

OFI Euro High Yield I

Monthly Factsheet - Fixed Income - July 2018



OFI Euro High Yield is mainly invested in euro-denominated high yield bonds issued by companies based in countries members of the OECD. The investment team may also use CDS or CDS indices. Exposure to other euro-denominated corporate bonds is capped at 20%.

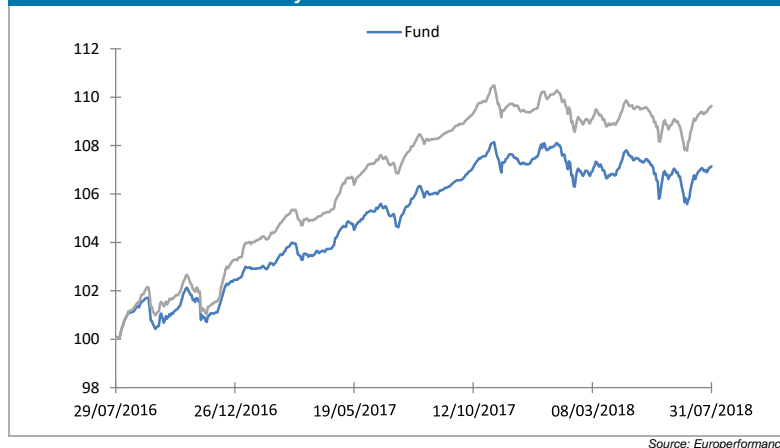
Key figures as of 31/07/2018

Net Asset Value (EUR):	103,77
Net Assets of the unit (EUR M):	55,75
Total Net Assets (EUR M):	143,47
Number of users	77
Investment rate:	83,8%

Characteristics

ISIN Code:	FR0010596783
Ticker:	OFICEHY FP Equity
AMF Classification:	Bonds and other debt securities in EUR
Europe performance Classification:	High Yield bonds
Benchmark ⁽¹⁾ :	BofA Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield (EUR)
Main risks:	Capital and performance Market risk: credit, fixed income, high yield, volatility, emerging
Management company:	OFI ASSET MANAGEMENT
Fund manager(s):	Maud BERT - Boubakar KABORE
Legal form:	French FCP (Mutual Fund, UCITS IV)
Distribution policy:	Capitalisation
Currency:	EUR
Inception Date:	18/04/2008
Recommended investment horizon:	Over 3 years
Valuation:	Daily
Subscription cut-off:	D - 1 at 12h
Redemption cut-off:	D - 1 at 12h
Settlement:	D+2
Subscription fees:	None
Redemption fees:	None
Outperformance fees:	20 % above benchmark
Ongoing charge:	0,81%
Custodian:	SOCIETE GENERALE PARIS
Administrator:	SOCIETE GENERALE SECURITIES SERVICES

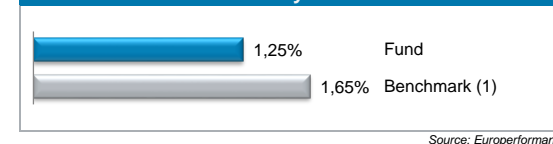
2 years cumulative return



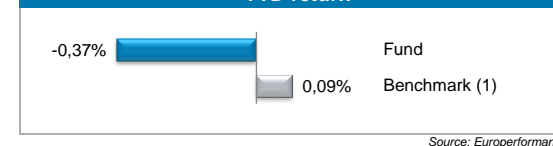
Risk Profile (SRRI)

Level: 1 2 3 4 5 6 7

Monthly return



YTD return



Return & Volatility

	Since inception		5 years (cum.)		3 years (cum.)		1 year (cum.)		YTD		6 months	3 months
	Return	Volat.	Return	Volat.	Return	Volat.	Return	Volat.	Return	Volat.	Return	Return
OFI Euro High Yield I	107,54%	6,00%	23,11%	3,39%	10,77%	3,77%	1,23%	2,25%	-0,37%	2,55%	-0,45%	-0,32%
Benchmark ⁽¹⁾	122,10%	7,50%	29,92%	3,37%	13,76%	3,77%	1,52%	2,32%	0,09%	2,60%	-0,21%	0,03%

