

**French Mutual Fund**

**EDMOND DE ROTHSCHILD  
INTERMEDIATE SHORT  
TERM**

**ANNUAL REPORT**

as at 30 June 2017

Management Company: Edmond De Rothschild Asset Management (France)

Custodian: Edmond De Rothschild (France)

Statutory Auditor: KPMG Audit

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## 1. CHARACTERISTICS OF THE UCI

### LEGAL FORM

French Mutual Fund.

### CLASSIFICATION

Bonds and other debt securities denominated in euros.

### PROCEDURES FOR DETERMINING AND ALLOCATING DISTRIBUTABLE INCOME

<i>Distributable income</i>	<i>“C”, “C CHF H”, “G” and “G CHF H” units</i>
Allocation of net income	Accumulation
Allocation of net realised gains or losses	Accumulation

### EXPOSURE TO OTHER FOREIGN UCITS, AIFS OR INVESTMENT FUNDS

Up to 10% of its net assets.

### MANAGEMENT OBJECTIVE

The UCITS aims to deliver positive performance greater than its benchmark index, net of management fees, over the recommended investment period of one year.

### BENCHMARK INDEX

The benchmark to which the Fund's performance may be compared is the Bank of America Merrill Lynch 0-1 Year Euro Broad Market Index. It is composed of eurozone interest rate products and corporate and sovereign bonds within the Investment Grade category (rated greater than or equal to BBB- by Moody's, S&P and Fitch), denominated in euros and with a residual maturity of less than 1 year.

As the management of the UCITS is not index-linked, its performance may vary significantly from its benchmark, which serves only as a basis for comparison. The rates and indicators used are annualised. The calculation of the performance of these benchmarks includes coupons.

### INVESTMENT STRATEGY

Strategies used

The strategy implemented aims to create a portfolio that represents the expectations of the management company's interest rate and credit team on the monetary and bond markets.

The Manager will seek to select the most attractive issues, according to his or her own convictions, in order to maximise the portfolio's risk/return ratio.

The UCITS invests primarily and up to 100% in interest rate and credit products, denominated in euros. Up to 30% of the net assets of the Fund may be exposed to high-yield securities, i.e., securities for which the issuer's risk of default is high (or speculative securities rated below BBB- by Standard and Poor's or equivalent, or those that have been assigned an equivalent rating by the Management Company).

Negotiable debt securities may be debt securities such as commercial papers (short-term negotiable securities) and certificates of deposit, whether French or foreign, issued in euros. Their maturity shall be less than 12 months.

The maturity of the bonds in the portfolio may not exceed 3 years.

The UCITS' sensitivity to interest rates may fluctuate between 0 and 2.

On an ancillary basis, the UCITS may also hold up to 10% of its net assets in securities issued in currencies other than the euro. The residual exposure, after hedging, to any other currency than the euro will be immaterial.

In order to achieve the investment objective, the strategy will primarily combine a sector-based approach implemented via a top-down approach and a credit analysis to select the most attractive issuers, according to the manager's convictions, via a bottom-up approach.

- Top-down approach

The top-down approach is primarily based on a macroeconomic analysis of the various sectors or countries explored within the context of the portfolio allocation. It leads to the determination of market scenarios created on the basis of the management team's expectations.

This analysis specifically determines:

- the degree of exposure to the various economic sectors within the private issuers component. This will be determined in such a way as to preserve a level of diversification.
- the distribution between various ratings.

No constraint on geographical distribution will be imposed, thus allowing the management team to implement strategies that reflect its convictions.

The top-down analysis provides a comprehensive overview of the portfolio. This is supplemented by a robust stock-picking process (bottom-up approach) through which the UCITS derives a large part of its potential added value.

- Bottom-up approach

This process aims to identify issuers within the same sector that have a higher relative value than others, thus appearing more attractive.

The way issuers are selected is based on a fundamental analysis of each company.

The fundamental analysis is structured around an assessment of specific criteria such as:

- the clarity of the company's strategy,
- its financial health (cash flow regularity through different economic cycles, ability to honour its debts, etc.).

