

OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - July 2019



Investment policy :

OFI RS EUROPEAN CONVERTIBLE BOND GI is a European convertible bond fund. It allows investors to benefit from the convexity of convertible bonds and part of the performance of a selection of European stocks. The fund's objective is to participate in the growth of tomorrow's leading companies by investing in their convertible issues to help finance their development.

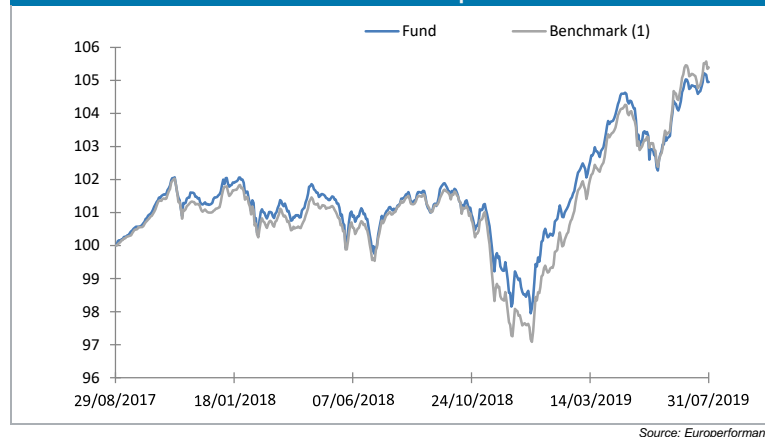
Key figures as of 31/07/2019

Net Asset Value (EUR):	104,95
Net Assets of the unit (EUR):	104,95
Total Net Assets (EUR M):	145,45
Number of users	85
Investment rate:	97,12%

Characteristics

ISIN Code:	FR0013274974
Ticker:	OFICEGR FP Equity
AMF Classification:	Bonds and other debt securities in EUR
Europeperformance 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:	Noner
Redemption fees:	Noner
Outperformance fees:	None
Ongoing charge:	0,61%
Custodian:	CACEIS
Administrator:	CACEIS Fund Administration

Return since inception



Risk Profile (SRII)

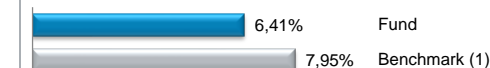
Level:



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 GR	4,95%	3,08%	-	-	-	-	3,63%	3,68%	6,41%	3,62%	4,19%	0,56%
Benchmark ⁽¹⁾	5,39%	3,32%	-	-	-	-	4,09%	4,03%	7,95%	3,75%	5,59%	1,27%

Source: Europeperformance

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%						6,41%	7,95%

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

Source: Europeperformance

(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 •
Public limited company with capital of €42,000,000 • Principal activity (APE) code 6630Z 22 rue Vernier 75017 Paris •
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Top 10 holdings (Cash and UCITS excluded)

Name	Weight	Country	Coupon	Maturity	Composite ⁽¹⁾
LEONARDO 4.500 2021_01	1,72%	Italy	4,500%	19/01/2021	BBB-
TELECOM ITALIA 4.000 2024_04	1,60%	Italy	4,000%	11/04/2024	BB+
ALTICE LUX 8.000 2027_05	1,59%	Luxembourg	8,000%	15/05/2027	CCC+
IQVIA INC 2.875 2025_09	1,51%	United States	2,875%	15/09/2025	BB-
SMURFIT KAPPA ACQ 3.250 2021_06	1,46%	Ireland	3,250%	01/06/2021	BB+
BALL 3.500 2020_12	1,44%	United States	3,500%	15/12/2020	BB+
ORANO 4.375 2019_11	1,43%	France	4,375%	06/11/2019	BB-
TESCO TREASURY 2.125 2020_11	1,43%	United Kingdom	2,125%	12/11/2020	BBB-
ZIGGO BOND 4.625 2025_01	1,42%	Netherlands	4,625%	15/01/2025	B-
NETFLIX 3.875 2029_11	1,42%	United States	3,875%	15/11/2029	BB-
TOTAL	15,03%				

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%	1,43	58,93%	-3,71%

Source: Europperformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
10,33 year(s)	224,00	BB-	3,01%	2,50%	2,54	2,98

