



In 2009, La Compagnie Financière Edmond de Rothschild's private banking and asset management divisions pursued their growth in France and internationally

- **€33.7 billion under management, +14.8%;**
- **Relevance of the private banking model confirmed by continued fund inflows, with assets under management rising 16% to to €11.1 billion;**
- **Assets in the investment management division rose to €22.6 billion, with significant net inflows into equity and convertible bond funds;**
- **International presence strengthened through new offices and an acceleration in fund registrations.**

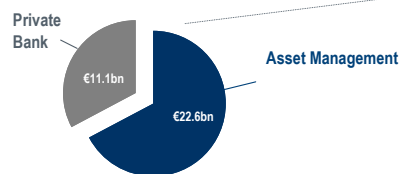
2009 was characterised by a high degree of financial market volatility. Questions over the speed and likely scenarios of the recovery weighed on investor behaviour and continue to do so.

In this uncertain environment, La Compagnie Financière Edmond de Rothschild managed to maintain its long-term investment approach and pursue its growth strategy in its core businesses.

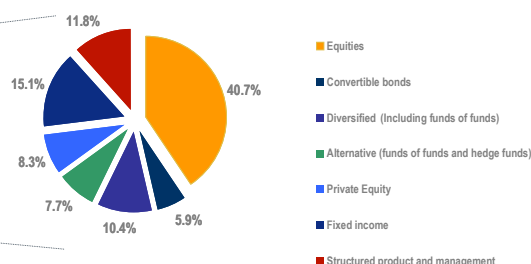
The company continued to invest in the future, extend registration of funds managed by its international asset management companies and open offices in new countries such as Spain and Belgium. It also confirmed a major partnership agreement with the Bank of China, the fifth-largest bank in the world. This will be crucial in opening up China to our wealth and asset management expertise.

Assets under management remain dependent on the financial markets – the Bank has a particularly strong reputation for stock market performance – but much less so than a decade ago, thanks to the development of the private banking division, its diversification strategy and an offer covering all asset classes.

Asset breakdown by business line



Breakdown by asset class (asset management affiliates)



“Our Group has weathered the crisis because it has never strayed from its core businesses of asset and wealth management. We have chosen to be multi-specialists: only firms which cover a comprehensive range of major asset classes are able to offer solutions adapted to the successive bubbles which have characterised the past and which will mark the future. This is how we can guarantee our clients objective advice, far removed from aggressive product marketing. This model has been deployed by our teams for the past ten years and is the cornerstone of our growth”, said Michel Cicurel, Chairman of La Compagnie Financière Edmond de Rothschild's Executive Board.

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PRIVATE BANK: CONFIRMATION OF ROBUST GROWTH

Thanks to its comprehensive range of services (wealth management, fiscal advice, M&A advisory services and fund management), the company's regional reach in six major French provincial cities and the synergy with the Bank's asset management teams, the Private Bank pursued its growth in 2009, with assets under management rising 16% to €11.1 billion.

Recognised by its peers and ranked no.1 for the second consecutive year by AM Group's Private Banking Strategy Survey, the division reinforced its teams and continued to deploy its range of tailor-made services in Paris and throughout France. A new office is planned for Lille and will be officially opened in early 2010.

As a partner of entrepreneurs, the bank decided to lend its support to the Prix de l'Entrepreneur, organised for the past 17 years by Ernst & Young and Entreprise magazine in seven large French regions and in Paris. These awards provide daring entrepreneurs with significant visibility and contribute to the promotion of entrepreneurial flair, something our firm has supported since its creation.

ASSET MANAGEMENT: EXPERTISE ACROSS ALL THE ASSET CLASSES

Headline areas of growth in 2009 were: (i) positive fund inflows overall and particularly in convertible, equity and credit funds, (ii) increasing responses to Requests for Proposal, international growth and the launch of a new capital development fund that was fully subscribed in record time. Overall, assets managed by our dedicated affiliates rose by close to 14% to more than €22.6 billion.

This year, the Bank consolidated its asset management offer around two investment management subsidiaries with clearly identified missions:

- Edmond de Rothschild Asset Management, is dedicated to equity, convertible bond and asset allocation management;
- Edmond de Rothschild Investment Managers⁽¹⁾, is a multi-manager platform regrouping all the expertise needed to design and manage investment solutions aimed at diversifying investment portfolios, safeguarding performance and limiting risk. The company made a high-profile debut by winning the 2009 "Corbeille" for the best asset management company awarded by Mieux Vivre magazine;
- Alongside this expertise in listed investments, the Bank continued to expand its private equity offer.

Edmond de Rothschild Asset Management saw its assets under management grow by close to 52% to €11.9 billion.

The firm's positioning as a long-term asset manager and the stock-picking abilities of its management teams (three portfolio managers are now rated by Citywire) enabled Edmond de Rothschild Asset Management to post a remarkable 47% increase in equity assets under management to more than €9 billion, with total net fund inflows of close to €1.8 billion (of which more than 45% from outside France).

