

ANNUAL REPORT

28 September 2012



OFI CONVERTIBLES TAUX EURO

Diversified UCITS

Selling Agent

OFI ASSET MANAGEMENT - 1 rue Vernier - 75017 - Paris

Management Company

OFI ASSET MANAGEMENT - 1 rue Vernier - 75017 - Paris

Depository and Valuator

BNP PARIBAS SECURITIES SERVICES
9 Rue du Débarcadère – 93500 PANTIN

Administration and accounting

BNP PARIBAS FUND SERVICES
9 Rue du Débarcadère – 93500 PANTIN

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INVESTMENT APPROACH

Investment Objective

The purpose of the Fund is to outperform its benchmark, calculated in euros, by investing the portfolio primarily in eurozone convertible bonds. The benchmark is a composite of stock and bond markets benchmarks.

Benchmark

The benchmark is the weighted sum of the Euro Stoxx 50 Index calculated excluding dividends multiplied by a coefficient of 20% and the JPMorgan Credit Index BBB 3-5 year coupons reinvested and multiplied by a coefficient of 80%.

The Fund is actively managed and does not seek to reproduce the performance of this index in any form whatsoever.

Investment Strategy

At least 60% of the Fund's net assets are invested in eurozone convertible bonds. It shall be exposed to one or several interest rate markets in the eurozone. Further, the portfolio shall be invested, on an ancillary basis, in shares resulting solely from the conversion of a bond issue into equity.

The portfolio shall be built and managed using three sources of added value: economic and monetary analysis, financial analysis (stock- and credit-picking) as well as technical analysis (issue prospectus, volatility) of products.

Recommendations from a committee within the management company form the basis of the portfolio's investment strategy.

- The sector and geographic distribution of the portfolio are determined through comparative analysis of the European stock markets and of convertible bond indices.
- The fundamental equity and credit analysis, as well as the analysis of technical particularities of the securities (volatility/convexity, special situations, primary market and issuing prospectus) lead to a selection of the underlying instruments that constitute the portfolio.
- Exposure to the overall stock and interest rate markets is hedged with futures contracts, stock index options and interest rate index options.

The Fund is managed within an interest rate sensitivity range from 0 to 5.

An essential feature of the Fund is equity sensitivity ("delta") of less than 40%. "Delta" is the sensitivity indicator that measures the price variation of a convertible bond in relation to the variation of the price of the underlying stock.

The portfolio is comprised of a minimum of 60% of its net assets in convertible bonds denominated in euros, whereas the issuers or their underlying issues have either their Head Office, or their listing market within the eurozone.

The portfolio may also invest in European bonds and debt securities denominated in euros. The distribution between private/public debt is not pre-determined. Rather, it occurs according to market opportunities.

Other than eurozone securities, which comprise the core of the portfolio, the manager may invest up to 10% of net assets in convertible bonds, bonds and other debt securities outside of the eurozone.

As part of cash management, the manager may resort to the use of money market instruments.

No special limit, whether in terms of rating or of duration, has been established.

The Fund may hold shares resulting from a conversion for which the corresponding percentage shall be in any event less than 10% of assets. There is no pre-established allocation, whether geographical or sectorial.

The Fund may use financial contracts traded on regulated and organised markets in France and abroad and/or over the counter, in order to hedge the portfolio against and/or to expose it to equity or interest rate risks by using instruments such as forward contracts or options.

The Fund can also use credit derivatives in view of hedging the credit risk related to bonds held in portfolio. The portfolio's exposure to this type of instrument will not exceed 100%.

The method used to calculate the global exposure is an absolute VaR approach with a 5% threshold. The Fund is therefore a type B UCITS. Value at risk is a statistical approach used to monitor global exposure.

The regulated level of leverage for this fund (within the meaning of Article 16 of AMF Instruction No. 2011-15), equal to the sum of the nominal value of financial contract positions reported in net assets, is 21% as of 30 April 2012. This level is indicative only as the fund may exceed it.

Risk Profile

Capital and performance risk: Investors are warned that the performance of the Fund may not comply with their objectives and that their capital may not be fully refunded to them since the Fund carries no guarantee or protection of invested capital.

Interest rate risk: Due to its composition, the Fund may be subject to interest rate risk. This risk results from the fact that in general, the price of debt instruments and bonds drops as rates rise. Investors in bonds or other fixed income securities may record losses following fluctuations in the level of interest rates.

Equity risk: The Fund is invested in or exposed to several equity markets that may experience strong fluctuations. The investor's attention is drawn to the fact that variations in the prices of the securities in portfolio and/or market risk could bring about a significant drop in the net asset value of the Fund.

Credit risk: In the event of deterioration of the credit quality of private issuers (as measured by financial rating agencies), or their default, the value of corporate bonds may fall. The net asset value of the Fund will fall as a consequence.

Counterparty risk: This risk is related to the use by the Fund of futures and over-the-counter financial instruments, and/or resorting to purchase transactions and temporary sales of securities. These transactions, concluded with one or several eligible counterparties, potentially expose the Fund to a risk of default of one of these counterparties that may lead to a default that could cause the net asset value to fall.

High Yield Risk: This type of credit risk is applicable to securities considered speculative in nature and which have a higher probability of default than investment grade securities. They offer higher returns as a result, but can significantly reduce the net asset value of the Fund.

Risk from holding small-caps: Due to the fund's investment strategy, the SICAV may be exposed to small and mid-caps and the liquidity risk inherent in them because of their specific characteristics. Due to the limited size of the market, pricing fluctuations of these securities in both directions can cause large volatility in the net asset value.

METHOD CHOSEN BY THE MANAGEMENT COMPANY TO ASSESS THE OVERALL RISK OF THE FUND

The method used to calculate the global exposure is an absolute VaR approach with a 5% threshold.

VaR parameters used to monitor the global exposure of the fund are:

- Confidence level of 95%
- Holding period of 1 week
- Historical data sets going back 2 years. Historical data is used to calibrate a Monte Carlo simulation that will then generate a distribution of future returns for the portfolio and calculate its VaR.

