



OFI RS Euro High Yield



A key SRI player

A forerunner in SRI with 25 years of experience

Expertise across all Group's strategies

OFI Responsible Solutions (OFI RS) brand:
a range of responsible investment solutions
(products and services)



OFI AM ranks no.1 on the Indefi French institutional market barometer - 2022

- Range of ESG products and services ESG For the fifth year running
- Transparency and reporting Solvency II

01/2022



OFI AM rated « Platinum » - 2022

Meets the highest requirements in the area of sustainability (ESG) according to the evaluation criteria of the TELOS ESG Company Check

10/2021



OFI AM rated « A+ », the highest PRI score - 2020

For the integration of ESG criteria in its investment management
For the fourth year running

09/2020

References to a ranking, a prize and/or a rating are not reliable indicators of future distinctions or future results of a fund or fund manager. This is a promotional document.



Asset Management

A BRAND



Ofi invest

Signatory



Member



Supporter

Avicenn



FARM ANIMAL INVESTMENT RISK & RETURN
A COLLER INITIATIVE

ESG criteria and Climate approach

The new framework of the HY approach at OFI



1 ESG criteria

Excluding companies that are the least virtuous, based on our ESG methodology



2 Climate approach

Excluding those companies in GHG-intensive sectors that are the least committed to transitioning

ESG Euro High Yield index

A biased solution

- **ESG euro High Yield indices include a strong construction bias:**
 - They only include companies rated by MSCI => less issuers, with a stronger average rating
 - They include the banking sector

Breakdown by sector

SECTOR	HY Euro Index: HEAE NO. OF ISSUERS	ESG HY Euro Index: HEOS NO. OF ISSUERS
Automotive	23	14
Basic Industries	51	19
Capital Goods	33	13
Consumer Goods	17	8
Energy	10	6
Healthcare	19	8
Leisure	21	11
Media	9	6
Real Estate	25	20
Retail	29	11
Services	41	15
Technology	14	8
Telecom	18	10
Transportation	17	10
Utilities	17	10
Banks and other financials		30
Total	344	200

Breakdown by rating

RATING	HY Euro Index: HEAE NO. OF ISSUERS	ESG HY Euro Index: HEOS NO. OF ISSUERS
BB	176	151
B	149	50
CCC	55	13

