

# OFI EURO HIGH YIELD GR

Monthly Factsheet - Fixed Income - september 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%.

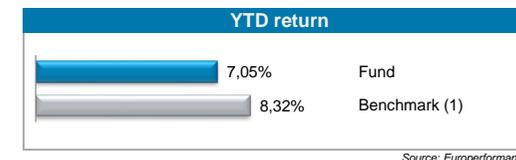
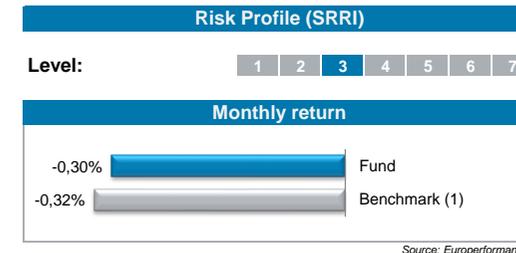
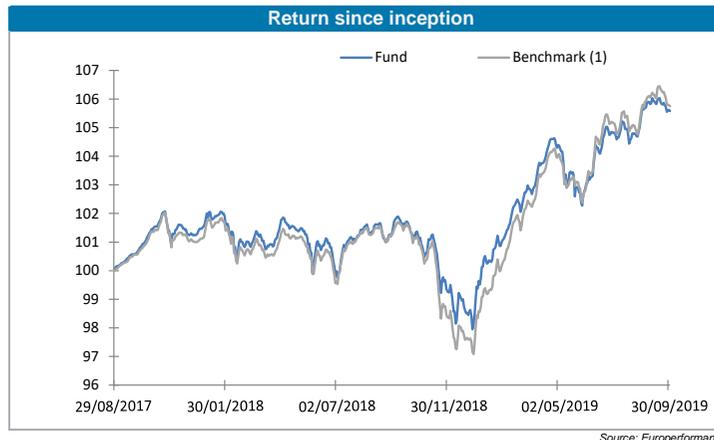
## Registered in:

DEU  AUT 

Key figures as of 30/09/2019	
Net Asset Value (EUR):	105,58
Net Assets of the unit (EUR):	105,58
Total Net Assets (EUR M):	143,60
Number of users	80
Investment rate:	81,01%

## Characteristics

ISIN Code:	FR0013274974
Ticker:	OFICEGR FP Equity
AMF Classification:	Bonds and other debt securities in EUR
Europerformance 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 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 & 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	5,58%	3,04%	-	-	-	-	3,99%	3,75%	7,05%	3,46%	2,34%	1,16%
Benchmark <sup>(1)</sup>	5,75%	3,30%	-	-	-	-	4,29%	4,17%	8,32%	3,69%	2,99%	0,91%

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%				7,05%	8,32%

\* 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 <sup>(1)</sup>
LEONARDO 4.500 2021_01	1,74%	Italy	4,500%	19/01/2021	BBB-
ALTICE LUX 8.000 2027_05	1,74%	Luxembourg	8,000%	15/05/2027	CCC+
TELECOM ITALIA 4.000 2024_04	1,64%	Italy	4,000%	11/04/2024	BB+
NETFLIX 3.875 2029_11	1,62%	United States	3,875%	15/11/2029	BB-
IQVIA INC 2.875 2025_09	1,51%	United States	2,875%	15/09/2025	BB-
SMURFIT KAPPA ACQ 3.250 2021_06	1,47%	Ireland	3,250%	01/06/2021	BB+
BALL 3.500 2020_12	1,46%	United States	3,500%	15/12/2020	BB+
ORANO 4.375 2019_11	1,45%	France	4,375%	06/11/2019	BB-
ZIGGO BOND 4.625 2025_01	1,45%	Netherlands	4,625%	15/01/2025	B-
TELEFONICA EUROPE 3.000 PERP	1,40%	Spain	3,000%	12/07/2051	BB+
<b>TOTAL</b>	<b>15,49%</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
1,03%	1,16	54,90%	-3,44%

Source: Europerformance

## Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
9,79 year(s)	196,87	BB-	2,56%	2,00%	2,10	2,48

Source: OFI AM

## Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
MATTERHORN TELECOM 3.125 2026_09	Buy	1,07%
ALTICE FRANCE 3.375 2028_01	Buy	1,06%
THYSSENKRUPP 1.875 2023_03	Buy	1,05%
NETFLIX 3.875 2029_11	0,72%	1,62%
NOVAFIVES 5.000 2025_06	Buy	0,42%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
ISHARES EURO HY CORP BND	9,61%	Sell
SAMHALLSBYGG 4.625 PERP	1,11%	Sell
ADLER PELZER HOLDING 4.125 2024_04	0,65%	Sell
STARFRUIT US/STAR FI BV 6.500 2026_10	0,54%	Sell
GARRET LX 1 / BORROWING 5.125 2026_10	0,51%	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 lost 0.30% in September, in line with its benchmark. In a challenging market, the fund's investment ratio and portfolio beta fluctuated between 70% and 80% in the month. Conversely, selection effects were negative in September, with the main adverse impact from Progest (costing 28 bps). Bonds issued by the Italian cardboard packaging producer fell on disappointing Q2 results, with the company still not succeeding in securing the permits needed to open its new plant and being handed a large fine for anti-competitive practices. We reduced our exposure to the name during the month. Conversely, the fund benefited from the recovery by Rallye (up 7 bps) after Daniel Kretnisky acquired a stake in Casino and a potential sale of Leader Price to Aldi was announced. Relative to its benchmark, the fund also benefited from its lack of exposure to CMA (+5 bps), Teva (+5 bps) and Thomas Cook (+5 bps). CMA suffered after being downgraded by two rating agencies, Teva was adversely affected by competitor Purdue's Chapter 11 bankruptcy protection, and Thomas Cook finally declared itself bankrupt after trying to refinance its capital structure over the past few months.

