

# ODDO BHF SUSTAINABLE CREDIT OPPORTUNITIES

July 2021

★★★★★  
MORNINGSTAR™

6 8 9  
SFDR classification\*

1 2 3 4 5 6 7  
Scale of risk and return\*\*



## OBJECTIVE OF THE FUND

- Outperform the EONIA index by 3% (capitalised), net of fees, on an annual basis, by integrating an ESG (Environmental, Social and Governance) criteria analysis in parallel.

## INVESTMENT UNIVERSE

- Issuers & Rating: minimum 70% incorporated in OECD countries, minimum B-
- Currency: OECD currencies only and minimum 80% in € and/or US\$

## REASONS TO INVEST ACCORDING TO OUR ANALYSIS

	<p><b>1 Flexible bond Fund investing across the whole fixed income spectrum</b></p> <p>The currently low interest rates environment requires flexible investment solutions across Sovereign issuer, Covered, Investment Grade, High Yield, Corporate Hybrids and Subordinated Financials bonds.</p>
	<p><b>2 Active sub-segment allocation</b></p> <p>Market volatility provides opportunities, and active allocation adjustments enable the fund to try to benefit from different evolving situations.</p>
	<p><b>3 Active management of interest rate risk</b></p> <p>Market volatility is likely to remain high on interest rates and an active duration management could be a source of performance.</p>
	<p><b>4 Portfolio of the best ideas</b></p> <p>Profound fundamental analysis and strict selection criteria within each fixed income segment are paramount to the objective of avoiding defaults and identifying the most convincing risk-reward profiles.</p>
	<p><b>5 Fully integrated ESG approach</b></p> <p>Consideration of ESG (Environment, Social and Governance) criteria in the investment process in a significant way.</p>

## MAIN RISKS

**The fund is mainly exposed to: risk of capital loss, credit risk, risk associated with HY bonds**

\* 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. / \*\* Synthetic risk and return indicator: with lower risk, potentially lower return and higher risk, potentially higher return. The risk profile is not constant and may change over time. Source: ODDO BHF AM GmbH

# Why flexible Fixed Income



## According to our analysis:

### Low yield environment

- Historically low yield of high quality bonds



### Credit risk premia

- Higher return potential of lower quality bond segments usually goes together with higher risk



**This information is provided for illustrative purposes only and should not be construed as investment advice.**

<sup>1</sup> Based on GDBR10 Index. <sup>2</sup> 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. Based on following indices: German Government Bonds: G0D0 Index, IG Corporate Bonds: ER00 Index, IG Corporate Hybrids: ENSU Index, HY Corporate Bonds: HE00 Index.

Sources: Bloomberg, ODDO BHF AM GmbH, data as of 30/06/2021

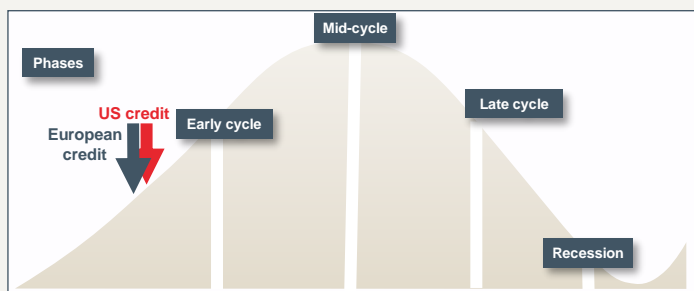
# Why flexible Fixed Income



## According to our analysis:

### Credit cycle

- Entering a new credit cycle



### Challenges for investors

- High-quality bonds with low or even negative yields
- Potentially asymmetric risk of rising interest rates
- Lower quality bonds with higher return potential but tend to be more risky
- Increase of idiosyncratic risk
- Higher vulnerability to credit spread widening



Current challenges better addressed by a  
**FLEXIBLE INVESTMENT APPROACH**

# ODDO BHF Sustainable Credit Opportunities Management team, philosophy & process

## Management team



### Bastian Gries, CFA

Global Head of Investment  
Grade & Money Market,  
ODDO BHF AM GmbH



20 years investment  
experience



### Matthias Lackmann, CFA

Portfolio Manager/Analyst IG,  
ODDO BHF AM GmbH



14 years investment  
experience

## Portfolio advisor



### Haiyan Ding, CFA

Portfolio Manager/Analyst HY,  
ODDO BHF AM GmbH



13 years investment  
experience

## Investment approach



➤ Dynamic allocation across Fixed-Income segments



➤ Active credit & interest rate risk management supported by well-established risk models



➤ Conviction-based bond selection by a dedicated team of more than 20 dedicated investment experts



