2023 INVESTMENT OUTLOOK

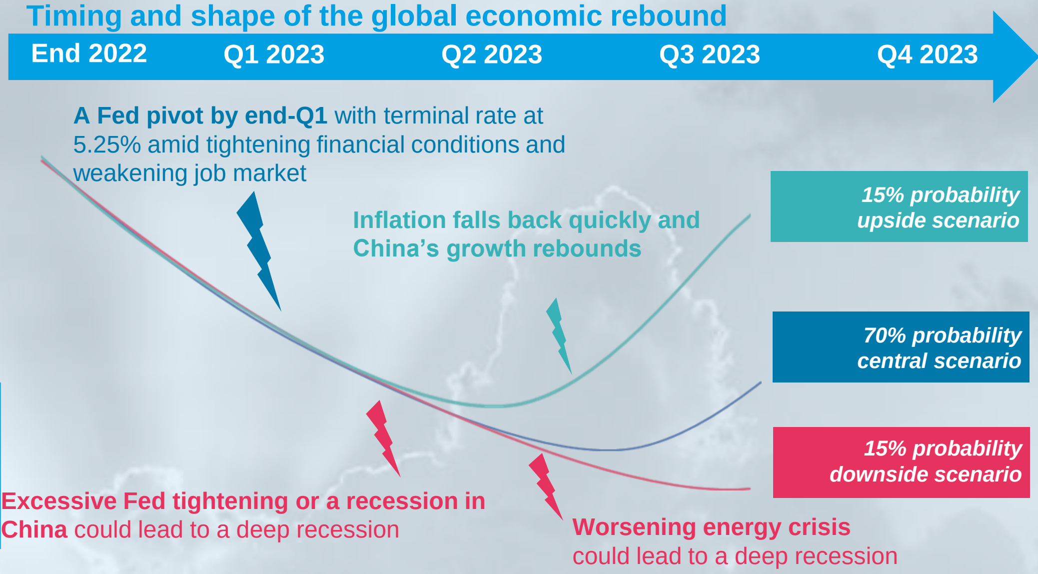
Some light for investors after the storm

