



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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EDR FUND – BOND ALLOCATION



PERFORMANCE (I EUR Share)

	Fund	Index ¹	Out/Under perf.
MTD	-0,21%	-0,18%	-0,04%
YTD	-0,21%	-0,18%	-0,04%
1Y	+5,18%	+5,04%	+0,15%
3Y annua.	-0,65%	-3,98%	+3,32%
5Y annua.	+0,96%	-0,69%	+1,66%
2023	+6,80%	+7,67%	-0,87%
2022	-8,56%	-16,07%	+7,51%
2021	+0,37%	-2,21%	+2,58%
Since inc. annua. ²	+2,60%	+1,49%	+1,11%

CARACTERISTICS

	Fund	Index ¹
AUM (€m)	1 625	
YtW ³	5,0	3,1
YtM ³	5,3	3,1
Modified Dur.	7,1	6,0
Spread Dur.	3,8	5,9
Average Rating	BBB-	A
Sustainability		
SFDR	Article 8	
ESG Rating ⁴	10,7	10,5

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

MARKET COMMENT

- Following the very sharp acceleration in rate falls in the fourth quarter, we began the month with rate levels that quickly incorporated numerous cuts. At the same time, the US macro indicators published during the month still show a pretty resilient US economy: retail sales, industrial production, jobless claims and GDP rose by 3.3% in Q4 2023. In the UK the situation is more mixed, with CPI higher than expected, driven by the services sector, retail sales disappointed sharply in December, with the lowest monthly figure since Covid last closed in 2021. As in the Eurozone, expectations for the ZEW survey rebounded, with the German consumer price index (PPI) falling to -1.2%.
- The ECB and FED, at their meetings and via their ad-hoc communications, blew hot and cold during the month. If the next move is definitely to cut rates, as soon as inflation figures confirm it, the timing is uncertain. More specifically for the FED, its various communications seem to indicate that it wishes to retain control over the timing of the first cut, and above all to avoid expectations being too marked and too optimistic. This led to a depricing of March cut expectations in favour of May.
- Finally yet importantly, the month saw a high level of issuance by both governments and corporates (see Focus Of The Month).
- In spite of this, the uptrend felt over the month did not materialise from date to date, as at the very end of the month the FOMC marked rate levels with a dovish tone. The US 10-year ended the month at 3.91% (+3 bps), while the German 10-year was at 2.17% (+14 bps). On credit spreads, the Euro IG CDS portion was stable at 59 and the HY portion showed a slight upward consolidation at 328 (+17bps) after 2 months of very sharp tightening. In a positive environment for risky assets, the Stoxx Europe 600 (NR) rose by 1.46% and the S&P 500 (NTR) by 1+65%.
- In addition, China unveiled a new stimulus plan aimed at boosting growth and stabilising the stock market. It involves direct purchases by a stabilisation fund and a stimulation of lending through technical measures. Oil fell after Saudi Arabia announced a price cut anticipating lower demand. This was seen as evidence of an economic slowdown that could reduce inflationary pressure.

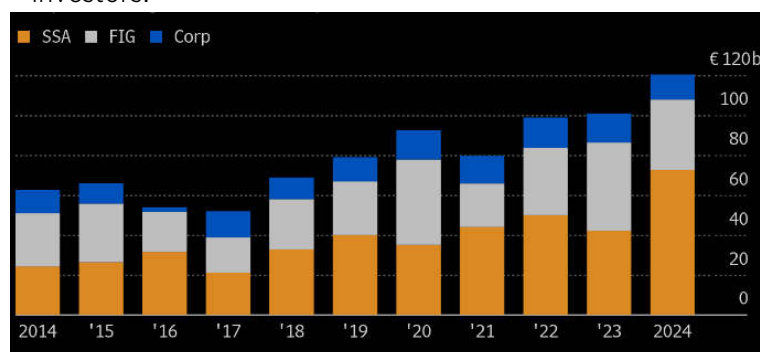
FOCUS OF THE MONTH

New issuances

The one question that everybody was asking in late summer 2023 was: “who is going to buy all this new issues from Governments or Corporates in 2024?”. The answer is that demand, so far, is matching or outpacing issuances. Indeed, we had a “deluge” of issuance since the beginning of the year especially in Europe with huge syndications from Spain, Italy and others. On the corporate side too, IG issuers on both side of the Atlantic used this window of opportunity to unleash a decent amount of issuance. That is for the offer side.

