



EDR FUND EURO IG CORPORATE BONDS A-GBP (H)

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INVESTMENT GRADE CREDIT SICAV

EDMOND DE ROTHSCHILD ASSET MANAGEMENT

CORPORATE DEBT

Fund size : GBP 161,42 mil.

GENERAL INFORMATION

Investment objective

The goal of the EDR fund EUR IG Corporate Bonds is to outperform the Bank of America Merrill Lynch 1-10 Year Euro Corporate Index.

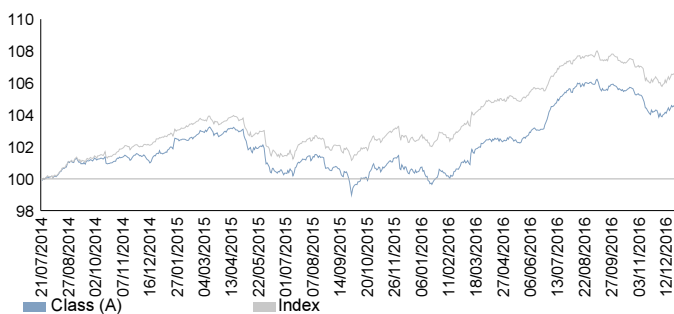
Monthly comment

Punctuated by political tensions and the challenges facing central banks, 2016 closed in positive territory on the bond markets. ECB chief Mario Draghi clarified the bank's strategy. It is not planning to tighten its monetary policy and has even offered forward guidance for all of 2017. Across the Atlantic, the 25-bps rate hike announced by the US Federal Reserve came as no surprise. The press release accompanying the decision was right in line with its cautious manoeuvring so far, leading to a very gradual tightening in monetary policy. On top of these supporting elements come reassuring economic numbers, highlighting an acceleration in the world economy. As a result, equity markets and convertible bonds (in sympathy) rallied strongly in December —except in China where the PBoC let the yuan fall to its lowest level against the USD since 2008. High beta bond segments (high yields and subordinated financial debt) also performed well in December. The corporate investment grade market held up very well in December. It was finally able to benefit from a certain degree of stability for sovereign issues (despite action taken by the central banks), in contrast to the last few months. Meanwhile, Donald Trump's victory at the polls and rising oil prices have continued to create a positive risk environment in which investment grade spreads have tightened. Note the solid performance of peripheral corporate bonds, despite the resignation of Prime Minister Matteo Renzi in Italy.

PERFORMANCES

Benchmark (Index) : BoA ML 1-10 years Euro Corporate IndeLoc

Performance chart (from 21/07/14 to 30/12/16)



Cumulative performances (Net of fees) (Rolling periods)

	1 month	3 months	YTD	1 year	2 years	3 years	5 years	10 years	Since inception	Annualized since inception
Class (A)	0,57	-1,03	4,25	4,25	3,09	-	-	-	4,72	1,90
Index	0,54	-0,85	4,24	4,24	4,17	-	-	-	6,76	2,71

Net performance

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Annual
2014								0,98	0,09	0,11	0,26	0,02	
2015	0,84	0,53	-0,04	-0,41	-0,39	-1,71	1,03	-0,82	-1,16	1,28	0,63	-0,83	-1,11
2016	0,15	0,41	1,19	0,15	0,28	1,26	1,63	0,30	-0,13	-0,49	-1,10	0,57	4,25

PORTFOLIO

Actuarial data (weighted averages)

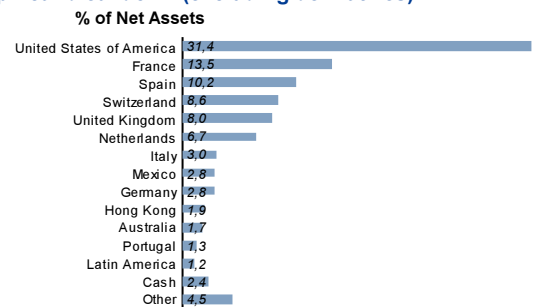
Yield (1)	Spread	Maturity (2)	Duration	Mod. Dur.	Rating (2/3)	Interest
0,93	71,42	5,31	4,25	4,20	BBB+	2,66