AMUNDI INSTITUTE INFOGRAPHIC

Timing and shape of the global economic rebound

Regional themes with potential global spillovers

- **US: Fed pivot**
- **Europe: Energy crisis**
- **China: Growth path**



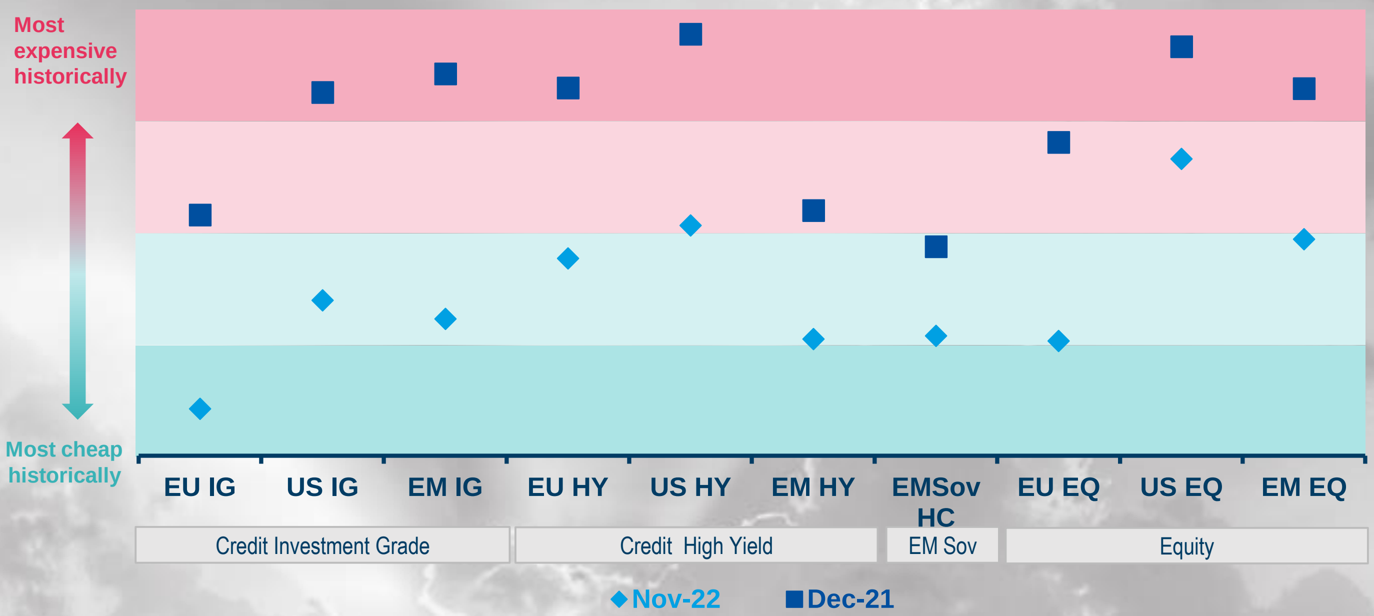
CENTRAL AND ALTERNATIVE SCENARIOS

15% DOWNSIDE SCENARIO Deep global slump	70% CENTRAL SCENARIO Stagflationary episode, with rising divergences and persistent inflation	15% UPSIDE SCENARIO Inflation falls back ending the stagflationary episode
▪ Worsening / expanding Ukraine war.	▪ Stalemate in the Ukraine war.	▪ Ceasefire in Ukraine. ▪ Russia partially resumes gas exports to Europe.
▪ De-anchored inflation expectations, CB over-react.	▪ Inconsistent fiscal and monetary policy. ▪ **Fed** ends tightening in Q1 2023, more dovish stance in Q4 2023; **BoE**: soft hiking cycle; **ECB** raises rates / activates TPI; **PBoC** easing. ▪ EU activates rescue plan to deal with energy crisis.	▪ Fiscal discipline gradually restored.
▪ Global economic downturn (US, China, Europe) / renewed deflationary pressures, inflation out of control / de-anchored inflation expectations. ▪ Energy crisis back to acute in H2 2023.	▪ Softening energy crisis in H2 2023. ▪ Inflation: above CB target until 2024. ▪ Global nominal GDP growth trends higher with recession (EU), modest rebound (China), sub-par growth (US). ▪ Corporate profit recession to go on in H1 2023, followed by recovery.	▪ Inflation falls back quickly. ▪ Lower uncertainty, extra savings and renewed purchasing power fuel DM demand.
▪ Global financial crisis, debt crisis with several EM defaults. ▪ Credit event.	▪ Global financial conditions to deteriorate amid continuation of the tightening cycle. ▪ Limited spread widening.	▪ Return of risk-on sentiment in the market
▪ Climate transition measures postponed. ▪ Broad-based extreme climate conditions.	▪ Climate change adds to stagflationary trends. ▪ Climate risk hampers growth.	▪ Climate change policy and energy transition as top priorities

Source: Amundi Institute as of 28 October 2022. DM: developed markets. EM: emerging markets. CB: central banks. Fed: Federal Reserve. BoE: Bank of England. ECB: European Central Bank. PBoC: People's Bank of China. QT: quantitative tightening. TPI: Transmission Protection Instrument by the ECB.

END OF 2022: MORE APPEALING VALUATIONS

Valuation levels, historic percentiles since 1998



INVESTING IN 2023: FOLLOW THE SEQUENCE

End 2022 → Q1 2023 → Q2 2023 → Q3 2023 → Q4 2023

CENTRAL SCENARIO

Bonds are back	▪ Government bonds; ▪ IG credit; ▪ Cautious in HY credit and selective in EM HC bonds.	▪ Focus remains on high-quality credit; ▪ Add EM bonds.	▪ HY credit may start to offer selective opportunities.
Equity seeks entry points	▪ Caution overall; ▪ Play quality-value and high dividend; ▪ US equity vs. rest or the world.	▪ Add global equity; ▪ Look for some selective EM equities.	▪ Deep-value equity opportunities, cyclical, small caps and EM.
60-40 reloaded	60-40 paradigm is back in a decelerating economic environment, with focus still on inflation.		
ESG themes	Look for ESG improvers, accelerate on the net-zero path, play the energy transition and food security themes and, more broadly, climate change and socially-oriented strategies (agriculture, infrastructure, transportation, healthcare).		

