

OFI Euro High Yield GI

Monthly Factsheet - Fixed Income - may 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%.

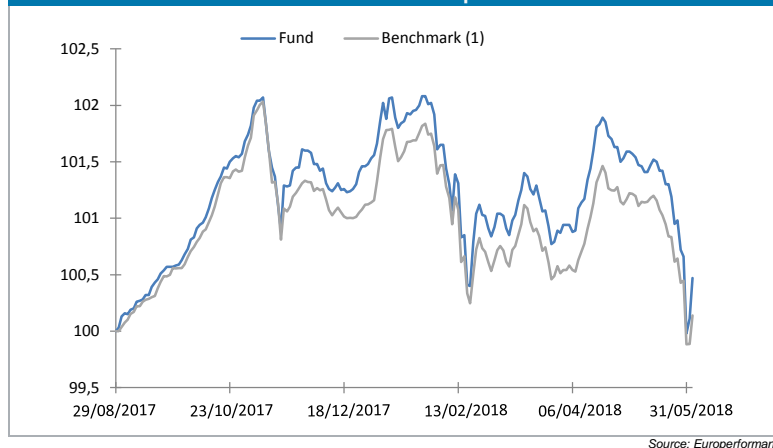
Key figures as of 31/05/2018

| | |
|-------------------------------|--------|
| Net Asset Value (EUR): | 100,47 |
| Net Assets of the part (EUR): | 100,47 |
| Total Net Assets (EUR M): | 146,26 |
| Number of users | 73 |
| Investment rate: | 99,6% |

Characteristics

| | |
|---------------------------------|--|
| ISIN Code: | FR0013274966 |
| Ticker: | OFICEGI 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 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 |

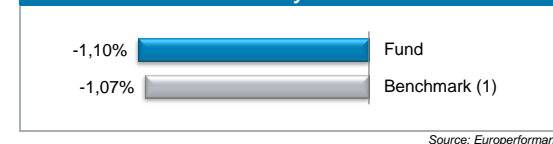
Return since inception



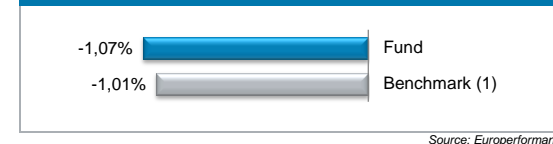
Risk Profile (SRRI)

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 | 0,47% | 2,13% | - | - | - | - | - | - | -1,07% | 2,35% | -1,00% | -0,56% |
| Benchmark ⁽¹⁾ | 0,14% | 2,14% | - | - | - | - | - | - | -1,01% | 2,19% | -1,09% | -0,61% |

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% | | | | | | | | -1,07% | -1,01% |

* 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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Monthly Factsheet - Fixed Income - may 2018



Top 10 holdings (cash excluded)

| Name | Weight | Country | Coupon | Maturity | Composite ⁽¹⁾ |
|---------------------------------------|---------------|---------------|--------|------------|--------------------------|
| CHEMOURS 4.000 2026_05 | 2,71% | United States | 4,000% | 15/05/2026 | BB- |
| ALTICE LUX 7.250 2022_05 | 2,09% | Luxembourg | 7,250% | 15/05/2022 | B- |
| ORANO 4.875 2024_09 | 1,90% | France | 4,875% | 23/09/2024 | BB+ |
| HORIZON PARENT HOLDINGS 8.250 2022_02 | 1,47% | France | 8,250% | 15/02/2022 | CCC+ |
| CMA CGM 7.750 2021_01 | 1,45% | France | 7,750% | 15/01/2021 | BB- |
| TITAN GLOBAL FIN 4.250 2019_07 | 1,44% | Greece | 4,250% | 10/07/2019 | BB+ |
| SFR GROUP 5.375 2022_05 | 1,42% | France | 5,375% | 15/05/2022 | B |
| GAZPROM 3.700 2018_07 | 1,42% | Russia | 3,700% | 25/07/2018 | BBB- |
| SOFTBANK GROUP 4.000 2023_04 | 1,42% | Japan | 4,000% | 20/04/2023 | BB+ |
| TEVA PHARMACEUTICAL 0.375 2020_07 | 1,34% | Israel | 0,375% | 25/07/2020 | BB |
| TOTAL | 16,66% | | | | |

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 |
|----------------|-----------------------------|---------------------|-----------------|
| - | - | - | - |

Source: Europerformance

Maturity, Spread and Modified duration

| Average maturity | Average spread | Average rating | YTM | YTW | Modified duration | Credit sensitivity |
|------------------|----------------|----------------|-------|-------|-------------------|--------------------|
| 8,67 year(s) | 308,34 | BB- | 3,75% | 3,50% | 3,31 | 3,82 |

Source: OFI AM

Main movements of the month

| Buy / Increase | | |
|--|------------|----------|
| Name | Weight M-1 | Weight M |
| CHEMOURS 4.000 2026_05 | Buy | 2,71% |
| WIND TRE SPA EUR3M+275 2024_01 | Buy | 0,76% |
| PETROBRAS GLOBAL FIN 3.750 2021_01 | Buy | 0,74% |
| INTRALOT CAP LUX 6.750 2021_09 | Buy | 0,70% |
| KRONOS INTERNATIONAL INC 3.750 2025_09 | Buy | 0,68% |

