

OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - june 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.

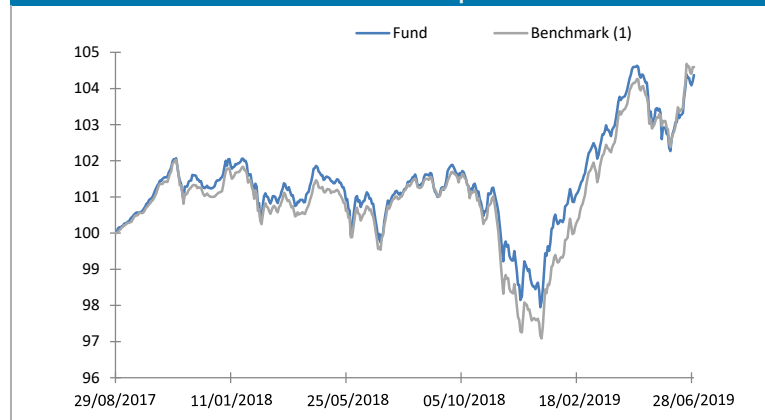
Key figures as of 28/06/2019

Net Asset Value (EUR):	104,37
Net Assets of the unit (EUR):	104,37
Total Net Assets (EUR M):	144,97
Number of users	77
Investment rate:	90,50%

Characteristics

ISIN Code:	FR0013274974
Ticker:	OFICEGR FP Equity
AMF Classification:	Bonds and other debt securities in EUR
Europerformance 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



Risk Profile (SRRI)

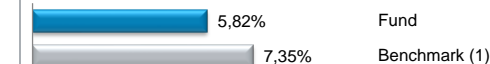
Level:



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	4,37%	3,08%	-	-	-	-	4,39%	3,61%	5,82%	3,75%	5,82%	1,16%
Benchmark ⁽¹⁾	4,80%	3,29%	-	-	-	-	5,21%	3,92%	7,35%	3,75%	7,35%	2,07%

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%							5,82%	7,35%

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

Source: Europerformance

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

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Top 10 holdings (Cash and UCITS excluded)

Name	Weight	Country	Coupon	Maturity	Composite ⁽¹⁾
NETFLIX 3.875 2029_11	1,88%	United States	3,875%	15/11/2029	BB-
LEONARDO 4.500 2021_01	1,73%	Italy	4,500%	19/01/2021	BBB-
TELECOM ITALIA 4.000 2024_04	1,58%	Italy	4,000%	11/04/2024	BB+
ALTICE LUX 8.000 2027_05	1,57%	Luxembourg	8,000%	15/05/2027	CCC+
IQVIA INC 2.875 2025_09	1,52%	United States	2,875%	15/09/2025	BB-
SMURFIT KAPPA ACQ 3.250 2021_06	1,46%	Ireland	3,250%	01/06/2021	BB+
ZIGGO BOND 4.625 2025_01	1,46%	Netherlands	4,625%	15/01/2025	B-
BALL 3.500 2020_12	1,45%	United States	3,500%	15/12/2020	BB+
ORANO 4.375 2019_11	1,44%	France	4,375%	06/11/2019	BB-
TESCO TREASURY 2.125 2020_11	1,43%	United Kingdom	2,125%	12/11/2020	BBB-
TOTAL	15,52%				

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%	1,30	59,62%	-3,71%

Source: Europerformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
9,16 year(s)	201,19	BB-	2,78%	2,10%	2,36	2,82

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
EIRCOM FIN 3.500 2026_05	Buy	1,08%
SAIPEM FIN INTL 2.625 2025_01	Buy	1,08%
SPIE 2.625 2026_06	Buy	1,06%
TELECOM ITALIA 4.000 2024_04	0,74%	1,58%
FIAT FIN AND TRADE 4.750 2021_03	0,76%	1,13%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
ORANO 3.375 2026_04	1,06%	Sell
LECTA 6.500 2023_08	0,72%	Sell
KONGSBERG ACT SYS 5.000 2025_07	0,70%	Sell
CMA CGM 7.750 2021_01	0,68%	Sell
ADIANT GLOBAL HLDG 3.500 2024_08	0,67%	Sell

