

# HALF-YEARLY REPORT

Situation as at 30 June 2022



## OFI FINANCIAL INVESTMENT - ENERGY STRATEGIC METALS

Sicav

### Marketer

OFI ASSET MANAGEMENT, 22 rue Vernier, 75017 Paris

### Management Company by delegation

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

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## MANAGEMENT DIRECTION

☒ This Sub-Fund promotes environmental or social characteristics, but is not aiming to achieve sustainable investments.

### Management objective

The management objective is to offer shareholders exposure to the following metals: Aluminium, lead, gold, palladium, platinum, silver, nickel, zinc and copper, in line with the management strategy and the UCI name. This objective will be achieved through synthetic exposure to the Basket Energy Strategic Metals Index (Bloomberg code: SOOFESM) or an index with the same composition. This index is representative of a basket made up of futures contracts on these metals. The Sub-Fund shall replicate both upward and downward fluctuations in this index.

### Benchmark

There is no benchmark; however, for information, the investor may consult the S&P GSCI INDUSTRIAL METALS INDEX TR, which is representative of an industrial-metal investment universe (Bloomberg code: SPGSINTR). It should be reiterated that the comparison index, the S&P GSCI INDUSTRIAL METALS TR index, does not have the same composition as the Basket Energy Strategic Metals Index to which the Sub-Fund is permanently exposed, which may lead to differences in terms of performance achieved. More information about the underlying indices can be found at: <http://www.spindices.com/search/>

### Management strategy

The Sub-Fund will have to invest in order to gain exposure to the Basket Energy Strategic Metals Index, made up of the following metals: Aluminium, Lead, Gold, Palladium, Platinum, Silver, Nickel, Zinc and Copper.

The investment strategy consists of managing exposure to the performance of these metals, demand for which is expected to increase according to the analysis of the management team, thus selected within the Basket Energy Strategic Metals Index.

A basic long position is set up, based on swaps on the Basket Energy Metals Strategy Index. This index is made up of futures contracts on the following metals selected, with the following initial allocation: 12% Aluminium, 8% Lead, 8% Gold, 8% Palladium, 12% Platinum, 12% Silver, 14% Nickel, 12% Zinc and 14% Copper (these data are correct as at 31 December 2021; they will change based on the index methodology). The technical rebalancing of the index between these various components is carried out every quarter.

This weighting will be reviewed once a year by an investment committee, which may decide to change the composition of the index to which the fund is exposed. In particular, the committee may decide to add components to the index, withdraw components or change the weightings, within the limits set by the prospectus.

The committee will meet no later than the first week of November. It will draw up a report on its deliberations, which will be posted on the company's website no later than the first week of December. All changes to the index will be detailed in this report. Changes will not be implemented until the last business day of the year.

The list of markets is not exhaustive. For more information about the index used, the investor is invited to contact OFI ASSET MANAGEMENT.

Futures contracts on commodities may be quoted in various currencies, since, in order to hedge the index against the foreign exchange risk, a strategy of neutralisation of the foreign exchange effect is systematically implemented once a day.

The Basket Energy Strategic Metals Index must adhere to the following diversification rules: a maximum of 35% of assets for an underlying product or a group of correlated underlying products; a maximum of 20% of assets for other products or a group of correlated underlying products.

The underlying assets, which may make up the indices, have been chosen for their nature as representative of all the aforementioned metals. The list of markets is not exhaustive.

For more information about the composition of the indices used, the investor is invited to contact OFI ASSET MANAGEMENT.

The Sub-Fund exposure target is 100%.

The Sub-Fund can operate on fixed-term or conditional financial contracts (traded on regulated and organised markets, French, foreign and/or over-the-counter).

The Sub-Fund makes use of derivatives to gain exposure to the Basket Energy Strategic Metals Index: the Sub-Fund's portfolio is invested through swaps traded OTC. Transactions on these instruments are carried out within the limit of 1 times the assets.

The Sub-Fund may also use futures instruments in order to hedge the portfolio against the interest rate and/or foreign exchange risks.

