



EDMOND
DE ROTHSCHILD

EDMOND DE ROTHSCHILD SICAV EURO SUSTAINABLE CREDIT



ALEXIS FORET
*Fund Manager**



**JEAN-PHILIPPE
DESMARTIN**
*Director of Responsible
Investment**

Responsible investments in euro corporate debt

► EdR SICAV Euro Sustainable Credit is a corporate debt fund which invests in euro-denominated bonds which are seen as attractive via an analytical approach which associates financial and sustainable development criteria.

Over the recommended 2-year investment horizon, the fund seeks to outperform the Barclays Capital Euro Aggregate Corporate Total Return index, the benchmark for the euro corporate bond market.

The investment process selects companies with robust fundamentals which have also adopted a sustainable development approach with a focus on good management of environmental, social and governance (ESG) risks and opportunities. In our view, companies which demonstrate a strong strategic vision and operational deployment of their sustainable development policy will be able to optimise long-term development strategies.

The fund is 70% exposed to investment grade bonds but up to 30% of the portfolio may also be invested in euro high yield bonds. EdR SICAV Euro Sustainable Credit targets investors looking for exposure to the dynamic euro corporate debt market but with a focus on a responsible investment approach.

A COMMITTED PLAYER SPECIALISED IN CORPORATE DEBT

The fund benefits from the combined expertise of our corporate debt specialists and our Responsible Investment (RI) team, 18 professionals in all who work closely together and have 15 years experience on average.

There are two stages in the investment process:

- **in-depth credit analysis** to detect investment opportunities using a multicriteria process which has a strong track record of more than 20 years
- **ESG analysis** to identify the principal extra-financial risks, weighted in line with key sector challenges. **The analytical approach developed by our RI team is based on 3 pillars: Environment, Social and Governance.**

The RI selection process is based on a Best-in-Universe approach which favours top-ranked issuing companies irrespective of ratings, sectors or capitalisation size.

1. Investment Grade: bonds rated as high quality by rating agencies.

2. High yield: corporate bonds with more default risk than investment grade bonds but which pay out higher coupons.

Edmond de Rothschild SICAV Euro Sustainable Credit is a sub fund of the French regulated SICAV which is approved by the AMF and approved for marketing in Belgium, Switzerland, Germany, Spain, France, Italy, Luxembourg and Netherlands.



KEY POINTS

The fund primarily invests in investment grade euro corporate debt

A dual approach which seeks to invest in companies which are viewed as having robust financial fundamentals and a clear vision of sustainable development

Close synergies between corporate debt and SRI management, two of our flagship investment skills

Renowned proprietary ESG research

The fund is subject to capital loss risk and credit risk

INVESTMENT PROCESS

EdR SICAV Euro Sustainable Credit combines our expertise in corporate debt and RI management.

CREDIT ANALYSIS:

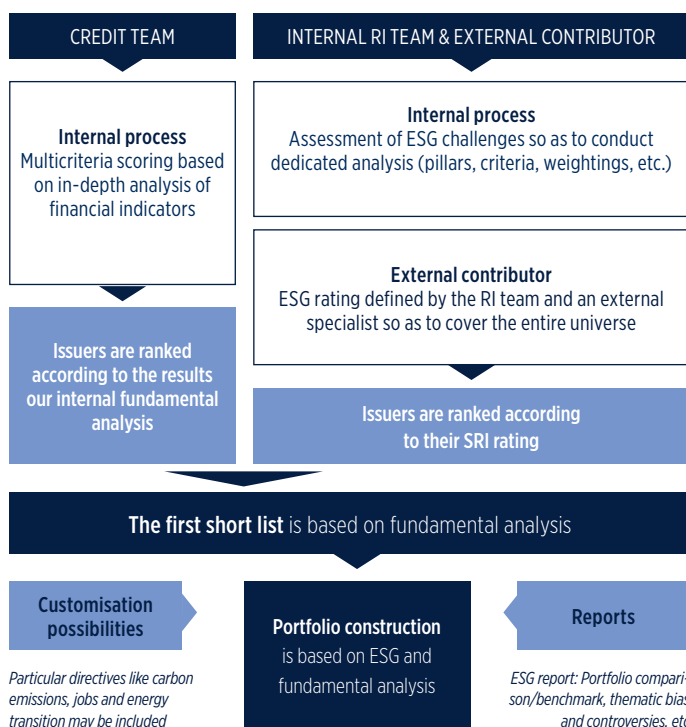
each issuing company's fundamentals as well as its operating and financial risks are subject to in-depth analysis. Using a prospective internal rating tool, the main objective is to assess each company's ability to service its debt.

