Transcript Amundi
H1 2022 results

Anthony MELLOR, Head of Investor Relations

Good morning everyone and welcome to this H1 2022 results presentation. With me in the room are Valerie Baudson, CEO, Nicolas Calcoen, Deputy CEO, and Domenico Aiello, CFO. Valerie, the floor is yours.

Valérie BAUDSON, Chief Executive Officer

Hello and welcome to all of you.

Amundi posted solid results in the 1st half of 2022, against the backdrop of a less favourable environment due to rising inflation, weaker markets, and higher risk aversion from customers. I would like to highlight 2 points of satisfaction: resilient flows for MLT assets, and a high level of results and operational efficiency

Regarding activity: despite the headwinds, Amundi's flow are remarkably resilient, not only in H1 but also in Q2.

In H1 : Total flows were €5bn, and +€11bn in medium-long term assets, with a strong momentum in Retail (inflows of +€13bn), while in the Institutional Segment, outflows were contained (-€2bn) in a "derisking" context.

Some additional colour on this business activity: our active expertise flows were almost stable in the 1st half, which is not bad in the current risk aversion environment. Our funds performances remained at a good level, according to Morningstar, with more than 2/3 of assets in the first two quartiles. Passive generated +11bn of flows, especially ETF, demonstrating the success of the merger with Lyxor, which is almost completed. Real assets recorded close to €3bn of net new money. In Asia, our JVs showed once again the growth potential of this region, with more than €21bn of flows, in India and China. Amundi Technology continued its development.

Also, in Responsible Investment, the implementation of our 2025 strategic plan is well under way, with close to €800bn of Responsible Investment AUM, fuelled by nearly €9bn of flows in MLT assets.

In Q2 : regarding the 2nd quarter, I will be brief: our flows remained positive at +€2bn, in a European market which has seen outflows, with a good resilience in our Retail business and sound business momentum in our Asian JVs (flows +€13bn).

Overall, at end June, assets under management reached €1.92 Trillion, up by 7% over 1 year and down by 5% compared to end March, with obviously a significant negative market effect.

H1 results demonstrate the robustness of Amundi's business model : we maintained a high level of net income (close to €600m), and we kept a strong operating efficiency.

Regarding revenues: net management fees are up +12% vs H1 2021, thanks to Lyxor integration and to strong MLT flows over the last quarters. As expected, performance fees are down compared to the exceptional level of last year. So total revenues are almost stable.

We kept operating expenses under control: they are stable at constant scope, thus maintaining excellent operating efficiency (cost income close to 53%).

As a result, net income is maintained at a high level (at €593 million) ; normalizing for the exceptional level of performance fees last year, and at constant scope, the adjusted net income is up +8%.

To conclude: Amundi showed robust results in this 2nd quarter and in the 1st half of the year. Growth drivers (Amundi Technology, Asian JVs, Passive, Real Assets …) as well as the resilience of the business helped limit the effects of the market environment. I remain confident that Amundi's diversified profile is a key asset that will allow us to navigate in troubled waters. I now let Nicolas provide you more details.

Nicolas CALCOEN, Deputy CEO

Good morning to everyone.

First a word on the market context. It was obviously difficult, on both the Equity and Fixed Income markets. On the Equity side, there has been a continued sharp decline in Q2 and in H1 overall. Average level of Equity markets were stable in H1 2022 compared to H1 2021, but down in Q2 compared to both Q2 2021 and Q1 2022. On the fixed income side, markets also decreased by -7% in Q2 while long-term interest rates have increased by around 100bps from end march to end June.

A word also on the European Asset management market, with open ended funds figures showing a sharp downturn in Q1 and Q2.

Coming to Amundi's activity: our AuM reached €1.9 trillion at end June, up by 7% compared to end of June 2021, but down by -5% compared to end March 2022. This decline is explained mainly by the strong negative market effect of - €98bn, while flows were slightly positive in Q2, at +€2 bn, a good achievement in difficult market conditions.

To be more specific, on medium/long term assets we saw outflows during the quarter after a very strong first quarter, € 10 billion of outflows on medium/long term assets excluding JVs. However, they were entirely concentrated on institutional clients with retail performing relatively well. We saw flows on treasury products close to a balance, I would say, with two opposite effects: first, we saw the usual seasonal outflows from corporate clients during the second quarter, due to the fact that they are paying dividends ; second, on the other side, we saw some positive flows from institutional clients in the context of the derisking of their portfolios. Last but not least, we saw strong inflows from the JVs, a bit more than € 13 billion and I will come back to that.