(1) The lowest of the two actuarial rates (call and maturity)

(2) Analyses calculated excluding derivatives on the scope of interest rate instruments

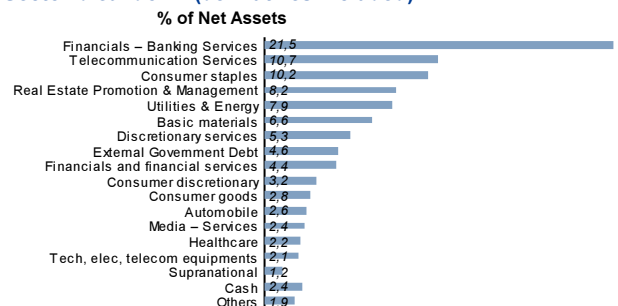
(3) Calculated excluding unrated securities - Rating source: Second best (S&P, Moody's, Fitch) LT rating

Geographical breakdown (excluding derivatives)



Fund

Sector breakdown (derivatives included)



Fund



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STATISTICS & PERFORMANCE ANALYSIS

Statistics (Rolling periods)

	Volatility		Tracking error		Sharpe ratio	
	52 weeks	3 years	52 weeks	3 years	52 weeks	3 years
Class (A)	2,25	-	0,75	-	1,73	-
Index	1,92	-	-	-	2,02	-

Performance Analysis

	Since inception (month. perf.)	
	Class (A)	Benchmark
% of positive performances	66,67	66,67
Minimum yield	-1,71	-1,51
Maximum yield	1,63	1,40
Payback period	273 day(s)	148 day(s)

PORTFOLIO DETAILS

Table of maturities to next call ranked by ratings

Rating	< 3 months	3 - 6 months	6 months - 1 year	1 - 3 years	3 - 5 years	5 - 7 years	7 - 10 years	> 10 years	Total
AAA	2,37%						-0,10%		2,27%
AA				1,16%		0,90%			2,06%
A		0,54%	0,83%	11,60%	3,35%	10,29%	5,68%	1,35%	33,65%
BBB	2,94%	0,56%	0,83%	8,88%	11,32%	19,08%	13,90%	4,13%	61,64%
BB					0,38%				0,38%
Total	5,31%	1,10%	1,66%	21,64%	15,05%	30,27%	19,49%	5,48%	100,00%

Rating source : Issuer rating from S&P, Moody's or Fitch.

Bond Instruments breakdown

	Cash	Derivatives	Fixed rates	Floating Rates
CHF	-0,02%			
EUR	2,39%	-6,51%	92,85%	4,88%
Total	2,37%	-6,51%	92,85%	4,88%

10 main issuers (ex. money market)

10 Main issuers (Total number of issuers: 89 - Number of holdings: 112)

	% of Net Assets
GLENCORE INTERNATIONAL PLC	3,7
KINGDOM OF SPAIN	3,5
RABOBANK NEDERLAND NV	3,4
AT&T INC	2,8
WELLS FARGO & CO	2,6
GOLDMAN SACHS GROUP INC	2,6
GECINA SA	2,5
UBS GROUP AG	2,2
GAS NATURAL SDG SA	2,1
ABERTIS INFRAESTRUCTURAS SA	1,9
Total	27,3

FUND CHARACTERISTICS

Share characteristics

Net asset value (GBP) :	104,72
Class creation date :	21/07/2014
ISIN code :	LU1080014373
Bloomberg code :	EDRAGBP LX
Lipper code :	68268414
Telekurs code :	24697932
Distribution :	Accumulation
Latest coupon :	

