



EDMOND
DE ROTHSCHILD

ASSET MANAGEMENT

EDR FUND - EMERGING CREDIT

EdR Fund Emerging Credit is a sub-fund of the Luxembourg SICAV authorised by the CSSF and authorised for marketing in Austria, Belgium, Switzerland, Germany, Spain, France, United Kingdom, Luxembourg, Netherlands and Portugal.

May 2024

EDMOND DE ROTHSCHILD ASSET MANAGEMENT

MARKETING COMMUNICATION

This is a marketing communication. Please refer to the UCITS prospectus and the Key Information Document before making any final investment decision.

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EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE.



PERFORMANCE (I USD Share)

	Fund	Index ¹	Out/Under perf.
MTD	-1.1%	-0.9%	-0.2%
YTD	3.1%	1.4%	1.7%
1Y	15.1%	7.3%	7.9%
3Y	-0.1%	-4.2%	4.1%
5Y	11.1%	9.1%	2.1%
10Y	50.8%	39.6%	11.2%
2023	14.3%	9.1%	5.2%
2022	-15.5%	-13.3%	-2.2%
2021	0.2%	-0.9%	1.1%
Ann. Since Inception ²	4.5%	4.0%	0.6%

MARKET COMMENT



In April, the Emerging corporate bond market took a breather. The JPM CEMBI BD index had a return of -0.9% in April, in line with EdRF EM Credit's performance (-1.0%). Year-to-date the fund's performance stands at +3.1%, well above that of its benchmark (+1.5%). This outperformance was mainly driven by the overweight on the HY segment that has performed better than the IG segment since the start of the year, as well as by the overweight on Ukrainian, Argentinian and Brazilian corporates.

In April, the performance of the HY segment (-0.3%) continued to outperform that of the IG segment (-1.3%). This difference in performance was explained by a challenging rates environment, with rising US interest rates - 10-year US interest rates moved from 4.20% to 4.68% in April. On a more positive note, commodity prices and more specifically base metal prices increased in April. Overall, emerging market corporate yields increased by 30 basis points to 7.0%, such that spreads continued to tighten, dropping by almost 10 bps to 220bps.

CHARACTERISTICS

	Fund	Index ¹
AUM	\$337M	
YtM (%)	9.8	7.0
Modified Dur.	4.1	4.2
Average Rating	BB-	BBB-
Average Spread (bps)	487	221
Currency Exposure	100% USD	
Sustainability		
SFDR	8	

In contrast to last month, all the regions posted negative returns: Latin America, Asia and Middle-East had all a performance of -1.0%. Europe and Africa slightly outperformed with respectively -0.3% and -0.03%.

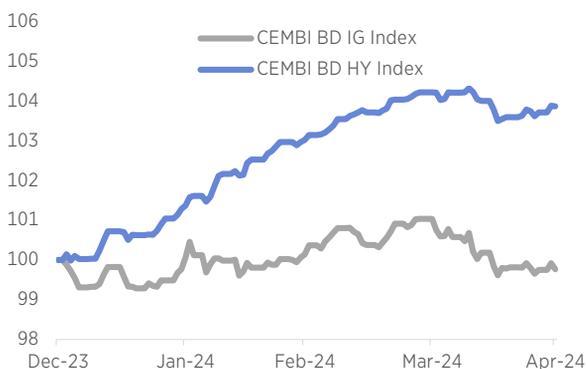
Most of the countries posted negative performances at the exception of Argentina and South Africa, both at +0.6% and Turkey (+0.4%). Ukraine (-2.5%), Mexico (-1.9%) and Hong-Kong were among the worst performers. Brazil (-1.3%), Colombia (-0.9%) and UAE (-1%) were neutral. Nigeria (-0.3%), Peru (-0.4%) and China (-0.5%) slightly outperformed.

As opposed to last month, all the sectors posted negative returns with broadly very similar performances: Pulp and Paper (-1.8%), Oil & Gas (-1.4%) and Industrials (-1.2%) underperformed while Metals and Mining (-0.7%) and Financials (-0.3%) outperformed. Transport (-0.9%), Consumer (-1%), and TMT (-1.1%) were average.

