

# Ofi Invest ESG Euro Investment Grade Climate Change IC

Monthly Factsheet - Fixed Income - October 2023



## Investment policy :

The Sicav is invested in private Investment Grade bonds issued in euros by companies from OECD member countries. The average maturity of the selected bonds is between 4 and 7 years. The objective of the Sicav is to outperform its index benchmark over an investment horizon of more than two years. To this end, the fund managers implement active management of the portfolio's exposure to overall credit risk and define a dynamic allocation between a credit index approach and a discretionary strategy.

Registered in: FRA  SPA  ITA  PRT 

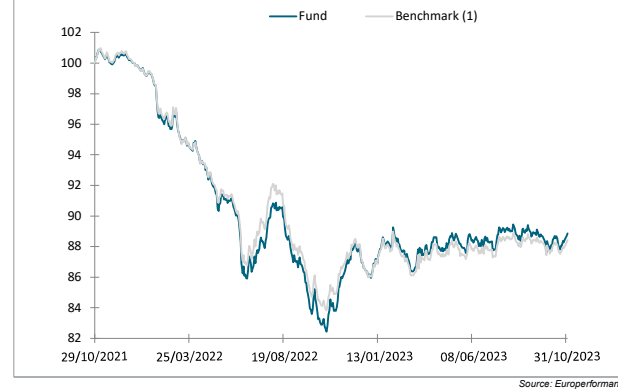
## Key figures as of 31/10/2023

Net Asset Value (EUR):	5 689,83
Net Assets of the unit (EUR M):	16,94
Total Net Assets (EUR M):	127,58
Number of issuers	103
Investment rate:	97,8%

## Characteristics

ISIN Code:	FR0000945180
Ticker:	OFIMEUR FP Equity
AMF Classification:	Bonds & others debts denominated in Euro
Europe performance Classification:	Private Euro Bonds all maturities
SFDR Classification:	Article 8
Benchmark <sup>(1)</sup> :	BofA Merrill Lynch Euro Corporate Index
Main risks:	Capital and performance Market : fixed income and credit Currency
Management company:	OFI INVEST ASSET MANAGEMENT
Fund manager(s):	Nicolas COULON - Arthur MARINI
Legal form:	SICAV (UCITS V)
Distribution policy:	Capitalisation
Currency:	EUR
Inception Date / mgmt change date :	11/06/1996 - 14/09/2009
Recommended investment horizon:	Over 2 years
Valuation:	Daily
Management fees and other administrative and operating expenses:	0,54%
Custodian:	SOCIETE GENERALE PARIS
Administrator:	SOCIETE GENERALE PARIS

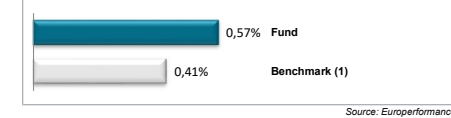
## 2 year cumulative return



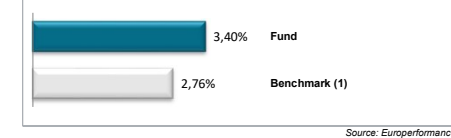
## Risk Profile (SRII)

Level: ☐ 1 ☐ 2 ☒ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7

## Monthly return



## YTD return

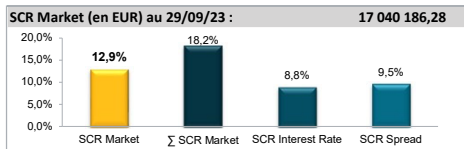


## Return & Volatility

	Since mgmt change		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 Invest ESG Euro Investment Grade Climate Change IC	31,34%	3,65%	-5,01%	4,93%	-10,54%	5,14%	5,69%	5,07%	3,40%	4,52%	0,46%	-0,41%
Benchmark <sup>(1)</sup>	31,58%	3,46%	-4,95%	4,68%	-11,45%	4,74%	3,92%	4,55%	2,76%	4,10%	0,47%	-0,29%

