

# OFI FUND GLOBAL CONVERTIBLE BOND I EUR



Monthly Factsheet - Convertible Bonds - August 2020

## Investment policy :

OFI Fund - OFI Global Convertible is a global convertible bond subfund of the Luxembourg SICAV OFI Fund. The fund favours convertible issues from companies whose growth potential is linked to their global activity or local leadership.

Registered in : FRA  PRT 

### Key figures as of 31/08/2020

|                                    |       |
|------------------------------------|-------|
| NAV of the class C (EUR):          | 71,85 |
| Net Assets of the class C (EUR M): | 69,40 |
| Total Net Assets (EUR M):          | 97,48 |
| Delta:                             | 44%   |
| Modified duration:                 | 1,36  |
| Current yield:                     | 1,37% |
| Number of holdings:                | 77    |

### Characteristics

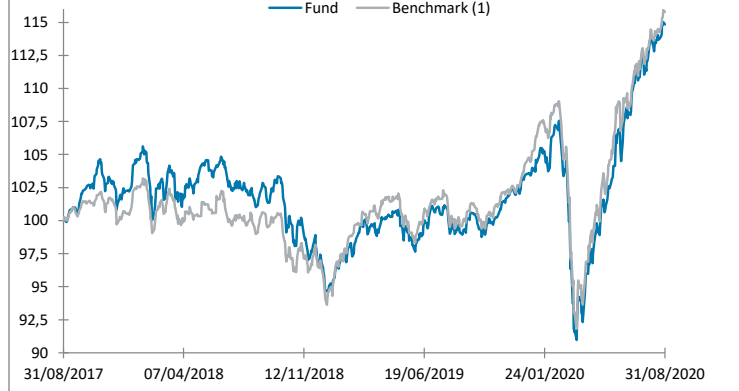
|                                   |   |
|-----------------------------------|---|
| ISIN Code:                        | LU0336374540  |
| Ticker:                           | OFICONI LX Equity   |
| Europeperformance Classification: | International convertible bonds   |
| Management Company                | OFI Lux   |
| Principal distributor advisor:    | OFI Asset Management  |
| Benchmark <sup>(1)</sup> :        | Thomson Reuters Global Focus Vanilla Hedge Euro                                 |
| Main Risks:                       | Capital and performance<br>Market : equity, fixed income and credit<br>Currency |
| Fund Manager:                     | Nancy Scribot Blanchet  |
| Legal Form:                       | SICAV (UCITS V) under the laws of Luxembourg                                    |
| Distribution Policy:              | Capitalisation  |
| Currency:                         | EUR   |
| Inception date:                   | 21/12/2007  |
| Recommended investment horizon:   | 3 years   |
| Valuation:                        | Daily   |
| Subscription cut-off:             | D - 1 at 12h  |
| Redemption cut-off:               | D - 1 at 12h  |
| Settlement:                       | D+3   |
| Max/Real Subscription fees:       | 1%/None   |
| Max/Real Redemption fees:         | None/None   |
| Outperformance fees:              | 15% above benchmark   |
| Ongoing charge:                   | 1,48%   |
| Custodian:                        | SOCIETE GENERALE BANK TRUST LUXEMBOURG  |
| Administrative agent:             | SOCIETE GENERALE BANK TRUST LUXEMBOURG  |

(1) Benchmark: Thomson Reuters Global Focus Vanilla Hedge Euro

Distributor and paying agent: BEST - BANCO ELECTRONICO DE SERVICO TOTAL, Praça Marquês de Pombal, 3-3º, 1250-161 Lisboa, Portugal

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### 3 years cumulative return



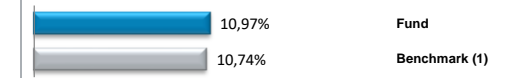
### Risk Profile

Level: 1 2 3 4 5 6 7

### Monthly return



### YTD return



### Return & Volatility

|  | 5 Years (cum.) |        | 3 Years (cum.) |        | 1 Year |        | YTD    |        | 6 Months |        | 3 Months |        |
|--|----------------|--------|----------------|--------|--------|--------|--------|--------|----------|--------|----------|--------|
|  | Return         | Volat. | Return         | Volat. | Return | Volat. | Return | Volat. | Return   | Volat. | Return   | Return |
| OFI FUND GLOBAL CONVERTIBLE BOND I EUR | 23,43%         | 8,23%  | 14,83%         | 9,33%  | 15,61% | 5,67%  | 10,97% | 16,16% | 11,10%   | 10,27% | 10,27%   | 10,27% |
| Benchmark <sup>(1)</sup>               | 22,99%         | 7,52%  | 15,78%         | 8,55%  | 15,65% | 11,99% | 10,74% | 14,64% | 10,66%   | 8,94%  | 8,94%    | 8,94%  |

