

OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - August 2019



Investment policy :

OFI Euro High Yield GR 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%.

Registered in:

DEU  AUT 

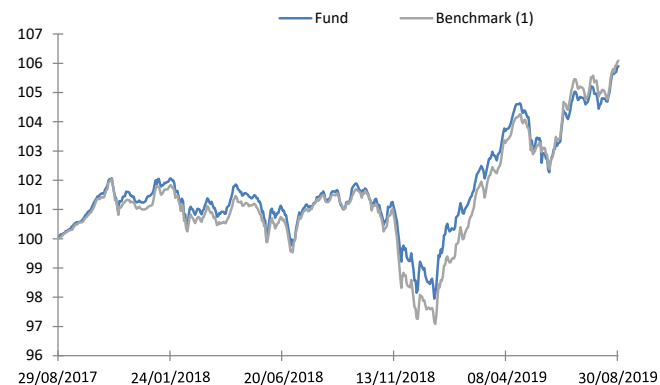
Key figures as of 30/08/2019

Net Asset Value (EUR):	105,90
Net Assets of the unit (EUR):	105,90
Total Net Assets (EUR M):	144,06
Number of users	85
Investment rate:	95,02%

Characteristics

ISIN Code:	FR0013274974
Ticker:	OFICEGR 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 : equity, fixed income and credit Currency
Management company:	OFI Asset Management
Fund manager(s):	Maud BERT - Marc BLANC
Legal form:	French FCP (Mutual Fund, UCITS IV)
Distribution policy:	Capitalisation
Currency:	EUR
Inception Date:	29/08/2017
Recommended investment horizon:	Over 3 years
Valuation:	Daily
Subscription cut-off:	D at 12h
Redemption cut-off:	D at 12h
Settlement:	D+2
Subscription fees:	None
Redemption fees:	None
Outperformance fees:	None
Ongoing charge:	0,61%
Custodian:	CACEIS
Administrator:	CACEIS Fund Administration

Return since inception



Source: Europereformance

Risk Profile (SRRI)

Level:

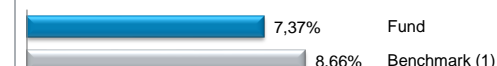
1 2 3 4 5 6 7

Monthly return



Source: Europereformance

YTD return



Source: Europereformance

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 GR	5,90%	3,09%	-	-	-	-	4,59%	3,75%	7,37%	3,58%	3,56%	3,46%
Benchmark ⁽¹⁾	6,09%	3,34%	-	-	-	-	4,76%	4,12%	8,66%	3,75%	4,29%	3,50%

Source: Europereformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2017								0,13%*	0,55%	1,13%	-0,33%	0,07%	1,55%	1,16%
2018	0,08%	-0,60%	-0,10%	0,63%	-1,11%	-0,45%	1,29%	-0,02%	0,28%	-0,79%	-1,48%	-0,61%	-2,88%	-3,49%
2019	2,13%	1,52%	0,89%	1,16%	-1,93%	1,96%	0,56%	0,91%					7,37%	8,66%

* Return from 28/08/2017 to 31/08/2017

Source: Europereformance

(1) Benchmark: Bank of America Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield

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OFI Asset Management • A portfolio management company authorised by the AMF under number GP 92-12 • Intracommunity VAT no.: FR 51384940342 •
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Top 10 holdings (Cash and UCITS excluded)

Name	Weight	Country	Coupon	Maturity	Composite ⁽¹⁾
LEONARDO 4.500 2021_01	1,74%	Italy	4,500%	19/01/2021	BBB-
ALTICE LUX 8.000 2027_05	1,68%	Luxembourg	8,000%	15/05/2027	CCC+
TELECOM ITALIA 4.000 2024_04	1,64%	Italy	4,000%	11/04/2024	BB+
IQVIA INC 2.875 2025_09	1,54%	United States	2,875%	15/09/2025	BB-
SMURFIT KAPPA ACQ 3.250 2021_06	1,47%	Ireland	3,250%	01/06/2021	BB+
BALL 3.500 2020_12	1,46%	United States	3,500%	15/12/2020	BB+
ZIGGO BOND 4.625 2025_01	1,45%	Netherlands	4,625%	15/01/2025	B-
ORANO 4.375 2019_11	1,45%	France	4,375%	06/11/2019	BB-
TELEFONICA EUROPE 3.000 PERP	1,40%	Spain	3,000%	12/07/2051	BB+
ARENA LUX FIN 2.875 2024_11	1,17%	Luxembourg	2,875%	01/11/2024	BB-
TOTAL	15,01%				

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
0,96%	1,20	55,36%	-3,71%

Source: Europerformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
11,36 year(s)	210,30	BB-	3,02%	2,30%	2,43	2,81

