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Amundi

Amundi Q2 2017 Conference call transcript

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List of MAIN speakers	Company	Job title
Yves Perrier	Amundi	Group CEO
Nicolas Calcoen	Amundi	Group CFO

List of Conference Call participants	Company	Job title
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Gurjit Kambo	JP Morgan	Business Associate
Michael Werner	UBS	Senior Equity Analyst
Anil Sharma	Morgan Stanley	Research Analyst
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PRESENTATION

Yves Perrier

Group CEO, Amundi

Good morning everybody. As we are, you know, very close to the time of vacation, very close to the end of the week, I propose that we begin with this presentation of the results. This presentation will be done by Nicolas, who everybody knows. Maybe, in introduction, some words. This first half for Amundi, I would say is quite exceptional, for two reasons. Firstly for very good results, that we will be presenting, and secondly, because we have not only closed the Pioneer transaction, but really entered into the process of integration. About the results, what is impressive in these results is the fact that we have a net income which is up 11% (I recall you that the objective that we have given during the IPO is an average growth of 5%), which is driven by a growth of 9% in revenues, with, you know, a very strong cost control. The cost to income ratio improved by two points, at 50%. The growth in revenues was driven by activity, nearly €30 billion of inflows during the first half, for an annual objective, you remember, which was €40 billion. So, that means that during this first half we have kept the momentum of development of the activity, which is not obvious when you are at the time of merging 2 companies, we continued to deliver strong results, and we are in advance in the integration of Pioneer, which will be an accelerator of the development of Amundi. So, now, Nicolas, the floor is yours.

Nicolas Calcoen

Group CFO, Amundi

Thank you. Good afternoon to everybody. So, I will start with a presentation of the activity during this first half of the year. Starting, very briefly, with the market environment, I think you know it very well. Just to mention and remind you that the market environment was positive in the first half of this year, compared to last year, especially on the equity market, with, for example, most of the European market up by 15-17% on average, compared to the first half of 2016. So, in this environment, as Yves mentioned, Amundi continues to develop very strongly, with positive inflows of €29 billion over the first half of the year, with a positive market effect, due especially to the equity market. So, asset under management reached €1,121 billion. This level of inflows, €29 billion, was

driven by both our two main client segments, retail and institutional, which posted strong activities throughout the first half of the year. This is especially true for retail, which went especially very well, with inflows of €23 billion.

What is interesting also to mention and to develop is that all our distribution channel contributed positively and posted very good activity results over this first half the year. Firstly, the French networks posted positive inflows of €1 billion, but if you exclude treasury funds, the inflows on the long-term assets reached €2.4 billion a continuation of what we observed at the end of 2016, but of course, a strong contrast with what happened on the French market during many years over the past, after the creation of Amundi. So, continuation of this improvement with the French networks, and very strong momentum also with international networks and third-party distributors.

International networks posted positive inflows of €4.7 billion with, to be noticed, a very strong contribution from the UniCredit network, mainly in Italy, but also in Germany. Positive inflow was €3.5 billion. Of course, these are Amundi product. It means that even if in the first half of the year the transaction was not yet closed with UniCredit, we already started to develop new relationships with UniCredit network, and to propose new products, and that led to this €3.5 billion of inflows with UniCredit network. Third-party distribution also contributed very positively, close to €10 billion of inflows, coming mainly from Europe, but also from Asia, on a various span of countries, of course, and of expertise on our products. Finally, our Asian JVs posted inflows over the half-year of a bit more than €7 billion. So, overall, a very strong level of activity for retail.

Regarding institutional and corporate clients, we saw, also, some positive flows over the semester, despite the termination and the reinternalization by the ECB of a mandate that we managed for them for a few years, and this represented an outflow of €6.9 billion at the end of the first quarter. So, despite this element, we saw positive inflows over the half-year on institutional clients, as well as on our employees service schemes and insurance mandate. We saw outflows on corporate clients attributable to the seasonal nature of treasury products. We typically see, in the second quarter especially, outflows from corporate clients due to the fact that they pay dividends. In addition, you probably remember that we mentioned that at the end of 2016 and the beginning of 2017, we had very strong, I would say exceptional, inflows in treasury products from corporate clients. In some cases, due to some special operations, like corporate preparation of an investment, raising money and putting them in a treasury fund before the closing of their operations.