Going on to the detail by client segment starting with retail. The business was resilient during the period after strong inflows in the first quarter (around € 14 billion) and very limited outflows during the second quarter on medium/long term assets, less than € 1 billion during the quarter. This is explained by what happened in China with the activity with BOC, where during the quarter we saw the first funds launched a year ago coming to maturity. At the same time, the new activity was significantly down due to the market context and the economic and health context in China. For the rest, representing the bulk of the retail business, there were slightly positive inflows, in particular with third-party distributors that remain positive, € 1.6 billion on medium/long term assets, geared by continued development in Europe, despite derisking of some portfolios. As far as our retail bank network partners were concerned, we saw an activity that was almost at breakeven. In France, there were some continued flows on active management offset by outflows in structured products coming to maturity earlier than expected. For international networks, outside BOC, there were stable flows with an activity that remained positive in unit-linked in Italy, for example.

Coming to the Institutional business, as I indicated, we saw outflows of around € 9 billion on long-term assets due to the derisking of portfolios by institutional clients. It should be noted that there was nevertheless good momentum on employee savings schemes with positive flows of more than € 2 billion. We have a strong position in this activity in France and we are strengthening it. There were some outflows coming from the insurance mandates, a bit more than € 1 billion, linked to the sale by Credit Agricole Assurance of one of its subsidiaries, La

Medicale, which generated outflows just over € 1 billion, so there was a specific event on this front.

In our joint ventures, as I indicated we saw very strong inflows, a bit over € 13 billion during the quarter. As in previous quarters, this was driven firstly by the Indian JV with SBI, which posted close to € 9 billion with good contributions from pension funds but also positive flows on the retail side on open-ended funds. SBI MF also maintained and even strengthened its leadership on the Indian market. The JV with ABC in China also posted positive flows, € 3.7 billion, excluding the channel business, particularly from institutional clients. There were also some expected outflows of € 1.3 billion from the channel business, an activity that is in run-off for regulatory reasons but with very low margins.

Before going to the results, I just want to confirm that, of course, we continue our engagement in implementing our plan in responsible investment. Responsible investment assets reached € 793 billion at the end of June. The decrease we have seen over recent quarters is purely due to negative market effects. Medium/long term inflows, which were positive by around € 8 billion during the first quarter, are at breakeven in Q2 but we have continued business momentum on specific thematic solutions in particular and continue product innovation. Just to mention one example, there was the launch by our subsidiary CPR of the Blue Economy fund, which is dedicated to the economy of the oceans.

Moving on to the results, starting with a global view of the first half of the year.

First, on revenue, the first notable element is the significant increase in management fees, mentioned by Valerie. There was a 12% increase compared to the first half of 2021, which of course, is partially due to the acquisition of Lyxor but if you look at the numbers on a constant scope, excluding the impact of its integration, the increase remains significant, plus 4.6%. This is despite the fact that we already have a negative market effective, especially on the fixed income side. Therefore, close to a 5% increase on a constant scope due to the continued good business momentum over the last 12 months. It should also be noted that our average margins remained stable during the period compared to the first half of 2021. Therefore, first of all a strong increase in management fees, and as expected, performance fees are significantly lower than in 2021; as you know, they had reached an exceptional level of € 266 million for the first half of 2021. As a reminder, over the long-term, the average for a half year is usually € 80 million to € 85 million of performance fees, so this is the normalisation we expected. The last point to note is that Amundi Technology continues its development, as Valerie mentioned, with an increase of 15% of the revenues of this business line compared to the first half of 2021.

On the cost side, we maintained operational efficiency during the period with costs reaching € 844 million during the first half of the year. This is an increase compared to last year, but it is entirely explained by the integration of Lyxor from the 1 January. On a constant scope basis, our costs are almost flat, plus 0.8% compared to last year, despite continued investment in technology in particular and commercial teams. As a result, we maintained a very efficient cost/income ratio of 53% for the first half of the year despite the mechanical integration of Lyxor, which had a cost/income ratio of around 75%. We can already see the impact of the integration of Lyxor on our cost/income ratio and we do not yet see the impact of the synergies that will come in the quarters and years to come.

As a result, our net income for this first half of the year is maintained at a high level, close to € 600 million, € 593 million to be precise. Again, if you exclude the impact in 2021 of the exceptional level of performance fees, also on a normalised basis, it is an increase of 8% and on constant scope effect excluding the integration of Lyxor, it is an increase of 5.6%.

