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PLAYBOOK REAL INCOME RESILIENT TO INFLATION

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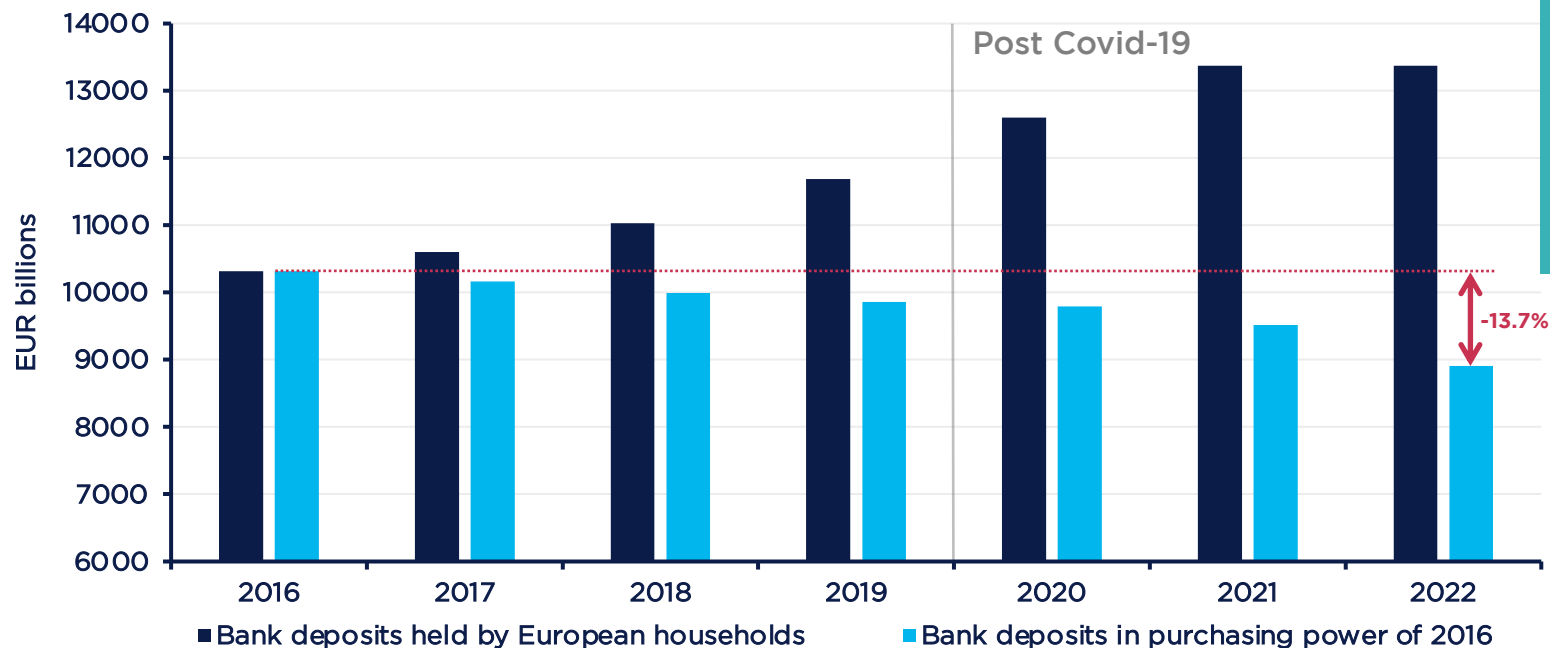
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EUROPEAN HOUSEHOLD BANK DEPOSITS HAVE RISEN BUT INVESTORS LOST MONEY AFTER ACCOUNTING FOR INFLATION

BANK DEPOSITS HELD BY EUROPEAN HOUSEHOLDS



In our view –
investors should opt
for inflation-resilient
solutions to change
this trend



European investors have continued to pile up into cash deposits (€3,000bn in 2016-2021), with cash deposits now accounting for around 38% of their total financial wealth. However, by the end of 2022 the cumulated loss in purchasing power since 2016 has been estimated at EUR 1,400 billion.

