

# ODDO BHF Sustainable Credit Opportunities

30 APRIL 2024

CP-EUR - Eur | Fixed Income - Total Return - Multi Asset Credit

Assets Under Management	216 M€	Morningstar™ Category:	1 2 3 4 5 6 7
NAV per Unit	1,001.18€	EUR Flexible Bond	Risk scale (1)
Evolution vs M-1	-11.55€	★ ★ ★ Rating at 4/30/24	6 8 9
		Rating at 2/29/24	SFDR Classification <sup>2</sup>

Countries in which the fund is authorised for distribution to the public:

FR IT CHE DEU NLD AUT PRT ESP SWE LUX FIN



## PORTFOLIO MANAGERS

Bastian GRIES, Matthias LACKMANN, Haiyan DING

Advisory company

ODDO BHF AM SAS, Philippe Vantrimpont

## MANAGEMENT COMPANY

ODDO BHF AM SAS

## KEY FEATURES

Recommended investment horizon: 3 Years

Inception date (1st NAV): 4/6/21

Inception date of the fund: 12/13/13

Legal structure	Sub-fund of the ODDO BHF SICAV Lux. Umbrella (UCITS)
ISIN code	LU1752461183
Dividend policy	Accumulation unit
Minimum (initial) investment	10000000 EUR
Management company (by delegation)	ODDO BHF AM GmbH
Subscriptions/redemptions	12:00pm, D
Valuation	Daily
Management fees	Annual rate of a maximum of 0.40%, payable monthly and calculated based on the Sub-fund's average net assets for the month in question.
Performance fees	A maximum of 10% of the Sub-Fund's outperformance relative to the benchmark index, once past underperformance over the previous five years has been offset.
Subscription fees	Nil
Redemption fees	Nil
Management fees and other administrative or operating costs	0.487 %
Transaction fees received by the Management Company	None
Risk measurement	1 Year 3 Years
Sharpe ratio	0.62 -0.37

## INVESTMENT STRATEGY

The investment objective is to outperform the ESTER index +3% (capitalised), net of fees, on an annual basis. The Sub-fund does not have a benchmark. Given the Fund's discretionary management style, its management is not linked to any index. The fund may be invested up to 100% in debt securities. These securities will be issued by issuers whose registered office is located in an OECD country up to a minimum of 70%. The Sub-Fund may only invest in instruments issued by entities rated at least B.

Benchmark : Nil

Target return : 100% €STER + 300 bp

Net annual performance (12-months rolling)			
from	04/21	04/22	04/23
to	04/22	04/23	04/24
FUND	-4.8%	-0.9%	6.1%
Target return	2.5%	4.0%	7.0%

Calendar performance (from January 01 to December 31)		
	2022	2023
FUND	-6.2%	6.9%
Target return	3.1%	6.4%

Cumulative and annualized net returns									
	Annualized performance			Cumulative performance					
	3 years	5 years	Inception	1 month	YTD	1 year	3 years	5 years	Inception
FUND	0.0%	0.0%	-1.1%	-0.5%	6.1%	0.1%	0.1%	0.1%	0.1%
Target return	4.5%	4.4%	0.6%	2.3%	7.0%	14.1%	14.3%		

Past performance is not an indication of future results. Performance may vary over time.

Annualized volatility				
	1 year	3 years	5 years	Inception
FUND	4.5%	3.6%	3.5%	

The Fund's investment strategy was amended on 30 December 2016. Therefore, performances and indicators from before this date do not reflect the strategy subsequently pursued for the Fund. Up to 30 December 2016, the benchmark was the Barclays Eur Agg Corps TR EUR. From 30 December 2016, the fund does not have a benchmark index. The Index €STER + 8.5bp + 3% is used to compare performance and, where applicable, to calculate performance fees.

\*The glossary of indicators used is available for download on [www.am.oddo-bhf.com](http://www.am.oddo-bhf.com) in the FUNDS section. | Sources : ODDO BHF AM SAS, Bloomberg, Morningstar® Sustainability provides company-level analysis used in the calculation of Morningstar's Sustainability Score.