Source: Europeperformance

### Monthly returns

|      | Jan.   | Feb.   | Mar.   | Apr.  | May    | Jun.   | Jul.   | Aug.   | Sep.   | Oct.   | Nov.   | Dec.   | Year   | Benchmark |
|------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----------|
| 2015 | 0,90%  | 2,67%  | 0,61%  | 0,81% | 0,64%  | -1,83% | 1,22%  | -2,36% | -1,36% | 3,61%  | 0,34%  | -1,14% | 4,00%  | 3,60%     |
| 2016 | -4,59% | -1,69% | 2,94%  | 0,54% | 1,50%  | -2,46% | 3,14%  | 0,27%  | 0,22%  | -0,05% | 0,39%  | 2,19%  | 2,15%  | 0,58%     |
| 2017 | 0,02%  | 1,39%  | 0,46%  | 1,53% | 0,61%  | -0,37% | 0,64%  | -0,52% | 1,26%  | 2,60%  | -0,92% | -0,71% | 6,09%  | 4,39%     |
| 2018 | 2,11%  | -1,45% | -0,79% | 0,85% | 0,36%  | -0,26% | -0,65% | 0,28%  | 0,70%  | -3,63% | -1,25% | -3,12% | -6,80% | -5,45%    |
| 2019 | 2,75%  | 1,67%  | -0,14% | 1,34% | -2,73% | 2,42%  | 0,62%  | -1,58% | 0,05%  | 0,95%  | 1,94%  | 1,19%  | 8,64%  | 10,11%    |
| 2020 | 0,23%  | -0,35% | -8,80% | 5,60% | 4,62%  | 4,01%  | 3,70%  | 2,23%  |        |        |        |        | 10,97% | 10,74%    |

CONTACT • Sales Department • 01 40 68 17 17 • [contact@ofi-am.fr](mailto:contact@ofi-am.fr)

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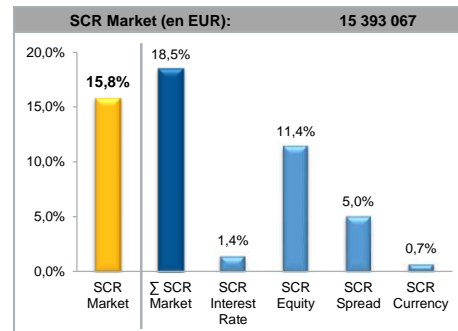


## TOP 10 Holdings

| Name                               | Weight        |
|------------------------------------|---------------|
| DOCUSIGN 0.500 2023_09             | 3,22%         |
| SERVICENOW 0 2022_06               | 2,77%         |
| WORLDLINE 0 2026_07                | 2,17%         |
| DASSAULT AVIATION/AIRBUS 0 2021_06 | 2,15%         |
| STMICROELECTRONICS 0.250 2024_07   | 2,09%         |
| RH 0 2023_06                       | 1,99%         |
| ETSY 0.125 2026_10                 | 1,98%         |
| RAPID7 2.250 2025_05               | 1,90%         |
| OCADO GROUP 0.750 2027_01          | 1,76%         |
| LUMENTUM HOLDINGS 0.250 2024_03    | 1,72%         |
| <b>TOTAL</b>                       | <b>21,76%</b> |

Source: OFI AM

## Solvency Capital Requirement



\*Quarterly data as of 31/07/2020

Source: OFI AM

## Asset management strategy

GDP data for Q2 2020 showed continued historic declines, with GDP down 31.7% in the US, 20.4% in the UK, 9.7% in Germany and 7.8% in Japan (all QoQ annualised). However, the recovery appears to be in progress in the third quarter, with retail sales exceeding their pre-crisis levels in the US and the eurozone, though industrial production continues to lag behind. In the US, unemployment fell from 11.1% in June to 10.2% in July thanks to 1.76 million jobs being added to the economy, while the Fed officially adopted a monetary policy based on average inflation, which means inflation will be able to exceed its 2% target before the central bank intervenes by acting on interest rates. Inflation is also an issue in the eurozone, with year-on-year core inflation up from 0.8% to 1.2% in July. In China, there is still no improvement in consumer spending and, while exports have recovered strongly, with export growth up from 0.5% YoY in June to 7.2% in July, imports slowed over the same period. Renewed US/China tensions continue to weigh on the region. Lastly, in Japan, Prime Minister Shinzo Abe announced that he would be stepping down for health reasons; given the governing coalition's parliamentary majority, it is highly unlikely that there will be any changes in economic policy.