In 2009, Edmond de Rothschild Asset Management also became the leading French convertible bond fund manager by tripling assets under management to more than €1.3 billion in one year, confirmation of renewed investor interest in this asset class. The range was extended and now comprises three open-ended funds (one focused on the European markets, a Global Convertibles fund investing in all geographical regions and an Emerging Convertibles fund).

The asset allocation range was refocused around three flagship funds (LCF Monde Flexible, LCF Patrimoine Flexible, LCF Croissance Globale) supplemented by the launch of flexible tactical funds meeting the current demand from investors looking to vary their exposure to equity markets (funds and mandates).

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The granting of the Novethic label to the Saint-Honoré Europe SRI fund was a noteworthy token of recognition from an independent agency, of the quality, rigour and transparency of the extra-financial process implemented by Edmond de Rothschild Asset Management.

Internationally, the company extended approval for its funds and successfully opened a representative office in Belgium; the office opened in Chile in 2008 enjoyed its first commercial success with fund inflows of more than €200 million in 2009.

Edmond de Rothschild Investment Managers (the division resulting from the merger in July 2009 of Edmond de Rothschild Financial Services and Edmond de Rothschild Multi Management) managed close to €9 billion at end December.

The emphasis was put on the continued deployment of a product and services offer covering its six areas of expertise: asset structuring and structured management, fixed income and credit management, alternative and traditional multi management, asset allocation and quantitative management and direct alternative management. Combining financial engineering and structuring ability, the Edmond de Rothschild Investment Managers teams design investment solutions seeking to generate returns while controlling volatility. Performance remains the priority for investors, but risk control, clearly defined investment processes, asset allocation advice and portfolio structuring have all assumed considerable importance and are central to the division's missions.

2009 was also characterised by the market break-through of structured and quantitative management which grew by 30% to nearly €1 billion with the Quadrim 4 fund followed, in December, by the launch of Quadrim 8.

The corporate bond funds (the 'Signature' range and the new "Millesima" fixed-maturity bond fund range) recorded strong fund inflows of close to €350 million.

International growth is also central to company strategy. After covering the Spanish market for three years from its Paris headquarters, Edmond de Rothschild Investment Managers's results showed that its products fully met the expectations of local investors. This is why the company decided to open a representative office in Madrid in December 2009.

Private equity: this division is structured around three main dedicated subsidiaries⁽²⁾, and manages nearly €1.8 billion. The highlight of the year, after a first closing for €175 million on 30 June, came some four months later when Edmond de Rothschild Investment Partners, which focuses on minority investments, announced the final closing of its Winch Capital 2 development capital fund for €250 million. In a difficult period when private equity players were struggling to raise money, the success of this fund-raising proves the resilience of the development capital segment in France. It is, above all, a token of renewed investor confidence in the team at Edmond de Rothschild Investment Partners which managed to raise €250 million in less than eight months. The Life Sciences team completed some major deals, most notably the sale of Pangenetics to Abbott.

Elsewhere, Edmond de Rothschild Capital Partners (€530 million under management) was one of the few mid-cap teams to complete a significant deal. In December 2009, it acquired a majority shareholding in Christian Liaigre, a world-famous interior design company that caters to high net worth clients.

(1) Edmond de Rothschild Investment Managers is the trade mark for the overall entity which comprises EdRIM Solutions, an investment firm which primarily looks after the structuring and marketing of the joint product range, and EdRIM Gestion, its asset management subsidiary.

(2) Edmond de Rothschild Investment Partners (Development Capital), Edmond de Rothschild Capital Partners (Growth capital LBO), Edmond de Rothschild Private Equity Select LLP (funds of LBO funds)

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About La Compagnie Financière Edmond de Rothschild

The French arm of the Edmond de Rothschild Group, La Compagnie Financière Edmond de Rothschild's success over the years stems from its strategy of specialising in asset management and private banking.

- Asset management is provided for private and institutional clients. The offer covers all asset classes from equity, fixed income, credit, convertible and asset allocation mutual funds to multi-management (alternative and diversified), structured management, direct alternative and quantitative management as well as private equity funds.
- The private bank offers services including portfolio and wealth management, financial planning, wealth engineering and philanthropic advice, as well as merger and acquisition advisory services dedicated to small and medium-sized companies with a family shareholding structure.

Disclaimer: Data at end December 2009.

The data, comments and analysis in this bulletin reflect the opinion of La Compagnie Financière Edmond de Rothschild with respect to the markets and their trends, their regulation and tax treatment, on the basis of its own expertise, economic analysis and information currently known to it. However, they shall not under any circumstances be construed as comprising any sort of undertaking or guarantee whatsoever on the part of La Compagnie Financière Edmond de Rothschild or its affiliates.

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Information documents and prospectuses approved by the French Financial Markets Authority (AMF) are available on request or on our Internet site (www.edmond-de-rothschild.fr).

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