FOCUS OF THE MONTH

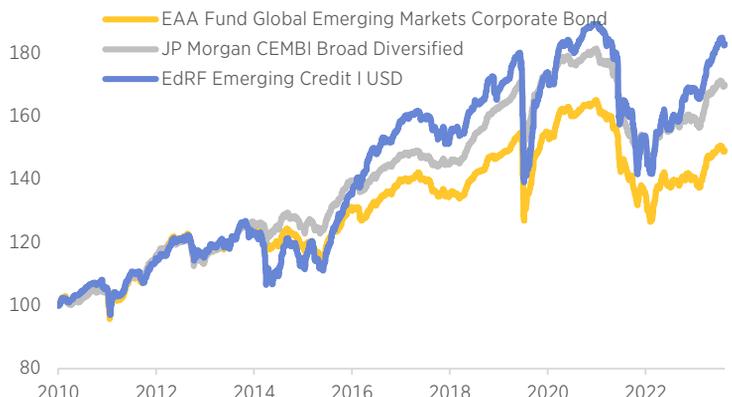
EM Corporate HY outperformed IG year to date

Year to date performance: CEMBI BD HY vs CEMBI BD IG (%)



Source: Bloomberg, data as at 30.04.2024

PERFORMANCE CHART - I-USD VS INDEX & MORNINGSTAR GROUP





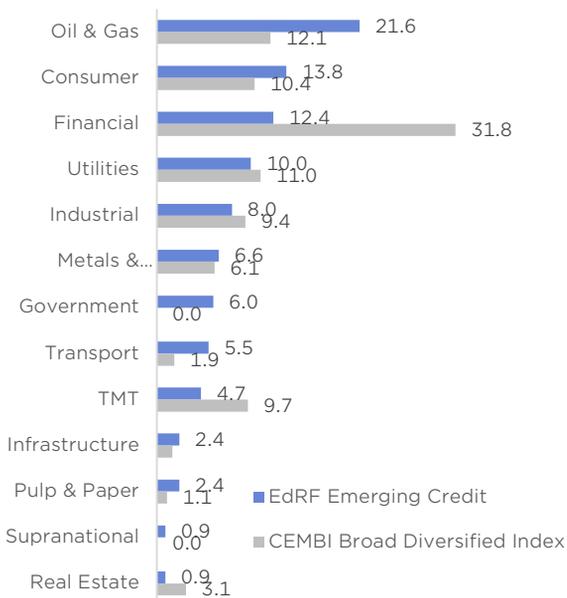
FUND POSITIONING



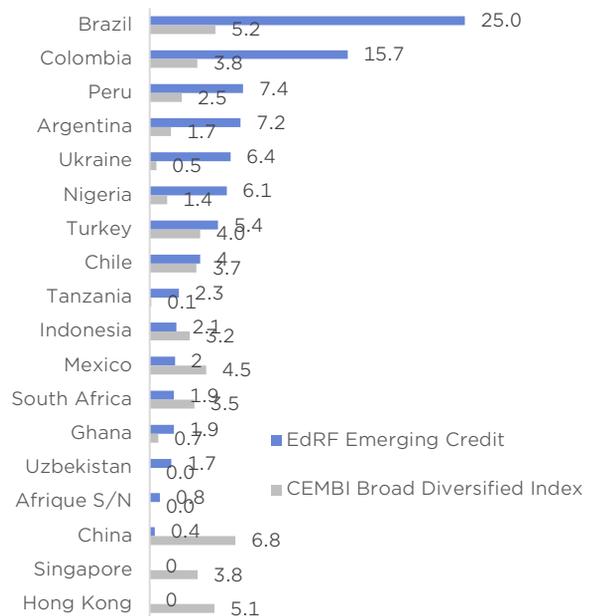
Outflows from Emerging Market Bond funds continued in April for the second consecutive month. The resumption of a steady inflows trend remains volatile. The demand for emerging market hard currency debt could however start to increase in the next months as the main drivers of the asset class become more supportive (rates, dollar, commodities). Assets under management for EdRF EM Credit decreased to USD 337 million in April.

In April, the portfolio management team continued to take profit on its Ukrainian corporate exposure after more than a year of strong outperformance. We continued to build up on a position in the renewable segment with a leading geothermal energy producer in Indonesia and we increased slightly our Turkish allocation through a new issue in the manufacturing sector (building materials).

