

## 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 Thomson Reuters Eurozone Focus Convertibles Hedged EUR (Ticker UCBIFX24 Index), calculated with coupons and/or reinvested.

The Thomson Reuters Eurozone Focus Convertibles Hedged EUR index is a eurozone convertible bond index.

However, the UCITS is not seeking to reproduce the performance of this index in one way or another. It makes investments based on criteria which can result in significant discrepancies in relation to the behaviour of this index.

### Management strategy

A minimum of 60% of the net 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 prospectuses, volatility) of products. The investment strategy does not envisage any allocation by small / medium / large capitalisations.

The recommendations for allocations in unit categories, sectors and geographic zones, made by a Committee within the Management Company, are the basis for the portfolio's strategic allocation.

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 Fund is managed, is between 0 and 5.

The particularity of the Fund is that it has a share sensitivity of between 10% and 30%. Share sensitivity is the indicator measuring the fluctuation in the price of a convertible bond in relation to the fluctuation of the price of the underlying share.

Due to its management strategy, the EI C EUR unit is not exposed to foreign exchange risk.

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 Fund 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 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.

Investors are 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 their objectives and that their 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 fall if interest rates rise.

#### 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 fluctuations in the price of the portfolio assets and/or the market risk shall 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 by one of these counterparties which may result in failure in payment, 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. In the case of downgrading of the rating, the net asset value of the UCITS will fall.

#### Risk associated with holding small capitalisations

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, in this latter case, generate a drop in the net asset value.

And, secondarily, to the following risks:

#### Risk associated with investment in certain UCIs

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

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

Nil.

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

As of 2 January 2018, the changes were as follows:

- The minimum amount of the initial subscription for IC and ID units is now EUR 500,000;
- Creation of RF units.

Then, on 1 February 2018, there was a change of benchmark to the Thomson Reuters Eurozone Focus Convertibles Hedged EUR index from the Exane Eurozone Convertible Bond index.

## FUTURE CHANGE(S)

Nil.

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

Between 28 September 2018 and 29 March 2019, the mutual fund did not perform any securities financing transactions or 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 (I)(1) of the Monetary and Financial Code	79,478,922.80
Bank assets	1,649,380.32
Other assets held by the UCI	1,367,640.51
Total assets held by the UCI	82,495,943.63
Financial accounts	-
Financial instruments and Receivables	-264,900.24
Total liabilities	-264,900.24
<b>Net asset value</b>	<b>82,231,043.39</b>

## Changes in net assets

	29/03/2019	28/09/2018	29/09/2017	30/09/2016	30/09/2015	30/09/2014
<b>NET ASSETS</b>						
in EUR	82,231,043.39	103,078,751.39	63,974,871.65	37,850,323.94	43,065,801.37	189,120,160.20
<b>Number of securities</b>						
Category of IC units	170,437.5795	222,005.1534	122,182.9765	77,417.3687	90,706.5055	278,021.1424
Category of ID units	103,246.2659	103,430.7080	82,815.4435	50,715.7400	63,515.6348	226,535.9458
Category of EI C EUR units	2,500.0000	2,500.0000	2,500.0000	-	-	-
Category of R units	2,701.0000	2,701.0000	1.0000	-	-	-
Category of GI units	1.0000	1.0000	1.0000	-	-	-
Category of RF units	3,201.0000	3,201.0000	-	-	-	-
Category of I CHF H units	-	-	-	-	-	516,465.0461
<b>Unit net asset value</b>						
Category of IC EUR units	327.32	340.08	343.93	326.14	308.51	315.31
Category of ID EUR units	248.35	258.58	262.02	248.46	237.44	247.56
Category of EI C EUR units in EUR	95.36	99.25	100.65 <sup>(1)</sup>	-	-	-
Category of R EUR units	95.11	99.07	100.87 <sup>(2)</sup>	-	-	-

## Change in net assets (continued)

	29/03/2019	28/09/2018	29/09/2017	30/09/2016	30/09/2015	30/09/2014
Category of GI EUR units	96.25	99.98	100.87 <sup>(3)</sup>	-	-	-
Category of RF EUR units	95.55	99.32 <sup>(4)</sup>		-	-	-
Category of I CHF H CHF units	-	-	-	-	- <sup>(5)</sup>	106.04 <sup>(6)</sup>
<b>Unit distribution on net capital gains and losses (including advances)</b>						
Category of ID units						
in EUR	-	0.17	0.52	-	1.41	-
Date of distribution	-	30/11/2018	23/01/2018	-	03/02/2016	-
<b>Unit distribution on result (including advances)</b>						
Category of ID units						
in EUR	-	0.35	-	-	0.96	4.84
Date of distribution	-	30/11/2018	-	-	03/02/2016	30/01/2015
<b>Unit tax credit transferred to bearer (individuals)</b>						
Category of IC EUR units	-	-	-	-	-	-
Category of ID EUR units	-	-	-	-	-	-
Category of EI C EUR units in EUR	-	-	-	-	-	-
Category of R EUR units	-	-	-	-	-	-
Category of GI EUR units	-	-	-	-	-	-
Category of RF EUR units	-	-	-	-	-	-
Category of I CHF H EUR units	-	-	-	-	-	-
<b>Unit capitalisation</b>						
Category of IC EUR units	-	0.46	-0.41	4.45	34.80	2.81
Category of ID EUR units	-	-	-0.30	2.03	24.69	-2.64
Category of EI C EUR units in EUR	-	-0.13	-0.01	-	-	-
Category of R EUR units	-	-0.61	-	-	-	-
Category of GI EUR units	-	-0.22	-	-	-	-
Category of RF EUR units	-	-0.05	-	-	-	-

## Change in net assets (continued)

	29/03/2019	28/09/2018	29/09/2017	30/09/2016	30/09/2015	30/09/2014
Category of I CHF H EUR units	-	-	-	-	-	2.46

(1) The category of EI C EUR units was created on 24 August 2017 with a nominal value of EUR 100.00.

