

# ANNUAL REPORT

Financial year ended on 30 September 2016



Asset  
Management

## OFI CONVERTIBLES TAUX EURO ISR

Diversified mutual fund

### Marketer

OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris

### Management Company

OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris

### Depositary and Custodian

CACEIS BANK FRANCE - 1-3 place Valhubert - 75206 Paris CEDEX 13

### Administrative and accounts management:

CACEIS FUND ADMINISTRATION - 1-3 place Valhubert - 75206 Paris CEDEX 13

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30 September 2016

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## MANAGEMENT DIRECTION

### Management objective

The objective of the Fund is to achieve performance above that of its benchmark, calculated in euros, by mainly investing the portfolio in eurozone convertible bonds.

### Benchmark

The benchmark is the Exane Eurozone Convertible Bond index (Bloomberg code EZCIEZCI Index), calculated with reinvested coupons.

The Exane Eurozone Convertible Bond index is made up of 50 convertible bonds. It is representative of the market of eurozone convertible bonds belonging to all sectors. This index is available at [www.exane.com](http://www.exane.com) and on Bloomberg: code EZCIEZCI Index. It is calculated once a day on closing prices.

However, the Fund is not seeking to reproduce the performance of this index in one way or another.

### Management strategy

A minimum of 60% of the assets of the fund are invested in eurozone convertible bonds. It will be exposed on one or more eurozone interest rate markets. In addition, the portfolio shall be invested, on a secondary basis, in shares which originate solely from the conversion of bond issues into equity.

Construction and management of the portfolio use three sources of value added: economic and monetary analysis, financial analysis of companies (stock-picking and credit picking) and technical analysis (issue prospectus, volatility) of products. The investment strategy does not envisage any allocation by small / medium / large capitalisations.

The recommendations for allocations on asset classes, sectors and geographic zones, made by a Committee within the Management Company, are based on the strategy allocation of the portfolio.

The sector-based and geographic distributions of the portfolio result from a comparative analysis between those on the European share market and those of convertible bond indices. However, it evolves on a discretionary basis, depending on the manager's expectations.

Fundamental analysis of shares and fundamental analysis of credit, along with analysis of the technical features of the products (volatility/convexity, special situations, primary market, issue prospectus) result in a selection of underlying assets and subsequently, products constituting the portfolio.

Global exposure to the share and interest rate market is adjusted with futures and options on share and interest rate indices.

The range of sensitivity to interest rates, within which the Fund is managed, is between 0 and 5.

The particular feature of the Fund is that its share sensitivity is between 10% and 30%. Share sensitivity is the indicator which measures the fluctuation in the price of a convertible bond compared to the fluctuation in the price of the underlying asset.

Due to its management strategy, the IC unit is not exposed to the foreign exchange risk.

The manager complements its study with the analysis of non-financial criteria in order to favour a "Socially Responsible Investment" (SRI) selection of companies in the portfolio.

This study is carried out taking into account Environmental, Social and Governance elements, namely:

- the Environmental dimension: direct or indirect impact of the issuer's activity on the environment: climate change, natural resources, project financing, toxic waste, green products
- the Social dimension: direct or indirect impact of the issuer's activity on the stakeholders: employees, customers, suppliers and civil society, by reference to universal values (notably: human rights, international work standards, environmental impact, prevention of corruption, etc.)
- the Governance dimension: processes as a whole, regulations, laws and institutions influencing the way the company is directed, administered and controlled.

Based on the sector-based reference for key issues, an ESG Score is calculated per issuer, which includes, first, the key issue scores (with a weighting of 70% for Environmental and Social issues and 30% for Governance), any penalties associated with controversies not yet integrated in the scores for key issues and any bonuses associated with analysis of the key issues. This ESG score is calculated out of 1

The eligible investment universe is defined by the limitation of companies presenting the lowest SRI Scores (established by our SRI Division) of all issuers covered by an ESG analysis (international private issuers, i.e. approximately 2,600 currently):

Maximum weighting of issuers by SRI category: Under supervision: 10% - Uncertain + Under supervision: 25% - Followers + Uncertain + Under supervision: 50%

The mutual fund adheres to the AFG Eurosif Transparency Code for SRI funds open to the public, available at [www.ofi-am.fr](http://www.ofi-am.fr).

No particular limit in terms of rating or in terms of duration has been introduced.

The Fund may use financial contracts, traded on French and foreign regulated and organised and/or OTC markets, in order to hedge or expose the portfolio, notably to share and interest rate risks, through the use of instruments such as futures contracts or options.

The derivative instruments used are mainly futures and share and interest rate options.

The Fund may also use credit derivatives with a view to hedging against the credit risk associated with the bonds held in the portfolio.

### **Risk profile**

The fund will be mainly invested in financial instruments selected by the management company. These instruments will experience market developments and fluctuations.

The UCITS is a UCITS classified as "Diversified". The investor is therefore mainly exposed to the risks below, this list not being exhaustive.

#### Capital loss risk

The investor is advised that the performance of the UCITS might not conform to his objectives and that his capital might not be returned in full, the UCITS not benefiting from any guarantee or protection of capital invested.

#### Risk associated with the holding of convertible bonds

The UCITS is exposed to convertible bonds; these may show a residual share sensitivity and experience marked fluctuations linked to changes in the prices of the underlying shares. The investor's attention is drawn to the fact that the net asset value of the UCITS will drop in the case of an unfavourable change.

#### Interest rate risk

Because of its composition, the UCITS may be subject to an interest rate risk. This risk results from the fact that, in general, the price of debt securities and bonds falls when rates rise. The net asset value will drop if interest rates rise.

#### Share risk

The UCITS is invested or exposed on one or more share markets which may experience marked fluctuations. The investor's attention is drawn to the fact that fluctuations in the price of the portfolio assets and/or the market risk will result in a significant reduction in the net asset value of the UCITS.

#### Credit risk

In the case of downgrading of private or public issuers, or their defaulting, the value of bonds may fall. The occurrence of this risk may result in a drop in the net asset value of the Fund.

#### Counterparty risk

This is the risk associated with use by the UCITS of futures, OTC instruments and/or resorting to acquisitions and temporary purchase and sale of securities. These transactions concluded with one or more eligible counterparties potentially expose the UCITS to a risk of defaulting of one of these counterparties possibly resulting in failure to pay which would reduce the net asset value.

#### High Yield risk

This is the credit risk applied to what are known as "speculative" securities which present probabilities of default higher than those of Investment Grade securities. In exchange, they offer higher levels of return. If the rating is downgraded, the net asset value of the UCITS will fall.

#### Risk associated with holding small securities

On account of its management direction, the fund may be exposed to small and medium capitalisations which, taking account of their specific characteristics, may present a liquidity risk. On account of the limited size of the market, the evolution of these stocks is more marked in an upward direction than a downward direction and will generate a drop in the net asset value.

Consequently, the investor may also be exposed to the following risk:

#### Risk associated with investment in certain UCIs

The UCITS may invest in a certain number of UCITS or investment (FCPR, FCIMT, FCPI, alternative management UCITS) for which there is a risk associated with alternative management (that is, management decorrelated from any market index). The UCITS is exposed to a liquidity risk or a risk of fluctuation in its net asset value by investing in this type of UCITS or investment.

### **METHOD CHOSEN BY THE MANAGEMENT COMPANY TO ASSESS THE GLOBAL RISK OF THE UCI**

Method of calculating global risk: absolute VaR.

The parameters of the VaR used to monitor the global risk of the fund are the following:

- confidence level fixed at 95%
- calculation horizon fixed at 1 week
- depth of historical level of series of data fixed at 2 years. This historical level is used for the distribution of future returns for the portfolio and deduces a VaR.

Leverage on futures transactions in underlying equivalent (at end of financial year) \*: -6.4%

Option of exceeding this level of leverage: The leverage of the portfolio, calculated by the sum of nominal values of the derivatives, was historically less than 100% of the net assets.

Minimum level of VaR (95%, 1-week) over the financial year: 0.69%

Maximum level of VaR (95%, 1-week) over the financial year: 1.18%

Average level of VaR (95%, 1-week) over the financial year: 0.99%

### **CHANGES DURING THE FINANCIAL YEAR**

From 1 April 2016 onwards:

- Integration of SRI filter into the investment policy
- Change in risk and reward profile
- Change in management objective
- Change of name to OFI CONVERTIBLES TAUX EURO ISR
- Change of benchmark in favour of the Exane Eurozone Convertible Bond index
- Change of share sensitivity range, now between 10% and 30%.

Then, from 2 May 2016 onwards, following the change of benchmark, the formula for calculation of the outperformance commission changed, and became equal to 15% above the benchmark, the Exane Eurozone Convertible Bond index, and change to the period for charging variable management fees, which runs from 1 May to 31 April each year.

