EDMOND DE ROTHSCHILD

EDMOND DE ROTHSCHILD FUND CHINA

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Gain access to the economic potential of China

Edmond de Rothschild Fund China is an equity fund that invests primarily in companies with the majority of their activity linked to China and listed in Shanghai, Shenzhen, Hong Kong and the United States (via ADRs)[1]. The investment team combines a thematic approach and bottom up stock picking to build a concentrated portfolio of high quality companies with superior fundamental attributes, diversified risk profiles as well as sound Environmental, Social and Governance/corporate governance practices. The Fund has gained the French RI Label in April 2021.

KEY POINTS

A thematic approach to harness the structural growth opportunities of the Chinese market

Strong growth thanks to the normalisation of external demand and the resilience of domestic demand

An objective to achieve consistent performance over a full economic cycle in exchange for a risk of capital loss

An expertise developed over more than 20 years

SFDR Classification Article 8**

*The fund manager may change over the life of the product.
**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: Funds promoting environmental and social characteristics.

A DYNAMIC ECONOMY

The health crisis has put a spotlight on the strength and competitiveness of the Chinese economy as it stands to benefit from **an increasingly broader and deeper market**, thanks to the rise in consumption and healthcare spending of its middle class. This trend is also supported by continuous innovation, securing long term growth for China in leading-edge segments (Internet, Robotics, Biotechnologies, electric vehicles, renewable energies, etc.).

Besides, as Chinese economic momentum is largely steered by the government, we believe that a thematic approach focusing on policy supported growth initiatives (such as green economy, improvement in the value chain, opening up of the economy, dual circulation, urbanization) remains key.

GROWTH SUSTAINABILITY IS NOW A KEY OBJECTIVE

1. The Chinese government remains above all inclusive. Despite the tightening of the regulatory environment in some sectors such as real estate, internet, the market economy and international investors remain vital for economic development.

2. China's strategic growth drivers continue very well oriented: the main priorities of the latest Five-Year Plan are to promote renewable energy, industrial automation/robotics and the emergence of a high-tech and life-science industry. The Common Prosperity objective will help address some of the imbalances of the Chinese economy, with a focus on ealth redistribution and consumption upgrade of the middle class. This orchestrated redeployment of resources should be effective in strengthening China competitiveness.

3. Chinese equity valuation remains at attractive levels and seem to already incorporate most of the short-term bad news as it is approaching its lowest historical level (last 3 crisis cycles or tightening of the regulatory environment).

AN EXPERIENCED AND DEDICATED TEAM

The team conducts over 400 direct contacts per year with Chinese companies' management/competitors/clients/suppliers.

The team has over 10 years experience investing in the chinese equity market and is supported by in-house experts on a wide range of expertises (Sovereign Emerging Debt/Emerging Credit/Thematic Equities).

A proprietary research framework with quarterly geopolitical survey leveraging on the insight of more than 100 independent experts, access to specialist research MioTech on local ESG analysis.

1. American depositary receipts, which allow investors to acquire interests in foreign companies without the complications of buying stocks on foreign markets: a bank issues the ADRs which are guaranteed by underlying shares that it owns in a foreign company.
Edmond de Rothschild Fund China is a sub-fund of the SICAV EdR Fund (investment fund in the form of a company with variable capital) registered in Luxembourg, approved by the CSSF and authorised for marketing in Austria, Belgium, France, Germany, the Netherlands, Luxembourg, Spain, Switzerland, Italy and United-Kingdom.

INVESTMENT THEMES FOCUSING ON CONSUMPTION AND INNOVATION

The Chinese government's successive development plans highlight consumption and innovation as real growth drivers. This is the case of China's 14th Five-Year Plan to 2025, which outlines ambitious targets: achieve high income (+4.5% composite annual GDP growth) in 2025, double the size of the economy by 2035, maintain stable share of manufacturing activity in GDP.

This development plan is therefore based on certain specific themes that we take into account when building our portfolio:

TECHNOLOGICAL INDEPENDENCE	IMPROVEMENT IN THE VALUE CHAIN	OPENING OF THE DOMESTIC MARKET	INTERNAL CIRCULATION	GREEN ECONOMY	URBANISATION
Fundamental research	Accelerated digitalisation	Broader access	Social security	Sustainable development	Rural revitalisation
Talent development programme	New infrastructure	More opportunities on the domestic market	Employment protection	Reduction in carbon emissions	Regional integration
Innovation infrastructure	Energy diversification	Liberalisation of trade and investment	Professional training		Comparative interregional advantage

Characteristics of the sub-fund*

ISIN codes: A Share (EUR): LU1160365091 / I Share (EUR): LU1160366651
Inception date: 08/04/1998
Maximum management fees: A Share: max. 1.70% / I Share: max 0.75%
Minimum initial subscription amount: A Share: one share / I Share: €500,000
Entry fees: A Share: max. 3% / I Share: none
Variable management fees: 15% of performance in excess of the benchmark
Exit fees: None
Benchmark: MSCI CHINA 10/40 (NR) net dividends reinvested
Recommended investment period: > 5 years
Registration tax: A Share: 0.05% / I Share: 0.01%

*The share classes presented in this document are the main EUR classes. The subfund also has classes in USD and CHF. Please ask you sales contact for any further information. Please note that not all costs and share classes are disclosed in this documents. Please refer to the KID/prospectus for further details.

Principal investment risks

Risk indicator: 1 2 3 4 **5** 6 7

This sub-fund is rated category 5. 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 sub-fund presented in this document does not benefit from any guarantees or protection. Therefore, the capital initially invested may not be returned in full. **Risk related to investing in emerging markets:** The sub-fund can be exposed to emerging markets. In addition to the risks specific to each issuing company, exogenous risks exist, and especially in these markets. Moreover, investors should take note that the conditions of operation and supervision of these markets may differ from standards prevailing in major international stock markets. Consequently, holding these securities can increase the level of risk of the portfolio. Since downward market movements can be stronger and faster than in developed countries, the net asset value may fall more sharply and more rapidly. Lastly, the companies held in the portfolio could have a State shareholder. **Currency risk:** The capital can be exposed to a currency risk in cases where the securities or investments are denominated in a currency other than that of the sub-fund. Currency risk relates to the risk of a fall in the exchange rate of the listing currency of the financial instruments in the portfolio versus the reference currency of the sub-fund, the euro, which could lead to a decrease in the net asset value. **Equity risk:** The value of a stock can fluctuate due to factors that are specific to the issuing company, as well as exogenous, political or economic factors. Changes in the equity markets, as well as in the convertible bond markets, the performance of which is partially correlated to that of the underlying equities, can lead to significant fluctuations in net assets which can have a negative impact on the net asset value of the sub-fund.

GLOBAL DISTRIBUTOR
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Public limited company with a Management Board and Supervisory Board and a capital of 11,033,769 euros - AMF approval number GP 04000015 - 332.652.536 R.C.S. Paris

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