

# OFI Euro High Yield I

Monthly Factsheet - Fixed Income - february 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%.

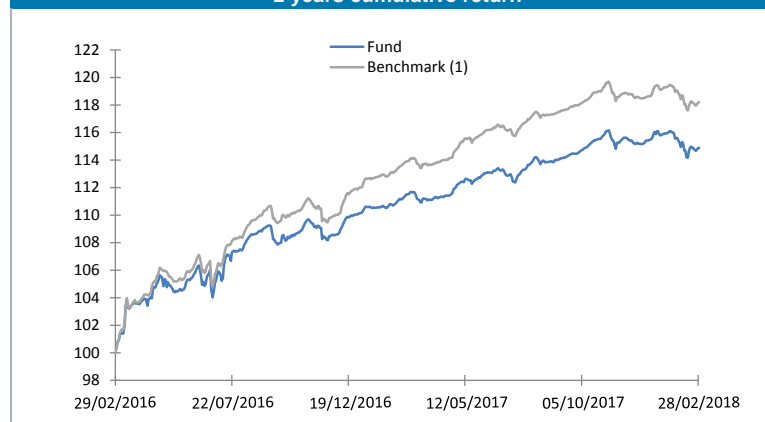
## Key figures as of 28/02/2018

Net Asset Value (EUR):	103,59
Net Assets of the unit (EUR M):	56,11
Total Net Assets (EUR M):	147,15
Number of users	73
Investment rate:	91,3%

## Characteristics

ISIN Code :	FR0010596783
Ticker :	OFICEHY FP Equity
AMF Classification:	Bonds and other debt securities in EUR
Europerformance Classification:	High Yield bonds
Benchmark:	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 :



## 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	107,18%	6,11%	26,82%	3,45%	9,82%	3,88%	2,98%	1,99%	-0,55%	-	0,78%	-0,51%
Benchmark <sup>(1)</sup>	121,00%	7,64%	32,90%	3,42%	13,24%	3,88%	3,72%	1,97%	-0,40%	-	0,72%	-0,48%

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%											-0,55%	-0,40%

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>
AREVA NEW 4.875 2024_09	1,92%	France	4,875%	23/09/2024	BB
GIE PSA TRESO 6.000 2033_09	1,76%	France	6,000%	19/09/2033	BB+
VALLOUREC 6.625 2022_10	1,61%	France	6,625%	15/10/2022	B
THOMAS COOK GP 6.250 2022_06	1,49%	United Kingdom	6,250%	15/06/2022	B+
PETROBRAS GLOBAL FIN 3.750 2021_01	1,45%	Brazil	3,750%	14/01/2021	BB-
HORIZON PARENT HOLDINGS 8.250 2022_02	1,45%	France	8,250%	15/02/2022	CCC+
PAPREC HLDG 5.250 2022_04	1,43%	France	5,250%	01/04/2022	B
CMA CGM 6.500 2022_07	1,42%	France	6,500%	15/07/2022	BB-
GAZPROM 3.700 2018_07	1,41%	Russia	3,700%	25/07/2018	BBB-
PICARD BONDCO 5.500 2024_11	1,40%	Luxembourg	5,500%	30/11/2024	CCC+
<b>TOTAL</b>	<b>15,33%</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
0,59%	1,55	70,59%	-1,25%

Source: Europereformance

## Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
8,6 year(s)	227,16	BB-	3,06%	2,48%	3,23	3,29

Source: Europereformance

## Main movements of the month

Buy / Increase			Sell / Decrease		
Name	Weight M-1	Weight M	Name	Weight M-1	Weight M
BANIJAY GROUP SAS 4.000 2022_07	Buy	1,07%	AUTODIS 4.375 2022_05	1,41%	Sell
BALL 3.500 2020_12	Buy	0,74%	UNITYMEDIA KABEL 3.750 2027_01	1,38%	Sell
LKQ ITALIA BONDC 3.875 2024_04	Buy	0,74%	ARCELOR MITTAL 0.950 2023_01	1,34%	Sell
TEREOS FIN GROUP 4.250 2020_03	Buy	0,73%	WIND TRE SPA 2.625 2023_01	1,27%	Sell
NYRSTAR NETHERLANDS HLDG 6.875 2024_03	Buy	0,72%	SES 5.625 PERP	0,91%	Sell

Source: OFI AM

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

(2) Risk free rate: compounded EONIA

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## Asset management strategy