➤ Objective to build a diversified portfolio of our best ideas for each sub-asset class bucket



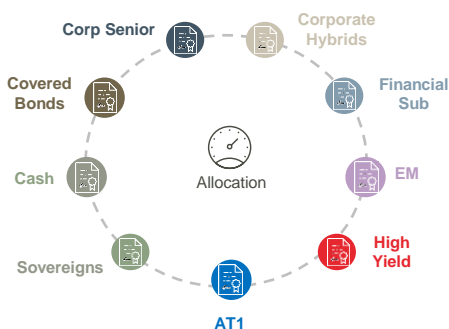
➤ Consideration of ESG criteria with significant impact. Min. 20% of the investment universe being eliminated by strict sector exclusions and the consideration of ESG ratings.

At least 90% of the net assets of the fund are subject to an internal rating

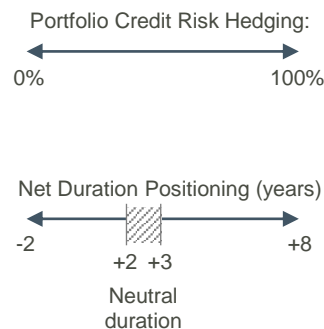


## Investment process

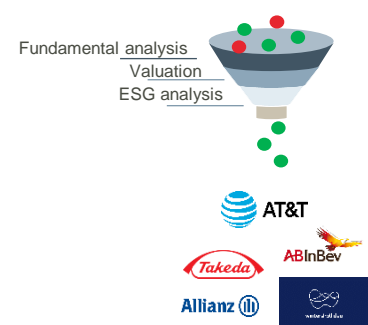
### 1 Dynamic segment allocation



### 2 Tactical risk positioning



### 3 Bond selection for each segment



**It doesn't constitute an investment recommendation. The fund bears a risk of capital loss.**

Source: ODDO BHF AM GmbH

# Performance & Portfolio Overview

★★★★★  
MORNINGSTAR™<sup>1</sup>

## 1. Morningstar™ Quartil

Over 3 years, since inception of new strategy



### Key characteristics

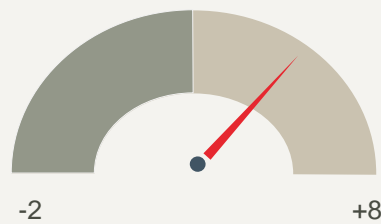
**2.4%**  
Yield to maturity<sup>2</sup>

