



# EDR FUND EUROPE FLEXIBLE K-EUR

EdR Fund Europe Flexible K-EUR

FLEXIBLE EUROPE DIVERSIFIED (0–100% EQUITIES) SICAV

EDMOND DE ROTHSCHILD ASSET MANAGEMENT

ASSET ALLOCATION AND SOVEREIGN DEBT

MORNINGSTAR™ Ranking as of 30/04/2018 in the category EUR Flexible Allocation : ★★★

Fund size : EUR 90,22 mil.

## GENERAL INFORMATION

### Investment objective

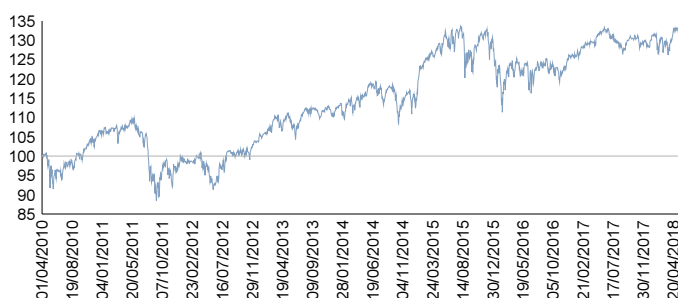
This Sub-Fund combines active stock selection on European equity markets with controlled exposure to equity risk of between 0% and 100% of the net assets through hedging strategies in order to gain from the markets' rise, while being protected against periods of downturn.

### Monthly comment

May saw a sudden surge of tension on the stock, bond and currency markets. The constitution in Italy of a government supported by two anti-establishment parties put strong pressure on Italian bonds especially at the short end of the yield curve. Despite the surprise dismissal of the Spanish government a few days later, the spread into peripheral markets has been modest even though core euro zone bonds have served as a refuge. Equities held up relatively well, except in Italy, with earnings growth prospects maintained and an attractive relative performance posted. In the United States, the Nasdaq recovered its lead. Elsewhere, several emerging countries were disrupted by the recent rallies in oil, the USD and US bonds — particularly Argentina, Turkey and Brazil. Given this climate, we continued to target investment on equity, while the partial options cover put in place on the Euro Stoxx has safeguarded some of the gains made at the month's start.

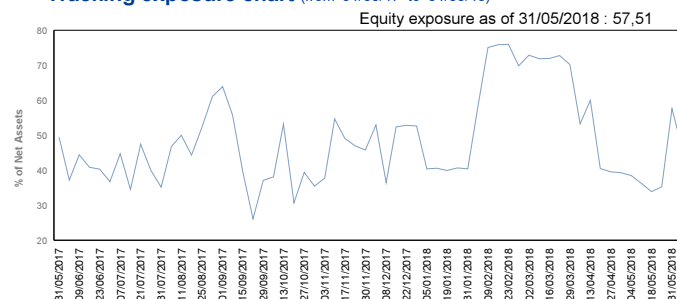
## PERFORMANCES

### Net performance chart (from 01/04/10 to 31/05/18)



Class (K)

### Tracking exposure chart (from 31/05/17 to 31/05/18)



Net exposure of EdR Fund Europe Flexible K - EUR

### Cumulative performances (Net of fees) (Rolling periods)

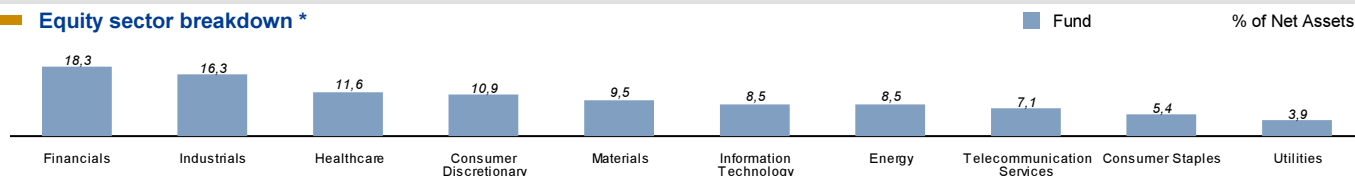
|           | 1 month | 3 months | YTD  | 1 year | 2 years | 3 years | 5 years | 10 years | Since inception | Annualized since inception |
|-----------|---------|----------|------|--------|---------|---------|---------|----------|-----------------|----------------------------|
| Class (K) | -1,82   | 0,01     | 1,79 | -1,57  | 5,17    | -0,23   | 19,53   | -        | 30,36           | 3,30                       |