Source: Europeperformance

## Solvency Capital Requirement



## Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2018	-0,18%	-0,12%	-0,23%	0,05%	-1,04%	-0,05%	0,35%	-0,21%	-0,18%	-0,14%	-0,66%	0,11%	-2,29%	-1,13%
2019	0,83%	0,69%	1,11%	0,95%	-0,38%	1,47%	1,37%	0,52%	-0,64%	-0,21%	-0,30%	-0,06%	5,44%	6,25%
2020	1,18%	-0,45%	-6,79%	3,14%	0,19%	1,59%	1,34%	0,39%	0,31%	0,67%	1,23%	0,18%	2,69%	2,65%
2021	-0,09%	-0,69%	0,33%	0,16%	-0,19%	0,36%	0,94%	-0,29%	-0,50%	-0,76%	0,00%	-0,01%	-0,75%	-1,02%
2022	-1,35%	-2,81%	-1,13%	-3,03%	-1,40%	-4,27%	4,46%	-3,70%	-3,83%	0,20%	3,64%	-1,38%	-14,04%	-13,94%
2023	2,41%	-1,38%	1,24%	0,65%	0,31%	-0,46%	1,04%	0,19%	-1,16%	0,57%			3,40%	2,76%

Source: Europeperformance

Portugal : BEST - BANCO ELECTRONICO DE SERVICO TOTAL, Praça Marquês de Pombal, 3-3°, 1250-161 Lisboa, Portugal

Italy : Registered for distribution to institutional investor only

Spain : Distributor and paying agent : SELECCION E INVERSION DE CAPITAL GLOBAL, AGENCIA DE VALORES, S.A. Maria Francisca, 9 - 28002 Madrid.

(1) Benchmark: Markit Iboxx Euro Liquid Corporates Overall puis Boa Merrill Lynch Euro Corporate Index depuis le 28/10/2016

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## Top 10 holdings (Cash and UCITS excluded)

Name	Weight	Country	Coupon	Maturity	Composite <sup>(1)</sup>
RTE 3,750 2035_07	1,37%	France	3,750%	04/07/2035	A-
ALD 1,250 2026_03	1,25%	France	1,250%	02/03/2026	A-
ABN AMRO BANK 4,000 2028_01	1,20%	Netherlands	4,000%	16/01/2028	A-
VEOLIA ENVIRONNEMENT 2,875 PERP	1,18%	France	2,875%	12/07/2051	BBB
BELFIUS BANK 3,875 2028_06	1,18%	Belgium	3,875%	12/06/2028	BBB+
AIB GROUP 2,250 2028_04	1,17%	Ireland	2,250%	04/04/2028	BBB+
MORGAN STANLEY 2,950 2032_05	1,13%	United States	2,950%	07/05/2032	A+
IBM 1,500 2029_05	1,12%	United States	1,500%	23/05/2029	A-
ING GROUPE 4,500 2029_05	1,12%	Netherlands	4,500%	23/05/2029	A-
BOOKING HOLDINGS 4,250 2029_05	1,10%	United States	4,250%	15/05/2029	A-
<b>TOTAL</b>	<b>11,82%</b>				

Source: OFI Invest AM

## Statistical indicators (compared to the benchmark on a 1 year rolling basis)

Tracking Error	Sharpe Ratio <sup>(2)</sup>	Frequency of profit	TE 10 years	Worst draw down
0,87%	0,55	49,02%	0,89%	-2,87%

Source: Europerformance

## Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	Information Ratio	Modified duration	Credit sensitivity
7,56 year(s)	103,27	A-	4,57%	2,10%	5,13	5,05

Source: OFI Invest AM

## Main movements of the month

Buy / Increase			Sell / Decrease		
Name	Weight M-1	Weight M	Name	Weight M-1	Weight M
BANCO SANTANDER 4.875 2031_10	Buy	1,02%	UCB 1.000 2028_03	0,72%	Sell
HBOS 4.500 2030_03	Buy	0,48%	BANCO SANTANDER 0.625 2029_06	0,57%	Sell
TELENOR 4.000 2030_10	Buy	0,42%	MUNICH RE 1.000 2042_05	0,33%	Sell
MUENCHENER RUECKVER 1.250 2041_05	Buy	0,36%	PROLOGIS INTL FUND II 0.875 2029_07	0,25%	Sell
PROLOGIS INTL FUND II 3.625 2030_03	Buy	0,30%	ORSTED 1.500 2029_11	0,20%	Sell

Source: OFI Invest AM

Source: OFI Invest AM

Nicolas COULON - Arthur MARINI - Fund manager(s)

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

(2) Risk free rate: €ster

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## Asset management strategy

After the sharp rise in yields in September, momentum shifted slightly in October, partly as a result of geopolitical events in the Middle East. However, volatility remains high and there is a sharp dichotomy between interest rate trends in the eurozone and the US.