The financial futures instruments referred to come under the following categories: Performance swaps; interest rate swaps, currency swaps, index swaps, interest rate futures and currency swaps.

The main categories of assets used: The Sub-Fund portfolio is invested through performance swaps (swaps traded OTC) on an index of futures contracts on commodities. It may hold 0% to 100% of its assets in term deposits and transferable securities of private or public issuers, rated at least Investment Grade and with a maturity of less than 1 year. It may invest up to 10% of its assets in units of UCITS or AIFs satisfying the four criteria (Art. R214-13 of the Monetary and Financial Code).

Deposits of a maximum term of 12 months, with one or more credit institutions, are authorised within the limit of 100% of the assets. The Sub-Fund may temporarily resort to cash borrowing within the limit of 10% of the assets of the Sub-Fund.

➤ [SFDR - Article 8 UCI](#)

- [LEI code: 549300XBYCO2IL1W8162](#)
- Information on how environmental and/or social aspects are respected:

The investment committee meeting, held annually, will ensure that the selection of products in the portfolio includes only metals that are proven to have a useful role in the energy transition or that are being studied as part of academic research. The report published after the committee's deliberations will ensure traceability and justification of management choices with regard to consideration of sustainability risk.

The consideration of negative externalities through implementation by the Management Company of a voluntary carbon offset mechanism, using the purchase and destruction of VERs, will be monitored using the indicators published in the Sub-Fund's annual report. This report will present the estimated total emissions attributable to the underlyings to which the Sub-Fund is exposed, the amount of carbon voluntarily offset by the Management Company on the Sub-Fund's behalf, the coverage ratio of this offsetting to the Sub-Fund's total emissions, and the number of financial years since the offsetting mechanism was put in place.

The Management Company uses part of the financial management fees to offset the carbon footprint of the sub-fund of the OFI Financial Investment – Energy Strategic Metals SICAV. These average carbon footprint offset costs (as described above under the heading “Investment Strategy”) are intended to cover the costs associated with the carbon footprint offset service. They will represent a maximum of 10% of the financial management fees, net of retrocession, received by the Management Company, of which a maximum of 15% for the carbon offset service and a minimum of 85% in order to obtain VERs.

The Management Company will ask an intermediary to carry out the offset of the carbon footprint of the sub-fund of the OFI Financial Investment – Energy Strategic Metals SICAV with a central registrar which issues confirmation and a carbon emissions offset certificate. To combat the risk of fraud and double counting, each VER has a unique serial number. The central register may be consulted publicly, online, to verify ownership of VERs.

This offsetting will be achieved by using Verified Emission Reductions (VERs) that comply with the highest standards (CDM (<https://CDM.unfccc.int/>), Gold Standard (<https://www.goldstandard.org/>) and Verra, a body that issues the VCS label: <https://verra.org/>).

In order to ensure consistency between the investment objective of the Sub-Fund and this offset mechanism, it has been decided to select as a priority, as far as possible, projects enabling the decarbonisation of the global energy mix, particularly in countries where there is mining activity.

Upon the Sub-Fund's creation, the projects chosen are:

- The Gandhi Bundle Project, India:

India's energy mix is largely dependent on coal, which accounts for almost 75% of the country's electricity production. The Gandhi project brings together several wind sites in the states of Maharashtra and Karnataka, contributing to their decarbonisation through the development of renewable energies. Since its inception, the project has contributed to:

  - Creation of local jobs in several Indian regions;
  - Reduced dependency on fossil fuels and participation in the national energy transition through installing almost 230 MW of green energy production capacity;
  - Transmission of know-how and technologies essential to the country's energy transition. Project link on the VCS website: <https://registry.verra.org/app/projectDetail/VCS/1447>.
- The Yesil Enerji project, Turkey:

Waste management is a major environmental problem to be overcome in the years ahead. In a growing economy like Turkey's, with urbanisation and a population that has tripled in 50 years, waste management is a key challenge. Instead of being recycled or recovered, most waste produced in Turkey ends up in landfill, leading to serious soil and water pollution issues and releasing large quantities of methane into the atmosphere. This project captures the methane gas generated by waste accumulated in landfill and converts it into electricity. This project helps prevent 818,841 tCO<sub>2</sub>eq per year and produces renewable electricity, which is fed into the local grid, improving the region's energy mix. Project link on the Gold Standard website: <https://registry.goldstandard.org/projects/details/1154>

- The Monterrey Project, Mexico:

Experiencing greater demand for energy, Mexico's energy mix is based primarily on fossil fuels. In order to meet Mexico's growing energy needs, the use of landfill gas appears to be an alternative to non-renewable fuel sources. The project aims to develop a system for the collection and use of landfill gases at landfills north of Monterrey. Captured methane and landfill gas are used to generate electricity and reduce greenhouse gas emissions from energy production. This project prevents more than 209,273 tonnes of CO<sub>2</sub> annually. The project's activity is also reducing the country's dependence on fossil fuels, reducing pollutants emitted into the atmosphere and contributing to the creation of jobs for the local population through site installation and maintenance. Project link on the CDM website: <https://cdm.unfccc.int/Projects/DB/SGS-UKL1300310398.81/view>

The intermediary selected to handle obtaining and destroying certificates is ECOACT.

The Management Company reserves the right to use other underlying VER projects, or another intermediary if the need arises.

▪ Taxonomy:

The Sub-Fund promotes environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR Regulation").

Therefore, under Article 6 of Regulation (EU) 2020/852 (the "Taxonomy Regulation"), it is required to state that the "do no significant harm" principle applies only to those investments underlying the Sub-Fund that take into account the EU criteria for environmentally sustainable economic activities. The underlying investments for the remaining portion of the Sub-Fund do not take the European Union's criteria for environmentally sustainable economic activities into account.

However, when the Sub-Fund is created, the strategy implemented in the Fund does not take into account the European Union's criteria for environmentally sustainable economic activities.

Furthermore, the Fund makes no commitment (0%) to align its investments with the European Union taxonomy.

## Risk profile

The Sub-Fund will mainly be invested in financial instruments which will experience market developments and fluctuations. The investor is therefore exposed to the risks below, this list not being exhaustive.

The main risks to which the investor is exposed are:

### Capital risk:

The risk that the capital invested may not be returned in full is inherent in this type of management, since it does not include any capital guarantee.

### Risk associated with investment in Futures Instruments on commodities:

The Sub-Fund is exposed to the price of commodities through commodities index swaps. It should be noted that a drop in the commodities markets and in exogenous conditions (storage conditions, weather conditions, etc.) may result in a drop in the net asset value of the Sub-Fund. In fact, the evolution in the price of a futures contract on commodities is closely associated with the level of current and future production of the underlying product, even the level of estimated natural reserves in the case of energy sector products. Climate and geopolitical factors can also alter the levels of supply and demand of the underlying product in question, and therefore modify the expected rarity of that product on the market.

### Counterparty risk:

The counterparty risk is associated with swaps and other derivative instruments contracted by the Sub-Fund. The Sub-Fund is exposed to the risk that credit institutions are unable to honour their commitments in respect of these instruments. This risk may take concrete form in a drop in the net asset value of the Sub-Fund.

### Interest rate risk:

The Sub-Fund, through the index, directly or through monetary UCIs selected in order to remunerate the cash position, may be invested in futures contracts on interest rates and/or on fixed-rate debt securities. In general, the price of these instruments falls when rates rise.

### Sustainability risk:

Any environmental, social or governance event or situation that, if it occurs, could have an actual or potential negative impact on the value of the investment. The occurrence of such an event or situation may also lead to a change in the investment strategy of the sub-fund of the OFI Financial Investment – Energy Strategic Metals SICAV, including the exclusion of securities from certain issuers. More specifically, the negative effects of sustainability risks can affect issuers through a range of mechanisms, including: 1) lower income; 2) higher costs; 3) losses or depreciation in the value of assets; 4) higher cost of capital; and 5) regulatory fines or risks.