And lastly, change in depositary in favour of CACEIS BANK FRANCE on 6 May 2016 from 12:01 and change in valuer.

### **FUTURE CHANGE**

Nil.

### **PROCEDURE FOR CHOOSING BROKERS**

The OFI Group has introduced a procedure for selection and assessment of market brokers, which makes it possible to select, for each category of financial instruments, the best market brokers and to ensure the quality of execution of orders placed on behalf of our UCI under management.

The management teams can send their orders directly to the market brokers selected or go through the OFI Group trading desk, OIS.

This service provider handles the receipt and transmission of orders, followed by execution or not, to the market brokers on the following financial instruments: Debt securities, Capital securities, UCI units or shares, Financial contracts.

This service provider's expertise makes it possible to separate the selection of financial instruments (which remains the responsibility of the Management Company) from their trading, whilst ensuring the best execution of orders.

A multi-criteria valuation is carried out on a six-monthly basis by the OFI Group's management teams. Depending on the circumstances, it takes into consideration several or all of the following criteria:

- Monitoring volumes of transactions per market broker.
- Analysis of the counterparty risk and how this develops (a distinction is made between "brokers" and "counterparties").

- The nature of the financial instrument, the execution price, where applicable the total cost, the speed of execution and the size of the order.
- Feedback of operational incidents detected by the managers or the Middle Office.

At the end of this valuation, the OFI Group can reduce the volumes of orders entrusted to a market broker or withdraw it temporarily or permanently from its list of authorised service providers.

This valuation can be based on an analysis report provided by an independent service provider.

For the execution of certain financial instruments, the Management Company resorts to commission sharing agreements (CCP or CSA), according to which a limited number of investment service providers:

- provide the order execution service
- collect brokerage costs relating to services of assistance with investment decisions
- pay these costs back to a third party provider of these services

The objective sought is to use, as far as possible, the best service providers in each speciality (execution of orders and assistance with investment/disinvestment decisions).

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## **BROKERAGE FEE**

On the Group's website, at <http://www.ofi-am.fr/inout/animations/espaceMIF.php>, you will find all the measures to get to grips with the new regulatory provisions linked to the MIF. It features in particular, the report on brokers' fees in accordance with Article 314-82 of the AMF's General Regulation.

## **EXERCISE OF VOTING RIGHTS**

The policy implemented by the management company regarding the exercise of voting rights forms the subject of a report available at the company's website at: [http://www.ofi-am.fr/isr\\_la\\_recherche\\_ISR.php](http://www.ofi-am.fr/isr_la_recherche_ISR.php)

## **ESG CRITERIA**

The Management Company makes available to the investor information about the procedure for consideration in his investment policy of criteria relating to compliance with environmental, social and governance quality objectives on its website <http://www.ofi-am.fr/actualites.php?art id=3608>

## INFORMATION RELATING TO UCITS REMUNERATIONS

In the context of application of Directive 2014/91/EU of 23 July 2014 (UCITS V), the Company has introduced a remuneration policy with the following characteristics:

### 1. Qualitative elements

The Company's remuneration policy has been drawn up by the OFI Group's Strategic Committee.

The Strategic Committee is made up of representatives of the Company's shareholders and members of the Company's Board of Directors. It does not include any staff representatives, since the Company is not itself subject to such a regulatory or statutory obligation. It fixes the remuneration policy and ensures its implementation.

The Company's remuneration policy promotes sound effective risk management in line with, at the same time, the interests of investors, of the Company and of UCITS managers, and seeks to reduce potential conflicts of interest between the sales personnel and the investors. It conforms to the Company's economic strategy, objectives and values.

The fixed remuneration corresponds to the employee's normal pay for the expected work corresponding to his qualification. The variable remuneration takes into account, in particular, the Company's result, its equity requirements and the quality of management and of the service offered to investors.

**Personnel affected by the remuneration policy:** all persons involved in risk-taking in terms of the funds or the Company: directors, managers, CIO, control function managers, personnel who are comparable due to their level of variable remuneration and sales personnel.

**Assessment of performance and risks:** this is carried out depending on the personnel concerned.

The performance of managers and those responsible for management is based on quantitative criteria (classification of each fund in a test universe) and qualitative criteria (achievement of objectives, observation of the risk management policy, compliance with internal regulations or external regulations, management process monitoring, contribution of risk-takers to operational risks).

Regarding directors, the criteria applied relate to the company's global performance (growth in operating profit, achievement of strategic objectives, image, reputation, etc.).

For the control functions, the criteria applied relate to the operational, regulatory and reputational risks.

And lastly, the performance of sales personnel is assessed based on traditional criteria, provided that they do not generate any conflicts of interest with the unit-holders: collection, growth in turnover, rate of penetration, campaign successes, new customers, etc.

**Variable remuneration budget:** based on a global budget, a proportion is allocated to risk-takers, the remainder being allocated to the other personnel concerned. Allocation is then handled by the managers, taking into account the assessment factors described above.

**Procedure for payment and measures for adjustment of remuneration:**

For those persons whose variable remuneration is less than EUR 100,000 or 30% of the fixed salary, this is paid immediately, and in its entirety in cash.

For other persons, the proportion which is not paid in cash is paid in the form of part payments, thus making it possible to adjust risks between the various UCITS parties (AIFM and risk-takers): part payments indexed on a specified basket or a global basket. A proportion (60%) is paid immediately, of which 50% in cash and 10% in indexed part payments, the remaining 40% being paid in the form of part payments, released in equal tranches during the following three years, without any retention period.

This allocation may be revised downwards, depending on changes to the quantitative and qualitative criteria during the following years, according to a notion of malus.

### 2. Quantitative elements

The quantitative elements relating to remunerations can be found in the annual report of the UCITS management company.

## MANAGEMENT COMMENTS

### Economic and financial context for year September 2015 / September 2016

The financial situation has naturally focused on developments in the global economic context and, for once, more markedly, on the political situation.

In economic terms, the period has been marked by a succession of questions and doubts about the rate of global growth. The third quarter of 2015 is in line with questions arising from the sudden and unexpected decision by the Chinese authorities regarding the yuan/dollar exchange parity: the sudden drop of nearly 3% in the Chinese currency decided on in August 2015 was perceived as a clear sign that the Chinese economy was experiencing a marked slowdown. However, this is the second largest economy in the world and a hard landing in this country is likely to seriously slow global activity. These fears were then appeased, as the Chinese currency stabilised, and a government support plan was set in place, but at the cost, once again, of a worsening of debt. The rest of the global economy, at the same time, was not to be outdone. In the United States, published statistics were rather contradictory and undermined global readability particularly since, at the same time, oil prices were falling, attesting to risks of a slowdown in activity. In the end, and after marked turbulence, the markets understood at the end of the period that this episode was proving temporary and that the US economy was going to resume its potential "mature cycle" growth rate, i.e. at round 1.5%/2%. In the end, the eurozone came out well with stabilised growth of around 1.5%, with no marked weakening (even after Brexit), but without any acceleration either. However, the horizon was once again disrupted at the end of the period with the UK's decision to leave the European Union, but without any tangible effect recorded in the following weeks. Despite an ultra-expansionist monetary policy, which caused the yen to fall, Japan is not managing to really get out of deflation and is posting growth of around 1%, with ups and downs. The very delicate situation of emerging countries has improved, with encouraging signs in Brazil and Russia, the two large countries which proved the focus of the financial community's concerns. The same applied for China, which published growth of nearly 6.5% in the second quarter of 2016, above expectations, but which suggests that it was markedly stimulated by aggravation of private and public debt. In the end, global growth was revised in a downward direction and a rate of around 3% is now expected for the next 12 months.

The current political situation has also been intense, with a return to popularity of populist movements just about everywhere in the West; the most eloquent expression of this has been the Brexit vote. This translates the fact that, for markets today, there is a genuine risk of a widespread upsurge in populism, with negative consequences for free trade and international trade, for controlling levels of debt, not to mention potential new attempts at devaluation which might well relaunch "currency war" movements. The electoral cycle will remain intense in the coming months.

**In this context, the expected rise in US Fed Funds has not yet occurred, and the ECB has been very accommodating.**

The Federal Reserve has probably delayed "normalising" its monetary policy. It could have done this sooner, but the conjunction of the rise in the dollar, the drop in Commodities and the fragility of several emerging countries and their currencies has encouraged it to delay this decision. The period has therefore been marked by stability of US monetary rates, and also by an expectation of an increase which has not happened. In the eurozone, the ECB continued its support policy by taking new QE measures: the purchasing programme was increased by EUR 20 billion per month (from 60 to 80), and extended to "Credit" bonds, according to various procedures and constraints. Key interest rates also fell again and went into negative territory: -0.4% for the main deposit rate.

