

# OFI Euro High Yield GI

Monthly Factsheet - Fixed Income - june 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%.

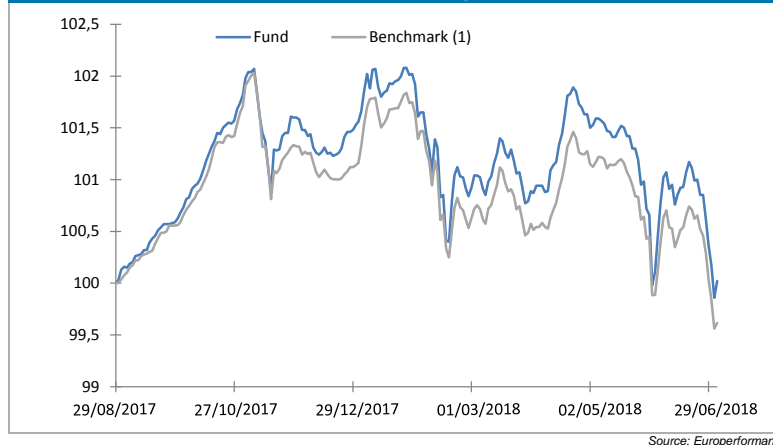
## Key figures as of 29/06/2018

Net Asset Value (EUR):	100,02
Net Assets of the part (EUR):	100,02
Total Net Assets (EUR M):	145,40
Number of users	75
Investment rate:	104,8%

## Characteristics

ISIN Code:	FR0013274966
Ticker:	OFICEGI 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 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:	28/08/2017
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:	None
Ongoing charge:	0,54%
Custodian:	SOCIETE GENERALE PARIS
Administrator:	SOCIETE 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	Return
OFI EURO HIGH YIELD GI	0,02%	2,28%	-	-	-	-	-	-	-1,52%	2,51%	-1,52%	-0,91%
Benchmark <sup>(1)</sup>	-0,39%	2,29%	-	-	-	-	-	-	-1,53%	2,37%	-1,53%	-0,92%

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%	0,08%	1,56%	1,16%
2018	0,09%	-0,60%	-0,10%	0,64%	-1,10%	-0,45%							-1,52%	-1,53%

\* 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 excluded)

Name	Weight	Country	Coupon	Maturity	Composite <sup>(1)</sup>
ALTICE LUX 7.250 2022_05	2,49%	Luxembourg	7,250%	15/05/2022	B-
ORANO 4.875 2024_09	1,88%	France	4,875%	23/09/2024	BB+
HORIZON PARENT HOLDINGS 8.250 2022_02	1,48%	France	8,250%	15/02/2022	CCC+
TITAN GLOBAL FIN 4.250 2019_07	1,45%	Greece	4,250%	10/07/2019	BB+
SFR GROUP 5.375 2022_05	1,44%	France	5,375%	15/05/2022	B
ACCOR 4.125 PERP	1,44%	France	4,125%	30/06/2049	BBB-
SOFTBANK GROUP 4.000 2023_04	1,43%	Japan	4,000%	20/04/2023	BB+
GAZPROM 3.700 2018_07	1,43%	Russia	3,700%	25/07/2018	BBB-
CMA CGM 7.750 2021_01	1,41%	France	7,750%	15/01/2021	BB-
DKT FINANCE APS 7.000 2023_06	1,40%	Denmark	7,000%	17/06/2023	B-
<b>TOTAL</b>	<b>15,83%</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
-	-	-	-

Source: Europerformance

## Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
8,31 year(s)	354,93	BB-	4,52%	4,30%	3,14	3,77

Source: OFI AM

## Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
DKT FINANCE APS 7.000 2023_06	Buy	1,40%
AUTODIS 4.375 2022_05	Buy	1,06%
EDREAMS ODIGEO 8.500 2021_08	Buy	1,01%
LA FINAC ATALIAN 5.125 2025_05	Buy	1,00%
FIAT FIN AND TRADE 6.750 2019_10	Buy	0,77%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
LA FINAC ATALIAN 4.000 2024_05	1,11%	Sell
INTER GAME TECH 4.125 2020_02	1,08%	Sell
MATTERHORN TELECOM 3.875 2022_05	1,05%	Sell
TELECOM ITALIA FIN 7.750 2033_01	0,84%	Sell
WIND TRE SPA EUR3M+275 2024_01	0,76%	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 net asset value of OFI Euro High Yield decreased by 0,45% in the month, compared with a -0,52% change in the fund's benchmark. The month of June was marked by a return of risk aversion induced (1) by the resurgence of a crisis of confidence in the European project with the formation of the new Italian government, (2) by the belligerent tone of Trump on global trade, and (3) a shaky German government coalition that is seriously reconsidering Angela Merkel's migration policy. In this context, the ECB showed a very accommodating tone during its press conference while announcing the end of its quantitative easing policy. Excluding fees, our underweight to BB issuers positively contributed 12 bps, our overexposure to hybrids contributed 3 bps, and our overweight to the lowest-rated loans (B-CCC) lost us 3 bps. Tactical exposure positions contribute 3 bps of relative outperformance. In addition, our large underweight on Italian issuers generated +5 bps of relative outperformance. OFI Euro High Yield's yield to worst came out at 4,3% at 29 June for an investment ratio of 105%, a beta of 1,04 and a modified duration of 3,14.

