

OFI RS EURO CONVERTIBLE BOND DEFENSIVE GI



Monthly Factsheet - Convertible Bonds - november 2018

OFI RS Euro Convertible Bond Defensive is a Eurozone convertible bond fund. Its prudent investment approach makes it a suitable alternative to a traditional long-only fixed income fund. Equity exposure ranges between 10 and 30% in order to profit from market upswings while cushioning losses in case of a market downturn. The fund has no currency risk for a euro-denominated investor.

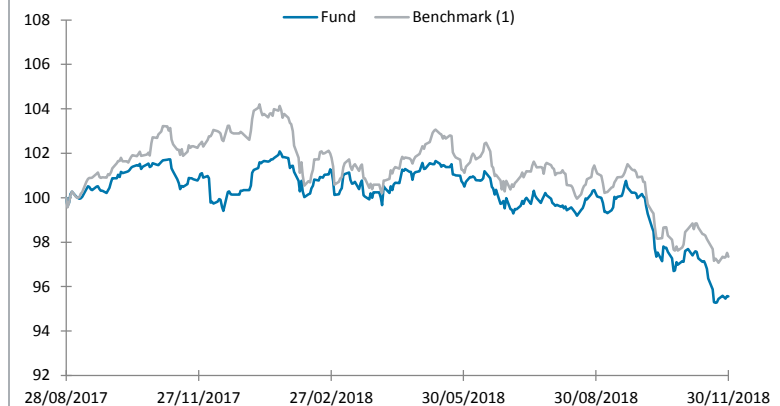
Key figures as of 30/11/2018

NAV of the part GI (EUR):	95,56
Net Assets of the part GI (EUR):	95,56
Total Net Assets (EUR M):	96,17
Delta:	15%
Modified duration:	1,81
Current yield:	0,67%
Number of holdings:	53

Characteristics

ISIN Code:	FR0013275104
Ticker:	OCBEGI FP Equity
AMF Classification:	Diversified
Europerformance Classification:	Euro Zone Convertible bonds
Management Company:	OFI Asset Management
Benchmark ⁽¹⁾ :	Thomson Reuters Eurozone Focus Hedged Convertibles Bond Index
Main Risks:	Capital and performance Market : equity, fixed income and credit
Fund Manager:	Olivier Ravay
Legal Form:	French FCP (Mutual Fund, UCITS IV)
Distribution Policy:	Capitalisation
Currency:	EUR
Inception date:	28/08/2017
Recommended investment horizon:	Over 2 years
Valuation:	Daily
Subscription cut-off:	D at 12h
Redemption cut-off:	D at 12h
Settlement:	D+2
Subscription fees Max/Real:	2%/None
Redemption fees Max/Real:	0%/None
Outperformance fees:	None
Ongoing charge:	0,53%
Custodian:	CACEIS
Administrative agent:	CACEIS FUND ADMINISTRATION

Return since inception



Risk Profile

Level: 1 2 3 4 5 6 7

Monthly return



YTD return



Return & Volatility

	Since inception (cum.)		2 Years (cum.)		1 Year		YTD		6 Months	3 Months
	Return	Volat.	Return	Volat.	Return	Volat.	Return	Volat.	Return	Return
OFI RS EURO CONVERTIBLE BOND DEFENSIVE GI	-4,44%	4,03%	-	-	-5,49%	4,32%	-4,77%	4,16%	-4,92%	-4,49%
Benchmark ⁽¹⁾	-2,65%	4,97%	-	-	-5,04%	5,28%	-5,35%	5,30%	-3,73%	-3,70%

Source: Europerformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2017								0,15%*	0,72%	0,59%	-0,35%	-0,75%	0,35%	2,85%
2018	1,08%	-0,23%	-0,95%	0,96%	-0,69%	-0,52%	-0,22%	0,29%	-0,07%	-2,37%	-2,10%		-4,77%	-5,35%

*Return from 28/08/2017 to 31/08/2017

Source: Europerformance

(1) Benchmark: Exane Eurozone Convertible Bond Index then Thomson Reuters Eurozone Focus Hedged Convertibles Bond Index since 01/02/2018

