

# OFI Euro High Yield I

Monthly Factsheet - Fixed Income - august 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%.

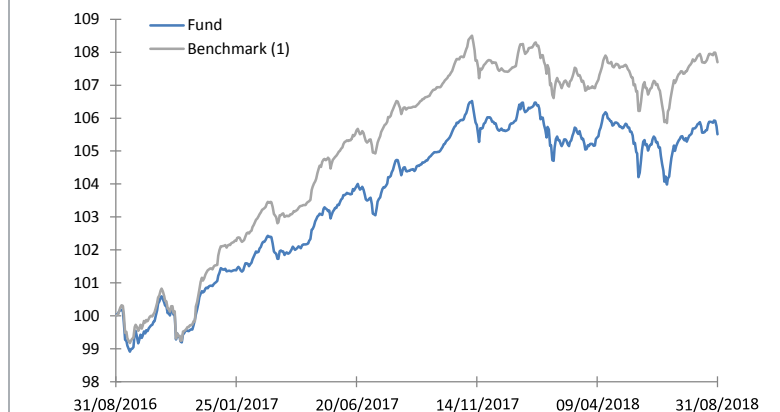
## Key figures as of 31/08/2018

|                                 |        |
|---------------------------------|--------|
| Net Asset Value (EUR):          | 103,75 |
| Net Assets of the unit (EUR M): | 55,85  |
| Total Net Assets (EUR M):       | 143,54 |
| Number of users                 | 77     |
| Investment rate:                | 93,22% |

## Characteristics

|                                    |  |
|------------------------------------|--|
| ISIN Code:                         | FR0010596783   |
| Ticker:                            | OFICEHY FP Equity  |
| AMF Classification:                | Bonds and other debt securities in EUR   |
| Europe performance Classification: | High Yield bonds   |
| Benchmark <sup>(1)</sup> :         | BofA Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield (EUR)                   |
| Main risks:                        | Capital and performance<br>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



Source: Europerformance

## Risk Profile (SRRI)

Level:

1 2 3 4 5 6 7

## Monthly return



Source: Europerformance

## YTD return



Source: Europerformance

## 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    | 107,50%         | 5,98%  | 22,78%         | 3,40%  | 11,86%         | 3,72%  | 0,93%         | 2,24%  | -0,39% | 2,43%  | 0,15%    | 0,77%    |
| Benchmark <sup>(1)</sup> | 122,13%         | 7,47%  | 29,62%         | 3,36%  | 15,02%         | 3,74%  | 1,23%         | 2,30%  | 0,11%  | 2,44%  | 0,51%    | 1,13%    |

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%  | -0,02% |        |        |        |        | -0,39% | 0,11%     |

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 <sup>(1)</sup> |
|---|---------------|----------------|--------|------------|--------------------------|
| FIAT CHRYSLER AUTOMOBILES 3.750 2024_03 | 1,53%         | United Kingdom | 3,750% | 29/03/2024 | BBB-                     |
| OTE 4.375 2019_12                       | 1,51%         | Greece         | 4,375% | 02/12/2019 | B+                       |
| ACCOR 4.125 PERP                        | 1,48%         | France         | 4,125% | 30/06/2049 | BBB-                     |
| HORIZON PARENT HOLDINGS 8.250 2022_02   | 1,47%         | France         | 8,250% | 15/02/2022 | CCC+                     |
| TITAN GLOBAL FIN 4.250 2019_07          | 1,45%         | Greece         | 4,250% | 10/07/2019 | BB+                      |
| CMA CGM 7.750 2021_01                   | 1,42%         | France         | 7,750% | 15/01/2021 | BB-                      |
| PICARD BONDCO 5.500 2024_11             | 1,34%         | 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+                      |
| <b>TOTAL</b>                            | <b>13,84%</b> |                |        |            |                          |

Source: OFI AM

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

| Tracking Error | Sharpe Ratio <sup>(2)</sup> | Frequency of profit | Worst draw down |
|----------------|-----------------------------|---------------------|-----------------|
| 0,60%          | 0,57                        | 61,54%              | -2,11%          |

Source: Europerformance

## Maturity, Spread and Modified duration

| Average maturity | Average spread | Average rating | YTM   | YTW   | Modified duration | Credit sensitivity |
|------------------|----------------|----------------|-------|-------|-------------------|--------------------|
| 8,37 year(s)     | 301,71         | BB-            | 3,74% | 3,70% | 3,03              | 3,23               |