As expected, some of these flows went out during the quarter. If you look at the breakdown between the two quarters of the first half of the year, of course, you see a difference between very, very strong inflows in the first quarter, and some outflows in the second quarter, but there are two very different elements. The first one is the fact that on retail the inflows continued to be very strong, a bit more than €7 billion of inflows over just the quarter, despite the fact that we saw on this quarter limited outflows in our JVs, whereas we saw outflows in the institutional space, due, and concentrated, on treasury products, as I mentioned. We saw in the second quarter, especially at the end of the quarter, some outflows from institutional and corporate clients, largely due to seasonal effects. For example, the fact that it's the time of payment of pensions funds, I would say, from pension schemes, as well as the period of payment of dividends for corporate clients. So, an underlying trend, especially in retail, in long-term assets that remain very positive even during this second quarter.

In terms of expertise on the asset classes, these inflows were generated by, more or less, all asset classes. Overall, during the quarter, we saw strong inflows on treasury products, with a very strong difference between the two quarters. Also, very strong inflows on the medium and long-term assets,

equities, bonds or real assets. Of course, the apparent outflows on real and alternative assets are simply due to the reinternalization of the ECB mandate, that I mentioned earlier. Finally, in terms of geographies, we continued, as it was the case for the last three years, to see most of the inflows, two-thirds of the inflows, coming from outside France, so confirming the general trend to have more diversification, in terms of geographies, of our business mix, with strong inflows coming from our two main areas of focus, in terms of development. Europe, a bit more than €10 billion inflows, over the semester, with especially strong contributions from Italy and Germany, for example, as well as Asia, a bit more than €7 billion inflows, coming mainly from our joint venture in China, India and Korea.

Last element concerning activity, which is worth mentioning, the fact that the development initiatives that we launched over the years, in the past, continue and contribute positively to our inflows. A few examples. Real estate, which is an important area of focus for us, more than €2 billion inflows over the first half of the year. There is a strong appetite from clients for passive management, we've got €7.7 billion inflows in ETFs, which make us the third collector on ETFs in Europe during the first half of the year. Also worth mentioning, the fact that the new initiative launched last year, regarding the services to institutional clients, or third-party asset managers, continues to develop. Of course, the contribution to the P&L is still limited, but we will continue to on-board new clients, and to launch new initiatives, that I mentioned on the slide that you can see on the table. Finally, just a word about performance. To mention, simply, that the performance remains good. Regarding open-ended funds, more than 70% being in the first or second quarter, whether you look at it on the one-year, three-year or five-year basis. In terms of performance compared to benchmark, a bit more than 60% of our fixed-income are above benchmark, and 70% for equity funds.

Regarding the results, as Yves mentioned, a very good year with a strong increase in revenues and net income, in line with the development of our activity, net income growing by close to 9% compared to the first half of 2016. Costs continue to be under control, increasing by a bit more than 4%. It's below 2% on a comparable basis, if you exclude the impact of the acquisition of KBI or CAI Investors at the end of 2016. As a consequence, the cost/income ratio decreased by 2 points compared to the first half of 2016, at 49.9%. Margins remain resilient. You can observe that the margins in the insurance space are stable, compared to the first half of 2016. The other apparent decrease in the margins is in the retail space, but you need to remember that, as we already mentioned, in 2015 and 2016 we benefited from a P&L point of view, I would say, from a very high amount of structured funds coming to maturity. Part of the commission on these funds are accrued at the end of their life cycle, meaning that we had a high level of revenues during the first half of 2015 and 2016. Now we've come back to a more normalised level, close to between 47 and 48 bps on the retail activities for the first half of 2017. You can remember that it's in line with what we indicated, that the average margins on these clients are somewhere between 45 and 50 bps.

