

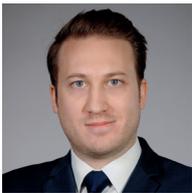


EDMOND
DE ROTHSCHILD

EDMOND DE ROTHSCHILD FUND EMERGING BONDS



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Emerging debt:
many opportunities

▶ Edmond de Rothschild Fund Emerging Bonds aims to outperform the euro-hedged JP Morgan EMBI Global, with its exposure to all emerging bonds markets (sovereign and corporate).

ACTIVE AND FLEXIBLE MANAGEMENT BASED ON SEVERAL SOURCES OF PERFORMANCE

The manager uses a discretionary approach to **express his convictions** through a flexible and opportunistic allocation.

He thus has the option of deviating widely from his benchmark index to **seek out performance in countries and on instruments that reflect his investment convictions**.

The fund is managed actively in all emerging debt segments and can gain exposure to **“hard currency” debt, local-currency debt** (from Investment Grade to High Yield) and emerging currencies. The currency risk exposure may be as high as 100%.

EMERGING DEBT: A HIGH-VALUE MARKET

Emerging debt is a booming asset class and is **increasingly diversified**. It encompasses quite varied geographical regions and fundamentals making it possible to invest in multiple themes. Even so, it is still quite small, at only about 12% of the global debt market, while demand is constantly growing. This scarcity effect is a source of value for the asset class.

Moreover, **emerging sovereign bonds’ risk/return profiles have improved considerably** in recent years. While fundamentals of mature economies have worsened, particularly in Europe, growth momentum and debt/GDP ratios are especially low, given the still-attractive yields of their issues.

In exchange for these high returns, the level of risk (volatility and liquidity) in emerging markets is still, on the whole, higher than in developed markets. Selectiveness is therefore imperative.

GLOSSARY

▶ **“Hard currency” debt** refers to bonds denominated in benchmark currencies traded on a global basis on currency markets. These are mainly the US dollar and the euro.

▶ In contrast, **local-currency debt** refers to bonds denominated in the domestic currency of the issuing entity.

▶ **High Yield** refers to corporate bonds having a higher default risk than **Investment Grade** bonds and that, in exchange, offer a higher coupon.

The fund managers may change during the product’s life.

Edmond de Rothschild Fund Emerging Bonds is a sub fund of the Luxembourg-regulated SICAV which is approved by the CSSF and approved for marketing in France, Luxembourg, Spain, Austria, Switzerland, Germany, Finland, United-Kingdom, Italy, Netherland and Taiwan.



KEY POINTS

A booming asset class offering a more attractive risk/return combination than the sovereign bonds of some developed countries

A diversification vehicle offering global exposure to emerging debt

Opportunistic management combining several sources of performance

Emerging markets may be more volatile and less liquid than developed markets

The fund’s currency risk exposure may be as high as 100%

A DYNAMIC “CORE-SATELLITE” APPROACH THAT EXPRESSES THE STRONGEST MANAGEMENT CONVICTIONS

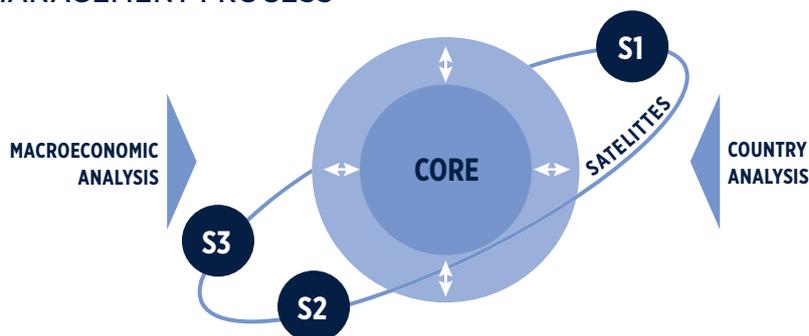
The fund is managed on the basis of a cross-referenced analysis grid, **combining macroeconomic forecasts and country-by-country analyses**. The management team then undertakes a core-satellite allocation. The core is similar to the benchmark, while satellites represent the manager’s strongest convictions, whether overweighting positions in the index or selecting bonds from outside the index.

The fund’s **great flexibility** allows it to position itself on all market segments, all types of issuers (sovereigns, quasi-sovereigns, companies) and throughout the

rating spectrum (from Investment Grade to High Yield). The portfolio’s final exposure and level of risk are then adjusted. The manager also ensures that at all times

its main positions are highly liquid, notably by selecting the most heavily traded securities.

MANAGEMENT PROCESS



Source: Edmond de Rothschild Asset Management (France). The above investment process comprises various internal investment constraints set up by the investment team. The process may change over time.

FUND INFORMATION*

Inception Date: 29/04/1998

ISIN codes

A share : LU1160351208

I share : LU1160352354

Maximum fixed management fees

A share: 1,20% TTC / I share: 0.60% TTC

Variable management fees

10% of performance in excess of the benchmark

Minimum initial subscription

A share: 1 share / I share: € 500 000

Front load charge: A share : 1% max

B share : 3% max / I share : None

Redemption charges: None

Benchmark: JPM EMBI Global Index in euro

Recommended investment horizon

> 3 years

* Shares described herein are the main euro-denominated shares. The fund also has shares in USD, CHF, GBP. Please ask your sales contact for any further information.

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Edmond de Rothschild Fund Emerging Bonds is a sub-fund of the Edmond de Rothschild Fund SICAV, which is organized under the laws of Luxembourg, and has been approved for distribution in or from Switzerland by the Swiss Financial Market Supervisory Authority (“FINMA”) to non-qualified investors. The Prospectus, the annual and interim reports, KIIDs, articles of association can be obtained, free of charge upon request, from the Representative or from the following website: <http://funds.edram.com>.

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