

OFI Precious Metals I

Monthly Factsheet - Commodities - june 2018



The investment objective of OFI Precious Metals is to offer synthetic exposure to the 'Basket Precious Metals Strategy' index. This strategy index aims to represent a basket of precious metals and interest rate products. The fund will replicate both upward and downward fluctuations in this index. The fund's management team offers exposure to the precious metals sector without the need to invest in mining stocks in the sector, through a simple and transparent offering. The fund is hedged daily against foreign exchange risk.

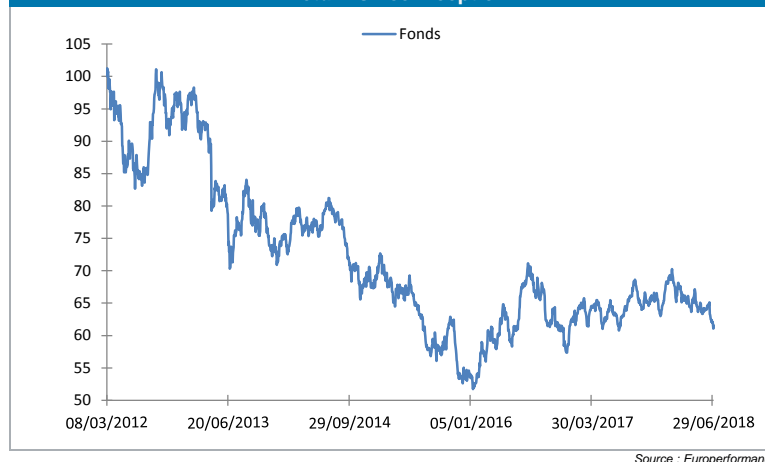
Key figures as of 29/06/2018

Net Asset Value (EUR):	30 790,47
Net assets of the unit (EUR M):	113,72
Total Net Assets (EUR M):	195,56
Number of holdings:	10

Characteristics

ISIN Code :	FR0011170786
Ticker :	PRIMPFI FP Equity
AMF Classification:	Diversified
Europerformance Classification:	Commodities
Main risks:	Counterparty risk, risk arising from the use of forward financial instruments
Management company:	OFI ASSET MANAGEMENT
Fund manager(s) :	Benjamin LOUVET - Olivier DAGUIN
Legal form:	French FCP (Mutual Fund, UCITS IV)
Distribution policy:	Capitalisation
Currency:	EUR
Inception date:	06/03/2012
Recommended investment horizon:	Over 3 years
Valuation:	Daily
Subscription cut-off:	D à 12h
Redemption cut-off:	D à 12h
Settlement:	D+2
Subscription fees:	None
Redemption fees:	None
Outperformance fees:	None
Ongoing charge:	0,75%
Custodian:	CACEIS
Administrator:	CACEIS FUND ADMINISTRATION

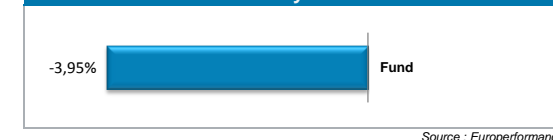
Return since inception



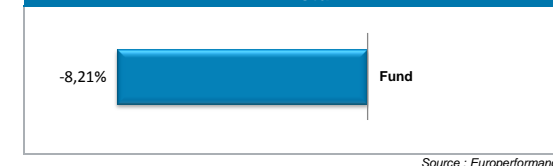
Risk Profile

Level : 1 2 3 4 5 6 7

Monthly return



YTD return



Return & Volatility

	Since inception		5 years (cum.)		1 year (cum.)		YTD		6 months	3 months
	Return	Volat.	Return	Volat.	Return	Volat.	Return	Volat.	Return	Return
OFI PRECIOUS METALS I	-38,42%	16,68%	-1,65%	17,13%	-1,86%	14,39%	-8,21%	14,30%	-8,21%	-4,45%