We also enjoy a quite good level of performance fees, €64 million, an increase by around 20% compared to last year, with a good level of performance generations on the various types of funds, especially on the fixed-income side. As I already mentioned, costs, that remain under control, increased by 4%, less than 2% on a comparable basis, and so cost/income ratio decreasing, and the ratio of opex to AuM going down to 9 bps, and the cost/income ratio in reduction by two points. So, as you can see, once again the results of this first half-year continue to demonstrate our ability to develop and provide consistent income growth over years. Regarding especially the second quarter, I would say everything in line with the general trend that we have in the first quarter, net revenue increasing by 8% and net income up by 9%. So, over the first half of the year, the net income, excluding integration costs, increasing by 11%. If you include the integration costs that we started to

incur, in preparation of the integration of Pioneer, the net result is, for the first half of the year, €288 million. So, €21 million, after tax, of integration costs incurred during this first half of the year. I don't know if, Yves, you want to say a word about the integration of Pioneer ?

Yves Perrier

Group CEO, Amundi

So, maybe some words about the integration process of Pioneer, to give you some visibility. Firstly, what we have done between the signing and the closing. We have done three main things. The first is to build, you know, a business plan of development for the different business lines of Amundi. A business line in Amundi, it is an expertise. For example, fixed-income is a business line, monetary funds is a business line, or a country. That is the first objective. Of course, we generally speak of cost synergies, and we will do these cost synergies, but a merger is successful when it accelerates the development. The second thing that we have done is to define the organisation, and the main choices of this organisation. About this point, what we have done is to maintain, globally, all the principles of the organisation of Amundi, which is based on the following criteria. Firstly, each organisation is, at the same time, global and local. Global for our investment platform, of course, which are in the main financial centres. Global for IT. IT at Amundi, it's an IT which is proprietary, that we have developed, we have our own software, and which is the same in all the countries where we operate. At the same time, organization is local, to have a strong proximity with our clients.

The second characteristic of this organisation is to be very client orientated. We have two main divisions, one which is retail, which is headed by Fathi Jerfel, and the second, which is institutional clients, which is headed by Dominique Carrel-Billiard. Then, the investment platform serves the two divisions.

The third characteristic of this organisation is to be very entrepreneurial. I mentioned that we have 36 business lines. The people heading these business lines are in charge of the development. Their KPI are AUM, net inflows, revenues, cost, mainly staff, and they are the men and women who push the development of Amundi. So, this organisation has been maintained.

The third thing we have done is to appoint the key people. Not only the people of the executive committee, and we have communicated about this, but the people of each business line, and what I can tell you is that at the end of July, all the organisation is defined. It means that 250 people are appointed. Of course, we have some time to speak of project, because we have to go through all the different discussions with trades unions, but what I can tell you is that Amundi, after the acquisition of Pioneer, you know, is completely ready to implement its development plan.

So, in the next period, what will we do? The first objective will be, in the six months to come, until the end of this year, the bulk of the reduction of staff on front office. I mean, investment management and commercial team. Then, in 2018 until the beginning of 2019, we will realise the reduction of staff on support functions, middle office, IT, and there will be the migration of IT. We will migrate all the operation of Pioneer onto Amundi systems. The first migration will continue in the last quarter of this year, in Germany, and it will continue in the different countries in 2018. So, a process of integration which is, you know, well advanced, clear, with the next step clearly identified and the people very committed, and of course, with an objective, which will be to continue the good momentum of development. So, that's all from the process of integration. So, to summarise, very good first half. In French, we say 'to be marked with a white stone', because of our capacity to combine strong momentum of activity, growth in results, and this integration of Pioneer, which is

something which is important. Very often people say, 'Pioneer, it's €220 billion, Amundi a bit more than €1 trillion,' but Pioneer is 50% of the revenues of Amundi, and two thirds of the staff of Amundi. So, it gives you an indication of the context. So, thank you, now we are ready to answer your questions.

Q&A

Yves Perrier and Nicolas Calcoen

Group CEO, Amundi and Group CFO, Amundi

Arnaud Giblat: Good afternoon, it's Arnaud Giblat from Exane. I've got three questions here, please. The first, on the joint ventures. The flows were broadly zero in the second quarter. Is there anything specific going on there, or is this just a bad quarter? Secondly, third party seems to be the area in retail where you shine the most. Could you give us a bit more detail, specifically which products are selling well in which distribution channels? Finally, the operating margin progressed by 2%. I'm wondering if that's part of the earlier implementation of cost savings due to the deal, or if this is something, as a standalone company, at the current level of AUM, that could be sustained? Thank you.