For the demand side, Italy and Spain governments new issues attracted around 150bn in demand, and 70bn demand for Belgium (10 times oversubscribed generally) and corporates issuance generally 10/20 bps tighter post

issuance in a few days. In the US too, government auctions (3y, 10y and 30y) saw solid demand from final investors.



Sources: EDRAM (FR), Bloomberg, as of 01/29/24. Issuance volume data covers syndicated EUR, GBP denominated bonds sold in Europe. SSA: Sov. Supra. & Agencies. FIG: Fin. Inst. Group

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FUND POSITIONING

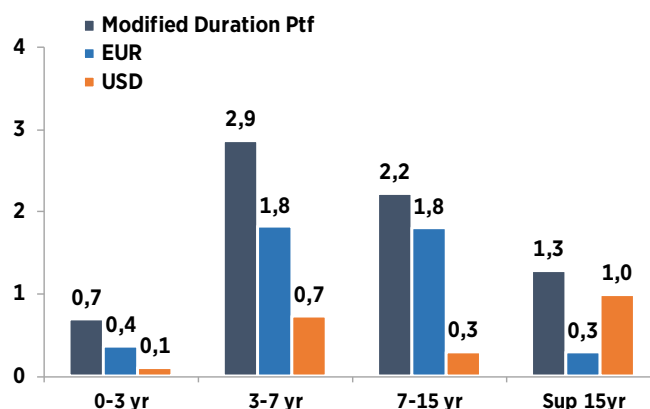
- Over the month, our modified duration fluctuated between 3.8 and 7.2 years, ended the month at 7.1 years. Initially tactically reduced at the beginning of the month, we then strengthened our positioning in line with our medium-term conviction, which remains bullish duration. Following our EUR - USD rebalancing in December, in January we sharply reduced the USD (activity data remaining resilient) in favour of a strengthening towards the EUR (more readable disinflationary trajectory). Finally, we prefer 5- and 10-year positioning on the curves.
- In December, we had raised cash in order to be able to redeploy it quickly and easily in January, and thus take advantage of strong activity on the primary issuance in EM and corporate investment grade.

BREAKDOWN BY FIXED INCOME SECTORS

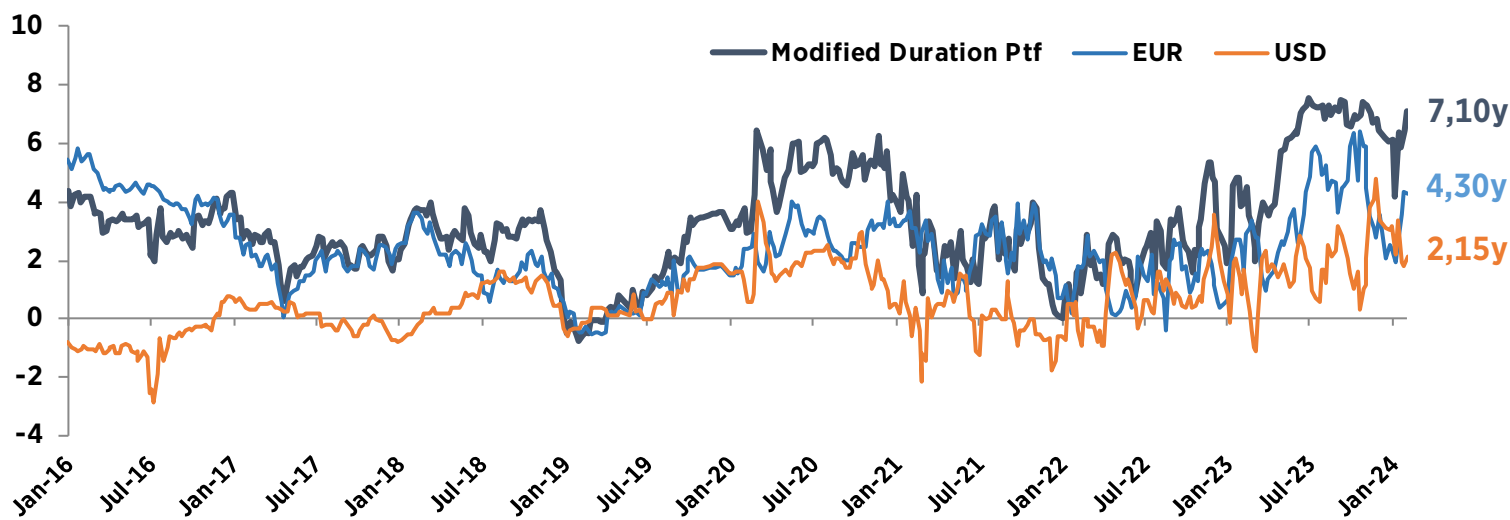
	Investment	CDS*	TRS*	Exposure
Cash / short term papers	3,1%			3,1%
Government Bonds	11,3%			11,3%
Sub Fin	15,1%			15,1%
High Yield Corp	21,6%	-2,9%		18,7%
Corp Investment Grade	28,5%	8,5%		37,0%
Inflation Linked Bonds				
Emerging Sovereigns	13,2%	-1,4%		11,9%
Emerging Corp	4,2%			4,2%
Convertibles bonds	1,0%			1,0%
Macro hedge		-3,5%		-3,5%

