

OCTO CREDIT VALUE - C

Management report - March 2025

OCTO AM

Share C - FR0013192622

NET ASSET VALUE (NAV) : 1189.86 EUR

ASSET UNDER MANAGEMENT : 256.89 million

INVESTMENT COMMENTARY

OCTO Crédit Value

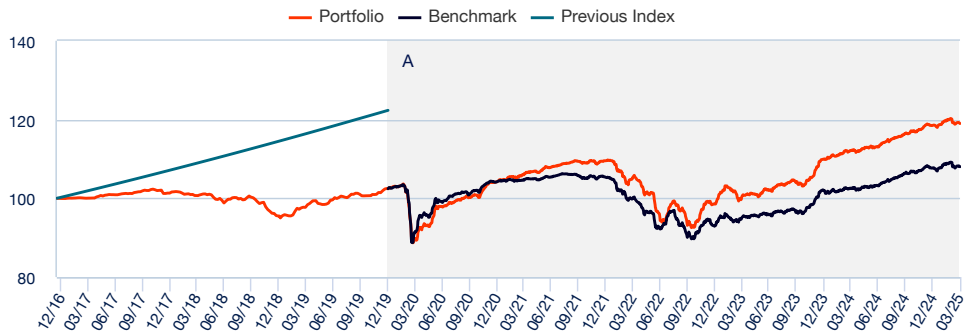
It seems a long time ago that investors' attention was focused entirely on monetary policy developments and their macroeconomic consequences on both sides of the Atlantic.... The month of March was a striking reminder that Trump's return to power and its implications continue, directly or indirectly, to blur investors' traditional analysis grids and fuel market volatility, much more than the decisions taken by central bankers. While the main driver of credit markets, and even more so rate markets, was the decision taken by the German Parliament to relax the constitutional constraint on the country's debt capacity, it is hard to overlook the fact that this decision, which was necessary in view of the weaknesses of the German economic model revealed by the successive crises of the post-CoViD era, was accelerated by the shadow cast over Europe by an American administration in a hurry to sweep away 70 years of shared history. This German decision not only weighed heavily on interest rates over the period (with all European 10-year yields diverging by more than 30bp, in line with the 33bp divergence observed on the Bund) but is also likely to exert sustained upward pressure on all European long-term yields. Further, the drivers of the negative trends in credit spreads over the period are to be found in the fears aroused by the decisions and announcements of the new Trump administration, both domestically - as evidenced by the growing fears that the United States was heading for stagflation - and internationally - with the announcement of a tariff 'Liberation Day' on 2 April - (the X-Over diverged by 35bp excluding roll-related skew). With all these factors pulling in the same direction, it is not surprising that all market segments posted negative performances over the period, although the riskiest categories outperformed, between partial absorption of rate movements by the credit spread cushion and the "confinement" of macroeconomic and price fears to the last few days of the month. The iBoxx Sovereign thus once again posted the weakest performance at -1.81% over the month, while the iBoxx HY limited its loss to -0.96% and the iBoxx Hybrids to -0.85%.

Against this backdrop, the Octo Crédit Value Fund performed in line with its benchmark index this month. During the month, we increased the credit quality of the portfolio, with an average rating of BBB-. Uncertainty over the forthcoming announcement of US tariffs, combined with relatively low credit premiums, led us to adopt a cautious stance, considering that risk was not sufficiently rewarded, particularly in the riskiest bond categories (High Yield and Coco, among others) and prompted us to reduce our exposure to High Yield corporate bonds a little further and increase our cash and cash equivalent holdings.

At 4.85%, the portfolio's average embedded yield to maturity remains well above market rates for an average maturity of 3.7 years - equivalent more precisely to a premium of 170 bps over the average BBB- bond over this maturity (source: Octo, Bloomberg).

| | YTD | 1 month | 3 months | 6 months | 1 year | 3 years | Since |
|-----------|------------|------------|------------|------------|------------|------------|------------|
| Since | 31/12/2024 | 28/02/2025 | 31/12/2024 | 30/09/2024 | 28/03/2024 | 31/03/2022 | 16/12/2016 |
| Portfolio | 0.37% | -1.07% | 0.37% | 2.20% | 6.10% | 12.86% | 18.99% |
| Benchmark | 0.26% | -1.10% | 0.26% | 1.51% | 5.28% | 7.80% | - |

PERFORMANCE



A : Before the 31/12/2019, the benchmark was EONIA +7% (Previous Index in the graph above). Since January 1, 2020, the benchmark is a composite of : 50% Markit IBOXX EUR Liquid Corporates Diversified Index and 50% Markit IBOXX EUR Liquid High Yield Index