Nicolas Calcoen: So, regarding joint ventures, yes, there were some limited outflows in the second quarter, but remember, it was after some very strong inflows on the first quarter. Just on the first quarter, €8 billion over one quarter, so it remains €7 billion on a half-year, compared to the indicative target that we provided at the time of the IPO, which was €10 billion on average, a year. That's true, that we did better than that over the last one or two years, but we always said that we don't expect to have this level of inflows on a regular basis. Precisely, in the second quarter, we continue to have good inflows in India, for example, which is working very well, positive inflows in Korea. In China, which is a market where inflows are very volatile, after a very strong Q1 we saw some outflows. Maybe we could see an impact of some regulatory changes that are expected in the country, but I think it's also quite usual in this market to have strong variation from one quarter to another.

Regarding third party, what kind of expertise, what kind of products, it's quite diversified, and you have active management with several products, several, I would say, multi-asset products that are working well with this kind of clientele. Also, some related products. It's also passive management, ETFs, and to some extent, some treasury products.

Yves Perrier: Yes, about the improvement of the cost to income ratio of two points, at 50%. No, it's not the effect of synergies, of course, because they've started in July. No, it's more the consequence of the growth in activities and revenues. You know, the asset management industry has mainly a fixed-cost base, and if you have a significant increase in revenues, like it was during the first half, the effect, the leverage on the cost-to-income ratio is significant. That means that if we add Pioneer and Amundi-, now Amundi's at 50%, Pioneer was nearly 60%, 61% in the first half, the combined is around 55%, something that means that we are before synergies in the magnitude of the objective that we have given at the time of the IPO.

Hubert Lam: Good afternoon, it's Hubert Lam from Bank of America. Three questions. Firstly, on Pioneer flows. Is it fair to say that Pioneer flows were-, so outflow in the first half of the year, and if that's correct, can you just give us some colour around the dynamics around the flows that Pioneer-, and whether or not you think you can change the flows, you know, quickly, once Pioneer is within

Amundi? Second question is on the US business of Pioneer. I was just wondering if, also, you can give a sense as to, you know, how much do you think you need to gain greater scale in the US business, whether or not you plan on doing that organically, or inorganically? Third question is also on Pioneer. In terms of the phasing of the cost saves, can you give us an update? Do you expect 50% of the cost saves to be done by next year, by end of 2018, and 100% by the year after that?

Nicolas Calcoen: So first, on Pioneer flows. Yes, you have the chart on the board. Pioneer, in the first half of the year, activity went in line with our expectation. We saw a slight outflow due to the loss of an institutional mandate in Italy, but with low margins. Other than that, Pioneer saw inflows in areas such as the US, significant inflow, which is noticeable since everyone knows that it's very a difficult market for active asset management. So, positive inflows in the US, in Germany, in Asia, and some limited outflows in Italy, with the UniCredit network, but of course, more than compensated by these inflows that we got on Amundi products. So, overall, the Pioneer network was positive for, I would say, today, the new combined group. Regarding your last question, regarding the phasing of synergies, it's a bit early to be precise, but overall we can consider that you should expect 35-40% of the synergies done in 2018, 75% in 2019, and the full effect of the synergies in 2020. The idea is that all the migration plan and implementation of synergies will be achieved at the end of 2019, so you'll get the full effect in the accounts in 2020. Regarding the US?

Yves Perrier: For the US, our strategies are the following. Firstly, what is Amundi Pioneer in the US? It's now €80 billion of AUM managed, of which €70 billion is coming from Pioneer, and €10 billion coming from Amundi, Amundi Smith Breeden. On this €80 billion, nearly €50 billion are sold in the US, and €30 billion are sold outside the US. The business of Amundi was exclusively institutional, €10 billion, and the business of Pioneer was quasi-exclusively retail, 95% of the AUM. So, what is the strategy? The strategy is, firstly, to enhance the level of sales in the US. We think it's possible, firstly, because the quality of the expertise of Pioneer in the US are good. Secondly, because in the recent period, Pioneer had the problem to be on watch with consultants, linked to the situation of being in the process of a merger with Santander. Now that's over, no problem about this. Secondly, in the past, Pioneer didn't really attack the institutional market, and there is room for this.