Forward instruments leverage calculated by adding notional values (at year end): 12.36%

Forward instruments leverage as equivalent position in the underlying asset (at year end): 12.36%

Possibility of exceeding this level of leverage: The portfolio's level of leverage, calculated by adding the notional value of derivatives, has historically been less than 100% of the net assets.

Minimum level of VaR (95%, 1 week) during the year*: 0.29%

Maximum level of VaR (95%, 1 week) during the year*: 0.84%

Average level of VaR (95%, 1 week) during the year*: 0.47%

*The portion hedged against currency risk (which is only applied to the CHF unit) has not been taken into account in the calculation of leverage.

CHANGES OCCURRED DURING THE FINANCIAL YEAR

Following the publication of regulation 2011-915 related to UCITS and the modernisation of the legal framework for asset management, transposing into French law European Directive 2009/65/EC, of AMF Instruction 2011-20 of 21 December 2011 and in order to reflect the new visual identity of the OFI Group, the CONVERTIBLES TAUX EURO prospectus was redrafted on 19 June 2012 as follows:

- The strategy states that at least 60% of the Fund net assets be invested in convertible bonds from the eurozone.
- The net assets of the portfolio comprise at least 60% of euro-denominated convertible bonds whose issuers or the underlying assets have either their registered office or their listing within the eurozone.
- The investment strategy also states that apart from eurozone securities, which make up the portfolio's core assets, the fund manager may invest up to 10% of the net assets in convertible bonds, bonds and other debt securities outside the geographical boundaries of Europe.

- The prospectus indicates that the fund manager may occasionally take out intra-day positions, i.e. positions that are bought and sold in the same day in order to take advantage of market opportunities.
- Finally, as the Fund uses an absolute VaR approach with a 5% threshold to calculate its commitment, the regulated level of leverage is now indicated in the investment rules section.

CHANGES TO COME

None.

SELECTION AND EVALUATION PROCEDURE FOR INTERMEDIARIES AND COUNTERPARTIES

(AMF GENERAL REGULATION – ARTICLE No. 321-27)

The OFI Group has put in place a selection and evaluation procedure for market intermediaries facilitating the selection, for every category of financial instruments, of the best market intermediaries and the monitoring of the quality of execution of the orders placed on behalf of the Fund under our management.

A multi-criteria evaluation is conducted biannually by the OFI Group Risk Committee of Brokers and Counterparties. It takes into consideration, as the case requires, several or all of the following criteria:

- Monitoring of the volume of counterparty transactions
- Analysis of counterparty risk and its evolution (a distinction is made between "broker" intermediaries and "bank counterparties").
- Fees charged, as required.
- Feedback concerning transactional incidents raised by managers or middle officers.

The committee validates, by product type, the authorised counterparties with whom the OFI Group fund management might work, and may bring about a reduction in the volumes of orders entrusted to a counterparty or withdraw them temporarily or permanently from the list of authorised service providers according to an escalation process.

INTERMEDIATION FEES

All measures taken for better understanding the new regulatory measures linked to the MIFID may be found on the Group website:

<http://www.ofi-am.fr/inout/animations/espaceMIF.php>.

EXERCISING VOTING RIGHTS

The policy pursued by the management company regarding the exercise of voting rights is the subject of a report that is available on the company's website at the following address:

[http://www.ofi-am.fr/html/document.php?leNom=Exercice_droit_de_vote&leLien=../i nout/groupe/exerciceDroitDeVote.pdf](http://www.ofi-am.fr/html/document.php?leNom=Exercice_droit_de_vote&leLien=../i%20nout/groupe/exerciceDroitDeVote.pdf)

MANAGEMENT COMMENTARY

Economic Outlook

This period was marked by a sharp contrast between increasingly worrying fundamentals and an upward trend in financial markets due to the highly accommodating monetary policies adopted by central banks.

As far as the fundamentals are concerned, the global economy slowed down considerably to record its lowest growth rate for the past 10 years at about 3.5%.

Growth in Western economies was disappointing, even in the United States which seemed to be once again the most robust economy of the major Western countries. Elsewhere, and especially in the eurozone, a climate of mistrust in banks and worries about their sovereign debt commitments had a notable impact. Consumers and businesses have reacted to this situation by being more cautious with their investments. The result of all this was a eurozone tipping towards recession at two speeds. Countries in southern Europe were clearly already in a recession having been forced to adopt austerity measures to reassure bond markets at the worst possible time. The Northern countries on the other hand, led by Germany, were quite robust over the period but began to falter from March 2012 to the end of the period. Emerging markets did not escape unscathed, especially in the conventional export channel. Even China experienced a serious slowdown. The country is going through a phase of political and economic transition which is casting doubts upon its prospects and has begun to weigh more heavily since the spring of 2012.

The silver lining is that commodity prices have since stabilised with a slight upwards trend (DJ-UBS Commodity Index up 6%, Brent up 9%) with the exception of certain agricultural raw materials due to poor harvests (+16%). Gold remained fairly buoyant and rose 10%.

This bleak picture has not yet weighed on the markets, probably because of widespread monetary stimulus policies adopted by central banks around the world. In the United States, the Federal Reserve gave clear guidance to investors: QE3 will continue for as long as it takes to bring about a significant cut in unemployment figures and interest rates will remain near zero for at least 2 more years. Meanwhile in Europe, under the leadership of its new president Mario Draghi, the European Central Bank (ECB) also adopted a more flexible and pragmatic stance, first of all through its long-term refinancing operations (LTRO) and, since the summer of 2012, through its measures to support the sovereign debts of the most-affected areas (Spain, Italy, etc.). The market has since factored in that the eurozone would be saved and that the systemic risk of disintegration has been averted.

Urged on by monetary stimulus and a significant reduction of extreme systemic risk, markets rebounded strongly after a period of sharp decline in the summer of 2011.

The first to benefit were corporate bonds. With so much visibility and certainty about interest rates, investors poured into investment grade and high yield bonds causing spreads to ease significantly. By the end of this period, yields on corporate bonds ranged from 10% to about 25% for riskier, high-yield bonds.

Convertible bonds also rode this positive trend of easing credit spreads, improving by 10% to 15% depending on the area.

