Amundi Q3 and 9M 2021 Results

Conference Call script

Thursday, 4th November 2021

Operator: Good day and thank you for standing by. Welcome to the Amundi third quarter 2021 Earnings. At this time all participants are in a listen-only mode. After the speakers' presentation there will be a question-and-answer session. To ask a question during the session you will need to press star one on your telephone. If you require any further assistance, please press star zero. I would now like to hand over the call to your first speaker today, Mr Anthony Mellor. Thank you, please go ahead.

Anthony Mellor: I am not the speaker. I just want to introduce the main speaker today who is Nicolas Calcoen, Deputy CEO in charge of Finance, Strategy and Public Affairs. In the room also with us, Domenico Aiello, CFO. Nicolas, the floor is yours.

Q3 and 9M 2021 Results

Nicolas Calcoen

Deputy CEO, Head of Finance, Strategy and Public Affairs, Amundi

Highlights

Very good third Quarter Results

Thank you, Anthony, and good morning to all. Very nice to be with you virtually today for the publication of our third quarter results. Third quarter results that are of a good quality in terms of activity with long term inflows exceeding JVs of €15 billion, and in terms of P&L and result, with a strong increase of our result compared to last year. An increase by almost 42%.

Market Environment

Overall positive market conditions

To start with, very quickly, some elements of context, and if you have the presentation in front of you, you will be moving to page 7. Just to remind you that we continued to operate during this third quarter in a favourable market environment, in particular with the level of the equity market which remained high. In average, if you look at European equity market on this quarter, they are up by 4% compared to the second quarter, and by 28% compared to the third quarter of 2020. So, a favourable market environment indeed.

Business Activity

AuM of €1,811bn at the end of September 2021, +9% year-on-year and +1.0% for the quarter

Moving to our activity data, page 9 of the presentation. At the end of September, we reached €1,811 billion of assets, so a bit more than €1.8 trillion. A level which is up by 9% on a 12-month basis, and by 1% over the quarter, driven in particular by the positive market impact related to this increase in equity market.

Strong business momentum in MLT assets: net inflows of +€15bn in Q3

Our inflows were globally positive, in particular with stronger business momentum in medium and long-term assets. I am on page 10 of the presentation. With net inflows on long-term assets excluding JVs of €15 billion. It is the continuation of the positive trend we are seeing since the end of 2020. Overall, since the beginning of the year, we had positive inflows on long-term assets of €46 billion. So very positive, and driven both by active and retail business with in contrary limited outflows on the treasury product, €2.2 billion of outflows, clearly a slowdown in the outflows compared to the first half of the year.

Retail (excluding JVs): net inflows of +€7.5bn in MLT assets in Q3

Coming back to the medium/long term assets, driven both by the Retail and the institutional business. On the Retail side page 11, positive inflows on long term assets of €7.5 billion. So very positive again this quarter, driven first by third-party distributors, who posted close to €3 billion inflows, driven by all our main countries of operation. Driven as well by International Networks, in particular where we posted overall €5.3 billion. Driven by Italy, both with UniCredit and Crédit Agricole Italia, our two partners in Italy, by Spain, again with Sabadell which posted positive inflows, and by China, with the new activity with the BOC network, which continued to develop. We had with BOC this quarter €3.3 billion of inflows over the quarter. Basically, almost the same amount as in the first half of the year.

Thus, continued development. Overall, we are close to €7 billion of inflow since the creation of this new activity, which is in line globally with the plan we announced. Thus, very good level of activity with the third-party distributors and the International Network.

On the French network side, two opposite effects. We are still seeing, as was the case on the previous quarter, redemption in structured product, I would say paradoxically linked to the favourable market conditions that trigger early redemptions, in particular in so-called "auto-call" mechanism. However, on the more traditional long-term assets, so all long-term assets excluding structured products, meaning multi-asset, equities, private assets, we continue to have positive inflows of €0.8 billion during this quarter.

Institutionals: solid business activity in MLT assets and limited treasury products outflows

Moving to the institutional business, page 12. Here as well positive momentum on long term assets, with €7.5 billion inflows on long term assets, driven by all categories of clients. From corporate institutions in Europe as well as in Asia. Positive development and stronger in-flows on long term assets, only partially compensated by moderate outflows on Treasury products that remain, I would say, a challenge due to the market condition and the reduced spread that reduce the attractiveness of this kind of product. Thus, positive development on the activity, excluding JVs.