Against this backdrop, equity markets continued to rise thanks to improved economic statistics, positive announcements about COVID-19 vaccines and accommodative central bank policies, with the MSCI World up 6.5%, the S&P 500 up 7.0% and the Nasdaq Composite up 9.6%; in Europe, the Stoxx 600 gained 3.1% and the CAC 40 put on 3.4%; and in Asia, the Nikkei climbed 6.6%, the Hang Seng rose 2.4%, the Shanghai Composite gained 2.6% and the Kospi was up 3.4%. In credit, the 5-year Crossover in Europe and the 5-year CDX HY in the US continued to tighten, down 55 bps to 321 bps and down 74 bps to 368 bps respectively, while German and US 10-year yields tightening slightly, ending the month at -0.40% and 0.70% respectively. In currencies, the euro continued to rise against the US dollar (up 1.3%) and the Swiss franc (up 0.3%) but lost ground against sterling (down 0.8%), while the dollar weakened further against all Asian currencies (down 1.8% against CNY). In this environment, convertible bonds fared reasonably well, up 6.4% in the US, 2.2% in Europe, 2.3% in Asia ex Japan and 0.9% in Japan (all measured in euros). Overall, the Thomson Reuters Global Focus Convertibles index in euros gained 2.52% in the month, while OFI Fund Global Convertible Bond gained 2.23% over the same period.

The global primary market maintained the momentum it had built up in July, with issues totalling \$6.6 billion, this time mainly in the US (\$8.7 billion): Wayfair 0.625% 2025 (\$1.5bn; US; retail), Wix 0% 2025 (\$575m; US; technology), Cinemark Holdings 4.5% 2025 (\$460m; US; travel and leisure) and Charter Communications 2.75% 2050 (\$575m; US; media). The European primary market was virtually silent in the month, as it always is over the summer, with a mere €470 million placed via TAG Immobilien 0.625% 2026, issued by a German real estate firm already well established as a convertible issuer. Lastly, Asian issues totalled \$375 million, including Wilmar International 0% 2023 (\$300m; China; food and beverage). This brings total issues in the year to date to \$96.4 billion.

As regards performance, the main negative contributors were BioMarin Pharmaceutical 2024 (-13 bps; down 12.1%), Chegg 2025 (-11 bps; down 7.4%), Lumentum 2024 (-11 bps; down 5.9%), Sarepta 2024 (-6 bps; down 3.9%) and Delivery Hero 2027 (-5 bps; down 3.6% after investors switched into new convertible issues). Meanwhile, the top positive contributors were in tech, with ServiceNow 2022 (+25 bps; up 9.7%) and Square 2025 (+13 bps; up 13.7%), and retail, with RH 2023 (+21 bps; up 11.7%) and Ocado 2027 (+17 bps; up 10.8%, buoyed by analyst recommendations), as well as LG Chem 2021 (+19 bps; up 16.4% after the company reported excellent quarterly results and forecast a doubling of its revenue by 2025).

In terms of changes, we closed out our positions in Fugro 2021 and 2024 on buying interest from credit market players, given the company's complicated post-pandemic balance sheet situation. We bought Société Générale 12/21 calls to boost the fund's cyclical positioning and closed out our position in Haier Electronics 2022 (the company's privatisation and the switch to Haier Smart Home are not clear for convertible holders). The geographical breakdown at the month-end was as follows: Europe 30%, US 34%, Asia ex Japan 16% and Japan 7%. The month-end cash position was 12%.

Portfolio equity sensitivity was 44% at end August, the current yield was 0.41% for an average maturity of 3.1 years and the modified duration was 1.36.

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 |
|                |            |          |

Source: OFI AM

| Sell / Decrease                     |            |          |
|-------------------------------------|------------|----------|
| Name                                | Weight M-1 | Weight M |
| FUGRO 4.500 2024_11                 | 0,63%      | Sell     |
| HAIER ELECTRONICS/QINGDAO 0 2022_11 | 0,98%      | Sell     |
| FUGRO 4.000 2021_10                 | 1,17%      | Sell     |

Source: OFI AM

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

| Bêta | Alpha | Tracking Error | Sharpe Ratio <sup>(2)</sup> | Information Ratio | Frequency of profit | Worst draw down |
|------|-------|----------------|-----------------------------|-------------------|---------------------|-----------------|
| 1,03 | -0,01 | 2,89%          | 1,14                        | -0,08             | 72,55%              | -14,48%         |

Source: Euromperformance

(2) Risk free rate: compounded EONIA

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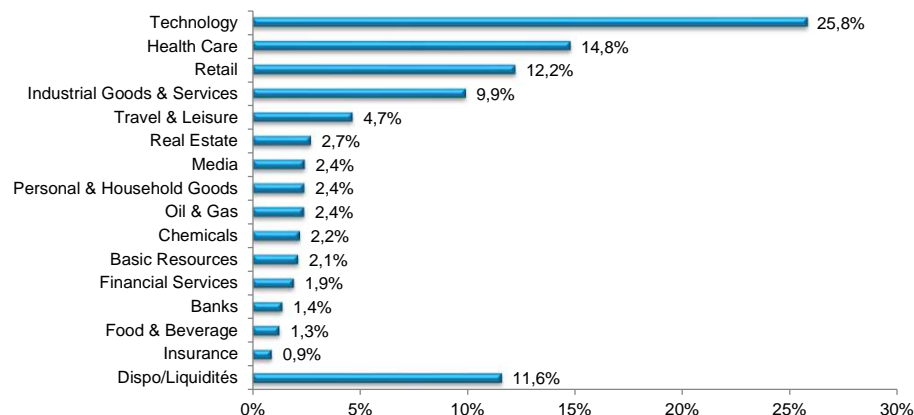