Safe-haven government bonds stabilised with extremely low yields, less than 1.5% for the safest 10-year US treasuries and German bunds. In France, the presidential elections had little impact on the spread against German bunds, remaining relatively stable at around 60 basis points. Pressure on Italian and Spanish bonds was relieved by the ECB causing their yields to fall back after peaking at over 7% for 10-year maturities during the period.

This race for yield also benefited emerging market bonds which improved by 17% in local currencies and 15% in major currencies.

The foreign exchange market remained relatively tame with little volatility among the major world currencies: the euro fell by 4% against the dollar, by 3% against the yen and 7% against the pound.

Against this background, equity markets also realised significant gains: the MSCI global equity index rose by nearly 18% in local currencies and 23% in euros. US equities were the best performers with the S&P 500 gaining nearly 30% compared to gains of nearly 20% for the Stoxx 600 index of European equities and 15% for eurozone shares. Emerging market equities also posted gains of slightly under 15%. The disappointments included Japanese equities which remained stable and Chinese equities which fell by nearly 10%.

Convertible Bond Market

After a rather subdued summer of 2011 in the equity and convertibles markets, the period kicked off with an offering of European convertibles, predominantly bonds: 67% convertible bonds (against 40% three months earlier), 30% mixed and only 3% convertible equity (against 15% before the summer), and 38% of the offering with a yield of more than 5% at maturity. During the first half of the year, European convertible bonds moved in step with equity markets, more or less following their trend. The offering's sensitivity varied between 25% and 42%. At the same time, implied volatility changed little, ranging between 29% and 32% (the historical average is around 31%), well above the historical volatilities 2 and 9 months of the underlying assets. This asset class remains very attractive and popular with investors in times of macroeconomic uncertainty. Over these six months, the EURO STOXX 50 index rose by 21% and convertibles (Exane Europe index) by 11.2%. However, concerns about European sovereign debts resurfaced by mid-March 2012. The fear of contagion from Greece to Portugal and then Spain unsettled markets: in just two and a half months, the gains in equity markets were all but wiped out. Convertible bonds held up well during this quarter mainly due to low interest rates. Indeed, the average credit spread for the asset class tightened by more than 200 basis points (bps) while the iTraxx Crossover 5-year narrowed by more than 300 bps. Portuguese convertible bonds were the major driver of this tightening, as they accounted for 11% of the European issues at the beginning of 2012 and offered a yield of more than 15% at that time.

Following three LTROs in February which allowed major banks and member states to refinance, convertibles with maturities of less than three years rallied to finish close to their par values. Their impact on the performance of the Exane Europe index was more than 3.75% for example. Finally, following Mr Draghi's speech at the end of July, rate tensions began to ease, stock markets picked up, credit spreads stabilised and European convertible bonds started rising again, buoyed by investor demand. Over the year, convertible bonds would rise thanks to both their debt component, with the JPMorgan BBB 3-5 years performance during the same period posting 11.69%, and their equity component, with the Stoxx Europe 600 and Stoxx 50 (dividends reinvested) achieving 23.52% and 21.25% respectively. Convertible bonds closed the year on a positive note with the Exane Europe and UBS convertible bond indices up 13.95% and 13.48% respectively for the period. The issuance profile at the end of September 2012 had changed little, with convertible bonds representing 59%, mixed 35% and convertible equity 6%. The average sensitivity across all equities was 37%. Implicit volatility certainly has a negative effect but M&A activity and the increasing importance of various investment portfolios allocated to the zone propped up valuations.

The primary market for European convertible bonds over the period October 2011 to September 2012 produced a good number of surprises. Like last year, fund managers had to wait out long periods of meagre issuance, largely due to macroeconomic events affecting the eurozone. The best periods for activity were the months of February, March and September 2012 as issues during these three months alone reached €9.4 billion out of the €11 billion for the entire year (30 issues). With an average coupon of nearly 3% (4% in 2011), 46% of the shares were issued in EUR, 40% in USD (issuers seeking bridge financing in the USA), 8% in GBP and 5% in ZAR. The Goods & Services, Oil & Gas and Real Estate sectors stood out among the issues. Issuance originated for the most part in the usual countries with 30% from Germany (thanks mainly to the Siemens jumbo issues of \$3 billion, 7 issues in total), 21% from France (7 issues), 18% from Great Britain (5 issues), and 8% from South Africa (3 issues) mainly focused on retail through Shoprite, Steinhoff (buyer of Conforama) and JD Group. Redemptions and/or conversions amounted to €12.8 billion in 2011, which was not offset by new issues. As anticipated, 2011 was one of the worst years ever for the asset class. In 2012, redemptions and/or conversions should amount to €11.2 billion (if all effective calls are exercised), just barely covered by issues at the end of September. The issuance of European convertible bonds closed out the year with an outstanding €66 billion according to Exane.

Management

During the 2011-2012 fiscal year, the outstanding assets of the OFI Convertibles Taux Euro fund remained fairly stable (€258 M at 28/09/2012 compared to €274 M at 30/09/2011, i.e. a decrease of 5%).

Our participation in the primary market remained very selective, subscribing to just two of ten offerings throughout the year: Pescanova 8.75% 2019 and Adidas 0.25% 2019.

As for purchases, we took out additional lines - USG People 3% 2012, Immofinanz 1.25% 2017, Kloeckner 6% 2014 and Silic 2.50% 2017 - and increased our holdings of existing lines including Salzgitter 1.125% 2016, Wereldhave 4.375% 2014 and Ingénico 2.75% 2017.

Over the period we also converted Iliad, MTU and Publicis holdings to shares. The first two were then sold off at high share valuations, as were shares in BE Semiconductor, Trévi and Altergaz which were converted the previous year. Finally, we sold our converted shares in Publicis in September, after a strong rally over the summer (26%). By year-end, the portfolio no longer had any equities. Six convertibles were also redeemed at maturity, accounting for 16% of assets in total: Exonhit 2011, Kuka 2011, Immofinanz 2011, Auréa 2012, Kloeckner 2012, and Jaccar 2012.

Performance

On 28 September 2012, the NAV stood at €293.94 compared to €279.56 on 30 September 2011, i.e. positive performance of 5.14%. In comparison, the 20% equities + 80% fixed income mixed index (which is primarily an indicator of risk and long-term performance) gained 12.45%. The Exane ECI Euro convertibles index meanwhile gained 12.84% over the period.