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | AN |
|------|--------|--------|---------|--------|--------|--------|-------|-------|--------|--------|--------|--------|---------|
| 2020 | 0.54% | -1.37% | -11.54% | 4.15% | 1.58% | 2.92% | 0.97% | 0.74% | 0.67% | -0.01% | 3.36% | 0.70% | 1.79% |
| 2021 | 0.23% | 0.46% | 1.01% | 0.70% | 0.31% | 0.75% | 0.52% | 0.46% | 0.35% | -0.42% | -0.22% | 0.81% | 5.07% |
| 2022 | -0.98% | -2.78% | -0.02% | -2.30% | -1.62% | -6.91% | 3.35% | 0.01% | -4.36% | 0.94% | 4.78% | -0.11% | -10.06% |
| 2023 | 3.56% | -0.15% | -1.38% | 0.81% | -0.35% | 1.12% | 1.40% | 0.45% | 0.27% | -0.40% | 2.77% | 3.06% | 11.59% |
| 2024 | 0.95% | 0.23% | 0.82% | -0.10% | 0.71% | 0.16% | 1.57% | 0.61% | 0.81% | 0.35% | 1.15% | 0.32% | 7.83% |
| 2025 | 0.66% | 0.78% | -1.07% | - | - | - | - | - | - | - | - | - | 0.37% |

INVESTMENT OBJECTIVE

Octo Crédit Value is a flexible international fund, which focuses on an innovative process of creating value in corporate credit. The objective is dual :

- Provide the possibility of decorrelation from traditional indices and bond funds
- Propose expectations of a significant performance, based primarily on security gains and improved corporate credit quality.

In order to outperform its performance indicator over a 3-year investment horizon, the fund invests primarily in bonds that benefit from a temporary discount in relation to their intrinsic value while limiting interest rate and exchange rate risk to a minimum.



RISK AND RETURN

| | 1 year | 3 years |
|--------------------|--------|---------|
| Volatility PTF | 1.84% | 4.94% |
| Volatility BENCH | 2.18% | 4.39% |
| Sharpe ratio PTF | 1.53 | 0.31 |
| Sharpe ratio BENCH | 0.91 | 0.00 |
| Max. drawdown | -1.22% | -12.56% |
| Recovery time | - | 411 |
| Best month % PTF | 1.57% | 4.78% |
| Best month % BENCH | 1.43% | 4.44% |

| | PTF | REF |
|-------------------------|-------|-------|
| Average maturity (year) | 3.68 | 4.71 |
| Average rating | BBB- | BBB- |
| Yield to maturity | 4.85% | 4.49% |
| Yield to worst | 4.62% | 4.02% |
| Spread duration | 3.06 | 3.61 |
| Modified duration | 3.00 | 3.46 |
| Number of issuers | 103 | - |
| Number of holdings | 128 | - |

DIVESTMENT DELAY

| | |
|-------------|------|
| % in day | 100% |
| % in 3 days | 100% |
| % in 5 days | 100% |

CONTACT

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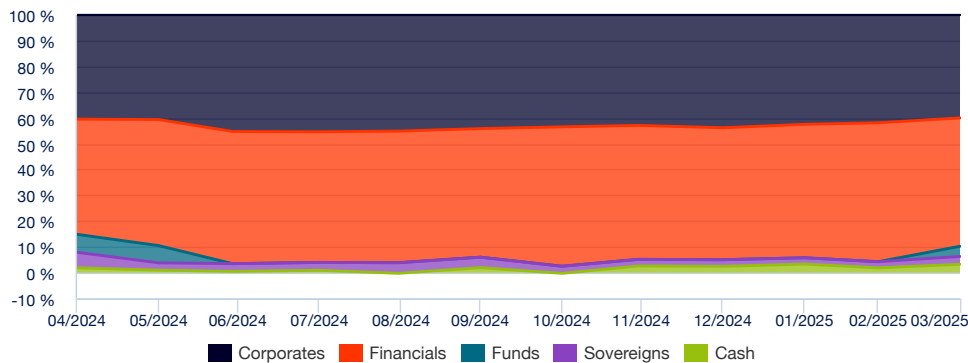
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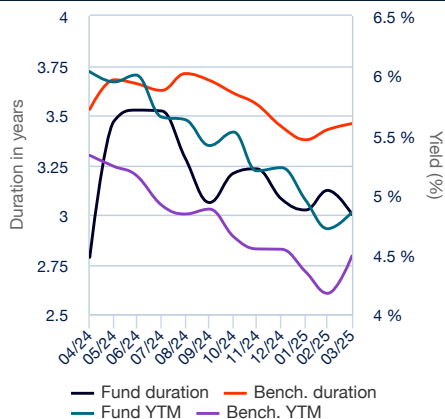
Morningstar rating ©