Monthly performance in the HY market was fairly consistent between BB-rated debt (down 0.3%) and B-rated debt (down 0.4%), while CCC-rated debt (up 1%) was boosted by Alice's refinancing and strong results from Diversey. Corporate hybrids (up 0.2%) once again outperformed the main rating classes, buoyed by strong equity markets. Performance varied fairly markedly by sector, with automotive, retail and consumer goods all rallying (up 0.75%, 0.8% and 0.9% respectively), while transport, leisure and services all suffered (down 2.2%, 1% and 1.5% respectively). At country level, South Africa (down 3.8%: impact of Sappi), Israel (down 2.8%: impact of Teva) and Germany (down 0.9%: impact of industrials Schmolz + Bickenbach, KME and Thyssenkrupp) were particularly hard hit.

The primary market was buoyant in September (c. €7.8 billion), mainly fuelled by telecoms deals in response to demand from investors seeking out defensive high-duration sectors. Against this backdrop, two particularly large deals took place: Alice France issued €1.6 billion to refinance its senior debt and part of its Luxembourg holding company's debt, and Matterhorn issued €1.4 billion to refinance part of its debt and pay an extraordinary dividend. OTE (€500 million) and Telefonica (a €500 million perpetual bond) also refinanced some of their liabilities. Outside telecoms, the main issuers were Thyssenkrupp (€1 billion), Elis (€850 million), Smurfit Kappa (€750 million), Monitchem (€640 million) and Infineon (first-time issuer: €600 million of perpetual debt). The fund maintained its selective approach, only participating in issues by Alice France, Matterhorn and Thyssenkrupp. On the demand side, euro HY funds saw moderate inflows (\$1.6 billion), slightly below August levels, while inflows were significantly stronger in USD (\$5.1 billion), in contrast to the previous month's outflows. This brings total net inflows in the year to date to \$16.5 billion in Europe and \$18.3 billion in the US.

The ECB further softened its monetary policy at its 12 September meeting, deciding to cut its deposit facility rate by 10 bps at the same time as resuming its asset purchase programme at the rate of €20 billion a month. The ECB also amended its forward guidance, which will henceforth depend on inflation rather than following a predetermined calendar. However, these accommodative measures had only a moderate effect on fixed income markets, due to a combination of emerging divergences between ECB members over the right measures to adopt and fears over a pronounced slowdown in Europe in H2 2019. The Fed also cut its key policy rate by 25 bps in the month, after a similar move in July, in an attempt to extend the growth cycle in a challenging macroeconomic environment.

Against this backdrop, the fund maintained its defensive positioning by limiting exposure to cyclical names. In an uncertain, low-liquidity environment, we notably sold off positions in automotive (Adler Pelzer and Garret) and chemicals (Starfruit).

Maud BERT - Marc BLANC - Fund manager(s)