These figures need to be compared with gains in equity markets: 18.71% for the EURO STOXX 50 (dividends reinvested).

With so much uncertainty in Europe (sovereign debt, non-existent growth, etc.), we continued to steer clear of the banking sector and peripheral countries such as Greece, Italy or Portugal. These countries are strongly represented in the Exane Euro index (four Portuguese securities representing 16% of the index's 29 components), which was beneficial for us last year but penalised us this year, as these four securities were responsible for about 4 percentage points on a total return of 12.84%.

Based on these principles and management decisions, OFI Convertibles Taux Euro underperformed this year compared to its benchmark and other convertible indices. Apart from the fund's prudent profile, this performance also stems from hedging strategies used to cover the equity sensitivity via EURO STOXX 50 futures.

During the year, we did not use credit derivatives, but instead used instruments from forward markets (EUREX, MATIF, MONEP) to adjust the portfolio's exposure. These tactical changes in exposure and hedging were made on highly variable maturities (from one day to several weeks), via EURO STOXX 50 futures, an inexpensive and liquid way to try to capture performance. The equity sensitivity of the portfolio was covered throughout almost the entire year 2011-2012, bringing down exposure to nearly zero percent.

At the end of September 2012, the fund had an equity sensitivity of 2%, 14% excluding hedging, a yield of 2.68% at maturity for an average term to maturity of 2.5 years and a cash holding of 19%. Our liquidity position in the portfolio is driven by our desire to maintain prudent management and be able to quickly seize opportunities on the secondary or primary market (criteria based on price, cash flows, interesting issues, etc.). The fund is composed of 56% convertible bonds and 12% mixed convertibles. The fund no longer has any equity holdings. In terms of distribution by market capitalisation, mid-caps represent 38% of investments, large-caps 23% and small-caps 39%.

BALANCE 28 September 2012 (in euros)

BALANCE SHEET ASSETS

	28/09/2012	30/09/2011
Net capital assets	-	-
Deposits	-	-
Financial instruments	251 733 935,35	268 423 312,13
Equities and similar securities	-	7 152 603,81
Traded on a regulated or similar market	-	7 152 603,81
Not traded on a regulated or similar market	-	-
Bonds and similar securities	206 078 615,65	232 734 797,24
Traded on a regulated or similar market	206 078 615,22	232 734 796,816
Not traded on a regulated or similar market	0,43	0,43
Debt instruments	20 896 745,38	-
Traded on a regulated or similar market	20 896 745,38	-
Tradable debt instruments	20 896 745,38	-
Other debt instruments	-	-
Not traded on a regulated or similar market	-	-
Collective investment schemes	23 536 574,32	26 130 931,08
Harmonised European UCITS and French general purpose UCITS	23 536 574,32	26 130 931,08
UCITS reserved for specific investors - VCMF - FCIMT	-	-
Listed investment funds and securitised debt funds	-	-
Unlisted investment funds and securitised debt funds	-	-
Temporary securities transactions	-	-
Claims representative of securities borrowed under repurchase agreements	-	-
Claims representative of securities lent	-	-
Securities lent	-	-
Securities lent under repurchase agreements	-	-
Other temporary transactions	-	-
Option contracts	1 222 000,00	2 404 980,00
Transactions on a regulated or similar market	1 222 000,00	2 404 980,00
Other transactions	-	-
Other financial instruments	-	-
Claims	25 650 836,08	19 628 252,19
Forward currency transactions	23 256 236,08	13 452 052,19
Other	2 394 600,00	6 176 200,00
Financial accounts	5 625 358,48	2 465 295,19
Liquidity	5 625 358,48	2 465 295,19
Total assets	283 010 129,91	290 516 859,51

BALANCE 28 September 2012 (in euros)

BALANCE SHEET LIABILITIES

	28/09/2012	30/09/2011
Equity		
Capital	251 475 087,72	266 147 361,60
Retained earnings	1 623,32	256,00
Outturn	6 801 997,60	8 112 832,46
Total equity	258 278 708,64	274 260 450,06
(= Sum representing net assets)		
Financial instruments	1 222 000,00	2 404 980,00
Divestitures of financial instruments	-	-
Temporary securities transactions	-	-
Liabilities representative of securities lent under repurchase agreements	-	-
Liabilities representative of securities borrowed	-	-
Other temporary transactions	-	-
Option contracts	1 222 000,00	2 404 980,00
Transactions on a regulated or similar market	1 222 000,00	2 404 980,00
Other transactions	-	-
Liabilities	23 509 421,27	13 851 429,44
Forward currency transactions	23 215 018,63	13 606 531,64
Other	294 402,64	244 897,80
Financial accounts	-	0,01
Bank overdrafts	-	0,01
Borrowings	-	-
Total liabilities	283 010 129,91	290 516 859,51

OFF-BALANCE SHEET (in euros)

	28/09/2012	30/09/2011
HEDGING TRANSACTIONS		
Commitments on regulated or similar markets	31 915 000,00	38 808 000,00
EQUITIES	31 915 000,00	38 808 000,00
VENTE-FUTURE – EURO STOXX 50	31 915 000,00	38 808 000,00
Mutually agreed commitments	-	-
Other commitments	-	-
OTHERS TRANSACTIONS		
Commitments on regulated or similar markets	-	-
Mutually agreed commitments	-	-
Other commitments	-	-

PROFIT AND LOSS ACCOUNT (in euros)

	28/09/2012	30/09/2011
Income from financial transactions		
Income from deposits and on financial accounts	5 556,79	19 992,80
Income from equities and similar securities	110 665,20	1 152,00
Income from bonds and similar securities	10 218 823,38	12 474 990,78
Income from debt instruments	183 999,26	37 023,69
Income from temporary purchase and transfer of securities	-	-
Income from option contracts	-	1 123,13
Other financial income	-	-
Total (1)	10 519 044,63	12 534 282,40
Expenses on financial transactions		
Expenses on temporary purchase and transfer of securities	-	-
Expenses on option contracts	-	-
Expenses on financial liabilities	2 487,80	9 353,36
Other financial expenses	-	-
Total (2)	2 487,80	9 353,36
Income from financial transactions (1 - 2)	10 516 556,83	12 524 929,04
Other income (3)	-	-
Management fees and amortisation and provisions (4)	3 195 081,11	4 818 279,35
Net income for the financial year (1 - 2 + 3 - 4)	7 321 475,72	7 706 649,69
Income equalisation for the financial year (5)	-519 478,12	406 182,77
Prepayments for the tax year (6)	-	-
Profit (Loss) (1 - 2 + 3 - 4 + or - 5 - 6)	6 801 997,60	8 112 832,46

ANNEX

ACCOUNTING RULES AND METHODS

The Fund has complied with the accounting rules stipulated by regulation of the Accounting Regulation Committee n° 2003-02 of 2 October 2003 relative to the Fund chart of accounts modified by regulations n° 2004-09 of 23 November 2004 and n° 2005-07 of 3 November 2005.