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
ISHARES EURO HY CORP BND	6,91%	9,61%
MPT OPER PART 3.325 2025_03	Buy	0,78%
CASINO 4.498 2024_03	Buy	0,64%
CASINO 4.048 2026_08	Buy	0,59%
TELENET FIN VI 4.875 2027_07	Buy	0,54%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
VIRGIN MEDIA FIN 4.500 2025_01	1,14%	Sell
COTY 4.000 2023_04	0,97%	Sell
WIND TRE SPA EUR3M+275 2024_01	0,96%	Sell
MPT OPER PART 4.000 2022_08	0,79%	Sell
OTE 4.375 2019_12	0,72%	Sell

Source: OFI AM

Asset management strategy

The fund gained 0.91% in August, compared with a 0.66% rise in its benchmark over the same period. The portfolio's investment ratio came out at 95% for a beta of 90%, a yield to worst of 2.3% and a modified duration of 2.43. This outperformance was mainly driven by the fund's breakdown by rating and by issuer selection. In spite of being underweight the highest-rated credit such as BB-rated and hybrid debt, the portfolio delivered gross outperformance of 4 bps in this segment thanks to its lack of exposure to Teva (+8 bps). Its underexposure to B- and CCC-rated debt was also positive, adding 16 bps of relative performance as the fund avoided the worst monthly underperformers such as Thomas Cook (+6 bps) and Lecta (+5 bps). Tactical exposures contributed 12 bps. Issuers such as Wind Tre and Unity were sold off in anticipation of their removal from indices, and positions in Coty, Netflix and Progroup were trimmed or exited. Conversely, new positions were added in Casino, Atalian and International Design.

At end August, the European high-yield market excluding financials posted a yield to worst of 2.85%. Looking at the detail, issuers with spreads of over 600 bps (i.e. 13% of the market) generated 51% of this yield... which means the remaining 87% generated an average yield of around 1.60%! Monthly performance in the HY market by credit rating/type continued in the same vein as in the early part of the year, with higher-quality credit outperforming: BB up 0.68%, B up 0.54% and hybrids up 1.2%. The synthetic Crossover index (down 0.13%) underperformed the cash market after the trade war resumed following a scathing tweet by Donald Trump at the beginning of August. The renewed tension triggered an across-the-board sell-off of government bonds, with German 10-year yields easing 26 bps and their US counterparts 52 bps. High-yield bonds with modified durations of over 5 thus gained 1.2% in the month, compared with 0.6% for other high-yield bonds. The retail sector gained 1.9% thanks to the new €2 billion asset sell-off plan announced by Casino; the telecoms sector was up 1.44% due to its greater sensitivity to interest rates; the consumer goods sector also outperformed the market in August, gaining 1.55%, with Flora Foods, Refresco and International Design all reporting strong results. The automotive sector put on 0.84%, with neglected issuers like Tenneco, Superior Industries and Adient all staging notable rallies. Its improving results – especially in China – notwithstanding, Jaguar Land Rover continues to be hampered by the Brexit sword of Damocles hanging over it. As regards underperformers, the only sector to post negative performance in the month was healthcare, down 0.52%. This underperformance was driven entirely by Teva: one of the firm's US competitors, Purdue, is reportedly in talks with legal authorities about the prospect of paying up to \$10 billion dollars in compensation to avoid a lawsuit relating to the opioid crisis. This astronomical settlement would bankrupt the drug maker. The basic industries sector was hit by specific risks: Lecta lost 41% due to the likely restructuring of its debt, SGL Carbon fell 6% on news of the surprise resignation of its CEO and Vallourec lost ground as oil prices fell. Lastly, note that the entirety of Thomas Cook's debt is probably going to be converted into shares, leaving holders of unsecured debt with next to nothing.

The primary market was virtually closed in August. Swissport opportunistically refinanced its debt, though this has not resolved the issue of its fragile ownership (its parent company is Chinese conglomerate HNA). After a very buoyant July in terms of inflows into the asset class in both Europe and the US, the summer break stifled the momentum, with Europe seeing just under \$1 billion-worth of net inflows and the US posting net outflows of \$3.2 billion.

For once, market operators were waiting to see what the world's central bankers would have to say at their annual end-August meeting in Jackson Hole. Jay Powell's speech backed up the view that the Fed would take appropriate action to try to extend the US growth cycle, thus pointing to the likelihood of a further rate cut in September. In Europe, the prospects of inflation remaining at around 2% and of an orderly Brexit continue to recede. The European Central Bank is unlikely to depart from its dovish tone, which is likely to translate into further accommodative measures in September.