The fundamental analysis model, intended to identify the securities with the highest upside potential, is based on a structure with managing analysts specialising in credit markets. Following an in-depth analysis of the various companies, the bottom-up process is further refined. This results in the selection of preferred investment vehicles (definitive securities, credit default swaps, etc.) to generate exposure to the chosen issuers.

The manager may adopt strategies which principally aim to anticipate or protect the UCITS against the risk of one or more issuers defaulting or to expose the portfolio to issuers' credit risks. These strategies will be implemented by purchasing or selling protection via credit derivatives, on a single benchmark entity credit default swap or on multiple issuers through indices (iTraxx or CDX).

Strategies may also be implemented to reduce currency risks and/or to manage interest rate risk through the use of financial contracts, specifically futures, options, forward contracts or swaps.

C CHF H and G CHF H units are systematically and fully hedged against euro/Swiss franc currency risk via forward currency contracts, swaps or currency options.

#### Portfolio assets

##### **Equities**

None.

##### **Debt securities and money market instruments (up to 100% of the net assets)**

*General characteristics:*

<b>Sensitivity to interest rates</b>	-	<b>[0; 2]</b>
<b>Geographic region of issuers</b>	Any geographic region	Up to 100% of net assets
	Of which emerging countries	Up to 15% of net assets

##### *Breakdown of private/public debt:*

The UCITS may hold a majority share and invest up to 100% of its net assets in private or public debt.

##### *Criteria related to ratings:*

The portfolio will invest primarily in sovereign securities or securities issued by private companies within the Investment Grade category (rated greater than or equal to BBB- by Standard & Poor's or equivalent, or those that have been given an equivalent rating by the Management Company). Up to 30% of its net assets may be exposed to high-yield securities, i.e., securities for which the issuer's risk of default is high (or speculative securities rated below BBB- by Standard and Poor's or equivalent, or those that have been given an equivalent rating by the Management Company).

Negotiable debt securities may be debt securities such as commercial papers (short-term negotiable securities) and certificates of deposit, whether French or foreign, issued in euros. Their maturity shall be less than 12 months.

In the event that an issuer's rating is downgraded (Standard and Poor's rating or an equivalent internal rating from the Management Company), the Management Company must conduct a detailed analysis in order to decide whether to sell or retain the security, so as to maintain the rating objective.

##### *Legal form:*

Debt securities of any type, including:

- Fixed, variable or adjustable rate bonds
- EMTN (Euro Medium Term Notes)
- Inflation-linked bonds
- Short-term negotiable securities
- Certificates of deposit
- BTFs (French fixed-rate short-term discount Treasury bills)
- Treasury bills
- Euro commercial paper (short-term negotiable security issued in euros by a foreign entity)

The portfolio may invest in callable bonds (bonds with a clause allowing the issuer to redeem the security prior to maturity).

##### **Shares or units of other French undertakings for collective investment or other foreign UCITS, AIFs or investment funds:**

The UCITS may hold up to 10% of its assets in units or shares of French or foreign UCITS or French AIFs characterised as general-purpose, money-market, "Bonds and other debt securities denominated in euros" or diversified investment funds. These UCIs and investment funds may be managed by the management company or by an affiliated company.

##### **Financial contracts (subject to an overall off-balance sheet limit of 100% of the net assets)**

In order to hedge its assets and/or achieve its management objective, and without seeking overexposure, the UCITS may use financial contracts traded on regulated markets (futures, listed options) or over-the-counter markets (options, swaps, etc.), up to a limit of 100% of its net assets. In this situation, the Manager may obtain exposure to or synthetic hedging of indices, industry sectors, geographic regions or issuers.

To this end, the UCITS may take up positions with a view to hedging the portfolio against certain risks (interest rate, credit or currency) or exposing itself to interest rate and credit risks.

In order to significantly limit the total counterparty risk of instruments traded over the counter, the management company may receive cash collateral that will be deposited with the custodian and will not be subject to reinvestment.