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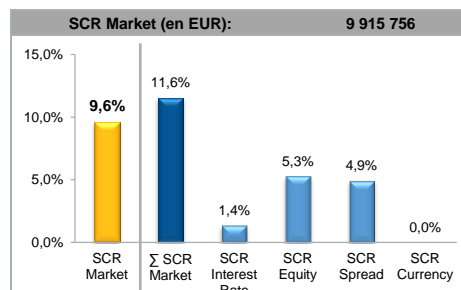
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TOP 10 Holdings

Name	Weight
INGENICO 0 2022_06	3,86%
DASSAULT AVIATION/AIRBUS 0 2021_06	3,55%
EVONIK IND/RAG-STIFTUNG 0 2023_03	3,35%
COVESTRO/BAYER 0.050 2020_06	3,24%
VEOLIA ENVIRONNEMENT 0 2021_03	3,10%
CECONOMY/HANIEL FIN 0 2020_05	3,09%
TELEFONICA 0 2021_03	3,08%
KPN/AMERICA MOVIL 0 2020_05	3,07%
SUEZ 0 2020_02	3,05%
SGL CARBON 3.000 2023_09	3,05%
TOTAL	32,45%

Source: OFI AM

Solvency Capital Requirement



*Quarterly data as of 28/09/2018

Source: OFI AM

Asset management strategy

The outcome of the US midterm elections was as expected, with the Republicans holding onto the Senate while the Democrats secured a majority in the House of Representatives. The US and China agreed to delay hiking tariffs on 200 bn\$ worth of Chinese imports from 10% to 25% for two months, until 1 March 2019. The two countries will use the time to try to make progress towards a trade deal. Market expectations of three 25 bps US rate hikes in 2019 cooled significantly, from 73% to around 45%, partly due to Jerome Powell's more accommodative tone.

The European Commission took the first step towards infringement proceedings against Italy for running too large a deficit – a long process that will probably reach its conclusion in mid-January, once the draft budget has been adopted by the Italian Parliament. PMIs were once again disappointing in November, falling below their long-term averages.

The UK and the EU managed to reach a draft agreement on Brexit. However, the deal, which has been approved by the EU's 27 Member States, will be hard to sell to the British Parliament. It is highly likely that it will be rejected – at least in its initial form – in the crucial vote on 11 december.

Following a series of natural catastrophes over the summer, the Japanese economy contracted in Q3, posting quarter-on-quarter growth of -0,3%.

All in all, the Euro Stoxx 50 declined by a modest 0,8%, while the S&P 500 gained 1,8% (with the Nasdaq Biotech and the Techno up 4,7% and 3,6% respectively). German 10-year yields nevertheless continued to ease, down 7 bps at 0,31%, while US yields amplified this trend (down 16 bps at 2,99%). Credit spreads widened slightly on both the Main (up 7 bps at 74 bps) and the 5-year Crossover (up 12 bps excluding the effect of Astaldi's withdrawal from the index). Against this backdrop, the Thomson Reuters Eurozone Focus Hedged lost 1,12%, while OFI RS Euro Convertible Bond Defensives fell 2,10%.

The primary market has remained slow in the run-up to the year-end, with a total of 780 million€ issued in november, including Qiagen 1% 2024 (500m\$; Germany; healthcare), Ado Properties 1,25% 2023 (165m€; Germany; real estate) and Cosmo Pharmaceuticals 2,5% 2023 (175m€; Ireland; healthcare). This brings total global issues in the year to date to 10,4 bn€.

Among the notable negative contributors was Vallourec (-64 bps; down 35%), which reported Q3 EBITDA of 43 million€, short of the consensus of 50-60 million€, with 9-month EBITDA coming in at 61 million€. The source of concern is the company's continued consumption of cash (to the tune of 153 million€ in Q3), with net debt standing at 2,1 billion€ in Q3 (vs. 1,93 billion€ in Q2). We are maintaining our position: the group still has sufficient cash, as well as time to explore various options (restructuring, increasing its share capital, selling off assets, etc.). Other negative contributors included Ence (-24 bps; down 11%), GN Store (-18 bps; down 9%) and Airbus exchangeable for Dassault Aviation (-15 bps; down 4,1%). Satisfactory performers included the Euro Stoxx hedge (+8 bps), Indra Systemas (+7 bps; up 2,8%) and Immofinanz (+5 bps; up 2,2%). In terms of changes, we used 9 points of cash to add to holdings generating positive returns.

