

# EDMOND DE ROTHSCHILD FUND UK SYNERGY

**“Investing in UK companies with a strategic focus”**

## INVESTMENT TEAM



**Philippe Lecoq**  
LEAD MANAGER  
CO- HEAD OF EUROPEAN EQUITY  
MANAGEMENT



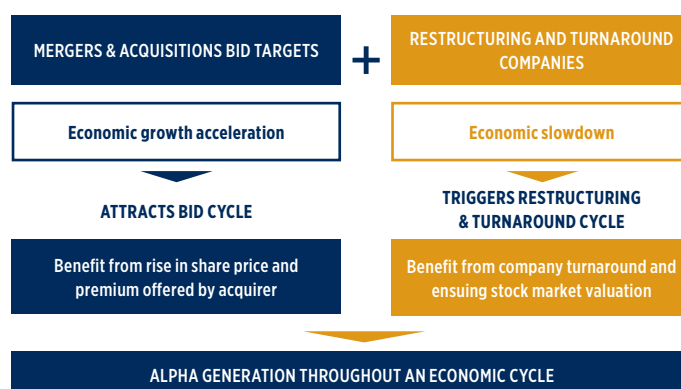
**Olivier Huet**  
CO-MANAGER  
EUROPEAN EQUITIES  
PORTFOLIO MANAGER

## KEY POINTS

- ▶ An equity fund that seeks to capture upside on UK stocks that are possible bid targets and/or undergoing restructuring
- ▶ Complementary potential source of performance in different market phases
- ▶ The investment team has more than 10 years of experience in European special situations and manages 1.4 bn € of assets in the Europe Synergy Strategy
- ▶ A concentrated, stock-picking UK equity portfolio subject to capital loss risk

The **Edmond de Rothschild Fund UK Synergy** fund seeks capital growth from a concentrated portfolio of UK equities. Its benchmark is the FTSE All Share Index.

A UK Special Situation strategy whose philosophy draws on two performance drivers:



## A CORE UK EQUITY FUND DESIGNED TO PERFORM THROUGHOUT THE ENTIRE INVESTMENT CYCLE

The UK market is the most active within Europe in terms of M&A<sup>1</sup> and our investment approach allows us to exploit its full performance potential.

Fundamental analysis is the cornerstone of the investment process. The fund managers focus on financially sound companies that can weather a complete cycle and which offer good trading liquidity. As the portfolio seeks to adapt to all market conditions, weightings relative to restructuring and takeover stocks are regularly reviewed so as to harness the most appropriate performance driver.

## AN EXPERIENCED MANAGEMENT TEAM

Our portfolio managers have been running Special Situation strategies for more than 10 years and have a deep knowledge of the UK's highly dynamic market.

The European equities management team consists of eight portfolio managers and one product specialist with an average experience of 15 years and with an extensive understanding of the European equity market.

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

Edmond de Rothschild Fund UK Synergy is a sub fund of the Luxembourg regulated SICAV which is approved by the CSSF and approved for marketing in United Kingdom.

<sup>1</sup> Source: Thomson Reuters- January 2016.

## AN INVESTMENT PROCESS ADAPTED TO EACH CORPORATE EVENT

### 1. Identifying possible bid targets or restructuring companies.

**2. Fundamental company analysis:** the fund managers work to assess the probability of an event by identifying the criteria that might warrant it (a drive for growth, brand attractiveness, sector consolidation, etc.).

### 3. Fixing price targets:

► Takeovers: comparison with previous sector deals and the likely price tag for potential bidders.

► Restructuring: comparison with the company's historic valuations and current sector valuations.

If the economy and/or fundamentals improve, the investment team might raise its price target.

### 4. Portfolio construction:

Each segment weighting depends on the prevailing economic context. Sector diversification mainly stems from stock and investment theme selection.



The above investment process comprises various internal investment constraints set up by the investment team. The process may change over time.

## MAIN POTENTIAL INVESTMENT RISKS

**The Subfund is a category 6** (L, N and LP shares) or high risk/return Subfund profile which reflects its ability to be up to 110% exposed to equity markets. 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.

**Capital loss risk:** As the Subfund in this document does not have any guarantee or protection, the capital initially invested might not be restituted in full.

**Equity risk:** Share prices may move in line with factors specific to the issuing company but they may also react to external political and economic factors.

Equity market fluctuations may entail changes in the Subfund's net asset value and might have a significantly negative impact on its performance. The Subfund's performance will depend on the companies selected by the asset management company.

**Discretionary management risk:** Discretionary management

depends on anticipating future trends on equity and bond markets. There is a risk that the Subfund might not always be invested in the best performing markets. The Subfund's performance may not meet its targets.

**Risk from investing in small and mid caps:** These stocks have smaller free floats. Market moves are consequently more pronounced both on the upside and the downside and faster than with large cap stocks. The Subfund's net asset value may as a result see faster and wider swings.

**Exchange rate risk:** This applies when stocks or investments are denominated in a different currency than that of the Subfund. Exchange rate risk may entail a fall in the Subfund's net asset value if an investment is made in another currency which subsequently depreciates against the euro. Exposure to this risk may represent up to 100% of net assets. The Subfund may in particular be exposed to movements in Sterling and the Swiss franc.

## SUBFUND INFORMATION\*

### Inception date

06/04/2016

### Codes ISIN

L share: LU1380774387  
N share: LU1380774627  
LP share: LU1380774544

### Management fees

L share: 0.70% max  
N share: 0.55% max  
LP share: 0.55% max

### Variable management fees

LP shares only: 15% of performance in excess of the benchmark FTSE All Share Index

### Minimum initial subscription

L Share: 1 share  
N Share: € 5,000,000  
LP Share: 1 share

### Front load charge:

None

### Redemption charges:

None

### Benchmark

FTSE All Share Index (NR)

### Recommended investment horizon:

> 5 years

\* Shares described herein are the main GBP denominated shares.

### July 2017. This document is issued by Edmond de Rothschild Asset Management (France)

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#### EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

47, rue du Faubourg Saint-Honoré, 75401 Paris Cedex 08  
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AMF Registration No. GP 04000015 - 332.652.536 R.C.S. Paris

### MANAGEMENT COMPANY

#### EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG)

20, Boulevard Emmanuel Servais, L - 2535 Luxembourg

### SUB INVESTMENT MANAGER

#### EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

47, rue du Faubourg Saint-Honoré, 75401 Paris Cedex 08

### UK sales contact:

EDMOND DE ROTHSCHILD ASSET MANAGEMENT (UK)  
4 Carlton Gardens - London SW1Y 5AA  
Authorised and regulated by the Financial Conduct Authority  
[uk.edram.com](http://uk.edram.com)