*Type of markets on which the Fund trades:*

- Regulated markets
- Organised markets
- Over-the-counter markets.

*Risks in which the Manager intends to trade for the purposes of portfolio hedging and exposure:*

- Interest rate risk
- Foreign exchange risk
- Credit risk.

*Types of trade (transactions must only be undertaken in order to achieve the management objective):*

- Hedging
- Exposure.

*Type of instruments used:*

- Interest rate options
- Interest rate forward agreements
- Interest rate futures
- Interest rate swaps
- Currency options
- Currency swaps
- Currency futures
- Credit default swaps
- Swaptions.

The UCITS will not use total return swaps.

*Strategy of using derivatives to achieve the management objective:*

- General hedging of certain risks (interest rate, currency, credit)
- Exposure to interest rate and credit risks
- Construction of a synthetic exposure to assets and risks (interest rate, credit)
- Increasing market exposure.

### **Securities with embedded derivatives**

None.

### **Cash borrowings**

The UCITS is not intended to be a cash borrower. However, a liability position may exist from time to time as a result of transactions associated with the UCITS' cash flow (investments and divestments in progress, subscription/redemption transactions, etc.), up to a limit of 10% of its net assets.

### **Temporary purchases and sales of securities**

In order to achieve efficient portfolio management and without deviating from its investment objectives, the UCITS may make temporary purchases and sales of securities involving eligible financial securities or money market instruments, up to 100% of its net assets.

More precisely, these transactions will consist of repurchase and reverse repurchase agreements, interest rate and credit products of countries of any geographical zone, and will be carried out in the context of cash management and/or the optimisation of UCITS income.

The expected proportion of assets under management that will be subject to such a transaction will be 10% of the net assets.

The counterparties of these transactions are first-rate credit institutions domiciled in OECD countries that have a minimum rating of investment grade (rating greater than or equal to BBB- by Standard & Poor's or equivalent, or a rating deemed equivalent by the management company).

These counterparties do not have any influence on the composition or management of the UCITS portfolio. In order to significantly limit the total counterparty risk of instruments traded over the counter, the management company may receive cash collateral that will be deposited with the custodian and will not be subject to reinvestment.

Further information on the fees applicable to temporary purchases and sales of securities is provided in the "Charges and fees" section.

### **Deposits**

The UCITS may make deposits with credit institutions, including its custodian, up to 100% of its net assets.

### **RISK PROFILE**

Your money will be invested primarily in financial instruments selected by the management company. These instruments will be subject to market trends and fluctuations.

The risk factors described below are not exhaustive. It is the responsibility of each investor to analyse the risk associated with such an investment and to form their own opinion independently of the Edmond de Rothschild Group by obtaining as much specialist advice on such matters as is necessary to ensure that this investment is appropriate for their financial and legal position and investment horizon.

#### **- Risk of capital loss:**

The UCITS does not guarantee or protect the capital invested, so investors may not recover the full amount of the capital they initially invested, even if they retain the units for the duration of the recommended investment period.

#### **- Discretionary management risk:**

The discretionary management style is based on anticipating trends on the various markets (equities, bonds, money market, commodities and currencies). However, there is a risk that the UCITS may not be invested in the best-performing markets at all times. The performance of the UCITS may therefore fall below the management objective, and a drop in its net asset value may lead to negative performance.

#### **- Credit risk:**

The main risk linked to debt securities and/or money market instruments such as treasury bills (BTFs and BTANs) or short-term negotiable securities is that of issuer default, due either to the non-payment of interest and/or the non-repayment of capital. Credit risk is also linked to the downgrading of an issuer. Unitholders are reminded that the net asset value of the UCITS is likely to fall if a total loss is recorded on a financial instrument following default by an issuer. The inclusion of debt securities in the portfolio, whether directly or through UCIs, exposes the UCITS to the effects of variations in credit quality.

