Submission ID

F35003

Region

Hong Kong

Category

Environmental

Name of firm

Amundi

The Flagship Fund's name

Emerging Markets Green Bond

The Fund's ISIN Code

LU2138387506

Data as of the quarter-end

30/06/2021

Total Fund Size (including all share classes)

$322.92 m

Total Number of Portfolio Manager(s)

3

Total Number of Analysts

40

Is this an SFDR-approved fund?

Article 9

1. Investment style consistency: Who has the ultimate responsibility for keeping the investment style consistent under all conditions and circumstances?

The entire investment team

Additional Remarks, if any (maximum 250 words)

Our active management approach seeks to add value through both top-down and bottom-up analysis of the investable universe of emerging market green bonds, although bottom-up considerations particularly on ESG analysis are important to achieve our investment objectives. We extensively on the proprietary research from our macro, credit and ESG analyst teams to support our investment decisions

2. Investment style consistency: If the investment style deviates, are there material, negative consequences for the person with ultimate responsibility for ensuring style consistency?

Yes, there are material consequences, including bonus reduction, promotion freeze and/or specific financial consequences on the ultimately responsible individual

3. Do you take ESG as Investment/Divestment materiality consequences?

Yes.

4. ESG as Investment Process [v]: Is ESG information is used in an investment product's investment process or stewardship activities?

Yes

Additional Remarks, if any (maximum 250 words)

Our investment process combines both bottom-up and top-down approaches, although we focus more on the bottom-up selection, incorporating credit and ESG analysis on issuers, in order to seek our investment objective.
To ensure the exchange of ideas across teams, there are number of formal meetings taking place: Outside of the formal interaction, communication is on-going, collegial and facilitated by the proximity of all the investment teams to one another. Portfolio managers are grouped by expertise and organised around a common platform.

5. Is your flagship fund approved or aligned with the EU Sustainable Finance Disclosure Regulation (SFDR)?

Yes, our fund is aligned with the SFDR – Article 9: products targeting sustainable investments as an objective, and our investment activities are targeted at:

Additional Remarks, if any (maximum 250 words)

As of end of June 2021, some 700 open-ended funds, dedicated funds and mandates, representing over €680bn in assets under management (compared to €450bn at end-March 2021) are classified under Articles 8 and 95under SFDR regulations, making Amundi a leader in this area.
Amundi firmly believes that the new SFDR regulation will accelerate the development of responsible finance in Europe and throughout the world, and help to direct savings towards the goals of a sustainable economy. This regulation will also serve to strengthen Europe's leadership in sustainable finance and create international standards that can have a lasting impact on the asset management

12. Please describe how you measure quantifiable, non-financial returns (i.e., social or environmental impact) post-investment.

The investment objective of Amundi Funds Emerging Market Green Bonds is to invest in emerging market green bonds that are aligned with the Green Bond Principles published by the International Capital Market Association (ICMA) and therefore should finance projects with a measurable positive impact on the energy transition. The fund has no benchmark and is managed with a total return perspective. The 3 Month USD Libor + 2.50% Index serves, a posteriori, as an indicator for assessing the Sub-Fund's performance and for the relevant share classes calculating the performance fees. There are no constraints relative to the 3 Month USD Libor restraining portfolio construction.
nvestment universe and policy
The fund invests mainly invests in emerging markets green bonds issued by corporate issuers (as defined by the criteria and guidelines of the Green Bond Principles published by the ICMA). The fund also invests a limited proportion in sustainable bond (upto 15%) as well as a limited proportion through private placements (upto 10%).
Issuers with a G rating based on Amundi's proprietary ESG Methodology (rating issuers from A to G, with G reflecting the worst rating) and/or with practices in controversial sectors (such as Coal, Tobacco) are excluded from the Investment universe.
Main investment guidelines are:
Max 15% in sustainable bonds
Max 10% in private placements
Max 25% in financials issuers
Max 10% in pooled funds
Maximum exposure per issuer is limited to 5% for investment grade issuer and 4% for high yield

Exposure to green bonds issued by sovereign issuers is permitted for diversification and liquidity purposes. The fund does not invest in issuances in local currency. The fund invests primarily in issuers denominated in USD, while issuances in Euro and other OECD currencies is permitted. The fund is managed in USD and non-USD exposure is hedged to USD.

The philosophy of Amundi Funds Emerging Markets Green Bond is to finance the green transition by investing in emerging market green bonds and thus seek a positive impact on the environment. We assess the environmental aspect of the projects financed by the green bonds we invest in, taking into account the impact estimates produced by the projects, such as the tones of CO2 (tC02) emissions avoided through self-sufficient energy production.

13. What has been the critical social or environmental benefits generated by the fund in the three years to 30 June 2021 (if the fund has a shorter track record, then please mention the results since

Investment Philosophy

As climate change will remain a major global challenge over the coming years, we believe that asset managers should play a critical role in supporting the green transition by developing appropriate climate-related investment solutions. Emerging markets are most vulnerable to the impacts of climate change due to inadequate capacity and adaptation mechanisms to effectively deal with them. Moreover, they face an unprecedented challenge of balancing decarbonisation objectives while maintaining a sustainable economic development trajectory. Policy makers, issuers and investors are mobilizing rapidly around green bonds as a result. Several emerging markets are participating in this momentum by creating regulatory environments to promote the issuance of not only green bonds but also social and sustainability bonds. Green bonds represent an effective financing mechanism which advantage both investors and issuers. For issuers, they provide an additional source of green financing and the ability to march maturities with projects among other benefits. For investors, they offer the potential of sustainable returns and the ability to have direct

Amundi's Emerging Markets team first made their foray into the emerging market green bonds space in March 2018 through the launch of the innovative Amundi Planet Emerging Green One (AP EGO), the first ever fund of its kind, in partnership with the IFC. The close-ended fund seeks to encourage the issuance of emerging market green bonds and the deepening of local capital markets. It aims to play an important role in helping to expand financing of climate investments, by channelling capital from developed countries into emerging markets. Moreover, it aims to educate emerging market players issuers about green bonds through IFC's Green Bond Technical Assistance Program (GB-TAP) organised at the Stockholm School of Economics and embedding best industry practices in line with

When we launched AP EGO, our intention was to enhance our offering through an open-ended fund offering daily liquidity and lower subscriptions, thus facilitating participation from a broad range of investors. Given the success of the $1.4 billion AP EGO fund, we launched the Amundi Funds Emerging Market Green Bond fund in July 2020. In September 2020, Amundi announced the Asian Infrastructure Investment Bank (AIIB) - Amundi Climate Change Investment Framework, a benchmark tool for investors with a holistic approach to assess climate change risks in line with the Paris Agreement objectives. This was followed in January 2021 by the launch of the $300 million Asia Climate Bond Portfolio, which is an EM corporate debt strategy focused on real economy issuers of labelled and unlabelled green bonds leveraging on the aforementioned framework. Currently,