**And rates fell again spectacularly, the eurozone experiencing negative rates.**

With weak growth and stimulating monetary policy, the environment was once again favourable to the bond markets, which posted performances that speak for themselves: +6.6% for the Euro MTS Global index.

The performance of credit bonds, overall less sensitive, is nearly 5% in Europe and 6% in the United States. The picture for High Yield bonds is also very good, with growth of 8.4% in Europe and 7.5% in the United States.

The period was also excellent on emerging country bonds: largely neglected initially, then sought after once again from the beginning of 2016 onwards. In fact, investors exited this asset class under the effect of marked overall reductions in emerging currencies as a result of macro difficulties. But from a certain point, the levels reached on some currencies (at a historic low for some of these) and the differential of return on western bonds revived movements. In the end, the performance of the index in strong currencies over the period is nearly 16% in dollars; the performance of debt in local currencies is 17%, also in dollars, but with very marked volatility.

The dollar remained stable against the euro over the financial year. As regards exchange parities against the euro, there are two notable fluctuations: the yen, up by nearly 15%, and the pound, down by nearly 17% after Brexit.

And lastly, convertible bonds are up 2.5% globally, by nearly 7% in the United States and in the region of 1% in Europe.

## The financial year was different for share markets.

The global share index was up just over 10% in local currencies over the period. The best performance comes once again from American shares, which closed nearly 14% up in dollars (almost identical performance in euros), whilst European shares remain almost stable (Stoxx 600 DNR index). In Europe, growth stock markedly outperformed value stock, +2% compared to -4%, although it was the reverse in the United States. Also in Europe, the finance, telecoms and consumer cyclicals sectors were widely neglected with falls, respectively, of 16%, 11.5% and 4.5%.

Japanese shares fell by 7% in yen, but rose by nearly 10% in dollars. Emerging country shares are up by nearly 15%. But, it should be pointed out that these downward trends follow a dramatic rise of nearly 100% during the previous half-year. We note in this context, the spectacular recovery of Brazilian shares (+30% in reals and +57% in euros) and Russian shares, +20% and +24%. Lastly, the gold price per ounce rose by 18%, and gold mines by nearly 100%!

## MANAGEMENT

### Comments on the Convertible Bond market

Despite fears of a slowdown in China, the prospects for recovery of the Fed rates (continually deferred) or Brexit the 2015-2016 financial year was, in the end, quite calm, with extremes on the Eurostoxx50 of +/-13% compared to 30/09/2015. The index ended the year slightly down, at -3.17% excluding dividends, and in positive territory taking said dividends into account (+0.77%).

Same tendency towards calm seen on credit spreads, which narrowed by 43 points on the 5-year Itraxx-Xover at 332bp, and on the Main (-18bp to 73bp). Driven by the ECB's monetary policy (Eonia at -0.40%), 10-year interest rates have plummeted for the first time into negative territory losing 71bp over the period, settling at -0.12%. This cocktail of falling rates, compressed spreads and calm share markets means the asset class posts a positive score over the period: +2.25% for the Exane Euro index.

With share sensitivity fluctuating between 30 and 40%, like last year, the European field continues to present a profile which is particularly well-adapted to volatile markets, convexity being minimal in this zone. For next year, the performance of shares will, of course, be the primary driver of performance for the coming months, credit spreads and interest rates being limited to their smallest share.

It should be noted that outgoing flows on the asset class since the beginning of the year (-€7.5 billion, i.e. approximately 12% of open UCITS) have impacted implied volatility month after month. This is now established at 27% compared to over 35% at the end of 2015. A return to the historic average (31%) would generate a gain of 1.2%, all things being equal. We do not anticipate any drop in this implied volatility to below 25%, the lowest level reached post-Brexit, but we are of the opinion conversely, that this is an entry point for investing in convertibles which are, today technically attractive.

The primary market remains dynamic in Europe: with EUR 14.5 billion at the end of September, we are almost in line with last year's figures for the same period. It should be noted that the trend we observed last year was confirmed in 2016: large cap issuers were very present on the convertible financing segment. We can thus cite Safran, LVMH, Véolia, Eni, BP or Airbus. It is apparent that the quality of credit of the European field has improved, 42% now being rated IG.

### Management Policy

During the 2015-2016 financial year, the total of the OFI Convertibles Taux Euro ISR fund is slightly down, falling from €43M at the end of September 2015 to €38M one year later.

Our participation on the primary market has remained selective, subscribing to two issues, Nexity 0.125% 2023 and MTU Aero Engines 0.125% 2023.

Off the primary market, our purchases have mainly concentrated on Ingenico 0% 2022, Telefonica 0% 2021, Veolia 0% 2021, Wereldhave 1% 2019, Airbus exchangeable for Dassault Aviation 0% 2019, or Acciona 3% 2019.

Apart from sale movements associated with exits in the fund, we are selling the two OHL galaxy lines: OHL exchangeable for OHL Mexico 4% 2018; and GVM exchangeable for OHL 5.75% 2018.

### Performance

As at 30 September 2016, the net asset value is EUR 326.14 compared to EUR 308.51 as at 30 September 2015, i.e. a positive performance of 5.71%. By comparison, the fund's benchmark posts a performance of +3.87%. The Exane ECI Euro convertible index posts a performance of 2.25% over the period.

As cited above, these performances are to be compared with the downturn on the share markets: -3.17% for the Eurostoxx50 (excl. dividends).



Based on prudent management, OFI Convertibles Taux Euro ISR therefore posts a better performance than last year, compared to its benchmark, and also compared to traditional convertible indices. The portfolio's share sensitivity was maintained at between 25% and 30% over this twelve-month period.

Hedging against share sensitivity through Eurostoxx50 futures contributed on the basis of +42bp.

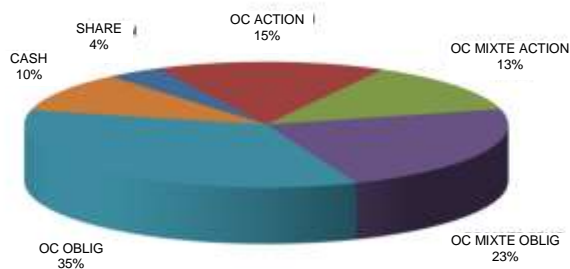
Thus, although during the financial year, we did not use credit derivative instruments, we did use instruments on futures markets (EUREX, MATIF, MONEP) for the purposes of adjustment of the portfolio's exposure. These tactical measures of exposure or hedging are carried out over very variable periods of time (from one day to several months) through the use of averagely liquid and inexpensive Eurostoxx50 futures, in an attempt to capture performance.

Among the strongest negative contributions, we will essentially mention Astaldi 4.5% 2019 (-35bp;-22%), Telecom Italia 1.125% 2022 (-27bp;-7%), OHL/OHL Mexico 4% 2018 (-15bp;-1%), or Ingenico 0% 2022 (-13bp;-7%). Among the satisfying performers, Adidas 0.25% 2019 (+131bp;+65%), Netbooster 3% 2016 (+91bp;+26%), Deutsche Wohnen 0.875% 2021 (+81bp;+21%), or Econocom, with both the convertible 1.5% 2019 (+40bp;+21%) and the share (+80bp;+74%).

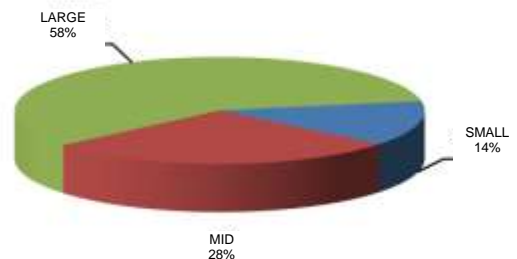
At the end of September 2016, the fund posts share sensitivity of 29% (+4 points), an ordinary return (coupon related to price of convertible) of 1.33% (-60bp) for an average life of 3 years. Liquid assets emerge at 10%.

The fund is made up of 35% in bond type convertibles, mixed type convertibles represent 36%, share type convertibles being at 15%. Shares resulting from conversion represent 4% (Econocom and Nokia, resulting from Alcatel conversion). In terms of allocation by market capitalisations, Large Caps represent 58% of investments, Mid Caps and Small Caps, respectively, representing +28% and 14%.

