



EDMOND
DE ROTHSCHILD

ASSET MANAGEMENT

EDR FUND - BOND ALLOCATION MONTHLY DETAILED REVIEW

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EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE.


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DE ROTHSCHILD**

EDR FUND – BOND ALLOCATION



PERFORMANCE (I EUR Share)

	Fund	Index ¹	Out/Under perf.
MTD	-1,81%	-1,13%	-0,68%
YTD	-1,98%	-1,22%	-0,77%
1Y	+5,57%	+3,83%	+1,74%
3Y annualised	-1,42%	-3,77%	+2,34%
5Y annualised	+0,54%	-1,31%	+1,85%
2023	+6,80%	+7,67%	-0,87%
2022	-8,56%	-16,07%	+7,51%
2021	+0,37%	-2,21%	+2,58%
Since inc. annualised ²	+2,38%	+1,36%	+1,02%

MARKET COMMENT

- April closes with a string of macro-economic data underlining the strength of the US economy, largely pushing risk-free rates to their highest levels since the start of the year. Of particular note in the US this month were retail sales, which largely surprised on the upside, an employment market that remains very strong, and a CPI that is anchored at around 3.5% and, above all, the core PCE at 3.7% +0.2% above expectations. Even though US GDP came in slightly below expectations, its domestic consumption component remains very vigorous, further underlining the economic momentum. In these speeches, Jerome Powell himself no longer seemed in a hurry to cut rates, and the market gradually postponed the Fed's expected rate cuts from July to September and November. At the same time, the eurozone published PMIs validating a soft landing scenario, with a disappointing manufacturing index of 45.6, but a services component (very important in Europe) of 52.9 showing a certain rebound in activity. Expected growth for 2024 is now anchored at around 0.5%, removing the spectre of a sharp and prolonged recession.
- Against this backdrop, US 10-year yields, which began the month at 4.20%, climbed to their highest level since mid-November, 4.68%. Similarly, the German Bund gained nearly 30bp, from 2.30% to 2.58%. The short end of the curve also suffered, with the German 2-yr breaking 3% from 2.8% and the US 2-yr breaking 5% from 4.6%.
- On the credit market, spreads were stable over the month, although a slight resurgence of volatility in the middle of the month led to a temporary widening on resurgent geopolitical risk. Investment-grade spreads stood at 112bp, in line with the low average of the past 5 years (average 130bp), largely supported by the buying flows that continued to pour into the asset class, particularly on a very dynamic primary market. On the high yield side, premiums closed the month at 350bp, after touching 375bp during the month. Over the month, issuers (IG and HY) placed close to 50 billion euros of new paper, bringing primary issuance over 2024 to 275 billion euros.
- In a market dominated by interest-rate volatility, the various components of the bond market posted negative performances in April, with euro sovereign indices (EG00) losing close to -1.4% (YTD -2.06%), heavily penalized by their long sensitivity of over 7. Investment-grade bonds stood at -0.84% for the month (-0.44% YTD), and finally, more protected by its short duration profile (around 3) and the carry of credit premiums, the high yield segment lost -0.03%, but has remained largely positive since the start of the year (+1.6%).

CARACTERISTICS

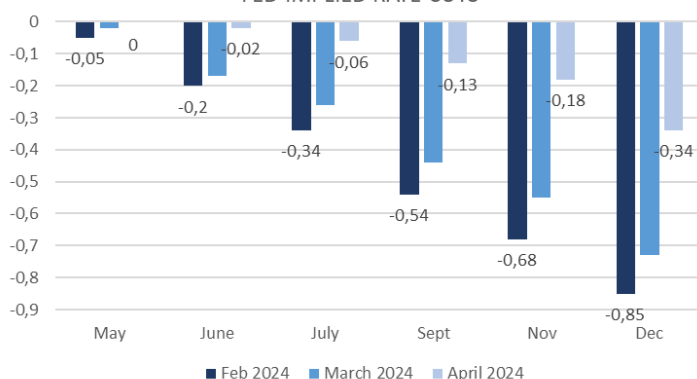
	Fund	Index ¹
AUM (€m)	1 601	
YtW ³	5,4	3,5
YtM ³	5,5	3,5
Modified Dur.	5,5	6,0
Spread Dur.	3,2	5,9
Average Rating	BBB-	A
Sustainability		
SFDR	Article 8	
ESG Rating ⁴	10,8	10,5

