

## Key figures

### PERFORMANCE (IC EUR SHARE)

MTD (Month to Date)	+3.11%
YTD (Year to Date)	+3.11%

### FUND SIZE

EUR 170.89m

### NET ASSET VALUE PER UNIT

IC EUR share EUR 1,066.53

## Financial data

### NUMBER OF LINES/ISSUERS

287 / 203

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

34

### % MARKET EXPOSURE

96.93%

### THEORETICAL BETA

1.02

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

BB- (fund) / BB- (index)

### MODIFIED DURATION

3.19 (fund) / 3.15 (index)

### OPTION ADJUSTED SPREAD (OAS)

458bps (fund) / 440bps (index)

### AVERAGE YIELD TO WORST

6.91% (fund) / 6.85% (index)

### AVERAGE YIELD TO MATURITY

6.92% (fund) / 6.85% (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	+3.11%	+3.11%	+6.45%	-5.97%	+0.40%	+6.65%
Index	+3.18%	+3.18%	+6.04%	-5.75%	-1.59%	+6.56%

## Calendar performance

	YTD 2023	2022	2021	2020	2019	2018
IC EUR share	+3.11%	-10.16%	+3.17%	+4.93%	+8.91%	-3.26%
Index	+3.18%	-10.02%	+3.51%	+2.33%	+10.68%	-3.59%

## Annualized performance

	3 years	5 years	inception*
IC EUR share	+0.13%	+1.11%	+1.17%
Index	-0.53%	+0.91%	+1.16%

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.

## Contact

### SALES TEAM

Phone: +33 1 58 44 70 00

scorip.sales@scor.com

www.scor-ip.com

### SCOR INVESTMENT PARTNERS

5, avenue Kléber

75795 Paris Cedex 16

France

# SCOR FUNDS - EUROPE HIGH YIELD

Monthly report – January 31, 2023

## Top 10 exposures

ISSUER	SECTOR	COUPON	MATURITY	%
TELEFONICA	Wirelines	2.88%	Perp	1.45%
RENAULT SA	Automotive	2.38%	25/05/2026	1.26%
DKT FINANCE	Wirelines	7.00%	17/06/2023	1.24%
FAURECIA	Automotive	7.25%	15/06/2026	1.22%
LEVI STRAUSS & CO	Retailers	3.38%	15/03/2027	1.18%
FAURECIA	Automotive	3.75%	15/06/2028	1.07%
TELECOM ITALIA	Wirelines	2.88%	28/01/2026	1.04%
DARLING GLOBAL	Food and Beverage	3.63%	15/05/2026	1.03%
ALTICE FRANCE SA	Wireless	4.13%	15/01/2029	0.96%
SUDZUCKER INT	Food and Beverage	5.13%	31/10/2027	0.92%

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

ISSUER	SECTOR	OVER EXPOSURE
TELEFONICA	Wirelines	2.24%
DKT FINANCE	Wirelines	2.07%
LEVI STRAUSS & CO	Retailers	1.04%
EDF	Electric	0.99%
AUTOSTRAD	Transportation Services	0.98%

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

ISSUER	SECTOR	UNDER EXPOSURE
BAYER AG	Pharmaceuticals	-1.35%
NETFLIX INC	Media Entertainment	-1.24%
ILIAD HOLDING	Wirelines	-1.14%
EDP	Electric	-1.06%
BELLIS ACQUISITION	Supermarkets	-0.94%

## Risk indicators

YEAR	VOLATILITY*		TRACKING ERROR	INFO. RATIO.	BETA
	FUND	INDEX			
Since inception	4.73%	4.95%	0.67%	0.02	0.94
YTD 2023	3.28%	3.48%	0.59%	-1.93	0.92
2022	5.88%	5.87%	0.91%	-0.15	0.99
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.

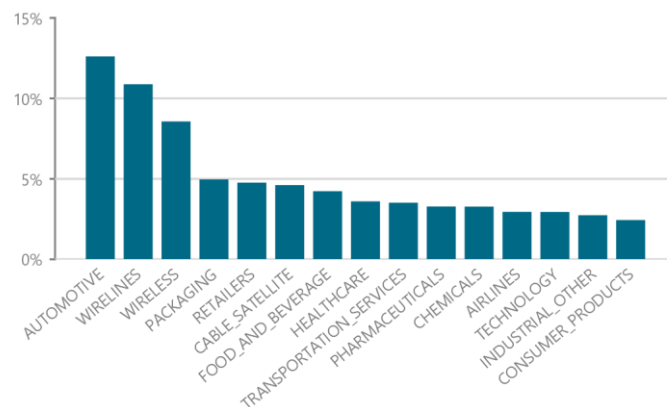
<sup>3</sup>% of the AuM

<sup>4</sup> Bloomberg sectors

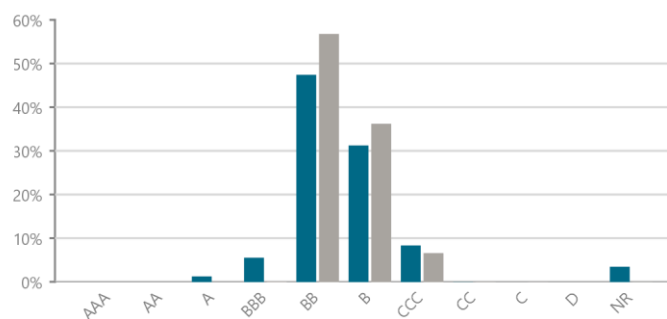
<sup>5</sup> Based on the worst rating from S&P and Moody's