Source: Amundi Institute on EFAMA Market Insights data, ECB and European Commission, June 2022. 2022 estimates based on European Commission's spring 2022 forecasts of inflation in the European Union for this year (6.8%),

THE JOURNEY TO INCOME INVESTING: THE FACTORS TO WATCH

To target their income goals we believe retail investors have different choices, such as cash deposits, bonds or income funds.

We believe their choice will depend on:

INFLATION



The higher the inflation the higher their income needs on a monthly basis

UNCERTAINTY



With high uncertainty investors may tend to park their funds in bank deposits

INCOME POTENTIAL



Higher income from cash deposits may lead to little appetite to seek alternative income sources

Source: Amundi Institute for illustrative purposes.

TAKING STOCK: WHERE DO WE STAND NOW?

In our view, investing for income is becoming a top priority for retail clients in the current economic and financial market backdrop.

INFLATION



Inflation still high although decreasing – translates into high income needs

UNCERTAINTY



High, but with some light after the storm

INCOME POTENTIAL



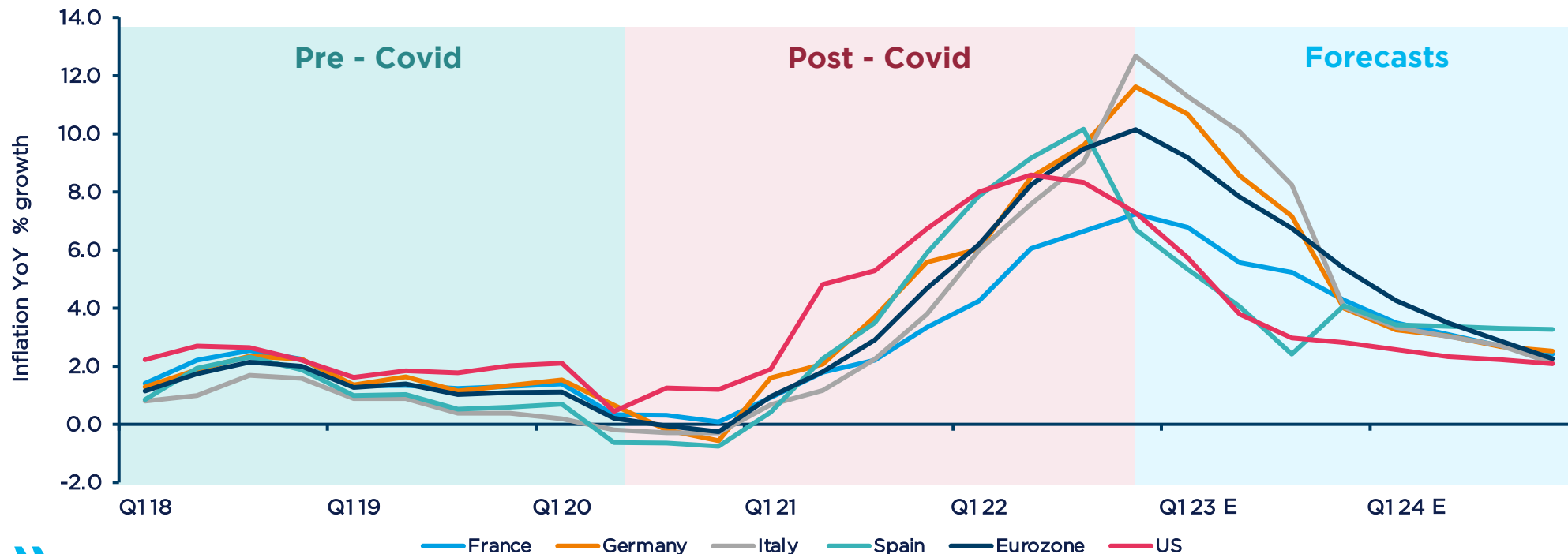
Good income potential across various asset classes

Source: Amundi Institute for illustrative purposes.