Source: OFI AM

| Sell / Decrease | | |
|---------------------------------------|------------|----------|
| Name | Weight M-1 | Weight M |
| PETROBRAS GLOBAL FIN 4.250 2023_10 | 1,32% | Sell |
| WORLDPAY FIN 3.750 2022_11 | 1,11% | Sell |
| ARD FIN 6.625 2023_09 | 1,08% | Sell |
| FABRIC BC SPA EUR3M+412 2024_11 | 1,02% | Sell |
| MASARIA INVESTMENTS SAU 5.000 2024_09 | 0,97% | 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 1.10% in May, compared with a 1.07% fall in the benchmark over the same period. This monthly underperformance was due to the fund's underweight in corporate hybrids, mostly consisting of peripheral issuers (Telefonica, Gas Natural and Ferrovial). Generally speaking, the fund benefited from its underexposure to peripheral countries, which added 20 bps of performance in the month. Meanwhile, off-index exposures cost 15 bps of monthly performance.

A breakdown of monthly performance in the HY market is as follows: (i) BB (down 1.1%): underperformed B-rated debt (down 0.95%) given the weighting of Italian crossover issuers (Telecom Italia, Wind Tre, Saipem, Leonardo and Salini Impregilo, between them accounting for c. 8% of the corporate HY market); (ii) corporate hybrids (down 1.7%): the worst monthly performers in the asset class, for the same reasons as BB-rated debt. By country, the main drivers of the market decline were Italy (down 4.3%), Greece (down 2.3%), Spain (down 2.3%) and Brazil (down 2.1%). At sector level, the worst monthly performers were construction (down 6.7%), telecoms (down 4.4%) and oil (down 2.7%), while healthcare (up 1.4%) was helped by rallies in Valeant and Teva.

The primary market was still very quiet in May (with c. €1 billion issued), with Picard Groupe carrying out a tap issue and Chemours refinancing its debt. The fund maintained a selective approach, participating in the Chemours issue, which offered an attractive risk/reward ratio. On the demand side, investors continued to pull out of the global HY market, with net redemptions totalling \$3.6 billion (€3.3 billion in Europe and \$50 million in the US) in the month. Cumulative redemptions in the year to date total €26 billion in Europe and \$9 billion in the year to date.

Against this backdrop, we gradually reduced the fund's underweight in Italian issuers Wind Tre, Leonardo, Telecom Italia and Manutencoop. We also took advantage of falling markets to build up opportunistic positions in Adient, Mobilux, Kleopatra, Kronos and Novafives (post profit warning). We took profits on positions that had outperformed, including in particular Ardag Group, WorldPay, Valeant Pharmaceuticals and Netflix. The fund's overall positioning remains unchanged, with a yield of 3.7% and a duration of 3.3, comparable to its benchmark.

The key theme in May was the return to centre stage of the political crises in Italy (with a new government formed after a week of intense negotiations between the President and the M5S/League alliance) and Spain (with the Rajoy government effectively overthrown after a motion tabled by the Socialist Party was passed). The resulting uncertainty triggered significant tension on peripheral sovereign yields (with 10-year BTPs peaking at 3.17% and 10-year Bonos at 1.65%) and clear wariness of peripheral assets (including Portuguese and Greek assets). In the US, after 30 days of temporary suspensions, President Trump, feeling that bilateral negotiations had not made sufficient progress, decided to apply the sanctions on steel and aluminium announced in early April to Mexico, Canada and the European Union. This revived medium-term fears of an escalation in protectionism, likely to have an impact on spreads.

Against this backdrop of stretched credit market valuations, the increase in idiosyncratic risk and specific themes (trade war, elections and emerging currencies) mean investors need to be extremely selective in choosing which companies to invest in.

Maud BERT • Boubakar KABORE - Fund manager(s)

