ANNUAL REPORT

Financial year ended on 30 December 2016

OFI KAPPASTOCKS

Diversified mutual fund

Marketer
OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris

Management Company
OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris

Depositary and Custodian
SOCIETE GENERALE - 29 Boulevard Haussmann - 75009 Paris

Administrative and accounts management:
SOCIETE GENERALE - 29 Boulevard Haussmann - 75009 Paris

Contents

Management Report

Annual Accounts as at 30 December 2016

Auditor's Report

MANAGEMENT DIRECTION

OFI KAPPASTOCKS is a Feeder Fund of the OFI SMART BETA ISR Master Fund.
For its I units and its R units, investment will be made for a minimum of 85% of the Net Assets of the Fund in the XL units of the UCITS Master Fund. The rest of the assets can only be made up of cash holdings and financial contracts concluded for the sole purpose of hedging transactions.

A minimum of 90% of the Net Assets of OFI SMART BETA ISR are constantly exposed on eurozone share markets. However, the manager of OFI KAPPASTOCKS may take positions, using up to 15% of its Net Assets, with a view to hedging its portfolio against its Master Fund's exposure to equity risk, either partly or completely, based on his judgment, by using instruments such as Futures and Options on equity, equity indices and other types of equity support, and Swaps and Forwards on equity, equity indices and other types of equity support, which are mainly traded on regulated and organised markets, and/or OTC markets.

The equity exposure of the OFI SMART BETA ISR Master Fund is therefore between 90% and 110% of the Net Assets, while the equity exposure of the OFI KAPPASTOCKS Feeder Fund is between 0% and 110% of the Net Assets.

Its management objective, its benchmark, its management strategy and its risk profile are similar to those of the UCITS Master Fund. However, differences between the Feeder Fund and its Master Fund may arise due to the fact that the Feeder Fund may implement an equity-risk hedging strategy.

Due to its own fees and the use of futures instruments, the OFI KAPPASTOCKS Feeder Fund will perform differently to the OFI SMART BETA ISR UCITS Master Fund.

An overview of the features of the Master Fund

AMF classification: Shares of Eurozone Countries

The OFI KAPPASTOCKS Feeder Fund is still classified as "Diversified".

Management objective

The object of the Fund is to achieve a performance above that of the Euro Stoxx Reinvested Net Dividends index over the recommended investment period by adopting an SRI approach.

Benchmark

The investor may compare the Fund's performances with those of the calculated EURO STOXX Reinvested Net Dividends index (SXXT Ticker). However, the Fund 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 the index.

Management strategy

The Fund investment universe is defined by all of the components of the EURO STOXX index. Based on dynamic allocation, the manager invests in the securities that make up the index for his universe without seeking to apply the same weighting to each security in his index, however. The Fund will mainly invest in the eurozone (90% of its Assets) and there will be no sector-based constraints when allocating them.

The investment processes apply both financial and non-financial criteria in order to favour a "Socially Responsible Investment" (SRI) selection of companies in the portfolio.

1. Based on his investment universe, every three months or when required, depending on market conditions, the manager makes a sector allocation based on the volatility of each composite sector and their joint correlations, in order to offset their contributions to the overall risk (financial criterion).
2. The manager applies an SRI filter to the components in each sector so that it is not just 2/3 of the companies with the best SRI scores for their sector, as established by the SRI team for the OFI group, that are kept (non-financial criterion).
3. Finally, each security is allocated sector by sector on a discretionary basis. However, this is constrained by the initial sector allocation (financial criterion).

The SRI research team carries out a detailed analysis of the environmental and social issues specific to each sector of activity, and of governance issues. 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 the 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 10.
Companies' ESG scores are used to establish an SRI score corresponding to the ranking of the issuer's ESG score compared to other actors in its ICB supersector (level 2). The SRI score is established on a scale of 0 to 5, 5 corresponding to the best ESG score in the sector.

The eligible investment universe is defined using a 'best in class' approach, by selecting 2/3 of the best SRI Scores in each sector within the investment universe for the Fund (Eurostoxx Index).

The Fund can operate on fixed-term or conditional financial instruments traded on regulated and organised markets (French, foreign and/or over-the-counter). In this context, the manager may take positions with a view to hedging the portfolio against or exposing the portfolio, on a discretionary basis, to equity risks by using instruments such as Futures and Forwards on equity and equity indices, Options on equity and equity indices, and Swaps on equity and equity indices. Up to 110% of the assets in the Fund's portfolio may be exposed via these instruments.

Risk profile

The risk profile of the OFI KAPPASTOCKS UCITS Feeder Fund is similar to that of the OFI SMART BETA ISR UCITS Master Fund, as set out below, with the exception that the Feeder Fund may take positions, using up to 15% of its Net Assets, with a view to hedging its portfolio against its Master Fund's exposure to equity risk.

The Fund is classified as "Shares of eurozone countries". The investor is 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 his objectives and that his capital might not be returned in full, the Fund not benefiting from any guarantee or protection of capital invested.

Share risk
The Fund is invested in or exposed to one or several equity markets which may experience large fluctuations, and to small and medium capitalisations which, taking account of their specific characteristics, may present a liquidity risk. The investor's attention is drawn to the fact that fluctuations in the price of the portfolio assets and/or the market risk will result in a significant reduction in the net asset value of the Fund.

Interest rate risk
Because of its composition, the Fund may be subject to an interest rate risk. This risk results from the fact that, in general, the price of debt securities and fixed-rate bonds falls when rates rise. The net asset value will drop if interest rates rise.

Risk model
The management process for the Fund is based in part on using two proprietary models. One of these is used to determine the risk level of an asset compared to other assets in the portfolio, while the other is a non-financial scoring model (including some ESG criteria). There is a risk that these models are not efficient. The performance of the Fund may therefore be below the management objective.