#### **- Credit risk linked to investments in speculative securities:**

The UCITS may invest in issues from companies rated as non-investment grade by a rating agency (with a rating below BBB- according to Standard & Poor's or equivalent) or with an equivalent internal rating issued by the Management Company. These issues are "speculative" securities and present a higher risk of issuer default. This UCITS should therefore be considered partly speculative and as being aimed specifically at investors who are aware of the risks inherent in investing in such securities. As a result, the use of high-yield securities (speculative securities presenting a higher risk of issuer default) may incur a greater risk of a fall in the net asset value.

#### **- Interest rate risk:**

Exposure to interest rate products (debt securities and money market instruments) makes the UCITS sensitive to interest rate fluctuations. Interest rate risk might result in a fall in the value of the security and, therefore, the net asset value of the UCITS, in the event of a change in the yield curve.

- Risk associated with investing in emerging markets:

The UCITS may be exposed to emerging markets. In addition to the individual risks of each issuing company, there are also external risks, particularly in these markets.

Furthermore, investors are reminded that operating and oversight conditions in these markets may differ from the standards that prevail on major international exchanges. Consequently, the holding of such securities may increase the portfolio's risk profile.

A fall in the market may thus be more pronounced and faster than in developed countries, and the net asset value may fall further and more quickly. Lastly, companies held in the portfolio may have governments as shareholders.

- Risk associated with financial and counterparty contracts:

The use of financial contracts may incur the risk of a sharper, more abrupt fall in the net asset value than in the markets in which the UCITS invests. Counterparty risk results from the use by the UCITS of financial contracts traded on over-the-counter markets and/or temporary purchases and sales of securities. Such transactions potentially expose the UCITS to the risk of counterparty default and the possibility of a fall in its net asset value.

- Liquidity risk:

The markets in which the UCITS trades may occasionally be affected by a lack of liquidity. These market conditions may impact the terms of the prices at which the UCITS may have to liquidate, introduce or modify positions.

- Risk associated with derivatives:

The UCITS may invest in forward financial instruments (derivatives).

The use of financial contracts may incur the risk of a sharper, more abrupt fall in the net asset value than in the markets in which the UCITS invests.

- Risk associated with temporary purchases and sales of securities:

The use of these transactions and the management of their guarantees may involve certain specific risks such as operational risks or custody risk. These transactions may therefore have a negative effect on the net asset value of the UCITS.

- Legal risk:

This is the risk of inadequately drafting contracts concluded with counterparties for temporary purchases and sales of securities.

## **GUARANTEE OR PROTECTION**

None.

## **TARGET SUBSCRIBERS AND TYPICAL INVESTOR PROFILE**

C, C CHF H, G and G CHF H units: All subscribers.

The investor profile is a natural or legal person who has surplus cash to invest over an investment period of at least one year.

The units of this UCITS are not and will not be registered in the United States under the US Securities Act of 1933, as amended ("Securities Act 1933") or under any other law of the United States. These units should not be offered, sold or transferred in the United States (including its territories and possessions) or benefit, directly or indirectly, any US Person (within the meaning of Regulation S of the Securities Act 1933).

The appropriate amount to invest in this UCITS depends on your individual circumstances. To determine that amount, investors are encouraged to seek professional advice in order to diversify their investments and determine the proportion of their financial portfolio or assets to be invested in this UCITS, more specifically in view of the recommended investment period and exposure to the aforementioned risks, their personal wealth, needs and specific objectives.

In any event, unitholders must diversify their portfolio sufficiently to avoid being exposed solely to the risks of this UCITS.

- Minimum recommended investment period: 1 year.

## 2. CHANGES AFFECTING THE UCI

- 1- Change of SRRI on 21/09/2016.
- 2- Various regulatory and other changes made on 07/02/2017.

