

AMUNDI FUNDS GLOBAL EQUITY CONSERVATIVE

Monthly
Portfolio
Update

31/12/2019

Meet the Team



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The equity markets ended the year on a very positive note. The World index was up by 3% in US dollars in December bringing its rise for the full year 2019 to 28%. Appetite for risk was very strong in December as could be seen from the continuing low volatility, a strong contraction in credit spreads and rising commodities prices, boosted by the US dollar's downward trend.

As we already pointed out in November, investors favor of a scenario of an industrial return to normal leading to a cyclical rebound in the first half of 2020 after all the difficult months linked to the trade tensions between the United States and China. This led to a strong rebound for equities of exporter economies in the Asia-ex Japan region and for European equities. In comparison, the performances of the US and Japanese markets were more lackluster.

This environment continues to be less favorable for defensive strategies such as that of the Global Conservative fund. Over the month the fund did not progress beyond its beta estimated at 0.66. In greater detail and for December, the strategy lagged the World index due to an adverse factor effect resulting from the rebound staged by high beta securities and large caps;

1. an unfavorable sector allocation effect attributable mainly to the performance of the Technology sector to which the fund is underexposed.
2. The very good performance of the healthcare stocks offset the cost of the underexposure to the energy and consumer cyclicals sectors.

The geographic and currency allocations made marginally neutral contributions. Lastly, the selection bias residual risk had not impact for the month.

In terms of portfolio risk metrics, the Global Conservative allocation's estimated ex-ante volatility is 8.0% compared with 11.3% for the MSCI World index. Its beta is estimated at 0.66 in US dollars.

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