Counterparty risk
This is risk linked to the Fund using futures contracts traded OTC. These transactions made with one or more eligible counterparties could potentially expose the Fund to the risk of one of these counterparties defaulting, which could lead to a payment default.

As the Feeder Fund may take positions, using up to 15% of its Net Assets, with a view to hedging its portfolio against its Master Fund's exposure to equity risk, it can be potentially exposed to the risk of its counterparties defaulting.

Counterparty risk
This is risk linked to the Fund using futures contracts traded OTC. These transactions made with one or more eligible counterparties could potentially expose the Fund to the risk of one of these counterparties defaulting, which could lead to a payment default.

METHOD CHOSEN BY THE MANAGEMENT COMPANY TO ASSESS THE GLOBAL RISK OF THE UCI

The method for calculation of the global risk is the commitment method.

CHANGES DURING THE FINANCIAL YEAR

Change in depositary in favour of Société Générale on 29 April 2016 from 12:01 and change in valuer.

Then, on 25 November 2016, the Fund became the Feeder Fund of the XL units of OFI SMART BETA ISR. This has resulted in:
- a change of benchmark in favour of EURO STOXX,
- a change in subscription/redemption procedures: cut-off at 10:00
- a change in the recommended investment period to 5 years from now on
- the abolition of the outperformance commission
- a change in management fees

FUTURE CHANGE

From 17 January 2017, the name of the Master Fund changed: OFI SMART BETA ISR became OFI RS EURO EQUITY SMART BETA.

PROCEDURE FOR CHOOSING BROKERS FOR THE MASTER FUND

The OFI Group has introduced a procedure for selection and assessment of market brokers, which makes it possible to select, for each category of financial instruments, the best market brokers and to ensure the quality of execution of orders placed on behalf of our UCITS under management.

The management teams can send their orders directly to the market brokers selected or go through the OFI Group trading desk, OIS.

This service provider handles the receipt and transmission of orders, followed by execution or not, to the market brokers on the following financial instruments: Debt securities, Capital securities, UCI units or shares, Financial contracts.

This service provider's expertise makes it possible to separate the selection of financial instruments (which remains the responsibility of the Management Company) from their trading, whilst ensuring the best execution of orders.

A multi-criteria valuation is carried out on a six-monthly basis by the OFI Group's management teams. Depending on the circumstances, it takes into consideration several or all of the following criteria:
- Monitoring volumes of transactions per market broker.
- Analysis of the counterparty risk and how this develops (a distinction is made between "brokers" and "counterparties").
- The nature of the financial instrument, the execution price, where applicable the total cost, the speed of execution and the size of the order.
- Feedback of operational incidents detected by the managers or the Middle Office.

At the end of this valuation, the OFI Group can reduce the volumes of orders entrusted to a market broker or withdraw it temporarily or permanently from its list of authorised service providers.

This valuation can be based on an analysis report provided by an independent service provider.

For the execution of certain financial instruments, the Management Company resorts to commission sharing agreements (CCP or CSA), according to which a limited number of investment service providers:
- provide the order execution service
- collect brokerage costs relating to services of assistance with investment decisions
- pay these costs back to a third party provider of these services

The objective sought is to use, as far as possible, the best service providers in each speciality (execution of orders and assistance with investment/disinvestment decisions).

BROKERAGE FEE

On the Group's website, at http://www.ofi-am.fr/inout/animations/espaceMIF.php you will find all the measures taken to get to grips with the new regulatory provisions linked to the MIF. It features in particular, the report on brokers' fees in accordance with Article 314-82 of the AMF's General Regulation.

EXERCISE OF VOTING RIGHTS

The policy implemented by the management company regarding the exercise of voting rights forms the subject of a report available at the company's website at: http://www.ofi-am.fr/isr_la_recherche_ISR.php

ESG CRITERIA

The Management Company makes available to the investor information about the procedure for consideration in his investment policy of criteria relating to compliance with environmental, social and governance quality objectives on its website http://www.ofi-am.fr/actualites.php?artid=3608

INFORMATION RELATING TO UCITS REMUNERATIONS

In the context of application of Directive 2014/91/EU of 23 July 2014 (known as UCITS V), the Company has introduced a remuneration policy with the following characteristics:

1. Qualitative elements

The Company's remuneration policy has been drawn up by the OFI Group's Strategic Committee.

The Strategic Committee is made up of representatives of the Company's shareholders and members of the Company's Board of Directors. It does not include any staff representatives, since the Company is not itself subject to such a regulatory or statutory obligation.

It fixes the remuneration policy and ensures its implementation.

The Company's remuneration policy promotes sound effective risk management in line with, at the same time, the interests of investors, of the Company and of UCITS managers, and seeks to reduce potential conflicts of interest between the sales personnel and the investors. It conforms to the Company's economic strategy, objectives and values.

The fixed remuneration corresponds to the employee's normal pay for the expected work corresponding to his qualification. The variable remuneration takes into account, in particular, the Company's result, its equity requirements and the quality of management and of the service offered to investors.

Personnel affected by the remuneration policy: all persons involved in risk-taking in terms of the Fund or the Company: directors, managers, CIO, control function managers, personnel who are comparable due to their level of variable remuneration sales personnel.

Assessment of performance and risks: this is carried out depending on the personnel concerned.

The performance of managers and those responsible for management is based on quantitative criteria (classification of each fund in a test universe) and qualitative criteria (achievement of objectives, observation of the risk management policy, compliance with internal regulations or external regulations, management process monitoring, contribution of risk-takers to operational risks).
Regarding directors, the criteria applied relate to the company's global performance (growth in operating profit, achievement of strategic objectives, image, reputation, etc.).
For the control functions, the criteria applied relate to the operational, regulatory and reputational risks.
And lastly, the performance of sales personnel is assessed based on traditional criteria, provided that they do not generate any conflicts of interest with the unit-holders: collection, growth in turnover, rate of penetration, campaign successes, new customers, etc.