In a month characterised by extreme volatility in risk assets, OFI Euro High Yield lost 0.62%, compared with a 0.70% fall in its benchmark. By rating and in gross terms, the fund's underweight in BB-rated debt added 21 bps of relative performance, its overweight in hybrids cost 3 bps and its overweight in high-beta names added 1 bp. The underweight long-duration (> 4 years) position generated positive alpha, adding 15 bps of relative performance. Issuer selection was also positive for performance, notably thanks to underweights in Teva, Wind Tre, Casino and Unity. Conversely, the fund's positions in SES Global, Peugeot, Klocknerpantaplast and Vallourec were negative for performance.

With almost no new issues in the month, there was little change in the portfolio's overall positioning. We made some changes by (i) increasing existing positions or adding new positions in underperforming issuers such as Netflix, CMA-CGM, Telecom Italia and Adient and (ii) selling issuers that had proved more resilient in the downturn such as Gazprom, Avis Budget, Avantor and Takko.

The investment ratio came out at 91% for a beta of 103%, an average yield to worst of 2.9% and a modified duration of 3.2.

The European high-yield market excluding financials (HEAE) widened 33 bps, compared with 18 bps for its US counterpart (H0A0). The Crossover widened 28 bps, losing 1.09% in the month. By rating, BB-rated debt lost 0.83%, B-rated debt fell 0.40% and CCC-rated debt slipped 0.54%, with spreads widening 29 bps, 31 bps and 44 bps respectively. The longest-duration sectors were the clear underperformers in the month: telecoms (down 1.48%), healthcare (down 1%) and consumer durables (down 0.94%). Conversely, leisure (down 0.18%), transport (down 0.18%) and technology outperformed the market. Distressed issuers close to restructuring suffered enormously in the month, with Astaldi losing 8.5%, Steinhoff 5.7% and Ikks 5.5%. OFI Euro High Yield is not exposed to any of these issuers. Early Q4 2017 results appeared satisfactory on the whole, with the exception of Wind Tre and Klockner, whose margins came under pressure due to (i) increased competition for Wind Tre in the Italian mobile telephony market and (ii) Klockner's inability to quickly pass on higher commodity prices.

The primary market was virtually closed in February (c. €4 billion), concentrated in two issuers considered to have crossover ratings: Faurecia and Elis. The proceeds of these issues were used solely to refinance existing debt.

On the demand side, investors withdrew from the asset class en masse. According to EPFR data, European funds saw their highest net outflows (\$11.4 billion) since June 2013, when the Federal Reserve floated the possibility of scaling back its bond purchases. In the US, investors pulled \$9 billion out of high-yield funds, the second highest net outflow since the June 2013 taper tantrum (when net outflows totalled \$11.7 billion).

On the macro front, equity markets and, to a lesser extent, high-yield bonds were unable to hold their ground as sovereign yields advanced, triggered by US statistics released in January showing faster than expected wage growth. Market operators wondered whether inflation might overshoot central banks' trajectory and whether leading central banks might hike interest rates more quickly than expected.

Maud BERT - Boubakar KABORE - Fund manager(s)

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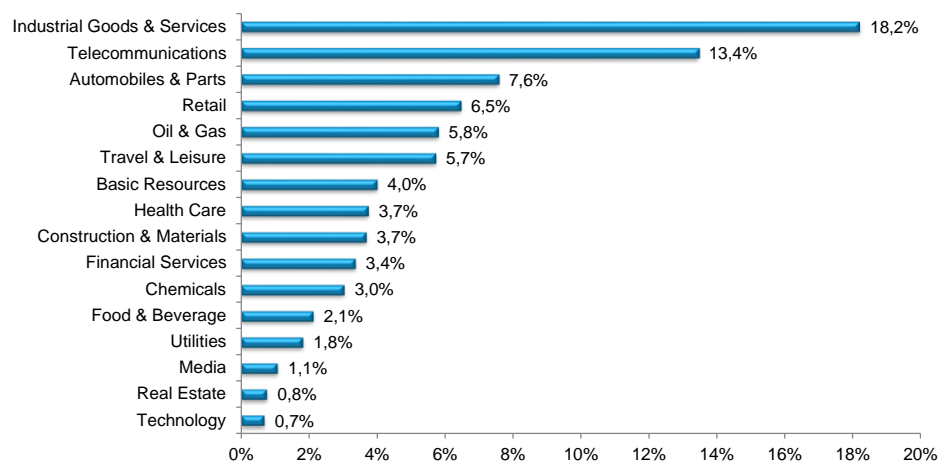


