June 30, 2017

Oddo Bonds Target 2018

ODDO BHF ASSET MANAGEMENT

DI-EUR - Eur | Target-date high yield bond fund World

NAV of the fund 138 M€

NAV per Unit 9390.97€

1 **2** 3 4 5 6 7

Risk/return scale (1)

Classification Morningstar™
2nd quartile (since inception)
Category Fixed Term Bond

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

FR IT CHE DEU ESP BEL LUX

Accredited investor only :

SGP

Portfolio Managers

Alain KRIEF, Olivier BECKER, Cyrielle BOYER

Key features

Recommended investment horizon : until 31/12/2018

Inception date (1st NAV) : 15/12/2014

Legal structure	French FCP
ISIN code	FR0012256782
Bloomberg code	ODB18DE FP
Currency	Euro
Dividend policy	Distribution units
Minimum (initial) investment	100000 EUR
Subscription fees	4 % (maximum)
Redemption fees	Nil
Management fees	Maximum 0.5% of the net assets, inclusive of tax
Performance fees	10%, inclusive of tax, of the net performance exceeding annual performance of 5.5%.
Ongoing charges	0.50%
Management company	Oddo BHF AM SAS
Custodian	Oddo BHF SCA, France (Paris)
Administration and Accounting	EFA
Subscriptions/ redemptions	11:15am D+1
NAV calculation frequency	Daily

Technical indicators*

	Fund
% invested	98.6%
Yield (YTM)**	2.11
Average maturity (year)	1.40
Modified duration	1.21

Investment strategy

The Fund's investment strategy is to manage, on an active and discretionary basis, a portfolio composed mainly of debt securities (traditional bonds and convertible bonds up to 10% of the net assets) with maturities of a maximum of six months after 31 December 2018 (final maturity of the product or early redemption options at the Fund's discretion), issued mainly by corporate issuers with their registered office in continental Europe, denominated in any currency and hedged against currency risk, albeit with a residual risk of up to 5%.

Annual performance (rolling 12 months)

from				6/30/15	6/30/16
to				6/30/16	6/30/17
Fund				-0.1%	3.7%

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

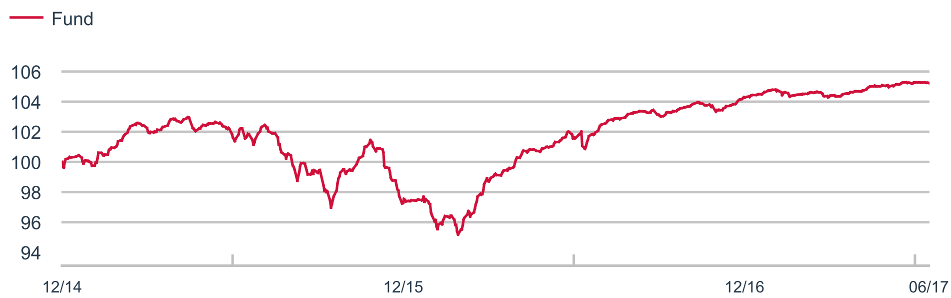
Calendar performance (from january 01 to december 31)

	2012	2013	2014	2015	2016
Fund				-2.9%	7.2%

Performance Analysis

	Annualised performance			Cumulative performance					
	3 years	5 years	Inception	1 month	YTD	1 year	3 years	5 years	Inception
Fund			2.03%	0.03%	0.70%	-			-

Change in performance since inception (base 100)



Annualised volatility

	1 year	3 years	5 years
Fund	1.25%		

*Definitions of the financial indicators used are available for download on the website www.oddomeriten.eu under the heading "Regulatory information".

Sources : Oddo BHF 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. YTM : Yield to Maturity
Subscription period: new subscriptions will not be accepted after 11:15 (Paris time) on 30 April 2015.
(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.

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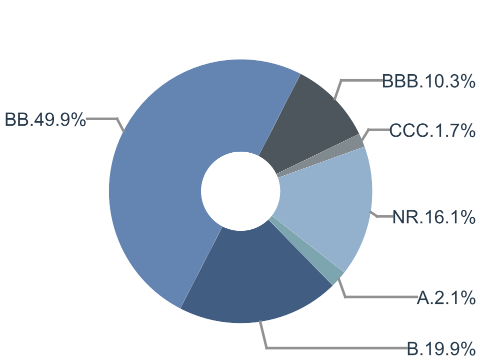
Main holdings of leverage portfolio

Security name	Maturity	Weight

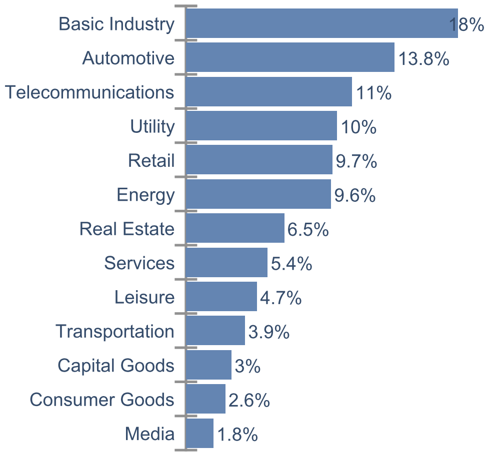
Total	
Number of holdings	

Breakdown by rating of the core



The breakdown takes into consideration the rating of the issuer or the guarantor in the case of unrated issues.