Variable remuneration budget: based on a global budget, a proportion is allocated to risk-takers, the remainder being allocated to the other personnel concerned. Allocation is then handled by the managers, taking into account the assessment factors described above.

Procedure for payment and measures for adjustment of remuneration:
For those persons whose variable remuneration is less than EUR 100,000 or 30% of the fixed salary, this is paid immediately, and in its entirety in cash.

For other persons, the proportion which is not paid in cash is paid in the form of part payments, thus making it possible to adjust risks between the various UCITS parties (AIFM and risk-takers): part payments indexed on a specified basket or a global basket. A proportion (60%) is paid immediately, of which 50% in cash and 10% in indexed part payments, the remaining 40% being paid in the form of part payments, released in equal tranches during the following three years, without any retention period.

This allocation may be revised downwards, depending on changes to the quantitative and qualitative criteria during the following years, according to a notion of malus.

2. Quantitative elements

The quantitative elements relating to remunerations can be found in the annual report of the UCITS management company

MANAGEMENT COMMENTS

2016 economic and financial context

2016 was a year of transition between two problems. In the first part of the year, the focus was on deflation and economic slowdown due to fears over the Chinese economy and declining oil prices. But confidence returned as investors observed that growth prospects were not so poor. All the more so, because after years of dogma and austerity (which contributed to the election victories of so-called populist movements), new thinking emerged in international economic institutes and economic think tanks. To emerge from enduring stagnation, despite an unprecedented level of debt, even more debt has to be taken on to be capable of reducing debt in the future through investments that promote long-term growth. This idea was endorsed and promoted very successfully, as we know, by Donald Trump during his campaign. In parallel, the central banks also began a shift towards a more finely controlled and qualitative steering of rate curves and, more generally, the end of a cycle of lower rates and unlimited quantitative easing.

Given these circumstances, the stock market turned in a fairly sound performance in 2016, even if the progression was uneven. All the major asset classes achieved positive and in some cases significant performances, with the noteworthy exception of monetary investments (-0.32% for the Eonia in 2016).

The eurozone government bond index rose by 3.1%, the investment grade bond index by some 4.4% and the high-yield bond index by 8.6% in Europe and 17.4% in the United States. It is nonetheless important to note that interest rates went up sharply, starting in the latter half of the year as part of the shift of focus mentioned above, de facto reducing bond performances. The Bund reference rate rose from a low of -0.2% just after Brexit to more than 0.4% before ending the year at nearly 0.2%. In parallel, "peripheral spreads" expanded in Italy, and, in a new development, in France, by nearly 30 bps.

On equities, the record is very positive with a progression of 11% in the international equities index (in euro). US equities once again outperformed eurozone equities at +12% compared with +4.1% for the Eurostoxx index and +1.7% for the DJ Stoxx 600 index, in local currencies. The eurozone was, in effect, penalised by Italy, having been strongly impacted upon by its banking sector. This change of environment, perceptible from June onwards, also resulted in strong sector rotation: the so-called "value" sectors, more sensitive to expectations of economic recovery and profiting from a new steepening of the rate curve (like bank shares), outperformed. After a lag of up to 7% at mid-year, "value" equities on the Stoxx 600 index ended the year with a progression of nearly 7%, compared with -2% for "growth" style shares.

On foreign exchange, the dollar progressed moderately against the euro, by nearly 3%. There was an overall recovery in emerging currencies, with a special mention for the Brazilian real, which gained 22% against the dollar. Weak currencies included the yen (-2.7% against the dollar), the pound, which suffered a 13.5% loss against the euro owing to Brexit, the Mexican peso, which slipped 17% against the dollar and, more troubling over the medium term for various reasons, the Chinese yuan, which showed its sharpest decline in over a decade, losing 7% against the dollar.

Management

OFI KAPPASTOCKS has experienced a great deal of uncertainty during 2016.

In early 2016, markets were once again adversely affected by unfavourable indicators in relation to the economic situation in China. In the short and medium term, this posed new and more pronounced risks than were predicted for the world economy. In this context, the world stock markets corrected substantially. When closing on 11 February, the EuroStoxx 50 NR benchmark had posted a downturn of -17.80% since the start of the year. During this time, the hedging strategies of actively managing the model made it possible to ease this trend and during this same period, the Fund was down by -3.47%. Subsequently, the general feeling among investors changed completely and the Fund adjusted its long index exposure in the wake of equity markets rebounding. As a result, when closing on 9 March, OFI KAPPASTOCKS posted a global long exposure of 35%, which was higher than the rate of 23% at the end of February. This recovery in exposure was confirmed by measuring our confidence indicators, which were improving and were in line with the stabilisation observed on the European equity markets.

Subsequently, volatility increased, particularly on 10 March, when the decision about monetary policy at the European Central Bank was announced; the markets, which had initially reacted extremely favourably to the announcements from Mario Draghi (a rise of +3.60% in EuroStoxx 50 at 14:00), completely collapsed to end the trading session down -1.51%. As a result, during this trading session, the Fund took long positions in order to be part of the bullish movement before breaking them off during the downturn in order to limit their weak performance. As the Fund was once again not very exposed, it partially benefited from the rebound period which followed on 11 March. During the second half of March, the short-term active-management strategies led to outperformance during trading sessions which posted a more systematic volatility. However, they were also adversely affected by trends for some movements reversing during trading sessions.