Source: Europerformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2013	-0,02%	0,59%	0,75%	2,22%	-0,18%	-1,77%	2,19%	0,25%	1,15%	2,23%	0,72%	0,80%	9,22%	8,75%
2014	-0,01%	1,70%	0,37%	0,83%	0,37%	0,61%	-0,26%	0,37%	-0,93%	-0,77%	0,88%	-0,03%	3,15%	5,28%
2015	1,09%	1,98%	-0,34%	0,36%	-0,04%	-1,45%	0,80%	-0,99%	-2,67%	3,05%	-0,10%	-1,14%	0,40%	0,71%
2016	-1,33%	-0,53%	3,76%	1,49%	0,09%	-0,16%	2,07%	1,53%	-0,67%	0,97%	-0,72%	1,45%	8,12%	9,93%
2017	0,32%	0,94%	-0,20%	0,82%	0,58%	-0,03%	0,73%	0,27%	0,51%	1,12%	-0,34%	0,04%	4,86%	5,95%
2018	0,08%	-0,62%	-0,13%	0,62%	-1,10%	-0,46%	1,25%						-0,37%	0,09%

Source: Europerformance

(1) Benchmark: Bank of America Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield since 30/06/2010 (JP Morgan Maggie Aggregate Index Euro - High Yield Credit before)

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Top 10 holdings (cash excluded)

Name	Weight	Country	Coupon	Maturity	Composite ⁽¹⁾
FIAT CHRYSLER AUTOMOBILES 3.750 2024_03	1,53%	United Kingdom	3,750%	29/03/2024	BBB-
HORIZON PARENT HOLDINGS 8.250 2022_02	1,51%	France	8,250%	15/02/2022	CCC+
ACCOR 4.125 PERP	1,47%	France	4,125%	30/06/2049	BBB-
ALTICE FRANCE 5.375 2022_05	1,47%	France	5,375%	15/05/2022	B
TITAN GLOBAL FIN 4.250 2019_07	1,44%	Greece	4,250%	10/07/2019	BB+
CMA CGM 7.750 2021_01	1,41%	France	7,750%	15/01/2021	BB-
PICARD BONDCO 5.500 2024_11	1,35%	Luxembourg	5,500%	30/11/2024	CCC+
ORANO 4.375 2019_11	1,32%	France	4,375%	06/11/2019	BB+
FIAT FIN AND TRADE 4.750 2021_03	1,17%	Italy	4,750%	22/03/2021	BB
ORANO 4.875 2024_09	1,16%	France	4,875%	23/09/2024	BB+
TOTAL	13,84%				

Source: OFI AM

Statistical indicators (compared to the benchmark on a 1 year rolling basis)

Tracking Error	Sharpe Ratio ⁽²⁾	Frequency of profit	Worst draw down
0,59%	0,50	62,75%	-2,11%

Source: Europereformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
8,68 year(s)	239,03	BB-	3,20%	3,10%	3,14	3,18

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
COTY 4.000 2023_04	Buy	0,71%
FABRIC BC SPA EUR3M+412.5 2024_11	Buy	0,69%
MASARIA INVESTMENTS SAU 5.000 2024_09	Buy	0,66%
ALTICE FRANCE 5.625 2024_05	Buy	0,75%
CASINO 4.561 2023_01	Buy	0,74%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
SOFTBANK GROUP 4.000 2023_04	1,43%	Sell
FIAT FIN AND TRADE 6.750 2019_10	0,77%	Sell
VALLLOUREC 6.625 2022_10	0,71%	Sell
EAGLE INT GLO/RUYI US FI 5.375 2023_05	0,69%	Sell
LHMC FINCO 6.250 2023_12	0,51%	Sell

Source: OFI AM

Asset management strategy

The fund gained 1,25% in July, compared with a 1,65% rise in its benchmark over the same period. This monthly underperformance was driven by the fund's underweight in BB-rated debt (which cost 50 bps, a whole 20 bps of which arose from the underweight in Wind Tre), while its overweight in B and CCC-rated debt was also negative for performance (costing 10 bps, mainly arising from Nyrstar, Intralot and Douglas). Generally speaking, the fund benefited from its underexposure to hybrids (which added 2 bps) and its selective participation in primary issues (which added 6 bps, with notable contributions from TDC A/S and Kaefer Isolieretechnik). Furthermore, off-index exposures added 25 bps to monthly performance.

