

OFI RS EUROPEAN CONVERTIBLE BOND GI

Monthly Factsheet - Convertible Bonds - november 2018



OFI RS EUROPEAN CONVERTIBLE BOND is a European convertible bond fund. It allows investors to benefit from the convexity of convertible bonds and part of the performance of a selection of European stocks. The fund's objective is to participate in the growth of tomorrow's leading companies by investing in their convertible issues to help finance their development.

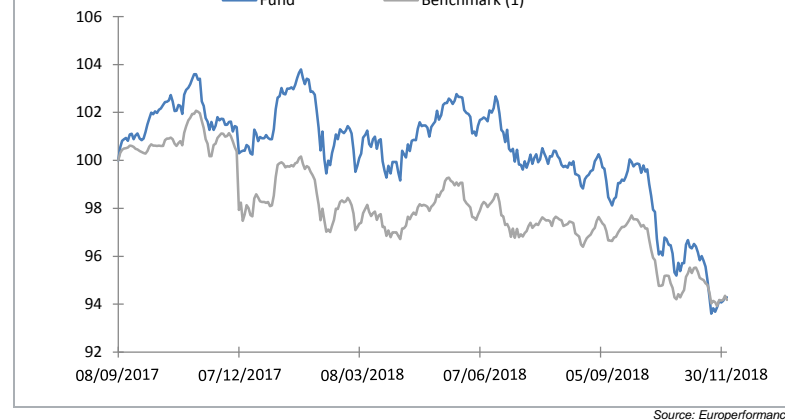
Key figures as of 30/11/2018

NAV of the part GI (EUR):	94,29
Net Assets of the part GI (EUR):	94,29
Total Net Assets (EUR M):	198,43
Delta:	33%
Modified duration:	2,03
Current yield:	1,00%
Number of holdings:	78

Characteristics

ISIN Code:	FR0013274941
Ticker:	OFIMCGI FP Equity
AMF Classification:	Diversified
Europeperformance Classification:	European convertible bonds
Management Company:	OFI Asset Management
Benchmark ⁽¹⁾ :	Thomson Reuters Europe Focus Hedged Convertibles Bond Index
Main Risks:	Capital and performance Market : equity, fixed income and credit
Fund Manager:	Nancy Scribot Blanchet
Legal Form:	SICAV (UCITS IV)
Distribution Policy:	Capitalisation
Currency:	EUR
Inception date:	08/09/2017
Recommended investment horizon:	Over 3 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:	None/None
Outperformance fees:	None
Ongoing charge:	0,52%
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.)		3 Years (cum.)		1 Year		YTD		6 Months	3 Months
	Return	Volat.	Return	Volat.	Return	Volat.	Return	Volat.	Return	Return
OFI RS EUROPEAN CONVERTIBLE BOND GI	-5,71%	6,64%	-	-	-7,21%	6,94%	-6,53%	6,94%	-6,67%	-5,44%
Benchmark ⁽¹⁾	-5,83%	5,61%	-	-	-6,76%	5,99%	-4,00%	4,83%	-3,43%	-3,29%

Source: Europeperformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2017									1,50%*	1,66%	-1,51%	-0,73%	0,88%	-1,91%
2018	1,97%	-1,69%	-1,19%	1,69%	-0,58%	-0,57%	-0,38%	-0,36%	-0,23%	-3,01%	-2,28%		-6,53%	-4,00%

*Return from 08/09/2017 to 29/09/2017

Source: Europeperformance

(1) Benchmark : Thomson Reuters Eurozone Focus Convertibles Hedged EUR

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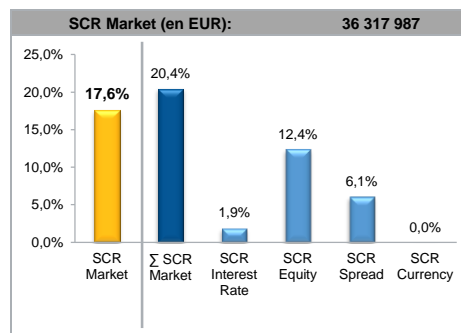


TOP 10 Holdings

Name	Weight
SIEMENS 1.650 2019_08	2,67%
LVMH 0 2021_02	2,41%
EURAZEO/CA 0 2019_10	2,30%
COVESTRO/BAYER 0.050 2020_06	2,08%
MTU AERO ENGINES HDLG 0.125 2023_05	2,06%
QIAGEN 0.875 2021_03	2,01%
SACYR VALLEHERMOSO 4.000 2019_05	2,00%
DASSAULT AVIATION/AIRBUS 0 2021_06	2,00%
DEUTSCHE POST 0.050 2025_06	2,00%
ENCE ENERGIA Y CELULOSA 1.250 2023_03	1,96%
TOTAL	21,48%

