

OCTO CRÉDIT VALUE INVESTMENT GRADE - AC

Management report - August 2024



Part AC - FR001400J5Q9

Net Asset Value : 109,81 EUR

ASSET UNDER MANAGEMENT : 45,39 million EUR

INVESTMENT COMMENTARY

The month of August saw a return to volatility, even more marked as low summer liquidity reinforced the effects of the (geo)political and economic uncertainties weighing on investor decisions. But it was also marked by a shift in market concerns, from inflationary issues to an assessment of the dynamism of the European and US economies, and more broadly of central bankers' ability to achieve a soft landing for these two zones. As inflation has fallen further, expectations of rate cuts have increased, particularly in the US, with markets anticipating no less than 4 rate cuts by the end of the year, compared with 2 or 3 expected by the ECB. At the same time, political uncertainties and persistent geopolitical risks are making it harder for many companies to predict their future, and they are even more cautious in view of a mixed summer earnings season.

Against this backdrop, bond markets were able to demonstrate their quality as safe-haven assets (as evidenced by the remarkable resilience of credit spreads), all performing as they benefited from rate cuts expectations, which although they appear to have been largely taken into account in the level of long rates (with the German 10-year rate stabilizing at 2.30% at the end of the month), continue to fuel the fall in short rates (-14bps on the German 2-year rate over the month). In terms of performance, the iBoxx HY index was the best performer in the asset class, at +0.97%, followed by the iBoxx Sovereign at 0.38% and the iBoxx Investment Grade at 0.21%.

The Octo Crédit Value Investment Grade fund took advantage of its excess carry through bonds offering a high premium to achieve a performance of 0.35%, 14bps better than its benchmark index.

We took advantage of the sharp fall in long-term yields observed since the beginning of July to take our profits on our exposure to sovereign bonds. We believe that long yields are already incorporating the bulk of future Central Banks rate cuts, whereas the logic of a disinversion of the yield curve would argue in favor of a further rise in yields on these long maturities.

In addition, we have maintained our positioning on financial bonds with solid fundamentals, while staying away from French banks, as political uncertainty in France could once again fuel volatility on these issuers, which their premium cannot compensate for. For the rest, while remaining highly selective and focused on bonds offering high premiums, we sought to diversify our investments. We participated in Bulgaria's new 8-year issue at a spread of 135bps and initiated a position in the new Cajamar 4.125% 09/2030 senior issue at 4.08%, replacing the Banco Comercial Portugues 04/2028 senior bond at a yield of 3.30%.

Finally, we maintained a high level of diversification, with 86 issuers, 42% corporate and 58% financial. With an on-board yield of 4.11% for an average BBB rating and a 4.7-year maturity, the fund offers a premium of 85bps over the average BBB bond on this maturity (source Octo, Bloomberg).

	YTD	1 month	3 months	6 months	1 year	3 years	Since
Since	29/12/2023	31/07/2024	31/05/2024	29/02/2024	-	-	19/10/2023
Portfolio	2.97%	0.29%	2.27%	3.10%	-	-	9.81%
Benchmark	2.30%	0.21%	2.57%	3.28%	-	-	8.65%

INVESTMENT OBJECTIVE

Octo Crédit Value Investment Grade is a flexible bond fund managed using a value approach. Its objective is to achieve an annualised performance, net of fees, in excess of the iBoxx Euro Liquid Corporates Diversified Total Return index. To outperform its benchmark over a 3-year investment horizon, the fund invests in financial or corporate bonds considered by the management team to be at a discount to their intrinsic value. The portfolio is invested up to 100% in high credit quality investment grade securities and up to 10% in speculative grade issuers with a minimum rating of B-.



RISK AND RETURN

	1 year	3 years
Volatility PTF	-	-
Volatility BENCH	-	-
Max. drawdown	-	-
Recovery time	-	-
Best month % PTF	-	-
Best month % BENCH	-	-

	PTF	REF
Average maturity (year)	4.71	6.27
Average rating	BBB	A
Yield to maturity	4.11%	3.44%
Yield to worst	4.04%	3.39%
Spread duration	4.13	5.22
Modified duration	4.06	5.05
Number of issuers	86	-
Number of holdings	90	-