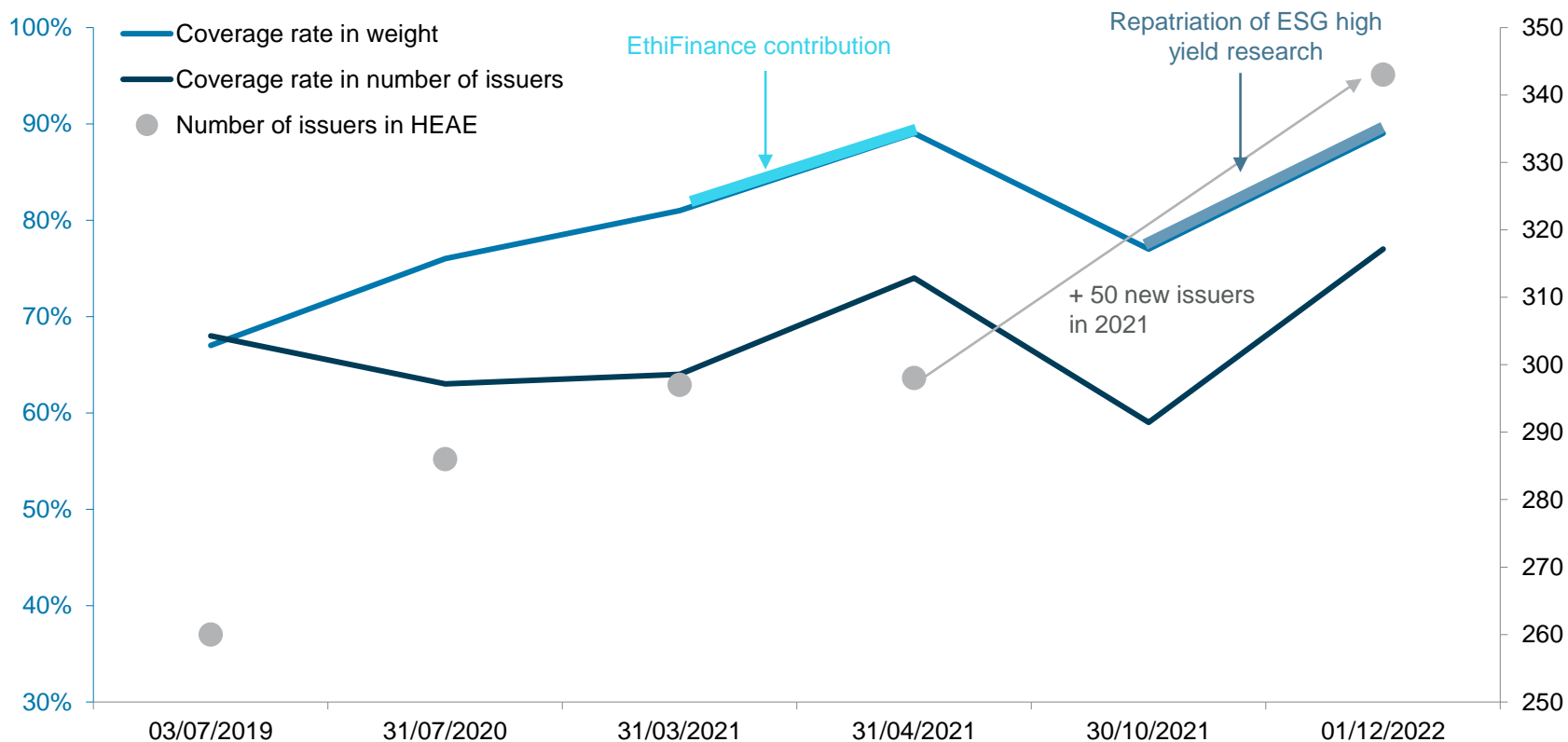
Source: OFI AM, December 2022

High Yield ESG Coverage : a real challenge

How OFI resolved it?



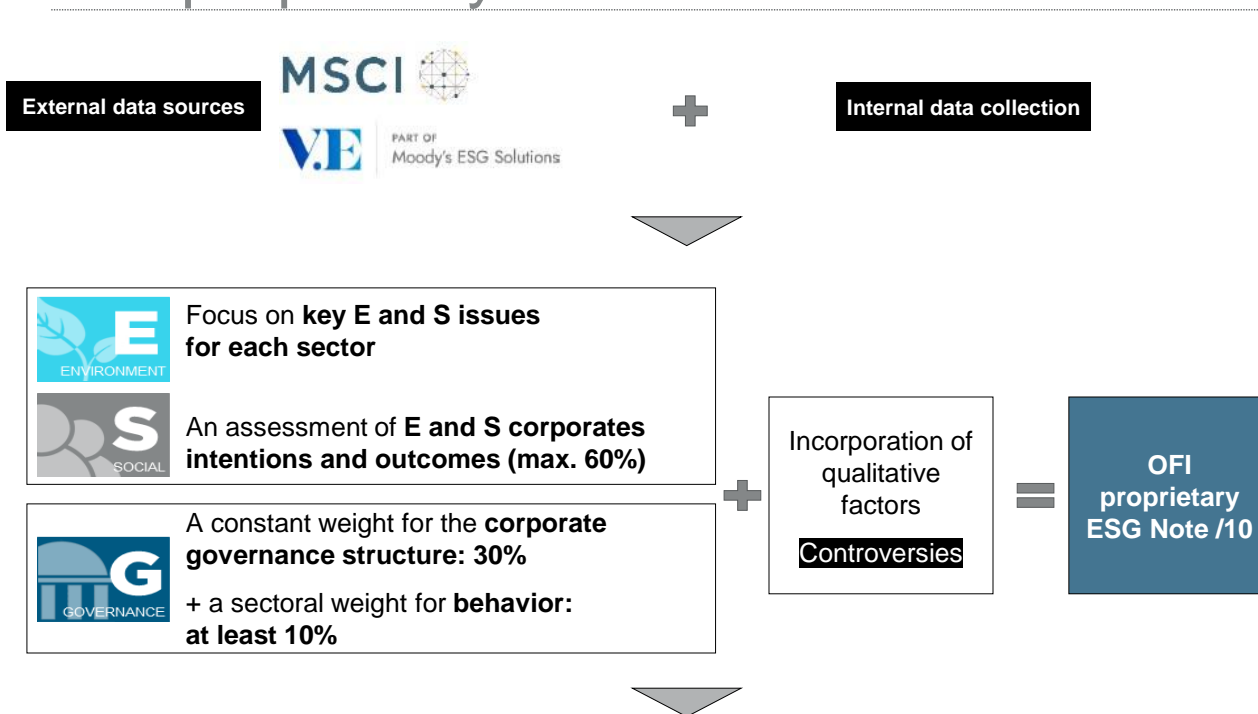
Change in the coverage rate of HEAE and the primary market