1: 50% BarCap Euro-Aggregate Corporates (EUR) + 50% BarCap Euro-Aggregate Treasury (EUR)/ 2: as of 02/14/2013 strategy launch/ Annualised performance
3: excluding future on rates, CDS, SWAP, IRF, IRS/ 4: MSCI and Internal data and vs. Investment universe

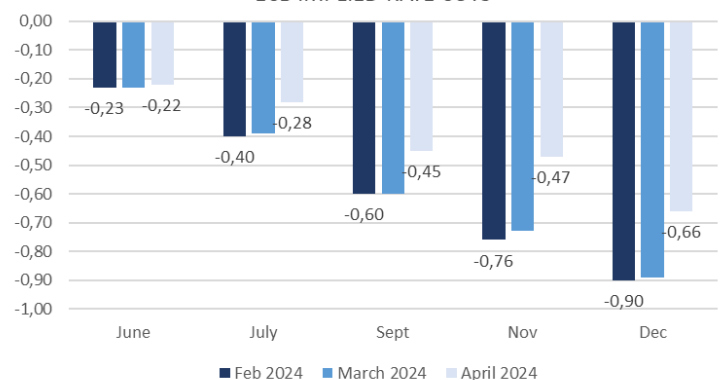
FOCUS OF THE MONTH

- RESCHEDULING THE RATE CUTS IN THE US
- In just over two month the strength of US data prompted the market to reprice cut expectations from -85bp (at least 3 cuts) until Dec to just -34bp (one cut may be two). In contrast the ECB trend while being slightly less dovish still prices in 2 to 3 cuts come year end.

FED IMPLIED RATE CUTS



ECB IMPLIED RATE CUTS



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

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FUND POSITIONING

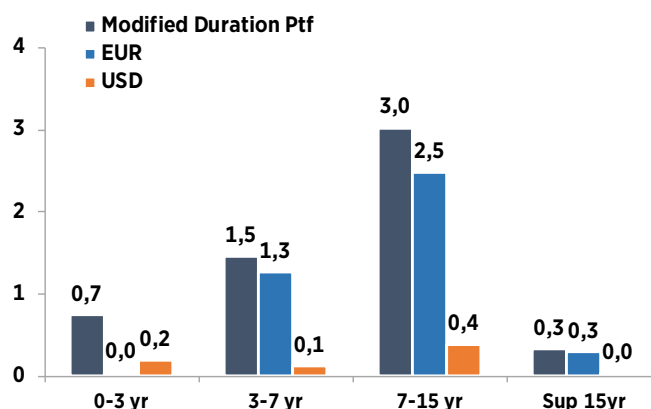
- › We entered the month with a modified duration of 7 plus out of which almost 2,5 located in the USD curve. As data supported a stronger than expected US economy as well as postponed FED rate cut towards September or even November, we decided to reduce our MD position to USD from 2,5 to 0,7. As we believe the disinflation trend remains clearer in Europe, we kept almost all our EUR duration although slightly lower at 4,1 but extended our long end bucket 7-15 from 1,6 to 2,5.
- › Our cash allocation was relatively stable with however a slight increase on our corporate IG allocation for carry purposes and we took a bit of profit on our Emerging sovereign exposure (reduced 1% on the month)