Source: OFI AM

## Main movements of the month

| Buy / Increase              |            |          |
|-----------------------------|------------|----------|
| Name                        | Weight M-1 | Weight M |
| CMF SPA 9.000 2022_06       | Buy        | 0,66%    |
| RAPID HLDG 3.875 2022_10    | Buy        | 0,62%    |
| ALTICE FINCO 4.750 2028_01  | Buy        | 0,30%    |
| ALTICE FRANCE 5.625 2024_05 | 0,74%      | 1,10%    |
| RALLYE 4.250 2019_03        | 0,55%      | 0,59%    |

Source: OFI AM

| Sell / Decrease                  |            |          |
|----------------------------------|------------|----------|
| Name                             | Weight M-1 | Weight M |
| NOVAFIVES 5.000 2025_06          | 0,96%      | Sell     |
| ADIENT GLOBAL HLDG 3.500 2024_08 | 0,68%      | Sell     |
| BAYER 2.375 2075_04              | 0,54%      | Sell     |
| SM MTH AUTO GRP 1.800 2024_07    | 0,51%      | Sell     |
| WIND TRE SPA 3.125 2025_01       | 0,33%      | Sell     |

Source: OFI AM

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

(2) Risk free rate: compounded EONIA

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## Asset management strategy

The net asset value of OFI Euro High Yield declined by 0,02% in the month, compared with a 0,01% rise in its benchmark over the same period. Following a sharp rally in the asset class in July, August was marked by (i) renewed risk aversion and (ii) the resurgence of idiosyncratic risk (Astaldi, Casino, Douglas) and, more generally, renewed volatility resulting from the emerging market crisis (Turkey, Argentina and Brazil). Excluding fees, our underweight in BB-rated issuers cost 4 bps, due entirely to our overexposure to Casino. Our slight overweight in hybrid corporates cost 2 bps of relative performance after the Bayer hybrid fell on news that the group would have to pay \$300m in damages (following a ruling in the Roundup lawsuit). Our overweight in high-beta names generated 11 bps of relative performance, while our tactical exposures and NR bonds added 1 bp of relative outperformance. With the primary market closed and reduced liquidity in the secondary market, we made only a few adjustments around the edges of the portfolio: we returned to a neutral weighting on Telecom Italia and Peugeot; added Senvion (wind energy turbines) and Manutencoop (services); and removed Bayer, Novafives (services) and Adient (auto equipment supplies). OFI Euro High Yield's yield to worst came out at 3,7% at 31 August 2018 for an investment ratio of 91%, a beta of 0,98 and a modified duration of 3,03.

The European high-yield bond market struggled to hold onto its July gains, widening by a modest 9 bps for a yield to worst of 3,4% and a spread of 370 bps. By rating, BB-rated debt lost 0,29%, CCC-rated debt fell 0,31% and hybrids shed 1,08%. Conversely, B-rated debt gained 0,73%! Performance in the BB segment was affected by the dizzying fall in Casino (down 10%) as the market capitulated after an equity analyst published a note drastically lowering his target price and casting doubt on relationships between the company and its franchisees. Performance in the CCC segment was driven by the decline in Astaldi (construction), which once again postponed its earnings release, and disappointing results from Douglas (perfumes). B-rated issuers were buoyed by a fairly encouraging start to the earnings season (Nyrstar, Mantencoop, Klockner, Senvion, etc.).

The primary market was dead in August, as usual. On the demand side, outflows dipped in August, as they had in July, totalling 344 million\$, compared with average monthly outflows of 5 billion\$ in the year to date. Outflows from European HY funds total 37 billion\$ since end 2017. In the US, thanks to a more promising macroeconomic and microeconomic outlook, mutual funds posted net inflows in August for the second month running, attracting 1,5 billion\$ in net new money, bringing total outflows in the year to date to more or less 8 billion\$.

Maud BERT - Boubakar KABORE - Fund manager(s)

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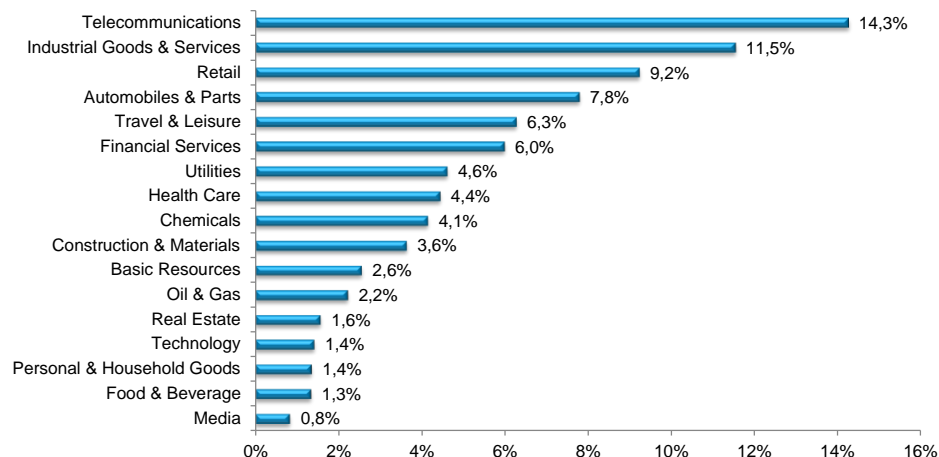


