

## Key figures

### PERFORMANCE (IC EUR SHARE)

MTD (Month to Date)	+2.22%
YTD (Year to Date)	-12.98%

### FUND SIZE

EUR 160.53m

### NET ASSET VALUE PER UNIT

IC EUR share EUR 1,001.89

## Financial data

### NUMBER OF LINES/ISSUERS

277 / 199

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

34

### % MARKET EXPOSURE

95.24%

### THEORETICAL BETA

1.03

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

BB- (fund) / BB- (index)

### MODIFIED DURATION

3.18 (fund) / 3.25 (index)

### OPTION ADJUSTED SPREAD (OAS)

654bps (fund) / 624bps (index)

### AVERAGE YIELD TO WORST

8.35% (fund) / 8.16% (index)

### AVERAGE YIELD TO MATURITY

8.35% (fund) / 8.16% (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	-12.98%	+2.22%	-3.51%	-12.53%	-3.84%	+0.19%
Index	-12.45%	+2.48%	-3.20%	-12.08%	-5.26%	+0.49%

## Calendar performance

	YTD 2022	2021	2020	2019	2018	2017
IC EUR share	-12.98%	+3.17%	+4.93%	+8.91%	-3.26%	+0.94%*
Index	-12.45%	+3.51%	+2.33%	+10.68%	-3.59%	+1.55%*

## Annualized performance

	3 years	5 years	inception*
IC EUR share	-1.29%	-0.19%	+0.04%
Index	-1.78%	-0.32%	+0.09%

## 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

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 – October 31, 2022

## Top 10 exposures

ISSUER	SECTOR	COUPON	MATURITY	%
TELEFONICA	Wirelines	2.88%	Perp	1.45%
RENAULT SA	Automotive	2.38%	25/05/2026	1.29%
INTERTRUST GROUP	Consumer Services	3.38%	15/11/2025	1.26%
LEVI STRAUSS & CO	Retailers	3.38%	15/03/2027	1.20%
TELECOM ITALIA	Wirelines	2.88%	28/01/2026	1.10%
FAURECIA	Automotive	3.75%	15/06/2028	1.10%
DARLING GLOBAL	Food and Beverage	3.63%	15/05/2026	1.09%
ALTICE FRANCE SA	Wireless	4.13%	15/01/2029	1.00%
THYSSENKRUP	Div. Manufacturing	2.88%	22/02/2024	0.96%
UNITED GROUP BV	Cable Satellite	4.88%	01/07/2024	0.96%

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

ISSUER	SECTOR	OVER EXPOSURE
TELEFONICA	Wirelines	2.50%
DKT FINANCE	Wirelines	1.83%
INTERTRUST GROUP	Consumer Cyclical Services	1.11%
LEVI STRAUSS & CO	Retailers	1.07%
DARLING GLOBAL	Food and Beverage	0.94%

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

ISSUER	SECTOR	UNDER EXPOSURE
NETFLIX INC	Media Entertainment	-1.19%
EDP	Electric	-1.00%
AUTOSTRAD	Transportation Services	-0.98%
BELLIS ACQUISITION	Supermarkets	-0.94%
REPSOL INTL	Integrated	-0.93%

## Risk indicators

YEAR	VOLATILITY*		TRACKING ERROR	INFO. RATIO.	BETA
	FUND	INDEX			
Since inception	4.72%	4.96%	0.66%	-0.08	0.94
YTD 2022	5.93%	5.98%	0.88%	-0.71	0.98
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.

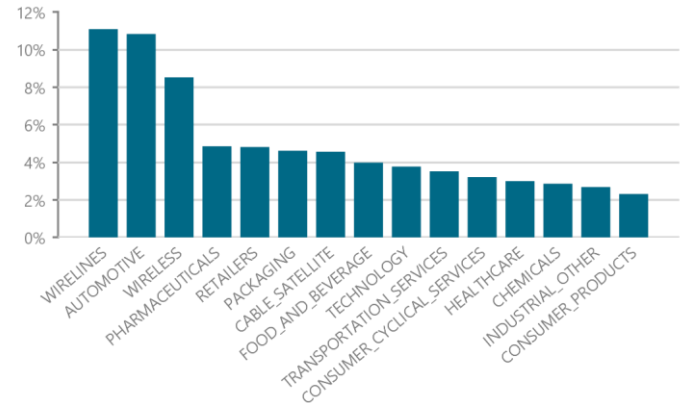
<sup>3</sup>% of the AuM

<sup>4</sup>Bloomberg sectors

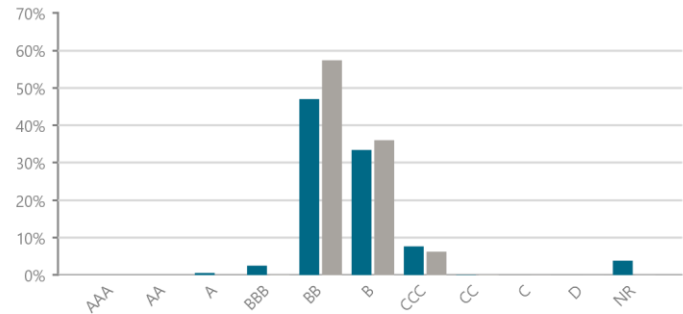
<sup>5</sup>Based on the worst rating from S&P and Moody's