BREAKDOWN BY FIXED INCOME SECTORS

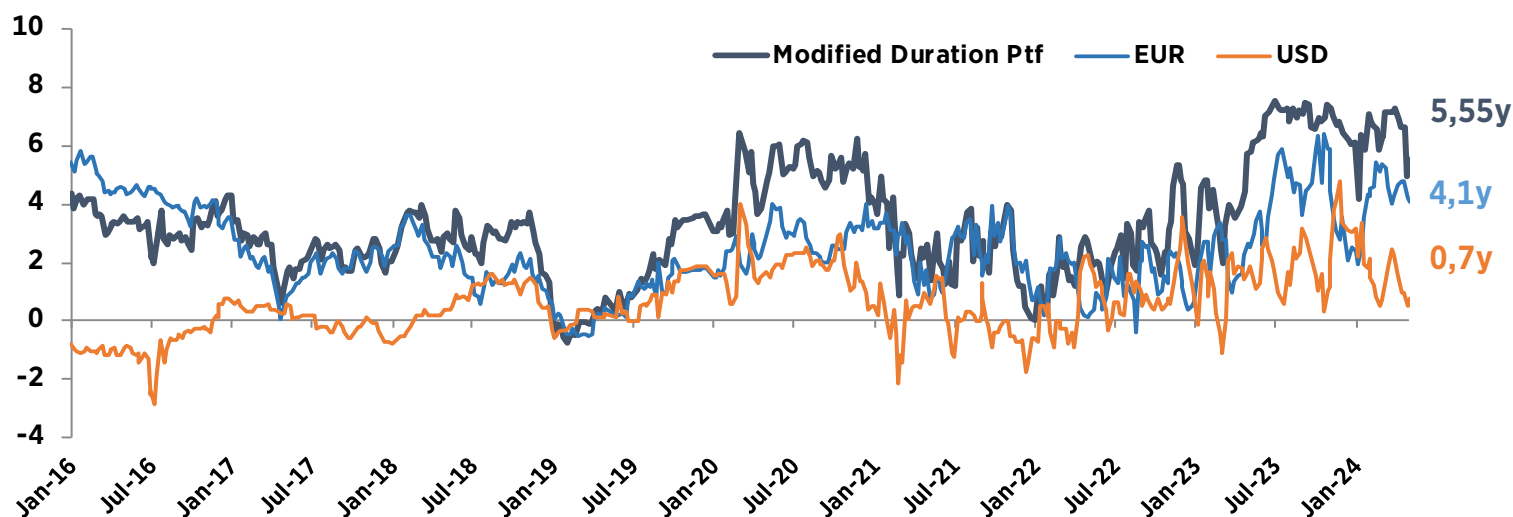
	Investment	CDS*	TRS*	Exposure
Cash / short term papers	7,0%			7,0%
Government Bonds	10,3%			10,3%
Sub Fin	12,8%			12,8%
High Yield Corp	25,5%	-1,0%		24,5%
Corp Investment Grade	28,3%			28,3%
Inflation Linked Bonds				
Emerging Sovereigns	11,3%	-1,4%		10,0%
Emerging Corp	4,0%			4,0%
Convertibles bonds	1,0%			1,0%
Macro hedge		-2,6%		-2,6%

