

# Ofi Invest ESG Euro Investment Grade Climate Change IC

Monthly Factsheet - Fixed Income - april 2023



## Investment policy :

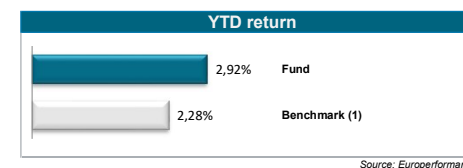
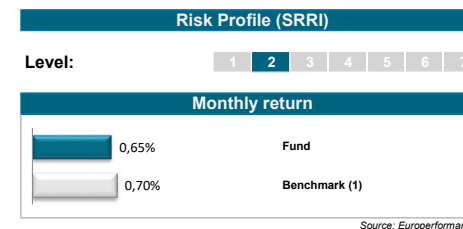
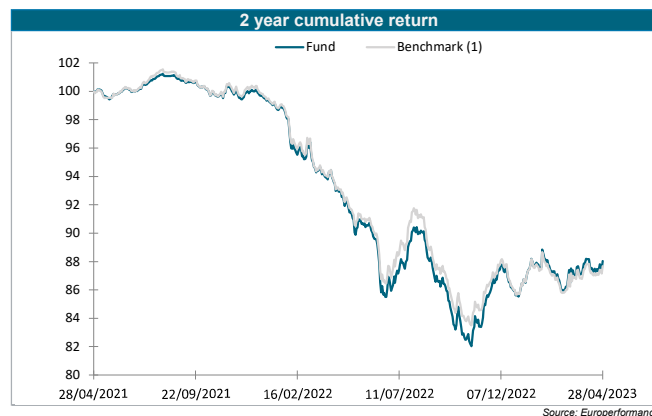
The Sicav is invested in private Investment Grade bonds issued in euros by companies from OECD member countries. The average maturity of the selected bonds is between 4 and 7 years. The objective of the Sicav is to outperform its index benchmark over an investment horizon of more than two years. To this 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:

SPA  ITA  PRT 

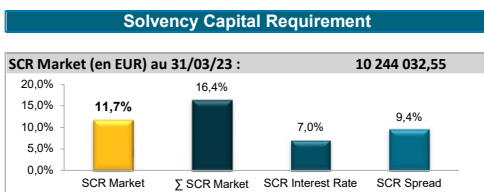
Key figures as of 28/04/2023	
Net Asset Value (EUR):	5 663,50
Net Assets of the unit (EUR M):	17,42
Total Net Assets (EUR M):	90,12
Number of issuers	97
Investment rate:	95,80%

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:	
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 - Yannick LOPEZ
Legal form:	SICAV (UCITS V)
Distribution policy:	Capitalisation
Currency:	EUR
Inception Date / mgmt change date :	11/06/1986 - 14/09/2009
Recommended investment horizon:	Over 2 years
Valuation:	Daily
Ongoing charge:	0,53%
Custodian:	SOCIETE GENERALE PARIS
Administrator:	SOCIETE GENERALE PARIS



	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
	30,73%	3,63%	-6,65%	4,79%	-6,89%	5,03%	-3,75%	7,30%	2,92%	5,36%	5,20%	0,49%
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Benchmark <sup>(1)</sup>	30,97%	3,47%	-5,78%	4,58%	-8,08%	4,68%	-4,45%	6,61%	2,28%	5,04%	3,43%	0,26%

Source: Europeperformance



Monthly returns														Year	Benchmark
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.			
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%									2,92%	2,28%	

Source: Europeperformance

Portugal : BEST - BANCO ELECTRONICO DE SERVICIO 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: Market 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>
BFCM 0.625 2027_11	1,62%	France	0,625%	19/11/2027	A+
MORGAN STANLEY 2.950 2032_05	1,56%	United States	2,950%	07/05/2032	A+
ALD 1.250 2026_03	1,54%	France	1,250%	02/03/2026	BBB
BOOKING HOLDINGS 4.250 2029_05	1,46%	United States	4,250%	15/05/2029	A-
ABN AMRO BANK 4.000 2028_01	1,45%	Netherlands	4,000%	16/01/2028	A-
ING GROUPE 1.250 2027_02	1,43%	Netherlands	1,250%	16/02/2027	A-
AIB GROUP 3.625 2026_07	1,35%	Ireland	3,625%	04/07/2026	BBB+
LEASEPLAN 3.500 2025_04	1,31%	Netherlands	3,500%	09/04/2025	BBB+
LA BANQUE POSTALE 0.875 2031_01	1,28%	France	0,875%	26/01/2031	A
ORANGE 3.625 2031_11	1,26%	France	3,625%	16/11/2031	BBB+
<b>TOTAL</b>	<b>14,24%</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
1,30%	-0,46	47,06%	0,92%	-9,75%