### Statistics (Rolling periods)

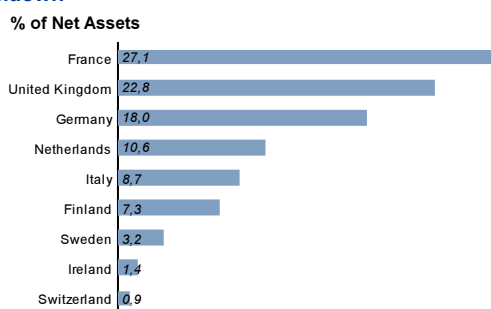
| Class (K) | Volatility |         | Sharpe ratio |         |
|-----------|------------|---------|--------------|---------|
|           | 52 weeks   | 3 years | 52 weeks     | 3 years |
| Class (K) | 7,89       | 7,53    | -0,24        | 0,03    |

## PORTFOLIO

### Equity sector breakdown \*



### Country breakdown \*



Fund

\*Equity analysis net of derivatives and cash

### Financial data (weighted averages)

| PER 2018 | PER 2019 | EPS var. 2018/2019 | PCF 2018 | PBV 2018 | Yield 2018 |
|----------|----------|--------------------|----------|----------|------------|
| 16,6     | 14,8     | 11,5               | 11,6     | 2,2      | 3,7        |

### Top holdings \*

5 Main holdings (Number of holdings : 66)

|                    | Sector                 | Expo (%NA)  |
|--------------------|------------------------|-------------|
| BOUYGUES SA        | Industrials            | 4,0         |
| NOKIA OYJ          | Information Technology | 3,2         |
| SMITH & NEPHEW PLC | Healthcare             | 2,9         |
| TOTAL SA           | Energy                 | 2,8         |
| BAE SYSTEMS PLC    | Industrials            | 2,8         |
| <b>Total</b>       |                        | <b>15,7</b> |

\* Main positions realised after breakdown of the underlying UCIs, otherwise limited to a total of 10% of the net assets



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## EQUITY HEDGING

## Derivatives type breakdown

|        | Futures | Options | Total  |
|--------|---------|---------|--------|
| % Expo | -27,63  | -3,84   | -31,47 |

## Geographical breakdown

| Title          | % Expo |
|----------------|--------|
| Euro Zone      | 6,13   |
| Europe         | -37,56 |
| European union | -6,50  |
| France         | -0,06  |
| United Kingdom | 6,52   |

## MAIN MOVEMENTS OF THE MONTH

## New positions

UNIPER SE

## Strengthened positions

TOTAL SA  
ACCOR SA  
ROYAL DUTCH SHELL PLC  
BAE SYSTEMS PLC  
ALLIANZ SE

## Sold

No position sold

## Reduced

CENTRICA PLC  
UNICREDIT SPA  
AEROPORTS DE PARIS  
STORA ENSO OYJ  
SOCIETE GENERALE

\* Equity analysis net of derivatives and cash

## PERFORMANCE TRACK RECORD (%)

## Net performance

|      |           | Jan.  | Feb.  | March | April | May   | June  | July  | Aug.  | Sept. | Oct.  | Nov.  | Dec.  | Annual |
|------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| 2014 | Class (K) | -1,22 | 2,58  | 0,41  | 1,12  | 2,25  | -0,77 | -1,12 | 1,26  | -0,62 | -2,21 | 1,87  | -0,86 | 2,59   |
| 2015 | Class (K) | 6,48  | 2,12  | 0,06  | 0,96  | 3,04  | -1,32 | 2,68  | -4,74 | -1,08 | 5,24  | 0,88  | -2,19 | 12,22  |
| 2016 | Class (K) | -4,57 | -2,64 | 2,73  | -0,82 | 1,06  | -1,94 | 1,88  | -0,29 | 0,02  | -1,47 | 1,23  | 2,18  | -2,86  |
| 2017 | Class (K) | -0,27 | 2,41  | 0,83  | 1,02  | 1,15  | -1,35 | -1,09 | -1,50 | 2,66  | -0,17 | -0,74 | -1,10 | 1,76   |
| 2018 | Class (K) | 2,15  | -0,36 | -1,67 | 3,59  | -1,82 |       |       |       |       |       |       |       |        |