The disclosed information are as of December 2022 and constitute our judgment and are subject to change without prior notice. There can be no guarantee they will be met.

INFLATION: THE GREAT COMEBACK AFTER COVID, BUT ON A DECELERATION PATH

A NEW INFLATION REGIME AFTER COVID 19

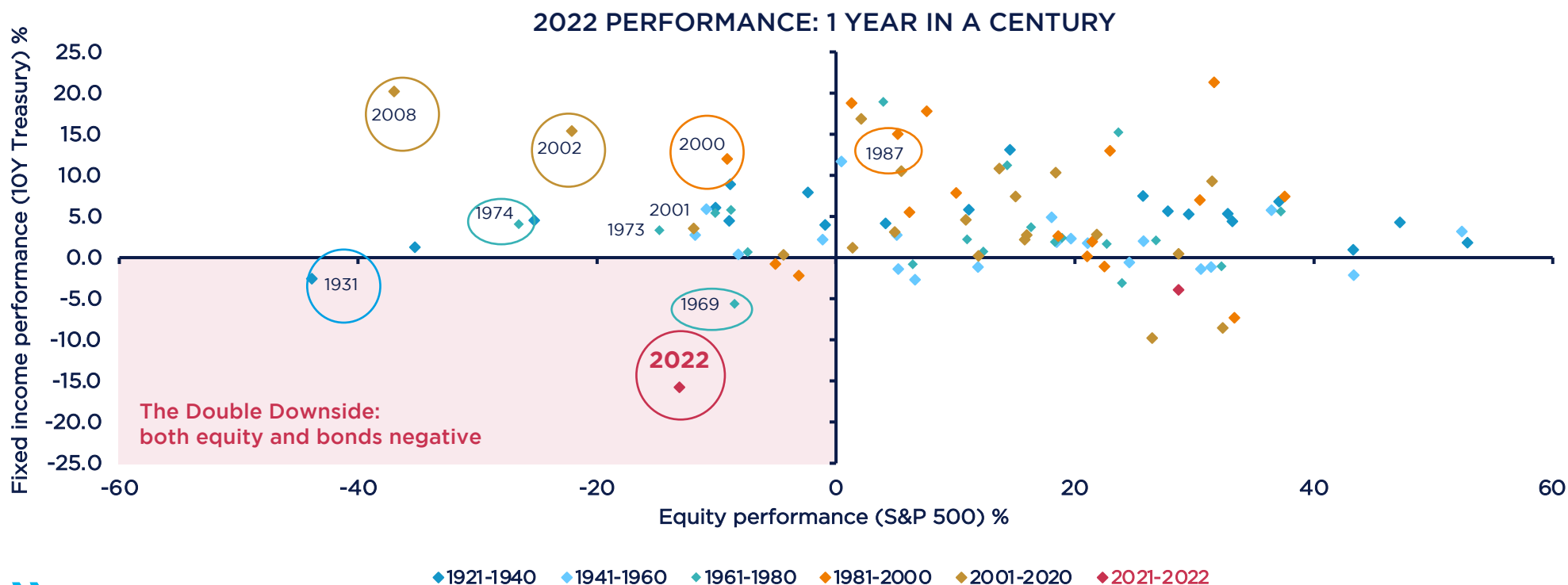


While pre-Covid inflation was dormant, the supply bottlenecks, reopening demand and most recently the energy crisis triggered a return of inflation globally. **The positive note is that looking ahead we expect inflation to slow down, but remain above pre-Covid levels.**

Source: Amundi Institute forecasts. Latest data and forecasts available as of 22 December 2022.