DIVESTMENT DELAY

% in day	100%
% in 3 days	100%
% in 5 days	100%

CONTACT

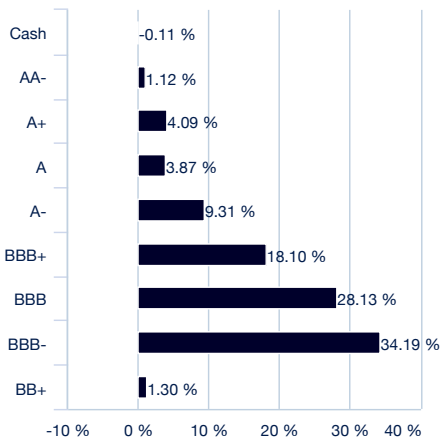
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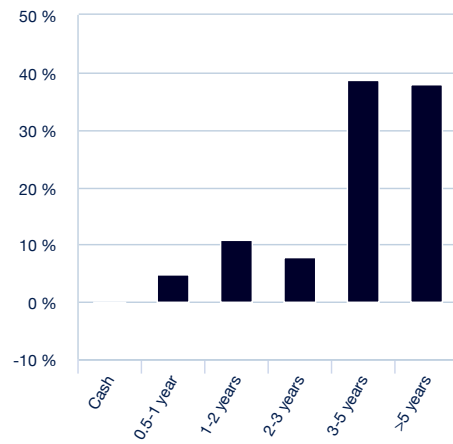
SA au Capital de 500 000 €
RCS Paris 532 483 294
Code NAF 6430Z

Agrément AMF n° FCP20230097

BREAKDOWN BY RATING



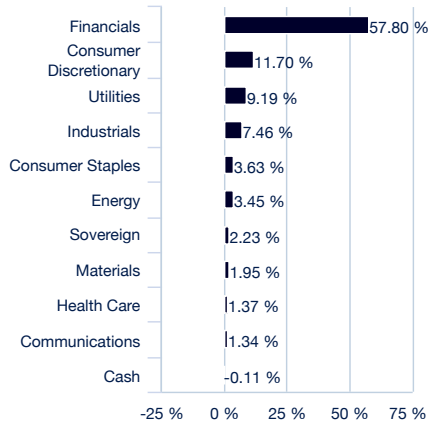
BREAKDOWN BY MATURITY



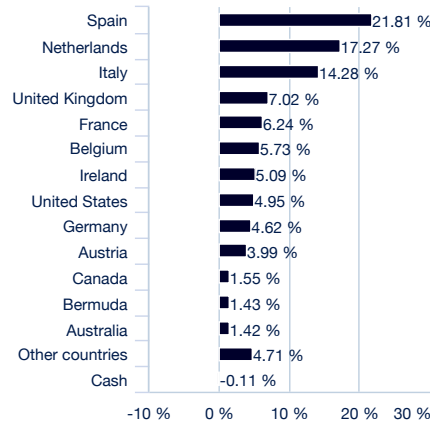
TOP 10 ISSUERS

Issuer	% Ptf
VOLKSBANK WIEN AG	1.58%
AMERICAN HONDA FINANCE	1.56%
FED CAISSES DESJARDINS QUEBEC	1.55%
KBC GROUP NV	1.49%
CRELAN SA	1.48%
CAIXABANK SA	1.45%
ATHORA HOLDING LTD	1.43%
BANK OF IRELAND GROUP PLC	1.43%
AUSTRALIA & NW ZEALAND BKG GRP	1.42%
ARCADIS NV	1.41%

BREAKDOWN BY SECTOR



GEOGRAPHIC ALLOCATION



BREAKDOWN BY COUPON TYPE

Coupon Type	% Ptf
Variable	52.12%
Fixed	46.88%
Floating	1.12%

NET CURRENCY EXPOSURE

Currency	% Ptf
EUR	99.08%
USD	0.92%
CHF	0.00%

NET EXPOSURE ON DERIVATIVES

Derivative Type	Expo% Ptf
Bond Futures	4.25%
Total	4.25%

CHARACTERISTICS

ISIN CODE	FR001400J5Q9
BLOOMBERG CODE	OCTIGAC FP
Approval date	18/08/2023
Approval reference	FCP20230199
Forme Juridique	FCP
NAV calculation frequency	Daily
Subscriptions / redemptions	Daily, before 11:00 am
Payment delivery	D+3
Custodian	SOCIETE GENERALE

Type of shares	Capitalization
Decimalisation	Thousandth of a unit
Minimum (initial) investment	1 action(s)
Subscription fees	5 %
Ongoing charges	1.50%
Fee on outperformance	20 %
Exit charge	-
Benchmark	100% MARKIT IBOXX EUR LIQUID CORPORATES DIVERSIFIED TRI
Recommended investment horizon	3 years

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