So, first objective, to enhance the position in the US, and the second is to develop the revenues saving. I mean, the sale of US expertise (fixed-income equity, or multi-asset). In the countries where Amundi operates, in Europe, of course, but also in Asia, or in the Middle East; for example, we have begun to launch a Pioneer product in Japan. Japanese customers are looking for US expertise, in the present context of interest rates. So, all in all, I think that we will significantly boost the activity, and more importantly, the profitability, of our activities in the US.

Haley Tam: Hi there, it's Haley Tam from Citi. Could I ask you a couple of questions? The strength of the international networks flows, that you saw in H1, especially the €3.5 billion from UniCredit, is there any seasonality there, or something we should be aware of, that's unusual? Perhaps PIR, anything that perhaps would affect the outcome for that flow, going forwards? Second question, with the Pioneer deal having completed on 3rd July, are you in a position to update your retail flow forecasts that you gave us at the time of the IPO? That would be very helpful. And then, I guess, the third and final question, really, is, we've heard some Italian asset gatherers talking about squeezing the margins of their asset management manufacturers. So, I think Banca Generali has talked about squeezing asset management margins down to 20 basis points. I just wondered if this is a story you're familiar with, and what your view on that might be? Thank you.

Yves Perrier: Can you repeat the last question?

Haley Tam: If I'm thinking about your third-party distribution, I think in Italy in particular, with MiFID 2 coming in next January, a lot of the bank distributors are trying to squeeze their asset management manufacturer margins. I wondered if you see yourself protected from that, because of the Pioneer relationship, or what view we should have there? Thank you.

Nicolas Calcoen: So, on the first question, regarding international networks, no there is nothing exceptional, as we think about it, regarding these flows. You mentioned Italy, this new PIR initiative, I think it's a small part of inflows, but nothing specific to mention.

Yves Perrier: Yes, on the inflows objective on the retail. Well, at the time of the IPO, if you look at the year 2014/15, so the year previous to the IPO, we had good net inflows in all the network, except France, and France was in the red at this time. At the time of IPO, we have given a global objective of €15 billion excluding JV, and with an assumption that the French network will be positive again. To the question, 'Which amount?' my answer will say, I can't tell you that it will be positive, I can't tell you the pace, for two reasons. It depends on the appetite of the customers, and also it depends-, you know, a network, it's an elephant, it's slow to move. What we see now, in the figure of the first half, is that the figures are really better than the objective. All the networks are in the green, all channels of distribution are in the green, and especially the French networks are in the green. So, I don't want to change. You know, when you give figures, objectives, for three years, it's to give you a trend, and the idea, it's a trend of development and so on. I don't want each quarter to change, now we have eighteen months since the IPO. Net inflows last year were €62 billion. Net inflows in the first half are €29 billion. That means that we are at €90 billion, cumulatively, compared to an objective, for three years, of €120 billion. What we can say is that we are running faster than anticipated. We will try to continue to run as fast as now, but after, you know, there is the environment, and so I don't want to change, each quarter, the objective.

Coming now to the context of MiFID. I think that, firstly, for us, MiFID is not a constraint, it's an opportunity. We have launched at the level of Credit Agricole Group, a huge project, in order to reshuffle the way we advise the clients for their savings, not only high net worth people, but mass affluent, and so on. To improve the quality of the advice, to improve the quality of the service, the permanent advice to the customers, the transparency about the fees and so on, and so MiFID, which pushed everybody to be more transparent, we think it's good. So, that's my first point. My second point is to say, due to the level of low interest rates, there will be a continuing pressure on the margins. That's something which is normal and obvious. If we want to let some remuneration to the customers, it's not possible that all the players of the value chain continue to take the same level of fees. When I joined the industry, the average margin for, not Amundi at this time, Credit Agricole Asset Management, in 2008, was 32 bps. Now, it's 17 bps. That means that it was cut by nearly two, but at the same time the cost/income ratio of Amundi has improved. So, what I want to tell you, is that we anticipate that there will be a continuing pressure on the margins, but due to our efficiency, due to our industrial model, I am very confident that we will be a winner in this competition, as we have been in the past.

