

OFI EURO HIGH YIELD I

Monthly Factsheet - Fixed Income - january 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%.

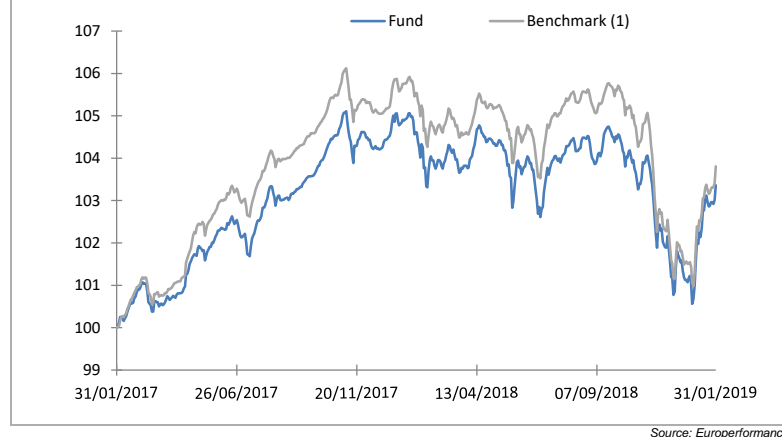
Key figures as of 31/01/2019

Net Asset Value (EUR):	103,00
Net Assets of the unit (EUR M):	56,06
Total Net Assets (EUR M):	141,78
Number of users	80
Investment rate:	79,32%

Characteristics

ISIN Code:	FR0010596783
Ticker:	OFICEHY 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:	18/04/2008
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:	20 % above benchmark
Ongoing charge:	0,81%
Custodian:	SOCIETE GENERALE PARIS
Administrator:	SOCIETE GENERALE SECURITIES SERVICES

2 years cumulative return



Risk Profile (SRRI)

Level:

1 2 3 4 5 6 7

Monthly return

2,11%	Fund
2,23%	Benchmark (1)

Source: Europerformance

YTD return

2,11%	Fund
2,23%	Benchmark (1)

Source: Europerformance

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 I	106,00%	5,93%	16,12%	3,57%	13,62%	3,57%	-1,19%	3,36%	2,11%	-	-0,74%	-0,16%
Benchmark ⁽¹⁾	118,93%	7,39%	21,48%	3,59%	16,14%	3,56%	-1,64%	3,54%	2,23%	-	-1,43%	-0,64%

Source: Europerformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2014	-0,01%	1,70%	0,37%	0,83%	0,37%	0,61%	-0,26%	0,37%	-0,93%	-0,77%	0,88%	-0,03%	3,15%	5,28%
2015	1,09%	1,98%	-0,34%	0,36%	-0,04%	-1,45%	0,80%	-0,99%	-2,67%	3,05%	-0,10%	-1,14%	0,40%	0,71%
2016	-1,33%	-0,53%	3,76%	1,49%	0,09%	-0,16%	2,07%	1,53%	-0,67%	0,97%	-0,72%	1,45%	8,12%	9,93%
2017	0,32%	0,94%	-0,20%	0,82%	0,58%	-0,03%	0,73%	0,27%	0,51%	1,12%	-0,34%	0,04%	4,86%	5,95%
2018	0,08%	-0,62%	-0,13%	0,62%	-1,10%	-0,46%	1,25%	-0,02%	0,25%	-0,82%	-1,58%	-0,65%	-3,16%	-3,49%
2019	2,11%												2,11%	2,23%

Source: Europerformance

(1) Benchmark: Bank of America Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield since 30/06/2010 (JP Morgan Maggie Aggregate Index Euro - High Yield Credit before)

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Top 10 holdings (Cash and UCITS excluded)

Name	Weight	Country	Coupon	Maturity	Composite ⁽¹⁾
LEONARDO 4.500 2021_01	1,52%	Italy	4,500%	19/01/2021	BBB-
HORIZON PARENT HOLDINGS 8.250 2022_02	1,50%	France	8,250%	15/02/2022	CCC+
ORANO 4.375 2019_11	1,47%	France	4,375%	06/11/2019	BB-
OTE 4.375 2019_12	1,47%	Greece	4,375%	02/12/2019	B+
TESCO TREASURY 2.125 2020_11	1,45%	United Kingdom	2,125%	12/11/2020	BB+
ALTICE LUX 7.250 2022_05	1,44%	Luxembourg	7,250%	15/05/2022	CCC+
CMA CGM 7.750 2021_01	1,43%	France	7,750%	15/01/2021	BB-
TELEFONICA EUROPE 3.000 PERP	1,22%	Spain	3,000%	12/07/2051	BB+
FIAT FIN AND TRADE 4.750 2021_03	1,18%	Italy	4,750%	22/03/2021	BB+
INTER GAME TECH 4.750 2023_02	1,16%	United Kingdom	4,750%	15/02/2023	BB
TOTAL	13,84%				

