

MANAGEMENT DIRECTION

Management objective

The objective of the UCITS is to achieve performance above that of its benchmark, by mainly investing the portfolio in European convertible bonds.

Benchmark

The benchmark is the Thomson Reuters Europe Focus Hedged Convertible Bond Index (EUR), calculated with reinvested coupons.

This index is calculated by MACE Advisers, a company in the Thomson Reuters group. It brings together European convertibles satisfying minimum liquidity and balanced (share/bond) risk profile criteria. It can be found at <http://thomsonreuters.com/> and via Bloomberg: Code UCBIFX21 Index.

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

Management strategy

As a minimum, 60% of the net assets of the SICAV are invested in European convertible bonds. It will be exposed continuously on one or more European 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 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 UCITS is managed, is between 0 and 5.

The manager complements its study with the analysis of non-financial criteria in order to favour a "Socially Responsible

Investment" (SRI) selection of companies in the portfolio. The eligible investment universe is defined by the exclusion of 15% 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 2,200 currently).

This study is carried out taking into account Environmental, Social and Governance issues. The mutual fund adheres to the AFG Eurosif Transparency Code for SRI funds open to the public, available at www.ofi-am.fr. This Code describes in detail the non-financial analysis method, along with the SRI selection process applied.

No particular limit in terms of rating or in terms of duration has been introduced.

The UCITS may use financial contracts, traded on French and foreign regulated and organised and/or OTC markets, in order to hedge or expose the portfolio, notably to share and interest rate risks, through the use of instruments such as futures contracts or options.

The manager may take positions with a view to hedging against the credit risk associated with the bonds held in the portfolio.

The manager is also authorised to carry out transactions which hedge against the foreign exchange risk associated with holding securities denominated in currencies other than the euro (maximum currency exposure of 5%).

Risk profile

The SICAV 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.

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 may result in a significant reduction in the net asset value of the UCITS.

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 may therefore drop if interest rates rise.

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.

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 return, they offer higher levels of return, but can significantly reduce the net asset value of the UCITS.

Foreign exchange risk

This is the risk of foreign currency fluctuation affecting the value of the stocks held by the UCITS. 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 in the foreign currency rate other than the euro.

Risk associated with holding small securities

On account of its management direction, the SICAV 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 than a downward direction and may generate marked fluctuations in the net asset value.

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

Risk associated with investment in certain UCITS

The UCITS may invest in a certain number of UCITS or investment (FCPR, FCIMT, FCPI, alternative management UCITS) for which there is a risk associated with alternative management (that is, management decorrelated from any market index). The UCITS is exposed to a liquidity risk or a risk of fluctuation in its net asset value by investing in this type of UCITS or investment.

CHANGE DURING CURRENT HALF-YEAR

Nil.

CHANGE DURING PREVIOUS HALF-YEAR

Since 13 April 2015, change in method for collecting variable management fees: The outperformance commission was equal to 15% incl. tax of the performance above the benchmark composite. The benchmark composite being the weighted amount of the Stoxx Europe 50 index calculated exclusive of dividends, with a coefficient of 40% and the JPMorgan Credit Index BBB 3-5 year index, with coupons reinvested, with a coefficient of 60%. In the case of negative absolute performance, when the relative performance of the Fund is positive, this same outperformance commission shall also be collected but limited to 1.5% of the Net Assets.

FUTURE CHANGE

From 1 April 2016 onwards:

- Integration of SRI filter into the investment policy
- Change in risk and reward profile
- Change in management objective
- Change of name to OFI CONVERTIBLES ISR
- Introduction of swing pricing
- Change of benchmark in favour of the Thomson Reuters Europe Focus Hedged Convertible Bond Index.

Then, from 2 May 2016 onwards, following the change of benchmark, the formula for calculation of the outperformance commission changed, and became equal to 15% above the benchmark, the Thomson Reuters Europe Focus Hedged Convertible Bond Index, and change to the period for charging variable management fees, which will run from 1 May to 31 April each year.

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	139,310,049.19
Bank assets	2,416,916.30
Other assets held by the UCI	40,967,621.33
Total assets held by the UCI	182,694,586.82
Financial accounts	-27,747.91
Financial instruments and Receivables	-33,327,568.89
Total liabilities	-33,355,316.80
Net asset value	149,339,270.02

Changes in net assets

	31/03/2016	30/09/2015	30/09/2014	30/09/2013	28/09/2012	30/09/2011
NET ASSETS						
in EUR	149,339,270.02	169,307,791.35	232,936,709.24	243,679,443.21	310,046,119.54	308,282,241.99
Number of securities						
Category of C shares	1,036,954.6850	1,100,370.0817	1,627,441.2452	2,445,987.4539	4,616,723.6541	5,402,360.1026
Category of D shares	1,123,109.0000	1,326,909.0000	1,777,909.0000	1,186,795.0000	394,000.0000	-
Unit net asset value						
Category of C EUR shares	71.08	71.59	69.82	67.52	61.87	57.06
Category of D EUR shares	67.34	68.22	67.10	66.15	61.86 ⁽²⁾	-
Unit distribution on net capital gains and losses (including advances)						
in EUR	-	-	-	-	-	-
Unit distribution on net capital gains and losses (including advances)						
Category of D shares						
in EUR	-	0.38	0.59	1.33	1.28	-
Date of distribution	-	03/02/2016	30/01/2015	22/01/2014	12/02/2013	-
Unit tax credit transferred to bearer (individuals)						
Category of C EUR shares	-	-	-	-	-	-
Category of D EUR shares	-	-	-	-	-	-
Unit capitalisation						
Category of C EUR shares	-	3.57	2.68 ⁽¹⁾	1.34	1.48	0.63
Category of D EUR shares	-	3.04	2.00	-	-	-

(1) The unit capitalisation 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.