Jacques-Henri Gaulard: Thank you. Hello. Jacques-Henri Gaulard, Kepler Cheuvreux. I wanted to bounce on the question of my colleague. Regarding the targets at group level, are you going to update them, probably, because you're now 25% bigger than you used to be at the IPO?

Yves Perrier: I don't know yet. We will decide about this at the beginning of next year, or maybe we will wait one year, to have a new three-year plan. I don't know, frankly.

Jacques-Henri Gaulard: Okay.

Yves Perrier: I don't think it's, you know, a main point, because what is important is the trend.

Jacques-Henri Gaulard: Okay, and can we have a precise number for your common equity tier one ratio? I know you say it's higher than ten, but if we can have the number, and maybe your shareholders' equity after provision for distribution at the end of the half?

Nicolas Calcoen: So, the common equity tier one ratio, it's a pro forma basis, again, at the end of June when we closed the deal, is around 11%. Sorry, the second question?

Gurjit Kambo: Hi, it's Gurjit Kambo of JP Morgan. Just to follow up on the UniCredit flows, you said there were, obviously, outflows from Pioneer and inflows from Amundi, is that just a switch? You know, is it the similar strategy of complementary products, that they're switching from the Pioneer into Amundi? That's the first question. Then, just secondly, on the ETF inflows, has that been going mainly into, sort of, retail, or institutional clients?

Yves Perrier: UniCredit, and ETF, Nicolas you take the two questions.

Nicolas Calcoen: So, on UniCredit flows, the net flows are positive, so it's not only a switch, it's partially a switch, and it's just simply the consequences of the fact that we are proposing new expertise that are complementary to the ones that are managed by Pioneer. The total is the net inflows coming from these products. On ETF, it's coming both from the retail and institutional clients, through mainly third-party distributors, for example, and institutional clients.

Yves Perrier: The growth in ETF is really remarkable, because with €7.5 billion, we are the third collector during the first half, and by the size of AUM we are number five. This means that we run faster than most of our competitors, except iShare, of course.

Nicolas Calcoen: We manage €35 billion in ETFs.

Yves Perrier: Yes.

Michael Werner: Thank you. This is Mike Werner from UBS. Two questions. I know you don't focus so much on quarterly numbers, but perhaps you can just humour me for a second. We did see management fees come down a little bit, I believe, in Q2 versus Q1 levels, at least the net fee and commission line item, and I was just wondering if there was anything specific there, particularly if we saw any one-offs in Q1, or potentially in Q2? The second question, regarding the Pioneer products, and, you know, integrating them into Amundi. You know, what is the plan, in terms of selling those Pioneer products through Amundi's current distribution channels, particularly with regards to third-party networks, and the international network, and can you give us any insight into the timing of that? Thank you.

Yves Perrier: Take the first, and I will take the second.

Nicolas Calcoen: So, regarding the margins, there is no significant difference between Q1 and Q2. The difference is compared to last year, because of the effect I mentioned, regarding the structured funds. Regarding the Amundi product, do you want to comment?

Yves Perrier: Yes. What we have done during the H1 period, pre-closing, we have assessed the new range of products that will be proposed in our different channel of distribution, either in captive networks, either for third-party distributors, or for institutional investors. The way it has been done is to look at the performance of the different expertise, and select the funds of Pioneer, their performance, with a good rating with consultants, and the funds of Amundi, which are in the same situation. So, now there is a new range, which is an Amundi range, even if the name of some funds is

Pioneer, but compared to the past, you have more funds, more expertise, and with the average performance which is higher.

Michael Werner: Okay, and just in terms of the timing of the potential sale of those products, can we expect those to be sold through those channels, you know, this quarter, or is that going to take a little bit more time?

Yves Perrier: We will begin-, well, it has begun with UniCredit network with €3.5 billion inflows from Amundi. In Japan, we are underway to distribute a US Pioneer fund through the network of Resona, and the partnership we have with Sumitomo in Japan, and months after months, you know, it will be developed, but at the end there will be, for us, one range. We won't be, any more, Pioneer, or Amundi, because as we have completely integrated the two companies' investment platforms, and chosen the best, for example, for European equity, we have said the leadership will be for Pioneer.

