

# OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - october 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

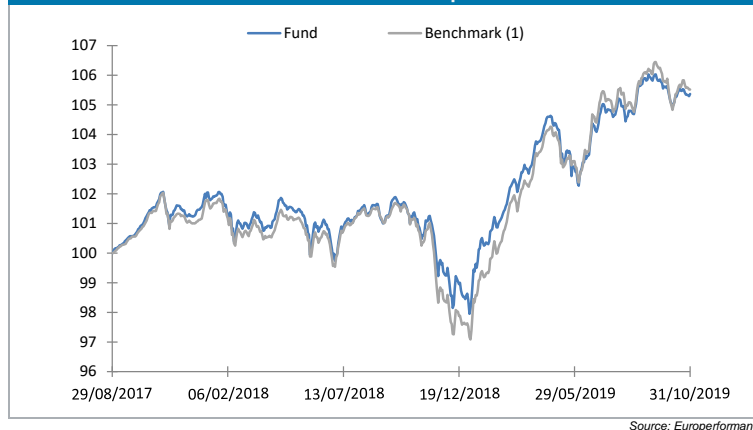
## Key figures as of 31/10/2019

|                               |        |
|-------------------------------|--------|
| Net Asset Value (EUR):        | 105,37 |
| Net Assets of the unit (EUR): | 105,37 |
| Total Net Assets (EUR M):     | 143,13 |
| Number of users               | 75     |
| Investment rate:              | 82,39% |

## Characteristics

|                                    |   |
|------------------------------------|---|
| ISIN Code:                         | FR0013274974  |
| Ticker:                            | OFICEGR 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 : equity, fixed income and credit<br>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:                         | SOCIETE GENERALE PARIS  |
| Administrator:                     | SOCITE GENERALE SECURITIES SERVICES   |

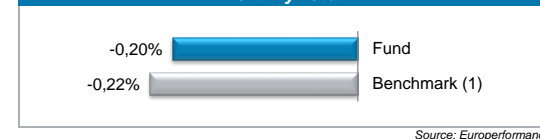
## Return since inception



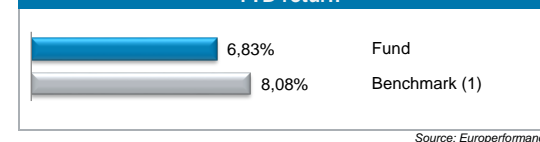
## Risk Profile (SRRI)

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   | Volat. | Return   | Volat. |
| OFI EURO HIGH YIELD GR   | 5,37%           | 3,01%  | -              | -      | -              | -      | 4,61%         | 3,65%  | 6,83%  | 3,38%  | 0,96%    | 0,40%  |          |        |
| Benchmark <sup>(1)</sup> | 5,52%           | 3,28%  | -              | -      | -              | -      | 5,05%         | 4,11%  | 8,08%  | 3,64%  | 1,39%    | 0,12%  |          |        |

Source: Europerformance

## 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%  | -0,30% | -0,20% |        |        | 6,83%  | 8,08%     |

\* Return from 29/08/2017 to 31/08/2017

Source: Europerformance

Paying and Information Agent : OLDENBURGISCHE LANDESBANK AG, Stau 15/17, 26122 Oldenburg

Paying and Information Agent : Raiffeisen Bank International AG, Otto Wagner Platz 5 1090 Wien

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

This is a non-contractual document provided for information only. This document is intended solely for unitholders or shareholders in the Fund. The information contained in this document is of no contractual value. Only the Fund's full prospectus and latest financial statements shall be deemed legally binding. Past performance is no guarantee of future performance and is not constant over time. Stated performance includes all fees with the exception of subscription and redemption fees. Investors in this fund are exposed to risks associated with changes in the value of units or shares in the Fund arising from market fluctuations. As such, the value of an investment may rise or fall, and investors may consequently lose some or all of their initial investment. This document is provided for information purposes only and is not intended to be either legally binding or contractual in nature. The investor acknowledges having received a copy of the prospectus filed with the AMF prior to investing. In spite of the care taken in preparing this document, the management company cannot guarantee that the information it contains is accurate, complete and up to date. The company may not be held liable for any losses incurred by investors who base their investment decisions solely on this document. The information in this document may not be reproduced in full or in part without the prior consent of its author. All requests for further information about the Fund should be directed to OFI Asset Management, 22 rue Vernier, 75017 Paris, France.