Sector breakdown of core portfolio



Portfolio manager comment

In early June, the market expected the ECB to maintain its accommodative policy and take on a more proactive stance, but also remain extremely cautious with regard to the increasing momentum of the macroeconomic rally that is currently underway – not just in the Euro Zone, but all over the globe. In the end, the ECB acted as expected, but Mario Draghi's speech at the annual ECB Forum in Sintra delivered a different message.

We believe his comments to be all the more significant, with potentially more wide-ranging effects, in light of the fact that the leading central banks are now all aligned. In other words, it is now fairly certain that monetary policy will be less accommodative in future. As investor expectations are currently lower than central bank forecasts – in particular in the US – the point at which the fixed income markets and central banks fall back into step will depend on the strength of the reflationary momentum, with greater or lower volatility as a result.

Regional rotation in global growth trends followed an expected path, with rising growth in the US and a slowdown in China, while the Euro Zone continues to pick up speed. In other good news, May saw the beginning of a supply expansion in emerging Asian markets, meaning that the slowdown in China should be weaker than expected. The bad news, however, is that oil prices reacted poorly to the latest OPEC agreement and – worst of all – core inflation came in lower than expected. These two developments should be closely monitored, even if the central banks believe the current price weakness to be only temporary. Lastly, US household spending will be a key factor, as US consumers have been saving "a bit too much" compared to past behaviour for this phase in the economic cycle.

First, however, we have the earnings season to look forward to, which should be positive according to most market analysts. Let's hope that the recent profit warnings announced by Schaeffler and Bayer are just a flash in the pan.

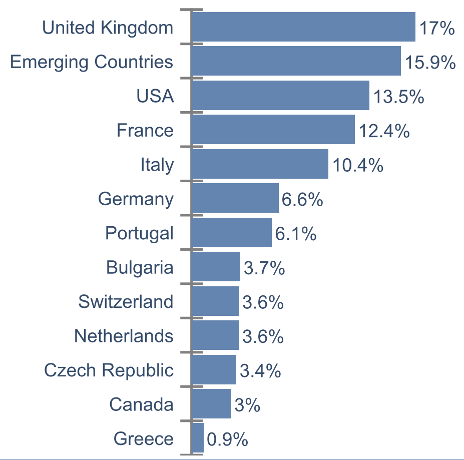
Against this backdrop, rising yields were at the forefront of investor concerns, with the German 10-year yield climbing from 0.304% to 0.466% within just a few days at the end of the month. French and Italian bonds rallied strongly again this month compared to German bonds. At the same time, the US 10-year yield rose from 2.20% at the beginning of the month to 2.30% at month-end.

Credit markets experienced highs and lows: the iTraxx Xover index was practically unchanged, going from 253 bps to 247 bps (dropping as low as 231 bps), and the iTraxx Main narrowed further, falling from 62 bps to 56 bps. With regard to high yield bonds (+0.20%), the strongest rises came from real estate (+1.18%), telecoms (+0.67%) and utilities (+0.60%), with negative performances from consumer goods (-2.16%) and energy (-0.43%).

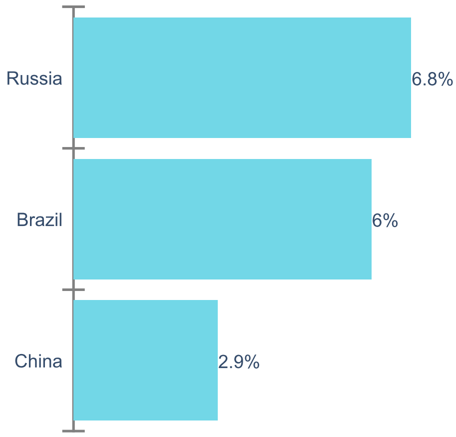
Over the month, we reduced our positions in EP Energy, PPC, Trafigura and Petrobras, among others.

In June, which was characterised by heightened interest rate volatility, the fund was particularly resilient thanks to its high yield positioning and its very short duration.

Geographic breakdown of the core portfolio



Focus on "emerging countries" geographic breakdown



Main portfolio issuers

Issuer	Weight	Sector	Country
JAGUAR LAND ROVER PLC	3.67%	Automotive	United Kingdom
VIVACOM	3.63%	Telecommunications	Bulgaria
GAZPROM (GAZ CAPITAL SA)	3.59%	Energy	Russia
FIAT INDUSTRIAL FIN EUR	3.57%	Automotive	United Kingdom
BENI STABILI SPA	3.57%	Real Estate	Italy
GLENCORE FUNDING LLC	3.54%	Basic Industry	Switzerland
TRAFIGURA FUNDING SA	3.51%	Services	Netherlands
EDP FINANCE BV	3.48%	Utility	Portugal
TELECOM ITALIA SPA	3.42%	Telecommunications	Italy
PETROBRAS GLOBAL FINANCE	3.38%	Energy	Brazil

Number of holdings	38

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

Oddo BHF 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.
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