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

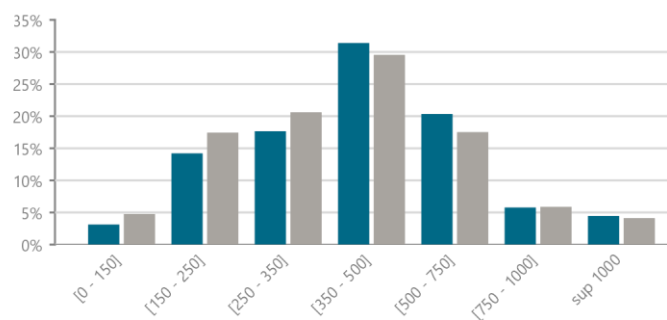
## Top 15 sectors<sup>4</sup>



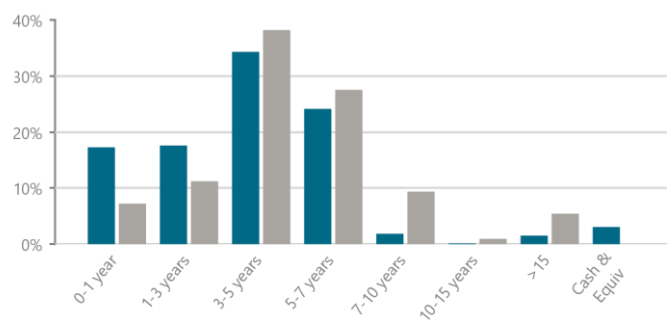
## Breakdown by rating<sup>3,5</sup>



## 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

1 2 3 4 5 6 7

For a lower risk, typically lower rewards

For a higher risk, typically higher rewards

### 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 Europe High Yield market posted a positive performance of 3.18% in January. The average OAS tightened by 54 bps to 434 bps, representing excess return of 2.34%.

Spreads began tightening in October and continued to do so vigorously in January, boosting the performance of the euro high yield market to +9.30% since its October low. Some economists have revised their euro-zone growth forecasts up for 2023. Encouraged principally by lower energy prices but also by the reopening of the Chinese economy, they appear to believe a recession is no longer in store. In addition, the market remains firm in its anticipation that the ECB will ease its monetary policy in the medium-term.

The European default rate remained virtually nil as of end-January, at 0.46% according to JP Morgan. The bank is not expecting a significant increase in the default rate over the next few months. JP Morgan has also revised its growth forecasts up for 2023 given the milder-than-expected winter, bringing the expected default rate as of end-2023 down from 3% initially to 2%.

Technical factors are currently supporting the high yield market. Debt funds have been recording inflows since October, including more than EUR 700 million into European high-yield funds in January, in particular into non-ETF funds. Volumes exchanged in the secondary market were up sharply, as risk profile in high-yield funds has increased since the beginning of the year and the primary market has re-opened after a long period of minimal activity. The gross volume of new issues totaled EUR 8.3 billion, which figures among historical highs for the month of January. Given that average yields are still high (6.5% at end-January), issuers preferred relatively short maturities (2026 for the equipment manufacturer ZFF, 2027 for Kiloutou), and low OIDs have left prices near the reoffer price. Conversely, Stena 2028 and Italmatch 2028 outperformed other issues, owing to their generous coupons of 7.25% (BB) and 10%, respectively. The corporate hybrid segment was active too, with several issues offering a reset spread higher than that of existing issues. This explains investor interest and the negative issue premium, such as on Telefonica 6.125%, where there was a 25 bps negative new issue premium.

Fourth-quarter earnings announcements have been below that of previous quarters. While certain sectors are forecasting earnings increases in 2023, such as carmakers, equipment manufacturers, shipping companies and airlines, most sectors, such as semiconductors and retailing, have disappointed the market.

## Fund manager's comment

The SCOR FUNDS - Europe High Yield fund returned a positive performance of 3.11% in January (net of fees, dividends included, IC EUR share), or 7 bps less than its benchmark index.

The fund's beta maintained close to 105% during the month, making a positive relative contribution. The riskiest assets performed the best, starting with CCC (absolute performance of +5.71%), with no impact on relative performance, while the fund's preference for BB ratings (+2.68%) vs. B (+3.52%) cost the fund some performance. Nevertheless the fund's additional overweighting on corporate hybrids (+3.57%) was positive within the BB segment.

With regard to selection, Lottomatica announced IPO plans at the same time that it published favorable results. An IPO would enable it to repay its 2025 bonds and make the PIK 2026 the next maturity. The fund is overweighted on the PIK (+13% of total return) and outperformed by 3 bps. Overweighting on certain commoditized companies such as Progest, Kloeckner Pentaplast and Constellium, underpinned by lower energy prices, contributed positively. Dometic (consumer discretionary) published disappointing results due to a decline in demand, and posted a negative absolute performance. This cost the fund some performance as it is overweighted on this issuer.

On the fund management side, the fund took part in several primary market issues, selecting those offering attractive premiums, such as Kiloutou, yielding 9%, and the Air France 7.5% 2026 and 8.125% 2028 issues. The fund also took part in the Telefonica 6.135% perpetual primary market corporate hybrid issue.

Lastly, the fund closed out its exposure to Bayer hybrids, as the issuer is now on SCOR's exclusion list.

## 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.