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HIGH UNCERTAINTY: INFLATION DROVE A ONCE IN A CENTURY NEGATIVE YEAR IN MARKETS, AFFECTING THE INVESTOR APPETITE FOR RISK

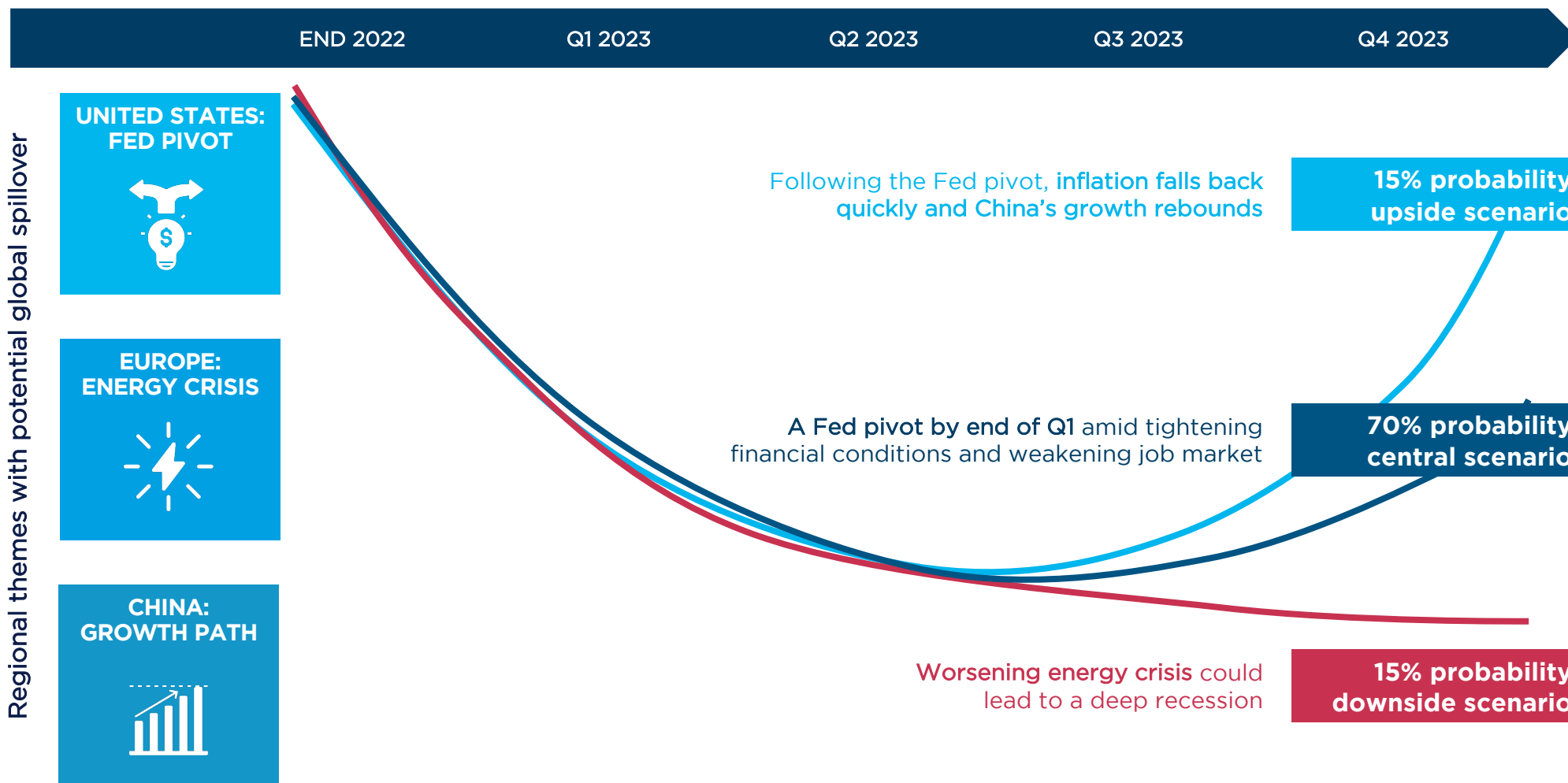


2022 – one of the worst years on record for investors, with both government bonds and equities experiencing double digit losses. This may lead to higher risk aversion, in particular as the economic backdrop remains uncertain (geopolitical risks, recession risks, energy crisis).