Source : Europerformance

Monthly returns

	Jan.	Feb.	March	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Year
2013	3,35%	-5,46%	1,02%	-8,87%	-2,94%	-11,69%	6,09%	7,48%	-5,10%	0,73%	-5,66%	-2,23%	-22,49%
2014	0,38%	6,85%	-2,14%	0,66%	-1,10%	5,33%	-1,35%	-0,73%	-9,92%	-3,15%	-0,60%	-0,18%	-6,71%
2015	4,81%	-2,56%	-4,04%	0,30%	0,17%	-5,70%	-7,45%	0,99%	-1,15%	4,90%	-12,26%	1,42%	-19,92%
2016	-0,37%	5,87%	4,35%	9,07%	-9,07%	9,21%	9,00%	-6,17%	1,73%	-7,12%	-1,80%	-4,19%	8,39%
2017	8,01%	3,37%	-1,57%	-0,19%	-0,07%	-2,18%	2,30%	4,67%	-3,95%	0,51%	0,75%	2,66%	14,63%
2018	1,46%	-1,92%	-3,46%	-0,55%	0,03%	-3,95%							-8,21%

Source : Europerformance

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Composition of the benchmark

FUTURES	CODE	WEIGHT
GOLD	GC	35,0%
SILVER	SI	20,0%
PLATINIUM	PL	20,0%
PALLADIUM	PA	20,0%
3-month Eurodollar	ED	5,0%

Source : OFI AM

Contribution to gross monthly performance

Futures	Market return	Contribution to portfolio
GOLD	-3,85%	-1,41%
SILVER	-2,04%	-0,44%
PALLADIUM	-3,14%	-0,65%
PLATINIUM	-6,25%	-1,33%
Eurodollar	-0,20%	0,00%

Source : OFI AM

Asset management strategy

The OFI Precious Metals fund ended June down 3,95%.

Precious metals experienced a noticeable correction this June, making it the worst month in terms of performance since the beginning of the year.

The underperformance of gold is mainly explained by the change in US monetary policy. The latest tightening came as inflation struggled to materialise. As a result, real rates have appreciated, making investment in gold, an asset with no return, less attractive.

However, at the end of the month, real interest rates eased again with fears about the risk of a US-China trade war. This should have been profitable for gold, especially as it was expected investors would flock to safe havens.

However, nothing of the sort happened. Threats of trade war have led to fears of a decline in economic activity that has pushed investors out of large commodity indices, where oil and base metals are very present. This could lead to sell-offs of precious metals positions, also present in these indices.

The second explanation may come from the foreign exchange market. In their quarrel with the United States, it seems that China has decided to let its currency slide a little. The yuan has thus depreciated by 5% against the greenback since mid-June. This penalises purchases of gold in yuan (China is one of the largest buyers of gold). India, the other major buyer of gold, has also seen its currency depreciate by more than 5% against the dollar in recent months.

Should tensions were to get worse between Trump and China, the need for security should provide a boost for the yellow metal. On the other hand, with the US debt-to-GDP ratio exceeding 105%, and reaching 140% in 2028 as per the Congress Budget Office, it is hard to imagine that the Fed will continue its monetary tightening if inflation does not materialise.

As long as the situation does not become commercially clear, there is little chance we will see large movements in gold. Nevertheless, seasonal demand is set to pick up from mid-July as the Indian wedding and festival season – a period when gold consumption is buoyant – gets underway.

For these reasons, the current low gold prices should only be temporary and constitute an investment opportunity. Moreover, in a context in which the growth cycle is advanced and the unwinding of monetary policies remains delicate, owning an asset considered as a safe haven could constitute a good protection in case of misdirection of central banks or economic downturn.

Benjamin LOUVET - Olivier DAGUIN - Fund manager(s)

Principal holdings by type of instrument

Negotiable debt securities			
Name	Weight	Country	Maturity
BTF ETAT FRANC 08/08/2018	20,46%	France	08/08/2018
BTF ETAT FRANC 11/07/2018	17,90%	France	11/07/2018
BTF ETAT FRANC 25/07/2018	12,79%	France	25/07/2018
BTF ETAT FRANC 12/09/2018	12,29%	France	12/09/2018
BTF ETAT FRANC 19/09/2018	5,63%	France	19/09/2018

Source : OFI AM

Swap		
Index swap	Weight	Counterparty
Basket Precious Metal Strategy Index	104,94%	UBS/SG

Source : OFI AM

Statistical indicators

	Sharpe Ratio 1 year	Sharpe Ratio 3 years	Sharpe Ratio since inception	Frequency of profit	Worst draw down 1y.	Payback period
Fund	-0,11	-0,02	-0,47	51,92%	-11,45%	-

Source : Europerformance

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