Source: OFI AM, December 2022

ESG analysis methodology

Our proprietary framework



	Leaders	The most advanced in addressing ESG issues
	Committed	Actively address ESG issues
	Followers	ESG issues passably managed
	Unclear	ESG issues poorly managed
	Under surveillance	Late in addressing ESG issues: excluded in SRI funds



Corporate issuer analysis

Environment, Social, Governance issues

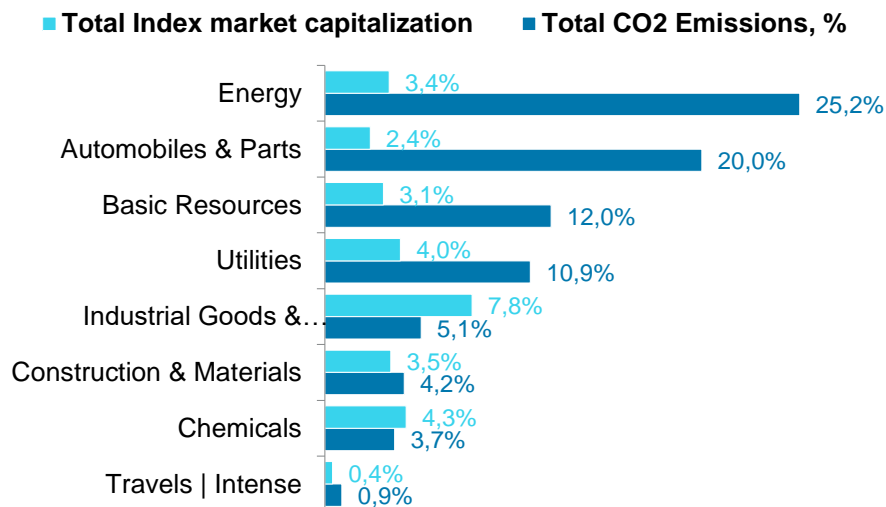


The climate analysis methodology



- 1 Only carbon intensive sectors are measured
- 2 Issuers are ranked within each sector according to their carbon emissions and active involvement in the energy and ecological transition.
- 3 We excluded all the companies that are the less advanced on the energy and ecological transition

Top 8 sectors



Source: OFI AM, 2021




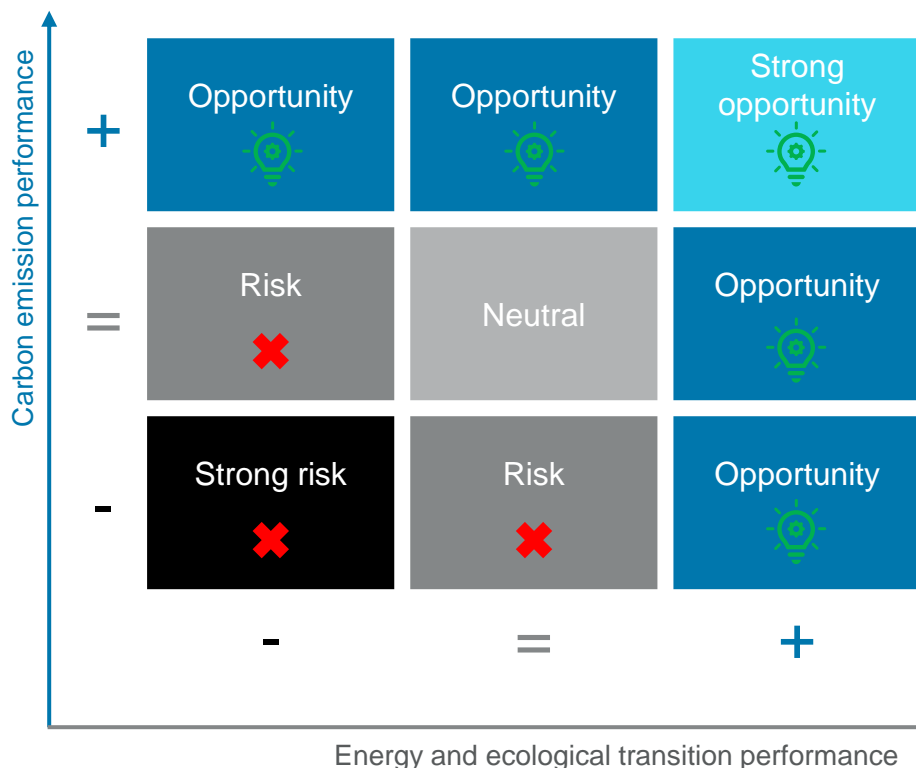
The EET Matrix : Issuers and the energy transition