JVs: mutual fund inflows of +€3bn and a one-off redemption in China

On the Joint Venture, we have the opposite effect. We are suffering on this quarter on a specific one-off redemption in China, with ABC-CA. A one-off redemption of €11.6 billion, a redemption which is due to a decision by ABC to re-internalise the management of some assets that were delegated to the JV. It has nothing to do with an issue of performance, it is a real decision of reinternalisation of asset, which by the way, is not specific to ABC-CA, but that we are also seeing or have seen over the recent past from other public banks that are encouraged to finance more directly the real economy.

ABC-CA is suffering from this one-off redemption. We are continuing to see expected outflows on the channel business, this legacy business, with very low margin product, which has been seeing outflows over the last quarter. This quarter the outflow is at €4.1 billion.

This was clearly expected. Overall, what we are seeing is the expected outflows on this channel business, this one-off redemption on the assets managed for ABC, but since the beginning of the year, continued development on mutual funds.

A specific situation, I would say, with ABC. On the rest of the business with the JVs, positive momentum. It is particularly the case with SBI MF, our JV in India, which continued to post solid inflows. €4.5 billion of inflows during this quarter, which are concentrated on long term assets. In particular, SBI MF launched a new product during the summer that was particularly successful, I think it was the best launch for a product in India, in history, is continuing to gain market share.

Finally on the JV front, on Korea we are seeing an opposite effect. Positive flows on long-term assets, but some outflows on treasury products.

High MLT net inflows, driven primarily by active management

In terms of asset classes on equities, what is noticeable this quarter, page 14, is the fact that these positive inflows were driven by all asset classes. We just said equity, bonds, but also by all expertise, in particular with continued good momentum on active management since we posted a bit more than €11 billion of positive inflows on active management, with in particular the continued success of all our multi-asset expertise both for Retail and Institutional clients.

Passive management continued as well to post positive flows close to €4 billion, €3.9 billion to be precise, with regarding ETF, €1.8 billion of inflows on the quarter. Finally, on real and structured assets, we have opposite effect. Redemptions on structured product as I mentioned are mainly credited to what is happening in the French networks. But positive inflows in real assets, €1.2 billion of positive flows in real assets, mainly driven by private debt and private equity.

Amundi confirms its leadership in ESG

Last element, page 15, regarding the activity. On the ESG front, we continue to see development and clearly this quarter confirm of our leadership. We now, at the end of September, have €802 billion of ESG assets. According to the SFDR classification, we have around €728 billion of assets that are classified either as Article 8 or Article 9.

Confirmed leadership and a strong contribution to our development since ESG product contributed by €25 billion to the positive flows on the long term assets since the beginning of the year.

Results

Very good level of net asset management fees

Moving to the Results page, page 17. As I have indicated, we have posted a strong increase in our results due to very positive development on revenues and continued strong operational efficiency.

First, regarding revenues, our net asset management revenues are continuing to post very strong development on the quarter, at €707 million. They are increasing by close to 18% compared to the third quarter of 2020, and by 2.6% compared to the second quarter of 2021. This is clearly driven by the positive momentum in terms of activity, in particular in retail and active management, what we have seen over the last twelve months, but also clearly by the increase of equity market.

Still very high-performance fees

So strong, good development on revenues. Moving to page 18, performances fees remain over this quarter at a very high level. €90 million for performance fees in this quarter, which is linked to the good performance of our teams, our fund investment teams, clearly, across the board most of our investment teams are delivering good performance, but which is also due to the favourable market context and the strong increase in equity market over the last 12 months.

Compared to the second quarter, we are not as high as what we posted on second quarter. Still, we are starting to see the expected normalisation of the level of performance fees. We expect this normalisation to continue over the next quarters

Excellent operational efficiency maintained

Coming to the costs, page 19, they remain clearly under control on this third quarter. We have €383 million of cost, an increase by a bit more than 18% compared to the third quarter of 2020, but a decrease of 1.5% compared to the second quarter of this year. The change compared to last year is related first to the level of provisioning of variable compensation, which is I would say linked to the growth of our operating income. We are seeing a very strong increase of our operating income compared to last year, and so we increase the level of provisioning.

Second element is, I would say, scope effect, due in particular to the creation of the new activity in China which was created at the end of 2020.

Third element, continued investment in development of growth engines, in particular Amundi Technology, but also other growth engines such as real assets, for example. So, that overall cost line remains clearly under control and the operational efficiency is maintained. This is clearly illustrated by our cost income ratio which remains very low during this quarter at 48.4%. Even if you, I would say, normalise this cost income ratio, excluding the exceptional level of performance fees, our cost income ratio excluding these exceptional level of performance fees would be at 50%.

