

AMUNDI ETF SHORT US TREASURY 7-10 DAILY UCITS ETF

**Semi-Annual report
December 2014**

AMUNDI'S UCITS

Fund manager : AMUNDI

Delegated fund accountant : CACEIS FUND ADMINISTRATION FRANCE

Custodian : CACEIS BANK FRANCE

Auditors : PWC SELLAM

This periodic document is not subject to certification by the Auditor of the mutual fund.

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Informations about the Fund

Classification

Diversified.

Allocation of net profit

Accumulation.

Allocation of net capital gains realised

Accumulation.

Tax treatment

The Fund is eligible for life insurance policies. The Fund may provide a support vehicle for life insurance policies denominated in units of account.

The UCITS, by its nature, is not subject to taxation. However, unitholders may be taxed on any income distributed by the Fund or when they sell Fund units. The tax treatment applicable to amounts distributed by the Fund or unrealised or realised capital gains or losses will depend on the individual unitholder's tax situation, residence for tax purposes and/or the investment jurisdiction of the Fund. If an investor is uncertain of his or her tax position, the investor should consult a financial advisor or a professional investment consultant to determine the tax rules applicable to his or her particular situation before any investment. Some income distributed by the UCITS to unitholders residing outside France may be subject to withholding tax in France.

Benchmark index

The Fund's Benchmark Index is the USD-denominated Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index, a total return index (i.e. reinvesting the coupons of the components).

The Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index is a bond index, calculated and published by the international index provider Markit Indices Limited, wholly owned by Markit Group Limited.

Management fees & commissions

Administrative and management fees: 0.14% including tax.

Subscription fees received by the Fund: None.

In compliance with current regulations, this mutual fund has, during the financial period just ended, levied charges at rates which are in line with those stated in the Prospectus and used under the following headings:

- Notes to the Annual Accounts /- Management fees.
- Shareholders' Funds /- Subscription and/or redemption fees /- Management fees.

Investment objective

The Fund's investment objective is to track the performance of the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index (see "Benchmark index" section), as closely as possible, whether the Strategy Index rises or falls.

The Fund is managed so as to achieve a gap between changes in its NAV and changes in the value of the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index (referred to below as the "Short Markit iBoxx \$ Treasuries 7-10Y") as small as possible. The target for maximum tracking error between the Fund's NAV and the value of the Short Markit iBoxx \$ Treasuries 7-10Y Short Strategy Index is 2%.

If the "tracking error" exceeds 2%, the objective would nevertheless be to remain below 15% of the volatility of the Short Markit iBoxx \$ Treasuries 7-10Y Short Strategy Index.

Investment strategy

The Fund is managed by "index tracking".

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1. Strategy employed:

The Fund is managed by a technique known as "index-tracking" with the objective to replicate changes in the performance of the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index using a swap-based replication method.

To maintain the closest possible correlation with the performance of the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index, the Fund will buy a portfolio of bonds and money-market instruments (the "Portfolio") and an over-the-counter (OTC) total return swap, a financial derivative instruments which turns the exposure to the Portfolio into exposure to the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index.

Geographic area of the securities issuers	United States
Spread of sensitivity to interest rates	Between -7 and -9
Spread of sensitivity to credit spread	Not applicable
Currency in which the components of the index are denominated	The US dollar (USD)
Level of exposure to currency exchange risk	None

The Fund will comply with the investment rules set forth in Articles R 214-21 and R214-22 of the French Monetary and Financial Code (CMF).

The Portfolio comprising directly held assets described in the "Assets used" section, complies with the provisions of Article R 214-21 of the French Monetary and Financial Code (CMF).

The Fund's exposure to the Index achieved through the total return swap may be eligible for exemption ratios applicable to the index-tracking UCITS referred to in Article R214-22 of the French Monetary and Financial Code (CMF). That Article stipulates that an index may comprise up to 20% equities or debt securities issued by the same entity; this limit may be raised to 35% maximum for a single issuing entity, when such increase is justified by special market circumstances such as the regulated markets where some marketable securities or some money-market instruments are largely dominant.

2. Assets used (except embedded derivatives):

The Fund's exposure to the Index is achieved through the total return swap.

The Portfolio consists of the Fund's directly held assets described below.

- Securities:

The Fund will be continuously exposed to one or more US rate markets.

The securities in the Fund's assets will be chosen to limit costs associated with reproducing the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index.

