EDMOND DE ROTHSCHILD

ASSET MANAGEMENT

EDMOND DE ROTHSCHILD FUND
EUROPE FLEXIBLE

"Combine **flexibility** and recognised **expertise**"

THE PORTFOLIO MANAGERS

Michaël Nizard
LEAD PORTFOLIO MANAGER, IN CHARGE OF ASSET ALLOCATION

Philippe Lecoq
CO-PORTFOLIO MANAGER
CO-HEAD OF EUROPEAN EQUITIES

KEY POINTS

- Two complementary areas of expertise: European stock picking and flexibility
- Equity risk is managed on a dynamic and permanent basis
- A strategy that can adapt to all market environments
- The performance objective covers a full business cycle in order to offset any risk of capital loss on equity markets
- Active, conviction-driven investment across European equity markets

Edmond de Rothschild Fund Europe Flexible aims to capitalise on the potential upside of European equities, whilst generating moderate volatility and attempting to mitigate market downturns.
In order to meet this objective, the investment team combines stock picking - a long-term performance driver - with the active and permanent management of the fund's equity exposure (within a range of 0 to 100%).
The fund targets investors wishing to benefit from the potential returns on the European equity markets but who are not prepared to take on all the associated risks.

MORE THAN JUST STOCK PICKING

The fund leverages on Edmond de Rothschild Asset Management's recognised stock picking expertise and currently combines the three following strategies:

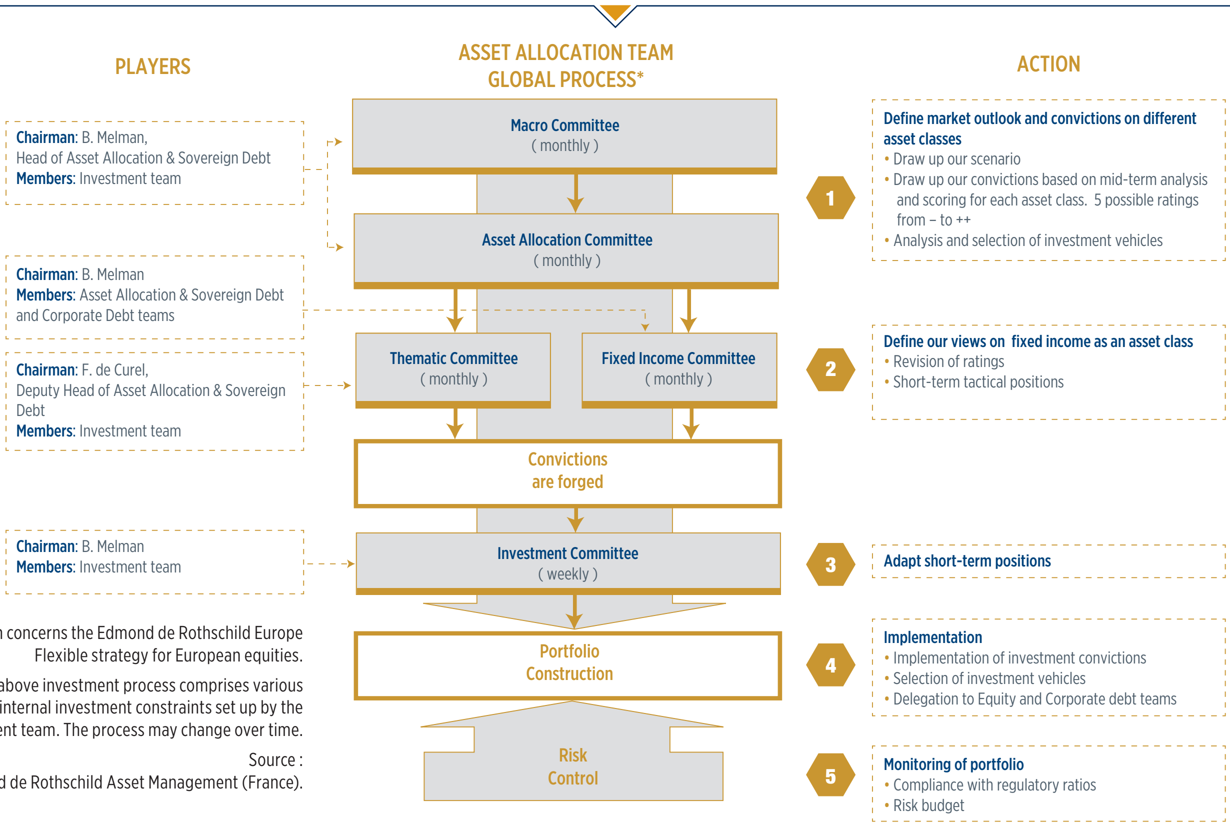
- **A Value & Yield strategy** investing in undervalued stocks and dividend plays. The first tend to deliver strong returns in market rebounds, while the second usually outperform during market downturns. This strategy is the largest within the portfolio.
- **A Growth strategy** focused on European stocks with exposure to the strongest areas of economic growth. This global perspective provides a further source of diversification.
- **A Mergers & Acquisitions strategy** particularly suited to end-of-recession periods - traditionally favourable to M&A activity.