CONTACT • Sales Department • 01 40 68 17 17 • [contact@ofi-am.fr](mailto:contact@ofi-am.fr)



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 •  
Tel.: + 33 (0)1 40 68 17 17 • Fax: + 33 (0)1 40 68 17 18 • [www.ofi-am.fr](http://www.ofi-am.fr)



# OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - october 2019



## Top 10 holdings (Cash and UCITS excluded)

| Name                             | Weight        | Country       | Coupon | Maturity   | Composite <sup>(1)</sup> |
|----------------------------------|---------------|---------------|--------|------------|--------------------------|
| MATTERHORN TELECOM 3.125 2026_09 | 1,77%         | Luxembourg    | 3,125% | 15/09/2026 | B                        |
| NETFLIX 3.625 2030_06            | 1,75%         | United States | 3,625% | 15/06/2030 | BB-                      |
| ALTICE LUX 8.000 2027_05         | 1,75%         | Luxembourg    | 8,000% | 15/05/2027 | CCC+                     |
| LEONARDO 4.500 2021_01           | 1,75%         | Italy         | 4,500% | 19/01/2021 | BBB-                     |
| TELECOM ITALIA 4.000 2024_04     | 1,66%         | Italy         | 4,000% | 11/04/2024 | BB+                      |
| IQVIA INC 2.875 2025_09          | 1,52%         | United States | 2,875% | 15/09/2025 | BB-                      |
| BALL 3.500 2020_12               | 1,47%         | United States | 3,500% | 15/12/2020 | BB+                      |
| ZIGGO BOND 4.625 2025_01         | 1,46%         | Netherlands   | 4,625% | 15/01/2025 | B-                       |
| ORANO 4.375 2019_11              | 1,46%         | France        | 4,375% | 06/11/2019 | BB-                      |
| ALTICE FRANCE 3.375 2028_01      | 1,41%         | France        | 3,375% | 15/01/2028 | B                        |
| <b>TOTAL</b>                     | <b>16,00%</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 |
|----------------|-----------------------------|---------------------|-----------------|
| 1,04%          | 1,25                        | 56,86%              | -2,96%          |

Source: Europerformance

## Maturity, Spread and Modified duration

| Average maturity | Average spread | Average rating | YTM   | YTW   | Modified duration | Credit sensitivity |
|------------------|----------------|----------------|-------|-------|-------------------|--------------------|
| 10,02 year(s)    | 226,79         | BB-            | 2,60% | 2,10% | 2,37              | 2,74               |

Source: OFI AM

## Main movements of the month

| Buy / Increase                         |            |          |
|--|------------|----------|
| Name                                   | Weight M-1 | Weight M |
| NETFLIX 3.625 2030_06                  | Buy        | 1,75%    |
| ZIGGO SECURED FINANCE BV 2.875 2030_01 | Buy        | 1,07%    |
| ROSSINI EUR3M+387.5 2025_10            | Buy        | 1,06%    |
| CROWN EUROPEAN HLDG 0.750 2023_02      | Buy        | 1,05%    |
| EIRCOM FIN 2.625 2027_02               | Buy        | 1,05%    |

Source: OFI AM

| Sell / Decrease                  |            |          |
|----------------------------------|------------|----------|
| Name                             | Weight M-1 | Weight M |
| NETFLIX 3.875 2029_11            | 1,62%      | Sell     |
| SMURFIT KAPPA ACQ 3.250 2021_06  | 1,47%      | Sell     |
| EIRCOM FIN 3.500 2026_05         | 1,13%      | Sell     |
| DEMIRE REAL ESTATE 2.875 2022_07 | 0,87%      | Sell     |
| VIVION INVESTMENTS 3.000 2024_08 | 0,84%      | Sell     |