US long yields continued to rise, with ten-year yields temporarily topping the symbolic 5% threshold (for the first time since 2007) before ending the month at 4.93%. This movement was largely down to investor expectations of more resilient than expected growth, and thus of interest rates remaining higher for longer. Less favourable macroeconomic statistics in the eurozone and the ECB's decision to pause its cycle of interest rate rises after ten consecutive hikes, while leaving aside the debate on balance sheet reduction, enabled German ten-year yields to end the month down 4 bps at 2.80% after creeping above 3% (its highest level since 2011).

Against this backdrop, German short yields fell sharply, with two-year yields ending the month 19 bps lower at 3.01%. US two-year yields rose, albeit less sharply than longer yields, ending the month up 5 bps at 5.09%.

The rise in volatility and the fresh highs reached by yields kept up the pressure on risk assets (credit/equities), further accentuated by the geopolitical context. Risk premiums rose 12 bps to 97 bps vs. the swap curve (+10 bps YTD) and 9 bps to 161 bps vs. sovereign debt (+12 bps YTD).

The yield on the asset class held steady at 4.41%, with the decline in the fixed-income component offsetting the increase in risk premiums. As one would expect with this level of carry and with no change in yield in the month, performance was positive at +0.41% (+2.76% YTD).

Against this backdrop, the fund significantly outperformed its benchmark, gaining 0.57% in the month (up 3.4% YTD), notably as a result of its flexible management of interest rate risk and a credit beta below that of the benchmark.

The investment ratio ended the month at 97.8% (up 4.2%) for total assets of €127million (down €6 million). The fund ended the month with a duration overweight of 68 bps (vs. 72 bps) and a credit risk overweight of 31 bps (vs. a 5 bps underweight the previous month). The yield was 4.57% (down 0.07%).

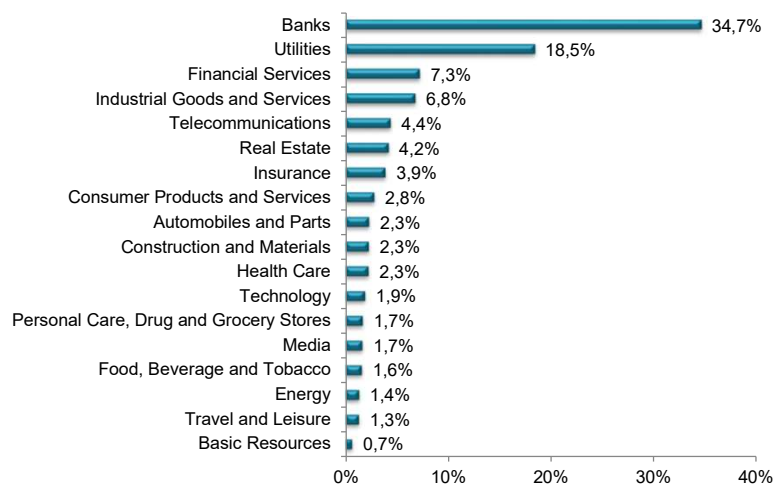
Despite the primary market being very quiet, we took advantage of the positive premiums on offer to participate in a few issues (BFCM 2031, DNB Bank 2029). We also took profits on UCB 2028 and closed out our exposure to Ørsted 2029.