The end of the first half of 2016 saw the European-Union membership referendum held by the United Kingdom. Due to a rise in serious concerns about the negative impact on the economy and financial markets, European equity markets started June in the red. As a result, European stock markets posted a significant month-on-month decrease of up to -8.5% on 14 June. During this period of correction and resurgent volatility, the Kappa model adjusted the Fund's exposure by hedging the long index positions in the portfolio, on the one hand. On the other hand, the short-term management was able to benefit from strong upward trends during trading sessions to generate an outperformance of around 6% compared to its benchmark. During the second half of the month, the global feelings about predictions of the referendum result returned to prominence, resulting in a sharp trend reversal up until the day before the vote. The European markets, which until then had posted a significant downturn, strongly rebounded and almost reached the same level that had been posted at the start of the month. Thanks to the strength of this rebound and the resulting surprise, the Fund was not able to benefit from this movement and surrendered most of the outperformance that it had achieved previously. However, the change in this short-term trend observed by the model's confidence indicators meant that the Fund closed the trading session on 23 June (the day before the referendum) with equity exposure at 76%. After the result of the referendum was announced in favour of Brexit, OFI KappaStocks fell by -5.60%, compared to -8.62% for EuroStoxx 50 NR for the sole trading session on 24 June.

After "digesting" Brexit at the end of June, the European equity markets evolved in a Trading Range of between 2900 and 3100 for the EuroStoxx 50 index, without any noticeable trends until the autumn.

Short-term risk perception experienced a strong rise, as shown by the rebound of the VSTOXX index, which measures the level of implied volatility in options prices on the EuroStoxx 50 index, which went from 16.50 at the end of October to 25.20 on 4 November. During this period of the month, the Fund posted a performance of -2.61% over the month compared to -3.30% for its benchmark. This pattern resulted in the confidence indicators of the Kappa allocation model favouring a gradual shift from a dynamic investment profile to a prudent investment profile. During this adjustment period, the portfolio's exposure to European equity markets therefore went from 80% at the start of November to 22% on 4 November. As the American election approached, the short-term bearish trend gradually reversed and this movement was confirmed by Donald Trump's victory, even if this came as a surprise having read the final pre-election opinion polls. This new trend reversal led to a significant rebound in equity markets and notable rotation of styles/sectors within stock-market indices. Between 5 and 24 November, the portfolio's exposure moved between 100% and 50%, and the Fund rebounded by +1.13%. However, concerns about the issue of the Italian referendum at the start of December and its implications for the financial markets adversely affected the performance of indices in Southern Europe, particularly the Ibex index, which contributed to the performance of -0.42% by OFI KAPPASTOCKS over the same period.

The net asset value of the R unit went from 1,162.49 on 31/12/2015 to 1,016.90 on 30/12/2016, posting a performance of -12.52% as a result. The net asset value of the I unit went from 47,854.70 on 31/12/2015 to 42,306.57 on 30/12/2016, posting a performance of -11.59% as a result.

INFORMATION RELATIVE TO THE ESMA

1/ Temporary purchase and sale or acquisitions transactions on securities (repurchase agreements, loans and borrowing)

As at 30/12/2016, we did not hold any position in temporary purchase and sale or acquisitions on securities (repurchase agreements, loans and borrowing).

2/ Financial contracts (derivatives)

Foreign exchange: No position on 30/12/2016

Rates: No position on 30/12/2016

Credit: No position on 30/12/2016

Shares - CFD: No position on 30/12/2016

Commodities: No position on 30/12/2016

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

As of the end-of-year at 30/12/2016, the Fund had performed neither securities financing transactions nor total return swaps.

Balance sheet as at 30 December 2016 (in euros)

BALANCE SHEET ASSETS

	30/12/2016	31/12/2015
Net fixed assets	**-**	**-**
Deposits	**-**	**-**
Financial instruments	**13,263,151.27**	**30,499,884.55**
Shares and similar securities	**-**	**-**
Traded on a regulated or similar market	-	-
Not traded on a regulated or similar market	-	-
Bonds and similar securities	**-**	**-**
Traded on a regulated or similar market	-	-
Not traded on a regulated or similar market	-	-
Debt securities	**-**	**27,007,431.12**
Traded on a regulated market or similar	-	27,007,431.12
Transferable debt securities	-	27,007,431.12
Other debt securities	-	-
Not traded on a regulated or similar market	-	-
Mutual funds	**13,263,151.27**	**3,483,003.43**
General purpose UCITS and AIFs aimed at non-professionals and equivalents in other countries	13,263,151.27	3,483,003.43
Other Funds aimed at non-professionals and equivalents in other Member States of the European Union	-	-
General purpose professional funds and equivalents in other Member States of the European Union and listed securitisation vehicles	-	-
Other professional investment funds and equivalents in other Member States of the European Union and unlisted securitisation vehicles	-	-
Other non-European vehicles	-	-
Temporary transactions on securities	**-**	**-**
Receivables representative of securities under repurchase agreements	-	-
Receivables representative of securities lent	-	-
Securities borrowed	-	-
Securities given under a repurchase agreement	-	-
Other temporary transactions	-	-
Financial contracts	**-**	**9,450.00**
Transactions on a regulated or similar market	-	9,450.00
Other transactions	-	-
Other financial instruments	**-**	**-**
Receivables	**7,099.03**	**260,753.95**
Foreign exchange forward transactions	-	-
Other	7,099.03	260,753.95
Financial accounts	**-**	**4,701,692.19**
Liquid assets	-	4,701,692.19
Total assets	**13,270,250.30**	**35,462,330.69**

Balance sheet as at 30 December 2016 (in euros)

