



EDMOND
DE ROTHSCHILD

ASSET MANAGEMENT

EDR SICAV - FINANCIAL BONDS

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EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE.



PERFORMANCE (I EUR Share)

	Fund	Index ¹	Out/Under perf.
MTD	-0,44%	-0,60%	+0,16%
YTD	+2,05%	+0,62%	+1,44%
1Y	+12,65%	+8,33%	+4,31%
3Y annua.	-0,01%	-1,75%	+1,74%
5Y annua.	+1,86%	-0,26%	+2,12%
2023	+8,81%	+7,17%	+1,65%
2022	-10,75%	-11,99%	+1,24%
2021	+2,37%	-0,48%	+2,85%
Since inc. annua. ²	+3,77%	+2,51%	+1,26%

MARKET COMMENT



Pressure on rates especially coming from the US with several inflation data showing stickiness and 2024 cut forecasts reducing from almost 3 to only 1 in just a month. In Europe, a June cut remains the base case but the potential decoupling vs US and some better macro data also raised some doubts on the scenario. US 10y yield was up c.50bps in April while German 10y increased 28bps.

This obviously had an impact on fixed income performance, even if credit keeps holding very decently. Crossover finished the month only 10bps wider despite geopolitical tensions and rates volatility. CoCo \$ and long dated instruments like insurance RT1s/ Tier 2 naturally underperformed while CoCo € and £ held particularly well, with total returns of respectively -0.16% and -0.03%. Spread products and high beta Tier 2 generally behave better due to their lower rates sensitivity.

There were some idiosyncratic in April's performances. On the positives, BBVA confirmed a new offer for a potential merger with Sabadell during the last trading session of April with Sabadell AT1s gaining c.2pts on the news. On the negative, RBI's cash upstream operation from its Russian entity (via Strabag) looks more and more jeopardized by US sanction fears. Moreover, the ECB is putting pressure on the bank to accelerate the business reduction in Russia. RBI AT1s lost 2/3pts during the month. Recent issuance, especially in \$ tended to lag while SocGen was impacted by a mix of bad newsflow on risk management, French sovereign rating reviews and higher beta behaviour within the lagging \$ AT1 market.

First set of Q1-24 results is solid, calls keep being exercised and refinanced and primary market environment remains sound.

1: Until 30/06/2021: 100% ICE BofA Euro Financial Index, Since 01/07/2021: 80% ICE BofA Euro Fin. Index + 20% ICE BofA Coco Index
2: 04/04/2011 : change in legal structure (inception 10/03/2008)
3: Internal/MSCI scores (/20, 20 being the best). vs. Investment universe
4: Yield to Worst

CARACTERISTICS

	Fund	Index ¹
AUM (€m)	1 890	
Yield to Call (%)	6,5	4,8 ⁴
Modified Dur.	3,2	3,6
Spread Duration	3,1	3,8
Average Rating	BB+	BBB+
Average Spread (Bps)	292	140
Sustainability		
SFDR	Article 8	
ESG Rating ³	11,19	11,09

FOCUS OF THE MONTH



BBVA/Sabadell, bis repetita.

On April 30th, four years after the first attempt, BBVA sent a letter to Sabadell's Board containing a proposal for a combination of the two respective groups. It proposes 1 of its shares for every 4.83 Sabadell shares. A non negligible 30% premium over closing price, after Sabadell's 45% stock performance in the last two months. The deal however, does not contain any cash consideration.

If the deal goes through, It would create the Spanish second domestic bank, and probably the European third market capitalization, not very far from BNP and Santander, and with the ambition of becoming the number one.

The deal makes obvious strategic sense, with BBVA being mostly exposed to retail clients in Spain, while Sabadell is an SME specialist. Also, there are very significant branch network overlaps between the two entities that could generate cost synergies. Internationally, Sabadell has a small presence in Mexico that would fit with BBVA's very significant market share. The deal is, so far, envisaged in a friendly manner, with BBVA intending to keep the Sabadell brand in some places, and to incorporate Sabadell's management team in the new structure. We see the potential deal as credit positive albeit capital impact remains to be seen.

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Past performance is not a reliable indicator of future performance. Source: Edmond de Rothschild Asset Management (France), Bloomberg, Front Office.