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
0,67%	-0,31	49,02%	-3,89%

Source: Europerformance

Maturity, Spread and Modified duration

Average maturity	Average spread	Average rating	YTM	YTW	Modified duration	Credit sensitivity
6,85 year(s)	259,18	BB-	3,44%	3,10%	2,55	2,62

Source: OFI AM

Main movements of the month

Buy / Increase		
Name	Weight M-1	Weight M
ORANO 3.250 2020_09	Buy	0,96%
LOXAM 6.000 2025_04	Buy	0,74%
SPCM 2.875 2023_06	Buy	0,72%
TELECOM ITALIA 4.000 2024_04	Buy	0,71%
CMA CGM 7.750 2021_01	0,74%	1,43%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M
ACCOR 4.125 PERP	1,13%	Sell
ORANO 4.875 2024_09	1,09%	Sell
METRO AG 1.375 2021_10	0,88%	Sell
GIE PSA TRESO 6.000 2033_09	0,88%	Sell
TENNECO 5.000 2024_07	0,76%	Sell

Source: OFI AM

Asset management strategy

The rally at the beginning of the year offset part of the historical negative performance seen in 2018. Risky assets recovered strongly on the back of accommodating statements from central banks: (i) equities: up 9% for the MSCI Emerging Markets in USD, 6% for the Stoxx Europe 600 in euros and 8% for the S&P500 in USD; (ii) HY: up 4.7% in the US and 2.2% in Europe; and (iii) oil: up 18% (WTI) in USD. The fund gained 2.11% over the period, compared with a 2.23% rise in its benchmark. This relative underperformance is explained largely by considerably reduced market exposure from the third week of the month: underweight in BB (down 50 bps), B (down 15 bps) and CCC (up 5 bps). On the other hand, the fund benefited from its non-index tactical exposures (up 50 bps).

Performance on the euro HY market breaks down as follows: (i) BBs= up 2.2%, including a sizeable positive contribution from hybrid bonds (up 2.6%). Note, however, the difficulties of Telecom Italia, which issued a profit warning a few days after the placement of a €1.25 billion bond; (ii) Bs= up 2.1% & CCC = 4.1%; these compartments profited from the general recovery with special treatment for specific files like Senvion (down 20%), Vallourec (down 15%) or Sarens (down 12%). The Crossover posted 2.4% in the month (down 50 bps to 308 bps), slightly outperforming the cash market (up 2.2%). At 31 January, the average spread on the euro HY market excluding financials was 460 bps (60 bps tighter than at end 2018) for a yield to worst of 4.2% (vs. 4.8%). By way of comparison, the US HY market posted 4.7% in January for an average spread of 450 bps (down 95 bps) and a yield to worst of 6.9% (vs. 9% at end 2015).

A number of small issues (Accor hybrid, Autodis FRN) were added to those of Telecom Italia (€1.25 billion, 4%, 2024) and Smurfit Kappa (€400 million, 2.875%, 2026), which meant that the primary HY market was comparable to that of January 2018 (€3.5 billion). These spread concessions offered by companies (averaging 70 bps) enabled placements to be made without any great difficulty. The fund did not take part in any of these deals, preferring to make opportunistic adjustments on the secondary markets. On the demand side, euro HY funds recorded net outflows of €1.8 billion, representing a continuation of 2018 (outflows of €47 billion). By way of comparison, the US HY market recorded net subscriptions of around \$4.4 billion over the same period.

In this context, the fund has gradually reduced its investment rate by unwinding its positions on the Crossover and taking profits on positions which had outperformed the market: LKQ Europe, Metro AG, Tenneco and the hybrids. The fund reduced its underweighting in CMA CGM, Loxam, SPCM, Telecom Italia, Adler Pelzer and Kronos International.

The haemorrhaging of Q4 2018 was stopped by central bank intervention while macroeconomic uncertainties are piling up (Brexit, US/China trade war, slowdown in China, recession in Italy, etc.). On the one hand, the Chair of the Fed indicated that, because of these risks, the monetary policy committee might agree to a pause in tightening and/or adjustments to its balance sheet (if macroeconomic data so required). On the other hand, despite embarking on a cycle of monetary tightening, the ECB has shown increased caution, as was seen in its assessment of risks concerning its scenario ("downward" vs. "balanced" in December). Any decisions have therefore been put back till March so that the euro zone economies can be better appraised.

