

OFI EURO HIGH YIELD GI

Monthly Factsheet - Fixed Income - february 2019



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%.

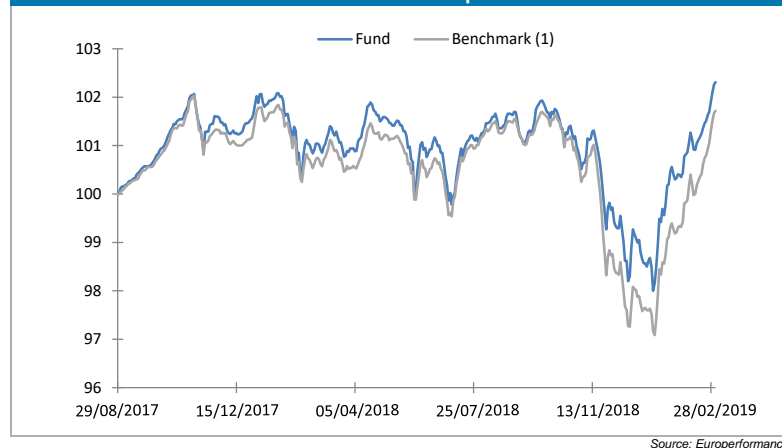
Key figures as of 28/02/2019

Net Asset Value (EUR):	102,31
Net Assets of the unit (EUR):	102,31
Total Net Assets (EUR M):	143,97
Number of users	83
Investment rate:	90,96%

Characteristics

ISIN Code:	FR0013274966
Ticker:	OFICEGI FP Equity
AMF Classification:	Bonds and other debt securities in EUR
Europe performance 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

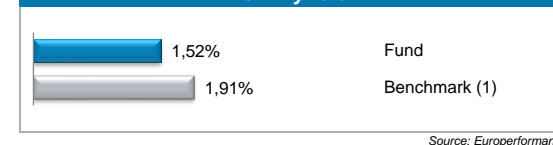


Risk Profile (SRRI)

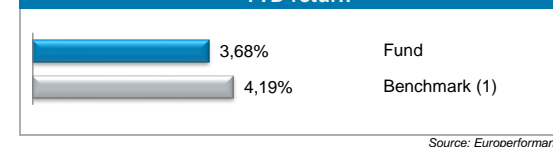
Level:

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	2,31%	2,95%	-	-	-	-	1,26%	3,35%	3,68%	-	1,01%	3,04%
Benchmark ⁽¹⁾	1,72%	3,18%	-	-	-	-	0,96%	3,61%	4,19%	-	0,44%	3,45%

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%	1,29%	-0,02%	0,28%	-0,79%	-1,47%	-0,61%	-2,84%	-3,49%
2019	2,13%	1,52%											3,68%	4,19%

Source: Europerformance

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

(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⁾
LEONARDO 4.500 2021_01	1,50%	Italy	4,500%	19/01/2021	BBB-
ORANO 4.375 2019_11	1,45%	France	4,375%	06/11/2019	BB-
OTE 4.375 2019_12	1,45%	Greece	4,375%	02/12/2019	B+
HORIZON PARENT HOLDINGS 8.250 2022_02	1,44%	France	8,250%	15/02/2022	CCC+
TESCO TREASURY 2.125 2020_11	1,43%	United Kingdom	2,125%	12/11/2020	BB+
CMA CGM 7.750 2021_01	1,41%	France	7,750%	15/01/2021	BB-
ALTICE LUX 7.250 2022_05	1,40%	Luxembourg	7,250%	15/05/2022	CCC+
TELEFONICA EUROPE 3.000 PERP	1,23%	Spain	3,000%	12/07/2051	BB+
RALLYE 4.371 2023_01	1,23%	France	4,371%	23/01/2023	NR
FIAT FIN AND TRADE 4.750 2021_03	1,17%	Italy	4,750%	22/03/2021	BB+
TOTAL	13,70%				

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
0,77%	0,35	52,94%	-3,70%

Source: Europerformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
6,65 year(s)	224,00	BB-	3,31%	3,00%	2,55	2,90

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
DIGI COMM 5.000 2023_10	Buy	1,10%
HUNTSMAN INTL 4.250 2025_04	Buy	0,80%
ARD FIN 6.625 2023_09	Buy	0,73%
INEOS GROUP HLDG 5.375 2024_08	Buy	0,71%
AVIS BUDGET FIN 4.750 2026_01	Buy	0,71%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
HUNTSMAN INTL 5.125 2021_04	0,93%	Sell
EDF 4.125 PERP	0,37%	Sell
GARRET LX I / BORROWING 5.125 2026_10	0,31%	Sell

Source: OFI AM

Asset management strategy

The rally of the risk markets continued in February against a backdrop of accommodating speeches from the central American and European bankers. This second phase was fuelled rather by the performance of the high beta dossiers. Over the period the performance of the fund rose +1.6% against -0.03% for the capitalised EONIA. This relative underperformance is explained largely by considerably reduced market exposure since the end of January: underweight in BB (down 45 bps), B (down 15 bps) and CCC (up 5 bps). On the other hand, the fund benefited from its non-index tactical exposures (up 17 bps).