Very good momentum on the revenue side. Costs, that remains under control. Also, continued increase in the contribution to our results of our joint venture which is significant, the contribution of our joint ventures was €25 million during this quarter, increasing by 20% compared to the last quarter. Since the beginning of the year, it reached €63 million and increased by close to 40% compared to last year. This is also to be noticed. All these elements contribute to very high level of net income, or adjusted net income which on this quarter €333 million, increasing by 41.5% compared to the third quarter of 2020. Again, even if you exclude the exceptional level of performance fees, the increase is still very significant. It is an increase by 29% compared to the third quarter of 2020, and by 10% compared to the second quarter of 2021.

If you look at result for the first nine months of the year, page 21, you can see also that the net income for the nine months of the year was almost €1 billion, €987 million to be precise, up 46% compared to last year. If you exclude the exceptional level of performance fees, still an increase by 26% compared to 2020.

To conclude, what we can say is that these results are good. I think they are satisfactory for us for three reasons. The first one is of course the results themselves both in terms of activities on long-term assets and in terms of financial results. Second reason is that they are also confirming our leadership in ESG. Third reason is that they confirm that the growth drivers that have been – or are being created over time - are confirming their potential. I was mentioning the numbers for China, with BOC, €3.3 million of inflows. Amundi Technology is also continuing to grow. It has today 33 clients and the revenues of the first nine months of the year were €27 million. Last element, the acquisition of Lyxor which is still scheduled for the very end of the year, will clearly be accelerating our growth on ETF, clearly, where they will allow us to become the first European player in this space, and alternative asset.

Q&A

Anthony Mellor: Thank you Nicolas. We can now switch to Q&A.

Arnaud Giblat (BNP): I have got three questions, please. Firstly on outlook. There has been a sequential drop in the Technology revenues for Q3. I think you did explain that there were one-off revenues from on-boarded clients. Can you confirm that that was what happened, because of new client this quarter? Can you talk a bit about the pipeline in terms of new client at ALTO?

My second question regarding retail margin. You had some redemption and you are guiding for more redemptions in auto-calls in structured products. Should we be concerned about the retail margins coming down? Is the margin in these products in line with the rest with the retail group or not?

My third question is regarding the profitability of the JVs. These have picked up quite significantly. You were averaging 2.5-3.5 basis points from previous quarters of profitability. That has gone to 4 basis points. Is this a function of some of the very low margin mandates coming off and you are therefore having a high profit yield or are there any one-off factors sitting about there?

Nicolas Calcoen: First on ALTO. Yes, the level of revenue on the third quarter is a little bit below what it was in the second quarter. It is indeed due to the fact that the revenues going from the activity are twofold. There are revenue linked to the implementation of the project when we have a new client, because we have to make some development, and they are covered by specific "build" revenues paid by the client. Then when the client is completing onboarding, you have recurring revenues. The decrease you are seeing between Q2 and Q3, of course, due to the first element, I would say, the build revenue, the revenues that are linked to the new projects that are developed, and we were in the third quarter or little bit lower in commercial activity which is the reason why we posted lower level of this kind of revenues. However, the plan of development is confirmed. We are onboarding new clients.

Regarding the pipeline, it is solid. It is increasing, I would say, quarter after quarter. Interesting to see that progressively, for example, we are increasing the share coming from bigger clients. You know that we started a few years ago with small boutiques-styled asset manager, and more and more we are competing for bigger clients, medium-size or big size asset managers or asset owners.

Your second question regarding the retail margin, the effect of redemption of structured product: no impact expected on the retail margin. This kind of product have margins that are in line with all the rest of the retail business. Thus, no impact is expected on the margin.

The third question regarding the JV, yes, the contribution is increasing significantly year after year over the recent period due to the fact that most of the flows are coming from mutual funds in India but also in China, where we are seeing outflows over the last 12 months mainly coming from the channel business which have a very low margin. We are seeing an increased contribution from the Indian JV, but also from the Chinese JV.

On ABC, of course, we have these one-off exit on the third quarter, and we are not seeing yet impact on revenues. We have been seeing and we continue to see some exit on channel business with low margin. But I would say on the core activity, which is basically to manage mutual funds for the network and for all the distributors, the developments are positive, and we have seen 3 billion of net inflows since the beginning of the year. So basically, what we are seeing is that ABC-CA is refocused on its core activity with higher margin products, which is again designing and manufacturing mutual funds for the network and for other distributors.