ESG ANALYSIS:

at the same time, the RI team subjects issuers to ESG analysis. Our approach is characterised by its proprietary, in-depth and dynamic analysis of companies. This results in a detailed internal rating which helps provide a very precise assessment of the main challenges facing each sector and each company.

The analysis uses data from external sources and meetings with companies.

The above investment process comprises various internal investment limits established by the investment team. The investment process may change over time.



FUND INFORMATION

Legal form: SICAV under French law since 12/02/2019. The sub-fund was previously a mutual fund under French law

AMF classification: Bond and other global debt instruments in euro denominated

Inception date: May 2005

ISIN Codes: 'A' share: FR0010172767
'I' share: FR0010789321

Maximum management charges
'A' share: max. 0.95% / 'I' share: max. 0.45%

Administrative costs external to the management company: 0.15% maximum including tax

Variable management fees
'A' & 'I' shares: none

Minimum initial subscription
'A' share: 1 share / 'I' share: 500 000€

Valuation frequency: Daily

Front load charge: 1% max.

Redemption charge: none

Distribution policy
'A' & 'I' shares: Accumulation

Benchmark: Barclays Capital Euro Aggregate Corporate Total Return

Recommended investment horizon: >2 years

Shares described herein are the main euro-denominated shares ('A' & 'I' shares). Please ask your sales contact or refer to the prospectus to have details concerning all the fund shares available.

PRINCIPAL INVESTMENT RISKS

The fund is classified in category 3 in line with the nature of securities and geographical zones in the "objectives and investment policy" section of the key investor information document (KIID).

The risks described below are not exhaustive: it is the responsibility of investors to analyse each investment's risk and to come to their own opinion.

Risk of capital loss: The Fund does not guarantee or protect the capital invested, and there is a risk that the capital invested will not be returned in full. Unitholders are advised that the performance objective is provided for information only and does not in any way constitute an obligation for the management company to provide results.

Credit risk: If a credit event occurs (for example, a significant widening of the remuneration margin of an issuer compared to a State bond with the same maturity), or a default or downgrading of the quality of bond issuers (for example, a downgrading of their rating), the value of the debt securities in which the Fund is invested may drop, and cause the Fund's net asset value to fall. The use of high-yield securities up to a 100% limit of the Fund's net assets may result in sharper falls in net asset value, and such securities can present a greater risk of default. This Fund must therefore be considered as speculative, and is specifically intended for investors who are conscious of the risks inherent in investing in securities whose rating is low or non-existent.

Credit risk from investing in high yield bonds: the fund may invest in government and corporate

rated as non investment grade by a rating agency (i.e. rated below BBB- by Standards and Poor's or an equivalent rating from another independent agency) or considered as equivalent by our investment company. These issues are so-called speculative debt securities with a higher risk of issuer default. The fund must be viewed as partly speculative and concerns in particular investors who are aware of the risks inherent in these securities. Consequently, investing in high yield securities (speculative securities which have a higher default risk) may entail a bigger fall in the fund's net asset value.

Interest-rate risk: Interest-rate risk is the risk that bond-market rates may increase, thereby causing bond prices to fall and reducing the Fund's net asset value. A rise in interest rates may negatively affect performance for an indefinite period; similarly, if the portfolio's sensitivity is negative, a drop in interest rates may have a negative impact on performance for an unspecified period. This phenomenon may cause the net asset value to fall. Such interest-rate risk may cause the net asset value to fall.

Risk linked to the SRI (Socially Responsible Investing) selection: the selection of SRI securities may cause the performance of the UCITS to differ from that of the benchmark.



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