A matrix dedicated to each of the eight carbon-intensive sectors

Selection matrix

-  Systematic exclusion of companies having “**High Risk**” and “**Risk**” profiles:
- 12% of the HEAE index constituents are excluded
 - Among these exclusions are **CMA CGM** (shipping), **Carnival** (pleasure cruises), **IAG** (airlines), **RWE** (a power generator), **Veolia** (environmental services), **Goodyear** and **Gestamp** (auto parts)



 Investment in issuers having Strong Opportunity and Opportunity profiles, i.e., those that are active in the energy transition and that offer solutions: 31% of the HEAE index; these 70 names include **Faurecia** (auto parts), **EDF** and **Drax** (power generators), **Nordex** (wind power), **Crown** (packaging), and **Getlink** (transport)

Source: OFI AM

Management process



UNIVERSE

High yield bonds issued in euros by companies based in OECD member-countries
Ex OECD diversification: no more than 20%



FILTERS

- STEP 1** EXCLUSIONS

Exclusion of financial sector issuers
OFI AM norm- and sector-based exclusions
- STEP 2** ESG FILTER / ESG RATING

Exclusion of 20%
- STEP 3** EET FILTER

Energy and Environmental Transition
Risk/Opportunity matrix applied to CO2-intensive sectors
Exclusion of "Risky" and "Highly Risky" profiles
- STEP 4** FINANCIAL FILTER

Liquidity, valuations and technical factors



PORTFOLIO

STEP 5 PORTFOLIO CONSTRUCTION

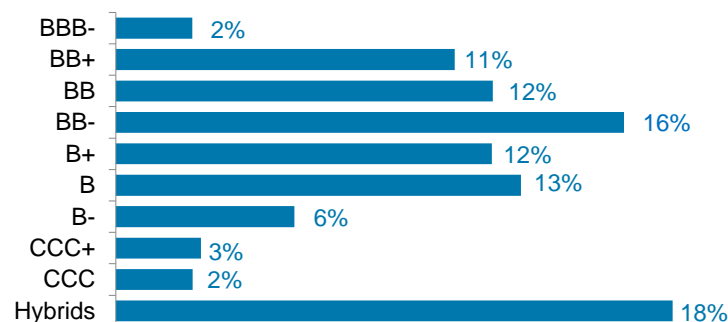
Portfolio structure as of 12/01/2022

Key figures

AUM	€ 160m
Investment rate	96%
Issuers	127
Yield to worst	7,1%
Rate sensitivity	2,7