After what looked like a rebound on the first days of June, the European non-financial high yield market deviated 22 pbs in the end and posted a return as low as 3,70% and a spread of 402 bps. Note that (1) this level of spread corresponds to the average level of spreads prevailing before the start of the ECB's corporate QE and (2) that for the first time since mid-2013 the spread of the European High Yield market is wider than its US equivalent. By rating, BB-rated debt lost 0,57%, B-rated debt lost 0,46%, CCC-rated debt lost 0,13% and hybrids also lost 1,09%. The synthetic credit index (Crossover) comfortably outperformed cash, moving -0,29%. By sectors, the under-performers are transport (-2,53%) with the increase in oil prices, telecommunications (-0,97%) and auto (-0,90%) which remains in the eye of the cyclone of aggressive US trade policy. On the other hand, sectors that are distant or profit from these two factors outperform the market: basic industry (-0,11%), consumer goods (-0,06%) and energy (-0,06%).

In the wake of a weaker market, the primary market was rather cautious: New issues totalled 5,9 billion EUR and US dollar issues by European companies totalled 0,8 billion EUR. A number of new issues were cancelled during the marketing process as issuers were not prepared to let their cost of borrowing become more expensive. Issue volumes are still 17% lower than they were at the same point in 2017. On the demand side, June was similar to the previous months, with net outflows of 43 billion USD – though this was less than in March (5,9 billion USD) or February (114 billion USD). In the United States, just over 2,5 billion USD came out of mutual funds. Since the beginning of the year, Europe has recorded 32 billion USD in outflows compared to 11 billion USD in the US. These capital outflows are to be put in perspective with those observed in 2011 during the European sovereign crisis where 62 billion USD left European funds against 14 billion EUR in entries in the US.

Maud BERT • Boubakar KABORE - Fund manager(s)