They will mostly be fixed interest securities from OECD countries, including government stock, Treasury Bills, Deposit Certificates, commercial paper, bonds issued by firms registered in OECD countries, BMTN (negotiable medium-term notes) and EMTN (Euro Medium Term Notes).

- Interest-rate instruments:

Up to 100% of the Fund's net assets may be invested in any kind of monetary and/or bond instrument from OECD countries.

The bond issuers selected may be from the private sector or from the public sector (national or local governments, etc.), and private sector debt may account for up to 100% of all debt instruments.

Up to 35% of the assets may be held in guaranteed bonds from a single issuer and up to 100% of assets if the Fund holds at least six issues and none of these exceeds 30% of its assets.

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Qualifying securities are instruments issued or guaranteed by an OECD member state or by a local government in a country belonging to the European Union or party to the EEA agreement.

The Fund's sensitivity to interest rates will range from -7 to -9.

- UCITS units or shares:

The Fund may hold up to 10% of its assets in UCITS units and/or shares. These UCITS are representative of all asset classes, in compliance with the Fund's requirements.

They may be UCITS managed by the Management Company, or by other entities, regardless of whether they belong to the Crédit Agricole SA Group, including related companies.

3. Derivatives:

The Fund will use OTC derivative financial instruments (including total return swaps) to turn the exposure to securities held by the Fund into an exposure to the Short Markit iBoxx \$ Treasuries 7-10Y Index value.

Off-balance sheet commitments are calculated by the accrual method of accounting.

The Fund may take positions in the following derivatives:

Type of market:

- ☒ regulated
- ☒ organised
- ☒ over-the-counter

Categories of risk in which the Fund intends to take a position:

- ☐ equity risk
- ☒ interest rate risk
- ☒ currency risk
- ☒ credit risk
- ☐ other risks

Nature of positions to be taken, which must be limited to those required to meet the management objective:

- ☒ hedging
- ☒ exposure
- ☐ arbitrage
- ☐ other

Types of instruments used:

- ☒ futures: on equities and indices
- ☒ options: on equities and indices
- ☒ total return swaps: on equities and indices
- ☒ total return swap:
- ☐ credit derivatives: credit default swaps
- ☐ other

Strategies for use of incorporated derivatives to achieve the management objective:

- ☒ reconstitution of a synthetic exposure to a stock, a business sector and/or to the Short Markit iBoxx \$Treasuries 7-10Y Strategy Index through the use of swaps.
- ☒ management of intermediate cash flows (dividends, subscriptions/redemptions, etc.) to achieve the desired degree of exposure to a stock, a business sector and or the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index via the use of futures.
- ☒ management of intermediate cash flows (dividends, subscriptions/redemptions, etc.) to achieve the desired degree of exposure to a stock, a business sector and or the Short Markit iBoxx \$ Treasuries 7-10Y Strategy Index via the use of options.

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These instruments may be used to hedge up to 100% of the Fund's net assets.

4. Securities incorporating derivatives ("embedded derivatives"):

The Delegated Fund Manager may, at its discretion and for future optimisation of management of the Fund, use other instruments to meet its management objective such as embedded derivatives.

Categories of risk in which the Fund may take a position:

- ☐ equity risk
- ☐ interest rate risk
- ☐ currency risk
- ☐ credit risk
- ☐ other risks

Nature of positions to be taken and description of all transactions that must be limited to the achievement of the management objective:

- ☐ hedging
- ☐ exposure
- ☐ arbitrage
- ☐ other

Types of instruments used:

- ☐ Euro Medium Term Notes (EMTN)
- ☐ Negotiable Medium Term Notes (BMTN)
- ☐ Structured bonds
- ☐ Certificates
- ☐ Warrants

Strategy for using embedded derivatives to meet the investment objective:

- ☐ general hedging of the portfolio, particular risks, particular securities, etc
- ☐ constructing synthetic exposure to particular assets or particular risks
- ☐ other strategy: following redemptions, retaining derivatives as opposed to selling them

The Fund will not overexpose its assets: all its commitments on derivatives and embedded derivatives may not exceed 100% of the Fund's NAV.

5. Deposits and liquid assets:

The Fund may hold up to 20% of its net assets in deposits for a maximum term of twelve months. The deposits are used for cash management purposes and help the Fund achieve its management objectives.