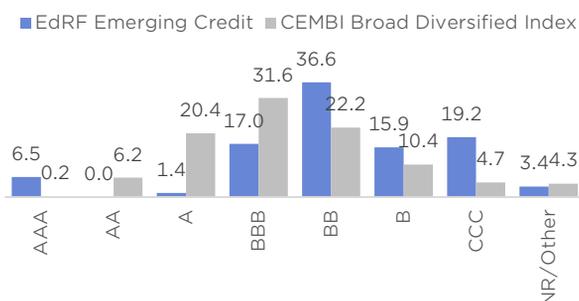
SECTOR ALLOCATION (%)



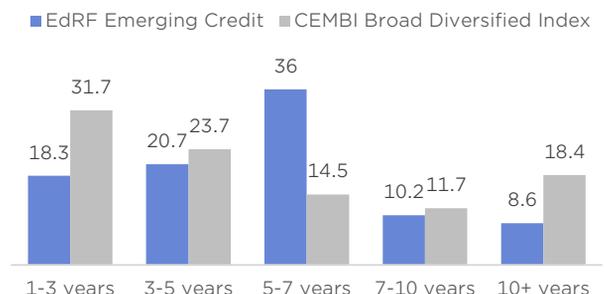
COUNTRY ALLOCATION (%)



RATING ALLOCATION (%)



MATURITY ALLOCATION (%)





PERFORMANCE ANALYSIS



In the disappointing rates environment, most corporates held up relatively well. The worst performers in EdRF Emerging Credit's portfolio were the Brazilian corporates with a negative contribution to performance of -0.67% (mainly coming from transport). Ukrainian and Colombian corporates were also a drag in April with -0.24% and -0.18% negative contribution respectively. On the positive side, Argentinian corporates contributed +0.13% to performance and our exposure to Tullow in Ghana added 0.04% to performance. More generally speaking, the portfolio's exposure to the high-yield segment has proven to be very favourable.

EM corporate primary activity in April remained modest, with USD 31bn of new issues, below the 5-year average of USD 38bn for April. Year-to-date, new issues reached USD 141bn, which were generally well absorbed by the market.

While macroeconomic uncertainty remains high, our base case scenario is still that of a more accommodative Federal Reserve in the second half of the year. On the fundamentals' side, EM corporates continue to be healthy: cash levels are still comfortable, net debt/EBITDA remains at low levels (1.4x as of today) and default rates are expected to decrease in 2024. We continue to have a constructive view of the fund's ability to perform, especially because of the attractive risk-return profile of specific companies in the portfolio. We remain confident in our diversified allocation with our overweight in the High yield segment of the market.

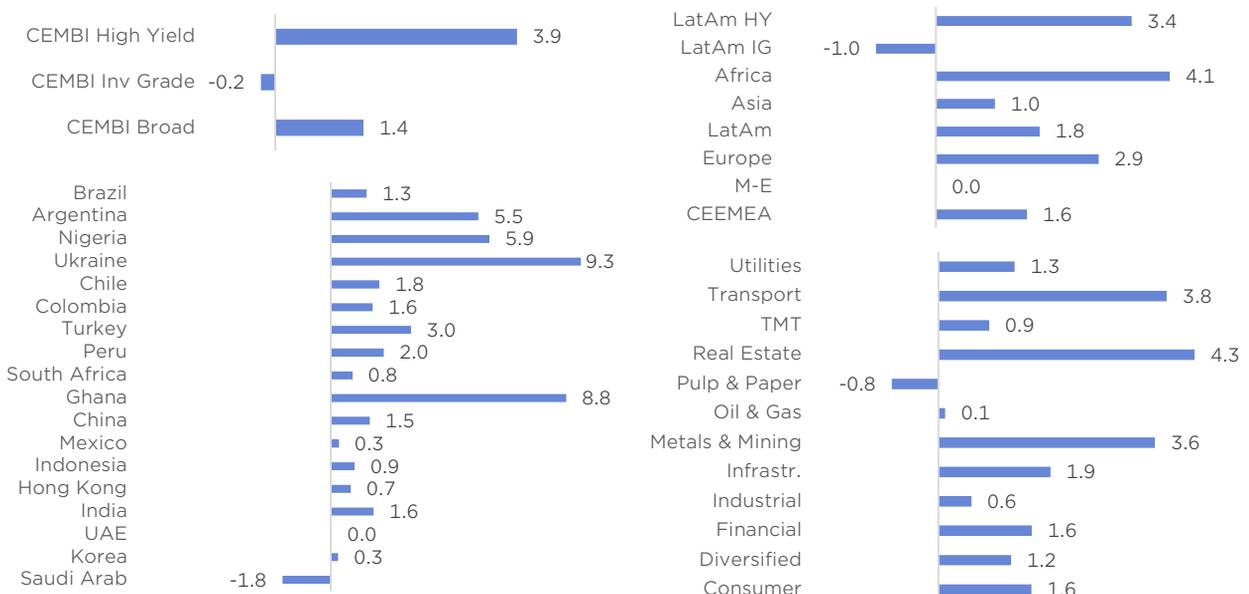
Risk indicators (I USD Share)

