

December 30, 2016

## Oddo Optimal Income


**ODDO MERITEN**  
 ASSET MANAGEMENT

Unit CI-EUR – Eur | Diversified management Europe – Careful allocation

 NAV of the fund 220 M€  
 NAV per Unit 1042.63€

 ① ② ③ ④ ⑤ ⑥ ⑦  
 Risk/return scale (\*)

 Classification Morningstar™  
**4th quartile** (since inception)  
 Category EUR Cautious Allocation

Countries in which the fund is authorised for distribution to the public:

FR IT CHE PRT ESP BEL SWE

## Portfolio Managers

Antoine BYJANI, Elodie LEHMANN

## Key features

**Benchmark** : 75% BOFA Merrill Lynch Euro Corporate Index + 25% MSCI Europe (Net Return)

**Recommended investment horizon** : 3 Years

**Inception date (1st NAV)** : 16/09/2013

**Comparison index 1** : BOFA Merrill Lynch Euro Corporate Index

**Comparison index 2** : MSCI Europe (Net Return)

<b>Legal structure</b>	UCITS fund
<b>ISIN code</b>	FR0011540533
<b>Bloomberg code</b>	ODDOICI FP
<b>Currency</b>	Euro
<b>Dividend policy</b>	Accumulation units
<b>Minimum (initial) investment</b>	100000 EUR
<b>Subscription fees</b>	4 % (maximum)
<b>Redemption fees</b>	Nil
<b>Management fees</b>	Up to 0.7% (Inclusive Of tax) of the net assets
<b>Performance fees</b>	10% of the FCP's positive outperformance relative to the benchmark index provided that the FCP's performance is positive
<b>Ongoing charges (*)</b>	0.81%
<b>Management company</b>	Oddo Meriten AM SAS
<b>Custodian</b>	Oddo & Cie France (Paris)
<b>Administration and Accounting</b>	EFA
<b>Subscriptions/ redemptions</b>	Subscription and redemption requests are centralised by the Custodian every day until 11:15 (Paris time) and executed on the basis of the net asset value of the next day.
<b>NAV calculation frequency</b>	Daily

## Investment strategy

The fund aims to outperform its benchmark index over an investment period of more than five years, while limiting the portfolio's annual volatility to 8%. The active and flexible management of the bond component can cover the entire spectrum (from cash to high yield), with interest rate sensitivity adjustable in response to market conditions. The management of the equity component seeks to select the least volatile and least correlated securities so as to reduce the risk of capital loss in the event of market downturns.

## Annual performance (rolling 12 months)

from	9/16/13	12/31/13	12/31/14	12/31/15
to	12/31/13	12/31/14	12/31/15	12/30/16
<b>Fund</b>	<b>4.5%</b>	<b>6.1%</b>	<b>-2.5%</b>	<b>-3.6%</b>
Benchmark	2.4%	8.0%	1.9%	4.3%
Comparison index 1	1.5%	8.3%	-0.4%	4.7%
Comparison index 2	5.0%	6.8%	8.2%	2.6%

Past performance is not an indication of future results. Performance may vary over time.

The comparison indices eventually featured in this report are provided for information purposes only.

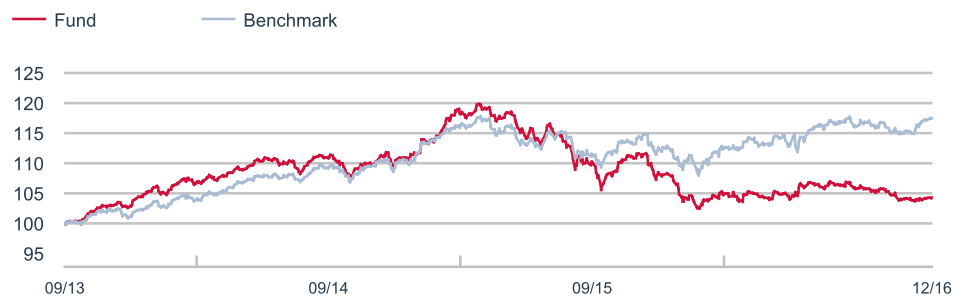
## Calendar performance (from january 01 to december 31)

	2012	2013	2014	2015	2016
<b>Fund</b>			<b>6.1%</b>	<b>-2.5%</b>	<b>-3.6%</b>
Benchmark			8.0%	1.9%	4.3%
Comparison index 1			8.3%	-0.4%	4.7%
Comparison index 2			6.8%	8.2%	2.6%