BALANCE SHEET LIABILITIES

	30/12/2016	31/12/2015
Equity		
Capital	**15,865,743.20**	**39,816,484.27**
Previous net capital gains and losses not distributed (a)	**-**	**-**
Carry forward (a)	**-**	**-**
Net capital gains and losses for the financial year (a, b)	**-2,470,361.78**	**-3,965,273.67**
Result for the financial year (a, b)	**-138,655.24**	**-431,254.52**
Equity total	**13,256,726.18**	**35,419,956.08**
(= Amount representative of net assets)		
Financial instruments	**-**	**9,450.00**
Purchase and sale transactions on financial instruments	**-**	**-**
Temporary transactions on securities	**-**	**-**
Payables representative of securities given under a repurchase agreement	-	-
Payables representative of securities borrowed	-	-
Other temporary transactions	-	-
Financial contracts	**-**	**9,450.00**
Transactions on a regulated or similar market	-	9,450.00
Other transactions	-	-
Payables	**13,450.97**	**32,924.61**
Foreign exchange forward transactions	-	-
Other	13,450.97	32,924.61
Financial accounts	**73.15**	**-**
Current bank credit facilities	73.15	-
Borrowing	-	-
Total liabilities	**13,270,250.30**	**35,462,330.69**

(a) Including accrual accounts
(b) Minus advances paid in respect of financial year

Off-balance sheet (in euros)

	30/12/2016	31/12/2015
HEDGING TRANSACTIONS		
Commitments on regulated or similar markets	**-**	**-**
OTC commitments	**-**	**-**
Other commitments	**-**	**-**
OTHER TRANSACTIONS		
Commitments on regulated or similar markets	**-**	**2,693,000.00**
EQUITIES	-	2,693,000.00
PURCHASE - FUTURE - DAX INDEX	-	2,693,000.00
OTC commitments	**-**	**-**
Other commitments	**-**	**-**

Profit and loss account (in euros)

	30/12/2016	31/12/2015
Income on financial transactions		
Income on deposits and financial accounts	5.77	-
Income on shares and similar securities	-	-
Income on bonds and similar securities	-	-
Income on debt securities	-	-
Income on acquisitions and temporary purchase and sale of securities	-	-
Income on financial contracts	-	-
Other financial income	-	-
Total (I)	**5.77**	**-**
Expenses on financial transactions		
Expenses on acquisitions and temporary purchase and sale of securities	-	-
Expenses on financial contracts	-	-
Expenses on financial receivables	5,483.15	4,273.52
Other financial expenses	-	-
Total (II)	**5,483.15**	**4,273.52**
Result on financial transactions (I-II)	**-5,477.38**	**-4,273.52**
Other income (III)	-	-
Management fees and allocations to amortisation (IV)	258,059.14	624,981.28
Net result for financial year (L. 214-17-1) (I - II + III - IV)	**-263,536.52**	**-629,254.80**
Adjustment of income for financial year (V)	124,881.28	198,000.28
Advances on result paid in respect of financial year (VI)	-	-
Result (I - II + III - IV +/- V - VI)	**-138,655.24**	**-431,254.52**

APPENDIX

Accounting rules and methods

The Fund has complied with the accounting rules established by the Accounting Standards Authority regulation no. 2014-01 of 14 January 2014 on the accounting plan of SICAVs.

The rules for valuation are fixed, under its responsibility, by the management company.

The accounting currency for the fund is the euro.

The net asset value is calculated every non-holiday trading day worked in Paris and Frankfurt, and is dated that same day.
However, on the final day of the year, if the Paris and Frankfurt stock exchange is closed, a net asset value will be calculated based on the latest known prices. However, this will not be used for Subscriptions/Redemptions.

The accounts relating to the securities portfolio are kept by reference to the historic cost: entries (purchases or subscriptions) and exits (sales or redemptions) are posted based on the acquisition price, excluding costs.
Any exit generates a capital gain or capital loss from sale or redemption and potentially, a redemption bonus.

Accrued coupons on negotiable debt securities are considered on the day of the net asset value date.

The UCI values its securities at the actual value, the value resulting from the market value or in the absence of the existence of any market, from financial methods. The entry value-actual value difference generates a capital gain or loss which shall be posted as "difference in estimate of portfolio".

Description of methods of valuation of balance sheet entries and forward and options transactions

Financial instruments

Equity securities
Nil

Debt securities
Debt securities admitted for trading on a regulated or similar market are valued, under the responsibility of the management company, by comparing the prices of these assets with various sources.

Money market instruments

- Negotiable debt securities (NDS) with a duration on issue, acquisition or residual duration which is less than three months are valued using a linear method up to maturity at the issue or acquisition price or at the last price applied for their valuation at the market price.
- Negotiable debt securities (NDS) with a residual duration of more than three months are valued at the market price at the time of publication of inter-bank market prices.

Unlisted transferable securities

Unlisted transferable securities are valued under the responsibility of the management company using methods based on the asset value and the return, taking into consideration the prices applied at the time of recent significant transactions.

UCI

The securities in the portfolio are I units of the OFI SMART BETA ISR UCITS Master Fund and are valued based on the last known net asset value.

Financial contracts (otherwise known as "futures instruments") within the meaning of Article L.211-1, III of the Monetary and Financial Code.

Financial contracts traded on a regulated or similar market
Futures or options, traded on European regulated or similar markets, are valued at the settlement price, or failing this, based on the closing price.

Financial contracts not traded on a regulated or similar market (i.e. traded over-the-counter)

- *Financial contracts not traded on a regulated or similar market and settled*
  Financial contracts not traded on a regulated or similar market and forming the subject of settlement are valued at the settlement price.
- *Financial contracts not traded on a regulated or similar market and not settled*
  Financial contracts not traded on a regulated or similar market and forming the subject of settlement are valued using mark-to-model or mark-to-market pricing using prices provided by the counterparties.

Acquisitions and temporary purchase and sale of securities

Not applicable

Deposits

Deposits are valued at their book value.

Foreign currencies

Foreign currencies in cash are valued with the prices published daily on the financial databases used by the management company.