Coming to the 2nd quarter, we can obviously see a much more significant impact from the decrease of the market, as I mentioned earlier, on both equity and the fixed income side. As a result, our net management fees are slightly down, a bit more than 4% compared to the first quarter of 2022. This is completely explained by the trend on the equity and fixed income markets. As expected, performance fees are down, which is also illustrated by the following slide. We can see that the normalisation of performance fees was accentuated in this quarter by the market environment. Last element on revenues, Amundi Technology continued its development with revenues sharply up with an increase close to 25% from one quarter to the other.

Costs are stable quarter to quarter at € 422 million, minus 0.2% to be exact. This is despite continued IT investment to support our development. There was also an accounting effect due to the capital increase for employees, which was launched during this quarter generating a one-off accounting charge of € 4 million registered during the quarter. Again, this is in a context where we do not yet see, or to a very limited extent, the impact of the expected synergies on Lyxor.

I can just mention that the Lyxor integration is on-track with IT migrations now having taken place for two-thirds of the funds globally and that should be finished in September, and the merger of the legal entities that took place in June and beginning of July. In the coming year, there will be a rationalisation of the range of products. Therefore, the impact of synergies on our costs will materialise in the periods to come.

The last point on the P&L for this quarter is that costs are under control, but revenues are decreasing due to the market context, generating a net result lower than the previous period. However, it remains at a very good level at € 269 million for the second quarter of 2022.

Before moving to the financial structure, I will just make one last point on the P&L. We registered integration costs in this quarter of around € 40 million, € 30 million net of tax. This is due to the fact that, during this quarter, we accounted for the full costs of the staff departure, which were negotiated with the employees representatives during the quarter and fully passed in the P&L. The departures themselves will come towards the end of 2022 and in 2023.

Before leaving the floor to question, I will say a word about the financial structure to confirm, of course, that it is very robust with € 3.3 billion of tangible equity. The core equity Tier 1 ratio of 17.9% is well above our regulatory requirement and also a significant increase compared to end 2021, where it reached 16.1%. This is what allows us to consider having around € 1 billion of excess capital. The last element to be noted was that in May Fitch confirmed our A+ rating, which is one of the best in the asset management industry.

To conclude, as Valerie said in her introductory remarks, clearly a resilient quarter in a difficult macroeconomic context. We can see that our many growth drivers, in particular the Asian JV, Amundi Technology and the resilience of our business model, help us to limit the impact of this market environment. The good level of operations, efficiency and our results illustrate Amundi's robustness, and we are completely confident that we will continue to implement our medium-term objectives in the quarters and the years to come.

Thank you very much.

Anthony MELLOR, Head of Investor Relations

Thank you. It is now time for the Q&A. You can raise your hand on the dedicated panel and we will unmute you.

Haley TAM, Credit Suisse

Thank you very much for the presentation. I would like to ask a couple of questions. First, on the medium, long-term flows into ESG funds being at breakeven in Q2. You obviously talked about positive momentum with some new funds and launches and I wondered if you could perhaps give us some colour on momentum of net flows through the quarter and into July? Are there any particular areas where you are perhaps seeing gross outflows to offset that momentum you have talked about? On the SBI joint venture, I think you have said you had some plans for an IPO, and I just wondered if that was still on-track and any update? Third, on the Lyxor integration, could you remind me where we are now with the € 50 million guidance, the run rate etc., in terms of integration costs? It feels to me that we might be getting quite close to that total now.

Valerie BAUDSON

I will take the question on SBI first and then Nicolas you could answer on the first and third questions. There is absolutely no change to the plan on SBI. We have had more discussions with our partner SBI recently. The only thing is that it is not urgent, and we are just waiting for more favourable timing to launch the IPO, but nothing has changed and as you can see the business is very good in the meantime.

Nicolas CALCOEN

On the ESG flows what we have seen during the period is some positive flows on dedicated solutions and thematic funds and some outflows on ESG funds with a more general approach. That is very much in line with what we are seeing on the market, which is that there are outflows globally, whether or not for ESG. It has an impact on funds with a general approach, but the more specific dedicated solutions had positive inflows, and are still doing well. It is a bit early to say about July and the rest of the year, but we are confident that this trend will continue and as I mentioned, we are launching new solutions.

Valerie BAUDSON

If I can add, regarding our Net Zero Ambition, maybe you remember in our 2025 ESG Plan, there are a number of KPIs and of course, we are following a strong action plan. One of the actions is to launch a series of net zero solutions on all asset classes and the project is going very well, so we should be able to launch the bulk of them before the end of the year.