## Performance Analysis

	Annualised performance			Cumulative performance					
	3 years	5 years	Inception	1 month	YTD	1 year	3 years	5 years	Inception
<b>Fund</b>	<b>-0.1%</b>		<b>1.3%</b>	<b>0.1%</b>	<b>-3.6%</b>	<b>-3.6%</b>	<b>-0.2%</b>		<b>4.3%</b>
Benchmark	4.7%		5.0%	1.9%	4.3%	4.3%	14.8%		17.5%

## Change in performance since inception (base 100)



## Annualised volatility

	1 year	3 years	5 years
<b>Fund</b>	<b>4.52%</b>	<b>5.55%</b>	
Benchmark	4.95%	4.77%	

## Technical and risk indicators

	1 year	3 years
Tracking Error	3.06%	2.93%
Sharpe ratio	-0.70	0.01
Information ratio	-2.53	-1.63

Market indicators	Fund
Interest rate sensitivity	1.07
Yield (YTW) *	0.25%
Credit sensitivity	1.18
Average maturity (year)	1.62

Definitions of the financial indicators used are available for download on the website [www.oddomeriten.eu](http://www.oddomeriten.eu) under the heading "Regulatory information".

Sources : Oddo Meriten AM, Bloomberg, Morningstar®

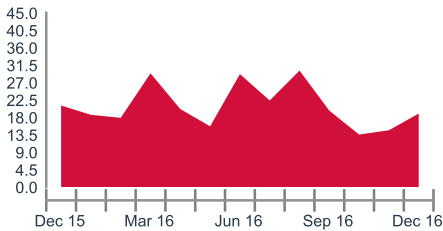
Yields are given for information purposes only and do not represent any yield guarantee. Rates are gross of fees, excluding any case of default. YTW: Yield To Worst. Market indicators are calculated on the basis of the fixed income component only.

(1) The risk profile is not constant and may vary over time. The lowest category does not mean a risk-free investment. Historical data, such as is used to calculate the risk/return ratio, may not be a reliable indication of the future risk profile of the Fund. There is no guarantee that the management objectives in terms of risk and return will actually be met.

(2) The ongoing charges are based on the charges for the previous period. Estimates are drawn up for all funds that have not yet closed their first accounting period.

## Net equity exposure (12-month rolling)

■ Net exposure



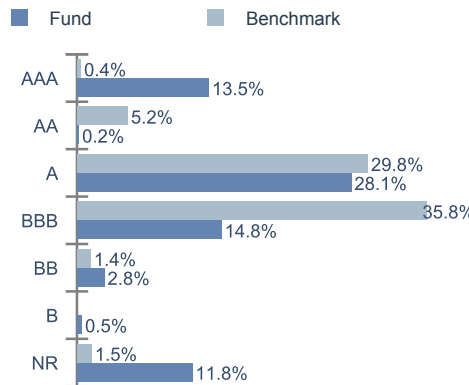
Net exposure includes equity exposure to index options and futures.

## Portfolio manager comment

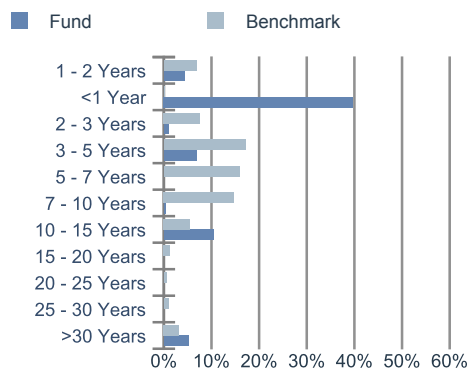
December brought hotly anticipated meetings for OPEC (30 November), the ECB (8 December), the Fed (14 December) and – to a lesser extent – the BoJ (19-20 December). These institutions offered ample information ahead of time and took particular care not to surprise the market, while also bearing in mind the likelihood of normalisation in the future. In other words, if business growth rises as expected and oil stabilises, consumer prices and nominal yields should continue to trend upward. With both corporate and household confidence surveys at raised levels, and some even reaching cyclical highs, it is all the more important to monitor real data. Specifically, the consensus predicts an uptick in the global industrial cycle and corporate investment. December – i.e. November's data – did not disappoint in this regard, especially in countries that are deemed to be ahead in this cycle, such as Taiwan and South Korea. Companies will begin to publish their Q4 results from mid-January, and we should stress that there is little room for disappointment on the other side of the Atlantic, with forward P/E of almost 18. Lastly, Donald Trump will take office on 20 January and all eyes will naturally be fixed on his first actions and announcements. It may be worth buying volatility should current levels persist.