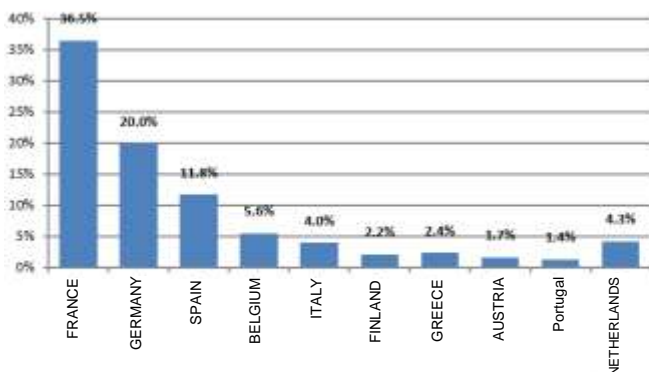
TYPOLOGY OF THE PORTFOLIO



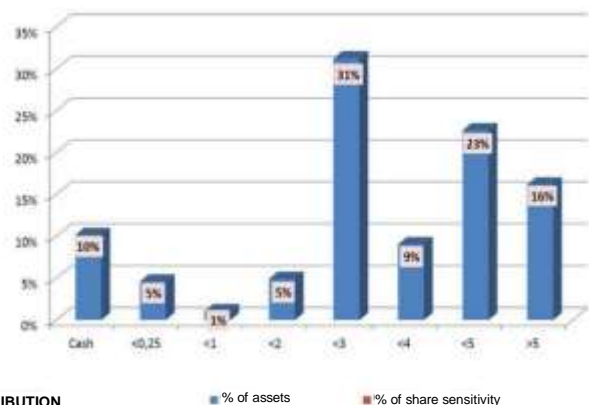
ALLOCATION BY MARKET CAPITALISATIONS



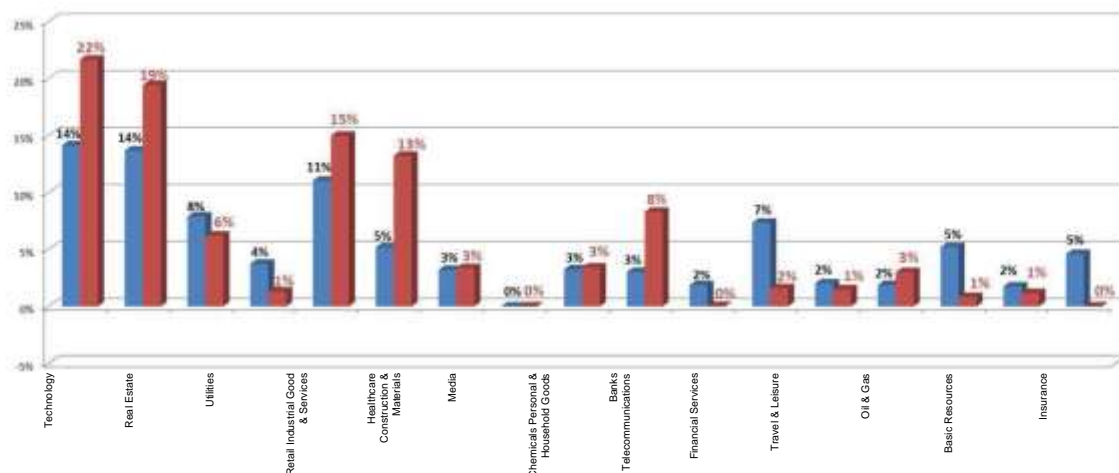
GEOGRAPHIC DISTRIBUTION



SCHEDULE



SECTOR-BASED DISTRIBUTION



## SRI comments

From the start of April, the fund integrates a best in class SRI selection process for issuers into its management process:

The issuers' ESG ratings, provided by OFI AM's SRI Analysis Division, are used to determine an SRI category which is allocated to each issuer:

- Leaders: issuers most advanced in consideration of ESG issues
- Involved: issuers active in the consideration of ESG issues
- Followers: issuers whose ESG issues are averagely managed
- Uncertain: issuers whose ESG issues are poorly managed
- Under supervision: issuers lagging behind in consideration of ESG issues, representing at least 15% of the companies in the investment universe.

The SRI categories are determined in terms of the Universe of all private issuers analysed (i.e. approximately 2,700 currently). Taking account of the SICAV's management direction, when the underlying is different to the issuer, the SRI score of the underlying is used. Issuers without a score may not exceed 10% of the portfolio.

The eligible investment universe is defined by the exclusion from the investment universe of private issuers presenting the "Under supervision" SRI category.

Beyond this preliminary quantitative SRI filter, which determines the eligible universe, ESG analyses of companies are taken into account when constructing portfolios. The limits below are applied to the portfolio:

MAXIMUM WEIGHTING OF ISSUERS BY SRI CATEGORY		
Under supervision	Uncertain + Under supervision	Followers + Uncertain + Under supervision
10%	25%	50%

The Fund also systematically implements a specific commitment approach:

- Vis-à-vis issuers (or underlyings if different) in the portfolio with an SRI category of "Under supervision" and with stocks held at a maturity of less than two years
- Issuers belonging to the "Under supervision" category may not be acquired by the fund. They however survive either because they were acquired before the conversion of the fund into an SRI fund, or because their SRI category was downgraded during the stock holding period, or because they did not have a score at the time of acquisition.

More details about the ESG analysis method and the SRI selection process are available in the fund's Transparency Code, which can be found online at [www.ofi-am.fr](http://www.ofi-am.fr)

At the end of the financial year, 96% of issuers in the portfolio (excluding UCI and cash) were covered by an SRI analysis and the distribution of issuers by SRI categories was as follows:

\* Universe: all issuers covered by an ESG analysis (~2,700)

## INFORMATION RELATING TO THE ESMA

### 1/ Temporary purchase and sale or acquisitions transactions on securities (repurchase agreements, loans and borrowing)

As at 30/09/2016, we did not hold any position in temporary purchase and sale or acquisitions on securities (repurchase agreements, loans and borrowing).

### 2/ Financial contracts (derivatives)

Foreign exchange: No position on 30/09/2016

Rates: No position on 30/09/2016

Credit: No position on 30/09/2016

Shares - CFD: No position on 30/09/2016

Commodities: No position on 30/09/2016

## Balance sheet as at 30 September 2016 (in euros)

### BALANCE SHEET ASSETS

	30/09/2016	30/09/2015
<b>Net fixed assets</b>	-	-
<b>Deposits</b>	-	-
<b>Financial instruments</b>	<b>37,820,335.43</b>	<b>42,817,494.29</b>
<b>Shares and similar securities</b>	<b>1,396,113.63</b>	<b>2,491,423.56</b>
Traded on a regulated or similar market	1,396,113.63	2,491,423.56
Not traded on a regulated or similar market	-	-
<b>Bonds and similar securities</b>	<b>32,409,132.55</b>	<b>38,801,854.04</b>
Traded on a regulated or similar market	32,409,132.12	38,801,853.61
Not traded on a regulated or similar market	0.43	0.43
<b>Debt securities</b>	<b>1,000,289.69</b>	-
Traded on a regulated market or similar	1,000,289.69	-
Transferable debt securities	1,000,289.69	-
Other debt securities	-	-
Not traded on a regulated or similar market	-	-
<b>Mutual funds</b>	<b>3,013,999.56</b>	<b>1,354,016.69</b>
General purpose UCITS and AIFs aimed at non-professionals and equivalents in other countries	3,013,999.56	1,354,016.69
Other Funds aimed at non-professionals and equivalents in other Member States of the European Union	-	-
General purpose professional funds and equivalents in other Member States of the European Union and listed securitisation vehicles	-	-
Other professional investment funds and equivalents in other Member States of the European Union and unlisted securitisation vehicles	-	-
Other non-European vehicles	-	-
<b>Temporary transactions on securities</b>	-	-
Receivables representative of securities under repurchase agreements	-	-
Receivables representative of securities lent	-	-
Securities borrowed	-	-
Securities given under a repurchase agreement	-	-
Other temporary transactions	-	-
<b>Financial contracts</b>	<b>800.00</b>	<b>170,200.00</b>
Transactions on a regulated or similar market	800.00	170,200.00
Other transactions	-	-
<b>Other financial instruments</b>	-	-
<b>Receivables</b>	<b>213,828.79</b>	<b>683,060.26</b>
Foreign exchange forward transactions	-	-
Other	213,828.79	683,060.26
<b>Financial accounts</b>	-	<b>55,568.76</b>
Liquid assets	-	55,568.76
<b>Total assets</b>	<b>38,034,164.22</b>	<b>43,556,123.31</b>

## Balance sheet as at 30 September 2016 (in euros)

### BALANCE SHEET LIABILITIES

	30/09/2016	30/09/2015
<b>Equity</b>		
<b>Capital</b>	37,401,969.18	38,188,905.57
Previous net capital gains and losses not distributed (a)	-	-
Carry forward (a)	460.72	554.96
Net capital gains and losses for the financial year (a, b)	334,158.47	4,704,797.84
Result for the financial year (a, b)	113,735.57	171,543.00
<b>Equity total</b>	37,850,323.94	43,065,801.37
(= Amount representative of net assets)		
<b>Financial instruments</b>	800.00	170,200.00
<b>Purchase and sale transactions on financial instruments</b>	-	-
<b>Temporary transactions on securities</b>	-	-
Payables representative of securities given under a repurchase agreement	-	-
Payables representative of securities borrowed	-	-
Other temporary transactions	-	-
<b>Financial contracts</b>	800.00	170,200.00
Transactions on a regulated or similar market	800.00	170,200.00
Other transactions	-	-
<b>Payables</b>	171,107.21	320,121.94
Foreign exchange forward transactions	-	-
Other	171,107.21	320,121.94
<b>Financial accounts</b>	11,933.07	-
Current bank credit facilities	11,933.07	-
Borrowing	-	-
<b>Liabilities total</b>	38,034,164.22	43,556,123.31