Fund Managers

Mark KOWALSKI, Marc LACRAZ

Fund characteristics

Legal status	
Sub-fund launch date : 24/05/2005	
Fund domicile : Luxembourg	Recommended investment period : > 2 years
Administrative Information	
Management Company : Edmond de Rothschild Asset Management (Luxembourg)	
Delegated management Company : Edmond de Rothschild (Suisse) S.A.	
Administration : Edmond de Rothschild Asset Management (Luxembourg)	Valuation : Daily
Depositary : Edmond de Rothschild (Europe)	Decimalised : 3 decimals
Subscription & redemption conditions : Daily before 12.30 pm C.E.T. on day's net asset value	Initial minimum subscription : 1 Share
Management Subscription/Redemption fees	
Actual management fees : 0,75%	Subscription fees Max./Real : 3% / no
Performance fees : no	Redemption fees Max./Real : no / no



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SUBSCRIBERS TYPE

Marketing country	Investors involved in marketing
Switzerland France Luxembourg Netherlands Singapore	All
	Restricted

PRODUCT RISKS AND DISCLAIMERS

The information used to value the assets of this UCITS is taken primarily from various pricing sources available on the market and/or from information provided by brokers, prime brokers or external custodians, administrative agents/managers of target funds or other products, specialists duly authorised for this purpose by this UCITS and/or its management company (where applicable), and/or directly from this UCITS and/or its management company (where applicable).

With regard to index levels and compositions, the main sources used are data distributors.

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

- Credit risk
- Liquidity risk
- Risk linked to the valuation of certain stocks held in the sub-fund
- Risk linked to derivatives
- Risk linked to financial and counterparty contracts
- Interest rate risk
- Currency risk

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The fund's investment policy does not necessarily anticipate a correlation between the fund and the mentioned benchmark. As a result, the performance of this UCITS may differ from that of the benchmark.

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No UCITS can be offered or sold to persons, or in countries or jurisdictions where such offer or sale would be unlawful.

United States: The fund and its shares are not registered under the Securities Act of 1933 or any other US regulation. Its shares may not be offered, sold, transferred or delivered for the benefit of, or on behalf, of a US National, as defined by US law.

In accordance with current local regulations, the UCI, or the class of the UCI, have received marketing authorization to specific institutional investors, or more broadly to qualified or professionals investors in the following country(ies): Singapore



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DEFINITIONS

The **PERFORMANCE**, often expressed as a % makes it possible to measure the capital gain or loss of an investment over a period (10% = gain of 10 units for every 100 invested). Performance can also be expressed per annum. This is equivalent to extrapolating the performance of a fund over any period to a one-year period. In either case, a loss is indicated by a negative percentage and a gain by a positive percentage.

The **VOLATILITY** of a security is the difference between performance and average performance and therefore makes it possible to gauge the consistency of performance obtained. It comprises a measure of risk. If this is zero, the individual performances are identical. The higher it is, the greater the difference between individual performances.

The **TRACKING ERROR** shows the volatility of a fund's relative performance against that of its benchmark. It shows the difference between performances and their average and so makes it possible to gauge the consistency of relative performance. The lower the tracking error, the closer the fund's performance is to that of its benchmark.

The **INFORMATION RATIO** represents the relative performance obtained by the fund manager for each agreed volatility point in comparison with the benchmark. To some degree, it is this measurement that makes it possible to establish whether the additional risk taken by the fund manager is, in comparison with the benchmark, rewarding or otherwise.

The **ALPHA** corresponds to the fund's average performance. More specifically, it measures the fund managers' added value while cancelling out market influence, which cannot be controlled. This measure is expressed as a percentage.

The **SHARPE RATIO** shows the fund's outperformance against a zero-risk interest rate (the Eonia, in this case), adjusted for fund volatility.

The **BETA** measures the market's influence (represented by a benchmark) on the performance of a fund. It shows the average variation of the fund's NAV, for each variation of 1% in the benchmark. If beta is 0.8, this means that for each 1% movement in the benchmark, the fund moves 0.8%.