The end-of-year rally materialised this time around, with a 2.2% rise for the MSCI World (in US dollars). The main drivers behind this were the markets in Europe (+7.1%), and Japan (+4.5% in yen). The rally was more limited in the USA (+2%), although it had hitherto enjoyed a clear lead. Conversely, emerging markets suffered (remaining stable in US dollars). In fixed income, German 10-year Bund yields ended the year at 0.2% (vs 0.275% at end-November and 0.629% a year earlier) whereas US yields suffered less of a fall (2.44% at end-December vs 2.475% a month earlier). European credit posted strong positive performance: +1.85% for the high yield segment and +0.6% for the investment grade segment. Lastly, the dollar has now stabilised compared with end-November (1.0547), but only after reaching record highs during the month (1.035 on 20 December).

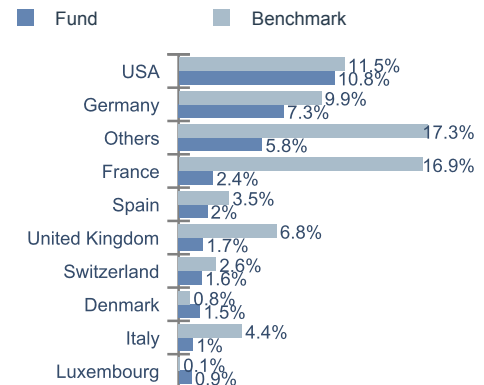
## Breakdown by fixed income component rating (excl. Fund)



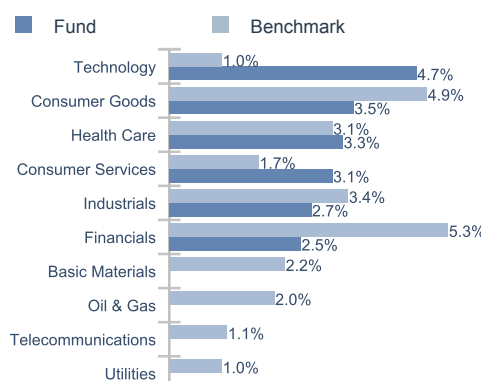
## Breakdown by final maturity in exposure (excl. Fund)



## Geographic breakdown of the fixed income component in exposure (excl. Fund)



## Sector breakdown of the equity component in exposure (excl. derivative)



## Main portfolio holdings

Fixed income component		Equity component	
Security name	Weight	Security name	Weight
Tsy Infl Ix N/B 3.88% 04/2029	10.0%	Amundi Etf Euro Stoxx 50 Uci	2.0%
Oddo Compass Euro High Yield Bond Ci-Eur	1.4%	Allianz Se-Reg	1.3%
Munich Re E3M 06/2049	1.0%	Atos	1.3%
Allianz Finance li B.V. E3M 12/2049	0.9%	Sanofi	1.2%
Hsh Nordbank Ag 0.50% 02/2018	0.9%	Sampo Oyj-A Shs	1.2%
Eurohypo Ag 4.25% 06/2018	0.7%	Wolters Kluwer	1.2%
Lloyds Tsb Bank Plc 0.50% 04/2023	0.7%	Novartis Ag-Reg	1.1%
Asb Finance Ltd London 0.25% 04/2021	0.7%	Atlas Copco Ab-A Shs	1.1%
Davide Campari-Milano Spa 4.50% 10/2019	0.5%	Imperial Brands Plc	1.1%
Iberdrola Intl Bv Eusa5 02/2049	0.5%	United Internet Ag-Reg Share	1.0%
Number of bond holdings	56	Number of equity holdings	21

## Main portfolio derivatives

Product	Type	Exposure (%)
Euro Fx Curr Fut Mar17	Foreign exchange Future	8.6%
Us 10Yr Note (Cbt)Mar17	Interest rate Future	-7.5%
Put Dax (Eux) Janv17 P11450	Equity Option	-2.9%

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The fund is exposed to the following risks : risk of capital loss, interest rate risk, credit risk, risk associated with convertible bonds, currency risk, equity risk, risk associated with holding medium capitalisations, risk associated with discretionary management, risk associated with commitments on forward financial instruments, risks linked to the use of overexposure, counterparty risk, , liquidity risk of underlying assets, emerging markets risk.

Oddo Meriten Asset Management SAS

Portfolio management company incorporated as a société par actions simplifiée (simplified joint -stock compnay), with capital of €7,500,000. Approved by the AMF under number GP 99011. Trade Register (RCS) 340 902 857 Paris. 12 boulevard de la Madeleine - 75440 Paris Cedex 09 France - Phone: 33 (0)1 44 51 85 00 [www.oddomeriten.eu](http://www.oddomeriten.eu)