### 3. MANAGEMENT REPORT

#### August 2016

The beginning of August was marked by the Bank of England's proactive announcements and the publication of good employment figures. This buoyed both equity markets and peripheral rates, for which a change in the ECB's capital key seems likely. Long-term rates in core countries mimicked US rates, which rose in the wake of announcements by US central bankers, and by Janet Yellen in particular. In this context, both high-yield credit markets and emerging markets outperformed their sovereign counterparts. The performance of EdR Intermediate Short Term was positive against this backdrop of expected action by the ECB and the sound performance of credit and European short-term rates.

#### September 2016

In September, the markets were dominated by central bank decisions. In the US, the Federal Reserve decided to delay the implementation of a new rate hike. The appreciation of the dollar was for the time being having the same effect as monetary tightening and the fragility of international conditions resulted in patience from the Fed, with its next rate hike expected in December. While the ECB itself made no change to its monetary policy, German rates eased in response to the Bank of Japan's decision to increase its accommodative bias by controlling rate levels by any means necessary. Credit spreads also widened (peripheral sovereign debts and corporate debts) as a result of the ECB's passive attitude, combined with a tendency towards risk aversion linked to political uncertainties in Italy and Spain, as well as concerns that Deutsche Bank's problems would prove a contagion for the entire European financial sector. This widening of spreads, particularly on financials, explains the underperformance of EdR Intermediate Short Term at month-end.

#### October 2016

The sovereign bond markets suffered during October due to fresh concerns about the end of the European Central Bank's quantitative easing programme and better macroeconomic figures, particularly from the United Kingdom. Indeed, over the month, French and German government bonds lost more than 2%, with the correction particularly affecting the longer part of the rate curve, on which European government bonds lost close to 5%. This bond correction was also felt in peripheral debt, with Italy vastly underperforming against Spain due to the uncertainty surrounding the upcoming constitutional referendum, which could, in the event of a 'no' vote, lead to the resignation of Matteo Renzi. Conversely, in Spain, the crisis seemed to be subsiding following the re-appointment of Mariano Rajoy as the head of a minority government. Interestingly, during this episode of volatility, the worst affected debts were those that had performed the best since the beginning of the year, particularly UK government debt, which fell more than 4% in October. At the same time, US government bonds lost only 1%, proving that this trend is specific to Europe and is not being driven by fears of an imminent rate hike by the US Federal Reserve. Lastly, it is worth noting that the credit markets were not affected by this downturn in government debt, since, for instance, European high-yield debts increased by almost 1% in October. This proves that this correction is simply an episode of volatility rather than a paradigm shift.

#### November 2016

The sovereign bond markets reacted violently to the election of Donald Trump on 8 November. This unexpected result caused a vertiginous rise in rates on the US curve, particularly on the longest part. For instance, the US 10-year sovereign bond rate climbed from 1.8% to almost 2.4% over the month, to reach its highest level this year. This can be explained, in large part, by Trump's bold plan for infrastructure investment and tax cuts, which are likely to massively increase US debt. In addition, this surprise victory, which unexpectedly triggered a rebound on equity markets, convinced the Federal Reserve that December would be a good time for a rate hike. Furthermore, the markets expect two additional rate hikes in 2017. Rate hike contagion affected Europe, albeit to a lesser extent.

For instance, German 10-year rates rose from 16bps to 30bps over the period, due to expectations of rising inflation and fears of a tapering of the ECB's monetary policy. However, the focus of European markets remained on the Italian referendum on 4 December, where sovereign spreads were already anticipating a win for the "no" campaign, which could lead to Renzi's resignation.

This caused the Italy-Germany spread to widen from 150bps to 188bps — a record for the month of November. This political risk was also reflected in French spreads, where the interest rate differential with Germany also doubled over the month, increasing from 30bps to almost 60bps. Despite this renewed volatility on sovereign markets, the impact on the credit markets was negligible.

