017
Net of fees

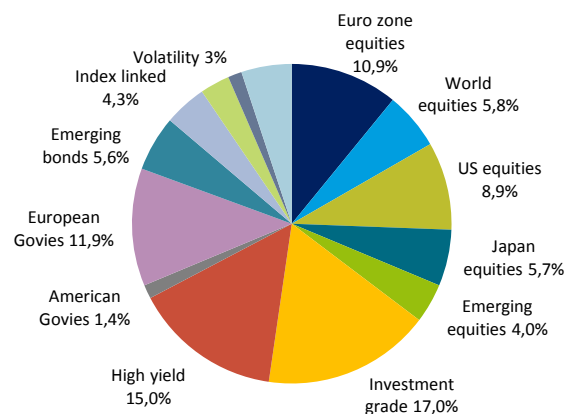
Since inception (since 07/02/2012)	13.74 %
2016	-1.92%
Year to date	+0.85 %

Past performance is not a reliable indicator of future returns.



Portfolio breakdown

As at 10/03/2017



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Amundi
ASSET MANAGEMENT