Olivier Ravey - Fund Manager(s)

SCR informations

The aggregate SCR represents the total of all underlying risks. It does not take into account the effects of diversification.

The SCR Market represents the capital requirement taking into account the various risk factors (see correlation matrix arising under regulation n°2015/35).



Main movements of the month

Buy / Increase

Name	Weight M-1	Weight M
SGL CARBON 3.000 2023_09	1,10%	3,06%
SUEZ 0 2020_02	1,35%	3,07%
CECONOMY/HANIEL FIN 0 2020_05	1,51%	3,10%
KPN/AMERICA MOVIL 0 2020_05	1,51%	3,08%
VEOLIA ENVIRONNEMENT 0 2021_03	2,01%	3,12%
INGENICO 0 2022_06	2,97%	3,87%

Source: OFI AM

Sell / Decrease

Name	Weight M-1	Weight M
SAFRAN 0 2020_12	3,53%	Sell
MTU AERO ENGINES HLDG 0.125 2023_05	3,05%	1,76%

Source: OFI AM

Statistical indicators (compared to the benchmark on a 1 year rolling basis)

Bêta	Alpha	Tracking Error	Sharpe Ratio ⁽²⁾	Information Ratio	Frequency of profit	Worst draw down
0,68	-0,04	2,97%	-1,18	-0,16	50,00%	-6,27%