These themes are identified by the Asset Allocation Team and allocated according to the market environment.

A FLEXIBLE STRATEGY BASED ON 3 PERFORMANCE DRIVERS:

- The Subfund's exposure to the equity market is determined within a range of 0 to 100%, in light of the macroeconomic and financial scenario.
- The Subfund's equity exposure is managed based on a dynamic and consistent investment approach.
- The portfolio's hedging strategies are optimised via futures and options.

The fund managers may change during the product's life.
Edmond de Rothschild Fund Europe Flexible is a sub fund of the Luxembourg-regulated SICAV which is approved by the CSSF and approved for marketing in France, Luxembourg, Spain, Belgium, Germany, Italy, Netherlands, Singapore, Switerland and United Kingdom.



*which concerns the Edmond de Rothschild Europe Flexible strategy for European equities.

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

Source : Edmond de Rothschild Asset Management (France).

MAIN POTENTIAL INVESTMENT RISKS

The Subfund is a category 5 (on a scale of 1-7) or high risk/return Subfund profile which reflects its ability to have equity market exposure of between 0% and 100%.

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 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.

Discretionary management risk: The discretionary management style is based on expectations of the performance of different markets (equities, bonds). However, the Subfund may not be invested in the best-performing stocks at all times. The same applies with respect to its exposure to one asset class rather than another. The Subfund's performance may therefore be lower than the investment objective, and a decline in its net asset value may lead to a negative performance.

Equity risk: The Subfund may be exposed to the equity markets either via direct investments in equities and/or via financial contracts and/or UCITS or AIFs. Fluctuations of the equity markets may lead to substantial variations in the net assets which may have a negative impact on the performance of the Subfund. Therefore, the net asset value of the Subfund could drop in the event of a decline in the equity markets. The Subfund may present a risk and volatility profile that may engender sharper price fluctuations than those experienced by the global equity markets. The use of financial contracts with the aim of reducing the portfolio's exposure to equity risk is likely to modify the Subfund's risk profile.

Currency risk: The capital may be exposed to currency risk when the securities or investments it is composed of are denominated in a currency other than that of the Subfund. Currency risk is the risk of a reduction in the net asset value of the Subfund when an investment is made in a currency other than the euro and such currency depreciates against the euro on the currency market. As the Subfund's primary objective is to invest in securities issued in the European Union, stocks denominated in currencies other than the euro may theoretically be held up to the limit of 100% of the net assets. The Subfund may also be exposed via financial contracts.

Exchange rate risk: This may exist when stocks or investments are denominated in a different currency than that of the subfund. If the currency of portfolio holdings falls against the subfund's reference currency, the euro, the subfund's NAV could also fall.

Interest rate risk: Interest rate risk results in a fall in the capital value of the Subfund in the event of an upturn of the interest rate curve. Fixed income markets evolve in an inverse direction to interest rates. The impact of changes in interest rates is measured by the Subfund's sensitivity criteria. Sensitivity is a measure of the repercussions that a change in interest rates could have on the net asset value of the UCITS. Accordingly, for a sensitivity of +4, a 1% increase in interest rates would result in a 4% decline in the value of the UCITS' fixed income investments. The net asset value may also fall in the event of a downward movement in the yield curve if the Subfund's sensitivity is negative.

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 Subfund'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 Subfund to the effects of changes in credit quality.

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

SUBFUND INFORMATION*

Inception date: 30/01/2009

ISIN Codes: A Share: LU1160352602
I Share: LU1160352602

Management fees
A & D Shares: 1.70% net
I Share: 0.75% net

Variable management fees
15% of any outperformance of the benchmark

Minimum initial subscription
A & D Shares: 1 share
I Share: €500,000 €

Front load charge: Maximum 3%

Redemption charges: None

Benchmark: 50% MSCI Europe dividends reinvested (EUR) and 50% capitalised EONIA

Recommended investment horizon
Over 3 years

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

GLOBAL DISTRIBUTOR
EDMOND DE ROTHSCHILD ASSET MANAGEMENT (FRANCE)
47, rue du Faubourg Saint-Honoré, 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)
16, 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

www.edmond-de-rothschild.com