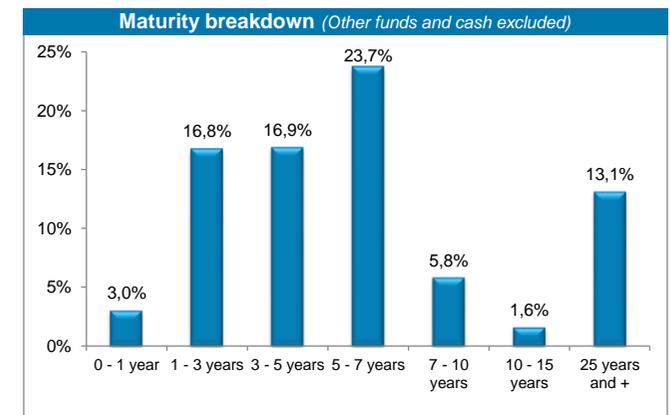
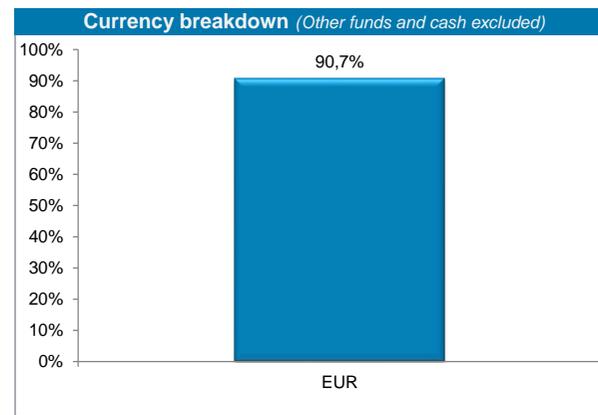
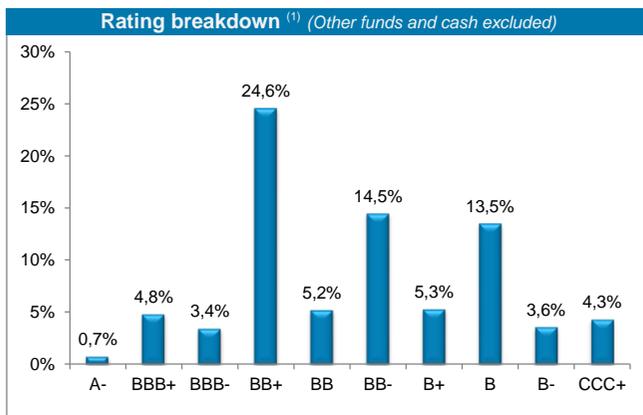
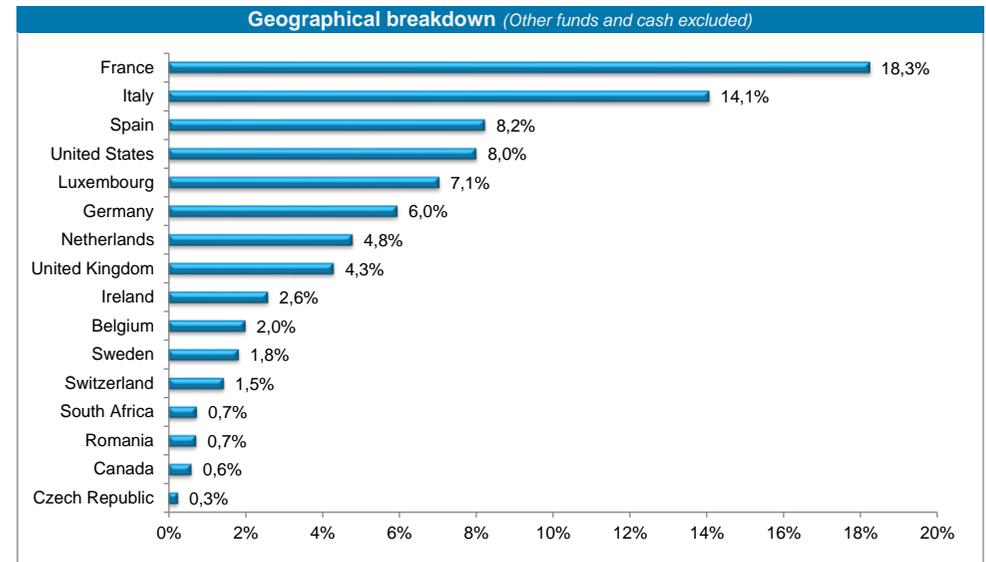
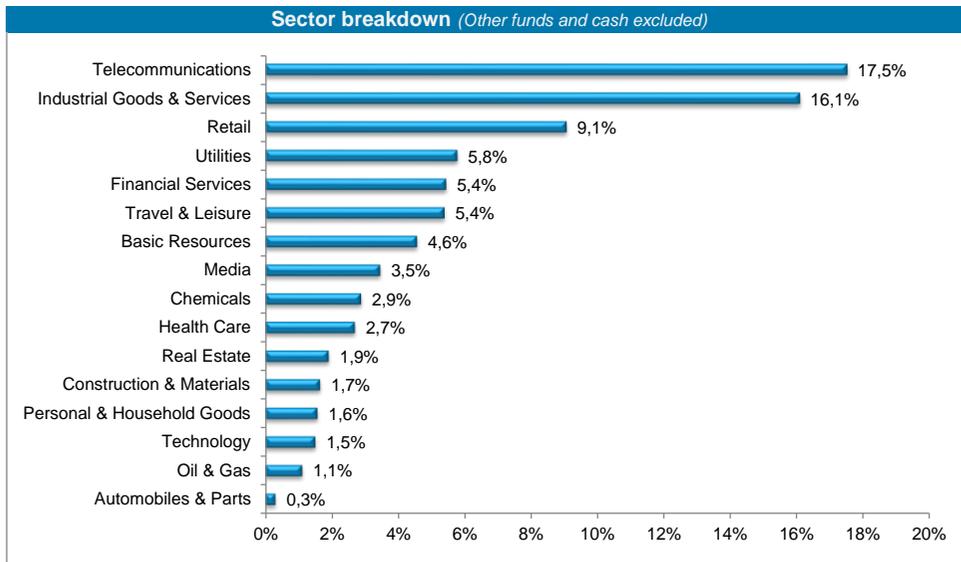


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