Source: OFI AM

Asset management strategy

The fund gained +1.96% in June, compared with a +2.25% rise in the benchmark over the same period. This monthly underperformance is mainly a function of the investment rate of around 90% and a portfolio beta standing at between 75% and 80% during the month, while the selection effect was negative (-7 bps). The portfolio was once again negatively impacted by Rallye (-8 bps), by the lower exposure to Teva (-4 bps) and by the upturn in Atalian (+4 bps), in which OEHY is not invested. Conversely, the fund benefited from its exposure to Enel (+4 bps), Europcar (+4 bps) and Edreams (+3 bps) and from its non-index macroexposures, which made a positive contribution to monthly performance of +35 bps. Teva bounced back having lost 10% in May, while legal risk is on the rise: the Group signed an initial agreement covering the ongoing opioid litigation at an amount deemed to be high, and new factors have emerged in the investigations into a price-fixing mechanism. We have therefore significantly reduced our exposure to the stock. For its part, Atalian has announced that its auditors have completed the accounts approval process. Operating results remain unsatisfactory and the company is highly indebted, but the new management has demonstrated an aggressive approach to the turnaround due for implementation during the coming quarters.

The breakdown of monthly HY market performance continues the trend set in the early part of the year: (i) the BBs (+2.4%) once again significantly outperformed the Bs (+1.8%), continuing to benefit from risk aversion and the proliferation of specific risks, whereas Naviera has been added to the list of stocks posting sharp falls following disappointing results; (ii) the Corporate Hybrids (+3.5%) once again this month posted the best performance among the asset classes, driven by the strong performance of equity markets. Performance was more or less uniform across the sectors, with slight outperformance from Services (+3%), Telecoms (+2.9%) and Basic Industry (+2.6%), whereas Transport (+0.8%), Technology (+1%) and Retail (+1.2%) underperformed. At country level, Portugal (+3.3%, EDP impact), Israel (+3.2%, Teva upturn) and Spain (+3.1%, Telefonica, Gas Natural and Repsol perpetual bonds) contributed to the rise over the period.

The primary market was sluggish in June (-€2.5bn), mainly composed of (i) disintermediation operations at Spie (€600m) and IGT (750m€) replacing 2021 and 2023 bank debt respectively by 2026 bonds, (ii) existing tap issues at Progroup (€150m) and United Group (€200m), and (iii) a first issue by Doc Generici, an Italian pharmaceuticals company (€470m). The fund maintained a selective approach by participating in the Spie and IGT issues, two companies rated BB and having posted robust and relatively non-cyclical performance. On the demand side, the HY funds in EUR experienced moderate inflows (+\$1.1bn) whereas subscriptions were significantly higher in USD (+\$3.9bn). This brings total net inflows in the year to date to \$7.6bn in Europe and \$13.5bn in the US.

The speech by Mario Draghi in Sintra, followed by Jerome Powell on conclusion of the Federal Reserve Board meeting in June, left few doubts as to the two central banks' desire to support the markets in a context of intensifying macroeconomic and geopolitical uncertainty. The two accommodative speeches had a major effect on fixed income markets, due to the anticipated lowering of rates in the two markets and the return of unconventional measures in Europe.

In this context, the fund gradually increased its exposure to defensive sectors (including Telecoms: Altice, Eircom and Telecom Italia) in order to manage duration and yield, to the highest rated stocks in the asset class (Saipem, Ball, Fiat and Leonardo) and to hybrid bonds (Arkema and Enel). Conversely, we reduced our exposure to cyclical and lower rated stocks in Transport (CMA-CGM), Retail (Lecta) and Automotive (Adient and Kongsberg), which would be penalised by the difficult

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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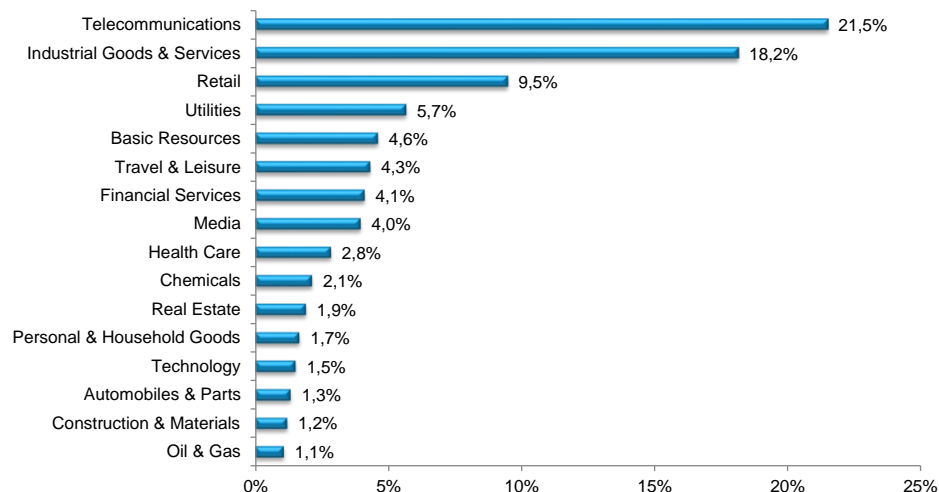