Source: OFI AM

## Asset management strategy

The monthly performance is -0,20% in October, compared with a -0,22% fall in the benchmark over the same period. The portfolio's investment ratio came out at 82,39% for a beta of 74%, a yield to worst of 2,10% and a modified duration of 2,37. Issuer selection and tactical positioning were key contributors to this performance. The under-exposure to BB rated credit contributed negatively in relative terms and in gross terms to -7bps, overall this is explained by the non-exposure to Teva, which rebounded strongly. Underexposure to the so-called High Beta issuers resulted in 8 bps of positive relative performance. Underweighting of Hema, CMA, Codere, and Tereos added 12 bps in relative terms, while overweighting Rally and Europcar penalised the fund 5 bps in relative terms. Tactical positions generated 8 bps in outperformance. With the thunderous return of the primary market, the fund made several adjustments: purchases of Kantar, netflix, Eircom, and the Eg Group (...), and exits from Crown, Sappi, and Ardagh (...)

At the end of October, the lowest point on the high-yield European non-financial market was 3,36%. This reflects an overall spread range of 20bps bringing the average market spread to 392bps. The monthly performance breakdown of the HY market continued in the same vein as in the early part of the year, with the beginning of earnings season involving its share of idiosyncratic risks, with, once again, an outperformance of better quality credit: BBs +0,07%, Bs (-0,97%), and Hybrids +0,11%. Despite the volatility exacerbated by all the procrastination surrounding Brexit, Xover's performance remained in line at (-0,20%). By sector, the specialist retailers (-1,86%) were weighed down by Hema's results, services (-1,52%) were hit hard by the setbacks of an Italian subsidiary in the United Kingdom, and consumer goods were weighed down by the Téréos credit. These represent the main underperforming sectors of the month. In contrast, health +2,08%, energy +0,22%, and leisure +0,15% posted positive returns. October marked the very beginning of the publication of third quarter results for 2019. Given the small sample of known releases, no trend seems to be emerging. The sectors exposed to the business cycle such as chemistry, auto, and industrials lowered most of their 2019 targets without this implying any real trend for 2020. The operational performance of the telecoms (media, fixed, and mobile) remains strong. This is excluding Softbank's hardships related to the emergency recapitalisation of Wework. On the other hand, the companies issuing profit warnings and not identified as cyclical were strongly sanctioned. For example, Europcar's stock lost 30% and bonds were down 6 points! Regarding certain specific risks, Teva rebounded 8% after an amicable agreement allowing it to avoid a federal lawsuit in Ohio. If extended to all plaintiffs, this agreement would be less penalising in immediate cash disbursement (\$250B). However, it would weigh on the generation of future cash flow since Teva accepted to supply \$15B worth of generic drugs to help fight opioid overdoses. Nevertheless, it is only a partial agreement, since some States have already made known their refusal. Hema's main shareholder, whose bonds lost 20%, is being targeted under a money-laundering investigation in Italy.

The primary market was extremely strong. Some €8,6B in new issues were added to the European High Yield market. The bulk of these issues were used to refinance existing debt. Notable was the arrival of a new issuer: Kantar, a market research and marketing company. On the demand side, the market recorded small inflows into European mutual funds for \$500M, while in the US more than \$4B were added to assets under management.

The macroeconomic environment was marked by four major events during the month of October: 1) The United Kingdom's last minute dodge of a hard exit from the European Union, 2) progress in the signing of a phase 1 agreement between the US and China, 3) the reduction in the Federal Reserve's key rate by 25 bps, and 4) the takeover of Mario Draghi's position by Christine Lagarde at the head of the European Central Bank. These events were accompanied by a rise in sovereign rates. The German 10-year rose from -0,57% to -0,40% along with a steepening of the curve.