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

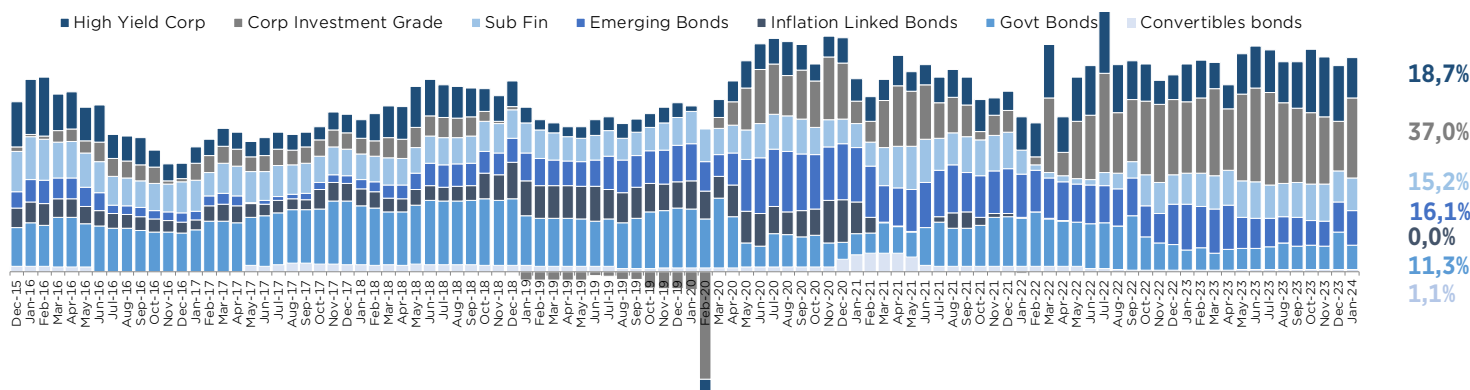
BREAKDOWN BY MATURITY



MODIFIED DURATION BREAKDOWN BY YIELD CURVE



EVOLUTION OF THE EXPOSURE



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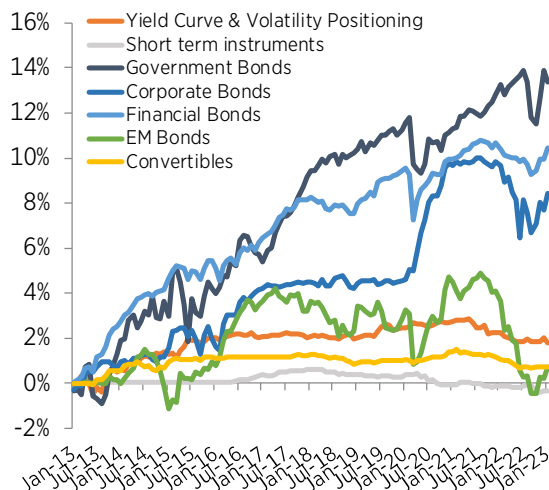
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PERFORMANCE ANALYSIS



PERFORMANCE CONTRIBUTION (gross of fees)

CONTRIBUTION OVER
THE MONTH

Government Bonds	-0,39%
Financial Bonds	+0,18%
Corporate Bonds	+0,12%
EM Bonds	-0,15%
Yield Curve & Volatility Positioning	-0,06%
Convertibles	-0,01%
Short Term Instruments & FX Hedging	-0,07%