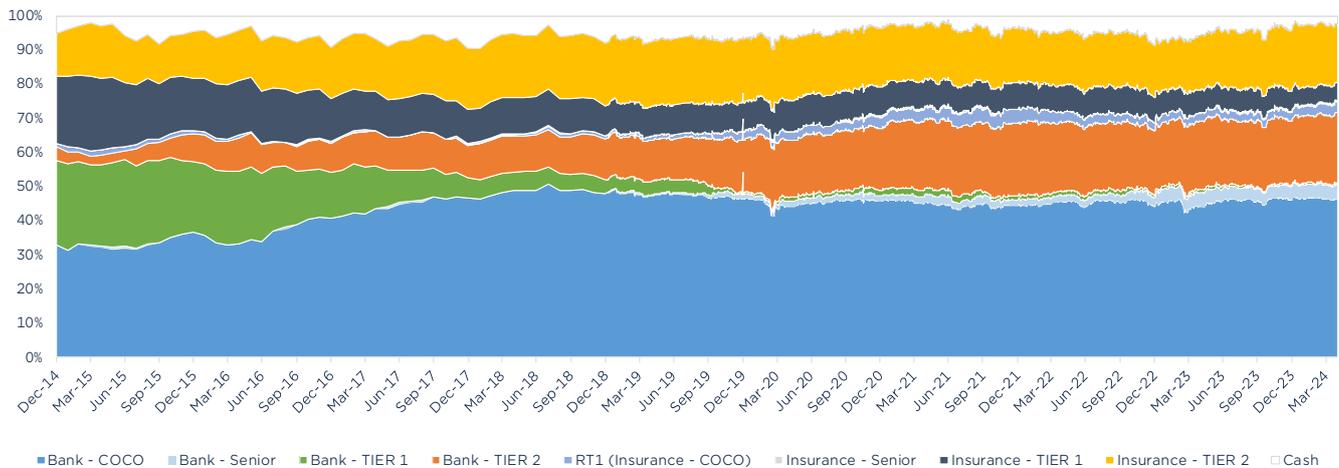
FUND POSITIONING



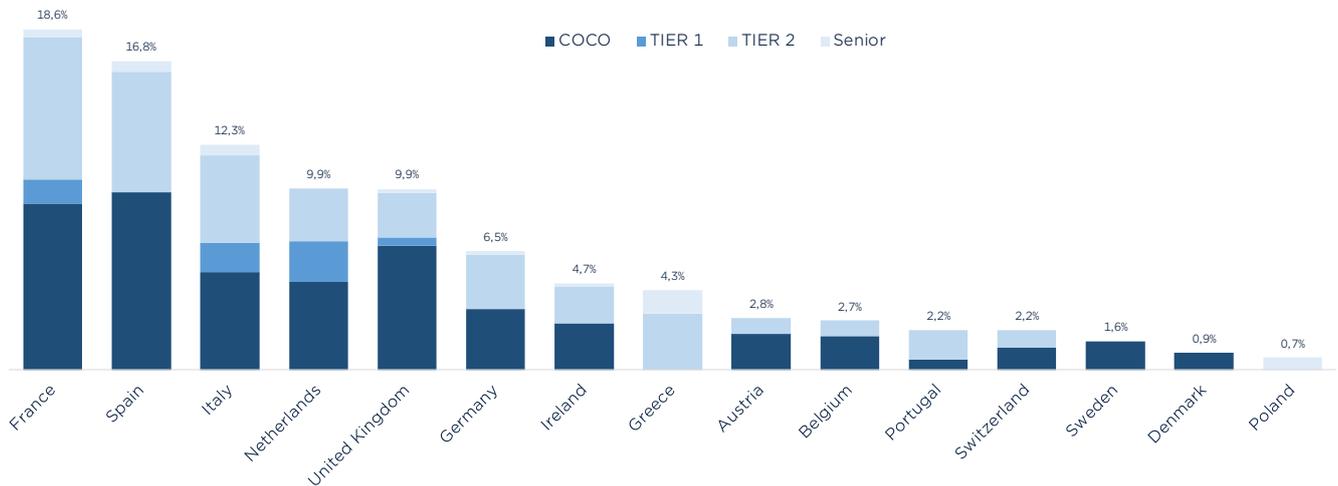
This months again we had several tenders and refinancing in which we participated: AIB in the AT1 segment, Atradius and Achmea in the insurance legacy space. Along with these operations we keep doing some maturity extension trades or adding some high beta names with still some spread tightening potential since we keep expecting very good results for both banks and insurance.

Modified duration of the fund is unchanged at 3.2y but our extension trades increased spread duration by 0.1y to 3.1y. YTC of the fund is back to 6.5% following rates correction.