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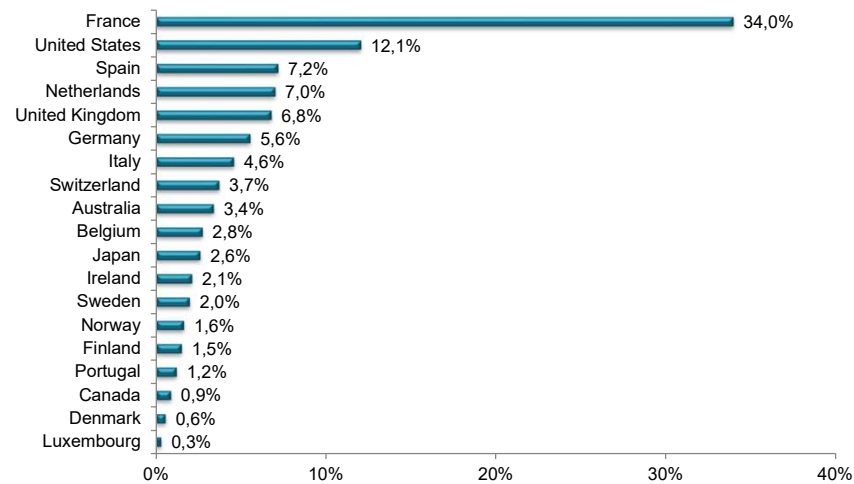


**Sector breakdown** (Other funds and cash excluded)



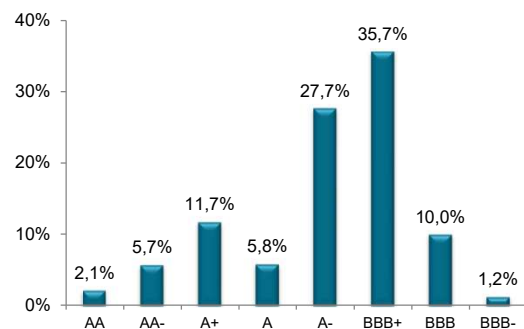
Source: Ofi Invest AM (ICB classification - Level 2)