Source: Amundi Institute, Global Financial Data. Data is as of 30 November 2022.

HIGH UNCERTAINTY ALSO LOOKING INTO 2023, BUT WE EXPECT A TURNAROUND

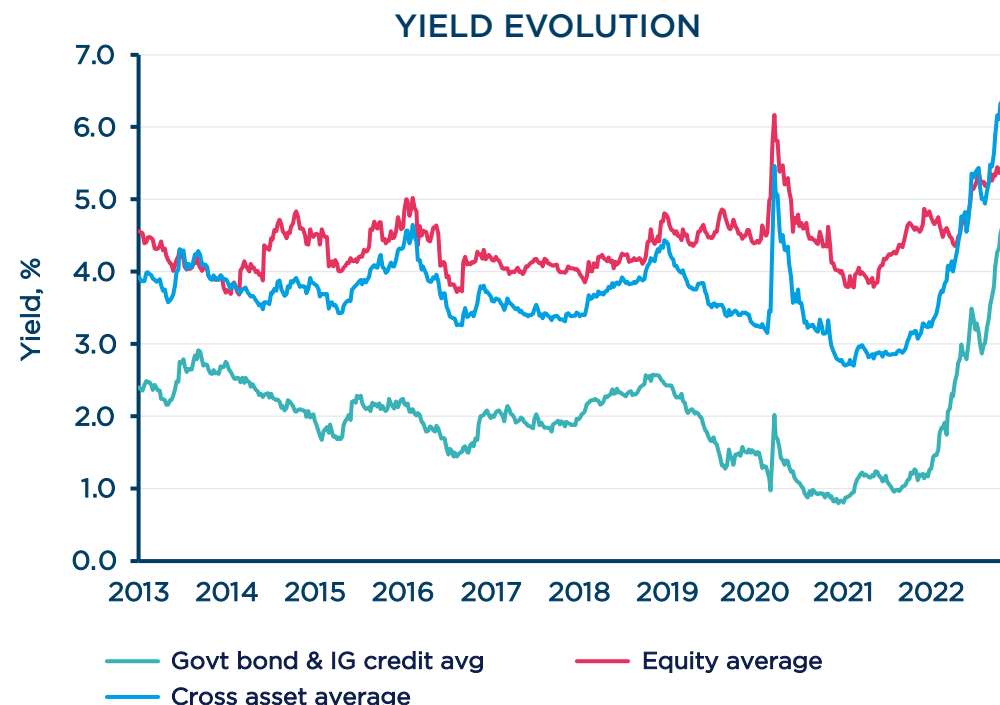
Timing and shape of the global economic rebound



Source: Amundi Institute, Global Financial data. Data is as of 31 October 2022.

INCOME: IN OUR VIEW WE NOW HAVE ONE OF THE BEST INCOME OPPORTUNITY BACKDROPS OF THE LAST DECADE

	INFLATION RESILIENCE	CAPITAL APPRECIATION POTENTIAL	RISKS
EQUITY	HIGH	HIGH	HIGH
CROSS ASSET	MEDIUM	MEDIUM	MEDIUM
GOVT BONDS	LOW	LOW	LOW