Source: OFI AM

Solvency Capital Requirement



*Quarterly data as of 28/09/2018

Source: OFI AM

Asset management strategy

Politics once again dominated the headlines last month. The outcome of the US midterm elections was unsurprising, with the Republicans holding onto their Senate majority while the Democrats took control of the House of Representatives. The US and China reached a short-lived compromise in their trade war. Meanwhile, in Europe, the leaders of the EU27 countries approved the UK's draft EU withdrawal agreement; all that remains is for Theresa May to convince the British Parliament... On the data front, while US jobs figures picked up in November, the consumer spending index slowed in October (up 1,8% year on year). In Europe, November's PMI figures were disappointing, and the European Commission downgraded its 2018 and 2019 eurozone growth forecasts to 2,1% and 1,9% respectively. In Japan, the economy contracted in Q3 (down 0,3% quarter on quarter) following various natural catastrophes. The fundamentals, however, remain unchanged: wages continue to grow strongly and corporate investment should pick up again over the coming quarters.

In this environment, European equity markets fell, with the Euro Stoxx 50 down 0,7% and the CAC 40 down 1,7%, while the S&P 500 ended the month up 1,8%. In credit, the 5-year Crossover widened 33 bps to 331 bps, while German 10-year yields continued to ease, ending the month at 0,31%. In currencies, the euro moved very little against the dollar, lost ground to the Swiss franc (down -0,8%) and rose slightly against sterling (up +0,2%). Against this backdrop, European convertible bonds corrected sharply, with the Thomson Reuters Europe Focus Hgd (EUR) down 1,02% and OFI RS European Convertible Bond down 2,28% in the month.

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 billion€.

As regards performance, the main negative contributors were Ence Energia y Celulosa 2023 (-23 bps; down -11%), LVMH 2021 (-11 bps; down 4,7%), Ubisoft 2021 (-10 bps; down 6,9%) and Tullow Oil 2021 (-9 bps; down 7,9%). The worst performer was Vallourec 2022 (-81 bps; down -35%) after the company reported Q3 EBITDA of 43 million€, short of the consensus of 50-60 million€, with 9-month EBITDA coming in at 61 million€, compared with 2 million\$ in 2017. Another 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€ (vs. 1,93 billion€ in Q2). We believe market reaction has been excessive, and are holding onto our position: the group still has adequate cash, with 2,2 billion€ in undrawn credit lines (which should be available throughout 2019), giving it time to explore a range of options for lowering its finance costs (restructuring, increasing its share capital, selling off assets, etc.). The best of the few positive contributors were Econocom shares (+11 bps; up 16,6%), Indra Sistemas 2023 (+5 bps; up 2,7%) and Eurazeo/CA 2019 (+4 bps; up 2,1%).

In terms of changes, we received redemption proceeds from Richter Gedeon/MNV 2019, converted our holding of Marine Harvest 2020 into shares and tendered our Safran 2020 convertibles in response to the company's offer. Lastly, following the sharp fall in oil prices and the ensuing correction in oil stocks, we added a new position in Total 0,5% 2022, with the convertible now offering a highly convex mixed profile. The month-end cash position was 9%.

Portfolio equity sensitivity was 33% at end November, the current yield was 1,0% for an average maturity of 3,1 years and the modified duration was 2,03.

Nancy Scribot Blanchet - 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
MARINE HARVEST	Buy	1,59%
TOTAL 0.500 2022_12	Buy	1,31%

Source: OFI AM

Sell / Decrease

Name	Weight M-1	Weight M
SAFRAN 0 2020_12	1,98%	Sell
MARINE HARVEST 0.125 2020_11	1,59%	Sell
RICHTER GEDEON/MNV ZRT 3.375 2019_04	1,15%	Sell

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
0,97	-0,01	3,83%	-0,97	-0,07	50,00%	-9,24%

Source: Europerformance

(2) Risk free rate: compounded EONIA

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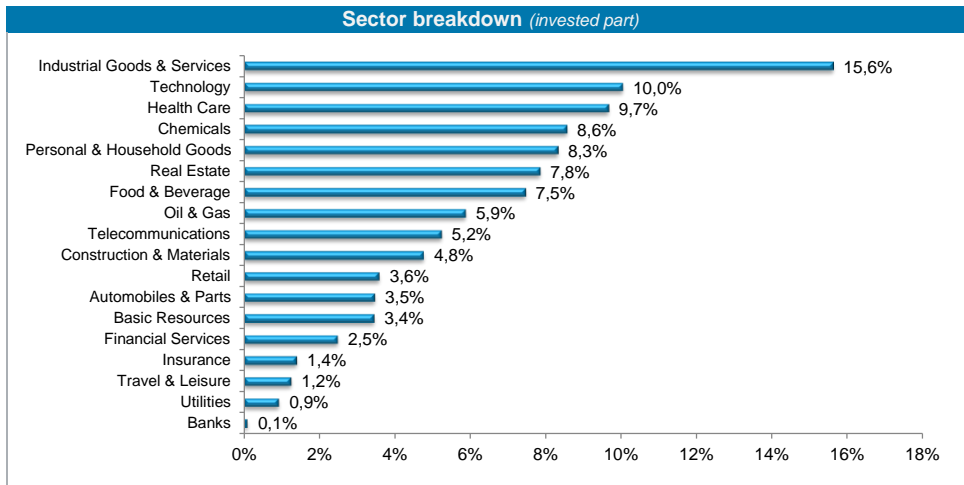


