



EDMOND  
DE ROTHSCHILD

# EDMOND DE ROTHSCHILD FUND EMERGING CREDIT

INVESTING IN WELL-RUN COMPANIES BENEFITING FROM  
MATURING EMERGING CORPORATE DEBT MARKETS

---

EDMOND DE ROTHSCHILD, BOLD BUILDERS OF THE FUTURE.

[edmond-de-rothschild.com](http://edmond-de-rothschild.com)

## MARKETING COMMUNICATION

This is a marketing communication. Please refer to the UCITS prospectus and the Key Information Document before making any final investment decision.

- **Our Conviction: Emerging debt markets continue to expand into new territories and offer, in our view, compelling investment opportunities for investment managers with a deep access to capital markets and those able to invest opportunistically in lesser known issuers**

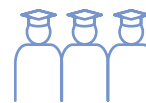
## KEY POINTS



**At least 90% invested in securities denominated in EUR or USD**



Inception date:  
**25/05/2009**



**2 dedicated fund manager-analysts with 22 years' average experience**



**3 years** minimum investment horizon



Carries a **risk of capital loss** and **credit risk**



**SFDR<sup>1</sup> classification Article 8**

## INVESTMENT TEAM

- An established and experienced investment team, combining input from emerging-market sovereign specialists and portfolio management teams to assist in idea generation.



**Stéphane MAYOR**

Lead portfolio manager



**Lisa TURK**

Co-portfolio manager

The identity of the managers presented in this document may change during the product's life. 1. SFDR classification: The investment policy of a fund may change over time and therefore its classification under the Sustainable Finance Disclosure Regulation (SFDR) may change. If you have any doubts about the SFDR classification of a fund, please contact your usual adviser. Article 8 SFDR: Article 8 funds under the Sustainable Finance Disclosure Regulation (SFDR): funds that promote environmental or social features.

EdR Fund Emerging Credit is a sub-fund of the Luxembourg SICAV authorised by the CSSF and authorised for marketing in Austria, Switzerland, Germany, Spain, France, United Kingdom, Luxembourg, Netherlands and Portugal.

# WHY INVEST IN EMERGING CORPORATE DEBT?



## Current valuations are attractive

Valuations and credit ratings of emerging-market companies, in particular in the high yield segment, do not reflect their intrinsic value, nor their growth potential



## USD and commodity cycle tailwinds

USD stability or depreciation should support to EM debt assets, while commodity producers should continue to benefit from the current price environment



## Compelling opportunities on the high yield<sup>1</sup> segment

We expect high yield spreads<sup>2</sup> to compress more than investment grade spreads, and more generally benefit from a better interest rate environment

## INVESTMENT STRATEGY

- ▶ The fund's active management approach is based on the team's strongest investment convictions. The team isolates sectors with significant growth potential in a region or country and picks companies with the best fundamentals or those whose credit ratings should improve in the medium to long term.
- ▶ Portfolio diversification is key given an opportunity set that offers a wide variety of investment ideas across sectors, countries and corporate profiles.
- ▶ ESG integration reflects both our best-in-universe approach based on MSCI's sustainability ratings and exclusions which are configured as pre- and post-trade limits.

## INVESTMENT UNIVERSE

- ▶ The fund invests in at least 90% in US dollar or euro-denominated debt to avoid exposure to local currency risk. In constructing the portfolio, issuers and issues are carefully selected on the basis of a quality, yield and liquidity filter after evaluating the macro and sectoral trend projections.
- ▶ The fund breaks down security exposure into a Core, Opportunistic and Defensive bucket - the former accounting for at least 50% of the portfolio and composed of sector leaders with solid fundamentals. Opportunistically, the fund invests in under-appreciated sector leaders and recovery plays with a lower credit rating of B or less. In contrast, EM bluechips or even government-owned issues with BB+ ratings or higher make up the defensive bucket.

1. HIGH YIELD (HY) is a term used to define speculative bond issues whose financial ratings are strictly below BBB- according to the Standard & Poor's scale. The remuneration of such issues is high, but the counterparty default risk is also high. 2. SPREAD: The yield spread or credit spread is the difference between the bond's yield-to-maturity and that of a zero risk loan of identical duration. The better the issuer's solvency seems, the lower the spread.

The investment process described in this document incorporates various internal management constraints put in place by the management team. This reflects the current investment process, which may change over time.

# MAIN INVESTMENT RISKS

RISK INDICATOR: 

1	2	3	4	5	6	7
---	---	---	---	---	---	---

## The risk indicator rates this fund on a scale of 1 to 7.

This indicator is used to assess the level of risk of this product in comparison to other funds and a category 1 rating does not mean that the investment is risk free. In addition, it indicates the likelihood that this product will incur losses in the event of market movements or our inability to pay you.

This indicator assumes that you hold the product until the end of the recommended holding period of this fund. The actual risk may be very different if you choose to exit before the end of the recommended holding period of this Fund.

The risks described below are not exhaustive.

**Risk of capital loss:** The UCITS does not guarantee or protect the capital invested; investors may therefore not get back the full amount of their initial capital invested even if they hold their units for the recommended investment period.