Maud BERT - Marc BLANC - Fund manager(s)

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

(2) Risk free rate: compounded EONIA

This is a non-contractual document provided for information only. This document is intended solely for unitholders or shareholders in the Fund. The information contained in this document is of no contractual value. Only the Fund's full prospectus and latest financial statements shall be deemed legally binding. Past performance is no guarantee of future performance and is not constant over time. Stated performance includes all fees with the exception of subscription and redemption fees. Investors in this fund are exposed to risks associated with changes in the value of units or shares in the Fund arising from market fluctuations. As such, the value of an investment may rise or fall, and investors may consequently lose some or all of their initial investment. This document is provided for information purposes only and is not intended to be either legally binding or contractual in nature. The investor acknowledges having received a copy of the prospectus filed with the AMF prior to investing. In spite of the care taken in preparing this document, the management company cannot guarantee that the information it contains is accurate, complete and up to date. The company may not be held liable for any losses incurred by investors who base their investment decisions solely on this document. The information in this document may not be reproduced in full or in part without the prior consent of its author. All requests for further information about the Fund should be directed to OFI Asset Management, 22 rue Vernier, 75017 Paris, France.

CONTACT • Sales Department • 01 40 68 17 17 • [contact@ofi-am.fr](mailto:contact@ofi-am.fr)



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 •  
Tel.: + 33 (0)1 40 68 17 17 • Fax: + 33 (0)1 40 68 17 18 • [www.ofi-am.fr](http://www.ofi-am.fr)