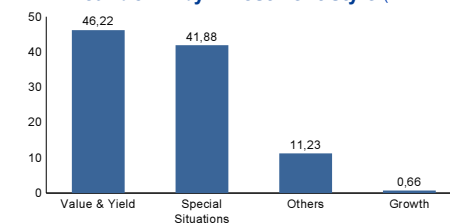
Only performances over full periods are shown.

## ANALYSIS OF GROSS PERFORMANCE

## Contribution of underlying equity strategies to fund performance (Rolling periods)

|                    | 1 month        |                  | YTD            |                  |
|--------------------|----------------|------------------|----------------|------------------|
|                    | Av. weight (%) | Contribution (%) | Av. weight (%) | Contribution (%) |
| Value & Yield      | 46,22          | -1,12            | 46,35          | 0,96             |
| Special Situations | 41,88          | -0,42            | 44,11          | 1,27             |
| Growth             | 0,66           | 0,02             | 0,67           | 0,02             |
| Others             | 11,23          | -0,06            | 8,87           | -0,01            |
| Total              |                | -1,59            |                | 2,25             |

## Breakdown by investment style (to 31/05/18)



## STATISTICS &amp; PERFORMANCE ANALYSIS

## Statistics (Rolling periods)

|              | 52 weeks<br>(week. perf.) | 3 years<br>(month. perf.) | 5 years<br>(month. perf.) |
|--------------|---------------------------|---------------------------|---------------------------|
| Volatility   | 7,89                      | 7,53                      | 7,32                      |
| Sharpe ratio | -0,24                     | 0,03                      | 0,52                      |

## Performance Analysis

|                            | Since 01/04/2010<br>(month. perf.) |
|----------------------------|------------------------------------|
| % of positive performances | 55,10                              |
| Minimum return             | -11,04                             |
| Maximum return             | 6,82                               |
| Payback period             | 502 day(s)                         |

## FUND CHARACTERISTICS

## Share characteristics

|                           |              |
|---------------------------|--------------|
| Net asset value (EUR) :   | 130,36       |
| Class creation date (D) : | 22/01/2016   |
| ISIN code :               | LU1160352784 |
| Bloomberg code :          | EDREFKE LX   |
| Lipper code :             | 68336067     |
| Telekurs code :           | 26423108     |
| Distribution :            | Accumulation |
| Latest coupon :           | -            |

## Fund Managers

Michael NIZARD, Philippe LECOQ

(D) For your information, once the legal nature of this UCI is amended, with no impact on the purpose of the fund, and once the performance history is preserved, the launch date of the fund may fall after the start date of the performance history.

## Fund characteristics

|  |   |
|--|---|
| <b>Legal status</b>                            |   |
| Sub-fund launch date :                         | 22/01/2016  |
| Fund domicile :                                | Luxembourg  |
| Recommended investment period : > 3 years      |   |
| <b>Administrative Information</b>              |   |
| Management Company :                           | Edmond de Rothschild Asset Management (Luxembourg)    |
| Delegated management Company :                 | Edmond de Rothschild Asset Management (France)        |
| Administration :                               | Edmond de Rothschild Asset Management (Luxembourg)    |
| Depositary :                                   | Edmond de Rothschild (Europe)                         |
| Subscription & Redemption conditions :         | Daily before 12.30 pm C.E.T. on day's net asset value |
| <b>Management Subscription/Redemption fees</b> |   |
| Actual management fees :                       | 0,85%   |
| Subscription fees Max./Real :                  | no / no   |
| Performance fees :                             | no  |
| Redemption fees Max./Real :                    | no / no   |



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## CONTACTS



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## SUBSCRIBERS TYPE

| Marketing country  | Investors involved in marketing |
|--|---------------------------------|
| Switzerland<br>Germany<br>Spain<br>France<br>United Kingdom<br>Luxembourg<br>Netherlands | All                             |
| Italy<br>Singapore   | Restricted                      |

## PRODUCT RISKS AND DISCLAIMERS

The information used to value the assets of this UCITS is taken primarily from various pricing sources available on the market and/or from information provided by brokers, prime brokers or external custodians, administrative agents/managers of target funds or other products, specialists duly authorised for this purpose by this UCITS and/or its management company (where applicable), and/or directly from this UCITS and/or its management company (where applicable). With regard to index levels and compositions, the main sources used are data distributors.