Nicolas CALCOEN

The last question was on the integration costs, so as I said, we accounted for the bulk of the costs during the second quarter because we concluded this agreement with the staff representatives on the departure plan. We can say that the bulk of the integration costs, more than 80%, were booked by the end of June. There will be a few more linked to the last costs due to the IT integrations until the end of the year but the bulk of the integration costs have been passed.

Nicholas HERMAN, Citi

Thank you for the presentation. Just a couple of questions please. On the wealth management JV side, I understand that the outflows were driven by product maturities. Given the end of lockdown in China, how long do you see these maturities remaining a headwind for flows there and should we see that start to pick back up again now? Second, on the French network side, again net outflows but excluding structured products, they were positive, so I guess some encouraging trends. Similarly, could you provide an outlook there? More generally, I understand it is too early to talk about Q3, but could you please talk about the pipeline and maybe how it compares to three to six months ago? On the retail margin, which was down two basis points year on year. I am just curious, is it possible to disaggregate across asset mix shifts, so lower equities, higher passive, etc., versus competitive pressures and if there is any [inaudible] there?

Nicolas CALCOEN

The first question was on the flows with BOC. As I explained, we see a combination of the two elements, first, some of the funds launched last year are starting to come to maturity and the level of new inflows was limited by the context. Going forward in the short-term we will probably continue to see this effect and we are already seeing gross inflows picking up but not yet reaching the level it was earlier. In addition, both the financial and health contexts are not yet back to where they were at the end of last year. It should recover but not immediately at the level that will generate strong positive inflows.

Valerie BAUDSON

If I can add, in the very short-term I completely agree with what Nicholas has said. Shanghai was completely closed, the flows stopped completely, the banks are restarting, and I would say that we will go on to see a slowdown in the next few months. However, in the medium and long-term the trend is still fantastic and the growth rate of the asset management industry in China will go on because of the size of the middle-class, retirement needs, etc., so everything is going in the right direction. For those reasons, we are very comfortable with our strategy there.

Nicolas CALCOEN

On the second question on the French networks, yes, indeed there have been flows that remain positive on active funds, if we exclude the structured products. In terms of outlook, I would say it is a bit difficult because the context in which we operate in the short-term and the impact on the decrease of the market. It is a bit difficult to predict the impact in the short-term but in the medium term all the elements that are driving this positive momentum, the high levels of savings and the available offers on pure cash and deposit products is not attractive. The euro contract, that will continue to have a limited yield for the short, medium-term period, should drive the positive trend on this business. In the short-term, we cannot exclude some derisking or a wait and see attitude from clients.

Valerie BAUDSON

From what we see in our discussions with networks, for the time being it is much more a wait and see than derisking on the retail side in France. As you probably know, in life insurance in France, the very important ratio to follow is the ratio of unit-linked compared to euro contracts. As of today, absolutely no retail networks or insurers have decided to change this ratio, they are clearly confirming it and that is why we do not expect any strong outflows. Considering the economic situation, I think it will remain more wait and see.

Nicolas CALCOEN

The last question was on margins, so as I indicated, the global margin was stable compared to last year due to a positive mix with strong activity in retail and limited inflows in life insurance contracts. The retail margin decrease was mainly due to a mix effect within the retail business with the growth on both the active and passive sides, but stronger growth in passive management where the margins are lower on average. It is mainly the mix effect and marginally the impact of continued competition and pressure on margins.

Hubert LAM, BOA Merrill Lynch

Thanks for taking my questions. First, regarding cost/income ratio can you give a sense in terms of the trajectory of cost/income ratio going forward? Should we still expect it to remain elevated at about mid-50% year-on-year term, given the gradual synergies coming from Lyxor? Can you remind us, when should we start to see the benefit of Lyxor synergies coming through so we can start seeing it in the cost base as well as the improvement in cost income and when we should expect that to start? Second, JV flows were good, including that in China, how do you explain the difference between the flows in the JV in China and your own BOC Wealth Management business? I know that part of the difference there is just the maturity of some of the funds in your own Wealth Management business but obviously, both distribution channels have been affected by the lockdown but the JV flows in China were still pretty good, so what is the difference between products, client type, etc., that drive the difference?

Valerie BAUDSON

I will take the question on China and let you start, Nicolas, with the cost income one.