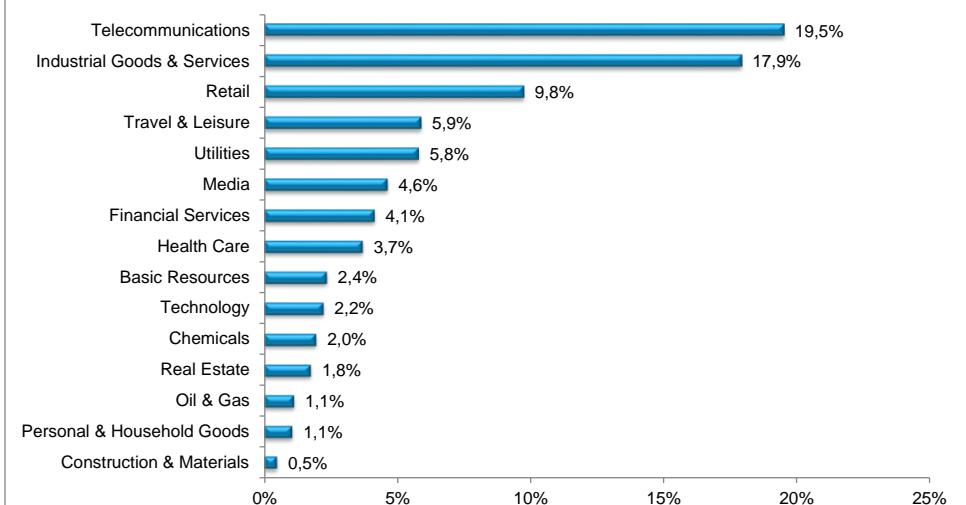
@OFI\_AM

# OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - october 2019

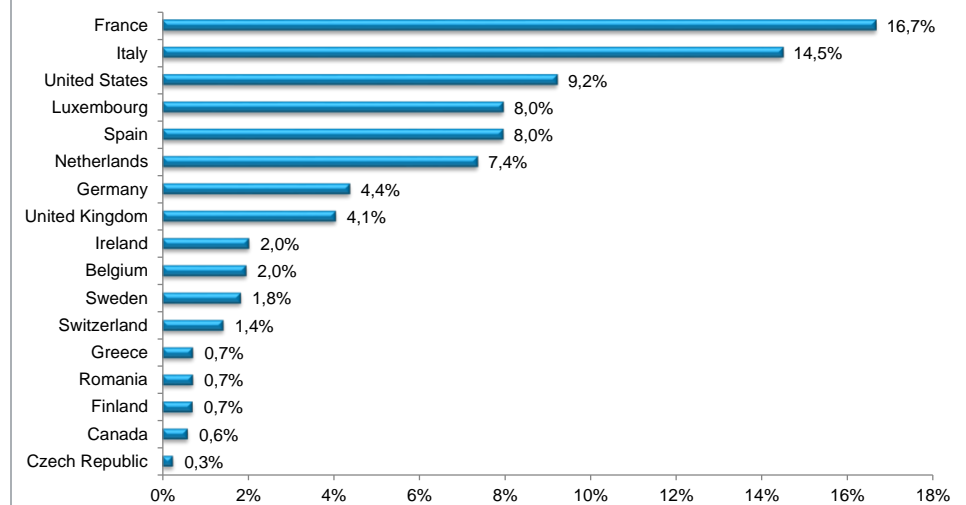


**Sector breakdown** (Other funds and cash excluded)



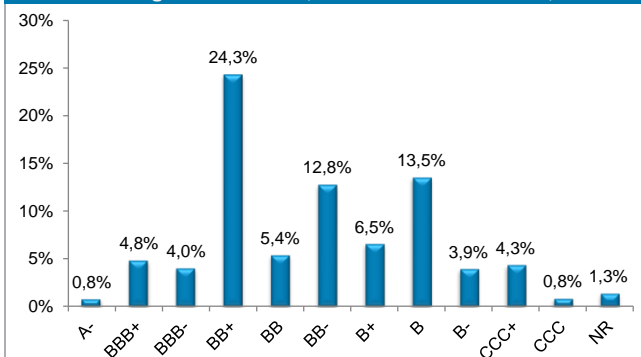
Source: OFI AM (ICB classification - Level 2)

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



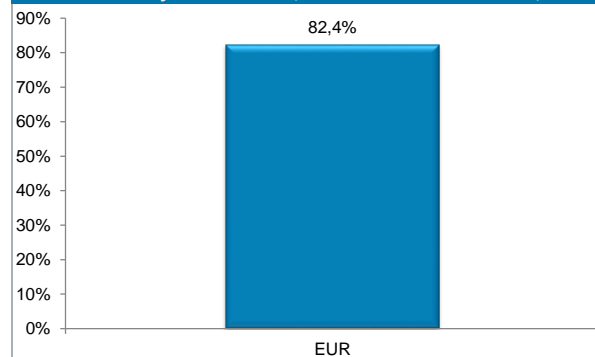
Source: OFI AM

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



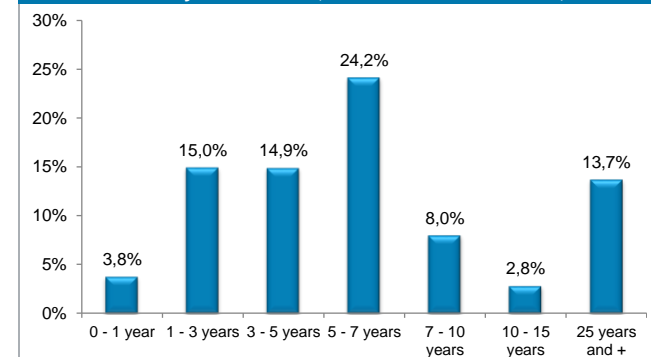
Source: OFI AM

**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)

This is a non-contractual document provided for information only. This document is intended solely for unitholders or shareholders in the Fund. The information contained in this document is of no contractual value. Only the Fund's full prospectus and latest financial statements shall be deemed legally binding. Past performance is no guarantee of future performance and is not constant over time. Stated performance includes all fees with the exception of subscription and redemption fees. Investors in this fund are exposed to risks associated with changes in the value of units or shares in the Fund arising from market fluctuations. As such, the value of an investment may rise or fall, and investors may consequently lose some or all of their initial investment. This document is provided for information purposes only and is not intended to be either legally binding or contractual in nature. The investor acknowledges having received a copy of the prospectus filed with the AMF prior to investing. In spite of the care taken in preparing this document, the management company cannot guarantee that the information it contains is accurate, complete and up to date. The company may not be held liable for any losses incurred by investors who base their investment decisions solely on this document. The information in this document may not be reproduced in full or in part without the prior consent of its author. All requests for further information about the Fund should be directed to OFI Asset Management, 22 rue Vernier, 75017 Paris, France.

CONTACT • Sales Department • 01 40 68 17 17 • [contact@ofi-am.fr](mailto:contact@ofi-am.fr)



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 •  
Tel.: + 33 (0)1 40 68 17 17 • Fax: + 33 (0)1 40 68 17 18 • [www.ofi-am.fr](http://www.ofi-am.fr)