Due to the nature of sustainability risks and specific topic areas, such as climate change, the likelihood of sustainability risks impacting financial products' returns is likely to increase in the longer term.

#### Liquidity risk:

The portfolio's liquidity risk is based on the liquidity of the investment vehicles used: this liquidity risk in the Sub-Fund mainly exists due to positions on metals, as some events can result in share trading or listing being suspended on the markets on which they are traded. Lack of liquidity in a security may increase the cost of liquidating a position and, as a result, cause a drop in the net asset value of the Sub-Fund or lead to liquidation being delayed should an underlying market be suspended.

The ancillary risk is as follows:

#### Foreign exchange risk:

Swaps are denominated in euros and covered against the foreign exchange risk. The Sub-Fund is however, exposed to a residual foreign exchange risk, since the currency hedging transaction in the index is completed just once a day.

### CHANGE(S) MADE DURING THE CURRENT HALF-YEAR

The changes made during the current half-year were as follows:

- The OFI FINANCIAL INVESTMENT - ENERGY STRATEGIC METALS Sub-Fund and the XL shares were created on 27 January 2022.
- From 3 May 2022, the minimum initial subscription amount for XL shares is being increased from EUR 1,000,000 to EUR 15,000,000.
- The I and RF shares were created on 3 May 2022.
- The R shares were created on 8 June 2022.

### CHANGE(S) MADE DURING THE PREVIOUS HALF-YEAR

None.

### FUTURE CHANGE(S)

None.

### INFORMATION ABOUT TRANSPARENCY AROUND SECURITIES FINANCING TRANSACTIONS AND RE-USE

General information as at 30/06/2022 :

- The securities loaned by the Sub-Fund represented 0% of the total assets which can be loaned.
- The assets borrowed by the Sub-Fund represented a total of EUR 0, i.e. 0% of the assets managed in the Sub-Fund.
- The assets committed in a repurchase transaction represented a total of EUR 0, i.e. 0% of assets managed in the Sub-Fund.
- The assets committed in a purchase-resale or sale-redemption transaction represented a total of EUR 0, i.e. 0% of assets managed in the Sub-Fund.
- The assets committed in a loan transaction with margin call represented a total of EUR 0, i.e. 0% of assets managed in the Sub-Fund.
- The assets committed in a total return swap totalled EUR 136,661,036.61, i.e. 113.51% of assets managed in the Sub-Fund.

Information about concentration as at 30/06/2022:

- The main counterparties to the Sub-Fund's loan-borrowing were as follows:

Name of counterparty	Gross volume of transactions in progress	Volume of collateral received
N/A	N/A	N/A
N/A	N/A	N/A

- The main counterparties to the Sub-Fund's repurchase transactions were as follows:

Name of counterparty	Gross volume of transactions in progress	Volume of collateral received
N/A	N/A	N/A
N/A	N/A	N/A

- The main counterparties to the Sub-Fund's total return swaps were as follows:

Name of counterparty	Gross volume of transactions in progress	Volume of collateral received
JP MORGAN AG	31,000,000	0

### Information about transactions as at 30/06/2022:

The characteristics of the Sub-Fund's transactions were as follows:

Type of transaction	Total return swaps	Loan-borrowing	Repurchase
Type and quality of collateral	Cash	N/A	N/A
Expiry of collateral	Open transactions	N/A	N/A
Collateral currency	Euro	N/A	N/A
Transaction due date	Open transactions	N/A	N/A
Counterparty jurisdiction	France / Germany / Ireland	N/A	N/A
Settlement and compensation	Bilateral	N/A	N/A

### Data on the reuse of collateral

The collateral received from the counterparties is held in a cash account held by the Sub-Fund's depository.

### Safe-keeping

The collateral received by the Fund are kept by the Sub-Fund's depository, SOCIETE GENERALE SECURITIES SERVICES France. The collateral provided by the Sub-Fund is kept by its counterparties in grouped accounts.

### Income

The Sub-Fund receives all of the income generated by securities financing transactions and total return swaps. Neither the Management Company nor any third party receives any remuneration in respect of these transactions.

