

## Key figures

### PERFORMANCE (IC EUR SHARE)

MTD (Month to Date)	-1.12%
YTD (Year to Date)	-7.86%

### FUND SIZE

EUR 169.97m

### NET ASSET VALUE PER UNIT

IC EUR share EUR 1,060.79

## Financial data

### NUMBER OF LINES/ISSUERS

275 / 196

### NUMBER OF SECTORS<sup>1</sup>

34

### % MARKET EXPOSURE

94.37%

### THEORETICAL BETA

1.03

### AVERAGE RATING<sup>2</sup>

BB- (fund) / BB- (index)

### MODIFIED DURATION

3.53 (fund) / 3.58 (index)

### OPTION ADJUSTED SPREAD (OAS)

534bps (fund) / 518bps (index)

### AVERAGE YIELD TO WORST

5.96% (fund) / 5.79% (index)

### AVERAGE YIELD TO MATURITY

5.99% (fund) / 5.79% (index)

<sup>1</sup> Bloomberg sectors

<sup>2</sup> Based on the worst rating from S&P and Moody's

### MORNINGSTAR CATEGORY

EUR High Yield Bonds



## Investment strategy and fund's objective

SCOR Funds - Europe High Yield invests in Euro-denominated high yield bonds. The fund's investment objective is to achieve a performance greater or equal to the "Bloomberg Pan Europe High Yield 2.5% issuer constrained ex Financial" index, less any fees or expenses to be borne by the fund, throughout the recommended investment period.

### Key points:

- the investment process aims to build a highly diversified portfolio
- fundamental issuer analysis is at the heart of the investment process
- an investment universe comprising securities denominated in EUR, GBP, CHF and other European currencies
- no investments in bonds issued by financial institutions neither in credit derivatives

## NAV since inception (basis 1,000)



## Cumulative performance

	YTD	1 month	3 months	1 year	3 years	inception*
IC EUR share	-7.86%	-1.12%	-3.93%	-6.75%	+4.30%	+6.08%
Index	-7.82%	-1.10%	-3.78%	-6.80%	+2.65%	+5.80%

## Calendar performance

	YTD 2022	2021	2020	2019	2018	2017
IC EUR share	-7.86%	+3.17%	+4.93%	+8.91%	-3.25%	+0.93%*
Index	-7.82%	+3.51%	+2.33%	+10.68%	-3.59%	+1.55%*

## Annualized performance

	3 years	5 years	inception*
IC EUR share	+1.41%	-	+1.22%
Index	+0.87%	-	+1.17%

## Contact

### SALES TEAM

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### SCOR INVESTMENT PARTNERS

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index = Bloomberg Pan Europe HY 2.5% Iss Constr x Fin TR Index Hedged EUR (Bloomberg code: H20718EU Index)

\* Since inception of the share class (refer to characteristics)

Performance is net of fees, includes dividends and is based on net asset values adjusted to swing pricing. Past performance is not a reliable indicator of future performance.

# SCOR FUNDS - EUROPE HIGH YIELD

Monthly report – May 31, 2022

## Top 10 exposures

ISSUER	SECTOR	COUPON	MATURITY	%
TELEFONICA	Wirelines	2.88%	Perp	1.53%
LEVI STRAUSS & CO	Retailers	3.38%	15/03/2027	1.19%
INTERTRUST GROUP	Consumer Services	3.38%	15/11/2025	1.17%
TELECOM ITALIA	Wirelines	2.88%	28/01/2026	1.10%
FAURECIA	Automotive	3.75%	15/06/2028	1.08%
DARLING GLOBAL	Food and Beverage	3.63%	15/05/2026	1.04%
ALTICE FRANCE SA	Wireless	4.13%	15/01/2029	1.02%
SES SA	Cable Satellite	2.88%	Perp	0.98%
RENAULT SA	Automotive	2.38%	25/05/2026	0.96%
ALTICE FRANCE SA	Wireless	5.88%	01/02/2027	0.92%

## 5 largest overexposures<sup>3</sup>

ISSUER	SECTOR	OVER EXPOSURE
TELEFONICA	Wirelines	2.34%
LEVI STRAUSS & CO	Retailers	1.06%
INTERTRUST GROUP	Consumer Services	1.03%
DARLING GLOBAL	Food and Beverage	0.90%
TDC NET AS	Wirelines	0.89%