(a) Including accrual accounts

(b) Minus advances paid in respect of financial year

## Off-balance sheet (in euros)

	30/09/2016	30/09/2015
<b>HEDGING TRANSACTIONS</b>		
<b>Commitments on regulated or similar markets</b>	<b>2,395,200.00</b>	<b>5,718,350.00</b>
SHARES	2,395,200.00	5,718,350.00
SALE - FUTURE - EURO STOXX 50	2,395,200.00	5,718,350.00
<b>OTC commitments</b>	-	-
<b>Other commitments</b>	-	-
<b>OTHER TRANSACTIONS</b>		
<b>Commitments on regulated or similar markets</b>	-	-
<b>OTC commitments</b>	-	-
<b>Other commitments</b>	-	-

## Profit and loss account (in euros)

	30/09/2016	30/09/2015
<b>Income on financial transactions</b>		
Income on deposits and financial accounts	-	-
Income on shares and similar securities	43,089.62	59,636.60
Income on bonds and similar securities	466,189.06	1,924,937.59
Income on debt securities	84,734.23	208,198.82
Income on acquisitions and temporary purchase and sale of securities	-	-
Income on financial contracts	-	-
Other financial income	-	-
<b>Total (I)</b>	<b>594,012.91</b>	<b>2,192,773.01</b>
<b>Expenses on financial transactions</b>		
Expenses on acquisitions and temporary purchase and sale of securities	-	-
Expenses on financial contracts	-	-
Expenses on financial receivables	4,805.37	5,304.91
Other financial expenses	-	-
<b>Total (II)</b>	<b>4,805.37</b>	<b>5,304.91</b>
<b>Result on financial transactions (I-II)</b>	<b>589,207.54</b>	<b>2,187,468.10</b>
Other income (III)	-	-
Management fees and allocations to amortisation (IV)	466,425.33	1,445,656.39
<b>Net result for financial year (L. 214-17-1) (I - II + III - IV)</b>	<b>122,782.21</b>	<b>741,811.71</b>
Adjustment of income for financial year (V)	-9,046.64	-570,268.71
Advances on result paid in respect of financial year (VI)	-	-
<b>Result (I - II + III - IV +/- V - VI)</b>	<b>113,735.57</b>	<b>171,543.00</b>

# APPENDIX

## EVENTS IN THE FINANCIAL YEAR

In early May 2016, the fund OFI CONVERTIBLES TAUX EURO ISR changed depositary and valuer; the new depositary/valuer made a correction due to a change in the accounting tool of the previous depositary/valuer, resulting in a decrease in the distributable result. To restore the situation, one entry has been moved from class 1 (capital gain/loss account 107221) to class 7 (account 7010327).

## ACCOUNTING RULES AND METHODS

The Fund has complied with the accounting rules established by the Accounting Standards Authority regulation no. 2014-01 of 14 January 2014 on the accounting plan of SICAVs.

The rules for valuation are fixed, under its responsibility, by the Fund's management company.

The accountancy currency for the fund is the euro.

The net asset value is calculated every non-holiday trading day and is dated that same day.

The accounts relating to the securities portfolio are kept by reference to the historic cost: entries (purchases or subscriptions) and exits (sales or redemptions) are posted based on the acquisition price, excluding costs.

Any exit generates a capital gain or capital loss from sale or redemption and potentially, a redemption bonus.

Accrued coupons on negotiable debt securities are considered on the day of the net asset value date.

The UCI values its securities at the actual value, the value resulting from the market value or in the absence of the existence of any market, from financial methods. The entry value-actual value difference generates a capital gain or loss which shall be posted as "difference in estimate of portfolio".

## Description of methods of valuation of balance sheet entries and forward and options transactions

### Financial instruments

#### Equity securities

Equity securities admitted for trading on a regulated or similar market are valued based on closing prices.

#### Debt securities

Debt securities admitted for trading on a regulated or similar market are valued, under the responsibility of the management company, by comparing the prices of these assets with various sources.

#### Money market instruments

- Negotiable debt securities (NDS) with a duration on issue, acquisition or residual duration which is less than three months are valued using a linear method up to maturity at the issue or acquisition price or at the last price applied for their valuation at the market price.
- Negotiable debt securities (NDS) with a residual duration of more than three months are valued at the market price at the time of publication of inter-bank market prices.

#### Unlisted transferable securities

Unlisted transferable securities are valued under the responsibility of the management company using methods based on the asset value and the return, taking into consideration the prices applied at the time of recent significant transactions.

### UCI

Units or shares of UCIs are valued at the last known net asset value on the actual day of calculation of the net asset value.

**Financial contracts (otherwise known as "futures instruments") within the meaning of Article L.211-1, III of the Monetary and Financial Code.**

#### Financial contracts traded on a regulated or similar market

Futures or options, traded on European regulated or similar markets, are valued at the settlement price, or failing this, based on the closing price.

#### Financial contracts not traded on a regulated or similar market (i.e. traded over-the-counter)

- *Financial contracts not traded on a regulated or similar market and settled*  
Financial contracts not traded on a regulated or similar market and forming the subject of settlement are valued at the settlement price.
- *Financial contracts not traded on a regulated or similar market and not settled*  
Financial contracts not traded on a regulated or similar market and forming the subject of settlement are valued using mark-to-model or mark-to-market pricing using prices provided by the counterparties.

#### Acquisitions and temporary purchase and sale of securities

N/A

#### Deposits

Deposits are valued at their book value.

#### Foreign currencies

Foreign currencies in cash are valued with the prices published daily on the financial databases used by the management company.

#### Description of off-balance sheet commitments

Futures contracts feature off-balance sheet for their market value, a value equal to the price (or the estimate if the transaction is OTC) multiplied by the number of contracts multiplied by the nominal and potentially translated to the fund posting currency.

#### Description of method followed for posting income from securities with fixed income

The result is calculated based on accrued coupons. Coupons accrued on the day of the valuations constitute an element of the valuation difference.

#### Description of the method for calculating fixed management fees

Management fees are directly charged to the profit and loss account of the UCI, on calculation of each net asset value. The maximum rate applied on the basis of net assets may not be more than 1.10% including tax; all UCI included. This rate is applicable to both unit categories (IC and ID).

These fees cover all costs charged directly to the UCI, with the exception of transactions costs. Transaction costs include brokerage fees (brokerage, stock market taxes, etc.) and turnover commission.

The following may be added to the operating and management fees:

- outperformance commission. This remunerates the management company once the UCI has exceeded its objectives. They are therefore invoiced in the OPC;
- turnover commission invoiced to the UCI;

#### Description of the method for calculating variable management fees

##### For IC and ID units

Variable fees correspond to an outperformance commission. The period of calculation of outperformance commission runs from 1<sup>st</sup> May to 30 April each year. Each time the net asset value is established, the outperformance of the UCITS is defined as the positive difference between the net assets of the UCITS before consideration of any provision for outperformance commission, and the net assets of a notional UCITS achieving exactly the same performance as the benchmark and registering the same pattern of subscriptions and redemptions as the actual UCITS.

Each time the net asset value is established, the outperformance commission, then defined equal to 15% of the performance above that of the benchmark (the Hexane Eurozone Convertibles Bond Index), forms the subject of a provision, or a provision reversal limited to the existing allocation. In the case of negative absolute performance, when the relative performance of the Fund is positive, this same outperformance commission shall also be collected but limited to 1.5% of the Net Assets.

In the case of redemptions, the share of the outperformance commission corresponding to the redeemed units is collected by the management company. Apart from redemptions, the outperformance commission is collected by the management company at the end of each calculation period.

A description of the method used for calculation of the outperformance commission is made available to subscribers by the management company.



## Allocation of distributable sums

### IC units

#### Distributable amounts relating to the net result:

Pure capitalisation: the distributable sums relating to the net result are capitalised in full, except those forming the subject of mandatory distribution by virtue of the law;

#### Distributable sums relating to capital gains made:

The management company decides, each year, on allocation of the capital gains made. The management company may decide on the payment of exceptional part payments.

### ID units

#### Distributable amounts relating to the net result:

Pure distribution: the distributable sums relating to the net result are distributed in full, rounded to the nearest whole number. The management company may decide on the payment of exceptional advances.

