

Alternative Investments

Multi-management
& Managed Account Platform



This material is **for qualified investors only**. For further details please refer to the disclosures at the end of this document.

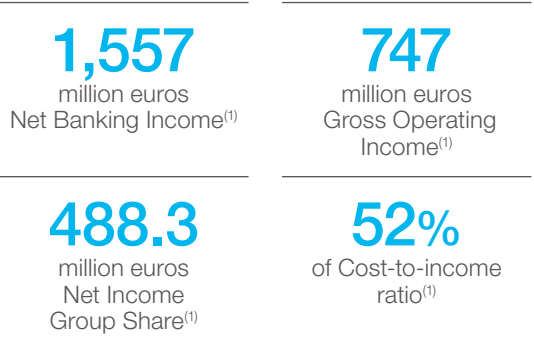
AMUNDI, THE LEADING EUROPEAN ASSET MANAGER

As a long-standing player in Europe, Amundi has continuously deployed and consolidated its expertise around the world. Today, with 30 international locations, our 3,700 employees develop and promote all the know-how of a solid and powerful group, committed to serving its clients and establishing relationships based on mutual confidence.

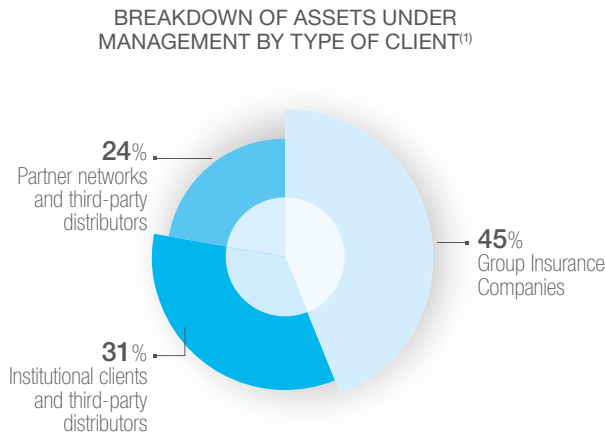
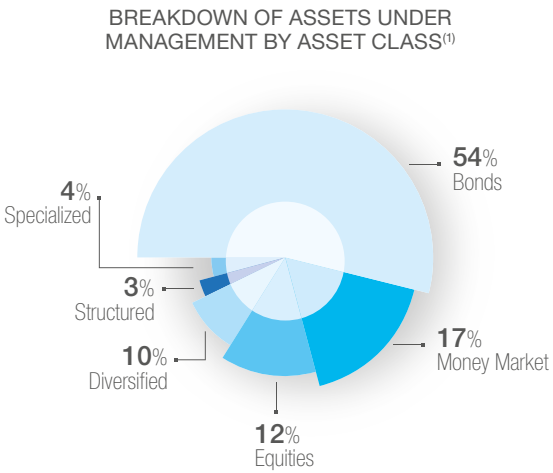
A MAJOR PLAYER



A SOLID BUSINESS PARTNER



INTERNATIONALLY RENOWNED EXPERTISE



GLOBAL PRESENCE AND STRONG POSITIONING



(1) Data Amundi Group scope as at 30 September 2014. (2) Amundi Group scope - Source: IPE Top 400 published in June 2014, assets under management as at 31 December 2013 adjusted by Amundi for figures relating to private management.

AMUNDI: A PIONEER IN ALTERNATIVE INVESTMENTS SOLUTIONS

A “ONE STOP SHOP” WITH 23 YEARS OF EXPERIENCE

Amundi Alternative Investments is the specialist alternative boutique of Amundi. With over \$10 billion of assets as of end of March 2015, the firm has a strong expertise in hedge fund selection, as demonstrated by the creation of a Managed Account Platform in 2005, and in hedge fund portfolios engineering, with a track record that began more than two decades ago.

Pioneer in alternative Investments for 23 years

- **1992:** launch of the 1st multi-strategy Fund of Hedge Funds
- **2005:** Launch of the Managed Accounts Platform
- **2010:** start of the move from offshore to onshore
- **2013, Dec 10:** authorization as an AIFM by the French regulator
- **2014, June:** EU Marketing Passports for flagship funds in 5 countries

The “One stop shop” for Alternatives

- **Managed Accounts** Platform
- Dedicated **Portfolio Mandates**
- **Advisory** Services
- Open-ended **Funds of Hedge Funds**

A recognized market leader awarded by peers

- **Globally N°7** for Managed Accounts Platform (\$4.5 Bn AUM)⁽¹⁾
- **Praised** by major industry sponsors
- Named **Best Bespoke FoHF Provider** and **Best Managed Account Platform** by major industry sponsor⁽²⁾

Amundi Alternative Investments has a strong expertise in providing **bespoke holistic consultative approach**, rather than a one size fits all product offering, and is recognized for that by major industry sponsors. Through its unique multi-management expertise, and its Managed Account Platform based in Ireland, **Amundi partners with its clients** to provide suitable alternative investment solutions for various risk, return, liquidity, transparency and decorrelation objectives, based on their needs.