Source: Europerformance

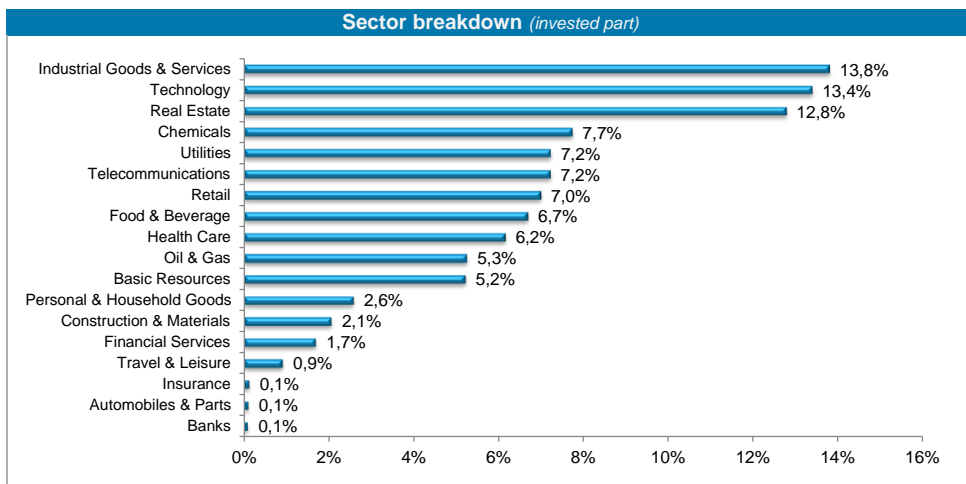
(2) Risk free rate: compounded EONIA

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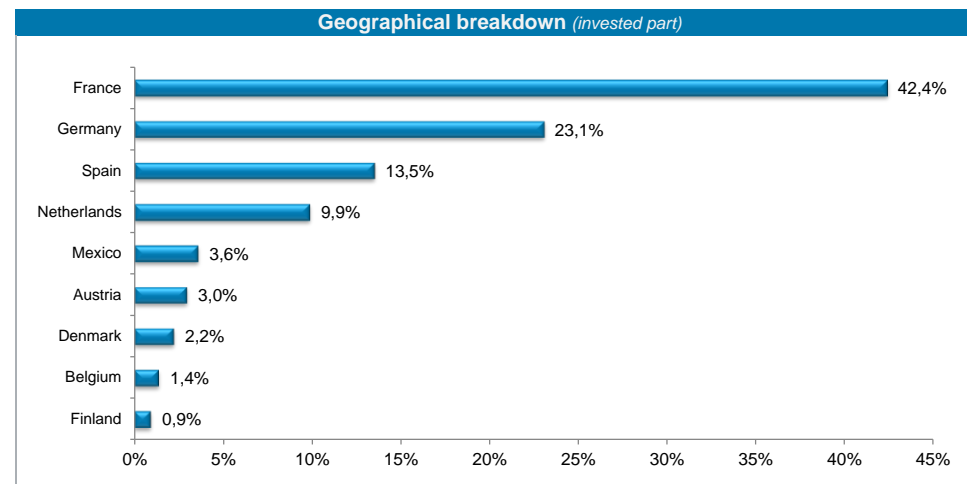
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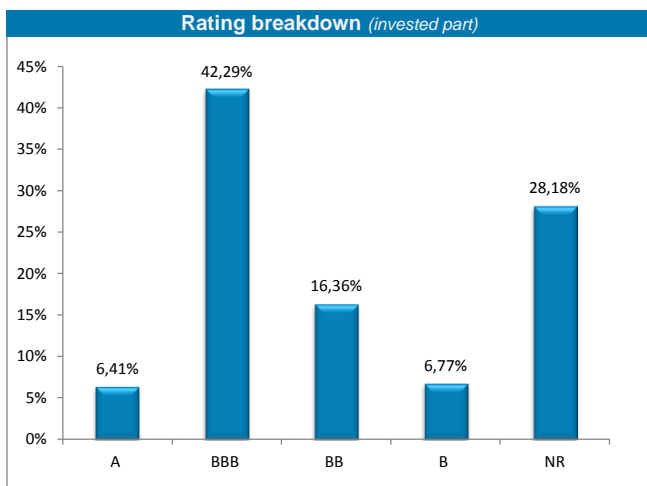
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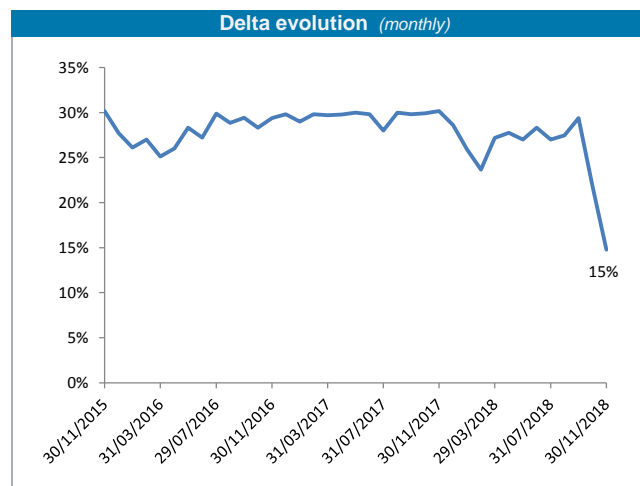
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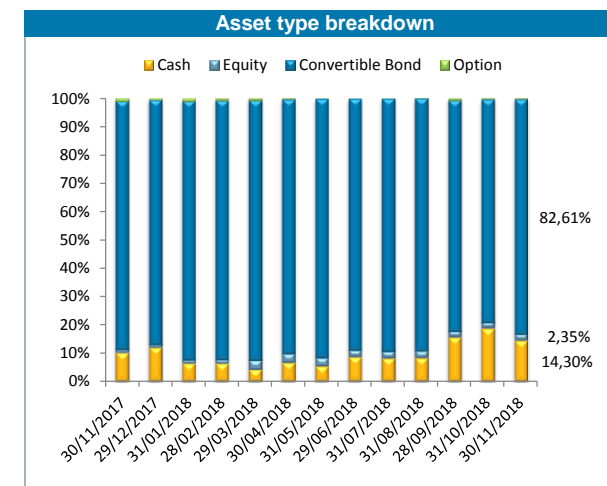
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