Morningstar Overall 4 stars
Rating ©

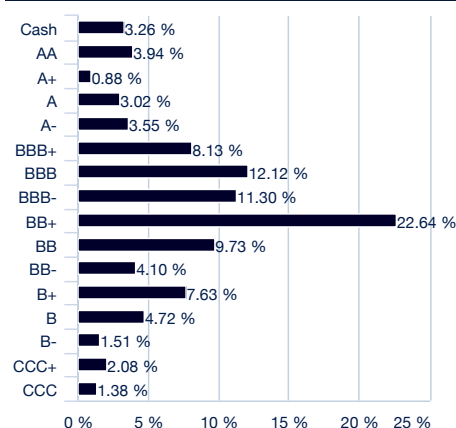
EVOLUTION OF THE PORTFOLIO STRUCTURE



HISTORICAL DURATION/YIELD



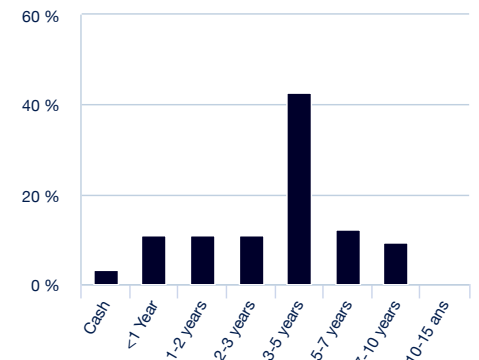
BREAKDOWN BY RATING



TOP 10 ISSUERS

| | % Ptf |
|--------------------------------|-------|
| CAIXA ECO MONTEPIO GERAL | 1.34% |
| ABANCA CORP BANCARIA SA | 1.28% |
| BANCO DE CREDITO SOCIAL COO SA | 1.26% |
| BANCO DE SABADELL SA | 1.25% |
| UNICAJA BANCO SA | 1.24% |
| BANK OF IRELAND GROUP PLC | 1.22% |
| AIB GROUP PLC | 1.21% |
| SGL GROUP APS | 1.19% |
| TELECOM ITALIA SPA/MILANO | 1.19% |
| ASR NEDERLAND NV | 1.19% |

BREAKDOWN BY MATURITY



BREAKDOWN BY COUPON TYPE

| | % Ptf |
|-------------|--------|
| Variable | 48.66% |
| Fixed | 37.50% |
| Floating | 2.74% |
| STEP CPN | 1.90% |
| Zero-coupon | 1.15% |
| PAY-IN-KIND | 0.84% |

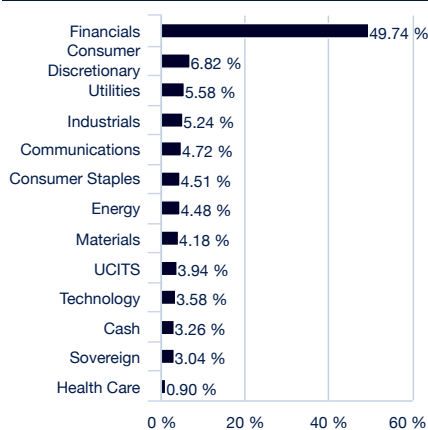
NET CURRENCY EXPOSURE

| | % Ptf |
|--------|--------|
| EUR | 97.46% |
| USD | 2.00% |
| AUD | 0.48% |
| CAD | 0.04% |
| Others | 0.02% |

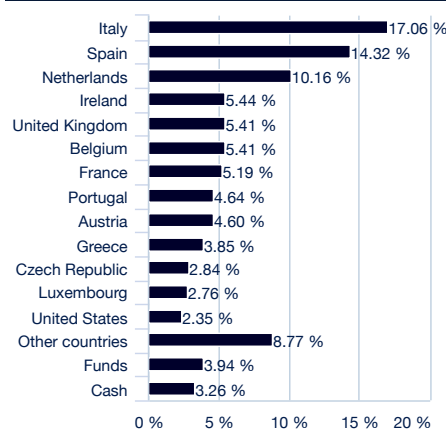
NET EXPOSURE ON DERIVATIVES

| | Expo % Ptf |
|--------------|------------|
| Bond Futures | 2.75% |
| Total | 2.75% |

BREAKDOWN BY SECTOR



GEOGRAPHIC ALLOCATION



| | |
|------------------------------|-------------------|
| ISIN code | FR0013192622 |
| Bloomberg code | OCTOCVC FP |
| Approval date | 19/08/2016 |
| Approval reference | FCP20160257 |
| Fund structure | Mutual Fund (FCP) |
| Frequency of NAV calculation | Daily |
| Dealing times | 11:00 |
| Redemption Date | D+3 |
| Custodian | SGSS - Paris |

| | |
|--------------------------------|---|
| Type of shares | Capitalization |
| Decimalisation | Thousandth of a unit |
| Minimum (initial) investment | 100000 € |
| Subscription fees | 5 % |
| Ongoing charges | 0.00% |
| Fee on outperformance | 20 % |
| Exit charge | - |
| Benchmark | 50% MARKIT IBOXX EUR LIQUID HIGH YIELD + 50% MARKIT IBOXX EUR LIQUID CORPORATES DIVERSIFIED TRI |
| Recommended investment horizon | 3 years |

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