Performance on the euro HY market breaks down as follows: (i) BBs = +1.7% with the resurgence of Salini Impregilo, UPC and the Automobiles sector (led by Jaguar Land Rover, Gestamp and Kongsberg Automation); (ii) Bs up 2.3% and CCCs up 3.1%. These two subfunds are outperforming the BBs thanks to publications of better than expected Vallourec, OHL and Coty results. The XOVER posted a monthly performance of 2.4% (down 30 bps on January 2019 and down 75 bps on the end of December 2018). At 28 February, the average spread on the euro HY market excluding financials was 405 bps (105 bps tighter than at end 2018) for a yield to worst of 3.7% (vs. 4.8%). By way of comparison, the US HY market posted +1.7% in January for an average spread of 400 bps (down 140 bps) and a yield to worst of 6.6% (vs. 8% at end 2018).

The primary was as dynamic as at the same period of the year (~ €6 billion invested since the start of the year, of which €2.7 billion in February). Only €400 million (~6%) have a rating less than BB-. The fund participated in the tap of Digi Communication given the premium offered compared with the existing underlying values. On the demand side, the euro HY funds posted a net collection of €2.8 billion in February (4 consecutive weeks) following the resurgence in January. By way of comparison, the US HY market recorded net subscriptions of around \$4.7 billion over the same period. Since the start of the year the euro HY has collected €2 billion, whereas entries on the USD HY amounted to 9.4 billion.

In this context the fund has progressively increased its rate of investment (to 90%) by buying discounted securities such as Ardag Finance, Ineos Group, Kronos International and Coty. It has placed its profits on the EDF hybrids following rumours of nationalisation of the French nuclear industry, and Garret (post-results).

The recent utterances of the council of governors of the ECB seem to indicate that the Central Bank may postpone the date of an initial key rates rise. The governor of the Banque de France, François Villeroy de Galhau, reiterated the ECB's recent prudence regarding the economic environment and its implications in terms of monetary policy. The implementation of a new TLTRO was discussed and appears to have the favour of several members, including Benoit Coeuré. Their use would relieve pressure on the banks, notably those of the peripheral countries, and would enable the monetary policy to be rendered more flexible while very gradually exiting the key rates in negative territory.

Despite its absolute and relative expensiveness, the catalysts for a Bund sell-off in the short term are not at all evident. The macroeconomic (as witnessed by the publication of the German 4Q GDP which was stable after a fall of 0.2% in Q3) and geopolitical uncertainties persist: (i) a hard or orderly Brexit? (ii) an agreement on the China/US commercial war? (iii) the start of a battle between the US and Europe on the automobile industry?

Maud BERT - Boubakar KABORE - Fund manager(s)