(*) : CDS : Credit Default Swaps, TRS : Total Return Swaps

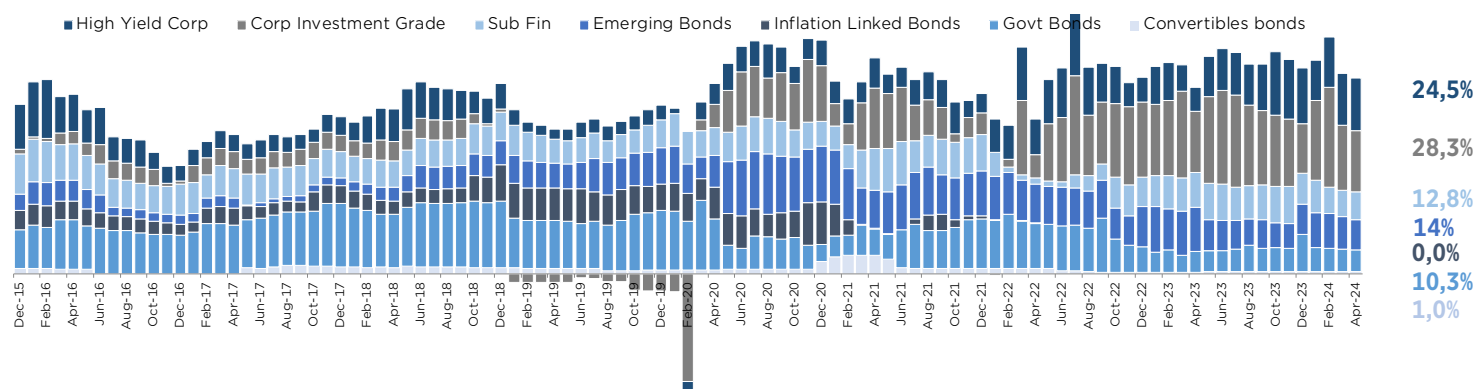
BREAKDOWN BY MATURITY



MODIFIED DURATION BREAKDOWN BY YIELD CURVE



EVOLUTION OF THE EXPOSURE



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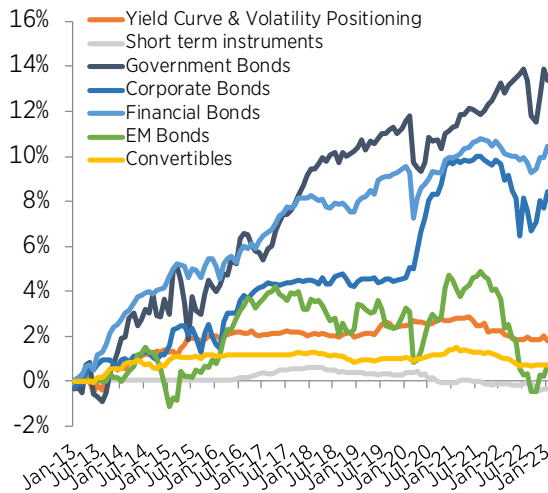
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PERFORMANCE ANALYSIS



PERFORMANCE CONTRIBUTION (gross of fees)

CONTRIBUTION OVER
THE MONTH

Government Bonds	-1,51%
Financial Bonds	-0,03%
Corporate Bonds	-0,06%
EM Bonds	-0,46%
Yield Curve & Volatility Positioning	+0,09%
Convertibles	-0,03%
Short Term instruments & FX Hedging	-0,00%

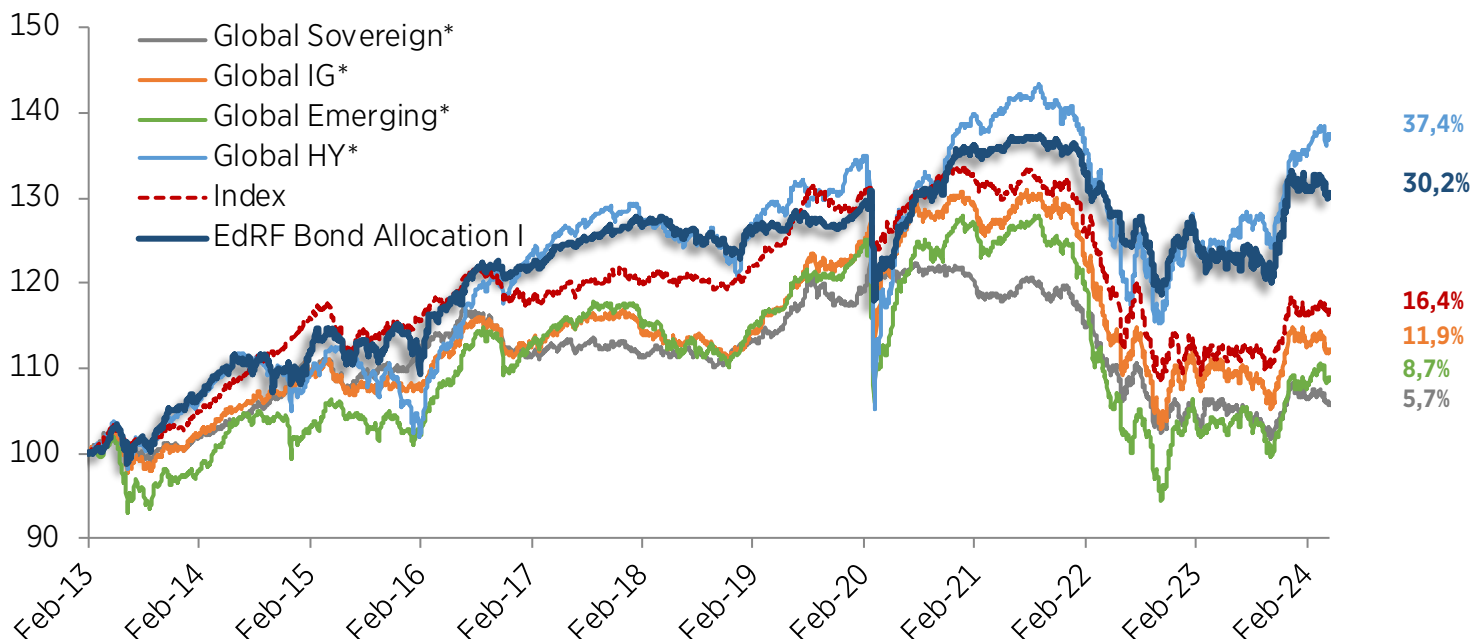
RISK INDICATORS (I EUR Share)