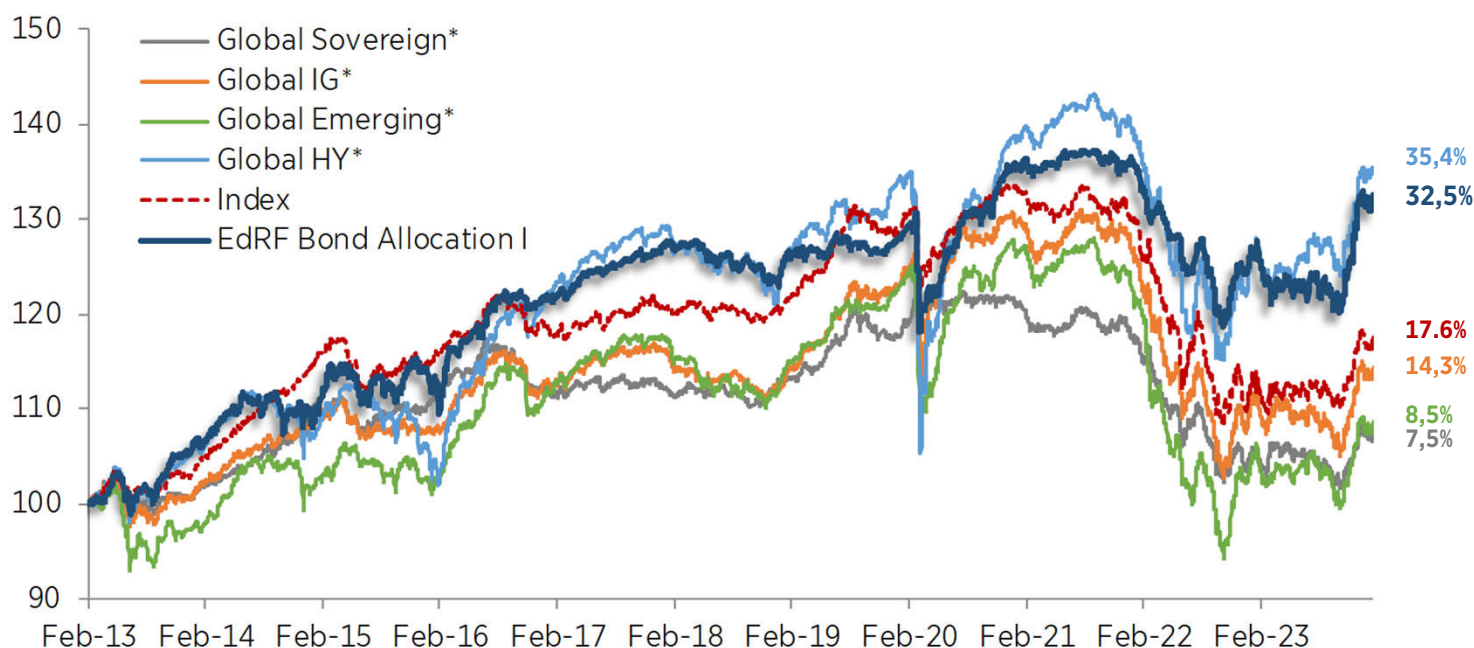
RISK INDICATORS (I EUR Share)

	Fund	Index
Volatility 1y. (%)	6,58	5,47
Volatility 3y. (%)	6,10	6,89
Volatility 5y. (%)	6,00	6,22
Sharpe Ratio 1y.	0,13	0,11
Sharpe Ratio 3y.	-0,27	-0,72
Sharpe Ratio 5y.	0,09	-0,18
Max. drawdown (%)	-13,5	
Period	In Progress	
Recovery	In Progress	

MONTHLY PERFORMANCE COMMENT

- After the major bond rally of the 4th quarter, the consolidation we are seeing seems only temporary. It does not call into question our medium-term view, and the fund is in line with its benchmark, pending the opportunity to take advantage of our bullish view on duration. In the short term, more volatility in interest-rate trends seem likely, prompting us to remain active in geographical positioning and on the curve. We remain confident on credit spreads, maintaining a yield of 5.3%.
- The fund's performance in 2023 enabled it to recover a large part of its negative performance in 2022. Thanks to its flexibility, the fund confirms its more resilient behaviour than most bond indices. The next few quarters should enable us to fully correct this 2022 performance, and even benefit from the expected fall in rates.

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




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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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