(1) The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you. It ranges from 1 (low risk) to 7 (high risk). This indicator is not constant and will change according to the fund's risk profile. The lowest category does not mean risk-free. Historical data, such as that used to calculate the SRI, may not be a reliable indication of the fund's future risk profile. There is no guarantee that the investment objectives in terms of risk will be achieved.

(2) Information on the EU Sustainable Finance Disclosure Regulation (SFDR) can be found in the SFDR classification(2) section of the document.

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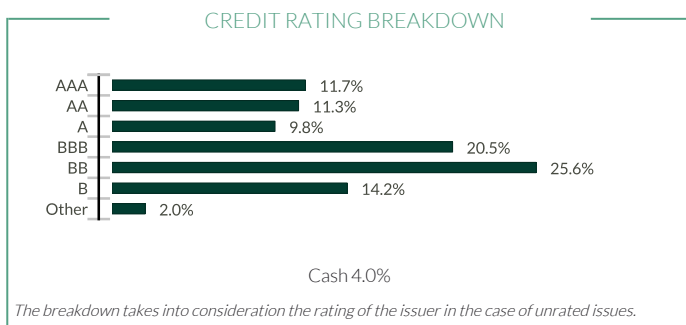
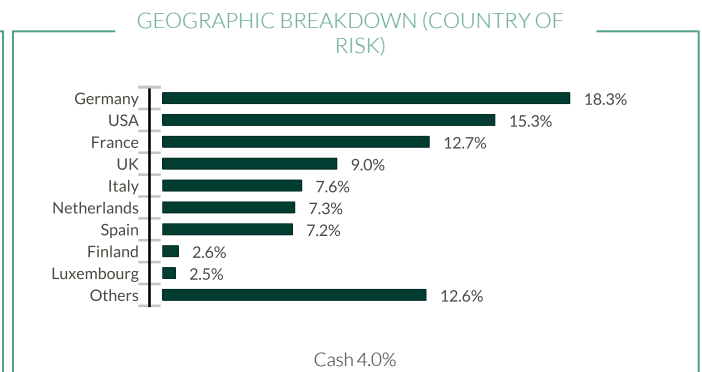
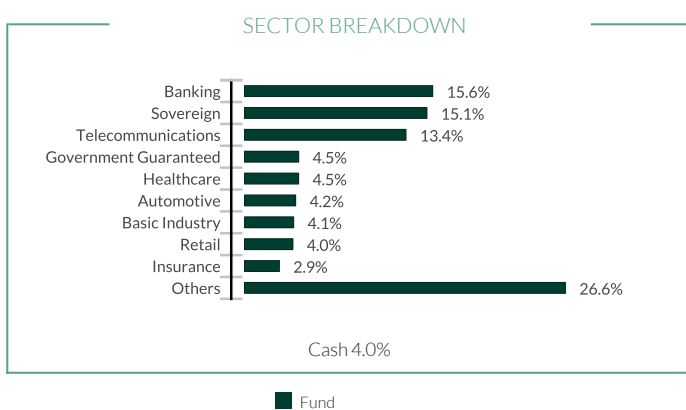
Key indicators	
Yield to Maturity	4.87 %
Yield to worst	4.05 %
Spread (bp)	147
Modified duration *	4.5
Average maturity (year)	5.59

\* Modified duration to first call

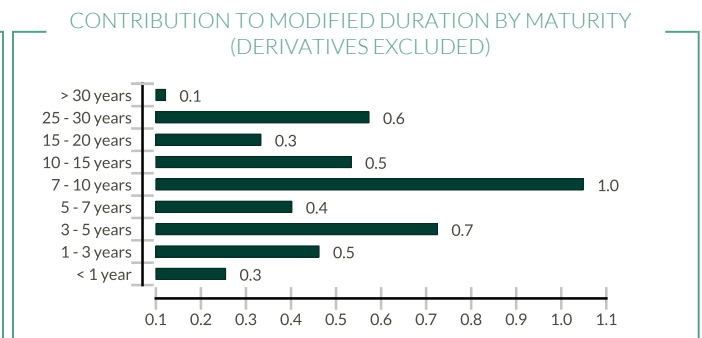
Futures and options are not included in the calculation of the yield. The Yield to Maturity is calculated before currency hedging. The Yield to Worst is calculated after currency hedging.

