

OFI RS EURO CONVERTIBLE BOND DEFENSIVE IC

Monthly Factsheet - Convertible Bonds - July 2019



Investment policy :

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.

Registered in : FRA ITA ESP PRT

Key figures as of 31/07/2019

NAV of the part C (EUR):	329,59
Net Assets of the part C (EUR M):	55,53
Total Net Assets (EUR M):	79,24
Delta:	13%
Modified duration:	1,72
Current yield:	0,86%
Number of holdings:	49

Characteristics

ISIN Code:	FR0010014480
Ticker:	OFIERCC FP Equity
AMF Classification:	Diversified
Europereformance 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 Ravey
Legal Form:	French FCP (Mutual Fund, UCITS IV)
Distribution Policy:	Capitalisation
Currency:	EUR
Inception - investment management change date:	20/10/2003 - 31/12/2017
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:	4%/None
Redemption fees Max/Real:	1%/None
Outperformance fees:	None
Ongoing charge:	0,81%
Custodian:	CACEIS
Administrative agent:	CACEIS FUND ADMINISTRATION

(1) Benchmark : Composite Index 20% Euro Stoxx + 80% FTSE 3-5 years then 20% Euro Stoxx 50 + 80% JP Morgan Credit Index BBB 3-5 ans since 31/12/2007 then Exane Eurozone Convertible Bond Index since 01/04/2016 then Thomson Reuters Eurozone Focus Hedged Convertibles Bond Index since 01/02/2018

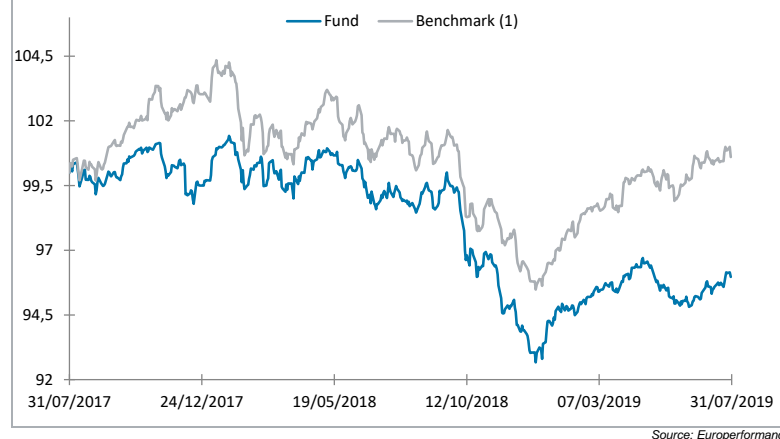
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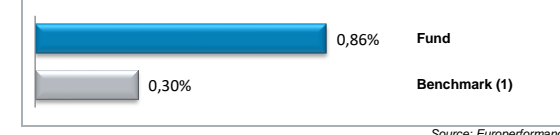
Return over 2 years



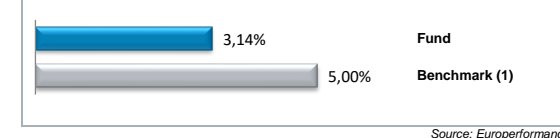
Risk Profile

Level: 1 2 3 4 5 6 7

Monthly return



YTD return



Return & Volatility

	5 Years (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 IC	2,95%	3,99%	-3,83%	3,63%	-2,90%	3,74%	3,14%	2,37%	1,45%	-0,31%
Benchmark ⁽¹⁾	10,25%	4,53%	0,69%	4,46%	-0,78%	4,30%	5,00%	3,06%	3,00%	0,47%

Source: Europerformance

Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2014	0,48%	1,89%	0,10%	-0,69%	1,03%	-1,37%	-0,13%	-0,39%	-1,13%	-1,20%	-0,30%	-0,65%	-2,39%	4,90%
2015	1,14%	1,11%	-0,48%	0,78%	-0,30%	-1,66%	2,03%	-1,44%	-1,14%	2,16%	0,31%	-1,99%	0,41%	1,43%
2016	-2,17%	-1,84%	4,27%	0,68%	1,33%	-0,45%	2,53%	0,49%	0,46%	-0,83%	-1,10%	2,63%	5,94%	2,67%
2017	-0,20%	0,75%	1,46%	1,33%	1,55%	-0,46%	-0,10%	-0,32%	0,67%	0,53%	-0,38%	-0,79%	4,09%	6,99%
2018	1,07%	-0,24%	-0,95%	0,93%	-0,71%	-0,53%	-0,23%	0,27%	-0,08%	-2,38%	-2,10%	-1,67%	-6,48%	-6,89%
2019	1,66%	0,49%	0,26%	1,01%	-1,45%	0,29%	0,86%						3,14%	5,00%

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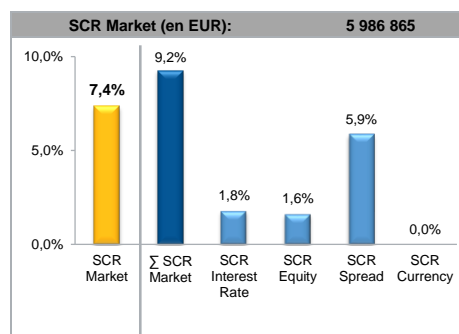
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TOP 10 Holdings