**1.8%**  
Yield to worst

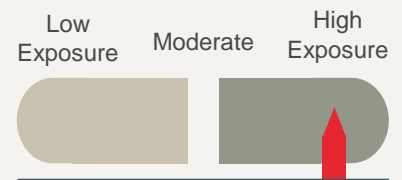
**5.2**  
Duration to worst

**BBB-**  
Average rating

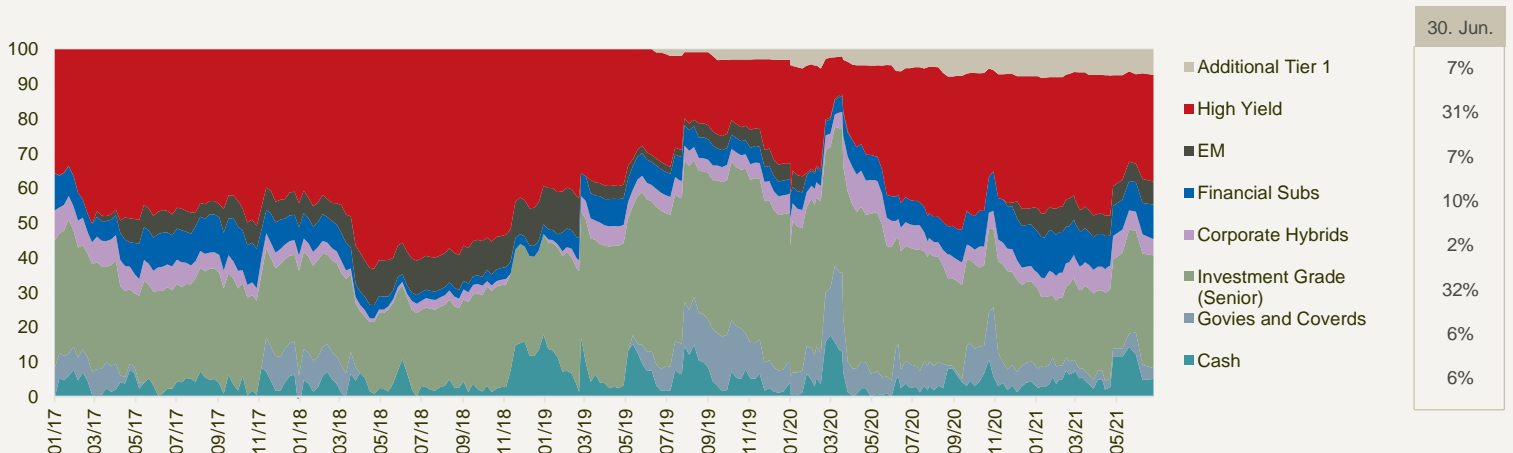
### Duration barometer



### Credit exposure



### Breakdown by sub-segment<sup>3</sup>



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<sup>1</sup> CI-EUR share class: Morningstar Category: EUR Flexible Bond. <sup>2</sup>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. <sup>3</sup>Data as of 06/30/2021. Source: ODDO BHF AM GmbH; data as of 06/30/2021

## Risks

The fund named in this document is exposed to a certain number of risks: Risk of capital loss, credit risk, rate risk, risk associated with discretionary management, model risk, liquidity risk of underlying assets, counterparty risk, emerging market risk, Risks associated with securities financing transactions and collateral management, risk associated with high yield bonds, risk associated with portfolio concentration, risk associated with commitments on forward financial instruments and to a limited extend currency conversion and exchange risk.

**The investor is advised to read the Key Investor Information Document and the fund prospectus for more detailed information concerning the risks to which the fund is exposed.**

## Lead Portfolio Managers\*

**Bastian Gries, CFA**  
ODDO BHF AM GmbH  
Head of Investment Grade Credit  
19 years investment experience

**Matthias Lackmann, CFA**  
ODDO BHF AM GmbH  
Portfolio Manager / Analyst Investment Grade  
13 years investment experience

## Portfolio Advisor

**Haiyan Ding, CFA**  
ODDO BHF AM GmbH  
Portfolio Manager / Analyst High Yield  
12 years investment experience

## Credit analysts capabilities\*

12 analysts or portfolio manager/analysts High Yield

8 analysts or portfolio manager/analysts Investment Grade

3 portfolio managers/analysts Sovereign/Covered bonds

\* Current management team, liable to change

Countries of distribution Austria, Germany, Spain, France, Luxembourg, Italy, Switzerland, Portugal, Sweden and Finland.

## General characteristics

Fund name	ODDO BHF Sustainable Credit Opportunities	
Benchmark index	N/A	
Investment objective <sup>1</sup>	The investment objective of the Sub-Fund is to achieve a performance, net of fees, higher than that of the EONIA index + 3 % (capitalised), by integrating an ESG (Environmental, Social and Governance) criteria analysis in parallel.	
Minimum recommended investment period	3 years	
Inception date	13/12/2013	
New strategy implementation	30/12/2016	
Morningstar™ Category	EUR Flexible Bond	

Share classes	CR-EUR	DR-EUR
ISIN Code	LU1752460292	LU1785344083
Currency	EUR	
Type of shares	Accumulation	Distribution
Min. initial subscription	EUR 100	
Subscription fees	5% of net asset per share	
Management fees	1% of net asset	
Redemption fees	none	
Outperformance fees	10% maximum over capitalized EONIA + 3%	

## Structure and technical information

Legal status	Luxembourg SICAV
Management company	ODDO BHF Asset Management SAS
Management delegation	ODDO BHF Asset Management GmbH
Custodian	Caceis Bank Luxembourg SA
Subscriptions/redemptions	Daily at unknown price until 12:00
Valuation frequency	Daily

<sup>1</sup>The achievement of targets can not be guaranteed.

## Glossary

<b>Maturity</b>	Maturity is the agreed-upon date in which the investment ends.
<b>Modified duration to maturity</b>	Discounted average lifetime of all flows (interest and principal), for an investor who keeps a bond until redemption, assuming that the issuer will not default.
<b>Yield to maturity</b>	Real rate of return of a bond for an investor who keeps it until redemption, assuming the reinvestment of interest at the same yield, assuming the issuer does not default.
<b>Credit spread</b>	The yield of a corporate bond is equal to the yield of a government bond to which is added a premium to compensate for additional credit risk. This premium is called a spread.

ODDO BHF AM is the asset management division of the ODDO BHF Group. It is the common brand of four legally separate asset management companies: ODDO BHF AM SAS (France), ODDO BHF PRIVATE EQUITY (France), ODDO BHF AM GmbH (Germany) and ODDO BHF AM Lux (Luxembourg).

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## ODDO BHF Asset Management SAS (France)

Portfolio management company approved by the Autorité des Marchés Financiers under GP 99011.

Société par actions simplifiée with capital of €9,500,000. Trade Register (RCS) 340 902 857 Paris.

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