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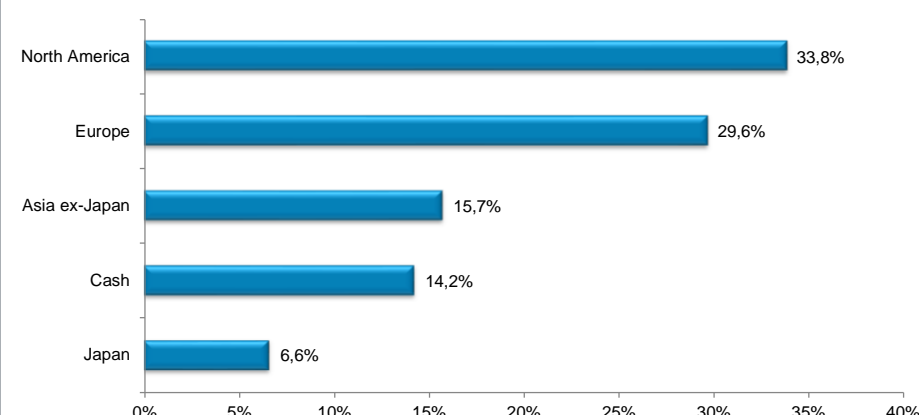


Sector breakdown



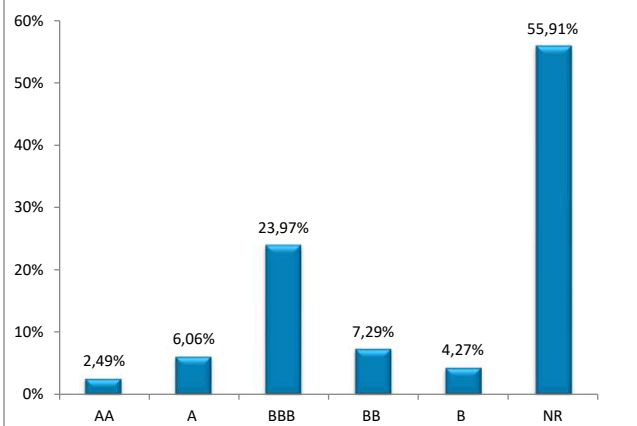
Source: OFI AM

Geographical breakdown



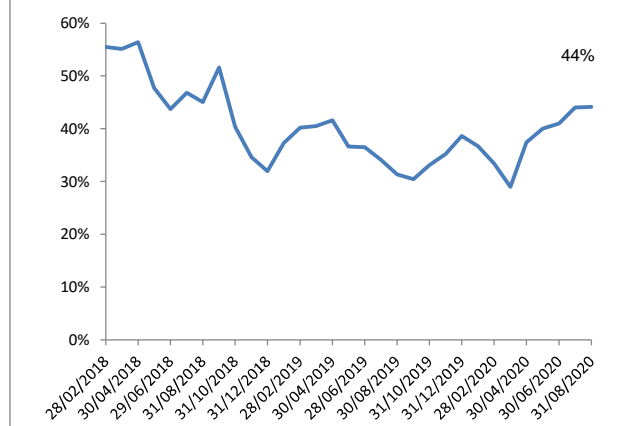
Source: OFI AM

Rating breakdown (invested part)



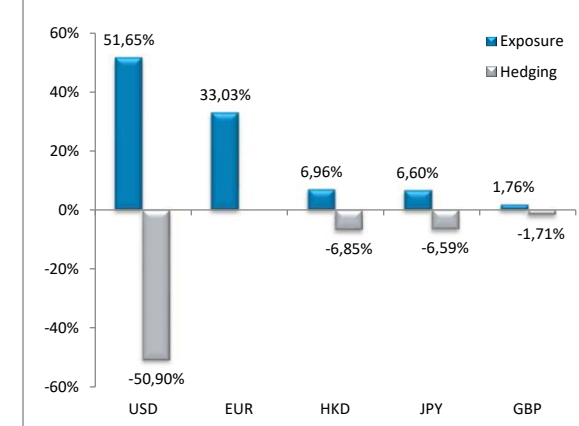
Source: OFI AM

Delta evolution (monthly)



Source: OFI AM

Currency breakdown



Source: OFI AM

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