The valuation rules are set, under its responsibility, by the Management Company.

The accounting currency for the share is the euro.

The NAV is calculated every Paris trading day, except for legal holidays in France and dated from the same day.

The accounts related to the securities portfolio are kept with reference to the historical cost: inflows (purchases or subscriptions) and outflows (sales or repayments) are accounted for on the basis of the purchase price excluding fees. Any outflow generates a capital gain or loss on transfer or redemption and eventually a redemption premium.

Accrued interest on NDS is recorded on the day of the NAV date.

The Fund values its securities portfolio at the current market value or, where a market does not exist, from financial methods. The difference between the starting value and current value generates a capital gain or loss that is recorded in valuation differentials.

Description of the valuation methods of balance sheet items and closed and conditional futures transactions.

Financial instruments

Capital securities

The capital securities admitted to trading on a regulated or similar market are valued on the basis of the closing price.

Debt securities

Debt securities admitted to trading on a regulated or comparable market are valued on the basis of the closing price.

Money market instruments

- Marketable debt instruments (MDI) with a remaining life of less than three months upon issuance or purchase are valued using a straight-line method until maturity at the rate at which they were issued or purchased or at the last market interest rate used in their valuation.
- Marketable debt instruments (MDI) with residual life greater than three months are valued at the market rates at the time of publication of the interbank market rate.

Non-quoted securities

The management company is responsible for valuing non-quoted securities by using methods based on asset value and yield, taking into consideration the prices recorded for significant recent transactions.

UCITS

UCITS units or shares are valued at the last published net asset value at the effective date of the calculation of the net asset value.

Financial contracts (otherwise designated as “financial futures”) under article L.211-1,III of the Monetary and Financial Code

Financial contracts traded on a regulated or similar exchange

Option contracts, firm or conditional, traded on regulated or similar European markets, are valued during clearing, otherwise on the basis of the closing price.

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

- Financial contracts not traded on a regulated or similar market and that are subject to clearing are valued during clearing.
- Financial contracts not traded on a regulated or similar market and not subject to clearing are valued on a mark-to-model basis or on a mark-to-market basis using the prices provided by the counterparties.

Temporary purchase and transfer of securities

Securities lending/borrowing transactions and securities lent and borrowed under repurchase agreements are valued according to the contractual terms.

Deposits

Deposits are valued at their balance sheet value.

Currencies

Spot purchases are valued with the rates published daily on the financial databases used by the management company.

Description of off-balance-sheet commitments

Futures contracts appear off-balance-sheet for their market value, a value equal to the price (or estimated price if the transaction is carried out OTC) multiplied by the number of contracts multiplied by the nominal and possibly converted into the accounting currency of the fund.

Description of the method used for recording income on fixed-income securities

The result is calculated from accrued interest coupons. Accrued interest to calculation date might result in a valuation difference.

Description of the method for calculating fixed management fees

Management fees are charged directly to the income statement of the fund, when calculating each net asset value. The maximum rate on the basis of the net assets may not be greater than 1.10% Taxes included, all UCITS inclusive. This rate is available for the three kind of Units C - D and I CHF H).

These fees cover all fees billed directly to the Fund, except for transaction fees and, where applicable, the performance fee. The transaction fees include the intermediation costs (brokerage, stock exchange taxes, etc.) and the fees, where applicable, levied by the depositary on each transaction and the management company on transactions on equities, currencies and similar.

The following may be added to operating and management fees:

- Performance fees. These reward the management company if the Fund exceeds its objectives. They are thus billed to the Fund;
- Turnover fees billed to the Fund;

in some cases, a share of the income from transactions involving temporary purchase and transfer of securities.

Description of the methodology to calculate variable management fees

The performance fee is a variable fee. The period of calculation for the outperformance fee extends from 01 April to March 31st every year. At each calculation of the net asset value, the outperformance of the Fund is defined as the positive difference between the valuation of the Fund before taking into account any potential provision for the outperformance commission and the net assets of the valuation of a hypothetical UCITS realising the performance of the benchmark index and recording the same scheme of subscriptions and redemptions as the Fund.

The benchmark is the weighted sum of the DJ EuroStoxx 50 Index calculated excluding dividends, multiplied by a coefficient of 20% and the JPMorgan Credit Index BBB 3-5 year coupons reinvested and multiplied by a coefficient of 80%.

At each calculation of the net asset value, the outperformance commission, defined as equal to 15% (charges and taxed included) over the composite benchmark reference, is the subject of a provision or a write-back limited to the existing provision. Such a provision can only be passed on the condition that the net asset value after taking into account a potential provision for outperformance is above the liquidation value at the beginning of the fiscal year.

In case of redemptions, the management company receives the pro rata portion of the outperformance commission corresponding to the redeemed units. Excluding redemptions, the outperformance commission is received by the management company on the date of the closing of each calculation period.

Par exception, the first period of calculation of Units I CHF H starts on 15 February 2011 and ends on 31 March 2012.

This method applies to three categories of units (C, D and I CHF H).

Allocation of profit

According to measures expressed in the complete Prospectus approved by the Authority of financial markets, the profit is distributed or capitalised according to the kind of Units held by each holder.