	Fund	Index ¹
Volatility 1y. (%)	4.1%	3.7%
Volatility 3y. (%)	10.6%	7.2%
Volatility 5y. (%)	13.4%	7.8%
Sharpe Ratio 1Y	2.40	0.52
Sharpe Ratio 3Y	-0.27	-0.59
Sharpe Ratio 5Y	0.01	-0.04

Drawdown Analysis (I USD Share)

Max. drawdown (%)	-26.0%	-21.4%
Period	16.09.2021-19.07.2022	14.09.2021-24.20.2022
Recovery	N/A	N/A

YTD PERFORMANCE: JPM CEMBI INDEX BY RATING, MATURITY, SECTOR, COUNTRY (%)





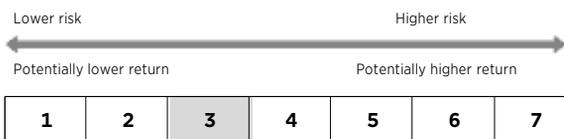
TERMS AND CONDITIONS OF ACTIVE SHARE CLASSES

	Sub shares	Investors involved in marketing	Initial subscription amount	Distribution / Accumulation	Max. entry fees	Max. exit fees	Global management fees	Performance fees	Benchmark
Class A	USD - LU1080015420 EUR(H) - LU1080015693 CHF(H) - LU1790342049	Retail investors	1 Share	Accumulation	Max. 1.00%	N/A	Max. 1.00%	15% (HWM)	JP Morgan CEMBI Broad Diversified
Class B	USD - LU1080015776 EUR(H) - LU1080015859	Retail investors	1 Share	Distribution	Max. 1.00%	N/A	Max. 1.00%	15% (HWM)	JP Morgan CEMBI Broad Diversified
Class CR	USD - LU1080015776 EUR(H) - LU1080015859	Retail investors	1 Share	Accumulation	Max. 1.00%	N/A	Max. 0.70%	15% (HWM)	JP Morgan CEMBI Broad Diversified
Class I	USD - LU1080015933 EUR(H) - LU1080016071 CHF(H) - LU1790342395	Institutional investors	USD : \$500,000 EUR(H) : €500,000 CHF(H) : CHF 500,000	Accumulation	N/A	N/A	Max. 0.40%	15% (HWM)	JP Morgan CEMBI Broad Diversified
Class K	USD - LU1564424452	Institutional investors	USD : \$500,000	Accumulation	N/A	N/A	Max. 0.70%	N/A	JP Morgan CEMBI Broad Diversified
Class KD	USD - LU1564424023 EUR - LU1564424379	Institutional investors	USD : \$500,000 EUR(H) : €500,000	Distribution	N/A	N/A	Max. 0.70%	N/A	JP Morgan CEMBI Broad Diversified
Class R	EUR - LU1276000319	Retail investors	1 Share	Accumulation	Max. 1.00%	N/A	Max. 1.45%	15% (HWM)	JP Morgan CEMBI Broad Diversified

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RISK AND REWARD PROFILE (SHARE I - USD)



The risk indicator rates this fund on a scale of 1 to 7. This indicator is used to assess the level of risk of this product in comparison to other funds and a category 1 rating does not mean that the investment is risk free. In addition, it indicates the likelihood that this product will incur losses in the event of market movements or our inability to pay you.

This indicator assumes that you hold the product until the end of the recommended holding period of this fund. The actual risk may be very different if you choose to exit before the end of the recommended holding period of this Fund.

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

- Credit risk
- Liquidity risk
- Impact of techniques such as derivative contracts
- Counterparty risk
- Operational risk

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DE ROTHSCHILD****EDR FUND – EMERGING CREDIT****PRODUCT DISCLAIMER**

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EdR Fund Emerging Credit is registered at the CNMV under n.o229.

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Public limited company with a Management Board and Supervisory Board and a capital of 11,033,769 euros
AMF approval number GP 04000015, 332.652.536 R.C.S. Paris
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