

OFI EURO HIGH YIELD GI

Monthly Factsheet - Fixed Income - november 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%.

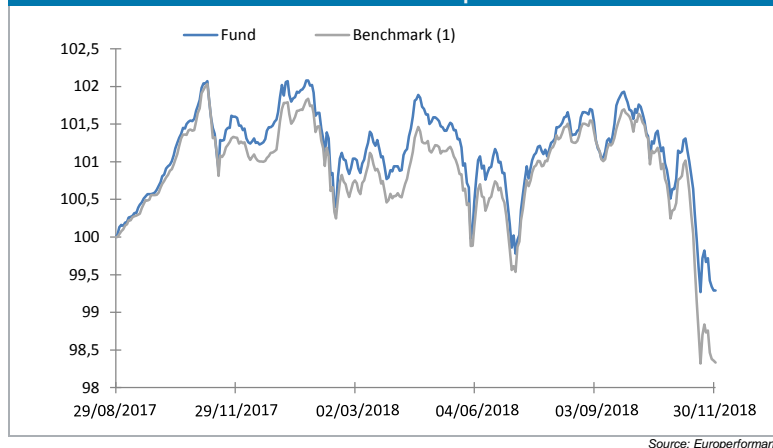
Key figures as of 30/11/2018

Net Asset Value (EUR):	99,29
Net Assets of the unit (EUR):	99,29
Total Net Assets (EUR M):	140,19
Number of users	74
Investment rate:	104,21%

Characteristics

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



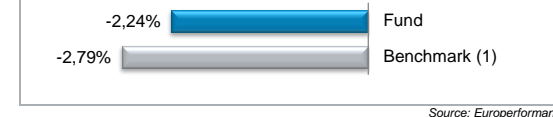
Risk Profile (SRRI)

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	-0,71%	2,55%	-	-	-	-	-2,16%	2,67%	-2,24%	2,75%	-1,17%	-1,97%
Benchmark ⁽¹⁾	-1,67%	2,80%	-	-	-	-	-2,87%	2,95%	-2,79%	3,01%	-1,80%	-2,90%

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%		-2,24%	-2,79%

* 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	1,57%	Italy	4,500%	19/01/2021	BBB-
HORIZON PARENT HOLDINGS 8.250 2022_02	1,50%	France	8,250%	15/02/2022	CCC+
ACCOR 4.125 PERP	1,48%	France	4,125%	30/06/2049	BBB-
TITAN GLOBAL FIN 4.250 2019_07	1,47%	Greece	4,250%	10/07/2019	BB+
OTE 4.375 2019_12	1,47%	Greece	4,375%	02/12/2019	B+
TESCO TREASURY 2.125 2020_11	1,47%	United Kingdom	2,125%	12/11/2020	BB+
ALTICE LUX 7.250 2022_05	1,42%	Luxembourg	7,250%	15/05/2022	B-
ORANO 4.375 2019_11	1,29%	France	4,375%	06/11/2019	BB-
FIAT FIN AND TRADE 4.750 2021_03	1,19%	Italy	4,750%	22/03/2021	BB+
TELEFONICA EUROPE 3.000 PERP	1,19%	Spain	3,000%	12/07/2051	BB+
TOTAL	14,06%				

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
0,81%	-0,68	51,92%	-2,68%

Source: Europerformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
7,68 year(s)	337,06	BB-	4,20%	4,00%	3,02	3,99

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
UNITYMEDIA HESSEN 4.000 2025_01	Buy	1,13%
NIDDA BONDCO GMBH 7.250 2025_09	Buy	1,06%
BALL 3.500 2020_12	0,38%	1,15%
TESCO TREASURY 2.125 2020_11	0,74%	1,47%
THYSSENKRUPP 1.750 2020_11	Buy	0,72%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
CMA CGM 7.750 2021_01	1,43%	Sell
TDC 3.750 2022_03	1,19%	Sell
VALLLOUREC 3.250 2019_08	1,06%	Sell
AVANTOR 4.750 2024_10	0,72%	Sell
SPCM 2.875 2023_06	0,72%	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's performance was 1,47% down in November, against a fall of 2,11% for the benchmark index. This monthly overperformance is mostly explained by the lack of exposure to Construction (+25bps), the underweighting in peripheral economies (+20bps) and the positive selection effect in Automotive (+10bps) and in certain high betas. In general terms, the fund profited from its tactical underexposure to the market: underweighted in BBs (10%) and Bs (10%) and neutral in CCC. Weighting in peripheral economies with a positive contribution of 28 bps over the month. Elsewhere, non-index exposures contributed -28 bps to the month's performance.

