



Oaktree European High Yield Bond Fund

Class H GBP EA

a subfund of Oaktree (Lux.) Funds

INVESTMENT POLICY

Oaktree's European high yield bond portfolios invest in bonds of European issuers and the euro-denominated bonds of non-European issuers. Oaktree's high yield bond portfolios do not invest in equity-like securities (such as convertibles and warrants) or emerging market debt, and are un-levered at the fund level. We approach high yield bond investing as long term lenders, not as traders or market timers. We have proven credit analysis methods, which emphasis fundamental, bottom-up investing. We have a disciplined review and control process to support our research efforts.

FUND FACTS

Fund manager	Oaktree Capital Management, L.P./ Shannon Ward, James Turner
Fund manager since	08 May, 2015 ¹
Location	London
Fund domicile	Luxembourg
Fund currency	EUR
Close of financial year	30. Sep
Total net assets (in mil.)	448.80
Inception date	08 May, 2015 ¹
SICAV Strategy Inception Date	01 Aug. 2003 ¹
Management fee in % p.a.	0.60
Benchmark (BM)	BofA ML Global Non-Financial HY European Issuers ex Russia (TR) (GBP-H)
Unit Class	Category H GBP EA (distribution)
Unit class currency	GBP
ISIN	LU1227292734
Bloomberg ticker	OEHYHGE LX
Valor no.	28071482
WKN number	A14SSM
SEDOL	BYTL5H3
Net asset value (NAV)	101.22
Last distribution	07.07.2016
Distribution value	1.06
Min. Investment Amount	50'000
Redemptions	Daily
EU taxation	In scope - tax

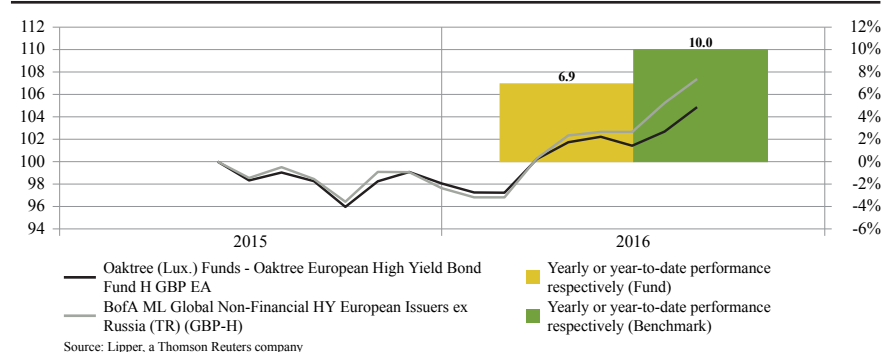
¹ Oaktree has been running a European High Yield SICAV vehicle since 2003. Shannon Ward has been portfolio manager of this strategy since November 2011.

FUND STATISTICS

	1 year	3 years
Annualized volatility in %	5.58	-
Information ratio	-1.12	-
Tracking Error (Ex post)	1.95	-
Maximum drawdown in %	-2.34	-

Maximum drawdown is the most negative cumulative return over a given time period.

NET PERFORMANCE IN GBP (REBASED TO 100) AND YEARLY PERFORMANCE ²

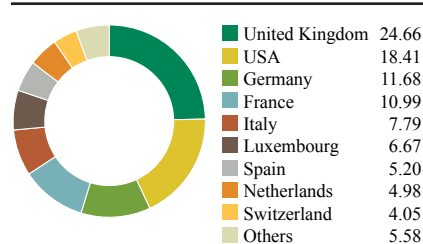


NET PERFORMANCE IN GBP ²

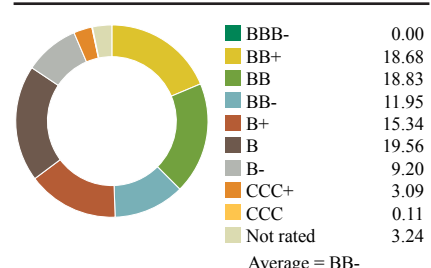
	1 month	3 months	YTD	1 year	3 years	5 years
Fund	2.12	2.58	6.94	6.72	-	-
Benchmark	2.03	4.60	9.98	9.07	-	-

² Historical performance indications and financial market scenarios are no guarantee for current or future performance. Performance indications do not consider commissions levied at subscription and/or redemption.

COUNTRIES IN %



CREDIT RATINGS IN %



DURATION AND YIELD

Gross portfolio yield in %	5.24
Average remaining term to maturity in years	6.88
Modified duration in years	3.09

TOP 10 HOLDINGS IN %

Position	as % of assets
Wind Telecommunication	2.74
Ardagh Packaging	2.73
Numericable	2.73
Unitymedia	2.65
Arcelormittal	2.61
Virgin Media Inc.	2.48
Anglo American	2.38
Tesco	2.38
Altice	2.05
Telecom Italia	2.04
Total	24.79

NUMBER OF HOLDINGS

Fund	146
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Contact

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MARKET COMMENTARY

- The market rallied strongly in July - producing the second highest monthly return of the year to date. What is most surprising is this came the month after the UK voted to leave the European Union. The economic uncertainty that the vote creates appears to have been overridden by the belief that central banks will provide enough stimulus to overcome any potential weakness.
- We lagged the benchmark during the month. In anticipation of potential buying opportunities caused by the Brexit vote we were holding a slightly higher cash balance than usual entering the month, which accounted for all of the underperformance
- The July rally was universal across all rating categories with BB, B and CCC-rated bonds returning 2.53%, 2.21% and 2.69% respectively
- New issuers were still cautious in the early part of the month, although once it was clear the rally was more than just fleeting new issues that had been postponed post the Brexit vote started to come to the market
- Following the “exit” vote we are cautious of adding additional risk to the portfolio while such uncertainty remains. While we still believe over the medium term the European high yield market offers attractive returns compared to other asset classes it is hard to believe there will be no effect from the decision of the UK to leave the EU. It seems logical that the effect will be felt most in the UK, but as the second largest economy in Europe it also seems unlikely it will not have consequences for both the European economic and political landscape which may cause volatility over the forthcoming months as the full effects become clear.

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The source of market data is Credit Suisse.

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Investment principal on bonds can be eroded depending on sale price or market price. In addition, there are bonds on which investment principal can be eroded due to changes in redemption amounts. Care is required when investing in such instruments.

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