**Geographical breakdown** (Other funds and cash excluded)



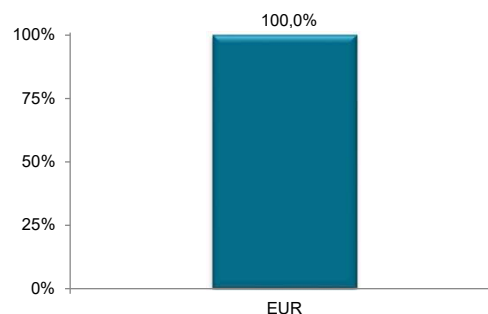
Source: Ofi Invest AM

**Rating breakdown** <sup>(1)</sup> (Other funds, cash & iTraxx exposure excluded)



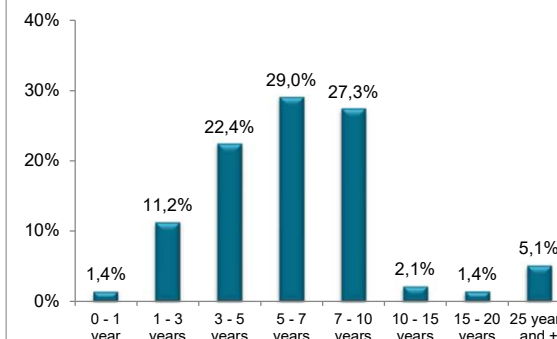
Source: Ofi Invest AM

**Currency breakdown** (Other funds and cash excluded)



Source: Ofi Invest AM

**Maturity breakdown** (Other funds, cash & iTraxx exposure excluded)



Source: Ofi Invest AM

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

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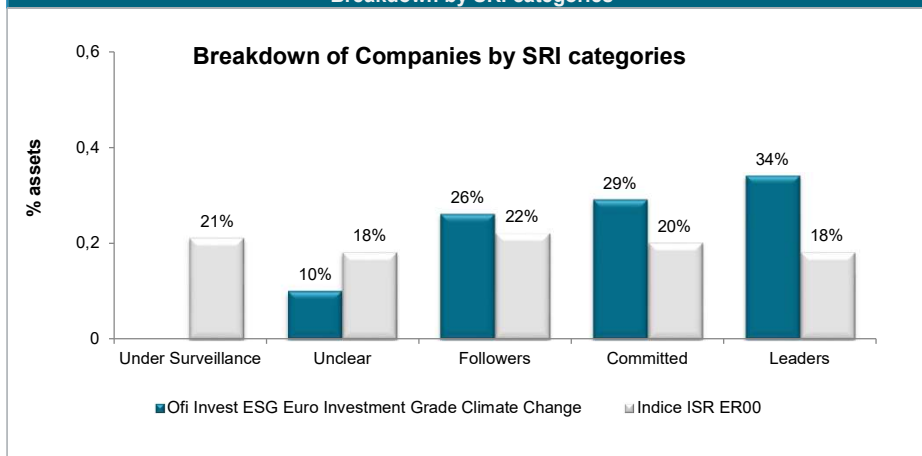
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# Ofi Invest ESG Euro Investment Grade Climate Change IC

Monthly Factsheet - Fixed Income - October 2023



## Breakdown by SRI categories



## SRI Assessment process for companies

The SRI research team performs extra financial analysis of companies: Identification of key sector ESG issues and analysis of companies' CSR practices.

The results of the analysis are translated into an SRI Score, based on a scale of 0 to 5, reflecting the company's ranking within each ICB super sector. According to this SRI Score, an SRI category is assigned to each company, at the level of its ICB supersector:

**Leaders:** The most advanced in taking ESG issues into account

**Committed:** Active in taking ESG issues into account

**Followers:** Medium managed ESG issues

**Unclear:** Low management of ESG issues

**Under Surveillance:** Delay in taking ESG issues into account

## CSR \* profile of a stock in the portfolio: AXA SA

## Categorie SRI : Leader

**AXA SA:** In terms of governance, AXA is in line with the average of its peers except in two respects: its CEO and chairman are paid more than average and its auditors have been in place longer than average, with PwC in particular in place for over 30 years. AXA is one of the leaders in the insurance sector in terms of ESG performance. Its only weak area is data protection but we think this will improve following changes due to take effect after 2021.

**Factoring climate issues into insurance products:** AXA takes account of climate and biodiversity considerations when analysing underwriting risk. It has developed a plan to roll out products that contribute to the green transition and that help mitigate climate change and contribute to climate transition. This could help reduce the amount of compensation payable as a result of climate catastrophes. Furthermore, it does not invest in coal mining, coal-fired power plants or new oil exploration projects (with some exceptions). This exclusion is due to be reviewed in 2023. With AXA previously involved in controversies related to the financing of fossil fuel projects, this could have a positive impact.

**Development of human capital:** AXA is the insurance sector leader on workforce-related issues. Employee turnover is stable (except over the period 2020-2021, when it fell as a result of the Covid-19 public health crisis) and the group has the capacity to replace leavers with new hires. AXA also places great importance on developing its employees, providing training for all, with an average of three days' training per employee.

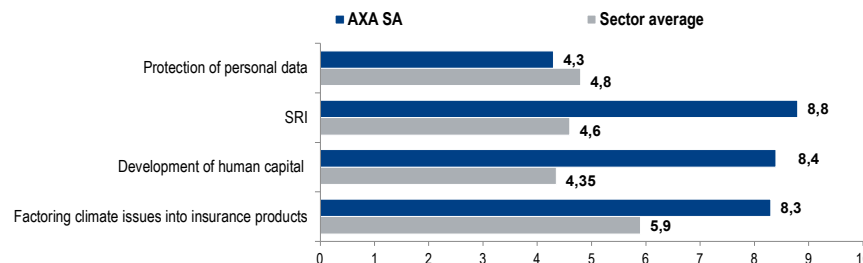
**SRI:** AXA's asset management business is considered a pioneer as regards its ESG approach. Its exclusion policies are aligned with the most stringent standards and it has a broad-based engagement approach. The group is also a signatory of the Net Zero Asset Managers initiative, which means it is committed to achieving a net-zero portfolio by 2040.

**Protection of personal data:** following the cyberattack on AXA in Asia in 2021 (the main reason for its low score), the group has developed a plan to improve its defence system. It also trains all employees in how to prevent such attacks. AXA manages its clients' personal data through strict corporate rules (a contractual framework on data confidentiality setting out minimum measures for the protection of personal data) and complies with GDPR.