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
ISHARES EURO HY CORP BND	4,97%	6,91%
LOXAM 4.500 2027_07	Buy	1,39%
MERLIN ENTERTAINMENTS 2.750 2022_03	Buy	1,02%
VIVION INVESTMENTS 3.000 2024_08	Buy	0,82%
SAMHALLSBYGG 4.625 PERP	Buy	0,72%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
LOXAM 4.500 2027_04	1,04%	Sell
TEVA PHARMACEUTICAL 0.375 2020_07	1,02%	Sell
SGL CARBON 4.625 2024_09	0,73%	Sell
TELENET FIN VI 4.875 2027_07	0,69%	Sell
TENNECO 4.875 2022_04	0,69%	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 fund gained 0.56% in July, compared with a 0.56% rise in its benchmark over the same period. The portfolio's investment ratio came out at 97.12% for a beta of 89%, a yield to worst of 2.5% and a modified duration of 2.54. The portfolio was adversely affected by its underexposure to BB-rated debt (costing 12 bps of relative performance) and helped by its overexposure to hybrids (adding 4 bps) and its neutral exposure to high-beta names (adding 11 bps). The contribution from tactical exposures was fairly neutral. The portfolio was adversely affected by Loxam (costing 3 bps) as well as by its lower exposure to Orano (-3 bps) and the rally in Navira, in which OEHY is not invested (-3 bps). Conversely, the fund benefited from its exposure to Enel (adding 2 bps), Vallourec (+4 bps) and Saipem (+2 bps) and its lack of exposure to Thomas Cook (+4 bps) and Teva (+3 bps). The portfolio took advantage of renewed primary market activity (Victoria, Vivion, Loxam, etc.) to invest its cash and unwound its overall Crossover hedge in light of central banks' less accommodative stance.

A breakdown of monthly performance in the HY market shows no clear trend over the first part of the year, with higher quality credit outperforming: BB up 0.68%, BBB up 0.40% and hybrids up 0.61%. The synthetic index (up 0.30%) underperformed the cash market. As expected, the first few sets of results from automotive manufacturers and equipment suppliers brought a raft of profit warnings (Garrett Motion, BMW, etc.), dragging sector performance into negative territory (down 0.26%). The pharma sector (down 0.72%) was once again hit by Teva and its troubles. The service sector was adversely affected by news that Thomas Cook (down 25%) would probably convert its debt into shares while retaining the support of its main shareholder (Fosun). As regards outperforming sectors, telecoms had a good month, up 1.18% thanks to Telecom Italia, Wind Tre and Matterhorn. Performance in the metals and mining sector (up 1.04%) was driven by strong results from Orano, while the food sector (up 0.74%) benefited from strong results from Picard. Lastly, Casino's results failed to reassure investors in spite of the group's non-payment of a dividend to Rallye until 2020 and its desire to up the pace of deleveraging in France; Casino remains one of the most heavily sold names in both equities and credit. With both European and US yields plummeting, bonds with durations in excess of 5 gained 0.8%.

There was a massive upturn in interest in the primary market, buoyed by very strong investor demand, with new European high-yield issues totalling €7.4 billion. The reappearance of first-time issuers like House of Finance (recruitment), Vivion (real estate), Walnut (beauty products), Victoria (flooring) and Trivium (spun off from Ardagh) served to test investor appetite in this segment. These new issues were all well received. The primary market was supported by huge net inflows into the asset class in Europe (\$6.4 billion), with investors searching for yield as European sovereign yields sank further into the red. Meanwhile, net inflows into US HY funds were lower, at \$3.7 billion. This brings total net inflows in the year to date to \$14 billion in Europe and \$16 billion in the US.

As explained during his speech in Sintra, Mario Draghi was careful to leave no doubt as to the European Central Bank's desire to fulfil its mandate of returning inflation to around 2%. The ECB thus changed its message, emphasising that (1) base rates could be lower than they are currently, (2) asset purchases could be resumed and (3) measures to limit the impact of negative interest rates on banks (i.e. tiering) were under consideration. Draghi has thus confirmed concerns expressed by the market for some time over the growth and inflation outlook. Jay Powell's speech next month is likely to be in the same vein as Draghi's and we should expect a US rate cut. These decisions are all putting huge pressure on sovereign yields. The flip side is that investors are searching for yield, more specifically in the high-yield segment.

Maud BERT - Marc BLANC - Fund manager(s)



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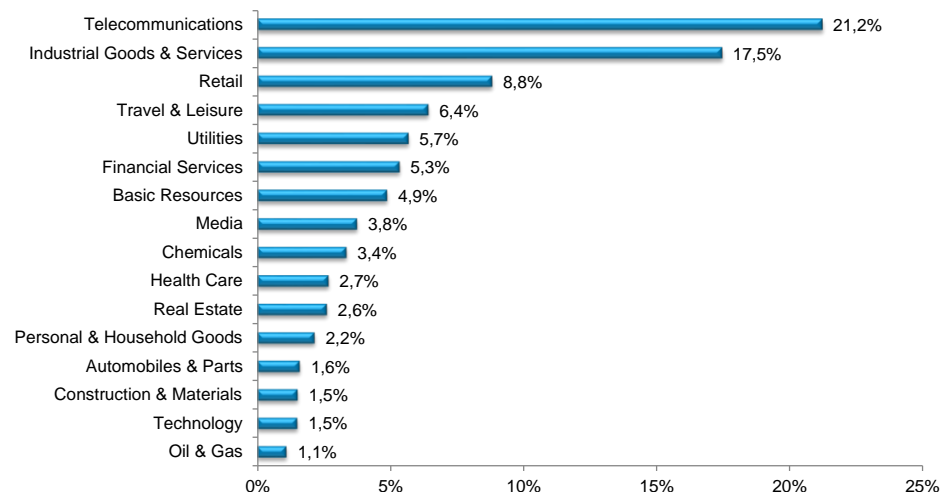