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

(2) Risk free rate: compounded EONIA

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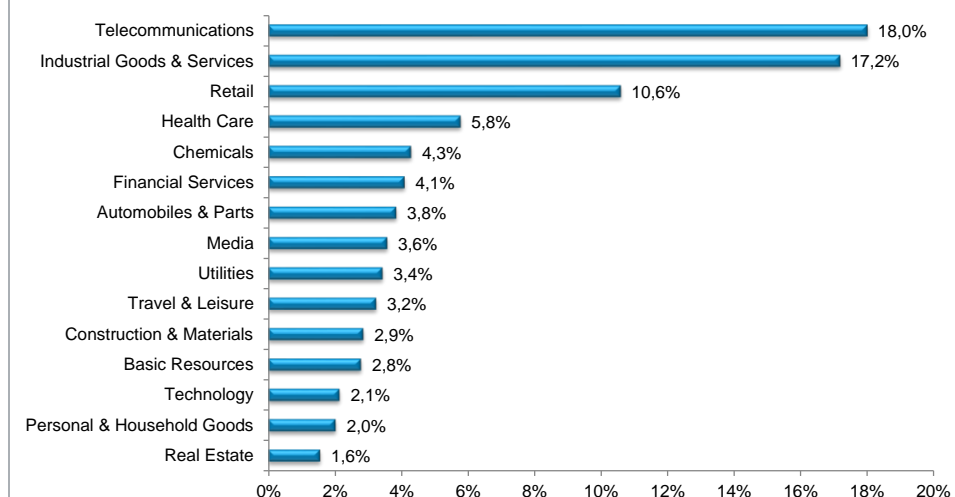
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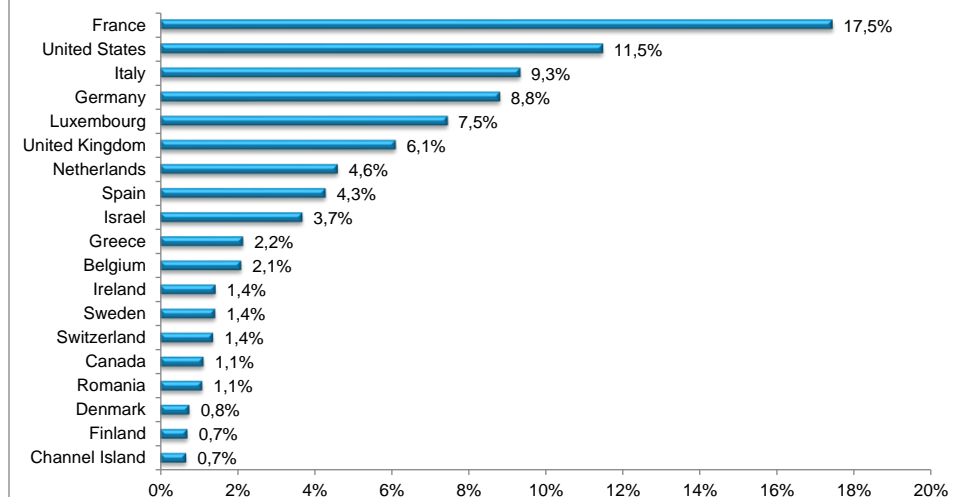


Sector breakdown (Other funds and cash excluded)



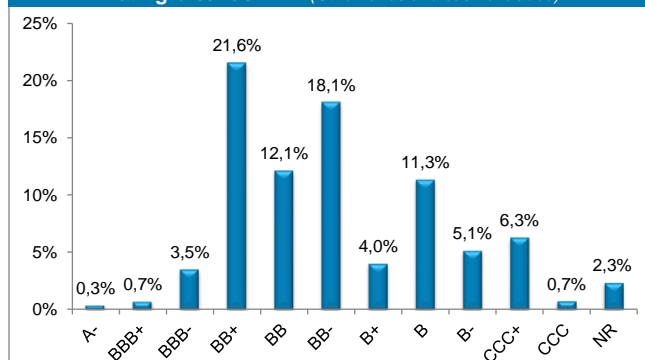
Source: OFI AM (ICB classification - Level 2)

Geographical breakdown (Other funds and cash excluded)



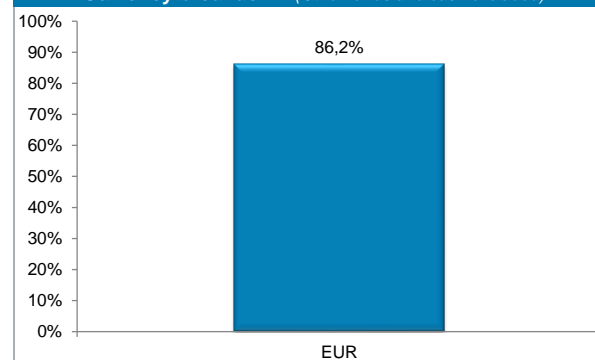
Source: OFI AM

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



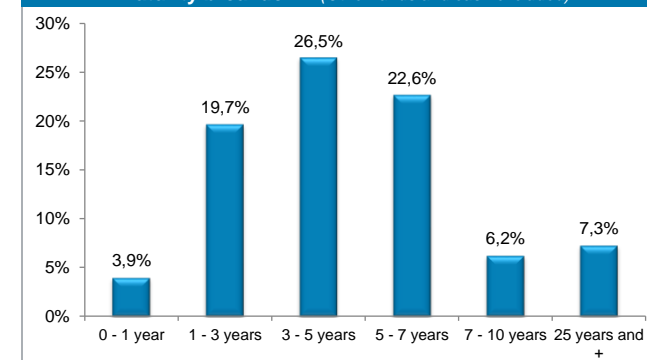
Source: OFI AM

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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