(1) HFMWeek Managed Account survey 2014.
(2) Hedge Funds Review awards in 2013 and 2014 respectively.

HIGH CONVICTION IDEAS IMPLEMENTED IN A 100% ONSHORE AND REGULATED ENVIRONMENT

Based upon our belief that the best route is to provide our investors with protective and transparent investment solutions, we decided to embrace the AIFM & UCITS directives and made strategic choices in re-domiciling all our alternative investments in onshore places (France, Luxembourg, Ireland).



Laurent Guillet
Chief Executive Officer,
Amundi London
Amundi Alternative Investments

“*In the current environment where recovery is there but still fragile and interest rates are historically low, investors are looking for yields but always in a secure environment. They want to be protected and treated equally. That’s the route Amundi AI follows: performance, but in a controlled framework.*”

100% SPECIALIZED INVESTMENT RESOURCES

Circa 60 specialists in London and Paris, including 19 investment professionals with complementary backgrounds: trading, audit, structured products, alternative investments...



Pioneer in Alternative Investments Solutions

Our solutions

Why invest with Amundi Alternative Investments?

OUR SOLUTIONS

A BESPOKE HOLISTIC CONSULTATIVE APPROACH

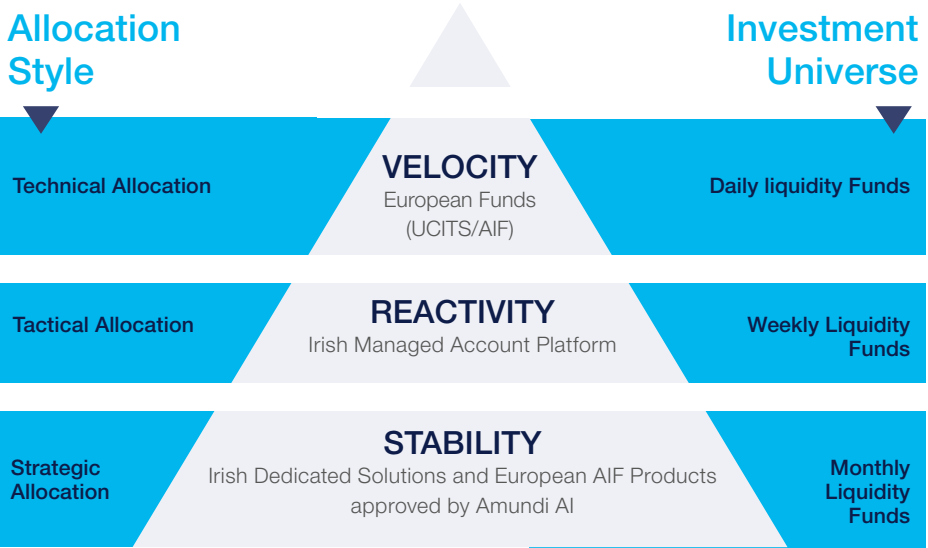
Our solutions are engineered as a function of your needs in search of a more secure operational set-up, adding transparency, liquidity and favoring European domiciliation



23 YEARS OF EXPERIENCE IN MANAGING ALTERNATIVE PORTFOLIOS

We seek to provide investors with attractive risk-adjusted returns over the long-term (3 to 5 years), with particular attention to downside control. Rather than relying too extensively on a quantitative aspect, our investment philosophy focuses on the discretionary approach of a very experienced team of portfolio managers. The choice of being 100% invested in onshore and regulated alternative funds, with an enhanced liquidity, enables to express strong convictions in terms of investment opportunities or market views, while being protective to our investors. The investment process is based on the following three main pillars:

- Creative portfolio management challenged by quantitative tools
- Strong risk management (independent team directly under the parent-company supervision)
- Highly dynamic portfolio management through strategic & tactical allocation



A CONFIRMED ABILITY TO SOURCE, SELECT AND MONITOR THE BEST HEDGE FUND MANAGERS

One team, one purpose: analysing & securing best-in-class investment opportunities:

- 13 Analysts based in London (including 4 professionals dedicated to operational risk assessment)
- 3 decades of pure hedge fund experience
- Support from in-house alternative experts: Risk, Compliance, Operations, Legal & Corporate Affairs
- Well-known service and data/software providers for background checks, fund databases & analytics
- Extensive IT resources & research budget

Pioneer
in Alternative
Investments
Solutions

Our
solutions

Why invest
with Amundi
Alternative
Investments?