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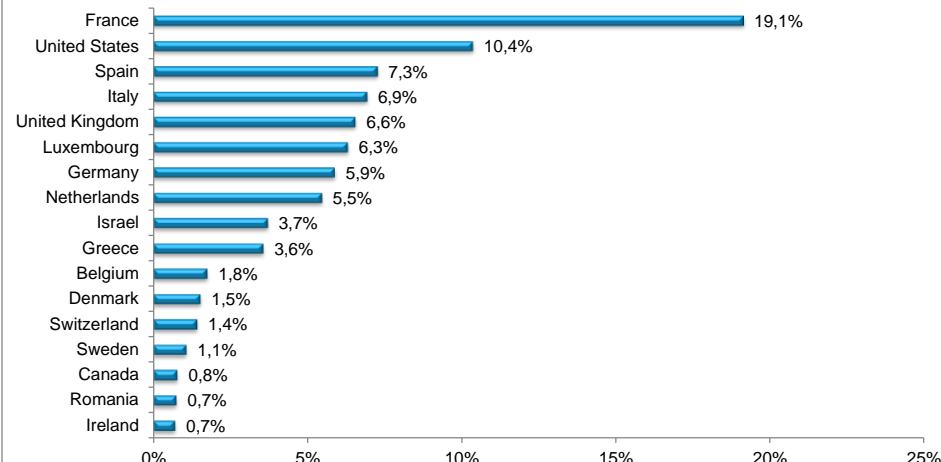


**Sector breakdown** (Other funds and cash excluded)



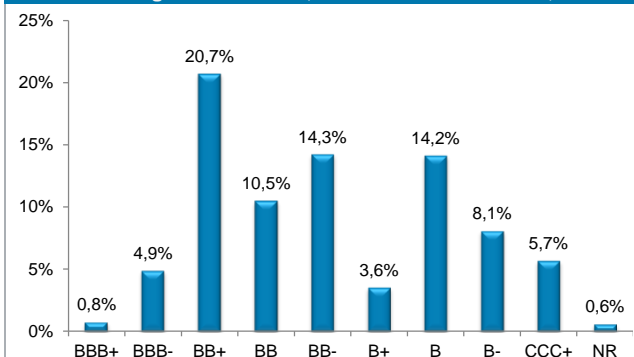
Source: OFI AM (ICB classification - Level 2)

**Geographical breakdown** (Other funds and cash excluded)



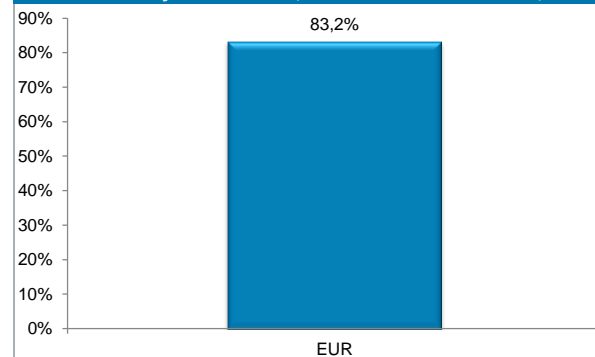
Source: OFI AM

**Rating breakdown** <sup>(1)</sup> (Other funds and cash excluded)



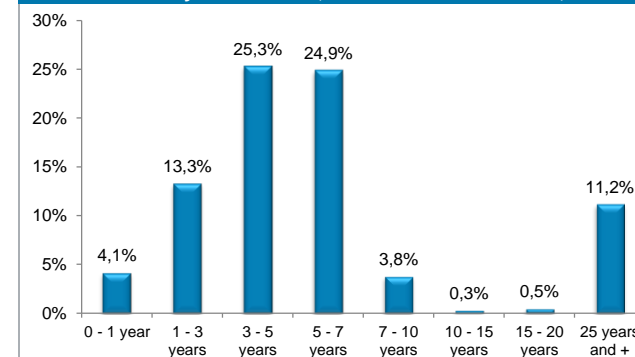
Source: OFI AM

**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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