The **CORRELATION COEFFICIENT** defines the direction and degree of dependence between two variables. It ranges from -1 to +1. Positive correlation means that the benchmark and the fund move in the same direction, negative correlation means that they move in opposite directions. When correlation is close to zero, the benchmark's influence on the fund is very low.

The **R2** or the **DETERMINATION COEFFICIENT** measures to what extent variations in fund performance are explained by variations in the benchmark. Mathematically, it is the square of the correlation coefficient. It always has a value of between 0 and 1.

The **GAIN FREQUENCY** represents the percentage of positive returns for a defined frequency.

The **MAX GAIN** represents the maximum return recorded from a series of periodic return payments.

The **MAX DRAWDOWN** is the maximum loss recorded over a series of periodic returns.

The **PAYBACK PERIOD** measures the time required to recover the maximum drawdown. It is often expressed in days or months. Payback begins with the return paid following the maximum loss.

DURATION: the duration of a bond corresponds to the period after which its profitability is not affected by interest rate fluctuations. The duration appears as an average lifespan updated with all flows (interest and capital) and expressed in years.

SENSITIVITY: Bond sensitivity measures the percentage change in a bond's value arising from any downward movement in the interest rates. Mathematically, it is equal to the absolute value of the derivative of the bond's value with regards to the interest rate, divided by the value of the bond itself. It is expressed as a percentage.

SPREAD: the actuarial margin, or spread, of a bond (or of a loan) is the difference between the actuarial rate of return of the bond and that of a zero-risk loan with an identical duration. Naturally, the better the issuer is rated, the lower the spread.

ACTUARIAL RATE: by convention, an actuarial rate is a rate of an investment which has a duration of one year and for which interest is received or paid after one year. Since there are so many rates and interest payment terms, it is difficult to compare them directly. They are therefore converted using a common basis, the actuarial rate, in order to make direct comparisons.

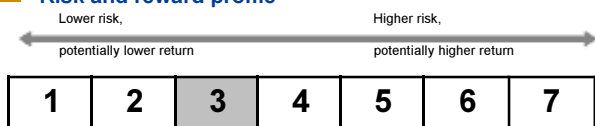
MATURITY: A bond's final or call maturity corresponds to the period remaining until the bond may be redeemed or until its next call date. It is therefore equal to the length of time between the date upon which the calculation is performed and the issue's redemption date or next call date, and is often expressed in numbers of years.

DELTA OF A CONVERTIBLE BOND ISSUE: the delta of a convertible issue measures the sensitivity of the price of the convertible bond to a change in the conversion ratio [(equity price * conversion ratio)/nominal amount]. Its value is always between 0 and 100.

EQUITY SENSITIVITY FOR CONVERTIBLE BOND ISSUES: The equity sensitivity of a convertible bond issue measures the sensitivity of the convertible bond's value to a 1% fluctuation in the value of the (underlying) share. It will always be between 0% to 100%. The closer the equity sensitivity is to 100%, the closer the fluctuation in the convertible bond's price will match that of the share price and vice versa. Accordingly, when equity sensitivity is in the range of 80 to 100, the convertible bond is considered to perform like a share; between 20 to 80, the convertible bond is said to be mixed and is influenced by both the share price and interest rates; between 0 and 20, the convertible bond performs like a bond.

RISK SCALE

Risk and reward profile



Synthetic risk/return indicator ranks the fund on a scale from 1 to 7 (1 being the less risky ranking, 7 being the most risky ranking). This rating system is based on average fluctuations in the fund's net asset value over the past five years, i.e. the scale of changes in the index securities, both up and down. If the net asset value is less than 5 years old, the rating is determined by other regulatory calculation methods. Historic data such as those used to calculate the synthetic indicator may not be a reliable indication of the future risk profile. The current category is neither a guarantee nor an objective. Category 1 does not signify a risk free investment. For more details on the methodology of the ranking, please consult the key investor information document (KIID) of the fund.

HISTORICAL DATA

Benchmark modification history

BoA ML 1-10 years Euro Corporate IndeLoc