

## Key figures

### PERFORMANCE (IC EUR SHARE)

MTD (Month to Date)	+4.05%
YTD (Year to Date)	-9.45%

### FUND SIZE

EUR 167.04m

### NET ASSET VALUE PER UNIT

IC EUR share EUR 1,042.49

## Financial data

### NUMBER OF LINES/ISSUERS

278 / 199

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

34

### % MARKET EXPOSURE

95.02%

### THEORETICAL BETA

1.01

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

BB- (fund) / BB- (index)

### MODIFIED DURATION

3.26 (fund) / 3.25 (index)

### OPTION ADJUSTED SPREAD (OAS)

527bps (fund) / 520bps (index)

### AVERAGE YIELD TO WORST

7.3% (fund) / 7.34% (index)

### AVERAGE YIELD TO MATURITY

7.31% (fund) / 7.34% (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



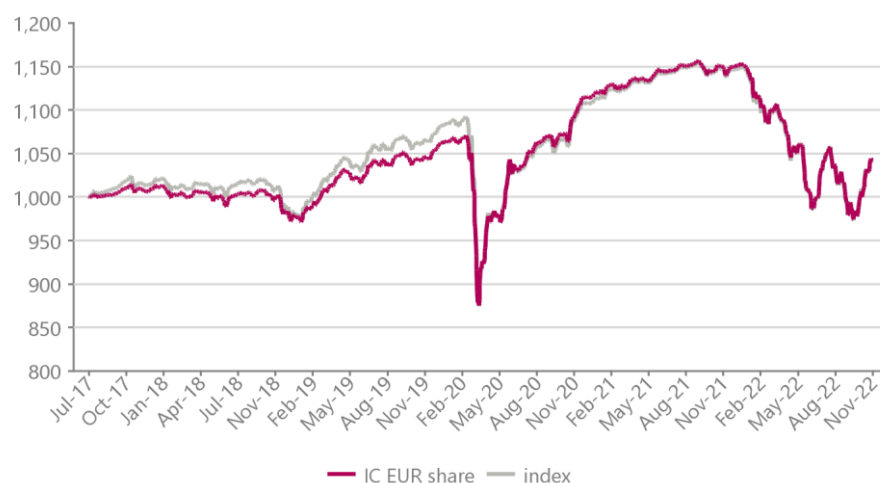
## Investment strategy and fund's objective

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	-9.45%	+4.05%	+1.66%	-8.54%	-0.98%	+4.25%
Index	-9.36%	+3.53%	+1.58%	-8.60%	-2.96%	+4.03%

## Calendar performance

	YTD 2022	2021	2020	2019	2018	2017
IC EUR share	-9.45%	+3.17%	+4.93%	+8.91%	-3.26%	+0.94%*
Index	-9.36%	+3.51%	+2.33%	+10.68%	-3.59%	+1.55%*

## Annualized performance

	3 years	5 years	inception*
IC EUR share	-0.33%	+0.65%	+0.78%
Index	-1.00%	+0.49%	+0.74%

## 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 – November 30, 2022

## Top 10 exposures

ISSUER	SECTOR	COUPON	MATURITY	%
TELEFONICA	Wirelines	2.88%	Perp	1.43%
RENAULT SA	Automotive	2.38%	25/05/2026	1.28%
LEVI STRAUSS & CO	Retailers	3.38%	15/03/2027	1.19%
FAURECIA	Automotive	3.75%	15/06/2028	1.09%
TELECOM ITALIA	Wirelines	2.88%	28/01/2026	1.09%
DARLING GLOBAL	Food and Beverage	3.63%	15/05/2026	1.06%
ALTICE FRANCE SA	Wireless	4.13%	15/01/2029	0.99%
THYSSENKRUP	Div. Manufacturing	2.88%	22/02/2024	0.93%
SUDZUCKER INT	Food and Beverage	5.13%	31/10/2027	0.93%
UNITED GROUP BV	Cable Satellite	4.88%	01/07/2024	0.92%

