

OFI Rs Euro Convertible Bond Defensive

Diversified mutual fund

Half-yearly report



31 March 2017

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 Exane Eurozone Convertible Bond index (Bloomberg code EZCIEZCI Index), calculated with reinvested coupons.

The Exane Eurozone Convertible Bond index is made up of 50 convertible bonds. It is representative of the market of eurozone convertible bonds belonging to all sectors. This index is available at www.exane.com and on Bloomberg: code EZCIEZCI Index. It is calculated once a day on closing prices.

However, the Fund is not seeking to reproduce the performance of this index in one way or another.

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. Furthermore, the portfolio will be invested, secondarily, in shares originating 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 prospectus, volatility) of products. The investment strategy does not envisage any allocation by small / medium / large capitalisations.

The recommendations for allocations on asset classes, sectors and geographic zones, made by a Committee within the Management Company, are based on the strategy allocation of the portfolio.

The sector-based and geographic distributions of the portfolio result 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.

Fundamental analysis of shares and fundamental analysis of credit, along with analysis of the technical features of the products (volatility/convexity, special situations, primary market, issue prospectus) result in a selection of underlying assets and

subsequently, products constituting the portfolio.

Global exposure to the share and interest rate market is adjusted with futures and options on share and interest rate indices.

The range of sensitivity to interest rates, within which the Fund is managed, is between 0 and 5.

The particular feature of the Fund is that its share sensitivity is between 10% and 30%. Share sensitivity is the indicator which measures the fluctuation in the price of a convertible bond compared to the fluctuation in the price of the underlying asset.

Due to its management strategy, the IC unit is not exposed to the foreign exchange risk.

*The manager complements his study with the analysis of non-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 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 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, and this is available at www.ofi-am.

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 UCITS is a UCITS classified as "Diversified". 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 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 drop if interest rates rise.

Share risk

The UCITS is invested or exposed on one or more share markets which may experience marked fluctuations. 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 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 of one of these counterparties, possibly resulting in failure to pay which will 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. If the rating is downgraded, the net asset value of the UCITS will fall.

Risk associated with small Cap

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 and in a downward direction and will in this latter case, generate a drop in the net asset value.

Consequently, the investor may also be exposed to the following risk:

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 DURING CURRENT HALF-YEAR

From 17 January 2017, change of name to OFI RS EURO CONVERTIBLE BOND DEFENSIVE.

CHANGES DURING PREVIOUS HALF-YEAR

From 1 April 2016, the changes were as follows:

- Integration of SRI filter into the investment policy
- Change in risk and reward profile
- Change in management objective
- Change of name to OFI CONVERTIBLES TAUX EURO ISR
- Change of benchmark to the Exane Eurozone Convertible Bond index
- Change of share sensitivity range, now between 10% and 30%.

Then, on 2 May 2016, following the change of benchmark, the formula for calculation of the outperformance commission was changed, and became equal to 15% above the benchmark, the Exane Eurozone Convertible Bond Index, and change to the period for charging variable management fees, which runs from 1 May to 31 April each year.

And lastly, change in depositary in favour of CACEIS BANK FRANCE on 6 May 2016 from 12:01 and change in valuer.

FUTURE CHANGE

Nil.

INFORMATION RELATING TO SECURITIES FINANCING TRANSACTIONS AND THE RE-USE

As of 31 March 2017, the Fund had performed neither financing transactions on securities nor total return swaps.

Statement of assets

Elements on the statement of assets	Amount on the periodic statement
Eligible financial securities mentioned in Article L. 214-20 (1)(1) of the Monetary and Financial Code	44,935,501.12
Bank assets	-
Other assets held by the UCI	5,628,242.51
Total assets held by the UCI	50,563,743.63
Financial accounts	-22,111.26
Financial instruments and Receivables	-480,592.77
Total liabilities	-502,704.03
Net asset value	50,061,039.60

Changes in net assets

	31/03/2017	30/09/2016	30/09/2015	30/09/2014	30/09/2013	28/09/2012
NET ASSETS						
in EUR	50,061,039.60	37,850,323.94	43,065,801.37	189,120,160.20	214,365,628.28	258,278,708.64
Number of securities						
Category of IC units	92,728.9808	77,417.3687	90,706.5055	278,021.1424	407,786.1026	642,322.5370
Category of ID units	74,479.6305	50,715.7400	63,515.6348	226,535.9458	177,035.7483	190,582.0203
Category of I CHF H units	-	-	-	516,465.0461	488,565.0461	284,077.5983
Unit net asset value						
Category of IC EUR units	334.92	326.14	308.51	315.31	313.18	293.94
Category of ID EUR units	255.15	248.46	237.44	247.56	251.27	242.13
Category of I CHF H CHF units	-	-	-(1)	106.04 ⁽²⁾	105.65 ⁽³⁾	99.26 ⁽⁴⁾
Unit distribution on net capital gains and losses (including advances)						
Category of ID units						
in EUR	-	-	1.41	-	-	-
Date of distribution	-	-	03/02/2016	-	-	-
Unit distribution on result (including advances)						
Category of ID units						
in EUR	-	-	0.96	4.84	5.48	6.43
Date of distribution	-	-	03/02/2016	30/01/2015	21/01/2014	12/02/2013
Unit tax credit transferred to bearer (individuals)						
Category of IC EUR units	-	-	-	-	-	-
Category of ID EUR units	-	-	-	-	-	-
Category of I CHF H EUR units	-	-	-	-	-	-
Unit capitalisation						
Category of IC EUR units	-	4.45	34.80	2.81	6.75	7.72
Category of ID EUR units	-	2.03	24.69	-2.64	-	-
Category of I CHF H EUR units	-	-	-	2.46	1.86	2.17

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

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

(3) The exchange value of the net asset value (in CHF) is EUR 86.31.