Units C: Capitalisation of Income

Units D: Distribution of Income

Units I CHF H: Capitalisation of income

Changes in net assets of the Fund (in euros)

	28/09/2012	30/09/2011
Net assets at the beginning of the financial year	274 260 450,06	234 179 764,64
Subscriptions (including fees granted to the Fund)	74 109 647,26	164 646 031,74
Redemptions (less redemption fees granted to Fund)	-102 996 871,41	-116 126 399,4861
Capital gains on deposits and financial instruments	9 633 801,46	8 686 628,46
Capital losses on deposits and financial instruments	-6 770 155,04	-1 862 538,69
Capital gains on option contracts	9 514 050,00	16 003 870,00
Capital losses on option contracts	-18 930 880,00	-9 698 350,00
Transaction fees	-417 295,76	-447 120,68
Exchange differences	198 751,69	198 104,78
Variation of the estimation difference of deposits and financial instruments	9 797 730,67	-24 487 849,89
Estimation difference financial year N	- 12 619 638,12	
Estimation difference financial year N-1	- 22 417 368,79	
Variation in estimation differences of option contracts	3 626 980,00	-3 212 980,00
Estimation difference financial year N	1 222 000,00	
Estimation difference financial year N-1	- 2 404 980,00	
Distribution from the previous financial year	-1 068 976,01	-1 325 360,51
Net income for the financial year prior to accrual	7 321 475,72	7 706 649,69
Prepayments during the financial year	-	-
Other items	-	-
Net assets at the end of the financial year	258 278 708,64	274 260 450,06

Breakdown by legal form

Designation of values	Amount	%
Assets		
Bonds and similar securities	206 078 615,65	79,79
Index-linked bonds	-	-
Convertible bonds	192 681 640,58	74,60
Participating shares	-	-
Other bonds	13 396 975,07	5,19
Debt instruments	20 896 745,38	8,09
Treasury bills	20 896 745,38	8,09
Commercial paper	-	-
Certificates of deposit	-	-
Other debt instruments	-	-
Liabilities		
Divestitures of financial instruments	-	-
Equities and similar securities	-	-
Bonds and similar securities	-	-
Debt instruments	-	-
Other	-	-
Off-balance-sheet		
Interest rates	-	-
Shares	31 915 000,00	12,36
Loans	-	-
Other	-	-

Breakdown by type of interest rate

	Fixed rate	%	Variable rate	%	Adjustable rate	%	Others	%
Assets								
Deposits	-	-	-	-	-	-	-	-
Bonds and similar securities	206 078 615,65	79,79	-	-	-	-	-	-
Debt instruments	4 395 212,66	1,70	16 501 532,72	6,39	-	-	-	-
Temporary securities transactions	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	5 625 358,48	2,18
Liabilities								
Temporary securities transactions	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-
Off-balance-sheet								
Hedging transactions	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-

Breakdown by remaining time to maturity

	< 3 months	%	3 months – 1 year]	%	1 - 3 years]	%	3 - 5 years]	%	> 5 years	%
Assets										
Deposits	-	-	-	-	-	-	-	-	-	-
Bonds and similar securities	6 087 083,85	2,36	1 114 320,71	0,43	101 264 669,31	39,21	80 207 663,95	31,05	17 404 877,83	6,74
Debt instruments	13 603 071,69	5,27	7 293 673,69	2,82	-	-	-	-	-	-
Temporary securities transactions	-	-	-	-	-	-	-	-	-	-
Financial accounts	5 625 358,48	2,18	-	-	-	-	-	-	-	-
Liabilities										
Temporary securities transactions	-	-	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet										
Hedging transactions	-	-	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-	-	-

Breakdown by currency

	CHF	%		%		%		%
Assets								
Deposits	-	-	-	-	-	-	-	-
Equities and similar securities	-	-	-	-	-	-	-	-
Bonds and similar securities	-	-	-	-	-	-	-	-
Debt instruments	-	-	-	-	-	-	-	-
CII	-	-	-	-	-	-	-	-
Temporary operations on securities	-	-	-	-	-	-	-	-
Receivables	23 256 236,08	9,00	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-
Liabilities								
Transfer of financial instruments	-	-	-	-	-	-	-	-
Temporary transactions on securities	-	-	-	-	-	-	-	-
Debts	-	-	-	-	-	-	-	-
Financial accounts	-	-	-	-	-	-	-	-
Off-balance-sheet								
Hedging transactions	-	-	-	-	-	-	-	-
Other transactions	-	-	-	-	-	-	-	-

Miscellaneous debtors and creditors

	28/09/2012
Receivables	
Forward purchases of currency	23 256 236,08
Security deposit on futures markets	2 394 600,00,00
Total receivables	25 650 836,08
Debts	
Counterparty forward purchases of currencies	-23 215 018,63
Provision for set management fees payable	-213 490,71
Provision for variable management fees payable	-80 911,93
Total debts	-23 509 421,27
Total	2 141 414,81

Redemptions/subscriptions

Units C	
Units issued	148 401,1377
Units redeemed	319 473,2922
Units D	
Units issued	92 397,2443
Units redeemed	43 920,0265
Units I CHF H	
Units issued	115 462,5169
Units redeemed	-

Commissions

Units C	
Total subscription fees paid to the fund	0,00
Total redemption fees paid to the fund	0,00
Units D	
Total subscription fees paid to the fund	0,00
Total redemption fees paid to the fund	0,00
Units I CHF H	
Total subscription fees paid to the fund	0,00
Total redemption fees paid to the fund	0,00

Management fees

Shares C	
Percentage of fixed management fees	1,14 (2)
Performance-based fees	80 666,82
Retrocession of management fees	-
Shares D	
Percentage of fixed management fees	1,14(2))
Performance-based fees	179,76
Retrocession of management fees	-
Shares I CHF H	
Percentage of fixed management fees	1,14(3)
Performance-based fees	-
Retrocession of management fees	-

(1) Including the expenses of lawyers for 0.04 %

(2) Including the expenses of lawyers for 0.04 %

(3) Including the expenses of lawyers for 0.04 %

Commitments received and granted

Description of the guarantees received by the Fund with particular mention of equity guarantees
None
Other commitments received and / or given
None