#### Distributable sums relating to capital gains made:

The management company decides, each year, on allocation of the capital gains made. The management company may decide on the payment of exceptional part payments.

## Evolution of net assets of the UCI (in euros)

	30/09/2016	30/09/2015
<b>Net assets at the beginning of the financial year</b>	<b>43,065,801.37</b>	<b>189,120,160.20</b>
Subscriptions (including subscription fees retained by the UCI)	6,119,153.65	1,873,524.74
Redemptions (after deduction of redemption fees retained by the UCI)	-13,327,580.29	-150,451,713.19
Capital gains made on deposits and financial instruments	1,876,366.90	18,336,406.04
Capital losses made on deposits and financial instruments	-1,749,926.32	-4,717,280.12
Capital gains made on financial contracts	542,650.00	4,206,430.00
Capital losses made on financial contracts	-352,600.00	-7,322,448.28
Transaction costs	-14,977.19	-83,801.33
Exchange differences	-	5,228,821.30
Change in difference in estimate of deposits and financial instruments	1,859,769.50	-13,086,786.89
Difference of estimate financial year N	-2,967,663.29	
Difference of estimate financial year N - 1	-4,827,432.79	
Change in difference in estimate of financial contracts	-169,400.00	313,200.00
Difference of estimate financial year N	800.00	
Difference of estimate financial year N - 1	170,200.00	
Distribution for the previous financial year on net capital gains and losses	-72,413.25	-
Distribution for the previous financial year on result	-49,302.64	-1,092,522.81
Net result of the financial year before accruals account	122,782.21	741,811.71
Advance(s) paid during financial year on net capital gains and losses	-	-
Advance(s) paid during financial year on result	-	-
Other elements	-	-
<b>Net assets at the end of the financial year</b>	<b>37,850,323.94</b>	<b>43,065,801.37</b>

## Allocation by legal nature

Designation of securities	Amount	%
<b>Assets</b>		
<b>Bonds and similar securities</b>	<b>32,409,132.55</b>	<b>85.62</b>
Indexed bonds	-	-
Convertible bonds	32,409,132.55	85.62
Equity securities	-	-
Other bonds	-	-
<b>Debt securities</b>	<b>1,000,289.69</b>	<b>2.64</b>
Government bonds	-	-
Treasury notes	1,000,289.69	2.64
Certificates of deposit	-	-
Other debt securities	-	-
<b>Liabilities</b>		
<b>Purchase and sale transactions on financial instruments</b>	-	-
Shares and similar securities	-	-
Bonds and similar securities	-	-
Debt securities	-	-
Other	-	-
<b>Off-balance sheet</b>		
Rates	-	-
Shares	2,395,200.00	6.33
Credit	-	-
Other	-	-

## Allocation by nature of rate

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
<b>Assets</b>								
Deposits	-	-	-	-	-	-	-	-
Bonds and similar securities	32,409,132.55	85.62	-	-	-	-	-	-
Debt securities	1,000,289.69	2.64	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-
<b>Liabilities</b>								
Temporary transactions on securities	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	11,933.07	0.03

## Allocation by nature of rate (continued)

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
<b>Off-balance sheet</b>								
Hedging transactions	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-

## Allocation by residual maturity

	< 3 months	%	]3 months - 1 year]	%	]1 - 3 years]	%	]3 - 5 years]	%	> 5 years	%
<b>Assets</b>										
Deposits	-	-	-	-	-	-	-	-	-	-
Bonds and similar securities	0.92	0.00	2,139,680.69	5.65	12,909,991.85	34.11	11,729,729.42	30.99	5,629,729.67	14.87
Debt securities	1,000,289.69	2.64	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>										
Temporary transactions on securities	-	-	-	-	-	-	-	-	-	-
Financial accounts	11,933.07	0.03	-	-	-	-	-	-	-	-
<b>Off-balance sheet</b>										
Hedging transactions	-	-	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-	-	-

## Allocation by currency

		%		%		%		%
<b>Assets</b>								
Deposits	-	-	-	-	-	-	-	-
Shares and similar securities	-	-	-	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
UCI	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-

## Allocation by currency (continued)

		%		%		%		%
<b>Liabilities</b>								
Purchase and sale transactions on financial instruments	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-
<b>Off-balance sheet</b>								
Hedging transactions	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-

## Sundry debtors and creditors

	30/09/2016
<b>Receivables</b>	
Provision for retrocession of management costs receivable	1,485.00
Guarantee deposit on futures contracts	212,343.79
<b>Total receivables</b>	<b>213,828.79</b>
<b>Payables</b>	
Provision for fixed management fees payable	-28,425.53
Provision for variable management fees payable	-142,612.08
Other	-69.60 <sup>(1)</sup>
<b>Total payables</b>	<b>-171,107.21</b>
<b>Total</b>	<b>42,721.58</b>

(1) Fees for order receipt/transmission

## Subscriptions-redemptions

<b>Category of IC units</b>	
Units issued	19,376.5937
Units redeemed	32,665.7305
<b>Category of ID units</b>	
Units issued	165.4598
Units redeemed	12,965.3546

## Commissions

<b>Category of IC units</b>	
Amount of subscription fees retained	0.00
Amount of redemption fees retained	0.00
<b>Category of ID units</b>	
Amount of subscription fees retained	0.00
Amount of redemption fees retained	0.00

## Management fees

<b>Category of IC units</b>	
Percentage of fixed management fees	1.10
Performance commission (variable costs)	-4,214.59
Retrocession of management fees	-
<b>Category of ID units</b>	
Percentage of fixed management fees	1.10
Performance commission (variable costs)	81,679.50
Retrocession of management fees	-

## Commitments received and given

<b>Description of guarantees received by the UCI with notably, mention of capital guarantees</b>
Nil
<b>Other commitments received and/or given</b>
Nil

## Other information

Code	Name	Quantity	Price	Current value (in euros)
	<b>Current value of financial instruments forming the subject of temporary acquisition</b>			
	Nil			
	<b>Current value of financial instruments constituting guarantee deposits</b>			
	<b>Financial instruments received as guarantee and not posted on the balance sheet</b>			
	Nil			
	<b>Financial instruments given as guarantee and kept in their original entry</b>			
	Nil			
	<b>Financial instruments held in the portfolio issued by entities associated with the management company (fund) or with the financial manager(s) (SICAV) and variable capital UCI managed by these entities</b>			

## Other information (continued)

Code	Name	Quantity	Price	Current value (in euros)
FR0000008997	OFI TRESOR ISR	687.0141	4,387.10	3,013,999.56

## Advances on result paid in respect of financial year

	Date	Total amount	Unit amount	Total tax credits	Unit tax credit
<b>Total advances</b>		-	-	-	-

## Advances on net capital gains and losses paid in respect of financial year

	Date	Total amount	Unit amount
<b>Total advances</b>		-	-

## Table showing allocation of distributable amounts relating to the result (in euros)

	30/09/2016	30/09/2015
<b>Category of IC units</b>		
<b>Sums yet to be allocated</b>		
Carry forward	-	-
Profit/loss	122,260.20	110,550.47
<b>Total</b>	<b>122,260.20</b>	<b>110,550.47</b>
<b>Allocation</b>		
Distribution	-	-
Carry forward for the financial year	-	-
Capitalisation	122,260.20	110,550.47
<b>Total</b>	<b>122,260.20</b>	<b>110,550.47</b>
<b>Information relating to shares or units conferring entitlement to distribution</b>		
Number of shares or units	-	-
Unit distribution	-	-
Tax credits attached to distribution of result	-	-
<b>Category of ID units</b>		
<b>Sums yet to be allocated</b>		
Carry forward	460.72	554.96
Profit/loss	-8,524.63	60,992.53
<b>Total</b>	<b>-8,063.91</b>	<b>61,547.49</b>
<b>Allocation</b>		
Distribution	-	60,975.01
Carry forward for the financial year	-	572.48

## Table showing allocation of distributable amounts relating to the result (in euros) (continued)

	30/09/2016	30/09/2015
Capitalisation	-8,063.91	-
<b>Total</b>	<b>-8,063.91</b>	<b>61,547.49</b>
<b>Information relating to shares or units conferring entitlement to distribution</b>		
Number of shares or units	50,715.7400	63,515.6348
Unit distribution	-	0.96
Tax credits attached to distribution of result	-	-