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

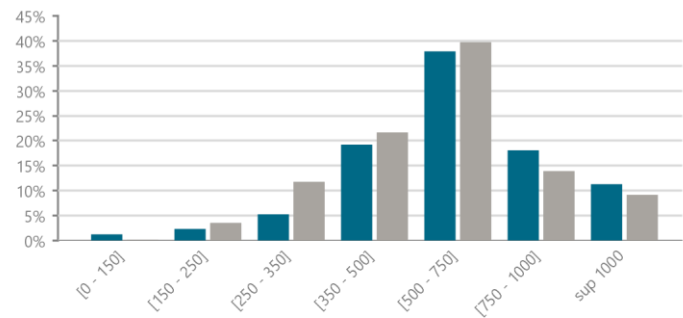
## Top 15 sectors<sup>4</sup>



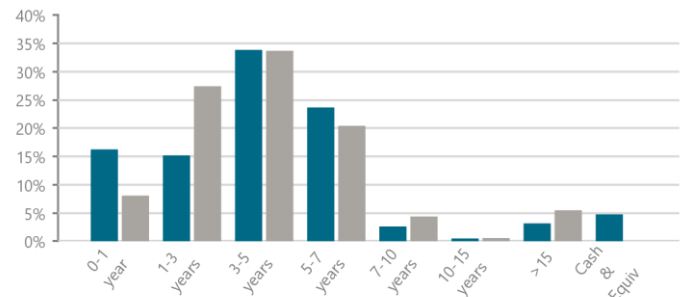
## Breakdown by rating<sup>3,5</sup>



## 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

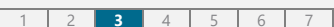
### RECOMMENDED INVESTMENT HORIZON

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 +2.48% in October, entirely generated by the spread tightening. The average spread tightened by 49 bps to 574 bps.

Market volatility remained high throughout the month. Inflation continued to pick up speed in the euro zone, rising to 10.7%, and continued to spread to the prices of goods and services, as illustrated in this season's third quarter results, which have been better than anticipated. Companies have reported higher revenues, principally reflecting higher prices, while inflation in production costs (energy, raw materials, salaries) is now more widespread.

In line with leading indicators, however, there has already been a decline in demand in cyclical sectors, as illustrated by Tendam. The German retailer announced excellent results as of end-August (up 12% year-on-year), but noted that its sales started to decline in September. It anticipates zero growth for the full year. Nevertheless, Casino posted favorable results. The French retailer intends to sell EUR 500 million of its stake in Assaí and is redeeming its bonds maturing in 2023 at par. The issuer's yield curve took on a healthier cast, without reaching its early-October profile, prior to the downgrading announced by Moody's from B to CCC+. Against all odds, the automotive sector provided a welcome surprise, with a significant rise in sales, prompting some companies to revise their 2022 projections up (Superior Industries, Renault, Faurecia, etc.).

Frigoglass became the first default in four months and pushed the default rate calculated by JP Morgan up 0.1% to 0.4%. JP Morgan also revised up its default rate for Europe, to 3% at end-2023, vs. 2.5% previously, amid the beginnings of a slowdown and still-high financing costs.

The cost of debt continued to rise in October, to 10.5% for issues rated single-B, vs 4.9% as of end-2021. The primary market thus remained open for issuers capable of issuing at those levels. There were three new high-yield issues in October, all with yields in excess of 10%: Cirsá and Tendam for refinancing, and Fedrigoni as part of an LBO. Stada preferred to extend EUR 1 billion in debt maturing in 2024 to 2026 directly through an exchange. Operations of liability management are multiplying these last weeks with tender offers made by Nexi, Softbank and Sappi in October.

## Fund manager's comment

The SCOR FUNDS Europe High Yield fund returned a positive performance of +2.22% in October (net of fees, dividends included, IC EUR share), 26 bps less than its benchmark index.

The fund's beta, close to 100% at month-end, did not generate a relative contribution.

Casino contributed -9 bps. The fund's position on the hybrid (ex-index), as well as its underweighting on short maturities that bounced back sharply following the company's announcement that it would redeem its 2023 bonds, cost the fund some performance. In addition, in the market recovery, the fund's underweighting on issuers with long maturities also cost some performance. These included Netflix (-5 bps) and Ziggo (-4 bps).

The positive contributions came from overweighting on hybrids in general and Telefonica in particular (+7 bps). Hybrids have benefited from the recent, reassuring developments on the Naturgy and Engie issues, as well as on Faurecia after publication of the company's results (+7 bps), Tendam (+7 bps) via the company's new issue, and Sappi (+3 bps) following a tender offer that reduced leverage. The absence of a position on Metalcorp 2026 contributed 4 bps. Metalcorp lost more than 50 points after announcing its intention to postpone its 2022 repayment for a year.

We increased our exposure on short maturities offering attractive yields, such as Playtech 2023 (4% yield). We took advantage of the steep yield curve on certain issuers to extend maturities and obtain a significant pick-up, such as on Faurecia and Grunenthal.

## 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.