ALTERNATIVE SCENARIOS

Downside scenario	▪ Move to a very cautious stance in risky assets; ▪ Favour cash, gold, USD and US Treasuries as hedges; ▪ Play minimum-volatility strategies.
Upside scenario	▪ Increase risky asset exposure, favour cyclical and value; ▪ Favour inflation-linkers and play inflation diversification.

Source: Amundi Institute, Bloomberg, DataStream. Latest monthly data is as of 14 November 2022. EU IG, US IG, EM IG, EU HY, US HY, EM HY are ICE BofA corporate bond indices. IG: investment grade. HY: high yield. EM Sov HC: is JP Morgan EMBI Global Diversified. EU EQ, US EQ, EM EQ are MSCI indices for equity markets. All indices refer to a specific region (EU: Europe, US: United States, EM: emerging markets. Analysis is based on spreads for bond indices and on twelve-month forward PE ratio for equity indices. Valuation are in historic percentile since 1998. Cheapest means is in the first quartile, Most expensive is in the fourth quartile.

	Asset class	Current stance	H1 2023 outlook	
EQUITY PLATFORM	United States	=/+	=/+	Stable
	US value	+	+	Stable
	US growth	-	-/=	Improving
	Europe	-	=/+	Improving
	Japan	=	=	Stable
	China	=	=/+	Improving
	Emerging markets ex-China	=	=/+	Improving
FIXED INCOME PLATFORM	US govies	=/+	+	Improving
	US IG corporate	=/+	+	Improving
	US HY corporate	-	-/=	Improving
	European govies (core)	=	=/+	Improving
	European govies (peripherals)	-/=	=/+	Improving
	Euro IG corporate	=	=/+	Improving
	Euro HY corporate	-	-/=	Improving
	China govies	=/+	=/+	Stable
	EM bonds HC	=/+	+	Improving
	EM bonds LC	=	=/+	Improving
OTHER	Commodities	=/+	=/+	Stable
	Currencies (USD vs. G10)	+	=	Deteriorating

Source: Amundi as of 16 November 2022.

-- - = + ++

Negative Neutral Positive

Amundi ASSET MANAGEMENT

Important information

The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.mscibarra.com). In the European Union, this document is only for the attention of "Professional" investors as defined in Directive 2014/65/EU dated 15 May 2014 on markets in financial instruments ("MIFID"), to investment services providers and any other professional of the financial industry, and as the case may be in each local regulations and, as far as the offering in Switzerland is concerned, a "Qualified Investor" within the meaning of the provisions of the Swiss Collective Investment Schemes Act of 23 June 2006 (CISA), the Swiss Collective Investment Schemes Ordinance of 22 November 2006 (CISO) and the FINMA's Circular 08/8 on Public Advertising under the Collective Investment Schemes legislation of 20 November 2008. In no event may this material be distributed in the European Union to non "Professional" investors as defined in the MIFID or in each local regulation, or in Switzerland to investors who do not comply with the definition of "qualified investors" as defined in the applicable legislation and regulation.

This document is solely for informational purposes. This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction. Any information contained in this document may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. Furthermore, nothing in this document is intended to provide tax, legal, or investment advice. Unless otherwise stated, all information contained in this document is from Amundi Asset Management S.A.S. and is as of 15 November 2022. Diversification does not guarantee a profit or protect against a loss. This document is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management S.A.S. and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product. Investment involves risks, including market, political, liquidity and currency risks. Furthermore, in no event shall Amundi have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages due to its use.

Date of first use: 17 November 2022.

Document issued by Amundi Asset Management, "société par actions simplifiée"- SAS with a capital of €1,143,615,555 - Portfolio manager regulated by the AMF under number GP04000036 – Head office: 91-93 boulevard Pasteur – 75015 Paris – France – 437 574 452 RCS Paris – www.amundi.com.