(2) The category of R units was created on 28 August 2017 with a nominal value of EUR 100.00

(3) The category of GI units was created on 28/08/2017 with a nominal value of EUR 100.00

(4) The category of RF units was created on 00 January 2018 with a nominal value of EUR 100.

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

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

(7) 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.

## 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.	96.65	96.34
Shares	3.26	3.25
COVIVIO SA	0.38	0.38
DEUTSCHE POST AG NAMEN	1.72	1.72
ECONOCOM GROUP	0.17	0.17
NOKIA (AB) OYJ	0.98	0.98
Bonds	93.39	93.09
AIRBUS GRO ZCP 14/06/2021 EMTN	4.08	4.07
AMERICA MOVIL SAB DE ZCP 28/05/2020	3.62	3.61
ARCHER OBLIGATIONS ZCP 31/03/2023	3.89	3.88
BAYER 0.05% 15/06/2020	3.76	3.75
BE SEMICONDUCTOR INDUSTRIES NV 0.5% 06/12/2024	1.94	1.93
CA ZCP 03/10/2019	1.66	1.65
CO ECONIMICA DELTA SA 1.0% 01/12/2023	2.65	2.64
DEUTSCHE WOHNEN AG 0.6% 05/01/2026	2.37	2.36
FIELDLINK NV 3.75% 22/12/2021 CV	0.88	0.87
FIGEAC AERO 1.125% 18/10/2022	0.92	0.91
FRES MEDI 1.125% 31/01/2020 CV	1.96	1.96
FUGRO NV 4.0% 26/10/2021	2.10	2.09
FUGRO NV 4.5% 02/11/2024 CV	0.91	0.90
GENFIT 3.5% 16/10/2022	0.97	0.97
GN GREAT NORDIC LTD AS ZCP 31/05/2022	2.63	2.62
GRUPO EMPRERIAL ENCE 1.25% 05/03/2023	2.17	2.16
HANI FINA DEUT ZCP 12/05/2020 CV	3.63	3.62
IMMOFINANZ AG 1.5% 24/01/2024	2.97	2.97
INDR SIST 1.25% 07/10/2023	2.96	2.95
INGENICO ZCP 26/06/2022CV	4.50	4.49
KORIAN SA 2.5% PERP CV	1.02	1.02

## Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
LOYALTOUCH 4.2% 22/06/2012CV - EN LIQUIDATION	0.00	0.00
MAISON DU MONDE SAS 0.125% 06/12/2023	0.42	0.42
MTU AERO ENGI 0.125% 17/05/2023	2.22	2.21
NEOPOST SA FR 3.375% PERP CV	3.04	3.03
NEX 0.125% 01/01/2023 CV	3.20	3.19
PIERRE ET VACANCES 2.0% 01/04/2023	0.92	0.91
PROXIMANIA 4.2% 07-12 CV	0.00	0.00
RAG STIFTUNG ZCP 16/03/2023	3.91	3.90
REMY COIN 0.125% 07/09/2026	3.07	3.06
SACYR VALLEHERMOSO 4.0% 08/05/2019CV	2.07	2.06
SALZ FINA BV ZCP 05/06/2022	2.87	2.86
SGL CARBON AG 3.0% 20/09/2023 CV	3.34	3.33
SUEZ ZCP 27/02/2020 CV	3.58	3.57
TECHNIP 0.875% 25/01/2021	2.05	2.05
TELE ZCP 09/03/2021 EMTN	3.63	3.62
UBISOFT ZCP 27/09/2021	2.26	2.26
VALLOUREC 4.125% 04/10/2022 CV	1.59	1.59
VEOL ENVI ZCP 15/03/2021	3.63	3.62
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.	-	-
Shares	-	-
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	-	-
Shares	-	-
Bonds	-	-
Debt securities	-	-
The newly issued securities mentioned in Article R.214-11(I)(4) of the Monetary and Financial Code	-	-
Shares	-	-
Bonds	-	-
Debt securities	-	-
Other assets: These are the assets mentioned in II of Article R. 214-11 of the Monetary and Financial Code	0.89	0.89
Variable capital UCI	0.89	0.89
OFI RS LIQUIDITES	0.89	0.89
Shares	-	-

## Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
Bonds	-	-
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.	9,846,597.85	12,262,080.22
Shares	314,889.25	-
Bonds	9,531,708.60	12,262,080.22
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.	-	-
Shares	-	-
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	-	-
Shares	-	-
Bonds	-	-
Debt securities	-	-
The newly issued securities mentioned in Article R.214-11(I)(4) of the Monetary and Financial Code	-	-
Shares	-	-
Bonds	-	-
Debt securities	-	-
Other assets: These are the assets mentioned in II of Article R. 214-11 of the Monetary and Financial Code	1,592,841.87	5,920,617.72
Variable capital UCI	1,592,841.87	5,920,617.72

**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