November was marked by a strong shift towards risk aversion resulting from political uncertainties (trade war between the USA and China sustained by the tweets posted by President Trump, discussions about the Italian budget, etc.) and the proliferation of specific risks. This caused equity markets to fall (Stoxx Europe 600 down by 2%), significant widening of credit spreads in all types of bond segments (+75 bps for EUR HY, +20 bps for EUR IG) and a cut in German rates (-9 bps for the 10-year Bund) and US rates (-15 bps for T-Notes). More generally, published results were mostly disappointing, causing extreme price adjustments: Thomas Cook (-15 bps), Novafives (-12 bps), Vallourec (-12 bps), Paprec (-10 bps) and Antolin (-8 bps). The Construction sector in Italy and Spain also led to lower performance with non-payment of the coupon by CMC-Di-Ravenna (-25 bps), OHL (-20 bps) and Aldesa (-20 bps).

A breakdown of monthly performance in the HY market is as follows: (i) BBs (-1,5%) significantly outperformed the high-risk B compartment (-3,0%) and CCC (-5,1%) given the weighting of Construction and the publication of negative results concentrated in these 2 compartments; (ii) Corporate Hybrids (-2,1%) were negatively affected by the generous pricing of the new Solvay issue (4,25%, Call 2024) and by the fall in bonds at Ferrovial, Repsol and Telefonica. At country level, France (-43 bps), Spain (-28 bps), Germany (-26 bps) and Italy (-22 bps) are the main contributors to the lower market during the month. At sector level, Construction (-17 bps), Retail (-16 bps) and Automotive Suppliers (-15 bps) posted the lowest performance levels for the period. The EUR HY market is now posting 4,5% at duration of 3,7.

In this context, the fund gradually reduced its underexposure to issuers that underperformed the declining market: Equinix 2,875% 2026, Vallourec 2,25% 2024, Schaeffler PIK 3,75% 2026 and Adient 3,5% 2024. It also deployed some of its cash with short-duration BB issuers: UnityMedia, Tesco, Ball and ThyssenKrupp. The fund took profits in certain high betas that outperformed the market (TDC DC, SPCM, Avantor and Casino Guichard) and sold exposures to certain issuers before the publication of quarterly results (CMA CGM, Paprec and Thomas Cook).

The primary market was very calm in November (only 2bn€), of which (i) 2 first-time issuers: International Design Group (720M€) and Ecore Group (255M€), and (ii) 2 additional tranches for existing issues by Verisure & Algeco Global. The fund maintained a selective approach by participating in the Nidda BondCo and International Design Group issue, which offers an attractive yield/risk profile. On the demand side, investors conducted total bond redemptions of 8bn\$ in the asset class in November, of which 5bn€ in Europe and 2bn\$ in the US. Since the start of the year, total redemptions stand at 38bn€ in Europe and 16bn\$ in the US.

This context of tightening valuations in the credit market, proliferating idiosyncratic risks and specific issues (trade war, elections and emerging currencies) calls for drastic selection of companies.

Maud BERT • Boubakar KABORE - Fund manager(s)

