

Confidence  
must be earned

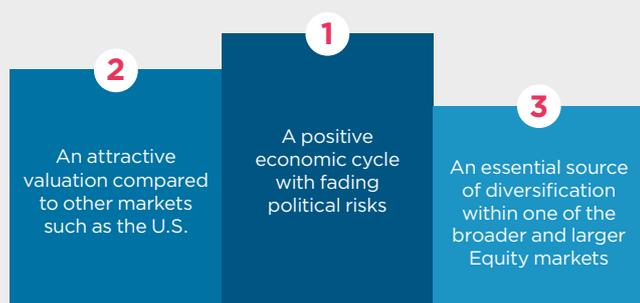
**Amundi**

ASSET MANAGEMENT

# EUROPEAN RENAISSANCE

## European Equities are calling

### EUROPEAN EQUITIES IN A NUTSHELL



### AMUNDI

- Europe's largest asset manager with **€1.342bn** in assets under management<sup>1</sup> and more than **100 million** clients.
- A **complete solutions** range to fit any investor profile.
- A **global presence** with **6 investment centers** (Boston, Dublin, London, Milan, Paris & Tokyo).

<sup>1</sup> As at end of June 2017 Data combined for Amundi and Pioneer Investments at 30/06/2017 prior to harmonisation of accounting methods for AuM.

Europe is making a comeback – economic activity is gaining momentum, leading to lower unemployment levels and a more positive outlook. European stocks should benefit from this uptick in the market trends and we expect to see increased sales and earnings growth. At Amundi, we can offer our clients 4 robust and recognised investment solutions which seek to take advantage of a rising European market.

## Resurgence in Europe



### The European recovery is gaining momentum

#### Transfer of growth through companies' sales & earnings

- Activities and economic figures are improving leading to the rise in output gap growth and the decrease in unemployment rates.
- With inflation below target, the ECB should remain accommodating with a supportive monetary policy.
- European companies should benefit from an improvement in domestic consumption.



### Political concerns are fading

#### Confidence has returned & investors are coming back to market

- If the U.K. remains the main concern following Prime Minister Theresa May's poor election result and impending BREXIT uncertainty, populist fears are abating, as demonstrated by the recent Election results in the Netherlands and especially in France, strengthening the Franco-German axis.



### European equity markets' valuation is relatively attractive

#### ... particularly in relation to the U.S.

- Due to its late cycle, European Equity markets lagged significantly compared with the U.S.
- On a relative basis, among developed markets, Europe appears to be an attractive market. Within Europe, differences persist in terms of valuation at the single country level.

Today's market environment appears supportive of European Equities, as the economic landscape improves, political risks decrease and, with meaningful earnings growth coming through, valuations are justified.

# Exploiting growth opportunities<sup>2</sup>



## Broad based recovery underway

- Economic growth is now accelerating in all the main European economies, making the growth outlook more resilient and sustainable.



Source: Amundi. Bloomberg data as of September 14, 2017.

### GDP RECOVERY



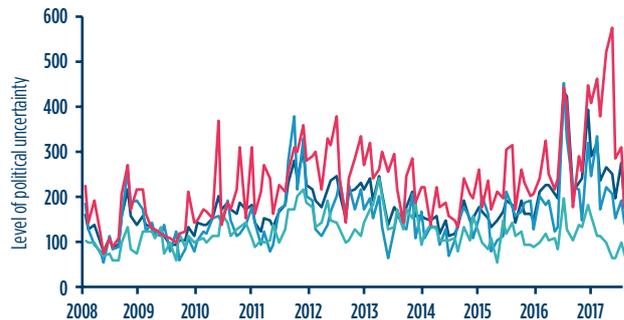
## Stability conditions on the rise

- The policy uncertainty index is retreating after the Brexit and Trump election peaks.
- Even if the electoral agenda remains busy, volatility should be fairly limited around the different elections in the coming months.



Source: Amundi, Economic Policy Uncertainty website, September 18, 2017.

### POLICY UNCERTAINTY INDEX



## Positive corporate earnings outlook

- From a corporate fundamental perspective, the earnings outlook is still positive. Of course, the negative effect of the Euro appreciation, mainly driven by fundamental factors should negatively impact the market over the short term, but, over the long term, should be counterbalanced by firming domestic demand.

Source: Analysis by Amundi Global AA Research, Bloomberg, Factset. Data as of September 14, 2017.

### EURO STOXX EARNINGS PER SHARE OUTLOOK



<sup>2</sup> Views are as of September, 2017 and are subject to change.

# How to take advantage of Europe's Renaissance?

4 investment solutions to address client needs today.

## Conservative

**Why?** European equities are well positioned to take advantage of improving economic conditions



**Amundi Funds  
Equity Europe  
Conservative**

**A European equity exposure with low volatility to limit the downward trends**

- Search for volatility minimisation
- A broad & diversified portfolio
- Historically, a more robust investment during the bearish cycle

Lower Risk (not risk-free) Lower Potential Reward ◀ 1 2 3 4 5 6 7 ▶ Higher Risk Higher Potential Reward

## Conviction

**Why?** Companies' earnings are benefitting from the economic recovery



**Pioneer Funds -  
European Equity  
Value**

**A concentrated approach seeking quality in value investing**

- High conviction portfolio with an equal weight approach
- Disciplined 'margin of safety' approach to investing
- Bottom-up and disciplined security analysis to avoid unintended risk-taking

Lower Risk (not risk-free) Lower Potential Reward ◀ 1 2 3 4 5 6 7 ▶ Higher Risk Higher Potential Reward

## Income

**Why?** Seeking to address investors' income objectives by taking advantage of Europe's improving economy



**Pioneer Funds -  
European Equity  
Target Income**

**Improving levels of income in a low yield environment**

- High dividend stock selection
- Additional income stream through covered option-writing
- Potential to deliver both income and capital growth

Lower Risk (not risk-free) Lower Potential Reward ◀ 1 2 3 4 5 6 7 ▶ Higher Risk Higher Potential Reward

## Eurozone

**Why?** Focussing on the Eurozone, where opportunities seem stronger



**Pioneer Funds -  
Euroland Equity**

**Primary focus on the Eurozone, generating alpha from core and opportunistic holdings**

- Core portfolio focused on highest quality names
- Opportunistic holding allowing flexibility to take advantage of shorter term opportunities
- Maximises the impact of each idea by holding only significant overweight positions versus the benchmark

Lower Risk (not risk-free) Lower Potential Reward ◀ 1 2 3 4 5 6 7 ▶ Higher Risk Higher Potential Reward

**As with any investment fund, investing in any of these sub-funds involves certain risks. These risks could include:**

- Neither protection, nor guarantee of invested capital
- Equity market risk which can negatively impact the value of the sub-fund
- Derivative risk which can lead to a loss of value
- Counterparty risk which represents the risk of default of a market participant to fulfil its contractual obligations vis-à-vis your portfolio

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*Diversification does not assure a profit or protect against loss.*

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