Please note that the main risks of this UCITS are as follows :

- Interest rate risk
- Equity risk
- Credit risk linked to investment in speculative securities
- Risk linked to financial and counterparty contracts
- Currency risk
- Liquidity risk
- Risk linked to derivatives
- Discretionary management risk
- Credit risk

Details on the target subscribers provisions and on applicable Risks of this UCITS is found in the full prospectus or in the partial prospectus for those subfunds authorised for distribution in Switzerland of this UCITS. The status, the full prospectus, the partial prospectus for subfunds authorised for distribution in Switzerland, the key investor information document (where applicable) and the annual, semi-annual and quarterly reports are available upon request from Edmond de Rothschild Asset Management (France), its distributors and/or representatives and/or the following correspondents:

|                                    |   |                                     |                   |                |
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| France                             | : CACEIS Bank   | 1-3 place Valhubert                 | 75013 Paris       | France         |
| Germany                            | : MARCARD, STEIN & Co GmbH & Co KG                                    | Ballindamm 36                       | 20095 Hamburg     | Germany        |
| Italy                              | : Société Générale Securities Services S.p.A.                         | Via Benigno Crepsi 19A              | MAC2 Milan        | Italy          |
| Italy                              | : Allfunds Bank S.A.  | Via Santa Margherita 7              | 20121 Milan       | Italy          |
| Italy                              | : BNP Paribas Securities Services, Succursale di Milano               | Via Ansperto 5                      | Milan             | Italy          |
| Italy                              | : State Street Bank GmbH, Succursale Italia                           | Via Ferrante Aporti 10              | Milan             | Italy          |
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| Switzerland (Paying agent)         | : Edmond de Rothschild (Suisse) S.A.                                  | 18, rue de Hesse                    | 1204 Genève       | Switzerland    |
| United Kingdom                     | : Société Générale Securities Services Custody London                 | Exchange House - 12 Primrose Street | EC2A 2EG London   | United Kingdom |

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The fund's investment policy does not necessarily anticipate a correlation between the fund and the mentioned benchmark. As a result, the performance of this UCITS may differ from that of the benchmark.

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The Morningstar rating applies to funds with at least three years of history. It takes the Fund's subscription fees, risk-free returns, and volatility into account in order to calculate each fund's MRAR ratio (Morningstar Risk-Adjusted Return). The funds are then ranked in descending order of MRAR: the top 10 percent receive 5 stars, the following 22.5% receive 4 stars, the next 35% 3 stars, the following 22.5% 2 stars, and the final 10% receive 1 star. The funds are classified within 300 European categories.

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No UCITS can be offered or sold to persons, or in countries or jurisdictions where such offer or sale would be unlawful.

United States: The fund and its shares are not registered under the Securities Act of 1933 or any other US regulation. Its shares may not be offered, sold, transferred or delivered for the benefit of, or on behalf, of a US National, as defined by US law.

In accordance with current local regulations, the UCI, or the class of the UCI, have received marketing authorization to specific institutional investors, or more broadly to qualified or professional investors in the following country(ies): Singapore



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## DEFINITIONS

The **PERFORMANCE**, often expressed as a % makes it possible to measure the capital gain or loss of an investment over a period (10% = gain of 10 units for every 100 invested). Performance can also be expressed per annum. This is equivalent to extrapolating the performance of a fund over any period to a one-year period. In either case, a loss is indicated by a negative percentage and a gain by a positive percentage.

The **VOLATILITY** of a security is the difference between performance and average performance and therefore makes it possible to gauge the consistency of performance obtained. It comprises a measure of risk. If this is zero, the individual performances are identical. The higher it is, the greater the difference between individual performances.