## 5 largest underexposures<sup>3</sup>

ISSUER	SECTOR	UNDER EXPOSURE
NETFLIX INC	Media Entertainment	-1.46%
AUTOSTRAD	Transportation Services	-1.12%
EDP	Electric	-0.97%
BELLIS ACQUISITION	Supermarkets	-0.91%
REPSOL INTL	Integrated	-0.90%

## Risk indicators

YEAR	VOLATILITY*		TRACKING ERROR	INFO. RATIO.	BETA
	FUND	INDEX			
Since inception	4.49%	4.75%	0.63%	0.09	0.93
YTD 2022	4.87%	4.81%	0.77%	-0.13	1.00
2021	1.36%	1.31%	0.28%	-1.21	1.01
2020	8.77%	9.32%	1.03%	2.54	0.92
2019	2.07%	2.24%	0.47%	-3.73	0.88
2018	2.00%	2.18%	0.44%	0.78	0.88

\*Based on weekly NAVs, the volatility of the Fund may not only reflect the volatility of the securities in the portfolio due to the application of the swing pricing mechanism.

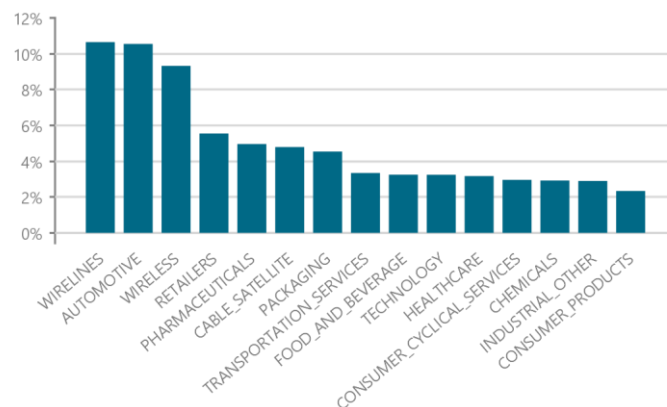
<sup>3</sup> % of the AuM

<sup>4</sup> Bloomberg sectors

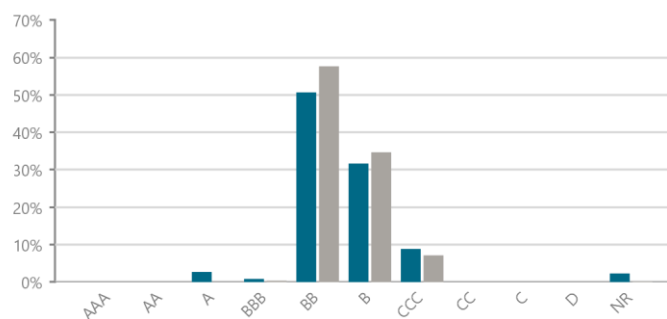
<sup>5</sup> Based on the worst rating from S&P and Moody's

■ Fund  
■ index = Bloomberg Pan Europe HY 2.5% Iss Constr x Fin TR Index Hedged EUR (Bloomberg code: H20718EU Index)