## Statement of assets

Elements on the statement of assets	Amount on the periodic statement
Eligible financial securities mentioned in Article L. 214-20 (I)(1) of the Monetary and Financial Code	111,050,400.00
Bank assets	5,089,492.00
Other assets held by the UCI	20,993,076.96
Total assets held by the UCI	137,132,968.96
Financial accounts	-
Financial instruments and Receivables	-16,471,932.35
Total liabilities	-16,471,932.35
<b>Net asset value</b>	<b>120,661,036.61</b>

## Changes in net assets

	30/06/2022 <sup>(1)</sup>	27/01/2022 <sup>(2)</sup>
<b>NET ASSETS</b>		
EUR units	120,661,036.61	22,150,000.00
<b>Number of securities</b>		
XL share class	2,594.3291	443.0000
I share class	139.6230	-
R share class	71.9981	-
RF share class	540.7786	-
<b>Unit net asset value</b>		
XL share class in EUR	44,028.98	50,000.00
I share class in EUR	42,362.79 <sup>(3)</sup>	-
R share class in EUR	868.30 <sup>(4)</sup>	-
RF share class in EUR	846.95 <sup>(5)</sup>	-

## Change in net assets (continued)

	30/06/2022 <sup>(1)</sup>	27/01/2022 <sup>(2)</sup>
<b>Distribution per unit on net capital gains and losses (including advances)</b>		
EUR units	-	-
<b>Unit distribution on result (including advances)</b>		
EUR units	-	-
<b>Tax credit per unit transferred to bearer (individuals)</b>		
XL share class in EUR	-	-
I share class in EUR	-	-
R share class in EUR	-	-
RF share class in EUR	-	-
<b>Unit capitalisation</b>		
XL share class in EUR	-	-
I share class in EUR	-	-
R share class in EUR	-	-
RF share class in EUR	-	-

(1) First half-yearly report

(2) Creation date

(3) The I share class was created on 3 May 2022 with a nominal value of €50,000.

(4) The R share class was created on 8 June 2022 with a nominal value of €1,000.

(5) The RF share class was created on 3 May 2022 with a nominal value of €1,000.

## 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.	92.04	80.98
Equities	-	-
Bonds	-	-
Debt securities	92.04	80.98
BTF 0% 06/07/2022	14.92	13.13
BTF 0% 13/07/2022	20.72	18.23
BTF 0% 17/08/2022	1.66	1.46
BTF 0% 20/07/2022	14.09	12.40
BTF 0% 31/08/2022	7.46	6.57
FRANCE 0% 03/08/2022	14.10	12.40
FRENCH 0% 14/09/2022	19.08	16.79
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.	-	-
Equities	-	-

## Securities portfolio (continued)

Elements of the securities portfolio	Percentage	
	Net assets	Total assets
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		
Equities	-	-
Bonds	-	-
Debt securities	-	-
The newly issued securities mentioned in Article R.214-11(I)(4) of the Monetary and Financial Code	-	-
Equities	-	-
Bonds	-	-
Debt securities	-	-
Other assets: These are the assets mentioned in Section II of Article R. 214-11 of the Monetary and Financial Code	5.63	4.95
Variable capital UCI	5.63	4.95
OFI RS LIQUIDITES	5.63	4.95
Equities	-	-
Bonds	-	-
Debt securities	-	-

## Indication of movements occurring in the composition of the securities portfolio, during the reference period

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.	134,189,849.47	68,009,120.01
Equities	-	-
Bonds	-	-
Debt securities	134,189,849.47	68,009,120.01
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.	-	-
Equities	-	-
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	-	-
Equities	-	-

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
Bonds	-	-
Debt securities	-	-
The newly issued securities mentioned in Article R.214-11(l)(4) of the Monetary and Financial Code	-	-
Equities	-	-
Bonds	-	-
Debt securities	-	-
Other assets: These are the assets mentioned in Section II of Article R. 214-11 of the Monetary and Financial Code	54,836,738.47	52,785,608.45
Variable capital UCI	54,836,738.47	52,785,608.45