

Saint-Honoré Bond Allocation

French Law Collective Investment Scheme | [Fixed Income](#)

A fund based on convictions, active across the bond market spectrum

- ▶ The strongest convictions of the Fixed Income & Credit team
- ▶ Dynamic asset allocation spanning all segments of the bond market
- ▶ Diversified sources of performance
- ▶ An objective of minimizing losses thanks to a monitored risk management



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EDMOND DE ROTHSCHILD
INVESTMENT MANAGERS

A fund based on convictions, active across the bond market

THE QUEST FOR ATTRACTIVE RETURNS IN ALL STATES OF THE MARKET...

• Saint-Honoré Bond Allocation aims, over a minimum investment period of three years, to generate a performance that beats a composite index comprising the:

- Barclays Capital Euro Aggregate Treasury Total Return (50%), plus
- Barclays Capital Euro Aggregate Corporate Total Return (50%), with a fund that is active across the entire bond market spectrum.

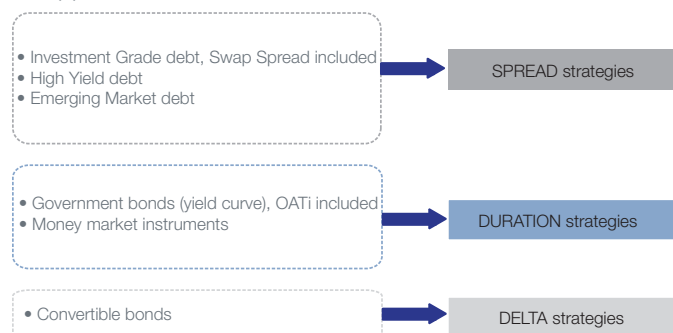
• The fund manager seeks to:

- Maximise the probability of generating positive returns by capturing opportunities on the fixed income and credit markets, through fundamentals analysis, that deliver steady alpha,
- Limit capital loss in adverse markets.

...USING THREE TYPES OF BOND STRATEGY

Combining the strongest convictions of the Fixed Income & Credit team, Saint-Honoré Bond Allocation generates its added value combining six complementary asset classes within three kinds of bond strategy:

- Spread strategies, which make it possible to take advantage of inefficiencies in different segments of the credit market.
- Duration strategies that are designed to profit from shifts in the yield curve through active management of modified portfolio duration.
- Delta strategies based on convertible bond selection, which offer great diversification power through their behaviour mid-way between equities and bonds. These strategies cannot exceed 25% of the fund's net asset. In any case, the exposure to equity is capped to 10%.



The contribution these engines make to fund performance varies flexibly with the market climate and managers' expectations.

HIGHLIGHTS...

- The strongest convictions of the Fixed Income & Credit team
- Dynamic asset allocation spanning all segments of the bond market
- A large panel of strategies and sectors within the portfolio
- 6 main asset classes combined in a flexible manner in order to adapt to changing market conditions
- Active management of modified duration within a broad range [-2 to +8]
- Fund management process combines Top Down and Bottom Up approaches
- Team of experienced analyst-fund managers specialising in different sectors
- The fund may be subject to capital losses

THREE STRUCTURAL SOURCES OF ADDED VALUE FOR A FUND OF CONVICTIONS

1. Dynamic asset allocation that spans all asset classes on the bond market

Each week, our Fixed Income & Credit team carries out an in-depth macroeconomic analysis together with a study of the various segments of the bond market. The goal of this analysis is to determine short and medium term market scenarios and also to define the portfolio's allocations in terms of sector, region and asset class.

2. An objective of investment diversification within the bond universe

In order to capture a large spectrum of opportunities and seek to limit losses when markets are in a state of turmoil, Saint-Honoré Bond Allocation takes care not to concentrate risk excessively, and attempts to ensure a high degree of diversification in terms of asset classes within the bond universe.

3. Active management of modified duration

In order to take advantage of – or protect against – shifts and deformations in the yield curve, the fund manager applies an active management strategy to the portfolio's modified duration. This is kept within a defined range [from -2 to +8] in order to capture market performance in a favourable climate while safeguarding the portfolio in more fragile conditions.

FUND MANAGEMENT PROCESS COMBINES THE TOP DOWN AND BOTTOM UP APPROACHES

To best adapt the portfolio's profile to changing market conditions, optimise bond picking and so maximise potential returns, the management team has developed a portfolio management process based on a dual Top Down and Bottom Up approach.

1. Top Down approach: source of dynamic asset allocation

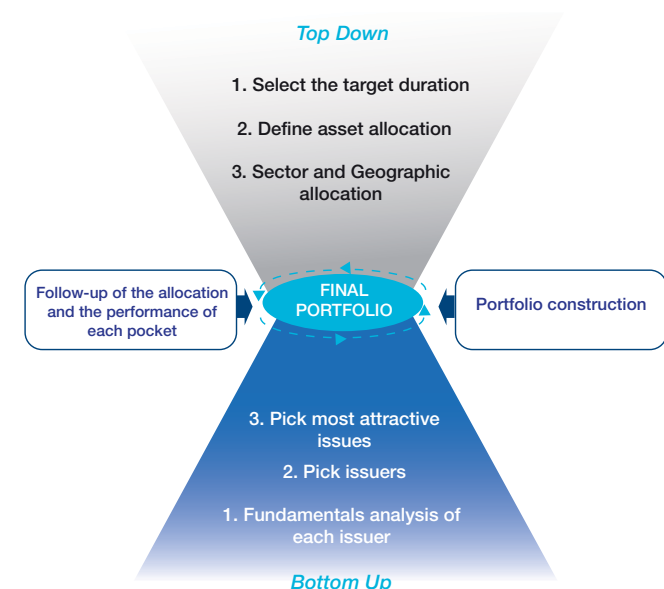
After analysing the macroeconomic environment, the management team determines which engines of performance are best suited to the market scenarios expected to unfold. They also determine sector and regional allocation based on:

- Recommendations by sector specialist fund manager-analysts,
- Our proprietary sector allocation system.