6. Borrowing:

The Fund may temporarily, and in exceptional cases, borrow up to 10% of its net assets in order to optimise its cash flow management.

Over-exposure of the assets: None

All its commitments on derivatives and embedded derivatives may not exceed 100% of the Fund's net assets.

Overview of the procedure for choosing intermediaries/counterparties and comments:

The Management Company generally issues a bid tender. In this case such a procedure has not been required. The Management Company will therefore not undertake a formal procedure that might be tracked and monitored, so as to ensure competition among potential counterparties of OTC swaps it enters into, or among the vendors it buys embedded derivatives from. The Fund may conduct these transactions with Société Générale Corporate and Investment Banking or any other company in the Société Générale group as counterparties or intermediaries.

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Risk profile

Inverse performance risk

Capital risk

Factors that may influence the ability of the Fund to track the performance of the Short Markit iBoxx \$
Treasuries 7-10Y Index

Interest rate risk

Credit risk

Counterparty risk related to the tracking method selected

Liquidity risk

Liquidity risk in a stock market

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The Fund's investment objective is to track as closely as possible the US dollar-denominated Short Markit iBoxx \$ Treasuries 7-10Y strategy index, total return (i.e. interest is rolled up), whether the Short Markit iBoxx \$ Treasuries 7-10Y strategy index rises or falls. The Short Markit iBoxx \$ Treasuries 7-10Y strategy index tracks the performance of a strategy which consists of inverting exposure to the Markit iBoxx \$ Treasuries 7-10Y index (net return) through the combination of a short position on the Markit iBoxx \$ Treasuries 7-10Y index and exposure to a risk-free financial instrument. It accordingly offers inverse exposure to the upward and downward trend of the Markit iBoxx \$ Treasuries 7-10Y index.

From June 2014 to December 2014, the portfolio performance of "AMUNDI ETF SHORT US TREASURY 7-10 DAILY UCITS ETF" is -3.46%. That of the benchmark index is -3.35% with a tracking error of 0.06%.

As performance varies over time, past performance is not necessarily a guide to future performance.

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Significant events during the financial period

None.

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Specific details

Voting rights

In accordance with the Fund's Rules and the Fund Manager's stated policy, the Fund Manager exercises the voting rights attached to the securities held by the Fund and decides on contributions in the form of securities, except where the securities are those of the Fund Manager itself or of any associate company as defined in Art L. 444-3 of the French Labour Code (Code du Travail).

Two documents, "Voting Policy" and "Report on the Exercise of Voting Rights", prepared by the Fund Manager in compliance with the current regulations are available upon request.

This mutual fund (OPC) has not been selected as one of the funds which currently exercise voting rights.

Soft commissions

The Fund Manager has received no "soft" commissions.

Movement commission

The Fund Manager has received no commissions on trade.

Use of credit derivatives

The Fund has not used credit derivatives during the period under consideration.

Group funds

Details of the financial instruments held by the Fund which are issued by the Fund Manager or its associates will be found in the Auditor's Report for the latest financial period (enclosed herein) under the following headings of annuals accounts:

- Further details.
- Group financial instruments held by the Fund.

Off-balance sheet commitments calculation

Off-Balance Sheet commitments are calculated with a Commitment calculation method.

Calcul du risque global

- Méthode du calcul de l'engagement

Les contrats à terme fermes sont portés pour leur valeur de marché, en engagement hors bilan, au cours de compensation. Les opérations à terme conditionnelles sont traduites en équivalent sous-jacent. Les contrats d'échange de taux réalisés de gré à gré sont évalués sur la base du montant nominal, plus ou moins, la différence d'estimation correspondante.

- Méthode de calcul du risque global : L'OPC utilise la méthode du calcul de l'engagement pour calculer le risque global de l'OPC sur les contrats financiers.

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MUTUAL FUND

STATEMENT OF AUDIT REGARDING THE COMPOSITION OF ASSETS ON 31 DECEMBER 2014

In our capacity as auditor of the Fund AMUNDI ETF SHORT US TREASURY 7-10 DAILY UCITS ETF, and in compliance with the provisions set out in article L. 214-17 of the Code Monétaire et Financier and article 411-125 of the General Regulations of the AMF, we have verified the validity of the composition AMUNDI ETF SHORT US TREASURY 7-10 DAILY UCITS ETF of assets as shown attached to this statement.