Nicolas CALCOEN

As I explained the cost/income ratio is higher on this quarter due to the combination of several effects. The first one is the integration of Lyxor where we see the impact of the costs generated by Lyxor, along with its higher cost/income ratio and we do not yet see the impact of the synergies. In addition, it has come at a time when we have a strong negative market context that affects our revenues and so the denominator of the ratio. As I explained, while we are above 53%, I would say it is temporary. Going forward we will progressively see the impact of the synergies generated by Lyxor and as we already indicated, we should see that impact on the second semester. More significantly, in 2023 we should see two-thirds or more of the impact and the full impact in 2024.

Valerie BAUDSON

That is a very good question on China and one that can easily be explained. I will remind you that on ABC we have a traditional asset management joint venture, so a JV that is able and authorised to sell all types of products that are very comparable with those in Europe or the US. They are sold to all types of investors, of course, ABC networks but also institutional clients and retail clients who can go through retail banks or a platform, digital, etc. The joint venture with BOC is linked to the new regulation, which you will remember was implemented by the Chinese authorities. It is what we call a wealth manager, which means that it is dedicated to retail and only through the Bank of China's networks and the market is mostly target maturity products. Following this lockdown, you are absolutely right, both ABC and BOC were closed and with a huge slowdown during the recent lockdown and both have reopened. However, on one side with ABC we have wider access to diversify the reopening, while on the BOC side it is more concentrated on BOC, which is a fantastic bank but a bit slow to reopen. That explains the difference between the two. Once again, it does not prevent the future growth of our JVs.

Hubert LAM

Great, thank you very much.

Angeliki BAIRAKTARI, Autonomous

Good morning, thanks for taking my questions. First, I noticed that your active equity flows were positive in the second quarter and quite strong, € 3.6 billion. Where there any particular drivers and do you think this trend is sustainable going forward? Second, I would be interested in hearing how July net flows have progressed, both on the institutional and the retail channels, and whether you continue to see outflows from institutional customers, as you saw in the second quarter. Third, are you at all concerned about competition from banks that may start to re-price their deposits next year as Euribor is now projected to increase by about 1%?

Valerie BAUDSON

I will take the first and let you answer the second one, Nicolas. The driver for the second quarter is mostly our ESR employee savings scheme, which I think Nicolas mentioned in the presentation. You know that in France we have these employee schemes, which are usually much higher during Q2 because this is the moment when the companies actually give what we call the "Interessement et Participation", the profit sharing scheme to their employees. That is why we have a sort of bump there. Plus, there are still flows on some of our very good thematic funds, equity funds and, of course, responsible investment, as we mentioned. That is for the trend in Q2.

Nicolas CALCOEN

On the outlook in July, what we are seeing is a continuation of the recent trend.

Valerie BAUDSON

With probably less derisking on the institutional side. My feeling is that the derisking move by our institutional clients is probably over and will be less significant in the coming quarter.

Nicolas CALCOEN

There is also still this wait and see mode in retail, so let us say flattish activity and a possible recover in institutional.

Valerie BAUDSON

Your question on the banks is very interesting and of course, we are looking at it closely. At the same time, we are preparing products such as buy and hold products that will not only compete but even beat the products the banks would issue. It might be a trend, but we are certainly not worried about our capacity to compete efficiently.

Arnaud GIBLAT, Exane

I have three questions. First, if I can come back to the costs, you had Lyxor onboard in Q1, so I supposed comparing costs to Q1 they are flat despite revenues coming down; normally, you exhibit an ability to flex costs on the way down. I have heard what you said on the employee share scheme, but it seems to me that there has been a big element of investment. Can you quantify that investment and perhaps quantify the investment that is going to come through in the following quarters? Second, you used to provide the number of clients on ALTO, could you give us an update, how the momentum is, the pipeline? I see you have done a little bolt-on, should we expect some further bolt-ons to complete the offering? Third, just looking a bit at some of your peers and they have a complete offering in private markets, which they are able to leverage in their retail distribution. Long-term is that something you could envisage doing to add more private market verticals, to be able to distribute a bit more into retail?

Nicolas CALCOEN

On the cost, as you noticed, they are flat from the first to second quarter, but despite this accounting one-off and the capital increase, so it is a slight decrease if you neutralise those. We continue to invest, and in technology in particular, to accompany the development both to on board new clients and continue to constantly improve the performance for our own needs. I do not have the precise figure in my head, but it is also a few additional millions from one quarter to another.

On the second question on Amundi Technology, we completed the onboarding of a few new clients.

Domenico Aiello, CFO

The same number of clients but more contracts signed with the same client.