The **TRACKING ERROR** shows the volatility of a fund's relative performance against that of its benchmark. It shows the difference between performances and their average and so makes it possible to gauge the consistency of relative performance. The lower the tracking error, the closer the fund's performance is to that of its benchmark.

The **INFORMATION RATIO** represents the relative performance obtained by the fund manager for each agreed volatility point in comparison with the benchmark. To some degree, it is this measurement that makes it possible to establish whether the additional risk taken by the fund manager is, in comparison with the benchmark, rewarding or otherwise.

The **ALPHA** corresponds to the fund's average performance. More specifically, it measures the fund managers' added value while cancelling out market influence, which cannot be controlled. This measure is expressed as a percentage.

The **SHARPE RATIO** shows the fund's outperformance against a zero-risk interest rate (the Eonia, in this case), adjusted for fund volatility.

The **BETA** measures the market's influence (represented by a benchmark) on the performance of a fund. It shows the average variation of the fund's NAV, for each variation of 1% in the benchmark. If beta is 0.8, this means that for each 1% movement in the benchmark, the fund moves 0.8%.

The **CORRELATION COEFFICIENT** defines the direction and degree of dependence between two variables. It ranges from -1 to +1. Positive correlation means that the benchmark and the fund move in the same direction, negative correlation means that they move in opposite directions. When correlation is close to zero, the benchmark's influence on the fund is very low.

The **R2** or the **DETERMINATION COEFFICIENT** measures to what extent variations in fund performance are explained by variations in the benchmark. Mathematically, it is the square of the correlation coefficient. It always has a value of between 0 and 1.

The **GAIN FREQUENCY** represents the percentage of positive returns for a defined frequency.

The **MAX GAIN** represents the maximum return recorded from a series of periodic return payments.

The **MINIMUM RETURN** is the maximum loss recorded over a series of periodic returns.

The **PAYBACK PERIOD** measures the time required to recover the maximum drawdown. It is often expressed in days or months. Payback begins with the return paid following the maximum loss.

**DURATION**: the duration of a bond corresponds to the period after which its profitability is not affected by interest rate fluctuations. The duration appears as an average lifespan updated with all flows (interest and capital) and expressed in years.

**SENSITIVITY**: Bond sensitivity measures the percentage change in a bond's value arising from any downward movement in the interest rates. Mathematically, it is equal to the absolute value of the derivative of the bond's value with regards to the interest rate, divided by the value of the bond itself. It is expressed as a percentage.

**SPREAD**: the actuarial margin, or spread, of a bond (or of a loan) is the difference between the actuarial rate of return of the bond and that of a zero-risk loan with an identical duration. Naturally, the better the issuer is rated, the lower the spread

**SPREAD DURATION** is an estimate of the change in a bond's price relative to a 100-basis-point movement in its option-adjusted spread. This measure is often used to quantify a portfolio's sensitivity to changes in spread.

**ACTUARIAL RATE**: by convention, an actuarial rate is a rate of an investment which has a duration of one year and for which interest is received or paid after one year. Since there are so many rates and interest payment terms, it is difficult to compare them directly. They are therefore converted using a common basis, the actuarial rate, in order to make direct comparisons.

**MATURITY**: A bond's final or call maturity corresponds to the period remaining until the bond may be redeemed or until its next call date. It is therefore equal to the length of time between the date upon which the calculation is performed and the issue's redemption date or next call date, and is often expressed in numbers of years.

**DELTA OF A CONVERTIBLE BOND ISSUE**: the delta of a convertible issue measures the sensitivity of the price of the convertible bond to a change in the conversion ratio [(equity price \* conversion ratio)/nominal amount]. Its value is always between 0 and 100.

**EQUITY SENSITIVITY FOR CONVERTIBLE BOND ISSUES**: The equity sensitivity of a convertible bond issue measures the sensitivity of the convertible bond's value to a 1% fluctuation in the value of the (underlying) share. It will always be between 0% to 100%. The closer the equity sensitivity is to 100%, the closer the fluctuation in the convertible bond's price will match that of the share price and vice versa. Accordingly, when equity sensitivity is in the range of 80 to 100, the convertible bond is considered to perform like a share; between 20 to 80, the convertible bond is said to be mixed and is influenced by both the share price and interest rates; between 0 and 20, the convertible bond performs like a bond.