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

ISSUER	SECTOR	OVER EXPOSURE
TELEFONICA	Wirelines	2.34%
DKT FINANCE	Wirelines	1.81%
FAURECIA	Automotive	1.18%
LEVI STRAUSS & CO	Retailers	1.05%
AUTOSTRAD	Transportation Services	1.00%

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

ISSUER	SECTOR	UNDER EXPOSURE
NETFLIX INC	Media Entertainment	-1.23%
EDP	Electric	-1.03%
REPSOL INTL	Integrated	-0.95%
BELLIS ACQUISITION	Supermarkets	-0.94%
ILIAD HOLDING	Wirelines	-0.89%

## Risk indicators

YEAR	VOLATILITY*		TRACKING ERROR	INFO. RATIO.	BETA
	FUND	INDEX			
Since inception	4.76%	4.98%	0.67%	0.06	0.94
YTD 2022	6.04%	6.01%	0.91%	-0.11	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.

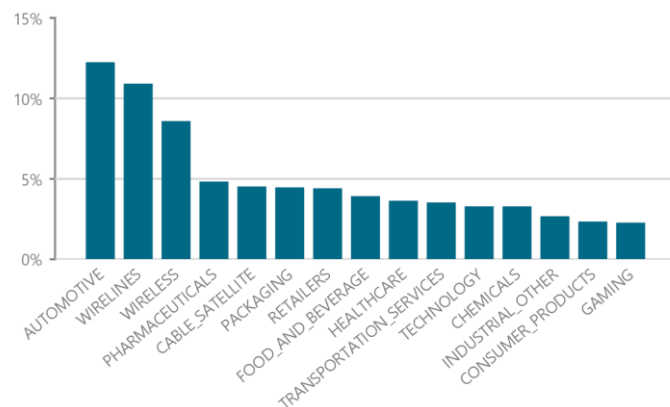
<sup>3</sup> % of the AuM

<sup>4</sup> Bloomberg sectors

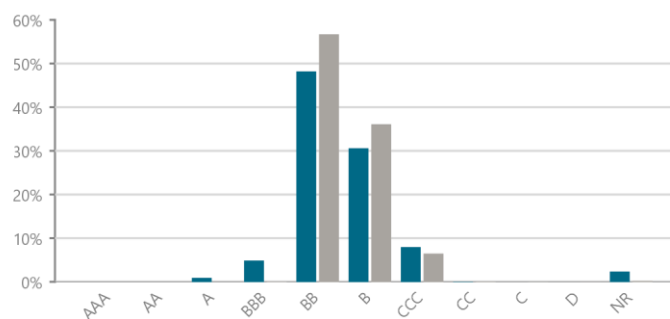
<sup>5</sup> Based on the worst rating from S&P and Moody's

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

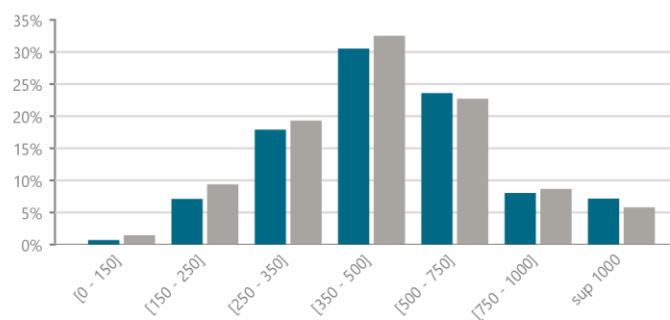
## Top 15 sectors<sup>4</sup>



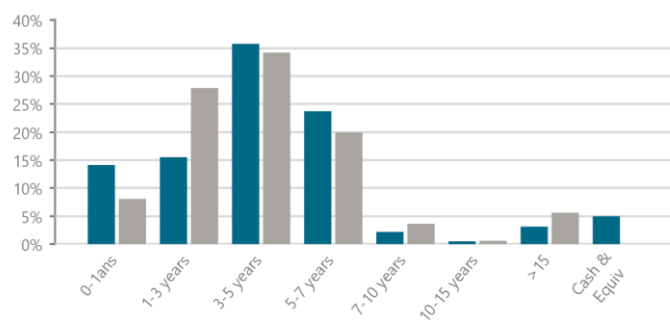
## Breakdown by rating<sup>3,5</sup>



## 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

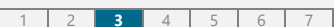
### RECOMMENDED INVESTMENT HORIZON

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


  
 ↙ 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 +3.53% in November. The average OAS tightened by 75 bps to 505 bps, representing excess return of +3.27%.