Nicolas CALCOEN

Yes, on this quarter there are no newly signed clients but new offers to existing ones, in particular, Sabadell, which is really becoming a strong client and a very significant partner for us. They have asked us to develop their full wealth and distribution tools, including for an online bank. We can also add the acquisition of Savity in Austria, which will add new clients there and hopefully, Germany, in the years to come. I should also mention, they are not a new client, but we on boarded AG2R La Mondiale, which is a very significant client, more than € 100 billion of assets. We won the deal almost a year ago and we have been building the solution and we are now in run mode.

Valerie BAUDSON

The last question was on private markets, but I do not know if it was about private equity or private markets overall. You should know that we already have a very strong rate of retail clients in our real assets globally, much more than most of our competitors. If am not wrong, it is a 30/70 ratio today and most of our real estate activity is with retail clients today. Of course, the private debt side is mostly institutional, but it is much smaller, while we are working on solutions dedicated to retail clients in private equity and infrastructure. In September, we are also launching Realty, this new Eltif format we have in Luxembourg where we can put some real assets, which can be distributed more easily, globally throughout Europe to retail investors. I should mention that we were able to sell private equity solutions to the UniCredit network; I do not remember if was Q1 or Q2 but recently. We have different solutions in the pipeline in Real Assets, either from our own strategies or also multi-solutions with external providers to be distributed to a retail network. I really think that in the long-term there will be a retailisation of private assets and that we can bring value to that given our access to retail networks globally and of course, we will work on that. In the very short-term, I still consider these assets will see a repricing and we will wait to see that before distributing these assets extensively to our clients, but that should happen quickly now.

Pierre CHEDEVILLE, CM CIC

Good morning, I have two questions. First, I understand that you are quite positive and optimistic about the Chinese business. Nevertheless, the CEO of Stellantis gave an interview where he was quite pessimistic about what he called the politicisation of the economic framework in China. I do not know if you have seen this interview, but he was particularly concerned about the future of JVs there. He has had to close a JV there and he said good luck to those who stayed there. Do you feel that something is changing or moving there, not in business terms but if political relationships are changing the behaviour of your partners there? Second, on alternatives in real assets, I do not know if you give the figure, but I would be interested to know the market effect on this class of assets. If you do not give this figure, could you at least give us your view on this asset category? Do you have any concerns regarding any particular types of real assets or alternatives in the current context, particularly in the context of widening spreads and rising interest rates?

Valerie BAUDSON

I will read it, but I have not read the interview, so I do not know what exactly was said. However, we honestly had no change at all in our relationships with our partners there. Of course, we know very well that in China everybody is waiting for the famous congress and that is probably why there is a bit of tension. To be completely transparent, we have not had any change in our relationships with our partners.

On alternative and real assets and market effects?

Nicolas CALCOEN

The market effect is not very significant on private assets. We can say for alternative that there was a good performance on the new alternative business coming from Lyxor and that is what they were meant to do in the current market context, and they did because they are countercyclical.

Valerie BAUDSON

On the views going forward considering our asset book in real assets and alternative globally today is more than two-thirds real estate and much less in private equity and infrastructure, so honestly, we have no worries on the market effect as of today.

Jacques HENRI GAULARD, Kepler

I have two questions. First, on the net financial income and other net income, which like in Q1 was a bit more negative than usual at minus 15, which I am taking as probably a direct impact of negative markets, market issue. If that is the case, if I look at your results and all the headwinds you had between the Chinese lockdown, the integration costs of Lyxor without the synergies, the markets' bearing on the financial results, is it fair to assume that Q2 is probably the trough for 2022?

Nicolas CALCOEN

On the first question on net financial income, you are right this increase in the negative level of revenues is entirely due to the market effect on the value of our investment portfolio . The prospects for Q3 will of course depend heavily on market levels. You are probably right with one element, namely performance fees, which as you know are irregular, so again, we know that last year's level was exceptional. We are seeing a normalisation, but it is also impacted by the evolution of the market this year. There is also the calendar, because you do not see the same level of performance fees from one quarter to another because some funds perform well in one year and not another and in each quarter we don't have the same number of funds with anniversary dates. As we speak, we expect a very limited level of performance fees for the third quarter.

Valerie BAUDSON

In general, there are fewer funds closings in the third quarter.

Valerie BAUDSON

To conclude, thank you very much for being with us. I hope we managed to convince you once again that we have a strong and diversified model, good integration of Lyxor and an optimistic view of the future despite the current economic environment.

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