Maud BERT - Marc BLANC - Fund manager(s)

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

(2) Risk free rate: compounded EONIA

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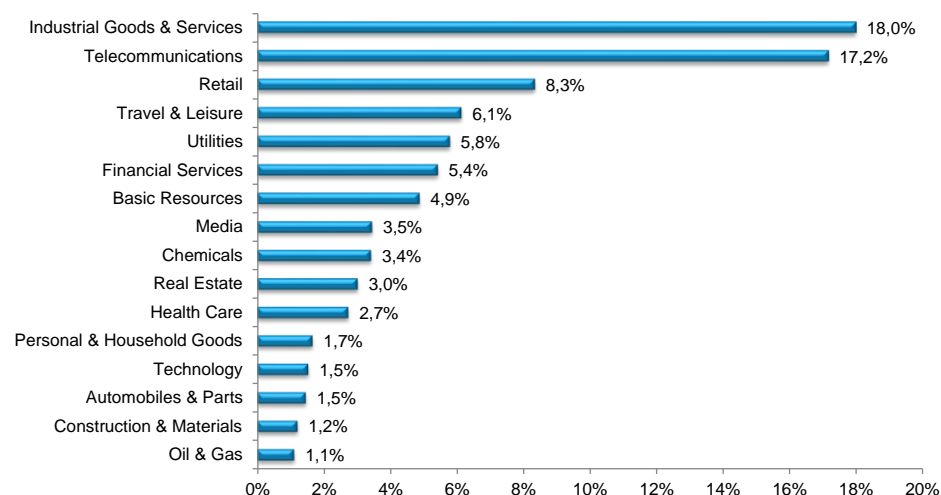


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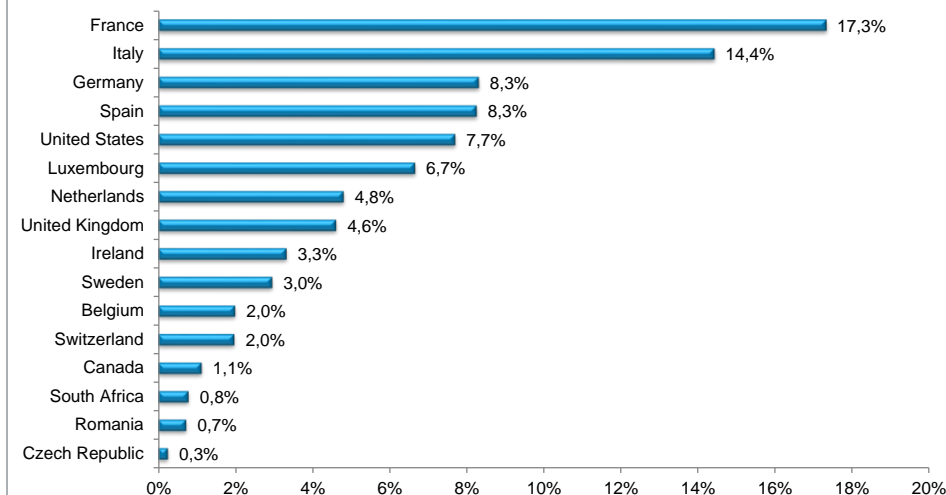


Sector breakdown (Other funds and cash excluded)



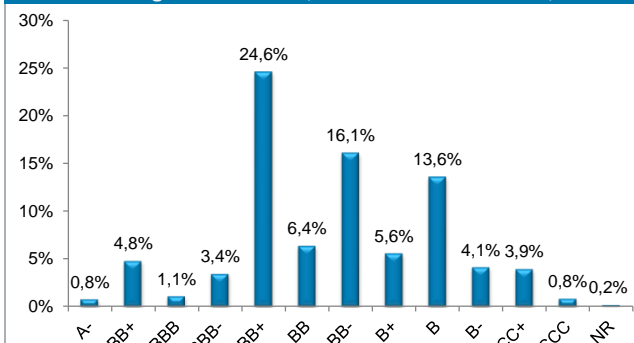
Source: OFI AM (ICB classification - Level 2)

Geographical breakdown (Other funds and cash excluded)



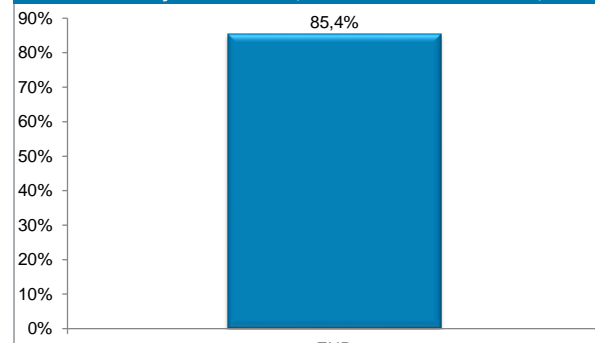
Source: OFI AM

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



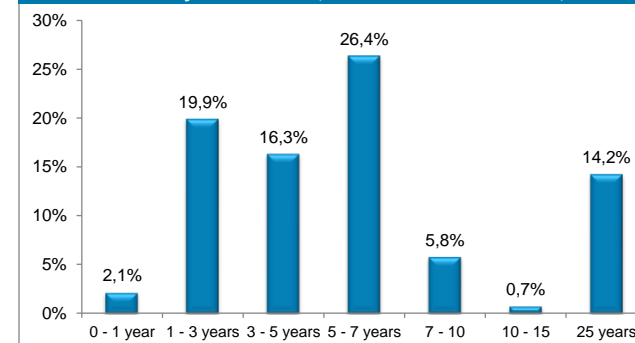
Source: OFI AM

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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