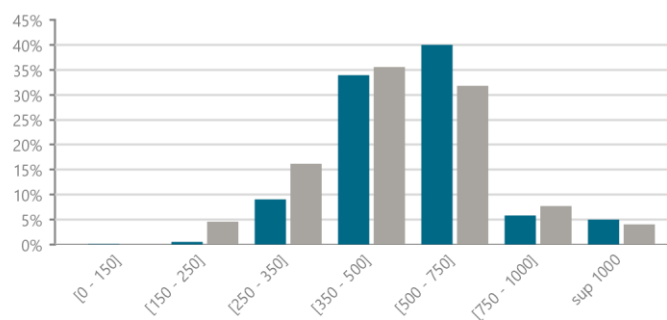
## Top 15 sectors<sup>4</sup>



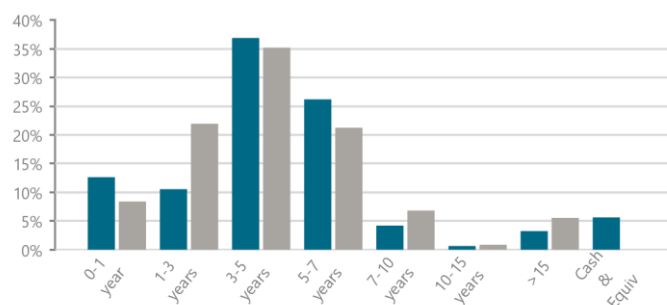
## Breakdown by rating<sup>3,5</sup>



## Breakdown by OAS (in bps)<sup>3</sup>



## Breakdown by maturity bucket<sup>3</sup>



## Characteristics

### ISIN CODE

IC EUR share LU1497740842

### BLOOMBERG CODE

IC EUR share SCEICEC LX Equity

### FUND NAME

SCOR FUNDS - EUROPE HIGH YIELD

### LEGAL FORM

Sub-fund of a Luxembourg-based SICAV, under the directive 2009/65/EC (UCITS)

### INCEPTION DATE

IC EUR share 24/07/2017

### FUND CURRENCY

EUR

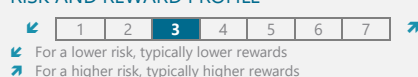
### RECOMMENDED INVESTMENT HORIZON

3 years minimum

### INDEX

Bloomberg Pan Europe HY 2.5% Iss Constr x Fin TR Index Hedged EUR (Bloomberg code: H20718EU Index)

### RISK AND REWARD PROFILE



### VALUATION FREQUENCY

Daily (D)

### SWING PRICING

Swing Pricing mechanism effective as of February 1, 2021

### SUBSCRIPTION / REDEMPTION

Orders received each D day before 12:00 p.m. (Paris time), executed on NAV D day

### SETTLEMENT AND DELIVERY

D+2 / D+2

### ONGOING CHARGES

0.67% VAT incl. (for the year 2020)

### PERFORMANCE FEES

None

### SUBSCRIPTION / REDEMPTION FEES

Maximum 3.00% / none

### CUSTODIAN

BNP Paribas Securities Services, Luxembourg

### DELEGATED ACCOUNTING MANAGEMENT

BNP Paribas Securities Services, Luxembourg

### COUNTRIES OF COMMERCIALIZATION

BE, FR, LU, MC\*, UK

\*Only with approved local entities

## Market review

The European High Yield market returned performances of -1.10% in May 2022, bringing YTD performance to -7.82%. The continuous increase in risk premiums since April came to an end in May. The average OAS widened by an additional 65 bps to a peak of 518 bps, before subsiding to 469 bps at the end of the month, representing an excess return of -0.52% in May. Putting Covid to one side, the last time spreads reached 500 bps was in January 2019. Since the start of 2022, the Euro high yield segment has significantly underperformed US high yield over the entire yield curve. In both regions, the performance of long maturities has been more negative (-15% for the euro market) than that of short maturities (-5%).

Central banks are reacting differently to the expected slowdown in growth. While the ECB seems to want to maintain the pace at which it rescinds its accommodative monetary policy, the Fed is ready to slow down. US assets thus posted positive performances, while euro markets performed negatively in May.

European high-yield funds continued to be subject to redemptions, which did not accelerate, however. Redemptions in May totaled EUR 1.4 billion, bringing the total since the start of the year to EUR 7 billion, or nearly 9% of outstandings. Funds still had significant cash, dampening the volume of sales at depressed levels. The average price of Euro high yield bonds is 92% of par. Adjustments to exposure might be delicate given the liquidity situation and deteriorating price spreads. The increase in the proportion of distressed debt since the beginning of the year is concentrated in the consumer discretionary sector, both in high yield bonds and in loans. The sector is directly affected by inflation in energy and industrial raw material prices.

BB-rated corporate hybrids continued to underperform, by 1.70% in May, bringing YTD performance to -10.84%. There were no new primary market issues in May. The BB segment overall reduced its lag, benefiting from a flight to quality within the euro high yield asset class. It posted a performance of -0.66%, vs -1.39% for the B segment and -1.97% on the CCC segment. The yields of the three segments were 4.5%, 6.7% and 10.5%, respectively. Like the May primary issues, the BB segment had an attractive risk/return relationship compared with the other rating categories. Issues were primarily in the BB category. Virtually all spreads tightened by around 50 bps between announcement and final pricing, despite the fragile market, and yield was around 4.375%. Issuers included Elis, Volvo and new issuer Huhtamaki, a Nordic packaging company.