## Table showing allocation of distributable sums relating to net capital gains and losses (in euros)

	30/09/2016	30/09/2015
<b>Category of IC units</b>		
<b>Sums yet to be allocated</b>		
Previous net capital gains and losses not distributed	-	-
Net capital gains and losses for the financial year	222,815.94	3,046,810.75
Advances paid on net capital gains and losses for the financial year	-	-
<b>Total</b>	<b>222,815.94</b>	<b>3,046,810.75</b>
<b>Allocation</b>		
Distribution	-	-
Net capital gains and losses not distributed	-	-
Capitalisation	222,815.94	3,046,810.75
<b>Total</b>	<b>222,815.94</b>	<b>3,046,810.75</b>
<b>Information relating to shares or units conferring entitlement to distribution</b>		
Number of shares or units	77,417.3687	90,706.5055
Unit distribution	-	-
<b>Category of ID units</b>		
<b>Sums yet to be allocated</b>		
Previous net capital gains and losses not distributed	-	-
Net capital gains and losses for the financial year	111,342.53	1,657,987.09
Advances paid on net capital gains and losses for the financial year	-	-
<b>Total</b>	<b>111,342.53</b>	<b>1,657,987.09</b>
<b>Allocation</b>		
Distribution	-	89,557.05
Net capital gains and losses not distributed	-	-
Capitalisation	111,342.53	1,568,430.04
<b>Total</b>	<b>111,342.53</b>	<b>1,657,987.09</b>
<b>Information relating to shares or units conferring entitlement to distribution</b>		
Number of shares or units	50,715.7400	63,515.6348
Unit distribution	-	1.41



**Table showing results and other characteristic elements of the UCI during the last five financial years (in euros)**

	30/09/2016	30/09/2015	30/09/2014	30/09/2013	28/09/2012
<b>Net assets</b>					
in EUR	37,850,323.94	43,065,801.37	189,120,160.20	214,365,628.28	258,278,708.64
<b>Number of securities</b>					
Category of IC units	77,417.3687	90,706.5055	278,021.1424	407,786.1026	642,322.5370
Category of ID units	50,715.7400	63,515.6348	226,535.9458	177,035.7483	190,582.0203
Category of I CHF H units	-	-	516,465.0461	488,565.0461	284,077.5983
<b>Unit net asset value</b>					
Category of IC units in EUR	326.14	308.51	315.31	313.18	293.94
Category of ID units in EUR	248.46	237.44	247.56	251.27	242.13
Category of I CHF H units in CHF	-	_(2)	106.04 <sup>(3)</sup>	105.65 <sup>(4)</sup>	99.26 <sup>(5)</sup>
<b>Unit distribution on net capital gains and losses (including advances)</b>					
Category of IC units in EUR	-	-	-	-	-
Category of ID units in EUR	-	1.41	-	-	-
Category of I CHF H units in EUR	-	-	-	-	-
<b>Unit distribution on profit/loss (including advances)</b>					
Category of IC units in EUR	-	-	-	-	-
Category of ID units in EUR	-	0.96	4.84	5.48	6.43
Category of I CHF H units in EUR	-	-	-	-	-
<b>Unit tax credit transferred to bearer (individuals)</b>					
Category of IC units in EUR	-	-	-	-	-
Category of ID units in EUR	-	-	-	-	-
Category of I CHF H units in EUR	-	-	-	-	-
<b>Unit capitalisation</b>					
Category of IC units in EUR	4.45	34.80	2.81	6.75	7.72
Category of ID units in EUR	2.03	24.69	-2.64	-	-
Category of I CHF H units in EUR	-	-	2.46	1.86	2.17

(2) The category of I CHF H units was removed on 23/06/2015.

(3) The exchange value of the net asset value (in CHF) is EUR 87.85.

(4) The exchange value of the net asset value (in CHF) is EUR 86.31.

(5) The exchange value of the net asset value (in CHF) is EUR 82.10.

(6) The unit capitalisation for IC and I CHF H units from 30/09/2014 is that of the result and the net capital gains or losses.

For previous financial years, the unit capitalisation is only that of the result.

## Portfolio inventory as at 30 September 2016

Designation of securities	Currency	Qty No. or nominal value	Market value	% Net Assets
<b>Deposits</b>			-	-
<b>Financial instruments</b>				
<b>Shares and similar securities</b>			<b>1,396,113.63</b>	<b>3.69</b>
Traded on a regulated or similar market			1,396,113.63	3.69
ECONOCOM GROUP SA/NV -D-	EUR	43,419.00	580,512.03	1.53
NOKIA (AB) OY	EUR	158,400.00	815,601.60	2.15
Not traded on a regulated or similar market			-	-
<b>Bonds and similar securities</b>			<b>32,409,132.55</b>	<b>85.62</b>
Traded on a regulated or similar market			32,409,132.12	85.62
ACSSM 2 5/8 10/22/2018	EUR	800,000.00	927,422.83	2.45
ADIDAS AG 0.25% 14/06/2019 CV	EUR	600,000.00	1,135,420.27	3.00
AIRBUS GRO ZCP 14/06/2021 EMTN	EUR	1,400,000.00	1,504,020.00	3.97
AMOENE 3.375% 06/03/2018	EUR	500,000.00	517,521.11	1.37
AMXLMM 0 05/28/2020	EUR	500,000.00	492,350.00	1.30
ANASM 3 01/30/2019	EUR	600,000.00	759,588.26	2.01
ASSYSTEM 4.50% PERP CV	EUR	30,584.00	922,107.60	2.44
ASTIM 4.5% 31/01/2019	EUR	500,000.00	445,674.18	1.18
AXA 3.75% 01/01/2017 CV	EUR	6,300.00	1,734,642.00	4.58
CAIXAB 1 11/25/2017	EUR	700,000.00	698,590.87	1.85
CAP GEMINI CV 01/01/2019	EUR	5,500.00	483,065.00	1.28
DEUT WOHN 0.875% 08/09/2021 CV	EUR	1,000,000.00	1,611,428.45	4.26
DEUTSCHE POST AG 0.6% 06/12/2019	EUR	800,000.00	1,104,133.77	2.92
ECONOCOM GROUP 1.5% 15/01/2019CV	EUR	53,763.00	751,069.11	1.98
ETAB MAUR 1.625% 01/07/2019 CV	EUR	29,385.00	483,970.95	1.28
FF GROU FI 1.75% 03/07/2019 CV	EUR	1,000,000.00	907,522.55	2.40
FONC DES REG 0.875% 01/04/2019ORA	EUR	12,425.00	1,267,847.00	3.35
FRESEN 0% 24/09/2019	EUR	800,000.00	1,171,440.00	3.09
GBL VERWALTUNG SA 1.25% 07/02/2017	EUR	400,000.00	405,038.69	1.07
IMMOFINANZ AG 4.25% 08/03/2018CONV.	EUR	142,151.00	642,522.52	1.70
INDRA SISTEMAS SA 1.75% 17/10/2018	EUR	800,000.00	832,982.73	2.20
INGENICO ZCP 26/06/2022CV	EUR	4,708.00	789,955.32	2.09
LOYALTOUCH 4.2% 22/06/2012CV - EN LIQUIDATION	EUR	49.00	0.49	0.00
MAUREL PROM 2.75% 01/07/2021	EUR	90,000.00	963,000.00	2.54
MTU AERO ENGI 0.125% 17/05/2023	EUR	600,000.00	625,067.67	1.65
NEOP FRAN S 3.375% PERP CV	EUR	21,900.00	1,063,902.00	2.81
NEX 0.125% 01/01/2023 CV	EUR	7,340.00	499,413.60	1.32
ORPEA 1.75% 01/2020 CV	EUR	9,250.00	774,317.50	2.05
RAG STIFTUNG ZCP 18/02/2021 CV EMTN	EUR	1,100,000.00	1,222,650.00	3.23
RALLYE 1% 02/10/2020	EUR	5,175.00	502,078.50	1.33
SAGERPAR 0.375% 10/2018 CV	EUR	700,000.00	759,429.14	2.01
SALZ FINA BV ZCP 05/06/2022	EUR	700,000.00	659,260.00	1.74
SUEZ ZCP 27/02/2020 CV	EUR	26,600.00	537,852.00	1.42
TELE ITAL SPA 1.125% 26/03/2022	EUR	1,100,000.00	1,070,023.48	2.83