(1) This product obtained AIFMD marketing passports for France, Belgium, Italy, the United Kingdom and the Netherlands on June 16th 2014.
(2) This product poses a risk of capital loss and neither capital nor performance is guaranteed.

OUR SOLUTIONS

1. MANAGED ACCOUNT PLATFORM

Further to a thorough due diligence process, an external hedge fund manager is appointed to implement the trading strategy which has been defined and agreed by Amundi Alternative Investments, as management company. Amundi Alternative Investments is responsible for legal, operational and risk control frameworks.

- **The 7th largest platform** worldwide with just above \$4.5bn (HFMWeek Survey 2014)
- **Spanning all main alternative strategies**, we choose quality over quantity: circa 30 renowned & established managers with an average of \$150m by account
- **Amongst the sole onshore platforms worldwide:** all accounts are registered as Alternative Investment Funds (AIF) with the Central Bank of Ireland

CHARACTERISTICS OF OUR MANAGED ACCOUNTS

Full transparency⁽¹⁾

- investment guidelines & trading strategy stated contractually
- risk data aggregation in cooperation with MSCI/RiskMetrics
- complete transparency at position level⁽¹⁾ with alert systems

Rigorous control

- control of cash
- independent administrator (SS&C GlobeOp), independent depository (Bank of NY Mellon)
- independent pricing policy/methodology (under the AIFM Directive)
- ongoing monitoring of counterparties

Enhanced liquidity

- weekly & monthly share classes
- easier investment access

BENEFITS TO OUR INVESTORS

Risk mitigation allowing investors to:

- better control their risks and allocation decisions
- quickly adjust their portfolio thanks to the information received via a transparent and detailed set of reports
- better understand & track the trading strategy (no style drift)

The guarantee of a reliable investment to:

- prevent fraud
- provide an extra layer of security/comfort to investors
- comply with regulatory requirements

Greater flexibility for Asset/Liability Management:

- recuperation of cash with minimal delay following redemption orders
- investors can rebalance their portfolios even during times of market stress
- possibility to switch investments from one managed account to another on the same valuation date

2. DEDICATED PORTFOLIO MANDATES

Bespoke hedge fund programmes form an essential part of our overall business strategy by leveraging off the expertise gained since 1992.

► ASSESSMENT OF CLIENTS' NEEDS

- Identifying and understanding your needs, expectations, constraints and goals
- In depth analysis of your existing global and/or hedge fund portfolio
- Defining clear investment objectives, guidelines and the investment universe

► PORTFOLIO ENGINEERING

- A discretionary investment process mixing 50/50 conviction-based funds selection (bottom-up) and asset class allocation (top-down)
- Extensive quantitative portfolio analysis based on proprietary tools: Turbulence Indicators, Heat Map, Smart Allocation, Conditional Beta...

► PORTFOLIO MANAGEMENT

- Dynamic allocation between strategies and funds highly contributes to your mandate's long term alpha generation
- Proactive adjustments to your portfolio in order to navigate changing market environment
- Aims to preserve your capital in bear markets and capture upside in bull markets

► ACCESS TO INFORMATION

- A dedicated team led by a Product Specialist ensures that you are up to date with your investment
- We build a detailed customized Investment Committee report based on your needs
- Regular meetings and conference calls with your Portfolio Manager and our Due Diligence Analysts

Pioneer in Alternative Investments Solutions

Our solutions

Why invest with Amundi Alternative Investments?

3. ADVISORY SERVICES

In choosing this investment solution, you have more autonomy and make final investment decisions. 3 core services are proposed:

RESEARCH & DUE DILIGENCE⁽¹⁾

- Analysis of your investment needs
- Fund screening and data mining
- Quantitative scoring
- Definition of target candidates
- Fund and manager analyses
- Recommendation and assistance with your vetting process

MAKING INVESTMENT RECOMMENDATIONS

- Advisory on managers selection based on the eligible investment universer
- Advisory on portfolio construction
- Recommendation of a new asset allocation focusing only on the Absolute Return strategies

ACCESS & MAINTENANCE

- Introduction to fund manager
- Assistance with terms negotiation
- Documentation and trade support
- Ongoing advice on proxy voting

RISK ASSESSMENT

- Risk scorecard
- Global risk rating
- RiskMetrics reporting⁽²⁾

4. OPEN-ENDED ALTERNATIVE FUND OF FUNDS

Amundi Absolute Return Harmony is a flexible Relative Value Fund of Funds aiming to navigate unpredictable markets with a dynamic allocation of directionality.

- Aim to preserve capital⁽³⁾ on the downside and capture capital on the upside with an investment objective of 7% return 5% volatility over a 3-5 year horizon

- A concentrated allocation on 15-20 'best in class' names based on strong conviction-driven fund selection and discretionary knowhow of an experienced portfolio manager

- Improved underlying liquidity to dynamically rotate portfolio from a protective stance to a return-seeking positioning

(1) Full transparency available to Amundi AI. Confidentiality agreements may prevent Amundi AI from distributing this information.