SECTOR / SENIORITY EXPOSURE



FUND POSITIONING (COUNTRY EXPOSURE BY SENIORITY)



ISSUER SPECIFIC

- Another month of positive rating changes. Sondrio was upgraded to Investment Grade (BBB-) at Fitch. Commerzbank and Millennium Bank were put under positive outlook by Moody's and most domestic Spanish banks (Abanca, Cajamar, Ibercaja, Caixabank, Sabadell) were put under positive outlook at S&P.
- Société Générale started its portfolio reshuffling plan by announcing two disposals: Equipment Finance and Société Générale Marocaine.
- BNP acquired Fosun's 9% shareholding in Belgian insurer Ageas.
- The Swiss government published a review of too-big-to fail regulation recommending heavy increases of capital requirement for UBS. The report does not contain any quantitative assessment but Swiss Finance Minister confirmed a \$15-25bn incremental capital need as "plausible". We expect any implementation to be progressive and credit positive but would suggest additional AT1 supply.

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PERFORMANCE ANALYSIS



Despite sharp rates correction this month, our fund held decently with a -0.44% return and YTD total return still at 2.05%.

We outperformed the market in our three biggest buckets: CoCo €, Banks Tier 2 and Insurance Tier 2. Our CoCo € bucket delivered an almost flat total return in April despite rates. Here, we have a modified duration in line with the CoCo € universe but lower beta. On selection, we benefited from our overweight on Sabadell and underweight in Italian CoCos (mostly due to valuations). This was enough to offset some underperformance on RBI bonds, still floored by the bank's Russian exposure. On Tier 2s, we still have a tilt towards higher spread instruments. With results still very strong, high beta banks are combining low rates sensitivity and spread compression. It is worth noting we delivered a positive total return on banks Tier 2 (+0.16%) when the banks Tier 2 market was down in average.

Insurance RT1 suffered from their higher average duration. This was notably the case for the recently issued ASR or Axa deals that we have in the portfolio. We performed in line with a -1.3% return. On CoCo \$, our overweight on SocGen cost us some performance but that was more than offset by our underweight on both long dated low coupons and recent issues that tended to lag.

Risk indicators (1 EUR Share)

	Fund	Index
Volatility 1y. (%)	4,10	3,60
Volatility 3y. (%)	7,49	6,19
Volatility 5y. (%)	8,87	6,08
Sharpe Ratio 1y.	2,09	1,15
Sharpe Ratio 3y.	-0,18	-0,51
Sharpe Ratio 5y.	0,14	-0,15

Drawdown Analysis (1 EUR Share)

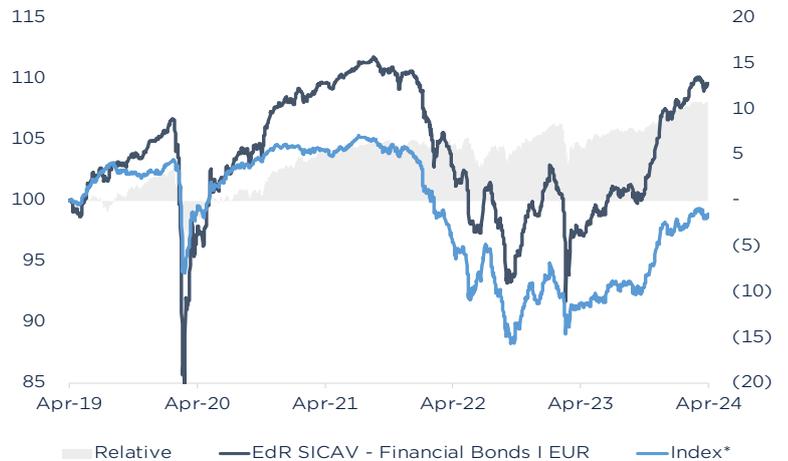
Max. drawdown (%)	-24,6
Period	From 11/04/2011 to 29/11/2011
Recovery	231 business days

FUND PERFORMANCE PER SEGMENT

	Weight (%)	Perf MTD (%)
Senior Bank	4,32	-0,06
TIER 2 Bank	20,55	+0,16
TIER 1 Bank	0,44	+0,56
Coco EUR	32,78	-0,03
Coco GBP	3,11	-0,14
Coco USD	10,64	-0,74
Senior Insurance	0,36	-0,48
TIER 2 Insurance	17,20	-0,48
TIER 1 Insurance	5,19	+0,31
RT1*	3,22	-1,30