**Management of emerging insurance risks:** AXA is the sector leader in terms of incorporating emerging risks into its risk modelling. It takes into account assumptions relating to social, economic and demographic trends when estimating its risk exposure

## CSR issues

### Diversified insurance



Further information on our SRI approach, including the fund's 'Code of Transparency' can be found on our website:

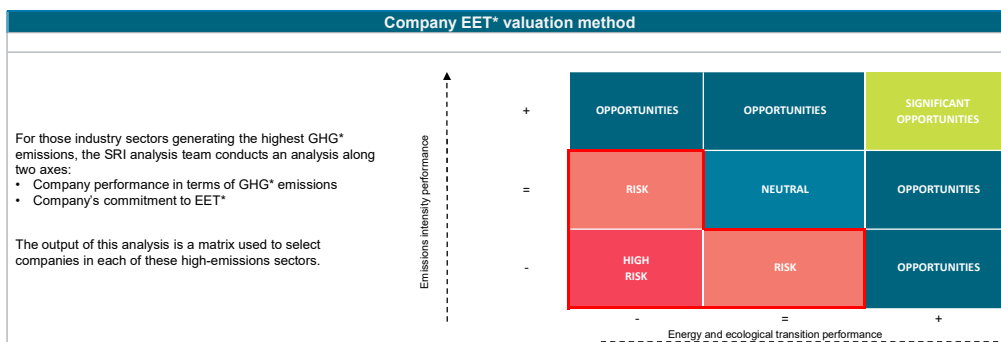
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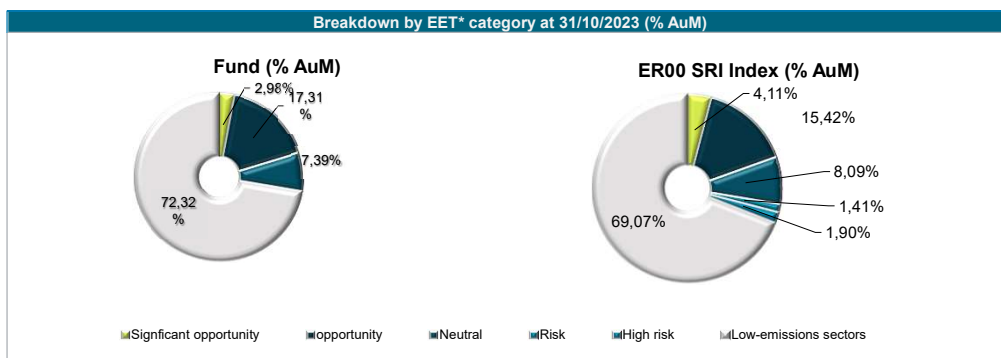
# Ofi Invest ESG Euro Investment Grade Climate Change IC

Monthly report – Fixed Income and Credit – octobre 2023



## EET\* selection process

The CARBONE selection process results in the elimination from the investable universe of companies assessed as being at "Risk" and "High Risk" according to the selection matrix above.



\* EET: energy and ecology transition.

\* GHG: greenhouse gas.

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## Portfolio carbon footprint

The portfolio's carbon footprint is an evaluation of greenhouse gas (GHG) emissions generated by the assets held in the portfolio.

These emissions concern the six gases covered by the Kyoto Protocol – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride – and are expressed in metric tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>eq).

These emissions are published by companies, in most cases under the Carbon Disclosure Project (CDP).

They concern emissions generated by companies as a result of their operations, broken down into direct emissions (Scope 1) and indirect emissions related to energy consumption (Scope 2). Other indirect emissions (Scope 3) are taken into account when analysing companies but are not included in the carbon footprint below due to methodological limitations (double counting and highly inconsistent data measurement).

## Emissions financed at 31/08/2022

This indicator measures the emissions an investor finances per million euros invested in the portfolio. It is calculated as follows for each company in the portfolio:

$$\text{Amount invested in company} \times \frac{\text{Company's total carbon emissions}}{\text{Company's total liabilities}}$$

### Emissions financed (TCO<sub>2</sub>Eq/m€)

