

# OFI RS EURO CONVERTIBLE BOND DEFENSIVE IC

Monthly Factsheet - Convertible Bonds - september 2018



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.

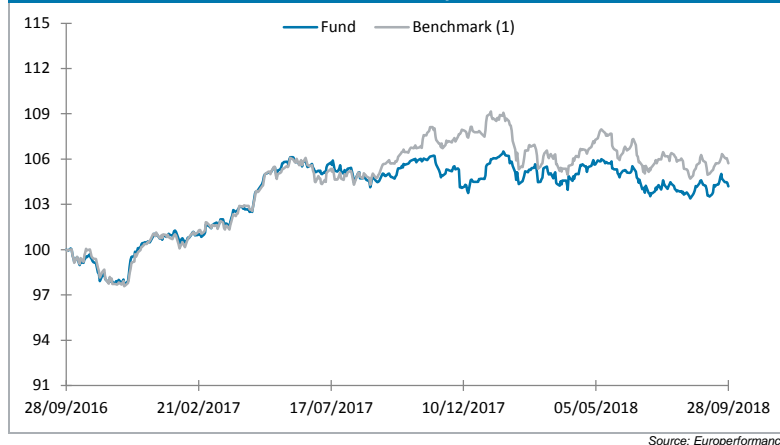
## Key figures as of 28/09/2018

NAV of the part C (EUR):	340,08
Net Assets of the part C (EUR M):	75,50
Total Net Assets (EUR M):	103,08
Delta:	29%
Modified duration:	1,43
Current yield:	0,61%
Number of holdings:	57

## Characteristics

ISIN Code:	FR0010014480
Ticker:	OFIERCC FP Equity
AMF Classification:	Diversified
Europerformance Classification:	Euro Zone Convertible bonds
Management Company:	OFI Asset Management
Benchmark <sup>(1)</sup> :	Thomson Reuters Eurozone Focus Hedged Convertibles Bond Index
Main Risks:	Capital and performance Market : equity, fixed income and credit
Fund Manager:	Olivier Ravay
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:	15% above benchmark
Ongoing charge:	1,10%
Custodian:	CACEIS
Administrative agent:	CACEIS FUND ADMINISTRATION

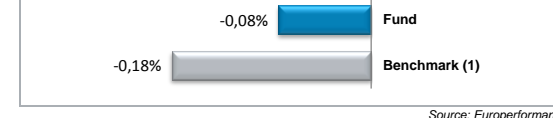
## Return over 2 years



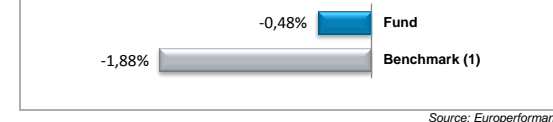
## Risk Profile

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	8,59%	3,85%	4,27%	3,72%	-1,12%	3,71%	-0,48%	3,64%	-0,35%	-0,04%
Benchmark <sup>(1)</sup>	17,77%	4,39%	5,74%	4,41%	-0,41%	4,88%	-1,88%	5,12%	0,33%	0,15%

Source: Europerformance

## Monthly returns

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Year	Benchmark
2013	0,41%	0,76%	-1,47%	0,82%	1,76%	0,09%	1,55%	-0,19%	1,14%	0,52%	0,04%	0,37%	5,92%	7,37%
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%				-0,48%	-1,88%

Source: Europerformance

(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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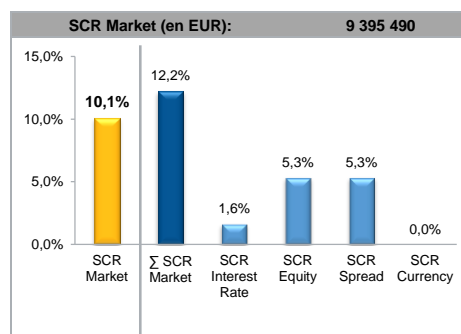


## TOP 10 Holdings

Name	Weight
DASSAULT AVIATION/AIRBUS 0 2021_06	3,61%
SAFRAN 0 2020_12	3,53%
EVONIK IND/RAG-STIFTUNG 0 2023_03	3,29%
COVESTRO/BAYER 0.050 2020_06	3,26%
MTU AERO ENGINES HLDG 0.125 2023_05	2,97%
KERING/ARCHER OBLIGATIONS 0 2023_03	2,94%
INGENICO 0 2022_06	2,78%
NEXITY 0.125 2023_01	2,62%
SALZGITTER 0 2022_06	2,54%
NEOPOST 3.375 PERP-CALL 2022	2,51%
<b>TOTAL</b>	<b>30,05%</b>