Name	Weight
INGENICO 0 2022_06	4,90%
EVONIK IND/RAG-STIFTUNG 0 2023_03	4,14%
COVESTRO/BAYER 0.050 2020_06	3,89%
TELEFONICA 0 2021_03	3,77%
CECONOMY/HANIEL FIN 0 2020_05	3,76%
KPN/AMERICA MOVIL 0 2020_05	3,76%
SGL CARBON 3.000 2023_09	3,30%
NEOPOST 3.375 PERP-CALL 2022	3,29%
INDRA SISTEMAS 1.250 2023_10	3,03%
DASSAULT AVIATION/AIRBUS 0 2021_06	2,78%
TOTAL	36,62%

Source: OFI AM

Solvency Capital Requirement



*Quarterly data as of 31/05/2019

Source: OFI AM

Asset management strategy

In spite of an environment characterised by strong economic data, the Fed cut interest rates by 25 bps at its July meeting. Q2 GDP growth came out at 2.1%, giving H1 2019 growth of 2.6%. Nonfarm payroll employment was up 224,000, giving an unemployment rate of 3.7%. Wages grew a mere 0.3% month on month in June. Lastly, industrial production held steady, while retail sales were up 0.4%.

Although the ECB held interest rates unchanged at its 25 July meeting, Mario Draghi adopted a more accommodative tone, giving advance notice of monetary easing in September. The eurozone flash composite PMI for July came in lower than expected at 51.5 (down 1.7 points), while the manufacturing sector posted a further decline. Lastly, Q2 eurozone GDP growth slowed quarter on quarter (0.2%, vs. 0.4% in Q1). The German and Italian economies both stood still, offset by stronger momentum in France and Spain.

In the United Kingdom, Boris Johnson's appointment has heightened the risk of a no-deal Brexit. Johnson has set himself the goal of leaving the European Union on 31 October "come what may". His avowed objective is to renegotiate the withdrawal agreement, notably by dropping the stumbling block that is the Irish backstop.

In China, real Q2 GDP growth slowed to a more than ten-year low of 6.2% year on year, compared with 6.4% in Q1.

Against this backdrop, European equity markets held steady, with the Euro Stoxx 50 down a modest 0.20%. Meanwhile, the S&P 500 gained 1.3%. German ten-year yields continued to plummet into negative territory at -0.44% (down 11 bps), while their US counterparts were unchanged at 2.01%. Credit spreads also held steady, with the Main down 2 bps at 50 bps and the 5-year Crossover unchanged at 254 bps. The Thomson Reuters Eurozone Focus Hedged gained 0.30%, while OFI RS Euro Convertible Bond Defensive put on 0.86%.

The European primary market saw a total of €800 million issued in the month, through two issues: Cembra Money Bank 0% 2026 (CHF 250m; Switzerland; banking) and Worldline 0% 2026 (€600m; France; industrial goods and services). This brings total issues in the year to date to €5.7 billion.

Notable negative contributors included Kering (-11 bps; down 4.6% on disappointing sales at Gucci [up 12.7%, vs. 14.5% expected]), JPM/Siemens (-6 bps; down 3%), Ence Energia (-4 bps; down 1.9% on poorer than expected Q2 results) and Greenyard (-4 bps; down 3.8%). Meanwhile, positive contributors included Ubisoft (+11 bps; up 5.3% after the company's order book grew to €314 million, vs. €270m expected), Vallourec (+11 bps; up 6.1% on reassuring interim results), Nokia (+11 bps; up 12.3% after the company maintained its profit forecasts unchanged for 2019 and 2020) and MTU (+10 bps; up 7.4% after the company upgraded its operating margin forecast from 15.5% to 16%).

In terms of changes, we added JPM/Siemens 0% 2022 to the portfolio and participated in the primary issue Worldline 0% 2026. We sold Crédit Agricole/Eurazeo 0% 2019 ahead of maturity, as well as half of our AXA calls.

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
SIEMENS/JP MORGAN CHASE 0 2022_05	Buy	1,87%
WORLDLINE 0 2026_07	Buy	1,84%

Source: OFI AM

Sell / Decrease

Name	Weight M-1	Weight M
C AXA 22.000 12/20/19 A	0,21%	0,09%

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
0,77	-0,06	1,97%	-0,72	-1,51	51,79%	-6,70%