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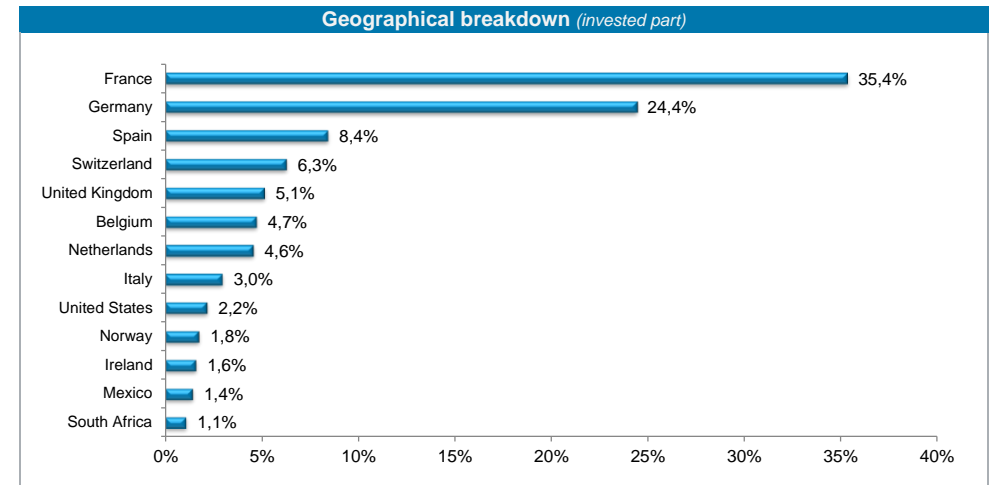


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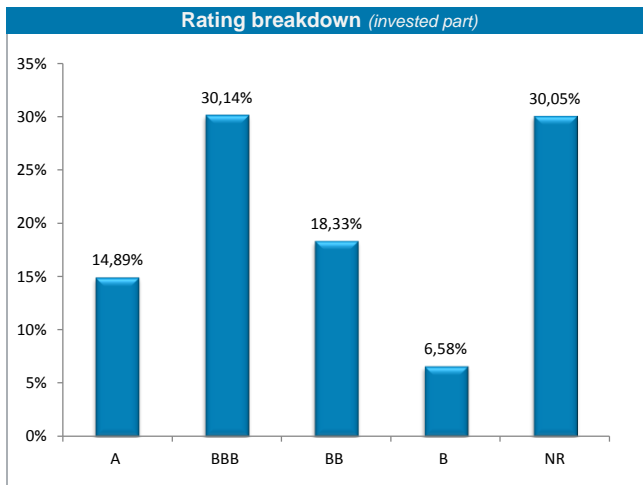
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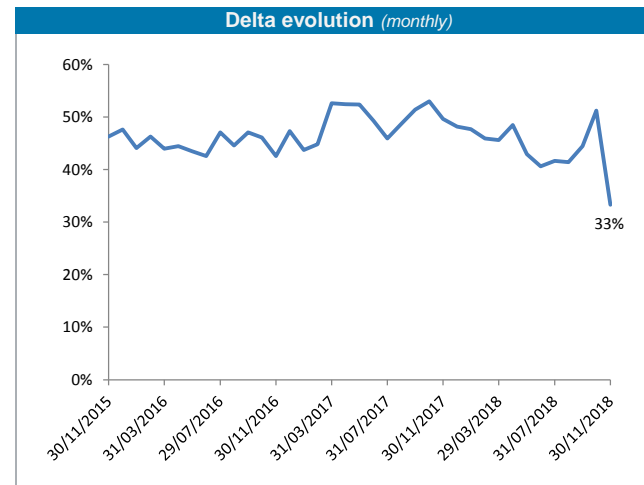
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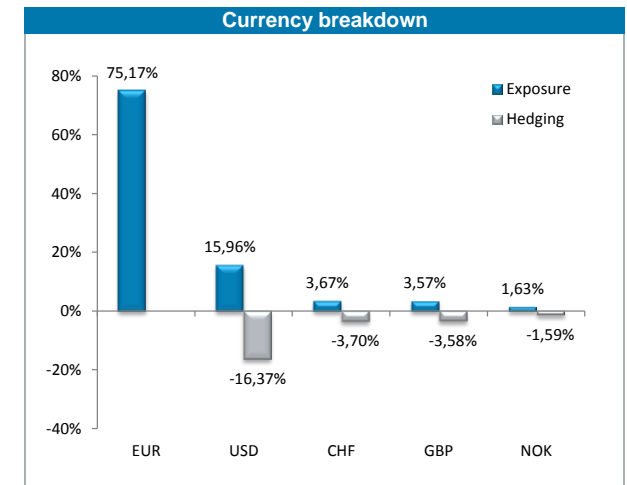
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