Source: OFI AM

## Solvency Capital Requirement



\*Quarterly data as of 29/06/2018

Source: OFI AM

## Asset management strategy

In the United States, the Federal Open Market Committee (FOMC) raised the prime rate by a quarter of a point to a range of between 2%-2.25%, clearly anticipating a further rise of 25bps in December. On the political side, President Donald Trump decided to hike tariffs on Chinese imports an additional \$200 billion. With the \$50 billion in tariffs already imposed, this further imposition now represents half of all goods imported from China. This new list of taxed products includes a greater proportion of consumer goods of approximately 20% thus creating a higher risk of price inflation in the United States. The initial import tax rate is only 10%, however this will be increased to 25% in January if no progress is made in the trade talks between China and the United States.

In the eurozone, Italy's coalition government set a budget deficit target of 2.4% for 2019, well above the 1.6% to 1.8% range previously submitted and significantly beyond the 0.8% of the previous government. When presenting its 2019 budget, the French government announced a public deficit of 2.6% of GDP in 2018, and foresees 2.8% in 2019.

Finally, in Japan, Prime Minister Shinzo Abe was re-elected for a third consecutive term as head of the Liberal Democratic Party (LDP). This should enable him to remain Japan's PM through 2021.

In the end, the EuroStoxx 50 remained rather steady at +0.19% with the CAC40 up +1.60% and the DAX down slightly (-0.9%), while the S&P 500 rose by +0.4%. The German 10-year rates moved up to 0.47%, +14bps higher, following those in the US at 3.06%, up +20bps. Credit spreads were left unchanged on both the Main at 68bps and the 5Y Cross-Over at 274bps through a maturity roll-over effect. Against this backdrop, the Thomson Reuters Focus Eurozone Hedged Index also remained close to equilibrium (-0.18%), with the OFI Euro Convertible Bond Defensive Index off by just (-0.08%).

The primary market picked up again at the start of the season with new issues totalling €1.6 billion, including Adidas 0.05% 2023 (€500 million - Germany - consumer goods), SGL Carbon 3% 2023 (€159 million - Germany - Industrial Goods and Services), RAG bonds exchangeable for Evonik 0% 2024 (€500 million - Germany - Chemistry) and TAP exchangeable for Korian 2.5% Perp. at €60 million and Glencore 0% 2025 at \$150 million. The amount issued since the start of the year comes to €9.7 billion.

Among the negative contributors were RAG exchangeable for Evonik, down (-11bps or -3.2%), technically penalised by a new primary issue of €500 million (its fourth!), Bayer exchangeable into Covestro, losing (-9bps or -2.6%), Genfit off (-9bps or -9.9%), penalised despite consistent results by the resignation of its Chief Medical Officer "for personal reasons", and Rémy Cointreau down (-8bps or -3.1%). Among the positive contributors, we find Safran +25bps or +6.9% on better than expected 1st half results, Ence Energia +15bps or +6.3%, MTU +11bps or +3.6%, and also Salzgitter +11bps or +4.2%.

As for movements, we participated in the primary issue of SGL Carbon % 2023, and rolled-over our options in Société Générale, Axa, and Renault.

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
SGL CARBON 3.000 2023_09	Buy	1,06%
C RENAULT 72,000 12/20/19 A	Buy	0,23%
C SG 36,000 12/20/19 A	Buy	0,20%
C AXA 22,000 12/20/19 A	Buy	0,19%

Source: OFI AM

Sell / Decrease		
Name	Weight M-1	Weight M

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
0,60	-0,02	3,00%	-0,27	-0,21	54,90%	-2,67%