The documents published were established under the responsibility of the Fund Manager. We are responsible, based on our audit, for attesting to their validity.

The audit of the information contained within these documents has been carried out in accordance with the professional standards applicable in France. These standards require due diligence in order to assess the validity of this information in terms of consistency, accuracy and relevance. Such audit, limited to its objective, essentially consists of analytical procedures and interviews with the people responsible for the information published.

We have no observations to make regarding the validity of the information provided in the published documents.

Levallois-Perret,
The auditor

PWC SELLAM – Audit firm

Document authenticated by electronic signature

Frédéric Sellam

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Public Joint-Stock company (SA); share capital €10,000

Siret No. 453 541 450 00012

Regulatory disclosure
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ASSET MANAGEMENT

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Portfolio Listing

Name of security	Currency	Quantity	Market value	%
Bonds and similar securities				
Listed bonds and similar securities				
NORWAY				
DNB NOR BOLIGKREDITT AS 14/10/15	USD	494,000	502,311.55	0.42
TOTAL NORWAY			502,311.55	0.42
USA				
UNIT STAT DEP 2.25% 15-11-24	USD	10,722,100	10,827,803.02	9.04
UNIT STAT DEP 3.0% 15-05-15	USD	28,931,900	30,500,364.13	25.46
US TREASURY 0,25% 15/09/2015	USD	192,000	192,227.03	0.16
US TREASURY 0,25% 28/02/2015	USD	27,600	27,633.14	0.02
US TREASURY 0,25% 31/01/2015	USD	160,000	160,200.14	0.13
US TREASURY 1,25% 30/09/2015	USD	157,000	158,727.23	0.13
US TREASURY 1,25% 31/08/2015	USD	1,568,100	1,585,839.94	1.32
US TREASURY 1,25% 31/10/2015	USD	207,000	209,164.53	0.17
US TREASURY 1,75% 31/07/2015	USD	175,000	177,903.19	0.15
US TREASURY 2,25% 31/07/2018	USD	39,900	41,570.20	0.03
US TREASURY 2,375% 28/02/2015	USD	206,000	208,432.29	0.17
US TREASURY 2,5% 30/04/2015	USD	257,000	260,146.05	0.22
US TREASURY 2,75% 15/02/2019	USD	132,000	140,249.10	0.12
US TREASURY 2,75% 15/11/2042	USD	6,500,200	6,517,300.62	5.44
US TREASURY 3,625% 15/08/2043	USD	8,815,200	10,487,692.57	8.75
US TREASURY 4% 15/02/2015	USD	177,000	180,530.08	0.15
US TREASURY 4,25% 15/08/2015	USD	129,000	134,320.81	0.11
US TREASURY 4,5% 15/02/2036	USD	14,665,500	19,830,655.22	16.56
US TREASURY 5,375% 15/02/2031	USD	13,753,600	19,467,510.70	16.25
USTREASURY NOTES 0.125% 04/15	USD	172,000	172,084.45	0.14
TOTAL USA			101,280,354.44	84.52
Total listed bond and similar securities			101,782,665.99	84.94
Total bonds and similar securities			101,782,665.99	84.94
Credit instruments				
Credit instruments traded in a regulated market or equivalent				
USA				
ETATS UNIS FIX 0.00 050315	USD	2,856,800	2,856,762.86	2.38
USA FIX 0.00 020415	USD	2,827,800	2,827,517.22	2.36
USA TBILL 0% 05/02/2015	USD	13,024,900	13,024,743.70	10.87
TOTAL USA			18,709,023.78	15.61
Total credit instruments traded on a regulated or similar market			18,709,023.78	15.61
Total credit instruments			18,709,023.78	15.61

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Portfolio Listing

Name of security	Currency	Quantity	Market value	%
Hedges				
Other hedges				
Other swaps				
SG ETF 27.11.2019	USD	120,223,944	-619,352.73	-0.52
Total Other SWAPS			-619,352.73	-0.52
Total other hedges			-619,352.73	-0.52
Total hedges			-619,352.73	-0.52
Receivables			1,194,002.15	1.00
Debts			-1,234,742.25	-1.03
Financial accounts			-221.29	
Net assets			119,831,375.65	100.00
AMUNDI ETF SHORT US TREASURY 7-10 DAILY UCITS ETF	USD	1,573,200	76.17	

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