

# OFI Rs European Convertible Bond

Sicav

Half-yearly report



29 March 2018

## MANAGEMENT DIRECTION

### Management objective

The objective of the SICAV OFI RS EUROPEAN CONVERTIBLE BOND is to achieve performance above that of its benchmark, by investing the portfolio in European convertible bonds.

### Benchmark

The benchmark is the Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR), calculated with coupons reinvested.

This index is calculated by MACE Advisers, a company in the Thomson Reuters group. It brings together European convertibles satisfying minimum liquidity and balanced (share/bond) risk profile criteria. It is available at <http://thomsonreuters.com/> and via Bloomberg: Code UCBIFX21 Index.

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

### Management strategy

As a minimum, 60% of the net assets of the SICAV are invested in European convertible bonds. It will be exposed continuously on one or more European 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 prospectuses, volatility) of products. The investment strategy does not envisage any allocation by small / medium / large capitalisations.

The sector-based and geographic allocations of the portfolio stem 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.

The fundamental analysis of shares and fundamental analysis of credit, along with the analysis of the technical particularities of the products (volatility/convexity, special situations, primary market, issue prospectuses) result in a selection of the underlying assets and subsequently of the products making up the portfolio.

Global exposure to the share and interest rate market is adjusted with futures contracts and share and interest rate index options.

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

The manager complements his study by analysis of extra-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 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 UCITS may use financial contracts, traded on French and foreign regulated and organised and/or OTC markets, in order to cover or expose the portfolio, notably to share and interest rate risks, through the use of instruments such as futures contracts or options.

The manager may take positions with a view to hedging against the credit risk associated with the bonds held in the portfolio.

The manager is also authorised to carry out transactions hedging against the foreign exchange risk associated with holding securities denominated in currencies other than the euro (maximum currency exposure of 5%).

### Risk profile

Investors are 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 holding 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.

#### Share risk

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

#### 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 may therefore drop if interest rates rise.

#### 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 SICAV.

#### 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.

#### 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 return, they offer higher levels of return, but can significantly reduce the net asset value of the UCITS.

#### Foreign exchange risk

This is the risk of foreign currency variation affecting the value of the stocks held by the UCITS. 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 in the foreign currency rate other than the euro.

Risk associated with holding small capitalisations On account of its management direction, the SICAV 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 may generate marked fluctuations in the net asset value.

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

#### Risk associated with investment in certain UCITS

The UCITS may invest in a certain number of UCITS or investment funds (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.

### CHANGE(S) MADE DURING CURRENT HALF-YEAR

Since the Diversified classification was being removed on 31 December 2017, it no longer features in the prospectus as of 7 December 2017. There was no change regarding the strategy and management rules for the SICAV.

Following that, RC shares were launched on 26 December 2017.

Finally, RF shares were created on 25 January 2018.

## CHANGE(S) MADE DURING PREVIOUS HALF-YEAR

GI and GR shares were created on 8 September 2017.

## FUTURE CHANGE(S)

Nil.

## INFORMATION RELATING TO TRANSPARENCY OF SECURITIES FINANCING TRANSACTIONS AND RE-USE

Between 29 September 2017 and 29 March 2018, the SICAV performed neither securities financing transactions nor total return swaps.

## Statement of assets

Elements on the statement of assets	Amount on the periodic
Eligible financial securities mentioned in Article L. 214-20 (1)(1) of the Monetary and Financial Code	203,700,237.84
Bank assets	776,986.17
Other assets held by the UCI	65,715,647.01
Total assets held by the UCI	270,192,871.02
Financial accounts	-0.01
Financial instruments and Receivables	-48,656,824.12
Total liabilities	-48,656,824.13
<b>Net asset value</b>	<b>221,536,046.89</b>