Source: Europreference

## Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	Information Ratio	Modified duration	Credit sensitivity
8,07 year(s)	100,14	A-	3,91%	0,79%	5,10	5,16

Source: OFI Invest AM

## Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
TOYOTA MOTOR FINANCE 3.375 2026_01	Buy	1,12%
BNP 4.250 2031_04	Buy	1,00%
MMS USA HLDS 0.625 2025_06	Buy	0,95%
PROCTER AND GAMBLE 3.250 2031_08	Buy	0,92%
EUROGRID GMBH 3.722 2030_04	Buy	0,90%

Source: OFI Invest AM

Sell / Decrease		
Name	Weight M-1	Weight M
DANSKE BANK 4.125 2031_01	1,19%	Sell
GOLDMAN SACHS 1.250 2029_02	0,59%	Sell
COMMERZBANK 1.250 2023_10	0,57%	Sell
GOLDMAN SACHS 0.875 2030_01	0,55%	Sell
GOLDMAN SACHS 1.625 2026_07	0,32%	Sell

Source: OFI Invest AM

## Asset management strategy

The financial market rebound seen at the end of March continued into April as banking sector fears eased and economic releases proved resilient, particularly in services.

This means central banks have room to continue with their monetary tightening, especially with core inflation still high. Investors expect this tightening to end soon (in May in the US and this summer in the eurozone), with the debate now shifting to how long central banks will need to keep interest rates in restrictive territory.

Against this backdrop, yields held relatively steady, with German 10-year yields up 2 bps or so to 2.31%, while US 10-year yields fell 5 bps to 3.42%. Short yields followed the same trend, with German two-year yields up 1 bp to 2.68% and their US counterparts down 2 bps to 4.03%.

Risk premiums moved most in the month, down 8 bps to 84 bps (vs. 87 bps at the start of the year) vs. the swap curve and down 8 bps to 162 bps (vs. 167 bps) vs. sovereign debt.

Carry, combined with the downturn in risk premiums, which exceeded the modest rise in interest rates, enabled the benchmark to end the month up around 0.69% (up 2.27% YTD). The yield fell 8 bps to 4.04% (vs. 4.16% at the start of the year).

Against this backdrop, the fund slightly underperformed its benchmark due to its lower carry, gaining 0.65% in the month.

The investment ratio ended the month at 96% (vs. 91%) for total assets of €90 million (up €2 million in the month). The fund's duration was increased in the month to a 51 bps overweight (vs. neutral) and its credit risk sensitivity was increased to a 25 bps overweight (vs. neutral). The yield to call ended the month at 3.91% (up 0.07% in the month), compared with 4.04% for the benchmark (down 0.08% in the month).

During the month, we made a number of purchases in both the secondary market (Orange, Veolia, Publicis) and the primary market to take advantage of issue premiums (Eurogrid, Procter & Gamble, Sika Capital) so as to invest part of our cash holdings and proceeds from the sale of Danske Bank and Goldman Sachs after their SRI ratings were downgraded.