## Portfolio inventory as at 30 September 2016 (continued)

Designation of securities	Currency	Qty No. or nominal value	Market value	% Net Assets
TELE ZCP 09/03/2021 EMTN	EUR	1,200,000.00	1,206,840.00	3.19
VACFP 3 1/2 10/01/2019	EUR	17,560.00	708,019.20	1.87
VEOL ENVI ZCP 15/03/2021	EUR	36,000.00	1,103,040.00	2.91
WERELDHAVE NV 1.0% 22/05/2019CV	EUR	1,100,000.00	1,125,925.33	2.97
Not traded on a regulated or similar market			0.43	-
PROXIMANIA 4.2% 07-12 CV	EUR	43.00	0.43	0.00
<b>Debt securities</b>			<b>1,000,289.69</b>	<b>2.64</b>
Traded on a regulated market or similar			1,000,289.69	2.64
Transferable debt securities			1,000,289.69	2.64
ENGIE ZCP 04/11/2016	EUR	1,000,000.00	1,000,289.69	2.64
Other debt securities			-	-
Not traded on a regulated or similar market			-	-
<b>Mutual funds</b>			<b>3,013,999.56</b>	<b>7.96</b>
General purpose UCITS and AIFs aimed at non-professionals and equivalents in other countries			3,013,999.56	7.96
OFI TRESOR ISR	EUR	687.0141	3,013,999.56	7.96
Other Funds aimed at non-professionals and equivalents in other Member States of the European Union			-	-
General purpose professional funds and equivalents in other Member States of the European Union and listed securitisation vehicles			-	-
Other professional investment funds and equivalents in other Member States of the European Union and unlisted securitisation vehicles			-	-
Other non-European vehicles			-	-
<b>Temporary transactions on securities</b>			-	-
Receivables representative of securities under repurchase agreements			-	-
Receivables representative of securities lent			-	-
Securities borrowed			-	-
Securities given under a repurchase agreement			-	-
Payables representative of securities given under a repurchase agreement			-	-
Payables representative of securities borrowed			-	-
Other temporary transactions			-	-
<b>Purchase and sale transactions on financial instruments</b>			-	-
<b>Financial contracts</b>			-	-
Transactions on a regulated or similar market			-	-
C.A.I. margin calls	EUR	-800.00	-800.00	0.00
EUREX EUROSTX 1216	EUR	-80.00	800.00	0.00
Other transactions			-	-
<b>Other financial instruments</b>			-	-
<b>Receivables</b>			<b>213,828.79</b>	<b>0.56</b>
<b>Payables</b>			<b>-171,107.21</b>	<b>-0.45</b>
<b>Financial accounts</b>			<b>-11,933.07</b>	<b>-0.03</b>
<b>NET ASSETS</b>			<b>37,850,323.94</b>	<b>100.00</b>

# Auditor's Report on the annual accounts

## OFI CONVERTIBLES TAUX EURO ISR

### Financial year ended on 30 September 2016

Ladies and gentlemen,

In fulfilment of the mission which was entrusted to us by the Board of Directors of the fund's management company, we present our report relating to the financial year ended 30 September 2016, concerning:

- the audit of the annual accounts of the Mutual Fund **OFI CONVERTIBLES TAUX EURO ISR**, as they are attached to this report;
- justification of our assessments,
- the specific checks and information provided for by law.

The annual accounts were drawn up by the Board of Directors of the fund management company. It is our responsibility, based on our audit, to express an opinion on these accounts.

#### **1 Opinion on the annual accounts**

We carried out our audit according to the applicable norms of professional fiscal year in France; these rules require implementation of measures making it possible to obtain reasonable assurance that the annual accounts do not contain any significant anomalies. An audit consists of verifying, using spot checks or other selection methods, the elements justifying amounts and information featuring in the annual accounts. It also consists of assessing the accounting principles applied, the significant estimates used and the overall presentation of the accounts. We consider that the elements which we have gathered are sufficient and appropriate in order to form our opinion.

We certify that the annual accounts are, in the light of French accounting rules and principles, due and proper and sincere, and give a faithful image of the result of the operations in the past financial year, and of the financial situation and assets of the UCITS at the end of that financial year.

## **2 Justification of assessments**

Under the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our assessments, we would like to draw the following to your attention:

### Events during the financial year

In early May 2016, the fund changed depositary and valuer; the new depositary/valuer made a correction due to a change in the accounting tool of the previous depositary/valuer, resulting in a decrease in the distributable result. To restore the situation, one entry has been moved from class 1 (capital gain/loss account 107221) to class 7 (account 7010327), as mentioned in the first paragraph of the appendix.

### Accounting rules and principles

The appendix sets out the accounting rules and methods for the valuation of balance sheet entries and future and forward transactions.

In the context of our assessment of the accounting rules and principles followed by your company, we have verified the appropriate nature of the accounting methods above and of the information provided in the notes in the appendix.

The assessments made in this way form part of our procedure for auditing annual accounts, considered as a whole, and have therefore contributed to the formation of our unreserved opinion expressed in the first part of this report.

### **3 Specific checks**

In accordance with the rules of professional practice applicable in France, we also carried out the specific checks provided for by law.

We do not have any observations to make on the genuine nature, or the concordance with the annual accounts, of the information given in the annual report and in the documents sent to the unit-holders on the financial situation and the annual accounts.

Paris, on 12 January 2017

The Auditor  
**Grant Thornton**  
**French member of Grant Thornton International**

[Signature]

Hervé Grondin

# Rapport du Commissaire aux Comptes

## Sur les comptes annuels

### OFI CONVERTIBLES TAUX EURO ISR

#### Exercice clos le 30 Septembre 2016

Mesdames, Messieurs,

En exécution de la mission qui nous a été confiée par le Conseil d'Administration de la société de gestion du Fonds, nous vous présentons notre rapport relatif à l'exercice clos le 30 Septembre 2016 sur :

- le contrôle des comptes annuels du Fonds Commun de Placement **OFI CONVERTIBLES TAUX EURO ISR**, tels qu'ils sont joints au présent rapport,
- la justification de nos appréciations,
- les vérifications spécifiques et les informations prévues par la loi.

Les comptes annuels ont été arrêtés par le Conseil d'Administration de la société de gestion du fonds. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

#### **1 Opinion sur les comptes annuels**

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes annuels ne comportent pas d'anomalies significatives. Un audit consiste à vérifier, par sondages ou au moyen d'autres méthodes de sélection, les éléments justifiant des montants et informations figurant dans les comptes annuels. Il consiste également à apprécier les principes comptables suivis, les estimations significatives retenues et la présentation d'ensemble des comptes. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de l'OPCVM à la fin de cet exercice.

## 2 Justification des appréciations

En application des dispositions de l'article L.823-9 du Code de Commerce relatives à la justification de nos appréciations, nous portons à votre connaissance l'élément suivant :

### Evénement de l'exercice

Début Mai 2016 le fonds a changé de dépositaire et de valorisateur, le nouveau dépositaire/valorisateur a procédé à une correction due au changement de l'outil comptable du précédent, entraînant une minoration du résultat distribuable. Afin de rétablir la situation, une écriture a été passée de la classe 1 (compte de +/- valeur 107221) à la classe 7 (compte 7010327), comme mentionné au premier paragraphe de l'annexe.

### Règles et principes comptables

L'annexe expose les règles et méthodes comptables relatives à la valorisation des postes du bilan et des opérations à terme ferme et conditionnelles.

Dans le cadre de notre appréciation des règles et principes comptables suivis par votre société, nous avons vérifié le caractère approprié des méthodes comptables ci-dessus et des informations fournies dans les notes de l'annexe.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes sociaux pris dans leur ensemble, et ont donc contribué à la formation de l'opinion sans réserve, exprimée dans la première partie de ce rapport.



### **3 Vérifications spécifiques**

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par la loi.

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport annuel et dans les documents adressés aux porteurs de parts sur la situation financière et les comptes annuels.

Paris, le 12 Janvier 2017

Le Commissaire aux Comptes  
**Grant Thornton**  
**Membre français de Grant Thornton International**



Hervé Grondin

## **ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY**

OFI Asset Management has notified the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) of its intention to distribute **the units IC and ID** of the Fund **OFI RS EURO CONVERTIBLE BOND DEFENSIVE** in the Federal Republic of Germany and has been authorized to distribute the units in the Federal Republic of Germany upon completion of the notification procedure.

### **Information and Paying Agent**

Bremer Kreditbank AG, a bank established under the laws of Germany, having its registered office at Wachtstrasse 16, 28195 Bremen, registered with the Bremen Trade Registry, number HRB 4188, has undertaken the function of Information and Paying Agent for the Fund in the Federal Republic of Germany (the "German Information and Paying Agent")

### **Information and Documents**

For unit-holders resident in Germany, the following documents are available for inspection in hard copy, free of charge and upon request at the German Information and Paying Agent:

- Prospectus
- Key Investor Information Documents
- Articles of Incorporation
- The latest annual report, and the most recent semi-annual report, if published thereafter
- Custody and Administration Agreements
- Paying Agency Agreement

Any other information to the Shareholders will be sent to the Shareholders by post. The issue, redemption and conversion prices of shares will be published on the website: [www.ofi-am.fr](http://www.ofi-am.fr). Additionally, communications to investors in Germany will be published in a durable medium, further to the requirements of Article 167 of the German Investment Code in the following cases: suspension of the redemption of the shares, termination of the management of the fund or its liquidation, any amendments to the Articles of Incorporation which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool, merger of the fund with one or more other funds and the change of the fund into a feeder fund or the modification of a master fund.

Applications for the redemption and conversion of shares may be sent to the German Information and Paying Agent. All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Information and Paying Agent.