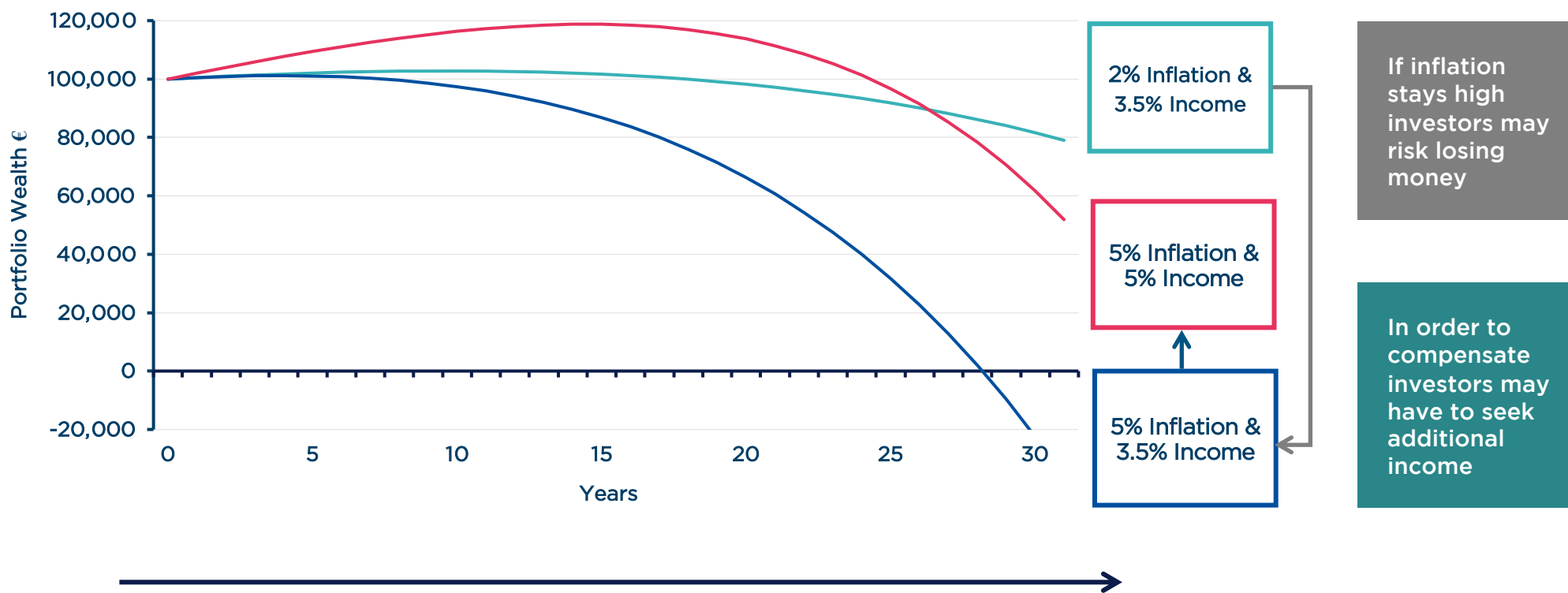
The flip side of the awful year is that **yields have risen across the board offering now appealing entry points**. This is particularly the case for bonds, but also for cross-asset allocation that can benefit from a wide range of opportunities (Govt bonds, corporate bonds, emerging market bonds, equities).

Source: Amundi Institute, Bloomberg. Data is as of 16 December 2022.

Note: Govt bond average= average of 2 government bond indexes yields for US and EMU (from JPMorgan GIB US and EMU Indexes); Equity average = average of 3 Div. Yield from the S&P Aristocrats, MSCI Europe High Dividend and MSCI EM High Dividend Indexes, Cross-asset = average across yields from 10 indexes (the 3 equity indexes, the 2 govt bonds, 2 IG & 2 HY credit indexes for Europe and US (from Bloomberg Barclays) and 1 EM bond index (the J.P. Morgan EMBI Global Diversified Blended).