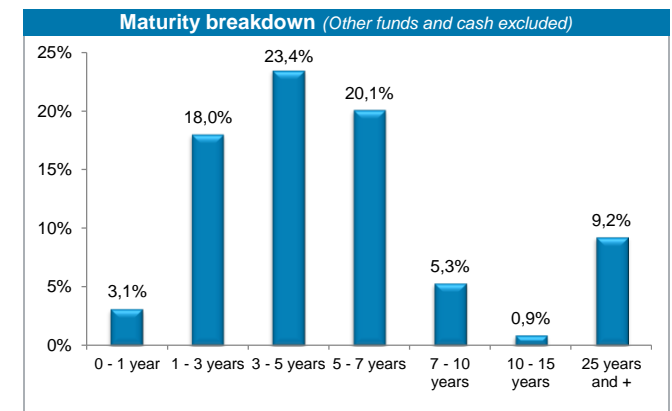
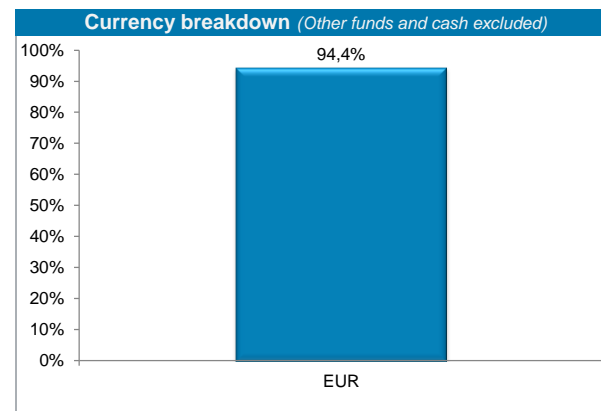
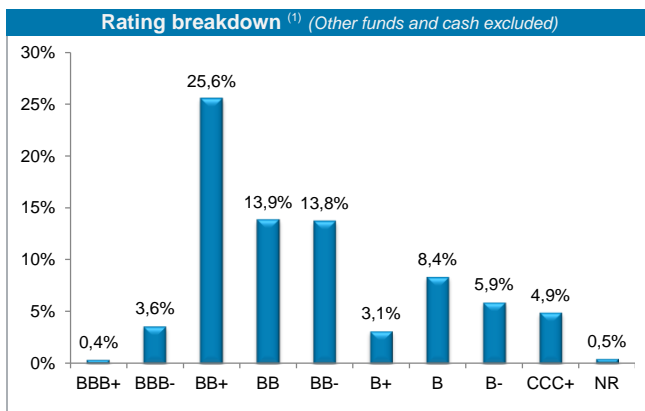
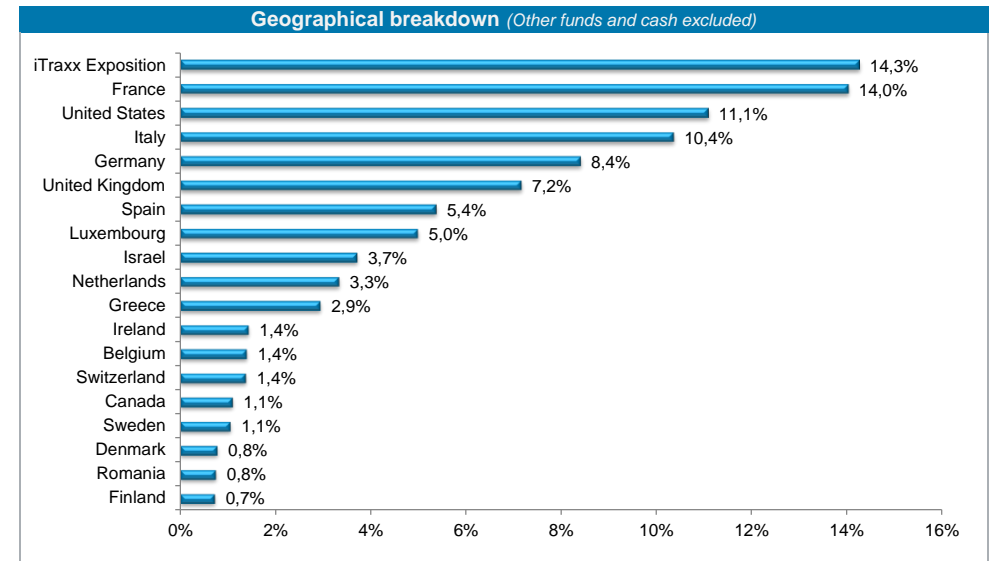
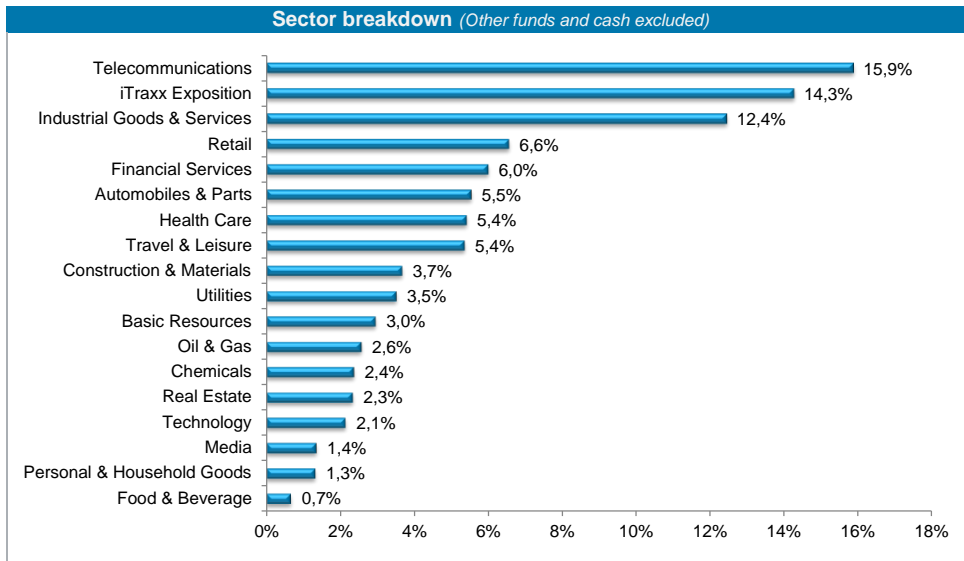


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