* including interest rate hedging

FUND PERFORMANCE

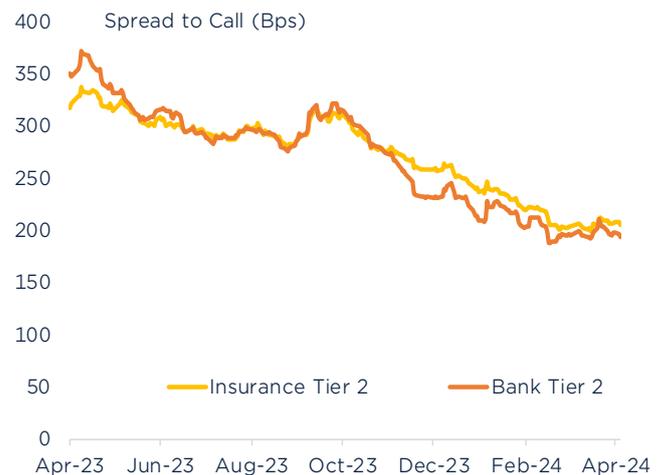


SPREAD EVOLUTION

BANKS & INSURANCE COCos



BANKS & INSURANCE T2



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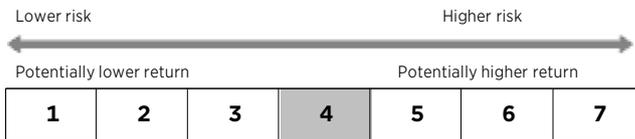
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TECHNICAL CHARACTERISTICS

	Sub shares	Investors involved in marketing	Initial minimum subscription	Distribution / Accumulation	Maximum entry fees	Maximum exit fees	Actual management fees	Performance fees	Benchmark
Class A	CHF (H) FR0012749869 EUR FR0011034495 USD (H) FR0011882281	All investors	1 Share	Accumulation	1%	-	1,15%	20%	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class B	EUR FR0011289966 USD (H) FR0012494300	All investors	1 Share	Distribution	1%	-	1,15%	20%	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class CR	EUR FR0013307691 GBP (H) FR0013307683 USD (H) FR0013312378	All investors	1 Share	Accumulation	1%	-	0,80%	20%	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class I	CHF (H) FR0012749851 EUR FR0010584474 USD (H) FR0011781210	Legal persons and institutional investors	CHF: 500 000 CHF EUR: 500 000 EUR USD: 500 000 USD	Accumulation	-	-	0,55%	20%	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class J	EUR FR0013174695 GBP (H) FR0013350824 USD (H) FR0013350808	Legal persons and institutional investors	EUR: 500 000 EUR GBP: 500 000 GBP USD: 500 000 USD	Distribution	-	-	0,55%	20%	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class K	EUR FR0013233699	Legal persons and institutional investors	500 000 EUR	Accumulation	-	-	0,75%	-	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class N	EUR FR0011034560	Legal persons and institutional investors	10 000 000 EUR	Accumulation	-	-	0,40%	20%	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class NC	EUR FR0013233707	Legal persons and institutional investors	10 000 000 EUR	Accumulation	-	-	0,55%	-	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class OC	EUR FR0013292463	Legal persons and institutional investors	10 000 000 EUR	Accumulation/ Distribution	-	-	0,55%	-	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index
Class R	EUR FR0013287596	All investors	1 Share	Accumulation	1%	-	1,40%	-	80% ICE BofA Euro Fin. Index 20% ICE BofA Coco Index

RISK AND REWARD PROFILE (Share I - EUR)



The definition of the risk and reward category is based on the historical performance data and/or the risk limit indicated in the Sub-Fund's investment policy.

It may not be a reliable indication of the future risk profile of the Sub-Fund. The risk and reward category shown may change over time. Category 1 does not signify a risk-free investment.

This Sub-Fund is rated in category 6, in accordance with the type of shares and geographical zones presented in the "objectives and investment policy" section.

Please note that the main risks of this UCI are as follows:

- Equity risk
- Capital risk
- Risk linked to the SRI (Socially Responsible Investing) selection
- Equity Risks associated with small and mid caps
- Interest rate risk

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47, rue du Faubourg Saint-Honoré
75401 Paris Cedex 08

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AMF approval number GP 04000015

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A detailed description of the target investor provisions and the risks specific to UCIs can be found in the prospectus of this UCI authorized by FINMA for the offering to non-qualified investors in Switzerland. The status, the prospectus, the key investor information document as well as the annual and half-yearly reports are available on request from Edmond de Rothschild Asset Management (France), its distributors and/or **representatives and/or contacts, a list of whom is available on the following website (<http://funds.edram.com>)**, so that investors can assess their risk and form their own opinion independently of any entity of the Edmond de Rothschild Group, by seeking, if necessary, the advice of advisors specialized in these questions, to ensure in particular the appropriateness of this investment to their financial situation, to their experience, and to their investment objectives.

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