**Credit risk:** The main risk is that of the issuer defaulting on payment, failing to pay the interest and/or repay the capital. Credit risk also relates to the downgrading of an issuer. Investors' attention is drawn to the fact that the Fund's net asset value may drop in the event of a total loss being recorded on an operation following a counterparty default. The presence of corporate bonds in the portfolio – either directly or through UCITS – exposes

the Fund to the effects of changes in credit quality.

## Risks associated with investing in emerging markets:

The portfolio may be exposed to certain securities with a higher degree of risk than that generally associated with investments in the main financial markets, in particular due to local political and/or regulatory factors. The legal framework of certain countries in which the underlying UCITS and investment portfolio may invest may not provide the same protection or information to the investor as is usually provided in the main financial markets. Securities issued in certain so-called emerging markets may be significantly less liquid and more volatile than those issued in more mature markets. In this respect, securities from emerging countries offer less liquidity than those from developed countries; consequently, holding these securities may increase the level of portfolio risk. As a result, the net asset value may fall more sharply and rapidly than in developed countries.

**Interest rate risk:** By holding debt securities and money market instruments, funds are exposed to changes in interest rates. This risk is defined as a rise on interest rates causes a decline in bonds valuation and therefore a fall in of the fund's NAV.

## FUND CHARACTERISTICS\*

Investment Objective: EdR Fund Emerging Credit's objective is to achieve long-term optimum growth of the invested capital via investments in regulated capital and money markets. In particular, the Fund aims to outperform its benchmark.

**Fund Currency:** USD

**Inception date:** 25/05/2009

**ISIN Codes:** A share: LU1080015420 / I share: LU1080015933

**Management fees:** A share: 1% max. / I share: 0.40% max.

**Variable management fees:** 15% of performance in excess of the benchmark

**Subscription fee:** A share: 1% / I share: None

**Subscription tax rate:** A Share: 0.05% / I Share: 0.01%

**Minimum initial subscription:** A share: 1 unit / I share: 500,000 USD

**Redemption charges:** None

**Benchmark:** JP Morgan CEMBI Broad Diversified Composite (USD)

**Recommended investment horizon:** > 3 years

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

March 2023. This document is issued by Edmond de Rothschild Asset Management (France). Non-contractual document designed for information purposes only. Reproduction or use of its contents is strictly prohibited without the permission of the Edmond de Rothschild Group. The information contained in this document does not constitute an offer or solicitation to trade in any jurisdiction in which such offer or solicitation is unlawful or in which the person making such offer or solicitation is not qualified to act. This document does not constitute and should not be construed as investment, tax or legal advice, nor as a recommendation to buy, sell or continue to hold any investment. The Edmond de Rothschild Group shall not be held liable for any investment or divestment decision taken on the basis of the information contained in this document. The funds presented may not be registered and/or authorized for sale in your country of residence. If you have any doubts about your ability to subscribe to this fund, please contact your professional advisor. The figures, comments, forward looking statements and other information contained in this presentation reflect the Edmond de Rothschild Group's view of the markets, their development and their regulations, taking into account its expertise, the economic context and the information available to date. They may no longer be relevant on the day the investor reads them. Consequently, the Edmond de Rothschild Group shall not be held responsible for the quality or accuracy of economic information and data obtained from third parties. Any investment involves specific risks. Investors are therefore advised to ensure that any investment is suitable for their personal circumstances by seeking independent advice where appropriate. In addition, investors should read the Key Information Document (KID) and/or any other document required by local regulations, which is provided prior to any subscription and is available in French and in English on the website [www.edmond-de-rothschild.com](http://www.edmond-de-rothschild.com) under the "Fund Center" tab or free of charge on request. A summary of investors' rights in French and English can be obtained at the following link: <https://www.edmond-de-rothschild.com/SiteCollectionDocuments/LegalWebPartSiteDocument/Luxembourg/EN/EDRAM-Luxembourg-EN-Investors-rights.pdf>. The management company may decide to cease marketing this Fund in accordance with Article 93a of Directive 2009/65/EC and Article 32a of Directive 2011/61/EU. "Edmond de Rothschild Asset Management" or "EdRAM" is the trade name of the asset management entities of the Edmond de Rothschild Group.

Source of information: unless otherwise indicated, the sources used in this document are those of the Edmond de Rothschild Group.

Copyright Edmond de Rothschild. All rights reserved.

EdR Fund Emerging Credit is registered at the CNMV under No 229.

## GLOBAL DISTRIBUTOR

### EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)

47 rue du Faubourg Saint-Honoré / FR - 75401 Paris Cedex 08

Société anonyme governed by an executive board and a supervisory board with capital of 11,033,769 euros.

AMF Registration No. GP 04000015 - 332.652.536 R.C.S. Paris

## MANAGEMENT COMPANY

### EDMOND DE ROTHSCHILD ASSET MANAGEMENT (LUXEMBOURG)

4 rue Robert Stumper / LU - 2557 Luxembourg

## SUB INVESTMENT MANAGER

### EDMOND DE ROTHSCHILD (SUISSE) S.A.

18 rue de Hesse / CH - 1204 Geneva

[www.edmond-de-rothschild.com](http://www.edmond-de-rothschild.com)