Arnaud Giblat: Thank you.

Bruce Hamilton (Morgan Stanley): Thank you. Morning guys. Maybe firstly, just on the further risks in the channel business in China, if you could just flag what is left. I know you identified a chunk of assets at the beginning of the year that could come out. So what is still left? Also on the outlook for the French structured product business, are you saying we should expect further outflows given the strength of markets, or should that normalise quite quickly?

Then secondly, on the China flows, I think on slide 14, you are indicating most of the BOC flows are to the fixed-income plus. Can you give any more specifics about which product you are seeing demand for and where you see that evolving going forward?

And then thirdly, just on any cost pressures you see growing in the business as we move forward given wage inflation, supply chain, etc. Anything to flag there. Thank you.

Nicolas Calcoen: Thank you. So regarding the channel business in ABC, we have still, I think €16 billion of assets as of the end of September. So we are expecting to continue to have some outflow on this activity over the next quarters, because clearly it is a legacy business. And no new money, so possibly when they come to maturity, outflows. On French retail and structured products, we have seen this phenomenon over the last two quarters. We probably would see it still for the next quarters as well. We have a stock of assets that should come to maturity over the next quarters. Part of these flows are of course, replaced by new products, but we expect to see net outflows on the structured product over the next quarters, but hopefully compensated by good momentum on long-term assets.

The third question was on BOC. Yes, the products basically correspond to the appetite on the market, so they are mainly a fixed-income-plus product. They generally tend to be a fixed term product because clearly that is what the networks want and what is successful on the market. However, we have at the same time also launched open-ended products and hopefully they will develop also as well, but today it is mainly a fixed income product with the medium-term horizon.

The last question. Well, we are seeing a little bit more inflation, but as you know, in Europe where the majority of our activity remains, it is not as pressing as in the US. So, yes, marginally we could see a little bit more pressure in the years to come, but nothing significant expected here.

Bruce Hamilton: Thank you.

Hubert Lam (Bank of America): Hi guys. There are quite a few questions. Firstly, there have been some recent headlines of UniCredit wanting to renegotiate the terms of the contract they have with you. Can you discuss the possibility of this happening and the current status of your relationship with UniCredit? That is the first question.

The second question is again on the Bank of China wealth management assets. Can you remind us the margin in that business? How does it compare to the rest of retail? And do you expect it to change over time?

Lastly, now that you are expected to close Lyxor at the end of this year, can you discuss a little bit about the M&A environment and if you're ready to do more deals after the Lyxor is completed? Thank you.

Nicolas Calcoen: Okay, so UniCredit, I will repeat what you already know probably. The first thing is that the relationship with UniCredit is good, and the business momentum is good. Since the beginning of the year, I think we have close to €3.6 billion of positive inflows within UniCredit networks and since signature of the partnership, more than €14 billion of positive momentum and a good relationship with UniCredit.

The second element is, I think you are fully aware, that we have very solid agreements that were signed in July 2017 for ten years,. So they are going until July 2027, and they are very solid on protecting us. There is not more to say today. Of course, we have a constant dialogue with UniCredit, but no renegotiation.

On BOC fee margins, the fee margins for the products we manage today are around 25 bps, due to the nature of the product; we return mainly fixed income. We do not expect any significant change in the foreseeable future. Maybe one exception is that there could be performance fees to be accounted starting next year.

On your last question regarding M&A, our philosophy does not change, we remain open to new opportunities if there are opportunities that make sense. Of course, particularly this year we have been very focused on preparing the integration. Going forward I think that the Lyxor integration should be managed relatively quickly, which probably will allow us to be more available, again if opportunities arise.

Hubert Lam: Great. Thank you.

Jacques Henri Gaulard (Kepler): Gentlemen, good morning. A couple of questions on this outflow of 17.6 billion over in China. I wanted just to have a little bit of colour. I am surprised actually that your partner could get assets out of the joint venture. It means that they have a separate asset management company themselves? So maybe a little bit of clarification on that would be helpful.

Then you gave a really good and interesting breakdown actually of your assets, which gives it a different tack on page 14. If I understand well, you have 1.1 trillion to make it simple, of active management. I take it then 78 billion of ETP, and then you have the real-end structured assets. What would be the balance to get to 1.8 trillion, if I am adding 1.1, 187 and 95 billion of real and structured assets? Thank you.