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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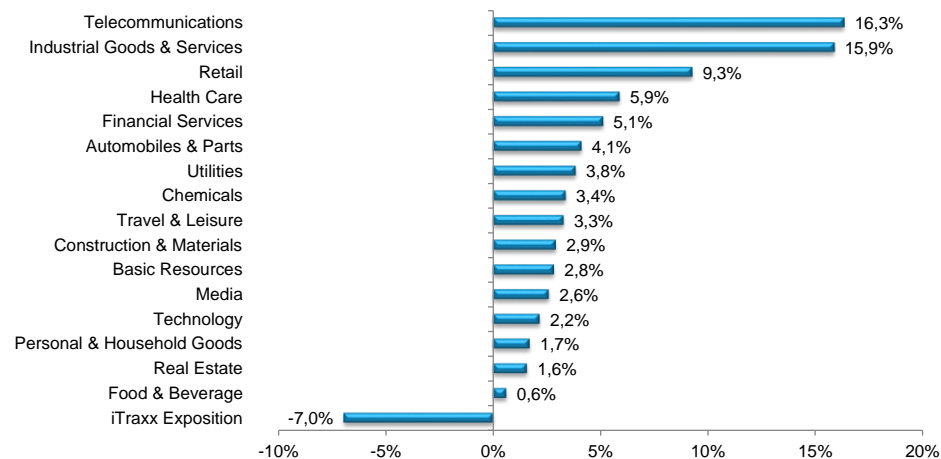


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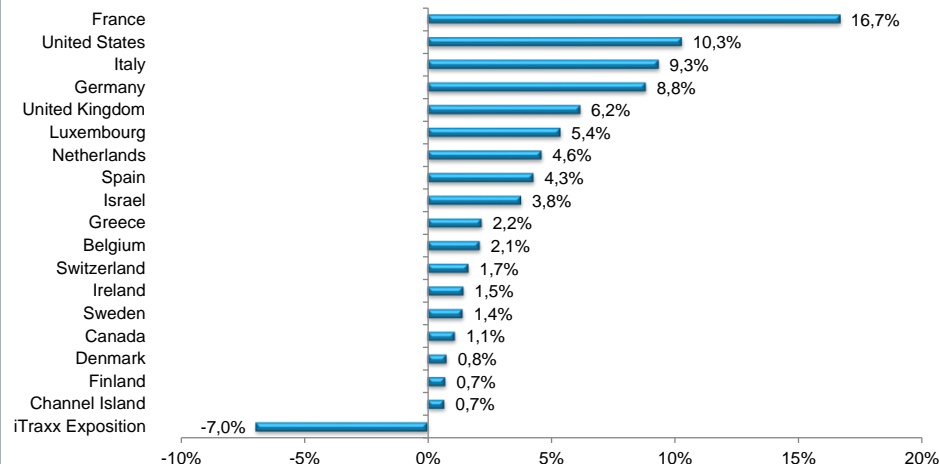


Sector breakdown (Other funds and cash excluded)



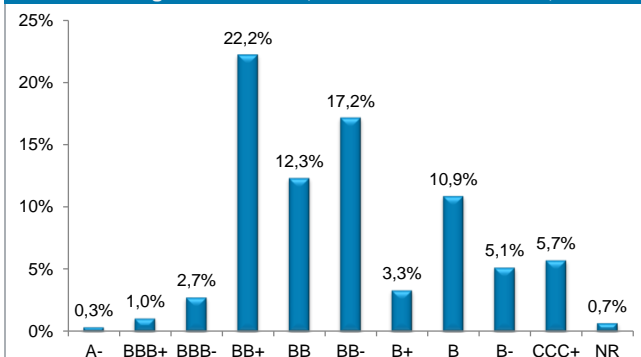
Source: OFI AM (ICB classification - Level 2)

Geographical breakdown (Other funds and cash excluded)



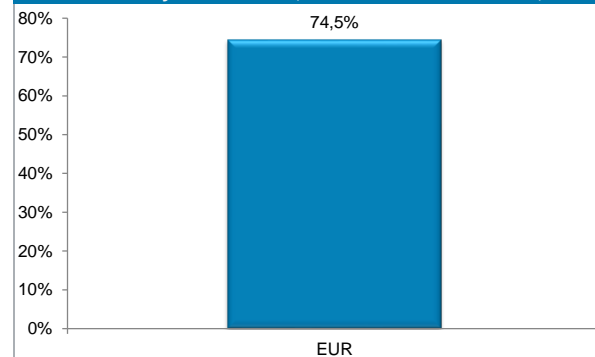
Source: OFI AM

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



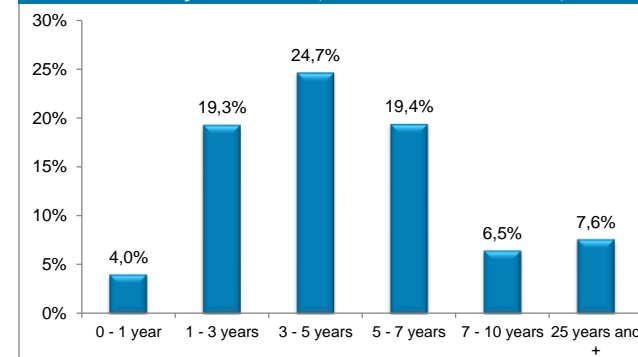
Source: OFI AM

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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