The Yield to Maturity (YTM) is the estimation at a certain date of the expected rate of return of a bond portfolio if the securities are held to maturity. It does by no means constitute a promised return. It can, therefore, be affected by interest rate risks, default risks, reinvestment risks and the fact that bonds may not be held until maturity.

The Yield to worst (YTW) is the estimation at a certain date of the worst expected rate of return of a bond portfolio of which some of the securities would not be held until maturity but redeemed at the discretion of the issuer (call). It does by no means constitute a promised return. It can, therefore, be affected by interest rate risks, default risks, reinvestment risks and the fact that bonds may not be held until maturity.



The breakdown takes into consideration the rating of the issuer in the case of unrated issues.



Contribution to modified duration by segment		
Sector	Weight %	Modified duration to worst
Duration Overlay	1.2%	0.0
Covered Bonds	2.5%	0.2
EM Bonds	2.5%	0.1
Currency Overlay	20.7%	
Government Bonds	16.8%	1.7
High Yield (EM Bonds xld)	38.1%	0.8
Investment Grade	28.4%	1.3
Quasi Gov. Bonds	5.6%	0.4
Cash	4.5%	
<b>Total</b>		<b>4.5</b>

Currency Exposure Before Hedging*	
EUR	79.03%
USD	15.33%
GBP	5.64%
CHF	0%
SEK	0%

The fund does hedge all non-euro denominated bonds.

Main portfolio issuers				
	Sector	Country	Weight in the fund (%)	ESG rank*
GOVERNMENT OF GERMANY	Sovereign	Germany	4.52	5
GOVERNMENT OF THE UNITED STATE	Sovereign	USA	4.22	3
INTERNATIONAL BANK FOR RECONST	Government Guaranteed	USA	4.12	-
COMMERZBANK AG	Banking	Germany	3.23	3
GOVERNMENT OF UNITED KINGDOM	Sovereign	UK	3.14	4

\*: rebased on the rated part of the fund | In accordance with the update to our ESG integration policy published, the internal ESG rating scale now ranks the investment universe from 1 (High Risk) to 5 (Strong Opportunity) in ascending order.

The ESG approach consists in selecting companies with the best environmental, social and governance policies by favouring the best-rated issuers within an investment universe in terms of non-financial criteria (Best in Universe) and/or issuers showing an improvement in their ESG practices over time (Best Effort).

Past performance is not an indication of future results. Performance may vary over time.

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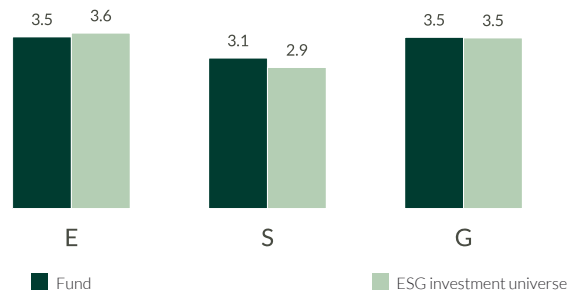
## SUSTAINABLE REPORT - OVERVIEW

Weighted average ESG rank				
	FUND		ESG investment universe	
	Apr 2024	Apr 2023	Apr 2024	Apr 2023
<b>ESG rank</b>	3.6	3.9	3.4	3.4
<b>ESG coverage**</b>	92.3%	96.5%	81.6%	79.8%