Nicolas Calcoen: On the first question on China. The outflows from the money of ABC. It is again a decision to re-internalise the business. So to manage themselves and to probably invest more directly to the economy. It is not linked to performance. It is really a one-off and again it is not specific to ABC-CA. In the recent past, we have seen a similar move from other public banks in China that have been encouraged to, I would say, finance more directly the real economy.

It may be unfortunate, but, it is an one-off, not a sign of anything negative, and the good thing is we are seeing the JV being more focused and refocused on its core activity : managing mutual funds for the network and for third-party distributors.

Regarding the breakdown by expertise. What you have on page 14 is 1.1 trillion and one being for active management; 187 billion on passive. Real asset and structured products represent close to €100 billion, I think. By the way it is in the appendix. Everything is in the appendix, page 27.

Jacques Henri Gaulard : Okay. I will retrieve it.

Nicolas Calcoen: You have to account treasury product, a bit more than 180 billion and the JV, because the numbers we are giving here, page 14, are excluding treasury. It is long-term asset – and excluding JV. That is where you come to 1.8 trillion.

Jacques Henri Gaulard : Thank you.

Angeliki Bairaktari (Autonomous Research): Hi. Thanks for taking my questions. So, first question, with inflation coming back as a theme, do you expect to see any outflows from bond funds in the coming quarters? What is your dialogue with investors in those bond firms that you manage?

The second question. With regard to your distribution agreements with banks, obviously your retail network flows have relied historically on those distribution agreements with UniCredit, SocGen, Credit Recall. Is it fair – with SocGen now moving a little bit away and more towards open architecture and the UniCredit CEO also making comments around extracting a higher value out of the distribution of asset management products, do you see a threat from the shift to open architecture in your business model? And if there is indeed a threat and banks are choosing to allow the entry of more players, how can you reposition your business effectively to protect your margins, given that retail margins are much higher than institutional and passive margins?

The last question. In the past week we saw US asset managers T Rowe and Franklin acquiring alternative asset management businesses. Would you be interested in growing your alternative capabilities via acquisitions? Thank you.

Nicolas Calcoen: Okay. First question regarding inflation and appetite for fixed-income funds. We do not expect a strong impact on our business because for many investors, and especially such as insurers for example, they have to invest mainly in a fixed-income product, first reason. And the second reason, if you manage a product with a large investment universe, and if you are good at it, you manage to find ways to create value, even in the market context which can be challenging for the asset class. So I would not say that fixed income would be the main driver of growth in the future, but we do not see a challenge here.

Regarding a possible move to open architecture or a challenge for retail networks, first element, we are still seeing a very positive development in the business we have with our partner networks and you can see it in the numbers, I will not repeat the numbers. Even if you have these outflows due in structured product in France. And we are seeing inflows because even if sometimes there can be, for some clients, an appetite for open architecture, for distributors, generally in the mass market, having a privileged relationship with an asset manager that knows you well, can design the product you want and help you in your work, accompanying the adviser, providing the solutions, has a lot of value, and there is a future for this business. We are convinced of that. First element.

The second element is the fact that retail for us is not exclusively a business with partners with whom we have this kind of long-term privileged relationship. Our third-party business is very important. It has today more than €200 billion of assets, so it is almost half of our retail business. And we have positive inflows. Since the beginning of the year for example, we posted around €12 billion of inflows with third-party distributors, with whom we operate on a pure open architecture. So we are able to compete successfully in that field as well.

And the third element of the answer, is the fact that it can also be an opportunity because to manage open architecture from the distributor's point of view, sometimes you need some services, some capacities, and we are in a position to deliver these kinds of services. By the way, we build a business line within Amundi to manage services to distributors. These services include for example, Fund Channel , our platform in Luxembourg. Also new activities that we are launching, what we call sub-advisory, where we will be in a position to propose to our distributor clients access to management of open architecture.

You had a last question, yes, regarding the potential appetite for acquisition in the alternative space, if I remember well. Well, everything is possible. Now we would be looking at all opportunities that create value for us, and what we can look at in an acquisition is access to distribution, but also potentially reinforcement of expertise, that really can be an opportunity. Again, as long as it will bring us strong opportunities and as long as we consider that we have the capacity to integrate and to manage. This is clearly when you are talking about alternative management a point of attention because the business model are different, the culture is different, the remuneration models are different... So, there is no exclusion. We could look at acquisition in the alternative space, but always being very mindful about this capacity to manage and integrate.