Michael Werner: Thank you.

Anil Sharma: Hello, it's Anil Sharma, from Morgan Stanley. I've just got three questions. The first one, I just wondered if you could give us an update as to what your market share in France is? Obviously, the rotation into Unit Linked is picking up quite significantly now, so I was just wondering if you could help us think that through. Secondly, you mentioned that a lot of the front office restructuring at Pioneer will happen between now and year-end. So, does management have a target, in terms of the amount of assets they think might leave as a result? So, for example, are you expecting 10-15% of the assets to go by year-end? Then, the final one. If I look on slide nineteen, you've helpfully given us the revenue margins by division. Within the retail channel, all things being equal, given the flows that you have in Q2, a lot of equity inflow and treasury out, that margin's clearly going to be higher. So, I'm trying to get a sense. Can you give us an idea as to the magnitude? How much higher is going to be, is it going to be 50 bps, or is it going to be 55 bps? You know, where should we be thinking about that retail revenue margin?

Nicolas Calcoen: So, for the last question, on retail margins. As we said, it should remain, let's say, between 45 and 50 bps. That was your question?

Anil Sharma: Well, yes, but given you just saw treasury outflows and equity inflows in retail, isn't that number going to be higher?

Nicolas Calcoen: No, because at the same time, as we said, we have a continued pressure on margins, on different margins, so it can counterbalance the impact of the improvement in the mix. Regarding market share in France, if you look at the open-ended funds, so the French funds, it's around 28-29%. First question was, do we expect losses in AuM?

Yves Perrier: Well, firstly, since the beginning, the signing of the transaction, we didn't register a loss linked to the transaction. Some loss, but also you have gains and so on. The reason is the fact that it was very complementary, and the client overlap with the risk of over-presence was very limited, even null. Secondly, the clients are, you know, very confident, appreciate the merger, because they see clearly, firstly, that it was a reinforcement of Amundi, what the client wants is to be better after than before. Clearly, they very happily understood that it will be the case. Secondly, they have had a permanent good visibility of what will happen to the people who were working with them, and the fact that we announced, even before the closing the new organisation, the team, was a way to give them confidence. For the period to come, I don't anticipate significant problems.

Anil Sharma: Thank you.

Operator: Thank you. We will now take our first question over the audio, from Alex Koagne, of Natixis. Please go ahead, caller, your line is open.

Alex Koagne: Yes, hi there. Short question from my side. Number one is on JVs. I do understand what you just said on outflow. I'm just wondering whether you can give some kind of guidance of what's happened so far in Q3. On French retail, I saw that we have an outflow in Q2. I'm just trying to understand if it is linked with a specific product coming to maturity, or if it is a general, let's say, small outflow? If I may, since you just made a very interesting deal, it would be very great if you could have an update, beginning of the year, as you said, on the new, let's say, financial target, it would be very interesting for us in terms of dynamic and variation. Also, another request. This is mainly on management fees. It would be very great if you can provide them on a quarterly basis. I know that this is not something that you look, on a quarterly basis, but again, for the sake of our model it would be great. Thank you.

Nicolas Calcoen: Okay, thank you. So, regarding the joint venture for the third quarter, it's a bit early to tell, but we can say, that we expect the business to continue to grow. On the French retail, in the second quarter, we saw some outflows on treasury funds coming from small corporate clients of the networks, but again, on the long-term assets, the inflows were positive, €1.4 billion. Slightly higher than the first quarter, and the end of 2016. Regarding guidance?

Yves Perrier: Yes, regarding guidance, we'll see. We'll come back to you, probably, at the beginning of next year, to give you, potentially, some more guidance, but what I can say is, it's not guidance, it's just looking at what happens. We are running faster than we said that we will run, in terms of activity. We are at a growth of €90 billion in inflows in one-and-a-half years, compared to an objective of €120 billion for three years, and the growth in results, an average which is between 9% and 10% compared to an objective of 5%. I confirm the amount of the synergies. You have the figures of Pioneer, so things are not so complicated to do for the future. I don't want to do your work. Okay, thank you. Life is beautiful, good vacation again.