The November rally followed on from the previous month, as most third-quarter earnings publications were better than expected, anti-Covid restrictions were loosened in China and, with inflation starting to decelerate, central banks were less hawkish.

Despite the Euro High Yield rally, illustrated by a remarkable, +6.60% performance since October, the primary market has not fully reopened. The gross new-issue volume of nearly EUR 20 billion is down almost 85% from last year, and the net volume is close to EUR -60 billion. The asset class's average yield has declined to 7%, but this decline has not been enough to attract issuers. Only Faurecia came to the market, issuing EUR 700 million in sustainability-linked bonds at an attractive yield of +7.25% and a maturity of 3.5 years, while this issue had been expected for several months to finance the acquisition of Hella. There was much more activity in corporate hybrids. This asset class has significantly underperformed the High Yield market since the start of the year (by 6% YTD vs. BB), and extension risk is growing on hybrids as credit spreads widen. Nevertheless, hybrid issuers confirmed in October and November their intention to stay within bounds and not disappoint investors, apart from the real estate sector, where Aroundtown shook up the market by not calling its hybrid and the expectation of a coupon deferral. The Naturgy call 2022 hybrid was called and the Engie, Bertelsmann, EDF, Orsted and Telefonica call 2023 hybrids were tendered early. These transactions, together with new tranches in some cases, injected positive momentum and made the asset class outperform amid the rally, with a rise of 4% in November.

Moody's recorded eight new defaults in October, bringing the default rate in Europe to 2.6% as of end-October, whereas the US default rate is only 1.1%. Moody's also revised its projections for September 2023 up slightly, to 4% and 5% for Europe and the United States, respectively. The principal European contributors would be in the retail, packaging and leisure sectors. The current average spread still corresponds to an implied default rate of 8%, well in excess of these projections.

Performance dispersion among issuers in November was also noteworthy. Novafives (up +20.65%) reported sound Q3 results, M2 Capital Partners (up +16.16%) launched a takeover bid on Superior Industries, and Casino (up +12.35%) repaid its 2023 bond at par while selling part of its Latin American assets. This contrasted with Atalian (down -8.66%), which had announced the conditional repayment of its 2024 and 2025 bonds early in the month, but which has not yet met the conditions for takeover by CD&R.

## Fund manager's comment

The SCOR FUNDS Europe High Yield fund returned a positive performance of +4.05% in November (net of fees, dividends included, IC EUR share), or 52 bps more than its benchmark index.

The fund's beta, still close to 100%, did not generate any particular contribution in November, in contrast to alpha, in this month of wide dispersion.

The fund benefited particularly from its exposure to EDF and Telefonica hybrids and more generally from its overweighting in that asset class. In addition, overweighting on Dometic, Grunenthal and Biogroup, which posted some of the strongest absolute performances, led to substantial relative contributions. Lastly, the absence of exposure to Atalian contributed significantly.

Improved market liquidity enabled us to increase portfolio turnover, invest some cash and increase beta. The fund reduced exposure to certain issuers more vulnerable to the current economic environment, such as Ardagh, AMS, Antolin and Tendam, and took part in the call of Telefonica short hybrids. Conversely, the fund took part in the Telefonica, EDF and Faurecia primary issues, as well as the new Fresenius and Covestro investment grade issues, which offered attractive OIDs. Certain positions already in the portfolio were strengthened, with the objective of increasing beta ahead of an expected slowdown in activity between now and the end of the year on sound issuers, including Sappi and Pasubio.

## 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.