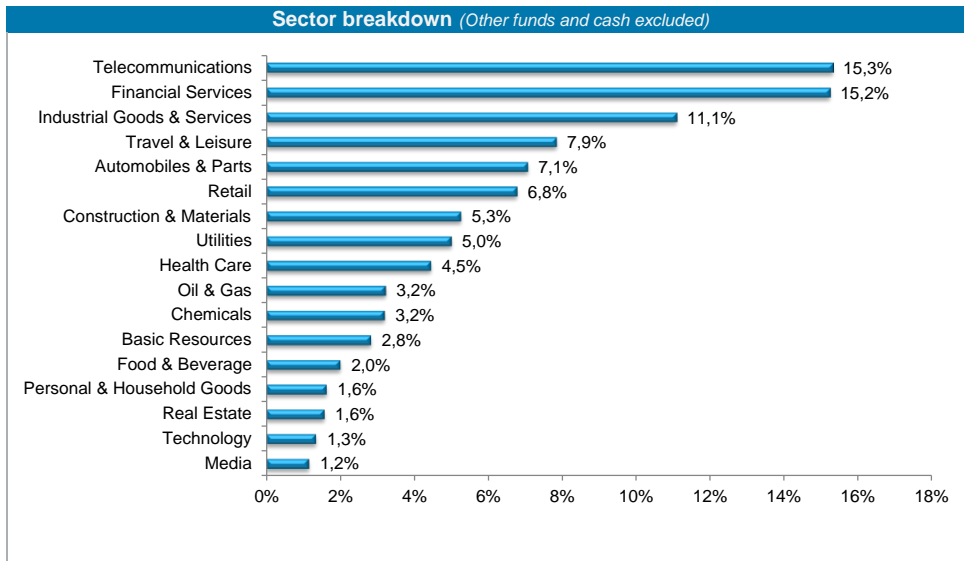


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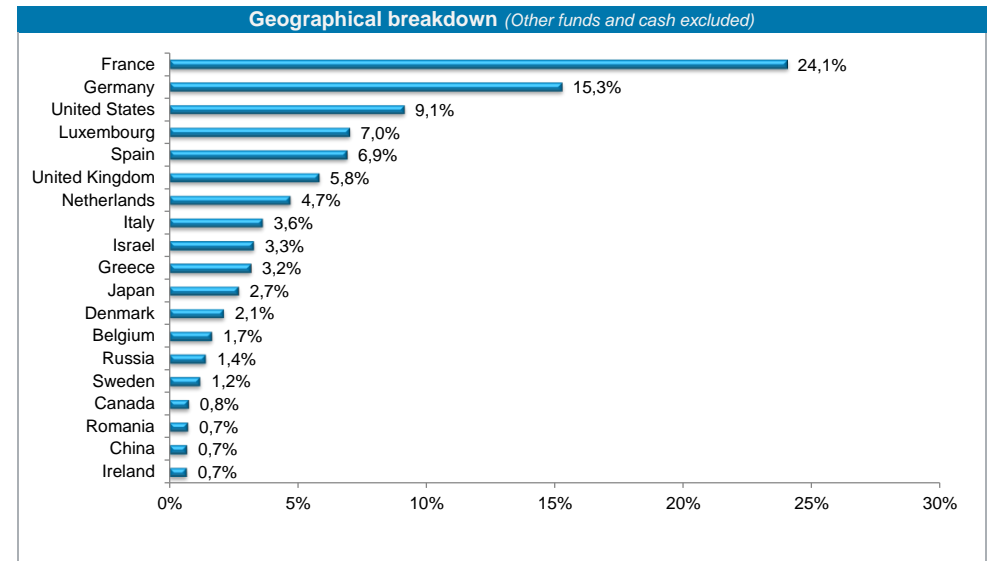


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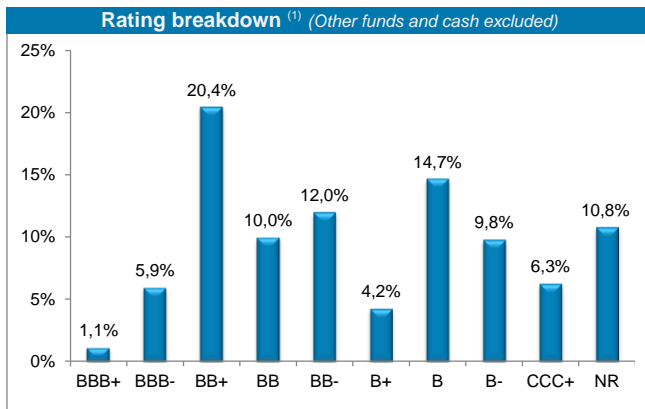
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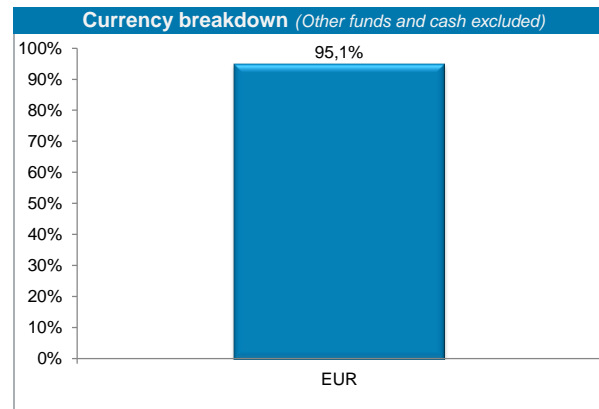
Source: OFI AM (ICB classification - Level 2)



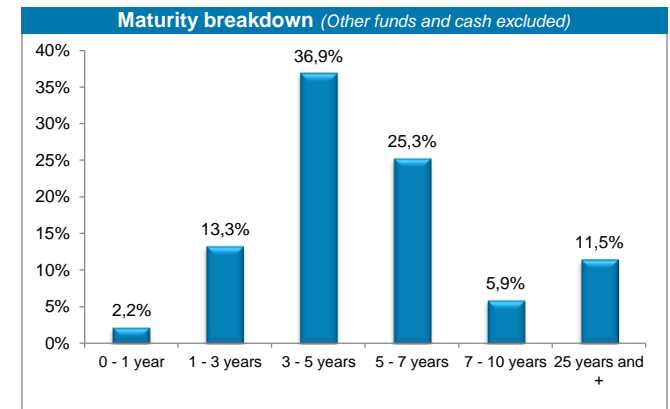
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(1) OFI composite rating (methodology available on demand)

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