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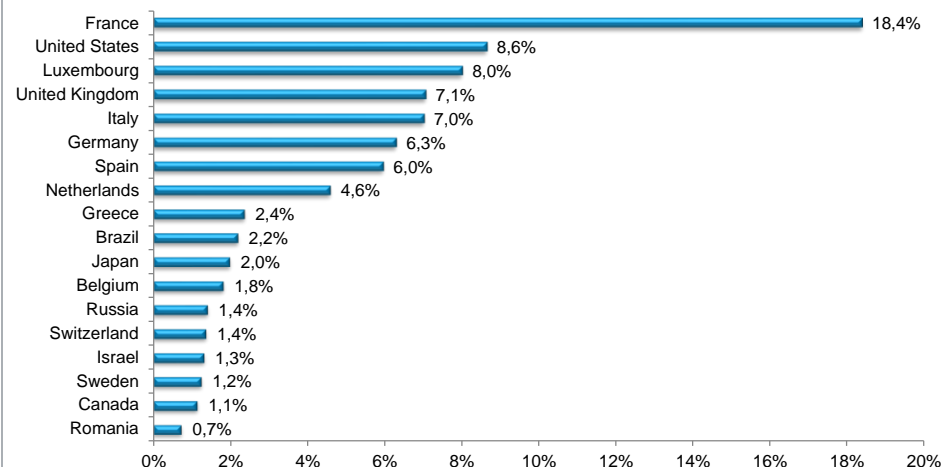


## Sector breakdown (Other funds and cash excluded)



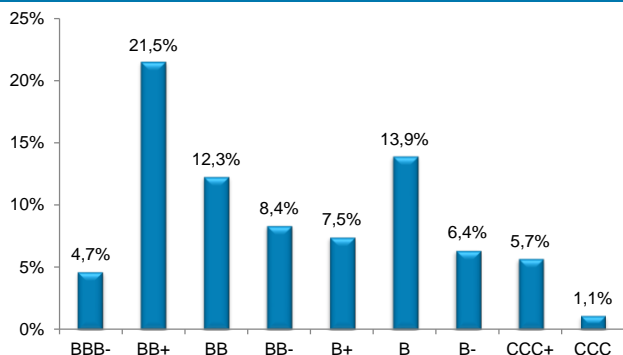
Source: OFI AM (ICB classification - Level 2)

## Geographical breakdown (Other funds and cash excluded)



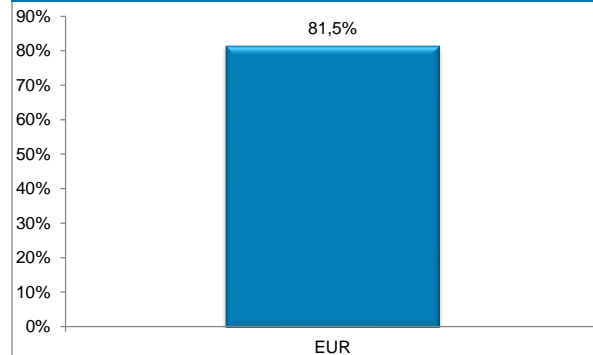
Source: OFI AM

## Rating breakdown (Other funds and cash excluded)



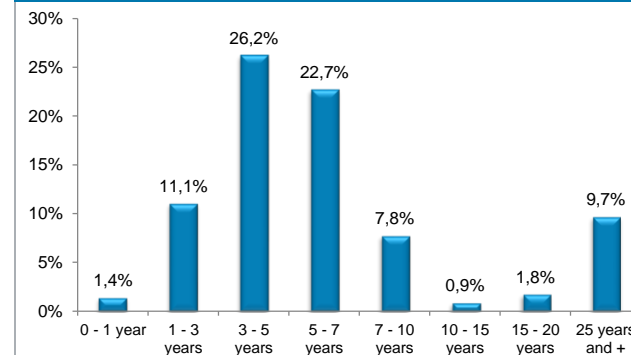
Source: OFI AM

## Currency breakdown (Other funds and cash excluded)



Source: OFI AM

## Maturity breakdown (Other funds and cash excluded)



Source: OFI AM

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