(2) The category of D units was created on 07/12/2011 with a nominal value of EUR 58.29.

Securities portfolio

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.	87.05	71.16
Shares	9.17	7.50
ATOS ORIGIN	1.58	1.29
ECONOCOM GROUP SA/	0.57	0.46
ESSILOR INTL.	1.58	1.30
FAURECIA	1.82	1.49
KERING	1.31	1.07
NOKIA	0.84	0.69
PUBLICIS GROUPE SA	1.47	1.20
Bonds	77.88	63.66
ACS ACTIV.1,625%19	2.14	1.75
ADIDAS 0,25%19 CV	1.61	1.31
ASSYSTEMFRNPL	2.00	1.63
ASTALDI 4,5%19 CV	1.63	1.33
BALFOUR 1,875%1218	1.64	1.34
BRENNTAG FIN.TV22	0.96	0.78
BRIT LAND 0%09/06/2020	1.45	1.18
CAPGEMORNANEJAN19	1.63	1.33
CRED.AGRICOLE 0%13	1.89	1.55
CRIT.CAIXA 1%17 CV	1.67	1.37
DERWENT 1,125%19	0.94	0.77
DEUTSCHE 0,6%12-19	2.16	1.77
DT WOHNEN 0,875%21	1.33	1.09
E.ON BETEILIG.0%18	2.75	2.25
ECONOCOM GP 1,5%19	2.00	1.63
ELEKTA 2,75%17 CV	2.22	1.82
FDROCEFRN01JAN2017	2.11	1.73
FF GROUP1,75%19 CV	2.11	1.72
FRESENIUS 0%19 CV	2.76	2.26
GBL 1,25%17 GDF	1.36	1.11
GCP TV02/03/2022 CONV.	0.57	0.47
GVM DEB.5,75%0218	1.82	1.49
IMMOFINANZ 4,25%18	2.01	1.64
INDUSTRIV.1,875%17	1.54	1.26
INDUSTRIVAERD.0%19	2.75	2.25
INGENICO OC26JUN22	1.75	1.43
INMARSAT 1,75%17	2.50	2.04
LOYALTOUCOC22JUN12	0.00	0.00
LVMH 0%16-16/02/2021	0.64	0.53
MAUREL 1,625%19 CV	0.83	0.68
NEOPOST TV PERP CV	1.39	1.13
NEXITY0.625%JAN20	1.64	1.34

Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
OHL INVESTMT 4%18	1.47	1.20
ORPEAORNAN E01JAN2	2.33	1.90
PIEVAORA3.5%1OCT19	1.54	1.26
PROXIMANIAOC0712	0.00	0.00
QIAVEN 0,875%21 CV	2.17	1.77
RAG-STIFTUNG 0%18	1.66	1.36
RALLYE 1%02/10/2020 OC	1.35	1.10
ROCKET 3%22 CV	0.55	0.45
SACYR 6,5%11-16	2.01	1.64
SAGERPAR 0,375%18	1.00	0.82
STEINHOFF 1,25%22	1.44	1.18
STM 0%14-03/07/2019 CV	1.81	1.48
SUEZENVOCEANEFEB20	1.28	1.04
TELECOM 1,125%22CV	2.28	1.87
UNIBAIL 0%01/07/2021	1.75	1.43
VODAFONE 0%20 CV	1.44	1.17
Debt securities	-	-
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	6.23	5.10
Shares	-	-
Bonds	6.23	5.10
AMER.MOV.0%28/05/2020	1.78	1.46
BRAIT 2.7% 20CV	1.52	1.24
MARINE 1/8%1120 CV	1.44	1.18
SWISS LIFE 0%20	1.49	1.22
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	5.07	4.14
Variable capital UCI	5.07	4.14

Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
OFI TRESOR ISR	5.07	4.14
Shares	-	-
Bonds	-	-
Debt securities	-	-

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.	13,713,931.29	30,038,787.54
Shares	4,923,390.54	3,573,764.95
Bonds	8,790,540.75	26,465,022.59
Debt securities	-	-
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	2,035,652.48	4,323,110.37
Shares	-	-
Bonds	2,035,652.48	4,323,110.37
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	19,455,639.39	15,659,212.45
Variable capital UCI	19,455,639.39	15,659,212.45

Promoters: OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris
Management Company: OFI ASSET MANAGEMENT - 22 rue Vernier - 75017 Paris
Depository and Custodian: BNP PARIBAS SECURITIES SERVICES
 9 Rue du Débarcadère - 93500 PANTIN
Administrative and accounts management: BNP PARIBAS FUND SERVICES
 9 Rue du Débarcadère - 93500 PANTIN

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 IC and ID** of the Fund **OFI RS EUROPEAN CONVERTIBLE BOND** 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.

Information and Paying 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 Information and Paying Agent for the Fund in the Federal Republic of Germany (the "German Information and Paying 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 Information and Paying 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 Information and Paying Agent. All payments to investors, including redemption proceeds and potential distributions, may, upon request, be paid through the German Information and Paying Agent.