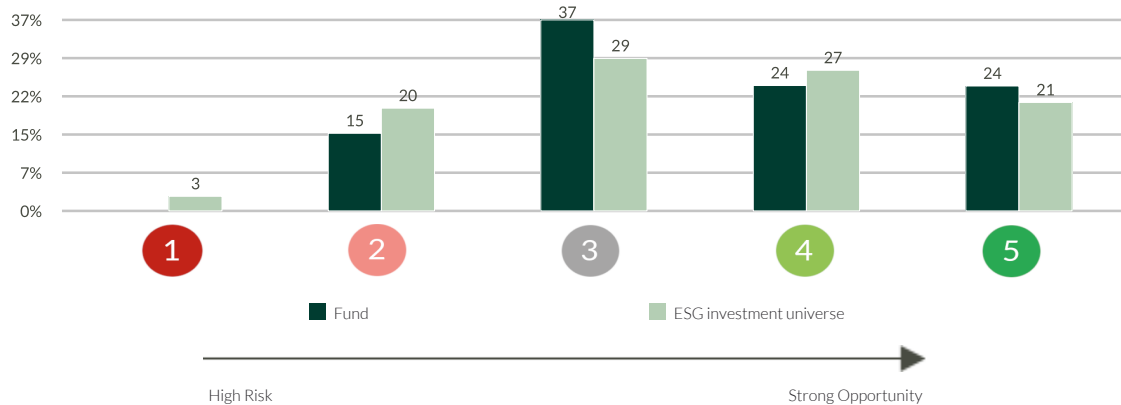
In accordance with the update to our ESG integration policy, the internal ESG rating scale now ranks the investment universe from 1 (High Risk) to 5 (Strong Opportunity) in ascending order.

ESG investment universe : 20,90% BofAML E HY NF FI&FL Rate HY Constr + 6,10% BofAML Contingent Capital ICE + 5,10% ESTER + 14,50% ICE BofA Euro Large Cap Excluding Corp Index + 6,20% ICE BofA Non-Finan US Emerg Markets Liquid Corpor

### WEIGHTED AVERAGE E,S AND G RANK\*



### ESG RANK BREAKDOWN\*\* (%)



TOP 5 ESG rank				
	Sector	Country	Weight in the fund (%)	ESG rank*
GOVERNMENT OF GERMANY	Sovereign	Germany	4.52	5
TELEFONICA EUROPE BV	Telecommunications	Spain	2.93	5
VODAFONE GROUP PLC	Telecommunications	UK	2.05	5
GOVERNMENT OF FINLAND	Sovereign	Finland	1.67	5
SOLVAY SA	Basic Industry	Belgium	1.43	5
<b>Subtotal top 5</b>	-	-	12.62	-

\*ESG rank at the end of the period: In accordance with the update to our ESG integration policy, the internal ESG rating scale now ranks the investment universe from 1 (High Risk) to 5