**INVESTISSEMENT GRADE (IG)** is a term used to define bond issues with a low level of risk whose financial ratings range from AAA to BBB- according to the Standard & Poor's scale. The risk of default of such issues is low, and their level of remuneration is much lower than that of high-yield issues.

**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.

Subordinated debts are issues for which lenders agree to be disadvantaged compared to other more senior creditors in the event of default of the borrower. Some of the most common subordinated debts include issues where the contract between the lender and borrower sets out repayment terms only after all other senior creditors are repaid. Subordinated junior debt has further constraints, and is considered as junior to subordinated debt. In consideration of these constraints which adversely affect lenders' risk, said lenders will expect greater remuneration and other benefits set out in the conditions of issue.

**MATURITY AT THE NEXT CALL** is the date of the next repayment of the bond. The bond issuer may include a clause to repay part of the capital before final maturity at a determined price. In general, these clauses schedule initial and final periods during which repayment is not possible. These bonds are said to be "callable".

The **PE = Price Earnings**. This ratio is equivalent to the ratio between the price of a share and the earnings per share. It is also known as the Earnings Capitalisation Multiple. The result is the weighted average of the PE of the securities in the portfolios.

The **VAR EPS = Variation in Earnings Per Share**. The result is the weighted average of the VAR EPS of the securities in the portfolios.

The **PCF = Price to Cash Flow**. This is the ratio between the price of a share and the cash-flow generated per share (Cash flow per share). The result is the weighted average of the PCF of the securities in the portfolios.

The **PBV = Price to Book Value**. This ratio is equivalent to the ratio between the price of a share and the book value of its equity. The result is the weighted average of the PBV of the securities in the portfolios.

The **PEG = Price Earnings Growth**. This is calculated by dividing the PE by the average growth rates for expected profits in future years.

The **YIELD** = This ratio is the ratio of dividend per share and share price. The returns are gross before deduction of taxes and shall take into account tax credits, if any. For example, for French and German companies, tax credits are included. In Singapore and Malaysia, the company returns are based on net dividends after corporate taxes. For a fund, the performance equals the weighted average yields of all portfolio holdings which have seconded a dividend. This ratio is expressed in % per year.

**OVERLAY MANAGEMENT** is an approach based on the hedging of existing risks (equities, interest rate, currency, etc.) in a portfolio.

**UCITS** means "Undertaking for Collective Investment in Transferable Securities". This category of financial products includes the Mutual Fund (FCP) and the Société d'Investissement à Capital Variable (SICAV).

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**SICAV** (Société d'Investissement à Capital Variable) means open-ended investment company with variable capital.

**FUND** means "Mutual Fund".



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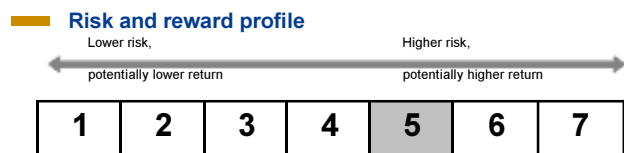
ASSET ALLOCATION AND SOVEREIGN DEBT

MORNINGSTAR™ Ranking as of 30/04/2018 in the category EUR Flexible Allocation : ★★★

Fund size : EUR 90,22 mil.

PEA ELIGIBLE: Eligible fund Savings Plan in Action. This measure depends on the individual situation of each client.

## RISK SCALE



Synthetic risk/return indicator ranks the fund on a scale from 1 to 7 (1 being the less risky ranking, 7 being the most risky ranking). This rating system is based on average fluctuations in the fund's net asset value over the past five years, i.e. the scale of changes in the index securities, both up and down. If the net asset value is less than 5 years old, the rating is determined by other regulatory calculation methods. Historic data such as those used to calculate the synthetic indicator may not be a reliable indication of the future risk profile. The current category is neither a guarantee nor an objective. Category 1 does not signify a risk free investment. For more details on the methodology of the ranking, please consult the key investor information document (KIID) of the fund.

This fund is rated in category 5, reflecting that it can be exposed between 0% and 100% to equities markets, which presents a high risk/reward profile.