	Fund	Index
Volatility 1y. (%)	6,51	4,78
Volatility 3y. (%)	6,24	6,94
Volatility 5y. (%)	6,09	6,22
Sharpe Ratio 1y.	0,29	0,04
Sharpe Ratio 3y.	-0,45	-0,74
Sharpe Ratio 5y.	-0,02	-0,31
Max. drawdown (%)	-13,5	
Period	In Progress	
Recovery	In Progress	

MONTHLY PERFORMANCE COMMENT

- Over the month the fund lost -1,8% bringing YTD at -1,98% on the I share. the main detractor of the portfolio was unsurprisingly the government bond bucket (-1,5%) largely penalized by the continuous trend in rates. Our credit allocation were also negative as some spread volatility resurface mid month with geopolitical tension. However their shorter duration and spread carry mitigated their negative contribution.
- As ECB rate cuts are around the corner, -25bp expected in June, we believe there is a min for 50bp tighter rates to be seen till the end of the year which should help the fund come back in positive territory. In addition the fund keeps running a 5,5% carry, translating in all things being equal to 40-45bp every month.

PERFORMANCE (I EUR SHARE) vs FIXED INCOME INDICES SINCE STRATEGY OVERHAUL (02/14/13)





TERMS AND CONDITIONS OF ACTIVE SHARE CLASSES

	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 LU1426148802 EUR LU1161527038 GBP H LU1426148984 USD H LU1426148711	Individual investors	1 Share	Accumulation	1%	-	0,8%	15%	Benchmark*
Class B	CHF H LU1426149289 EUR LU1161526907 GBP H LU1426149362 USD H LU1426149107	Individual investors	1 Share	Distribution	3%	-	0,8%	15%	Benchmark*
Class CR	EUR LU1781816704 USD H LU1790341827	Individual investors	1 Share	Accumulation	1%	-	0,6%	15%	Benchmark*
Class CRD	EUR LU1873123290	Individual investors	1 Share	Distribution	1%	-	0,6%	15%	Benchmark*
Class I	CHF H LU1426149875 EUR LU1161526816 USD H LU1426149792	Institutional investors	500 000	Accumulation	-	-	0,4%	15%	Benchmark*
Class J	EUR LU1161526733 GBP H LU1426150451 USD H LU1426150295	Institutional investors	500 000	Distribution	-	-	0,4%	15%	Benchmark*
Class K	CHF H LU1426150881 EUR LU1161526659	Institutional investors	500 000	Accumulation	-	-	0.6%	-	Benchmark*
Class N	CHF H LU1426151186 EUR LU1426150964 USD H LU1426151004	Institutional investors	20 000 000	Accumulation	-	-	0,4%	-	Benchmark*
Class O	EUR LU1648208582 USD H LU1648208749	Institutional investors	20 000 000	Distribution	-	-	0,4%	-	Benchmark*
Class PE	EUR LU1981742973	Institutional investors	80 000 000	Accumulation	-	-	0,35%	-	Benchmark*
Class R	EUR LU1161526576 USD H LU1161526493	Individual investors	1 Share	Accumulation	1%	-	1 %	-	Benchmark*
Class RS	EUR LU1832174707 USD H LU1832174616	Individual investors	1 Share	Accumulation	3%	-	1,4%	-	Benchmark*

RISK AND REWARD PROFILE (Share I - EUR)



1	2	3	4	5	6	7
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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 3, in accordance with the type of shares and geographical zones presented in the "objectives and investment policy" section.

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EdR Fund Bond Allocation - CNMV registration number: n. o229

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