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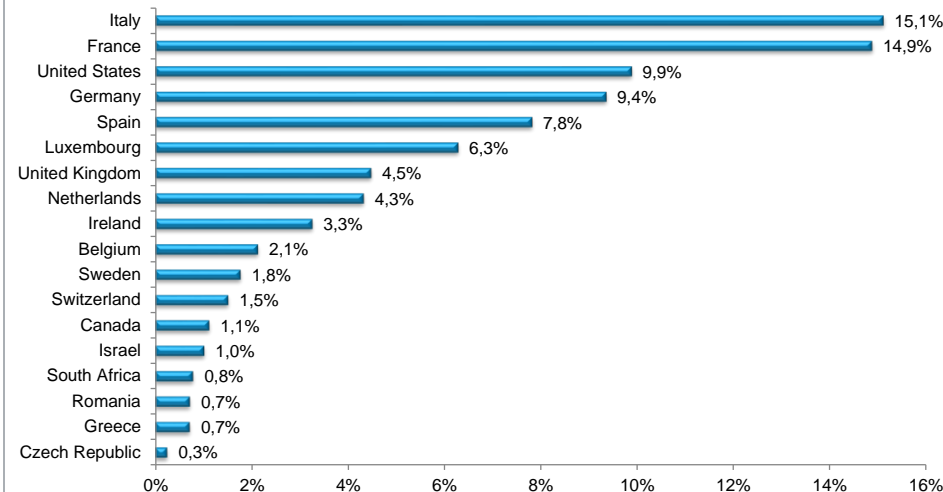


Sector breakdown (Other funds and cash excluded)



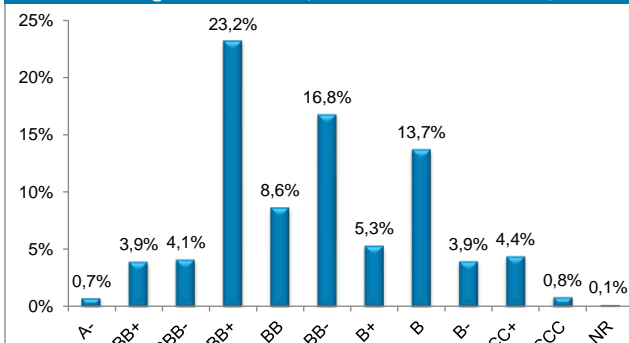
Source: OFI AM (ICB classification - Level 2)

Geographical breakdown (Other funds and cash excluded)



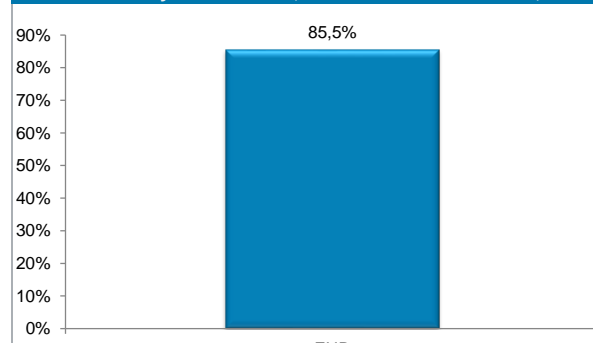
Source: OFI AM

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



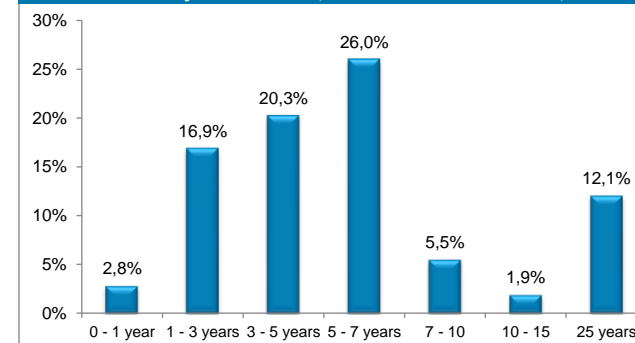
Source: OFI AM

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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