Nicolas COULON - Yannick LOPEZ - Fund manager(s)

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

(2) Risk free rate: €ster

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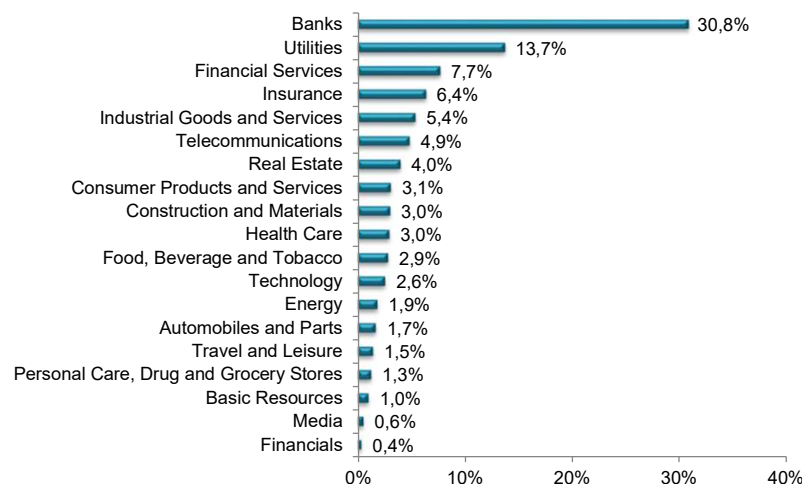


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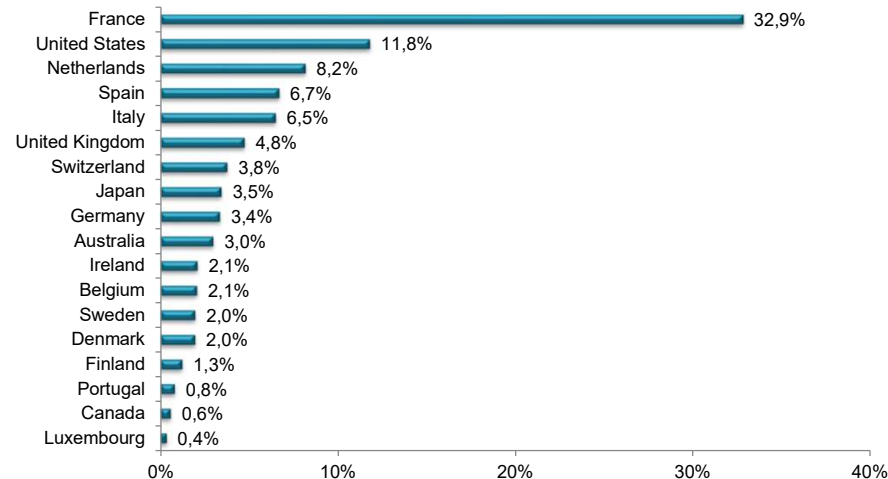


**Sector breakdown** (Other funds and cash excluded)



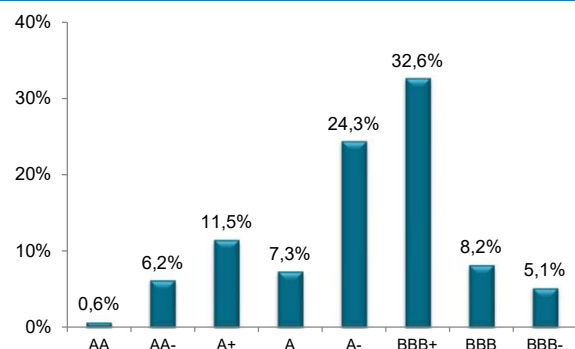
Source: Ofi Invest AM (ICB classification - Level 2)