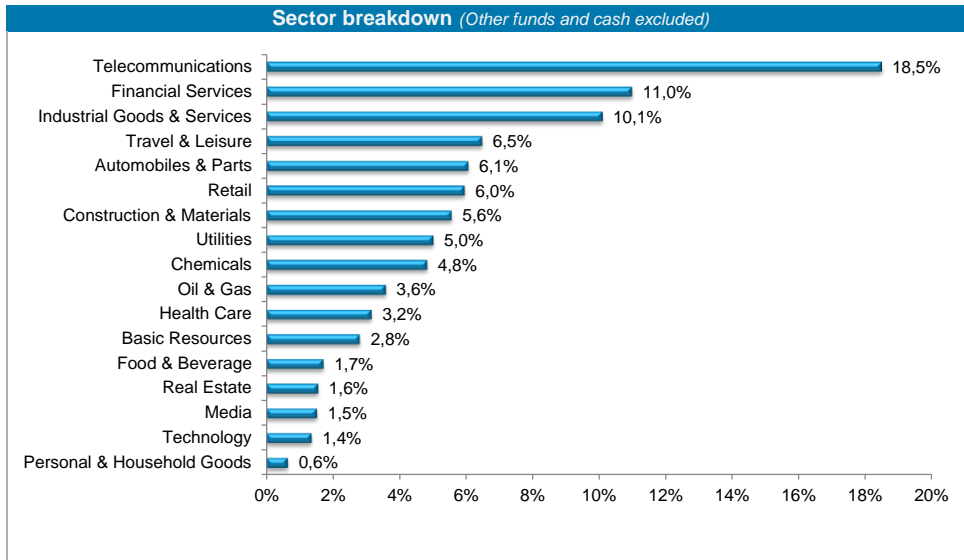


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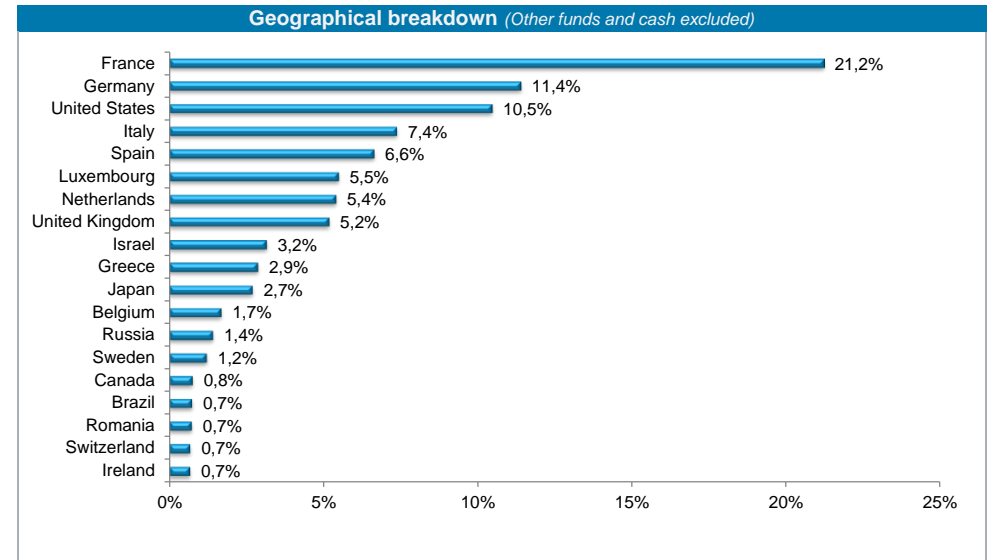


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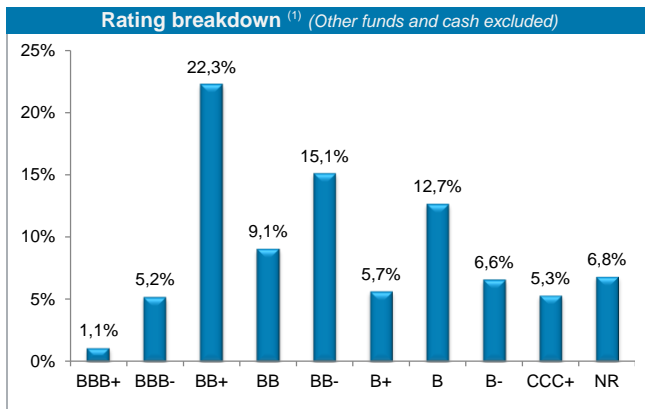
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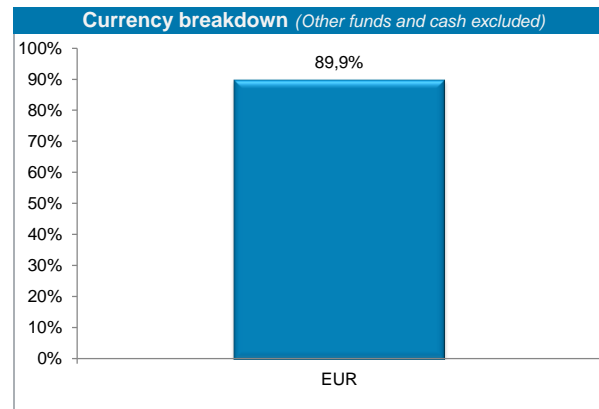
Source: OFI AM (ICB classification - Level 2)



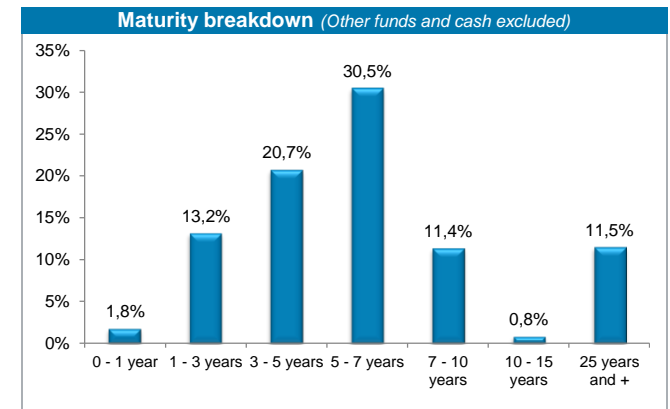
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