CHALLENGING GOALS TO ACHIEVE: WE BELIEVE INVESTORS NEED TO TARGET SUFFICIENT INCOME TO FIGHT INFLATION

HYPOTHETICAL WEALTH PROJECTIONS OF A €100,000 DE-CUMULATION PORTFOLIO; €3,000 ANNUAL WITHDRAWAL AND NO CAPITAL APPRECIATION



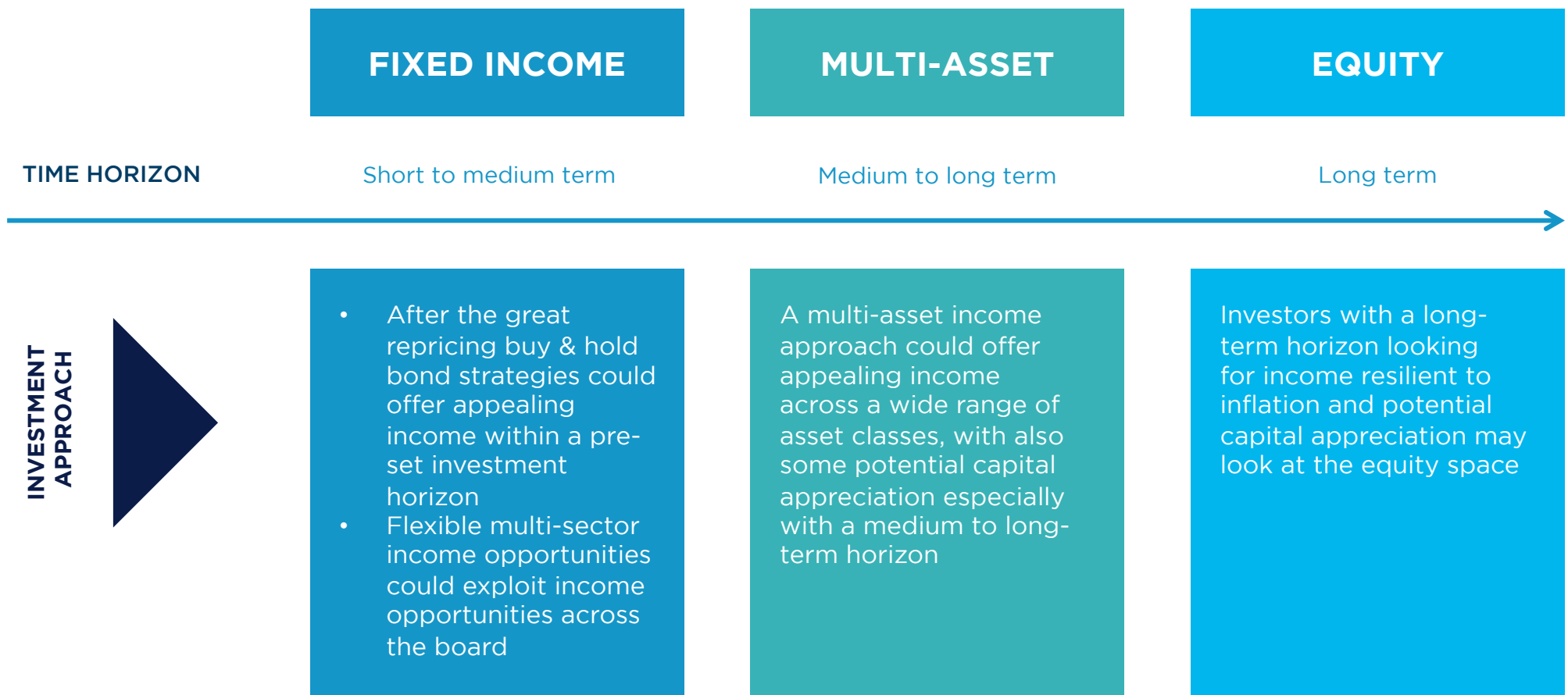
If inflation stays high investors may risk losing money

In order to compensate investors may have to seek additional income

THE LONGER THE TIME HORIZON, THE HIGHER THE RISK

Source: Amundi Institute for illustrative purposes. The simulation assumes that the annual withdrawal rises in line with inflation, no capital appreciation and that the remaining capital increases at the income rate.

DIFFERENT INVESTMENT APPROACHES TO TARGET DIFFERENT INVESTOR NEEDS



Source: Amundi Institute, as of November 2022.

Important information

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