A breakdown of monthly performance in the HY market is as follows: (i) BB (up 1,8%): the month's top-performing segment, buoyed by a huge rally in Wind Tre (up 14% after the company gained control over CK Hutchison) and strong performance by hybrids (up 2,2%), fuelled by Telefonica and SES SA; (ii) B (up 1,4%): underperformed BB-rated debt as specific risks increased, notably on Nyrstar (down 10%, linked to zinc prices), Intralot (down 6%) and Douglas (down 5%); (iii) CCC: up 1,20% in spite of declines in Galapagos, IKKS and Astaldi. Note that earnings releases were somewhat mixed: Fiat (profit warning), Peugeot (excellent results; investment grade by 2019), Casino (profit warning masked by FCF), Constellium (profit upgrade) and Ardag Glass (short of market expectations). The market rise was mainly driven by telecoms (up 3,6%), healthcare (up 2,5%) and energy (up 2,2%). Bonds with durations of over six years were the main market drivers over the period, gaining 1,9%.

The primary market was fairly busy in July (c. €5 billion), with Altice France returning to the market – as expected – with a €1 billion issue (B-; 5,875%; 2027) and two new issuers in the HY market: Kongsberg Automotive (BB-) and Kaefer Isolieretechnik (BB-). The fund maintained a selective approach, participating in 30% of issues. On the demand side, investors continued to withdraw from the European market (€3 billion), while the US market posted net inflows of \$2 billion over the period. Cumulative redemptions in the year to date total €30 billion in Europe and \$9 billion in the US.

Against this backdrop, the fund gradually took profits on the following high-beta names: Vallourec 6,625% 2022, Eagle Int 5,375% 2023, Nidda Healthcare 3,5% 2024, Softbank 3,125% 2025 and LHMC Fincos 6,25% 2023. We reduced the fund's overweight in issuers such as Orano, Altice and Fiat. The fund also took advantage of the fall in some securities to add new positions at beneficial terms: Coty 4% 2023, Masaria 5% 2024 and Fabric BC 2024. The fund's overall positioning remains unchanged, with a yield to worst of 3,1% and a duration below that of its benchmark.

Market volatility in July was driven by fears of a trade war, fuelled by tweets from President Trump. However, the US/EU free trade agreement reached at the very end of the month, targeting "zero customs tariffs" in industry, enabled the market to set aside one of the major geopolitical risks of our time. On the monetary policy front, the ECB left its base rates and forward guidance unchanged, confirming that it would be halting its QE programme at end 2018 and that its base rates would be stable until at least end summer 2019. The BoJ also kept its rates very low while announcing measures to make QE more flexible: Governor Kuroda adopted forward guidance, along with the possibility of interest rates fluctuating by +/- 0,10%. Meanwhile, US growth came in at a very solid 4,1% annualised in Q2 2018, equating to quarter-on-quarter growth of 2,8%. Ahead of this statistical release, the Fed adopted a more confident than expected tone before the US Senate, appearing not to be concerned about the effects of protectionist measures.

Against this backdrop of stretched credit market valuations, the increase in idiosyncratic risk and specific themes (trade war, elections and emerging currencies) mean investors need to be extremely selective in choosing which companies to invest in.

Maud BERT - Boubakar KABORE - Fund manager(s)

(1) OFI composite rating (methodology available on demand)

(2) Risk free rate: compounded EONIA

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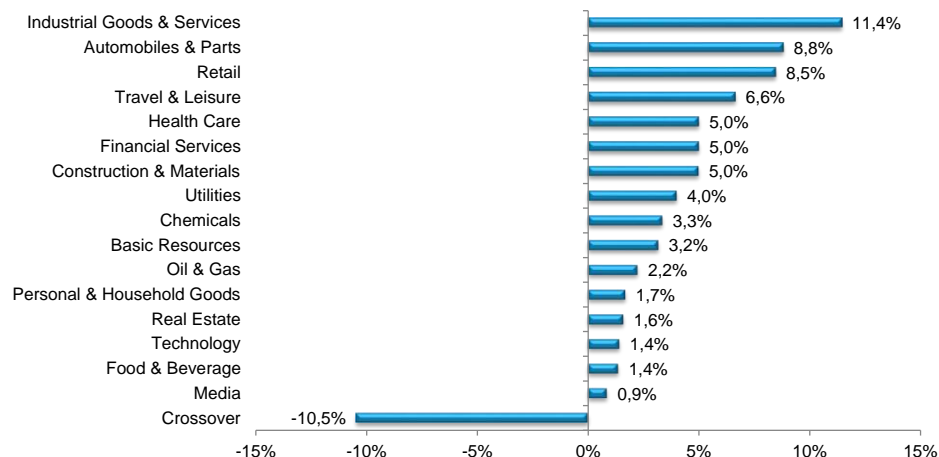