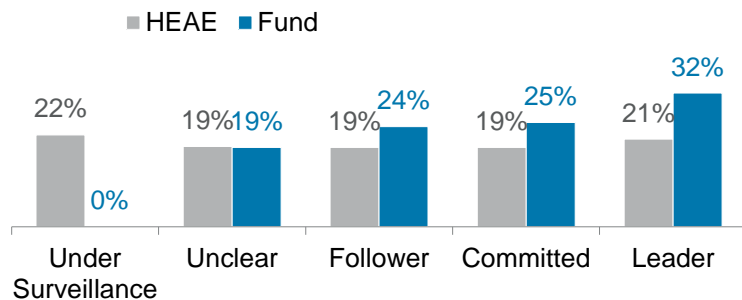
Source : OFI AM

Breakdown by rating



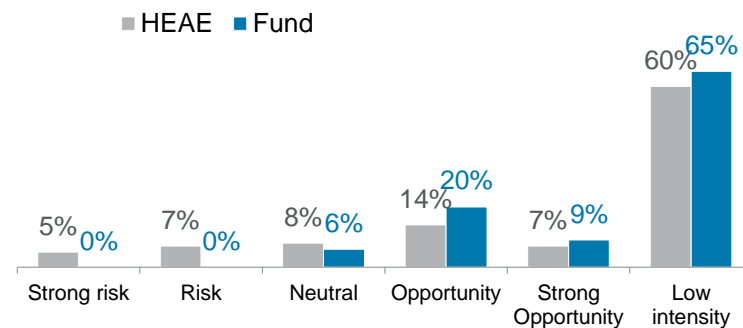
Source : OFI AM

Breakdown by SRI Categories



Source : OFI AM

Breakdown on EET Filter



Source : OFI AM

Administrative characteristics

Legal form	▶ Mutual fund (FCP) under French law
Asset management company	▶ OFI Asset Management
Benchmark index	▶ Merrill Lynch Euro Non-Financial Fixed & Floating Rate High Yield Index (EUR)
Performance target	▶ Outperform the benchmark
Minimum recommended investment period	▶ 3 years
Created	▶ GI unit: 29/08/2017 / GR unit: 29/08/2017
Currency	▶ Euro
ISIN	▶ “GI” unit: FR0013274966 / “GR” unit: FR0013274974
Custodian	▶ Société Générale
Valuation agent	▶ SGSS NAV
Distribution policy	▶ Capitalisation / Distribution
Valuation frequency	▶ Daily
Subscription fees	▶ Maximum 2%
Ongoing charges	▶ “GI” unit: 0,99 % / “GR” unit: 0,57 % (last fiscal year, ended in March 2022)
Outperformance fee	▶ None
Redemption fees	▶ None
Centralised order processing	▶ 12:00 p.m. cut-off for orders based on the following day's NAV and settlement in two business days
Information agent	▶ Germany: OLDENBURGISCHE LANDESBANK AG Stau 15/17. 26122 Oldenburg
Information agent	▶ Austria: RAIFFEISEN BANK INTERNATIONAL AG Otto Wagner Platz 5 1090 Wien

SRRI



It is not certain that the risk and reward category posted will remain unchanged, the classification of your Sub-Fund then being likely to change over time. The lowest category is not synonymous with risk-free investment.

The KIID must be given to subscribers prior to subscription.

The operating rules, risk and return profile and fees relating to investment in a fund are described in the fund's KIID.

Important Information

1/2

- 1 Capital risk and performance risk**

The investor is advised that the performance of the UCITS might not conform to their objectives and that their capital might not be returned in full, the UCITS not benefiting from any guarantee or protection of capital invested.
- 2 Interest rate risk**

Because of its composition, the UCITS may be subject to an interest rate risk. This risk results from the fact that, in general, the price of debt securities and bonds falls when rates rise. The investor in bonds or other fixed-income securities may record negative performances as a result of fluctuations in interest rates.
- 3 Credit risk**

In the case of downgrading of private issuers (for example, of their rating by financial rating agencies), or of public issuers, or their defaulting, the value of private bonds may fall. The net asset value of the UCITS would then be affected by this drop.
- 4 High Yield risk**

This is the credit risk applied to what are known as "speculative" securities which present probabilities of default higher than those of Investment Grade securities. In return, they offer higher levels of return, but can, in the case of downgrading of the rating, significantly reduce the net asset value of the UCITS. The unrated signatures which are selected will, for the most part, come under this category in the same way and may present equivalent or greater risks because of their unrated nature.
- 5 Counterparty risk**

This is the risk associated with use by the UCITS of futures, OTC instruments and/or resorting to acquisitions and temporary purchase and sale of securities. These transactions concluded with one or more eligible counterparties potentially expose the UCITS to a risk of defaulting of one of these counterparties possibly resulting in failure to pay which will reduce the net asset value.

6

Emerging markets risk

The conditions of functioning and supervision of the emerging markets may deviate from standards prevailing on major international markets: information about certain securities may be incomplete and their liquidity more reduced. Evolution in the price of these securities may therefore vary markedly and significantly impact the net asset value.

7

Equity risk

If the shares to which the portfolio is exposed fall, the net asset value of the fund may fall. The UCITS may also be exposed to convertible bonds; these may show a residual share sensitivity and experience marked fluctuations linked to changes in the prices of the underlying shares. The investor's attention is drawn to the fact that the net asset value of the UCITS will drop in the case of an unfavourable change.

8

Sustainability risk

Sustainability risks are primarily related to climate events resulting from climate change (known as physical risks), the ability of companies to respond to climate change (known as transition risks) and which may result in unanticipated losses affecting the mutual fund's investments and financial performance. Social events (inequalities, labour relations, investment in human capital, accident prevention, changes in consumer behaviour, etc.) or governance gaps (recurrent and significant breach of international agreements, corruption, product quality and safety and sales practices) can also translate into sustainability risks.

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