## Changes in net assets

	29/03/2018	29/09/2017	30/09/2016	30/09/2015	30/09/2014	30/09/2013
<b>NET ASSETS</b>						
in EUR	221,536,046.89	195,885,453.74	148,562,295.36	169,307,791.35	232,936,709.24	243,679,443.21
<b>Number of securities</b>						
Category of IC shares	1,568,957.8964	1,157,234.0154	991,075.6889	1,100,370.0817	1,627,441.2452	2,445,987.4539
Category of ID shares	1,292,629.8506	1,332,129.8506	1,054,309.0000	1,326,909.0000	1,777,909.0000	1,186,795.0000
Category of GI shares	1.0000	1.0000	-	-	-	-
Category of GR shares	1.0000	1.0000	-	-	-	-
Category of RF shares	1.0000	-	-	-	-	-
<b>Unit net asset value</b>						
Category of IC EUR shares	79.30	80.96	74.65	71.59	69.82	67.52
Category of ID EUR shares	75.13	76.71	70.72	68.22	67.10	66.15
Category of GI EUR shares	99.93	101.50 <sup>(2)</sup>	-	-	-	-
Category of GR EUR shares	99.91	101.50 <sup>(3)</sup>	-	-	-	-
Category of RF EUR shares	98.85	-	-	-	-	-
<b>Unit distribution on net capital gains and losses (including advances)</b>						
in EUR	-	-	-	-	-	-
<b>Unit distribution on result (including advances)</b>						

## Change in net assets (continued)

	29/03/2018	29/09/2017	30/09/2016	30/09/2015	30/09/2014	30/09/2013
Category of ID shares						
in EUR	-	-	-	0.38	0.59	1.33
Date of distribution	-	-	-	03/02/2016	30/01/2015	22/01/2014
<b>Unit tax credit transferred to bearer (individuals)</b>						
Category of IC EUR shares	-	-	-	-	-	-
Category of ID EUR shares	-	-	-	-	-	-
Category of GI EUR shares	-	-	-	-	-	-
Category of GR EUR shares	-	-	-	-	-	-
Category of RF EUR shares	-	-	-	-	-	-
<b>Unit capitalisation</b>						
Category of IC EUR shares	-	-0.83	4.54	3.57	2.68 <sup>(1)</sup>	1.34
Category of ID EUR shares	-	-0.78	4.31	3.04	2.00	-
Category of GI EUR shares	-	0.02	-	-	-	-
Category of GR EUR shares	-	0.02	-	-	-	-
Category of RF EUR shares	-	-	-	-	-	-

(1) The unit capitalisation 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.

(2) The category of OFI RS EUROPEAN CONVERTIBLE BOND GI shares was created on 08/09/2017 with a nominal value of EUR 100.00.

(3) The category of OFI RS EUROPEAN CONVERTIBLE BOND GR shares was created on 08/09/2017 with a nominal value of EUR 100.00.

## Securities portfolio

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
Eligible financial securities and money market instruments admitted for trading on a regulated market within the meaning of Article L. 422-1 of the Monetary and Financial Code.	87.40	71.66
Equities	2.17	1.78
ECONOCOM GROUP	1.25	1.03
STMICROELECTRONICS NV	0.92	0.75
Bonds	85.23	69.88
ABIGROVE ZCP 16/02/2022	0.98	0.81
ACS ACTI F 1.625% 27/03/2019 CV	1.47	1.20
ADIDAS AG 0.25% 14/06/2019 CV	0.87	0.72
AIRBUS GRO ZCP 14/06/2021 EMTN	1.91	1.56
AMXLMM 0 05/28/2020	1.16	0.95
ARCHER OBLIGATIONS ZCP 31/03/2023	1.52	1.24
AROU PROP 1.5% 18/01/2021	0.68	0.56
BAYER 0.05% 15/06/2020	2.13	1.74
BE SEMICONDUCTOR INDUSTRIES NV 0.5% 06/12/2024	1.63	1.33
BEKAERT ZCP 09/06/2021	1.22	1.00

## Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
BREN FINA BV 1.875% 02/12/2022	1.30	1.06
BRITISH LAND 0% 09/06/2020	0.89	0.73
CA ZCP 03/10/2019	2.12	1.74
CO ECONIMICA DELTA SA 1.0% 01/12/2023	1.16	0.95
COFINIMMO SA 0.1875% 15/09/2021	0.97	0.79
DERWENT CAP JERSEY LTD 1.125% 24/07/2019	0.55	0.45
DEUTSCHE POST AG 0.05% 30/06/2025	1.85	1.52
DEUTSCHE WOHNEN AG 0.6% 05/01/2026	1.60	1.31
ELIS EX HOLDELIS ZCP 06/10/2023	1.60	1.31
FF GROU FI 1.75% 03/07/2019 CV	0.65	0.54
FIELDUNK NV 3.75% 22/12/2021 CV	1.51	1.24
FIGEAC AERO 1.125% 18/10/2022	1.08	0.89
FONC DES REG 0.875% 01/04/2019ORA	0.68	0.55
FRES MEDI 1.125% 31/01/2020 CV	1.39	1.14
FUGRO NV 4.0% 26/10/2021	1.73	1.42
FUGRO NV 4.5% 02/11/2024 CV	0.83	0.68
GENFIT 3.5% 16/10/2022	1.81	1.49
GLAN CO OP 1.375% 09/06/2021 CV	1.28	1.05
GRUPO EMPRERIAL ENCE 1.25% 05/03/2023	1.74	1.43
HANI FINA DEUT ZCP 12/05/2020 CV	1.38	1.13
HUSTHO 3 3/8 04/02/2019CV	1.11	0.91
INDR SIST 1.25% 07/10/2023	1.66	1.36
INGENICO ZCP 26/06/2022CV	1.64	1.34
INMARSAT 3.875% 09/09/2023	1.51	1.24
KORIAN SA 2.5% PERP CV	1.33	1.09
LOYALTOUCH 4.2% 22/06/2012CV - EN LIQUIDATION	0.00	0.00
LVMH MOET HENN ZCP 16/02/2021 CV	1.95	1.60
MAISON DU MONDE SAS 0.125% 06/12/2023	1.50	1.23
MTU AERO ENGI 0.125% 17/05/2023	1.54	1.27
NEOP FRAN S 3.375% PERP CV	1.27	1.04
NEX 0.125% 01/01/2023 CV	0.98	0.80
ORPAR ZCP 20/06/2024 CV	1.10	0.90
PIERRE ET VACANCES 2.0% 01/04/2023	1.13	0.92
PROXIMANIA 4.2% 07-12 CV	0.00	0.00
QGEN 0 7/8 03/19/2021	1.55	1.27
RAG STIFTUNG ZCP 16/03/2023	1.22	1.00
RAG STIFTUNG ZCP 18/02/2021 CV EMTN	0.97	0.80
RALLYE 1% 02/10/2020	1.09	0.89
REMG JERS 2.625% 22/03/2021 CV	0.92	0.75
ROCK INTE AG 3.0% 22/07/2022	0.48	0.39
SACYR VALLEHERMOSO 4.0% 08/05/2019CV	1.78	1.46
SAFRAN ZCP 31/12/2020 CV	1.61	1.32
SAGERPAR 0.375% 10/2018 CV	0.70	0.57

## Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
SEB ZCP 17/11/2021	1.31	1.08
SIEM FINA 1.65% 16/08/2019	2.26	1.85
SOGEFI SPA 2.0% 21/05/2021CV	1.12	0.92
STEINHOFF FINANCE 4% 30/01/2021	0.77	0.63
STMICROELECTRONICS NV 0.25% 03/07/2024	1.82	1.49
SYMRIS AG 0.2375% 20/06/2024	1.71	1.41
TELECOM ITALIA SPA EX OLIVETTI 1.125% 26/03/2022	1.47	1.21
TULL OIL J 6.625% 12/07/2021 CV	1.08	0.89
UBISOFT ZCP 27/09/2021	1.20	0.99
VALE ELEC ET ZCP 16/06/2021 EMTN	1.81	1.48
VALLOUREC 4.125% 04/10/2022 CV	2.12	1.74
VOD 0 11/26/2020	0.85	0.69
WEND ZCP 31/07/2019 EMTN	0.97	0.79
Debt securities	-	-
Eligible financial securities and money market instruments admitted for trading on another regulated market, duly functioning, recognised and open to the public, and with its registered office in a Member State of the European Union or in another State party to the Agreement on the European Economic Area.	-	-
Equities	-	-
Bonds	-	-
Debt securities	-	-
Eligible financial securities and money market instruments admitted for official trading on a stock market of a third country or traded on another market of a third country, regulated, duly functioning, recognised and open to the public, provided that this stock market or this market does not feature on a list drawn up by the Autorité des Marchés Financiers or the choice of this stock market or this market is provided for by law or by regulation or by the articles of association of the UCITS	4.55	3.73
Equities	1.12	0.92
SWISS LIFE HOLDING	1.12	0.92
Bonds	3.43	2.81
BASI PHAR AG 2.75% 23/12/2022	1.03	0.84
IMPLENIA 0.5% 30/06/2022	1.27	1.04
MARI HARV A 0.125% 05/11/2020	1.13	0.93
Debt securities	-	-
The newly issued securities mentioned in Article R.214-11(1)(4) of the Monetary and Financial Code	-	-
Equities	-	-
Bonds	-	-
Debt securities	-	-
Other assets: These are the assets mentioned in II of Article R. 214-11 of the Monetary and Financial Code	7.17	5.88
Variable capital UCI	7.17	5.88
OFI RS LIQUIDITES	7.17	5.88
Equities	-	-
Bonds	-	-

## Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
Debt securities	-	-

## Indication of movements occurring in the composition of the securities portfolio, during the reference period

Elements of the securities portfolio	Movements (in amount)	
	Acquisitions	Purchase and sale
Eligible financial securities and money market instruments admitted for trading on a regulated market within the meaning of Article L. 422-1 of the Monetary and Financial Code.	56,242,865.11	39,159,229.32
Equities	-	2,644,693.15
Bonds	56,242,865.11	36,514,536.17
Debt securities	-	-
Eligible financial securities and money market instruments admitted for trading on another regulated market, duly functioning, recognised and open to the public, and with its registered office in a Member State of the European Union or in another State party to the Agreement on the European Economic Area.	-	-
Equities	-	-
Bonds	-	-
Debt securities	-	-
Eligible financial securities and money market instruments admitted for official trading on a stock market of a third country or traded on another market of a third country, regulated, duly functioning, recognised and open to the public, provided that this stock market or this market does not feature on a list drawn up by the Autorité des Marchés Financiers or the choice of this stock market or this market is provided for by law or by regulation or by the articles of association of the UCITS	2,532,754.81	2,532,754.81
Equities	2,532,754.81	-
Bonds	-	2,532,754.81
Debt securities	-	-
The newly issued securities mentioned in Article R.214-11(1)(4) of the Monetary and Financial Code	-	-
Equities	-	-
Bonds	-	-
Debt securities	-	-
Other assets: These are the assets mentioned in II of Article R. 214-11 of the Monetary and Financial Code	56,876,034.66	51,117,725.04
Variable capital UCI	56,876,034.66	51,117,725.04

**Promoters:** 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

## **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 of the Fund **OFI RS EUROPEAN CONVERTIBLE BOND** 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.

### **Paying and Information 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 Paying and Information Agent for the Fund in the Federal Republic of Germany (the "German Paying and Information 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 Paying and Information 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 Paying and Information Agent. All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Paying and Information Agent.