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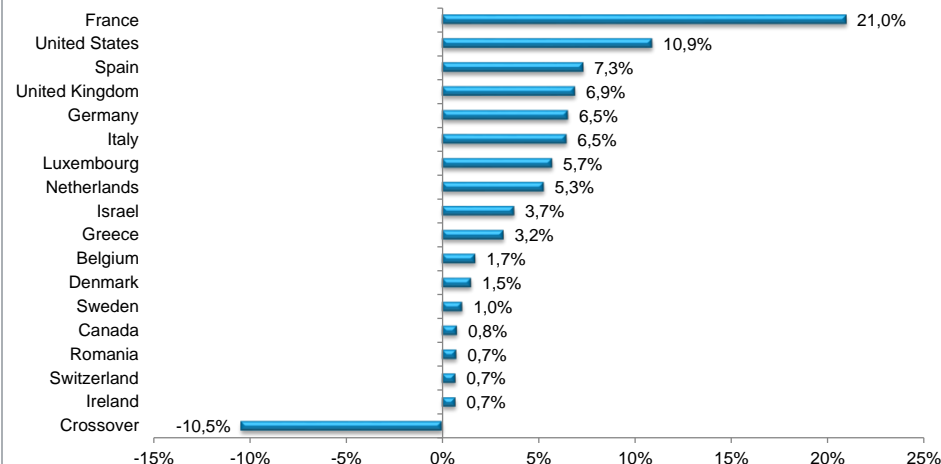


Sector breakdown (Other funds and cash excluded)



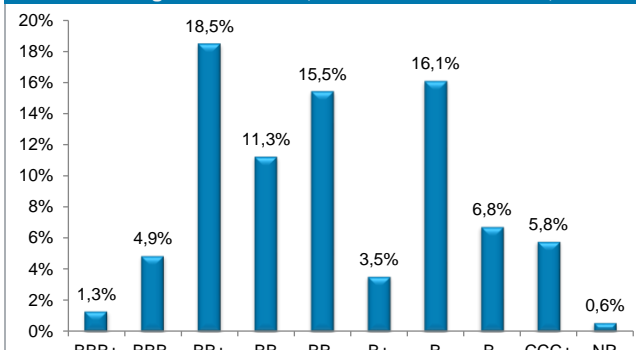
Source: OFI AM (ICB classification - Level 2)

Geographical breakdown (Other funds and cash excluded)



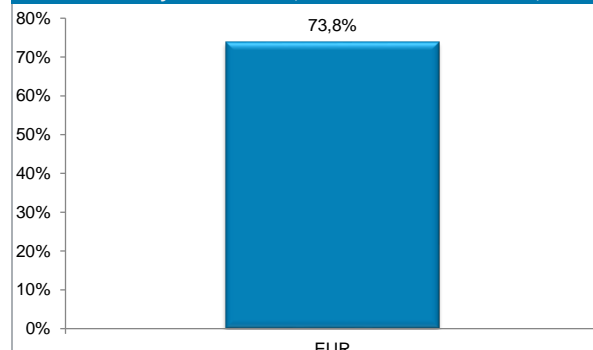
Source: OFI AM

Rating breakdown ⁽¹⁾ (Other funds and cash excluded)



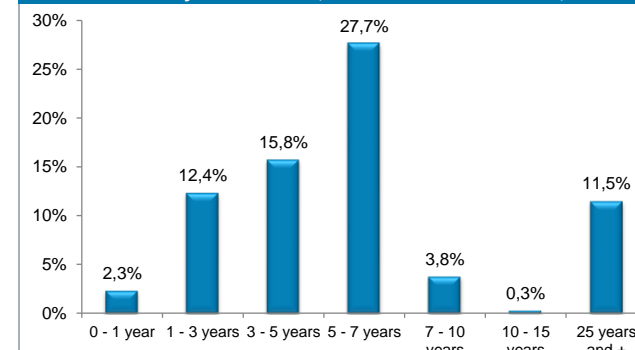
Source: OFI AM

Currency breakdown (Other funds and cash excluded)



Source: OFI AM

Maturity breakdown (Other funds and cash excluded)



Source: OFI AM

(1) OFI composite rating (methodology available on demand)

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