Description of off-balance sheet commitments

Futures contracts feature off-balance sheet for their market value, a value equal to the price (or the estimate if the transaction is OTC) multiplied by the number of contracts multiplied by the nominal and potentially translated to the fund posting currency.

Options transactions are translated as an underlying equivalent of the option (quantity x quota x price of underlying x delta potentially translated to fund posting currency).

Description of method followed for posting income from securities with fixed income

Result is calculated based on coupons cashed. Coupons accrued on the day of the valuations constitute an element of the valuation difference.

Option chosen regarding posting of costs

The mutual fund has opted for posting with costs excluded.

Description of the method for calculating fixed management fees

Management fees are directly charged to the profit and loss account of the UCI, on calculation of each net asset value. The maximum rate applied on the basis of net assets may not be more than:

- 1.00% (including tax); all UCI included, for the category of I units up to 24 November 2016, then 0.10% (including tax); all UCI included from 25 November 2016
- 2.00% (including tax); all UCI included, for the category of R units up to 24 November 2016, then 1.65% (including tax); all UCI included from 25 November 2016

These fees cover all costs charged directly to the UCI, with the exception of transactions costs. Transaction costs include brokerage fees (brokerage, stock market taxes, etc.) and turnover commission.

The following may be added to the operating and management fees:

- outperformance commission. This remunerates the management company once the UCI has exceeded its objectives. It is therefore charged to the UCI;
- turnover fee charged to the UCI;

Description of the method for calculating variable management fees

Variable fees correspond to an outperformance commission, which will represent a maximum of 10% (including tax) of the difference between the Fund's performance and that of the Euro Stoxx 50 reinvested dividends. In the event of redemptions, the provisioned share is retained by the management company.

The outperformance commission is provisioned, if necessary, for each net asset value, and is annually adjusted on the final working day of June on each year. The provision between two net asset values will be adjusted through an allocation or a reversal. Provision reversals will be capped at the amounts for previous allocations.

Outperfomance commissions were first deducted on 30/06/2013. Outperfomance commissions for I units were deducted on 30/06/2014
Outperformance commissions are charged directly to the profit and loss account for the fund.

Variable management fees have been abolished from 25 November 2016 onwards.

Description of the method for calculating fixed management fees of the OFI SMART BETA ISR UCITS Master Fund

Management fees are directly charged to the profit and loss account of the UCITS, on calculation of each net asset value. The maximum rate applied on the basis of net assets may not be more than 0.35% (including tax); all UCI included on XL units.

Description of the method for calculating variable management fees of the OFI SMART BETA ISR UCITS Master Fund

The variable management fees correspond to 20% (including tax) of the performance exceeding the Euro Stoxx Reinvested Net Dividends index. These will be provisioned on each net asset value.

Allocation of distributable sums

Distributable amounts relating to the net result:

Pure capitalisation: the distributable sums relating to the net result are capitalised in full, except those forming the subject of mandatory distribution by virtue of the law;

Distributable sums relating to capital gains made:

The management company decides, each year, on allocation of the capital gains made. The management company may decide on the payment of exceptional part payments.

Evolution of net assets of the UCI (in euros)

		30/12/2016	31/12/2015
Net assets at the beginning of the financial year		**35,419,956.08**	**68,644,369.04**
Subscriptions (including subscription fees retained by the UCI)		3,222,070.77	10,986,402.54
Redemptions (after deduction of redemption fees retained by the UCI)		-22,310,944.54	-39,403,386.00
Capital gains made on deposits and financial instruments		7,813.64	19,484.27
Capital losses made on deposits and financial instruments		-73,043.62	-62,976.42
Capital gains made on financial contracts		5,662,171.26	19,598,873.18
Capital losses made on financial contracts		-9,118,930.21	-23,927,801.08
Transaction costs		-112,001.86	-265,512.34
Exchange differences		-1,419.90	41,075.68
Change in difference in estimate of deposits and financial instruments		833,876.39	-20,372.99
Difference of estimate financial year N	822,534.03		
Difference of estimate financial year N - 1	-11,342.36		
Change in difference in estimate of financial contracts		-9,450.00	439,055.00
Difference of estimate financial year N	-		
Difference of estimate financial year N - 1	9,450.00		
Distribution for the previous financial year on net capital gains and losses		-	-
Distribution for the previous financial year on result		-	-
Net result of the financial year before accruals account		-263,536.52	-629,254.80
Advance(s) paid during financial year on net capital gains and losses		-	-
Advance(s) paid during financial year on result		-	-
Other elements		164.69(1)	-
Net assets at the end of the financial year		**13,256,726.18**	**35,419,956.08**

(1) Adjustment coupon

Allocation by legal or economic nature

Designation of securities	Nominal	%
Assets		
Bonds and similar securities	**-**	**-**
Indexed bonds	-	-
Convertible Bonds	-	-
Equity securities	-	-
Other bonds	-	-
Debt securities	**-**	**-**
Short-term negotiable securities	-	-
Medium-term negotiable securities	-	-
Liabilities		
Purchase and sale transactions on financial instruments	**-**	**-**
Shares and similar securities	-	-
Bonds and similar securities	-	-
Debt securities	-	-
Other	-	-
Off-balance sheet		
Rate	-	-
Equities	-	-
Credit	-	-
Other	-	-

Allocation by nature of rate

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Assets								
Deposits	-	-	-	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-
Liabilities								
Temporary transactions on securities	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	73.15	0.00

Allocation by nature of rate (continued)

	Fixed rate	%	Variable rate	%	Revisable rate	%	Other	%
Off-balance sheet								
Hedging transactions	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-