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



Source: Ofi Invest AM

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



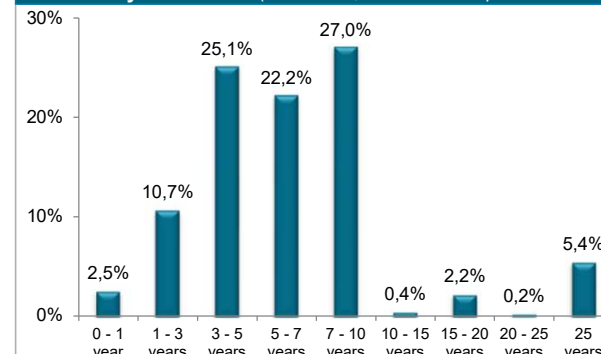
Source: Ofi Invest AM

**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)

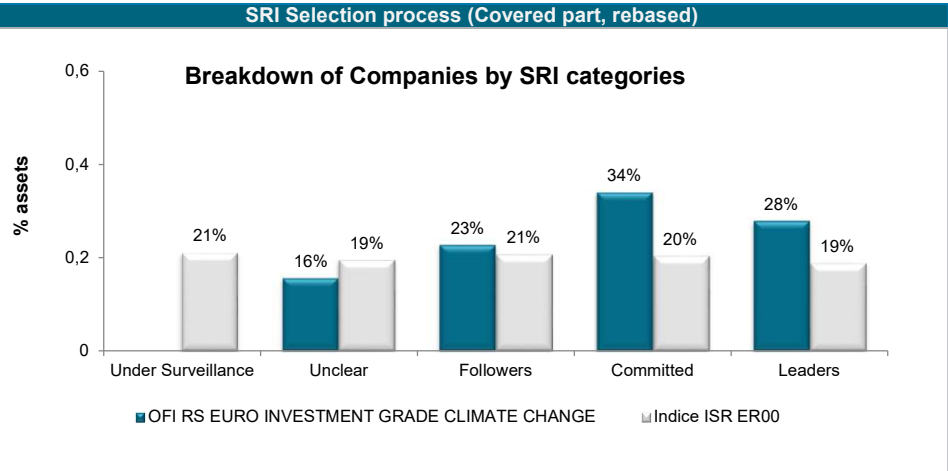
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Monthly Factsheet - Fixed Income - april 2023



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. This enables the group to determine pricing and technical provisions. AXA also monitors other emerging risks, which are monitored, classified and reviewed twice a year. No evaluation of changes in capital is carried out.

CSR issues

Diversified insurance

CSR Issue	AXA SA	Sector average
Management of emerging insurance risks	9,6	6,1
Protection of personal data	4,2	4,7
SRI	8,8	4,9
Development of human capital	8,4	4,7
Factoring climate issues into insurance products	9	5,8

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 – avril 2023

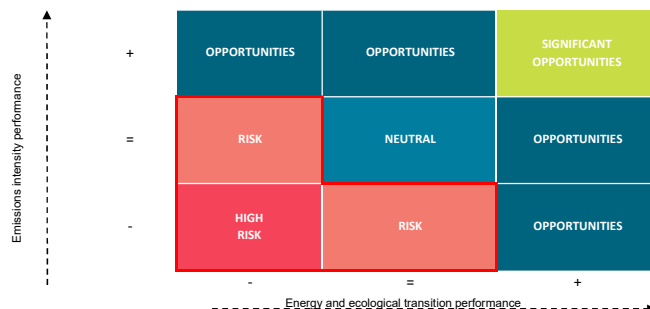


## Company EET\* valuation method

For those industry sectors generating the highest GHG\* emissions, the SRI analysis team conducts an analysis along two axes:

- Company performance in terms of GHG\* emissions
- Company's commitment to EET\*

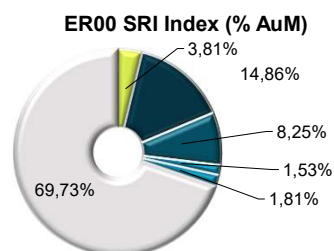
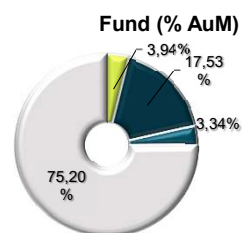
The output of this analysis is a matrix used to select companies in each of these high-emissions sectors.



## 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.

## Breakdown by EET\* category at 28/04/2023 (% AuM)



\* EET: energy and ecology transition.

\* GHG: greenhouse gas.

## 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).

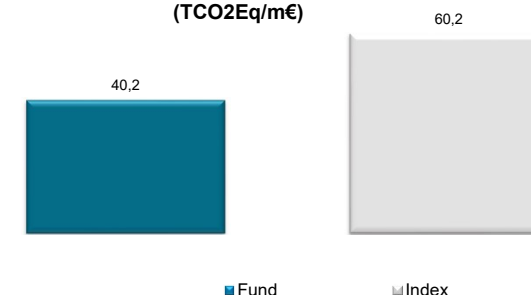
They concern emissions generated by companies as a result of their operations, broken down into direct emissions (Scope 1) and indirect emissions related to energy consumption (Scope 2). Other indirect emissions (Scope 3) are taken into account when analysing companies but are not included in the carbon 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€)



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