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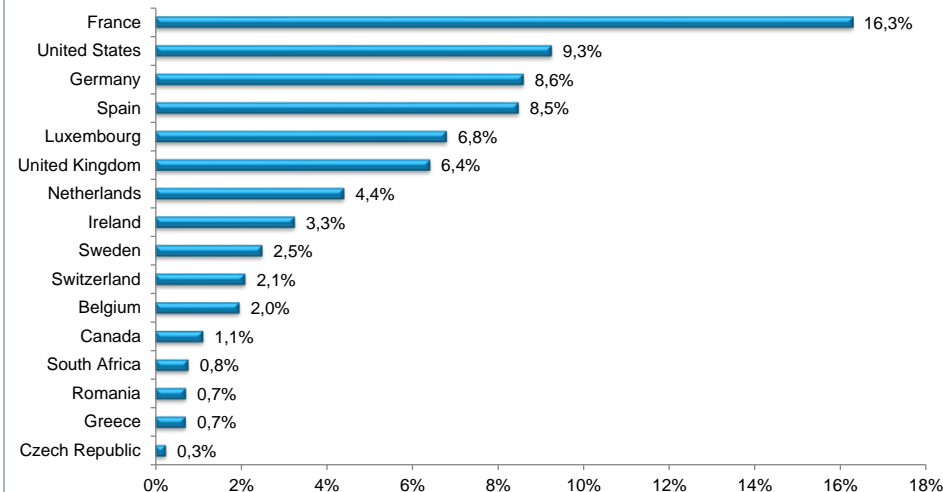


Sector breakdown (Other funds and cash excluded)



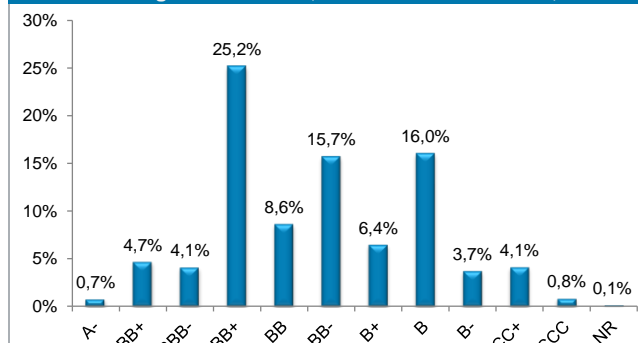
Source: OFI AM (ICB classification - Level 2)

Geographical breakdown (Other funds and cash excluded)



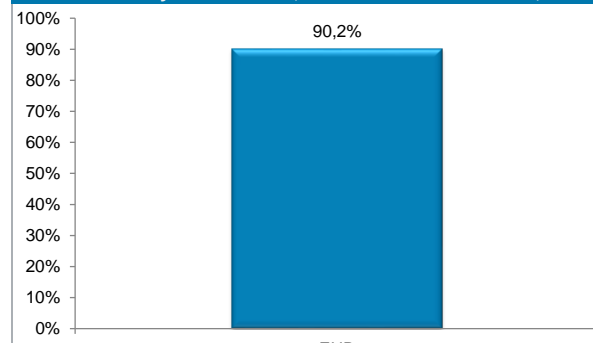
Source: OFI AM

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



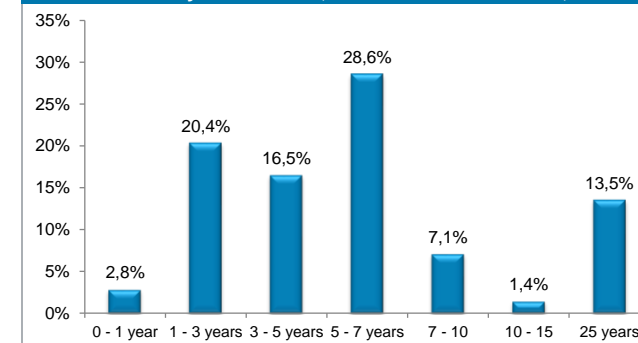
Source: OFI AM

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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