Recently published first-quarter results have been mostly positive. Although margins of certain industrial companies narrowed, the top line continued to pick up, because of volumes and because cost increases were passed on to prices to a greater-than-expected extent, as illustrated by Thyssen, Grifols and Elis. Generally, the trend remained very favorable in gaming, which continued to recover, leisure and shipping. Acquisitions (or rumors thereof) also continued to be a support factor, placing the targets among the best performers: Banijay, House of HR, Atalian and Ontex.

## Fund manager's comment

The SCOR Europe High Yield fund declined by -1.12% in May 2022, underperforming its benchmark index by -0.02%. Since the start of the year, the fund declined by -7.86% (-0.04% behind the index).

The fund's beta, close to 1, was maintained at this level. The proportion of cash and the allocation between rating categories contributed positively, as the fund was overweight in the BB category, in contrast to the B and CCC categories.

Lack of exposure or underweighting in the issuers with the most negative performance was beneficial to the fund, as illustrated by Frigoglass (-23%), Diebold Nixdorf (-17%) and Douglas (-13%). Their weightings in the index are significant, which was the main reason for the fund's relative outperformance in May. Conversely, Kloeckner Pentaplast's poor performance, despite encouraging results in May, and the lack of exposure to Atalian, reduced the fund's performance.

Owing to its selection of securities, the fund outperformed the index in the sectors that suffered this month. The transport sector posted the worst performance, for example. Autostrade has a significant weighting in the index, and its long maturities suffered greatly. The fund also outperformed in retailing, despite its overweighting in this sector (Maxeda short-term, HSE, But).

The fund took part in several primary market issues. Elis 2027 opened the primary market with an attractive OID vs. the secondary market, despite a 62 bps reduction in the proposed yield between the announcement and the pricing. This motivated us to participate. We also took part in the TDC NET 2028 issue, rated BBB- with a yield of more than 5%.

## Disclaimer

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Source: SCOR Investment Partners, unless otherwise specified.

## Main risk factors

**Risk of capital loss:** There is a risk that the capital initially invested will not be fully recovered on redemption.

**Risk linked to discretionary management:** The management style is discretionary, which means that the portfolio management company may move away from the composition of the benchmark in accordance with its beliefs concerning issuers or its market anticipations. There is a risk that the Fund will not be invested at all times in the best performing securities and that the Fund's performance will differ significantly from that of the benchmark.

**Interest rate risk:** Since the portfolio is principally invested in fixed rate securities, Fund unitholders are exposed to interest rate risk. This corresponds to the risk of a fall in value of rate instruments due to interest rate variations and is measured by interest rate sensitivity. In periods of increased interest rates, the net asset value of the Fund may decrease significantly.

**Credit risk:** Deterioration in the solvency of an issuer may provoke a fall in the value of the securities that it has issued, and subsequently in the net asset value of the Fund. This risk is measured by credit sensitivity. In the event of default on payment, the value of the securities may be zero.

**Risk linked to speculative securities:** Due to the historically greater risk of default on speculative securities than on non-speculative securities, investment in high yield or non-rated securities may increase the credit risk and may lead to a significant and rapid fall in the net asset value of the Fund.

**Emerging market risk:** Due to the historically greater risk of default for non-OECD (emerging) securities than for OECD securities, investment in non-OECD (emerging) securities may increase the credit risk and may lead to a significant and rapid fall in the net asset value of the Fund.

**Counterparty risk:** This risk relates to the possibility of default by a counterparty, leading to payment default. Payment default by a counterparty may lead to a fall in the net asset value of the Fund.

**Share market risk:** The value of the Fund may fall in the event of a fall in the share market and/or a fall in value of specific securities held by the Fund.

**Currency risk** is hedged, therefore the currency risk is residual. However, it is important to note the residual currency risk that could result from an imperfect hedge. This risk could lead to a fall in net asset value.

Refer to the fund latest prospectus for the comprehensive list of associated risks.