Allocation by residual maturity

	< 3 months	%	]3 months - 1 year]	%	]1 - 3 years]	%	]3 - 5 years]	%	> 5 years	%
Assets										
Deposits	-	-	-	-	-	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-	-	-
Liabilities										
Temporary transactions on securities	-	-	-	-	-	-	-	-	-	-
Financial accounts	73.15	0.00	-	-	-	-	-	-	-	-
Off-balance sheet										
Hedging transactions	-	-	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-	-	-

Allocation by currency

	CHF	%		%		%		%
Assets								
Deposits	-	-	-	-	-	-	-	-
Shares and similar securities	-	-	-	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
UCI	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-

Allocation by currency (continued)

	CHF	%		%		%		%
Liabilities								
Purchase and sale transactions on financial instruments	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Payables	-	-	-	-	-	-	-	-
Financial accounts	0.50	0.00	-	-	-	-	-	-
Off-balance sheet								
Hedging transactions	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-

Sundry debtors and creditors

	30/12/2016
Receivables	
Sale with deferred settlement	6,934.34
Other	164.69
Total receivables	**7,099.03**
Payables	
Provision for fixed management fees payable	-6,590.26
Provision for variable management fees payable	-29.63
Redemptions payable	-6,831.08
Total payables	**-13,450.97**
Total	**-6,351.94**

Subscriptions-redemptions

Category of I units	
Units issued	80.0000
Units redeemed	468.0000
Category of R units	
Units issued	71.6716
Units redeemed	1,657.2229

Commissions

Category of I units	
Amount of subscription fees retained	0.00
Amount of redemption fees retained	0.00
Category of R units	
Amount of subscription fees retained	0.00
Amount of redemption fees retained	0.00

Management fees

Category of I units	
Percentage of fixed management fees	0.94
Performance commission (variable costs)	70,985.87
Retrocession of management fees	-
Category of R units	
Percentage of fixed management fees	1.98
Performance commission (variable costs)	968.99
Retrocession of management fees	-

Commitments received and given

Description of guarantees received by the UCI with notably, mention of capital guarantees

Nil

Other commitments received and/or given

Nil

Other information

Code	Name	Quantity	Price	Current value (in euros)
Current value of financial instruments forming the subject of temporary acquisition				
	Nil			
Current value of financial instruments constituting guarantee deposits				
Financial instruments received as guarantee and not posted on the balance sheet				
	Nil			
Financial instruments given as guarantee and kept in their original entry				
	Nil			
Financial instruments held in the portfolio issued by entities associated with the management company (fund) or with the financial manager(s) (SICAV) and variable capital UCI managed by these entities				

Other information (continued)

Code	Name	Quantity	Price	Current value (in euros)
FR0010436618	OFI SMART BETA ISR XL	168,207.3719	78.85	13,263,151.27

Advances on result paid in respect of financial year

	Date	Total amount	Unit amount	Total tax credits	Unit tax credit
Total advances		-	-	-	-

Advances on net capital gains and losses paid in respect of financial year

	Date	Total amount	Unit amount
Total advances		-	-

Table showing allocation of distributable amounts relating to the result (in euros)

	30/12/2016	31/12/2015
Category of I units		
Sums yet to be allocated		
Carry forward	-	-
Profit/loss	-115,334.96	-360,323.44
Total	**-115,334.96**	**-360,323.44**
Allocation		
Retailing	-	-
Carry forward for the financial year	-	-
Capitalisation	-115,334.96	-360,323.44
Total	**-115,334.96**	**-360,323.44**
Information relating to shares or units conferring entitlement to distribution		
Number of shares or units	-	-
Unit distribution	-	-
Tax credits attached to distribution of result	-	-
Category of R units		
Sums yet to be allocated		
Carry forward	-	-
Profit/loss	-23,320.28	-70,931.08
Total	**-23,320.28**	**-70,931.08**
Allocation		
Retailing	-	-
Carry forward for the financial year	-	-

Table showing allocation of distributable amounts relating to the result (in euros) (continued)

	30/12/2016	31/12/2015
Capitalisation	-23,320.28	-70,931.08
Total	**-23,320.28**	**-70,931.08**
Information relating to shares or units conferring entitlement to distribution		
Number of shares or units	-	-
Unit distribution	-	-
Tax credits attached to distribution of result	-	-

Table showing allocation of distributable sums relating to net capital gains and losses (in euros)

	30/12/2016	31/12/2015
Category of I units		
Sums yet to be allocated		
Previous net capital gains and losses not distributed	-	-
Net capital gains and losses for the financial year	-2,257,189.36	-3,610,171.81
Advances paid on net capital gains and losses for the financial year	-	-
Total	**-2,257,189.36**	**-3,610,171.81**
Allocation		
Retailing	-	-
Net capital gains and losses not distributed	-	-
Capitalisation	-2,257,189.36	-3,610,171.81
Total	**-2,257,189.36**	**-3,610,171.81**
Information relating to shares or units conferring entitlement to distribution		
Number of shares or units	286.0000	674.0000
Unit distribution	-	-
Category of R units		
Sums yet to be allocated		
Previous net capital gains and losses not distributed	-	-
Net capital gains and losses for the financial year	-213,172.42	-355,101.86
Advances paid on net capital gains and losses for the financial year	-	-
Total	**-213,172.42**	**-355,101.86**
Allocation		
Retailing	-	-
Net capital gains and losses not distributed	-	-
Capitalisation	-213,172.42	-355,101.86
Total	**-213,172.42**	**-355,101.86**
Information relating to shares or units conferring entitlement to distribution		
Number of shares or units	1,137.8115	2,723.3628
Unit distribution	-	-

Table showing results and other characteristic elements of the UCI during the last five financial years (in euros)