\*\* : rebased on the rated part of the fund

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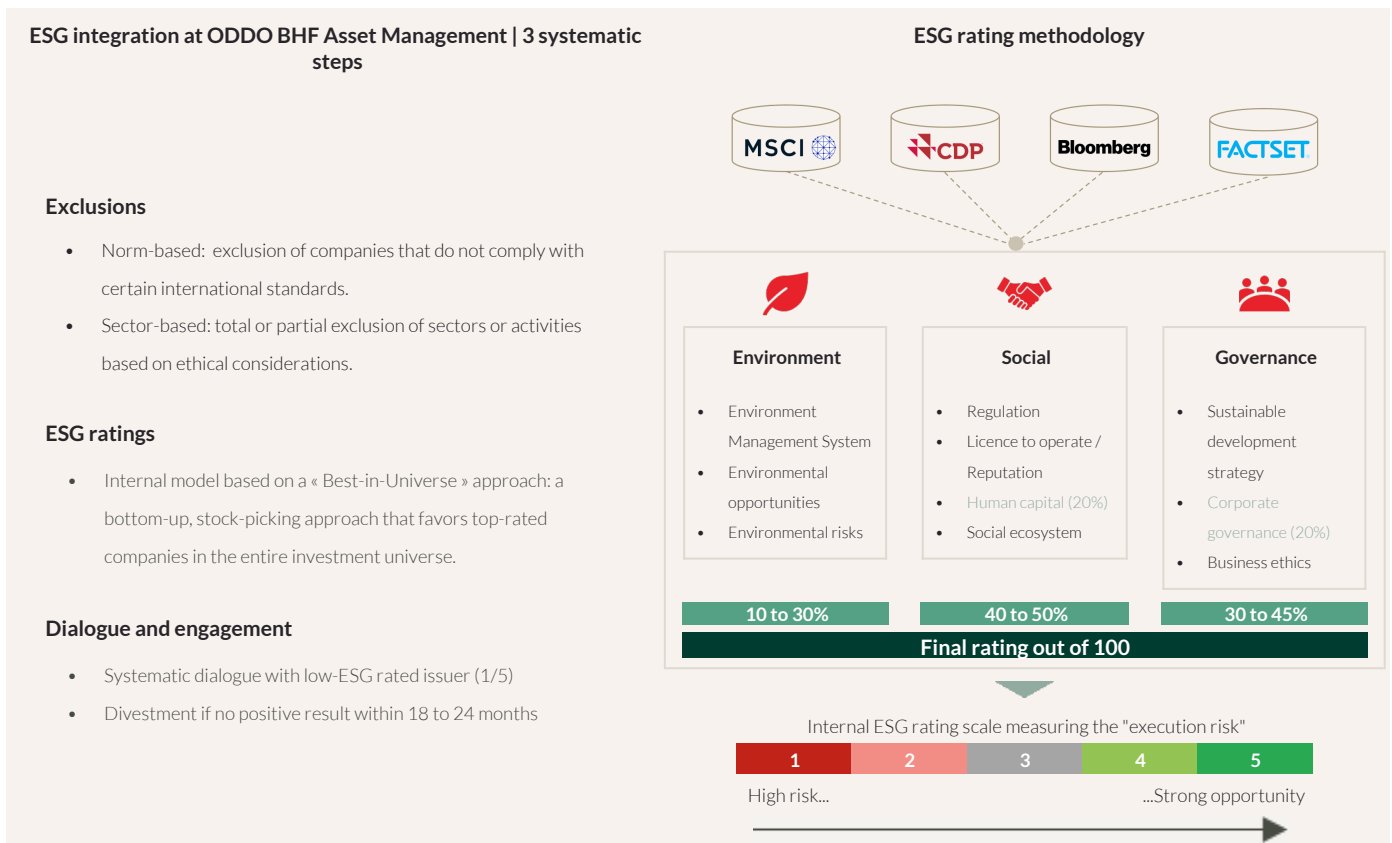
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## SUSTAINABLE REPORT – METHODOLOGY

ODDO BHF AM considers that measuring the environmental, social and governance impact of an investment is an essential step in disseminating good practices in ESG integration. To do this, it is imperative to have reliable, simple quantitative criteria (no reprocessing) and to allow comparison between portfolios regardless of their composition (large vs midcaps, geographical and sectoral diversity). The choice of indicators is therefore crucial for the relevance of impact measurement.

We systematically indicate the availability of the data at the level of the portfolio and its benchmark.



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## MONTHLY MANAGEMENT COMMENT

In April fixed income markets were under pressure from a sharp increase in yields across all geographies led by the US. After a benign March, a string of strong economic data including PMIs, labor market and inflation data led markets to further cut back their expectations regarding the Fed policy rate path, and Fed speakers confirmed the market's reassessment playing down any urgency to start cutting rates near term given upside risks to inflation. As a result, the market moved the total amount of expected rate cuts in 2024 to below two with a later start in fall rather than summer. Even though economic data in the Eurozone did not warrant a similar directional move and policy makers continued to verbally support their guidance of a first rate cut in June, the re-pricing of US rates led to a spillover to other markets.