Angeliki Bairaktari : Thank you. If I may just follow up on the second question. Can you give us the number of passive flows out of the total third-party retail flows that you have seen year-to-date? And on the M&A question, is it fair to assume that you would look to be extracting some levels of cost synergies in any acquisition? So you would not be interested in just EPS accretion from revenues from alternatives? It would be – you would need to see all the cost synergies? You would need to be able to integrate any asset that you buy within the Amundi platform? Thank you.

Nicolas Calcoen: So, on your first question, the inflows with third-party distributors were – I do not have the exact number, but they are quite balanced between passive and active management. I am not sure if it is half and half, but there are also inflows in active management this year.

Regarding your second question, if I understand your question, we only would do M&A if there are cost synergies to extract. I would not say so, not necessarily as long as again there is strong reinforcement in distribution, in expertise, and we are confident in the capacity to generate revenue synergies. We can also look at a deal. I am thinking about Sabadell. Sabadell has both revenues and cost synergies, but the amount of cost synergies with integration of ALTO, was, I do not remember the exact share, but it was a minority. The majority was revenue synergies. But we did the deal, it is successful and we are delivering the revenue synergies as expected or even a bit faster than expected, to be honest.

Gurjit Kambo (JP Morgan): Hi, good morning, guys. Thank you for the presentation. So firstly, in terms of the performance fee, you obviously say they will normalise. The normal number, I think you said, is €42m over the medium term. But could we expect it to be higher than that? Basically, I am just trying to know how many funds currently have performance fee eligibility versus where they were in the past. So is there any uplift that we could get even in a normalised scenario? That is the first question.

The second one is on the cost. Is there any cost catch up in Q4 21 given the exceptionally high performance we have seen year-to-date? Or should we not expect any further costs to reflect that.

Finally, in terms of, I think you mentioned when clients switch out of the structured products or where they redeem early, there is some switching into other products. So in the €0.8 billion flows in French retail, is there already a level of that switching coming in, or is there typically a lag when the switch comes back in to other funds?

Nicolas Calcoen: So, on performance fees, what is a normalized level of performance fees? I would say, first, the most difficult thing to predict is the level of performance fees, but what I know is that over recent years in average we posted around €160 million of performance fees per year . In a good year, it can be €200 million. In a non-favourable year, it can be below, but that is an average and it is reasonable to think that this is a more normalised level. But again, it will very much depend on where we are successful or less successful in terms of performance of our teams, and also market conditions.

I think you also asked about the level of AUM that has performance fees. If I am correct, it is around €300 billion. So all of course in the active space.

I am not sure to have got the question on costs, sorry.

Gurjit Kambo : Yes, I just wanted to understand, given you have had such high performance fees this year, it does not feel like the cost number has necessarily gone up so far in the year. Is there potentially an uplift in Q4? Will there be like a catch up of costs or is the performance fee just not linked to the compensation?

Nicolas Calcoen: No because the way we provision variable compensation is again, there is no direct link between performance fees and variable remuneration. There is no indexation of the renumeration of investment managers to performance fees. Where there is a link is the fact that we manage our variable renumeration pool to be, I would say, a proportion of the operating result. The proportion of this variable remuneration pool represents between 14 and 20% of the pre-bonus operating result. And generally, it is around the middle of that; so 16-17%. And quarter per quarter, we provision the level of variable remuneration based on this indicator. So, there's no lag effect between the high level of performance fees, and the level of provisioning of variable renumeration.

And you had a third question. Sorry, I do not remember.

Gurjit Kambo : It was just around the switching. I think you said when you redeem a structured product, you see some switching into other funds. So, I am just trying to understand, does that switching happen quite quickly or is there a lag when a customer redeems structural products?

Nicolas Calcoen: I would say a bit of both. Of course, part of the asset that exited from the structured products went to other kinds of products; not completely. Sometimes there can be a lag and we of course are working with the networks to ensure that when some of these products are coming to maturity, and when we have exits on these kinds of products, we have something meaningful to propose to the clients that were invested in this kind of product.

Gurjit Kambo : Okay. And sorry, can I just ask one follow-on question? When you have the redemptions in the structural products, is there any early success for your one-off fees that you book and how large was that in Q3?

Nicolas Calcoen: Nothing significant. No exit fees.

Jurdit Camdo: Okay. Thank you very much.

Anthony Mellor: Okay. Thank you to all of you for your attention and the next event will be the beginning of February with full year and Q4 results. Have a nice day. Bye-bye.

[END OF TRANSCRIPT]