Source: Europerformance

(2) Risk free rate: compounded EONIA

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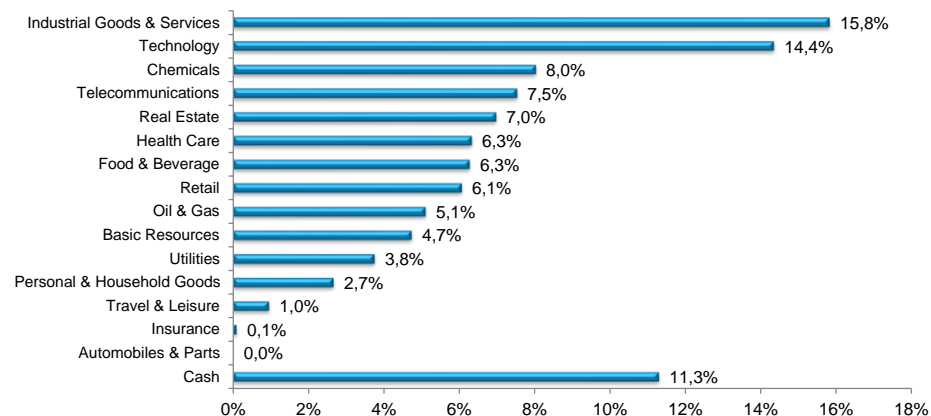
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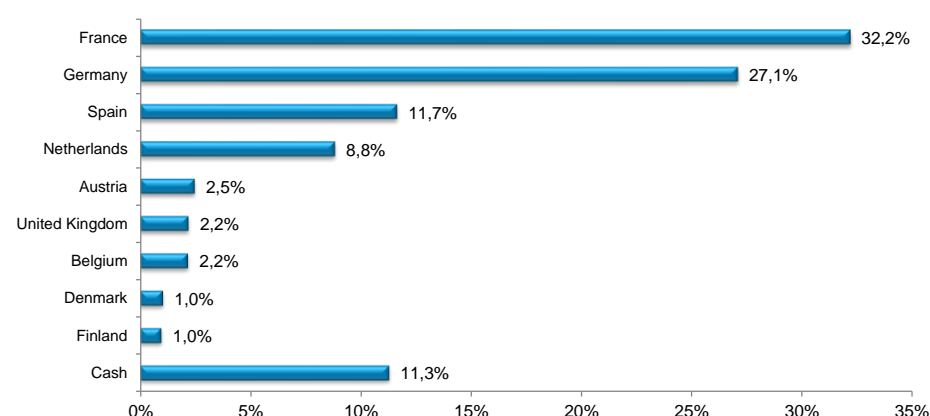
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Sector breakdown (invested part)



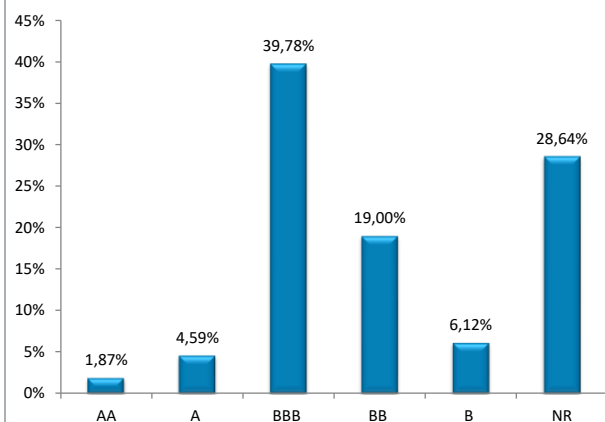
Source: OFI AM

Geographical breakdown (invested part)



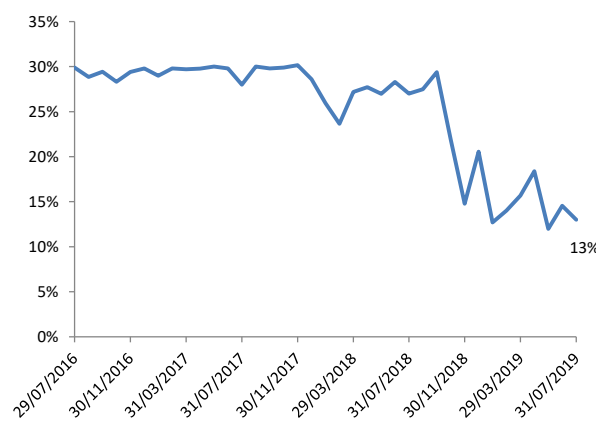
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Rating breakdown (invested part)



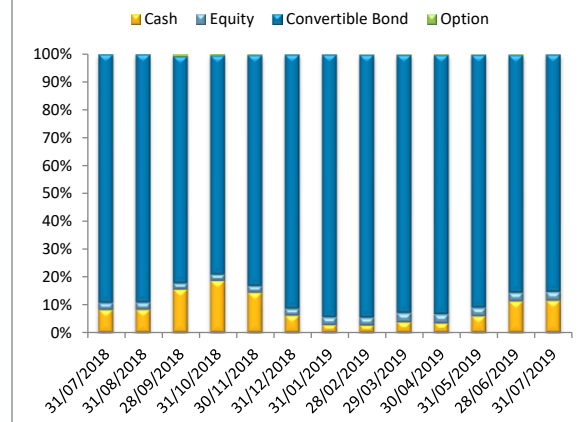
Source: OFI AM

Delta evolution (monthly)



Source: OFI AM

Asset type breakdown



Source: OFI AM

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