(4) The exchange value of the net asset value (in CHF) is EUR 82.10.

(5) 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

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.	89.76	88.87
Shares	1.59	1.58
NOKIA (AB) OY	1.59	1.58
Bonds	88.17	87.29
ACSSM 2 5/8 10/22/2018	3.96	3.92
AIRBUS GRO ZCP 14/06/2021 EMTN	5.54	5.49
AMOENE 3.375% 06/03/2018	2.14	2.12
AMXLMM 0 05/28/2020	1.95	1.93
ASTIM 4.5% 31/01/2019	1.05	1.04
CA ZCP 03/10/2019	1.42	1.40
CAIXAB 1 11/25/2017	1.44	1.42
DEUT WOHN 0.875% 08/09/2021 CV	3.12	3.09
DEUTSCHE POST AG 0.6% 06/12/2019	2.74	2.72
ECONOCOM GROUP 1.5% 15/01/2019CV	0.55	0.54
FF GROU FI 1.75% 03/07/2019 CV	1.90	1.88
FIELDLINK NV 3.75% 22/12/2021 CV	1.90	1.89
FONC DES REG 0.875% 01/04/2019ORA	2.36	2.34
FRESEN 0% 24/09/2019	3.38	3.34
FUGRO NV 4.0% 26/10/2021	1.73	1.71
HANI FINA DEUT ZCP 12/05/2020 CV	2.09	2.07
IMMOFINANZ AG 2.0% 24/01/2024	2.08	2.06
INDR SIST 1.25% 07/10/2023	2.54	2.51
INGENICO ZCP 26/06/2022CV	3.52	3.49
LOYALTOUCH 4.2% 22/06/2012CV - EN LIQUIDATION	0.00	0.00
MTU AERO ENGI 0.125% 17/05/2023	2.81	2.78
NEOP FRAN S 3.375% PERP CV	4.27	4.22
NEX 0.125% 01/01/2023 CV	1.98	1.96
ORPEA 1.75% 01/2020 CV	1.76	1.74
PROXIMANIA 4.2% 07-12 CV	0.00	0.00
RAG STIFTUNG ZCP 16/03/2023	5.26	5.21
RALLYE 1% 02/10/2020	1.69	1.68
REMY COIN 0.125% 07/09/2026	2.30	2.28
SAGERPAR 0.375% 10/2018 CV	3.25	3.22
SALZ FINA BV ZCP 05/06/2022	2.43	2.40
SUEZ ZCP 27/02/2020 CV	2.15	2.13
TELE ITAL SPA 1.125% 26/03/2022	4.89	4.84
TELE ZCP 09/03/2021 EMTN	3.49	3.46
VACFP 3 1/2 10/01/2019	1.55	1.53
VEOL ENVI ZCP 15/03/2021	2.71	2.68
WERELDHAVE NV 1.0% 22/05/2019CV	2.22	2.20
Debt securities	-	-

Securities portfolio

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
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(1)(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	-	-
Variable capital UCI	-	-
OFI RS LIQUIDITES	7.76	7.68
Shares	7.76	7.68
Bonds	7.76	7.68
Debt securities	7.76	7.68
	-	-
	-	-
	-	-

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.	27,613,225.06	17,001,598.01
Shares	-	617,253.66
Bonds	25,113,260.48	12,884,344.35
Debt securities	2,499,964.58	3,500,000.00
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	-	-

**Indication of movements occurring in the composition of the securities portfolio,
during the reference period (continued)**

Elements of the securities portfolio	Movements (in amount)	
	Acquisitions	Purchase and sale
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(1)(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	9,982,790.94	9,025,453.46
Variable capital UCI	9,982,790.94	9,025,453.46

Promoters: OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris
Management Company: OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris
Depository and Custodian: CACEIS BANK FRANCE - 1-3 place Valhubert - 75206 Paris CEDEX 13
Administrative and accounts management: CACEIS FU
 ND ADMINISTRATION - 1-3 place Valhubert - 75206 Paris CEDEX 13

ADDITIONAL INFORMATION FOR INVESTORS IN GERMANY

OFI Asset Management has notified the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) of its intention to distribute the units of the Fund OFI RS EURO CONVERTIBLE BOND DEFENSIVE in the Federal Republic of Germany and has been authorized to distribute the units in the Federal Republic of Germany upon completion of the notification procedure.

Paying and Information Agent

Bremer Kreditbank AG, a bank established under the laws of Germany, having its registered office at Wachtstrasse 16, 28195 Bremen, registered with the Bremen Trade Registry, number HRB 4188, has undertaken the function of Paying and Information Agent for the Fund in the Federal Republic of Germany (the "German Paying and Information Agent")

Information and Documents

For unit-holders resident in Germany, the following documents are available for inspection in hard copy, free of charge and upon request at the German Paying and Information Agent:

- Prospectus
- Key Investor Information Documents
- Articles of Incorporation
- The latest annual report, and the most recent semi-annual report, if published thereafter
- Custody and Administration Agreements
- Paying Agency Agreement

Any other information to the Shareholders will be sent to the Shareholders by post. The issue, redemption and conversion prices of shares will be published on the website: www.ofi-am.fr.

Additionally, communications to investors in Germany will be published in a durable medium, further to the requirements of Article 167 of the German Investment Code in the following cases: suspension of the redemption of the shares, termination of the management of the fund or its liquidation, any amendments to the Articles of Incorporation which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool, merger of the fund with one or more other funds and the change of the fund into a feeder fund or the modification of a master fund.

Applications for the redemption and conversion of shares may be sent to the German Paying and Information Agent.

All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Paying and Information Agent.