2. Bottom Up approach: picking issuers with the best risk/reward ratio

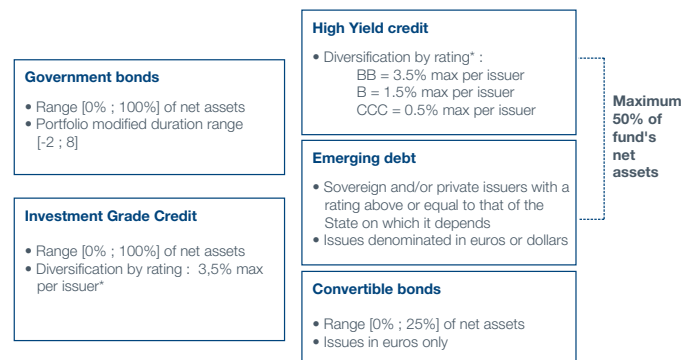
From among the different asset classes, the management team endeavours to pick the issuers that offer greater relative value. In-depth analysis of the balance sheet and the operating risks inherent in each issuer is therefore carried out using:

- Multi-criteria analytical matrices,
- Stress testing balance sheet items to verify the viability of the company,
- Analytical reports combining evaluations and recommendations.



3. Robust risk control at every stage in the fund management process

- Diversified and controlled fund management: to avoid high risk concentration, portfolio construction is based on strict investment limits computed for each asset class.



*Internal limits

- Line-by-line portfolio tracking (ex-ante): All issues are tracked in real time using our Profit Taking/Risk Reduction system.
- Portfolio control (ex-ante and ex-post): Risk analysis is carried out on the portfolio to monitor modified duration risk, risks analysis regarding the benchmark and absolute risk measurement.
- The portfolio is also subject to second level controls carried out by independent teams whose task is to ensure respect for the fund's rules and regulatory constraints.

TAKE ADVANTAGE OF OUR UNRIVALLED KNOW-HOW

To deploy its investment strategy successfully and act effectively in the markets, Edmond de Rothschild Investment Managers is supported by:

8 Investment professionals, each specialising in a particular bond market segment,

12 years average experience working the financial markets,

15 years of track-record for each fixed income expertise on the euro zone,

1 dual-qualified portfolio manager-analyst supports each member of the team.

Edmond de Rothschild Investment Managers, a subsidiary of La Compagnie Financière Edmond de Rothschild, is committed to managing assets and designing solutions which enable to diversify and limit the risks of an investment while maximizing performance.

It brings together specialists in fixed income, diversified management (absolute performance and quantitative asset allocation, long only funds of funds, hedge funds), funds of hedge funds, asset structuring and structured management.

Raphaël CHEMLA, Fixed Income portfolio manager-analyst (15 years experience)



Since 2007 : Edmond de Rothschild Investment Managers, Fixed Income Fund Manager-Analyst

2000 - 2007 : Edmond de Rothschild Asset Management, Credit fund manager

1997 - 2000 : AXA IM, Assistant Fund Manager

1995 - 1997 : UAP, Bond trader

CHARACTERISTICS

Legal form	French law collective investment scheme - UCITS III
AMF classification	Bond and other euro-denominated negotiable debt instruments
Management company	EdRIM Gestion
ISIN codes	C unit: FR0010144675 D unit: FR0010156596 I unit: FR0010833731 E unit: FR0010833723
Income attribution	C, I and E units: Capitalisation D unit: Distribution
Recommended investment duration	More than three years
Valuation	Daily
Terms of subscription and redemption	Daily by 11 a.m. Paris Time on basis of day's NAV
Minimum initial subscription	C, D and E units : 1 share I unit : 500.000€
Initial NAV	C and D units: 150 € I unit: 10.000 € E unit: 100 €
Benchmark	50% of Barclays Capital Euro Aggregate Corporate Total Return index + 50% of Barclays Capital Euro Aggregate Treasury Total Return index

FEES & COMMISSIONS

	C unit	D unit
Subscription fee (not attributed to fund)	3% max.	3% max.
Redemption fee	None	None
Management fee (fixed)	Max. 1.00% includ. VAT	Max. 1.00% includ. VAT
Performance fee	15% of the outperf. over the benchmark	15% of the outperf. over the benchmark

	I unit	E unit
Subscription fee (not attributed to fund)	None	3% max.
Redemption fee	None	None
Management fee (fixed)	Max. 0.40% includ. VAT	Max. 1.20% includ. VAT
Performance fee	15% of the outperf. over the benchmark	None

POTENTIAL INVESTMENT RISKS

Credit risk, interest rate risk, capital loss risk, risk associated with financial futures, counterparty risk, emerging market investment risk, secondary risks: risk associated with hybrid products (convertible bonds).

For a complete list of risks, please refer to the prospectus available online at www.edrim.fr or on request from the registered office of EdRIM Gestion.

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