	30/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Net assets					
in EUR	13,256,726.18	35,419,956.08	68,644,369.04	57,667,762.26	7,995,594.87
Number of securities					
Category of I units	286.0000	674.0000	1,064.2977	779.0000	-
Category of R units	1,137.8115	2,723.3628	8,762.6118	10,528.4560	6,452.0000
Unit net asset value					
Category of I units in EUR	42,306.57	47,854.70	53,657.76	55,455.75	-
Category of R units in EUR	1,016.90	1,162.49	1,316.56	1,374.15	1,239.24
Unit distribution on net capital gains and losses (including advances)					
Category of I units in EUR	-	-	-	-	-
Category of R units in EUR	-	-	-	-	-
Unit distribution on result (including advances)					
Category of I units in EUR	-	-	-	-	-
Category of R units in EUR	-	-	-	-	-
Unit tax credit transferred to bearer (individuals)					
Category of I units in EUR	-	-	-	-	-
Category of R units in EUR	-	-	-	-	-
Unit capitalization					
Category of I units in EUR	-8,295.53	-5,890.94	-206.06	3,454.14	-
Category of R units in EUR	-207.84	-156.43	-18.39	65.69	214.40

Portfolio inventory as at 30 December 2016

Designation of securities	Currency	Qty No. or nominal value	Market value	% Net Assets
Deposits			**-**	**-**
Financial instruments				
Shares and similar securities			**-**	**-**
Traded on a regulated or similar market			-	-
Not traded on a regulated or similar market			-	-
Bonds and similar securities			**-**	**-**
Traded on a regulated or similar market			-	-
Not traded on a regulated or similar market			-	-
Debt securities			**-**	**-**
Traded on a regulated market or similar			-	-
Transferable debt securities			-	-
Other debt securities			-	-
Not traded on a regulated or similar market			-	-
Mutual funds			**13,263,151.27**	**100.05**
General purpose UCITS and AIFs aimed at non-professionals and equivalents in other countries			13,263,151.27	100.05
OFI SMART BETA ISR XL	EUR	168,207.3719	13,263,151.27	100.05
Other Funds aimed at non-professionals and equivalents in other Member States of the European Union			-	-
General purpose professional funds and equivalents in other Member States of the European Union and listed securitisation vehicles			-	-
Other professional investment funds and equivalents in other Member States of the European Union and unlisted securitisation vehicles			-	-
Other non-European vehicles			-	-
Temporary transactions on securities			**-**	**-**
Receivables representative of securities under repurchase agreements			-	-
Receivables representative of securities lent			-	-
Securities borrowed			-	-
Securities given under a repurchase agreement			-	-
Payables representative of securities given under a repurchase agreement			-	-
Payables representative of securities borrowed			-	-
Other temporary transactions			-	-
Purchase and sale transactions on financial instruments			**-**	**-**
Financial contracts			**-**	**-**
Transactions on a regulated or similar market			-	-
Other transactions			-	-
Other financial instruments			**-**	**-**
Receivables			**7,099.03**	**0.05**
Payables			**-13,450.97**	**-0.10**
Financial accounts			**-73.15**	**0.00**
NET ASSETS			**13,256,726.18**	**100.00**

AUDITOR'S REPORT
ON THE ANNUAL ACCOUNTS
Financial year ended on 30 December 2016

OFI KAPPASTOCKS
UCITS CONSTITUTED IN THE FORM OF A MUTUAL FUND
FEEDER
Governed by the Monetary and Financial Code

Management Company
OFI ASSET MANAGEMENT
22, rue Vernier
75017 PARIS

Ladies and gentlemen,

In execution of the task entrusted to us by the managing bodies of the management company, we would like to present to you our report relating to the financial year ended on 30 December 2016, concerning:

- the audit of the annual accounts of the UCITS constituted in the form of the mutual feeder fund OFI KAPPASTOCKS, as they are attached to this report;
- justification of our assessments;
- the specific checks and information provided for by law.

The annual accounts were drawn up under the responsibility of the management company. It is our responsibility, based on our audit, to express an opinion on these accounts.

1. OPINION ON THE ANNUAL ACCOUNTS

We carried out our audit according to the applicable norms of professional fiscal year in France; these rules require implementation of measures making it possible to obtain reasonable assurance that the annual accounts do not contain any significant anomalies. An audit consists of verifying, using spot checks or other selection methods, the elements justifying amounts and information featuring in the annual accounts. It also consists of assessing the accounting principles applied, the significant estimates used and the overall presentation of the accounts. We consider that the elements which we have gathered are sufficient and appropriate in order to form our opinion.

We certify that the annual accounts are, in the light of French accounting rules and principles, due and proper and sincere, and give a faithful image of the result of the operations in the past financial year, and of the financial situation and assets of the UCITS constituted in the form of a mutual feeder fund at the end of that financial year.

2. JUSTIFICATION OF OUR ASSESSMENTS

Under the provisions of Article L.823-9 of the Commercial Code relating to justification of our assessments, we would like to advise you that the assessments we have carried out concerned the appropriate nature of the accounting principles applied and also the reasonable nature of the significant estimates applied.

The assessments made in this way form part of our procedure for auditing annual accounts, considered as a whole, and have therefore contributed to the formation of our opinion expressed in the first part of this report.

3. - SPECIFIC CHECKS AND INFORMATION

In accordance with the rules of professional practice applicable in France, we also carried out the specific checks provided for by law.

We do not have any observations to make on the genuine nature or concordance with the annual accounts of the information given in the management report and in the documents sent to unit-holders on the financial situation and the annual accounts.

Given the delay in obtaining some additional information needed to complete our work, this reported is issued on the date in the electronic signature.

Neuilly-sur-Seine, date of electronic signature

Document authenticated by electronic signature

The Auditor
PricewaterhouseCoopers Audit

Frédéric SELLAM

This report supersedes and replaces the previous report issued on 24 May 2017.