Other informations

Code	Name	Quantity	Price	Current Value (in euros)
Current value of financial instruments subject to temporary acquisition				
None				
Current value of financial instruments constituting guarantee deposits				
Financial instruments received as collateral and not reported on the balance sheet				
None				
Financial instruments given as collateral and kept in the original item				
None				
Financial instruments held in the portfolio issued by the entities related to the management company and UCITS managed by these entities				
FR0000008997	OFI TRESOR ISR	5 390,1992	4 366,55	23 536 574,32

Prepayments for the tax year

	Date	Total Amount	Unit Amount	Total tax credits	Unit tax credits
Total prepayments		-	-	-	-

Allocation of earnings for the financial year (in euros)

	28/09/2012	30/09/2011
Units C		
Sum remaining to be allocated		
Retained earnings	-	-
Profit (Loss)	4 959 533,17	6 847 022,99
Total	4 959 533,17	6 847 022,99
Allocation		
Distribution	-	-
Retained earnings for the financial year	-	-
Capitalisation	4 959 533,17	6 847 022,99
Total	4 959 533,17	6 847 022,99
Information pertaining to shares or units entitling holders to distribution rights		
Number of shares or units	-	-
Unit Distribution	-	-
Tax credits	-	-
Units D		
Sum remaining to be allocated		
Retained earnings	1 623,32	256,00
Profit (Loss)	1 225 115,00	1 042 583,52
Total	1 226 738,32	1 042 839,52
Allocation		
Distribution	1 225 442,39	1 041 628,20
Retained earnings for the financial year	1 295,93	1 211,32
Capitalisation	-	-
Total	1 226 738,32	1 042 839,52
Information pertaining to shares or units entitling holders to distribution rights		
Number of shares or units	190 582,0203	142 104,8025
Unit Distribution	6,43	7,33
Tax credits	-	-
Units I CHF H		
Sum remaining to be allocated		
Retained earnings	-	-
Profit (Loss)	617 349,43	223 225,95(4)
Total	617 349,43	223 225,95

Allocation of earnings for the financial year (in euros) (suite)

	28/09/2012	30/09/2011
Allocation		
Distribution	-	-
Retained earnings for the financial year	-	-
Capitalisation	617 349,43	223 225,95
Total	617 349,43	223 225,95
Information pertaining to shares or units entitling holders to distribution rights		
Number of shares or units	-	-
Unit Distribution	-	-
Tax credits	-	-

(4) Units I CHF H have been created on 15/02/2011.

Table of earnings and other features over the last five financial years (in euros)

	28/09/2012	30/09/2011	30/09/2010	30/09/2009	30/09/2008
NET ASSETS					
in EUR	258 278 708,64	274 260 450,06	234 179 764,64	129 560 123,90	61 252 456,31
Number of securities					
Units C	642 322,5370	813 394,6915	718 466,4815	376 708,4371	133 160,0447
Units D	190 582,0203	142 104,8025	112 376,7156	104 131,0896	124 729,2354
Units I CHF H	284 077,5983	168 615,0814	-	-	-
Net asset value per unit					
Units C in EUR	293,94	279,56	286,11	273,14	240,87
Units D in EUR	242,13	237,47	254,65	256,05	233,93
Units I CHF H in CHF	99,26(5)	94,82(6)(7)	-	-	-
Distribution per unit					
Units C in EUR	-	-	-	-	-
Units D in EUR	6,43	7,33	11,81	13,23	7,74
Units I CHF H in EUR	-	-	-	-	-
Tax credit per unit					
Units C in EUR	-	-	-	-	-
Units D in EUR	-	-	-	-	-
Units I CHF H in EUR	-	-	-	-	-
Capitalisation per unit					
Units C in EUR	7,72	8,41	13,02	13,98	7,96
Units D in EUR	-	-	-	-	-
Units I CHF H in EUR	2,17	1,32	-	-	-

(5) Net asset value (in CHF) is equivalent to EUR 82,10.

(6) Net asset value (in CHF) is equivalent to EUR EUR 77,80.

(7) The I CHF H share class was created on 15 February 2011 with a nominal value of CHF 100 equivalent to EUR 76.47.

Portfolio holdings 28/09/2012

Name of the Values	Currencies	Nominal	Market Value	% Net Assets
Deposits			-	-
Financial instruments				
Equities and similar securities			-	-
Traded on a regulated or similar market			-	-
Not traded on a regulated or similar market			-	-
Bonds and similar securities			206 078 615,65	79,79
Traded on a regulated or similar market			206 078 615,65	79,79
ADIDAS 0,25%19 CV	EUR	2 800 000,00	3 113 718,90	1,21
ARCELORMIT 7,25%14	EUR	250 000,00	5 500 000,00	2,13
AXA 3,75%00CV SUB.	EUR	45 800,00	11 967 998,00	4,63
CELESIO 3,75%1014	EUR	5 200 000,00	5 539 227,55	2,14
CONWERT 1,5%14 CV	EUR	13 000 000,00	14 214 988,54	5,50
ECONOCOM 4%16 CONV	EUR	231 587,00	5 064 807,69	1,96
EURAZ.6,25%09-EXCH	EUR	138 000,00	7 472 700,00	2,89
FDROCEFRN01JAN2017	EUR	91 000,00	7 951 580,00	3,08
IMMOFIN.1,25%17 CV	EUR	4 500 000,00	5 144 826,64	1,99
IMMOFINANZ 4,25%18	EUR	1 104 651,00	4 562 208,63	1,77
INGENICO2,75%JAN17	EUR	144 755,00	7 053 911,15	2,73
IVG FIN.1,75%17 CV	EUR	6 000 000,00	5 074 282,19	1,96
KFW 1,5%30/07/2014 EXC	EUR	5 000 000,00	5 969 856,17	2,31
KLOCKNER 6%09/06/2014	EUR	6 000 000,00	6 305 810,95	2,44
LOYALTOUCOC22JUN12	EUR	49,00	0,49	0,00
MAUPR7.125%31JUL14	EUR	337 466,00	6 060 889,37	2,35
MELIA 5%14 CV	EUR	10 100 000,00	9 942 616,64	3,85
MICHELINOCEZC17	EUR	50 800,00	6 478 524,00	2,51
MISARTE3,25%16ECH.	EUR	24 550,00	3 844 284,50	1,49
NEOOCE3.75%2FEV15	EUR	126 850,00	11 034 681,50	4,27
NETBOOSTER OC16	EUR	23,00	1 466 250,00	0,57
NEXANSOCE4%1JAN16	EUR	30 000,00	1 715 400,00	0,66
PESCANOVA 8,75%19	EUR	4 300 000,00	4 584 123,66	1,77
PEUGEOTOCE1JAN16	EUR	250 000,00	5 770 000,00	2,23
PIERRE ET VAC OCE	EUR	60 869,00	4 623 000,53	1,79
QUANTELOCEA2013	EUR	4 400,00	103 444,00	0,04
SACYR 6,5%11-16	EUR	10 000 000,00	5 232 277,20	2,03
SAFETIC 9%15OCEANE	EUR	109 905,00	1 099,05	0,00
SALZGITTER 1,125%09-06	EUR	8 700 000,00	8 510 842,74	3,30
SGL 0,75%16/05/2013 CV	EUR	1 000 000,00	1 010 876,71	0,39
SIAS 2 5/8%17 CV	EUR	999 978,00	961 073,95	0,37
SILIC2.50%0117	EUR	35 600,00	4 493 432,00	1,74
SOIOE6.25%9SEPT14	EUR	906 216,00	7 023 173,97	2,72
TEM 4,25%1115 OECH	EUR	79 000,00	4 313 400,00	1,67
USGP3%18OCT12	EUR	5 933 000,00	6 087 082,93	2,36
VILMORIN OCEA0715	EUR	46 808,00	7 669 022,72	2,97