Credit markets remained firm in this backdrop of increased rates volatility as the higher yields continued to attract inflows and the earnings season so far did not prove to be a major stumbling block. Even the geopolitical tensions in the Middle East failed to meaningfully widen spreads for more than a few days and the ensuing market weakness quickly reversed. At the end of the month Investment Grade corporate bond spreads were flat, while High Yield bonds tightened by 3ps. The yield of German 10yr Bunds increased to 2.58% while US 10yr Treasury yields increased to 4.68%.

Over the course of the month we have cut back duration at the very long end, as economic data (mainly in the US) are still too strong for duration to perform meaningfully in the short term. However, the disinflationary process is not uniform across the geographies and while the US appears to have stalled in terms of progress we are still of the view that the disinflationary process remains intact supported by a much weaker growth outlook. Therefore we maintain a constructive stance on duration over the coming months while trying to navigate the current headwinds from a US driven increase in yields. With respect to the credit exposure in the fund, we have used the active High Yield new issue market to increase our allocation to that segment. In a macroeconomic environment where growth remains firm in the US and could be bottoming out in the Eurozone, where corporate earnings remain solid and default rates low, High Yield bonds remain an attractive diversifier in the portfolio.

## SFDR CLASSIFICATION<sup>2</sup>

The EU Sustainable Finance Disclosure Regulation (SFDR) is a set of EU rules which aim to make the sustainability profile of funds transparent, more comparable and better understood by end investors. Article 6: The management team does not consider sustainability risks or adverse effects of investment decisions on sustainability factors in the investment decision making process. Article 8: The management team addresses sustainability risks by integrating ESG criteria (Environment and/or Social and/or Governance) into its investment decision making process. Article 9: The management team follows a strict sustainable investment objective that significantly contributes to the challenges of the ecological transition, and addresses Sustainability Risks through ratings provided by the Management Company's external ESG data provider.

## RISKS:

The fund is exposed to the following risks : risk of capital loss, interest rate risk, credit risk, risk associated with discretionary management, risk associated with commitments on forward financial instruments, counterparty risk, risks associated with portfolio concentration, liquidity risk of underlying assets, risk associated with high yield bonds, emerging markets risk, risks associated with securities financing transactions and collateral management, modelling risk, Sustainability risk and on an ancillary basis currency risk, risk associated with currency conversion

## DISCLAIMER

This document has been drawn up by ODDO BHF AM SAS. Potential investors should consult an investment advisor before subscribing to the fund. The investor is informed that the fund presents a risk of capital loss, but also many risks linked to the financial instruments/strategies in the portfolio. In case of subscription, investors must read the Key Information Document (KID) and the fund's prospectus in order to acquaint themselves with the detailed nature of any risks incurred and all costs. The value of the investment may vary both upwards and downwards and may not be returned in full. The investment must be made in accordance with investors' investment objectives, their investment horizon and their capacity to deal with the risk arising from the transaction. ODDO BHF AM SAS cannot be held responsible for any direct or indirect damages resulting from the use of this document or the information contained in it. This information is provided for indicative purposes and may be modified at any moment without prior notice. Any opinions presented in this document result from our market forecasts on the publication date. They are subject to change according to market conditions and ODDO BHF AM SAS shall not in any case be held contractually liable for them. The net asset values presented in this document are provided for indicative purposes only. Only the net asset value marked on the transaction statement and the securities account statement is authoritative. Subscriptions and redemptions of mutual funds are processed at an unknown asset value.

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The Key Information Document (DEU, ESP, GB, ITL, NLD, POR, SWD) and the prospectus (DEU, FR, GB) are available free of charge from ODDO BHF AM SAS or at [am.oddo-bhf.com](https://am.oddo-bhf.com) or at authorized distributors. The annual and interim reports are available free of charge from ODDO BHF AM SAS or on its internet site [am.oddo-bhf.com](https://am.oddo-bhf.com).

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