(1) Will only be disclosed in accordance with existing and future confidentiality agreements signed with external fund managers.

(2) Optional service. Availability is subject to transparency agreements with underlying fund managers.

(3) This product poses a risk of capital loss and neither capital nor performance is guaranteed.

WHY IT IS A GOOD TIME TO INCREASE EXPOSURE TO ALTERNATIVE INVESTMENTS

- ▶ **Hedge funds have steered away from their “risky investment” reputation, and have graduated to becoming a mainstream investment** – i.e. the increase of regulation since the crisis of 2008 – such as the AIFM Directive in Europe – have heavily impacted the demand for transparency. The rising profile of UCITS-compliant funds in Europe and beyond is bringing alternative strategies such as long/short equity to the regulated markets. Increasingly an allocation to long/short equity is seen as an extension of the equity allocation within portfolios.
- ▶ **In markets that are expected to be volatile, many hedge funds have the ability to manage risk with a hedged portfolio by going long and short.** Since 2009 most hedge fund returns have been driven by market beta due to rising equity and fixed income valuations. This will change in 2015 as volatility levels start moving towards historical averages.
- ▶ **Hedge funds will also act as a hedge to all time high equity and fixed income prices.** Given the current environment of historically low interest rates, the use of hedge funds can help mitigate some risks if and when interest rates start to increase. This should benefit numerous strategies such as market neutral equity, arbitrage strategies, global macro, CTAs, long/short equity and fixed income trading.

WE LISTEN TO OUR CLIENTS

INSTITUTIONS NEED DIVERSIFICATION AND PERFORMANCE MOTORS

A report published in October by PricewaterhouseCoopers and UBS highlights a change in institutional investors’ expectations. Rather than seeking the double-digit returns more often achieved before the 2008 crisis, **investors want lower fees, more transparency, and lower correlation.**

When allocating to alternative investments, investors are not seeking to “shoot the lights out” and match the S&P, but instead aim at **reducing overall portfolio volatility and diversifying away from traditional equity and bond holdings with an attractive risk-adjusted returns.**

All of which, over time, help institutional investors compound their capital irrespectively of market conditions – bullish, bearish, lowly or highly volatile.

Hedge funds must be used as a bespoke optimizer and diversifier of global portfolios. It’s a good complement to other asset classes, it’s not a one size fits all asset class or even a separate asset class.

EARNING YOUR CONFIDENCE BY BEING A TRUSTED PARTNER WHATEVER YOUR NEEDS

To ensure proper diversification of risk and a tailoring of the alternative exposure, customised solutions-based approach is certainly set to become more popular in the years ahead. This method allows lower fees, greater transparency of holdings, better liquidity. As such, recent years have seen the growing success of managed accounts, or segregated mandates, to access alternative investments.

As an investor, you need to understand how these alternative strategies work. You need to trust your asset managers. While there are many benefits to investing in hedge funds, creating an alternative investments programme is not an easy task. It involves much time and resources. In order to best select hedge fund managers, and allocate across the various strategies, institutions frequently need to rely on the assistance of a third party for advice and due diligence.

You need a trusted partner such as the alternative arm of the leading European asset manager!

Pioneer
in Alternative
Investments
Solutions

Our
solutions

Why invest
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Alternative
Investments?

CONTACT US

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Find out more about our absolute return solutions on alternatives.amundi.com

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Amundi Absolute Return Harmony ("AAR Harmony") is a Luxembourg domiciled alternative investment fund authorised by the Commission de Surveillance du Secteur Financier. Amundi Absolute Return TIG Arbitrage Associates Enhanced II Fund plc ("AAR TIG Fund"), formerly known as Amundi Alternatives TIG Arbitrage Associates Enhanced II Fund plc, and Amundi Absolute Return Paulson Enhanced Fund plc ("AAR Paulson Fund"), formerly known as Amundi Alternatives Paulson Enhanced Fund plc, are Irish domiciled Qualified Investor Alternative Investment Funds authorised by the Central Bank of Ireland. Fund A, a sub-fund of AAR Paulson Fund, Fund B, a sub-fund of AAR TIG Fund, and Amundi Absolute Return Harmony Fund, a sub-fund of AAR Harmony, have been notified to the UK Financial Conduct Authority for purposes of marketing in the United Kingdom.



Amundi, French joint stock company ("Société Anonyme")
with a registered capital of €596 262 615 and regulated by the French Securities Regulator
(Autorité des Marchés Financiers-AMF) under number GP 04000036 as a portfolio management company.
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