Portfolio holdings 28/09/2012 (suite)

Name of the Values	Currencies	Nominal	Market Value	% Net Assets
WERELDHAV.4,375%14	EUR	9 950 000,00	10 217 202,85	3,96
Not traded on a regulated or similar market			0,43	-
PROXIMANIAOC0712	EUR	43,00	0,43	0,00
Debt instruments			20 896 745,38	8,09
Traded on a regulated or similar market			20 896 745,38	8,09
Tradable debt instruments			20 896 745,38	8,09
00252 EONIA 12/11/2012	EUR	3 600 000,00	3 601 342,93	1,39
BNP EONIA 25/03/2013	EUR	2 900 000,00	2 898 461,03	1,12
CACOI EONIA 31/10/2012	EUR	10 000 000,00	10 001 728,76	3,87
CDN BQPE 04/02/2013	EUR	4 400 000,00	4 395 212,66	1,70
Other debt instruments			-	-
Not traded on a regulated or similar market			-	-
Collective investment schemes			23 536 574,32	9,11
Coordinated European UCITS and French general purpose UCITS			23 536 574,32	9,11
OFI TRESOR ISR	EUR	5 390,1992	23 536 574,32	9,11
UCITS reserved for specific investors - VCMF - FCIMT			-	-
Listed investment funds and securitised debt funds			-	-
Unlisted investment funds and securitised debt funds			-	-
Temporary securities transactions			-	-
Claims representative of securities borrowed under repurchase agreements			-	-
Claims representative of securities lent			-	-
Securities lent			-	-
Securities lent under repurchase agreements			-	-
Debts representative of securities lent under repurchase agreements			-	-
Debts representative of securities borrowed			-	-
Other temporary transactions			-	-
Divestitures of financial instruments			-	-
Option contracts			-	-
Transactions on a regulated or similar market			-	-
APP.MARGE ETR/DIVERS EUR	EUR	-335 040,00	-335 040,00	-0,13
APP.MARGE ETR/DIVERS EUR	EUR	-886 960,00	-886 960,00	-0,34
EURO STOXX 50	EUR	-1 300,00	-1 300,00	0,47
Other transactions			-	-
Other financial instruments			-	-
Claims			25 650 836,08	9,93
Liabilities			-23 509 421,27	-9,10
Financial accounts			5 625 358,48	2,18
NET ASSETS			258 278 708,64	100,00

Auditor's report on the annual accounts

OFI CONVERTIBLES TAUX EURO

For the Financial year ending 28 September 2013

Sir, Madam

In accordance with the assignment entrusted to us by the Board of Directors of the Management Company of the Funds, we hereby submit to you our report for the year ended 28 September 2012 regarding :

- The audit of the annual accounts of the **OFI CONVERTIBLES TAUX EURO**, Mutual Fund, as attached to this report,
- The basis of our assessments,
- The specific verifications and information required by law.

The annual accounts were approved by the Board of Directors of the Management Company of the Fund. Our task is to express an opinion on these accounts on the basis of our audit.

1 – Opinion on the annual accounts

Our Audit has been conducted in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit consists of examining, on a random check basis or through other methods of selection, evidence supporting the amounts and information stated in the consolidated accounts. An audit also involves assessing the accounting principles used, any significant estimates made and the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We certify that the consolidated accounts have been drawn up in accordance with the generally accepted accounting principles in France, are consistent and sincere and give a faithful image of the result of the past fiscal year as well as the asset base and financial situation, of the UCITS at the end of this financial year.

2 – Justification of the assessments

Under Article L.823-9 of the Commercial Code pertaining to the justification of our assessments, we hereby inform you that our assessments focuses on the appropriateness of the accounting principles applied and on the reasonableness of significant estimates made, in particular with regard to the valuation methods for balance sheet items and closed futures transactions.

The appreciation thus given are based on our audit of the corporate accounts taken as a whole, and thus contributed to shaping our opinion expressed in the first part of this report.

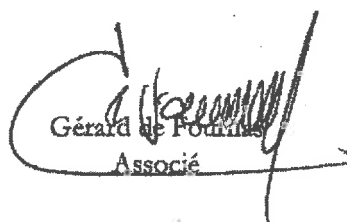
3 – Specific verifications and information

In accordance with professional procedure applicable in France, we have also proceeded with the specific verifications required by law.

We have no comments or reservations as to the fair presentation and consistency with the annual accounts of the information given in the annual report and in the documents provided to shareholders with respect to the financial situation and the annual accounts.

Paris, 11 December 2012

The External Auditor
Grant Thornton
French Member of Grant Thornton International



Gérard de Fournas
Associé

Gérard de Fournas
Associate