Source: Europerformance

(2) Risk free rate: compounded EONIA

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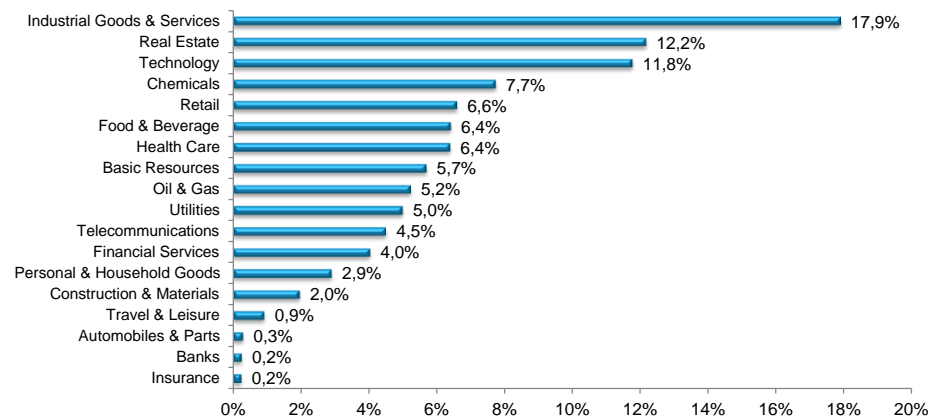
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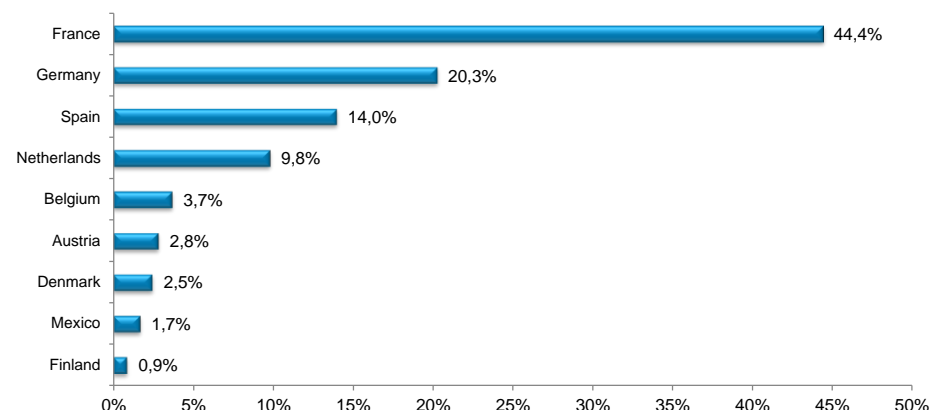


Sector breakdown (invested part)



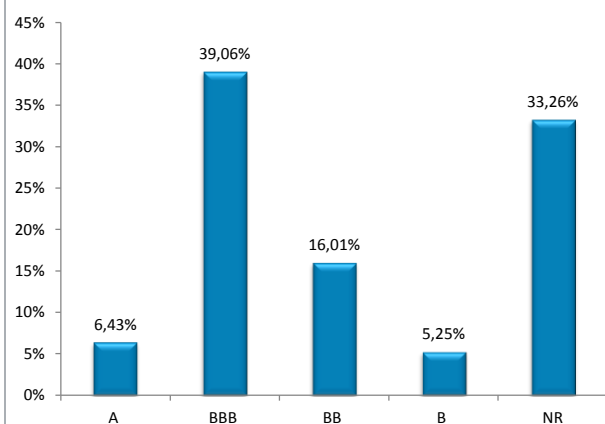
Source: OFI AM

Geographical breakdown (invested part)



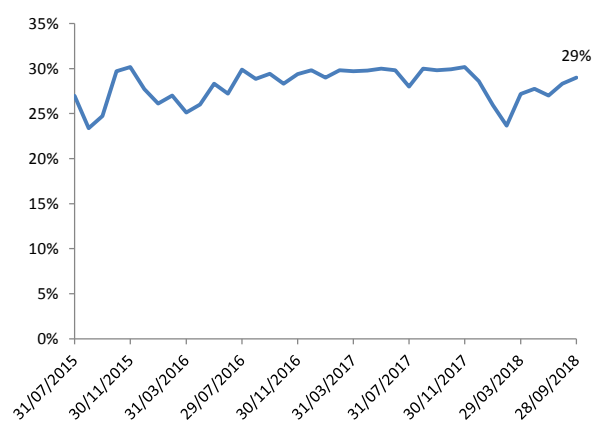
Source: OFI AM

Rating breakdown (invested part)



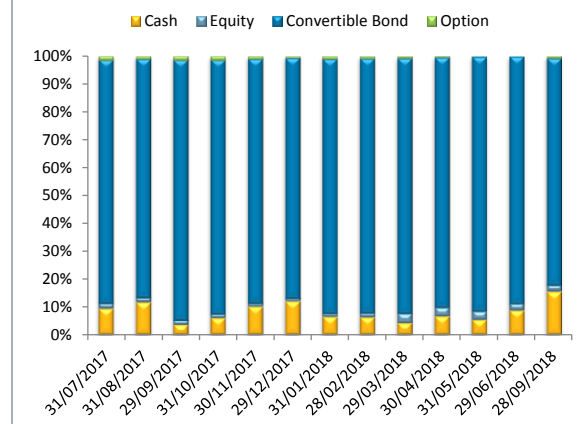
Source: OFI AM

Delta evolution (monthly)



Source: OFI AM

Asset type breakdown



Source: OFI AM

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