#### December 2016

December was marked by the actions of the central banks. The ECB announced a nine-month extension of its bond purchase plan, rather than the expected six-month extension, and an easing of eligibility criteria to include debts with maturities of 1 year and those with yields below the deposit rate, together with a reduction in its monthly purchase volume from €80 billion to €60 billion. The Fed confirmed its scheduled rate hike of 25bps, and announced not two but three further increases, thereby rubber-stamping the improved economic situation. Despite the rejection of the Italian referendum and the subsequent resignation of Matteo Renzi, there was no widening in either European rates or peripheral spreads against Germany. In fact, both European rates and peripheral spreads ultimately shrank over the month. Credit also performed well, particularly in the banking sector, buoyed by the ECB measures, the swift formation of the new Italian government and the subsequent vote to create a €20 billion bank rescue fund, as well as the progress made towards resolving Deutsche Bank's disputes in the United States. This performance was even more marked in the high-yield segment, which followed the rally on equities with a tightening of around 50bps. Over the month, the Fund took advantage of the good performance of Italian rates to reduce its exposure, prioritised investment in non-financial issuers, and strengthened its position on term deposits with maturities of one year and remuneration of -5bps — an attractive yield compared to the yields generated by the main French banking institutions for the same maturities.

#### January 2017

In January, bond market trends varied according to geographic area. Thus, while interest rates generally tightened across all yield curves, the US bond markets outperformed significantly. This month was marked by Donald Trump's accession to power in the United States, and the new president's controversial statements regarding political and economic decisions generated considerable volatility on the foreign exchange market. Accordingly, the greenback depreciated, meaning that US government bond rates remained relatively stable while European rates tightened. However, this did nothing to curb the continued monetary tightening on the other side of the Atlantic, as illustrated by Janet Yellen's statements in January, in which she emphasized that the US economic situation was close to the Fed's objectives, in terms of both employment and inflation. In Europe, the markets saw rate spreads widen on most government bonds in relation to Germany. France saw its spread widen due to numerous uncertainties regarding the candidates for the upcoming presidential election. Italy suffered following the decision of its Constitutional Court to approve partial amendments to electoral and employment law; on the one hand, this illustrates the challenges to achieving reform in the country, and on the other, it increases the risk that early elections will be called. Portugal suffered due to the renewed peripheral risk aversion, exacerbated by the Eurogroup's pressure on Greece. Over the month, credit spreads for corporate debt remained stable for Investment Grade debt and widened for High Yield debt. Thanks to the fact that its positioning was focussed primarily on short-term credit, Intermediate Short Term held its own in this environment.

#### February 2017

Bond markets posted robust performance in February. In fact, the US 10-year rates fell 11 basis points to 2.34%, while the German and UK bond markets outperformed, registering 1.7% and 2.3%, respectively, on 10-year maturities. This is partly due, on the one hand, to the US central banks' plan to gradually tighten their monetary policy and, on the other, to Europe's desire to maintain a highly accommodative policy through the purchase of sovereign and corporate bonds, since core inflation is still well below the European Central Bank's target. February also saw a resurgence in political risk, particularly in France, with fears of a victory for Marine Le Pen in the second round of the presidential elections.

This led to French spreads widening by more than 20 basis points over the month, until Macron sailed past Fillon in the polls for the first and second rounds.

However, it should be noted that this volatility on sovereign bonds had little impact on European credit markets, since both good-quality credit and High Yield credit posted performance of greater than 1% over the month. Thanks to its positioning on short-term credit, Intermediate Short Term held its own in this environment. Renewals on maturities of less than 6 months were prioritised, and the Fund strengthened its position on 12-month term deposits, which provided remuneration of -5bps — an attractive yield compared to the yields generated by the main French banking institutions for the same maturities.

#### March 2017

March was marked by pressure on European government rates in core countries, due to strong economic indicators and a decline in political risk. The short end of the German curve also tightened following very promising economic indicators. Following the continued steady rise in inflation in February, the market began to gamble on a change in tone at the ECB, which is likely to find reasons to adopt a less accommodating monetary policy by the end of the year. Consequently, the last TLTRO was very successful, highlighting the appetite of banks for this type of operation, even more so given that they are preparing for fewer such measures in future. In this context, corporate credit spreads did not show much volatility and tightened slightly. Credit spreads continued to perform well, and this offset the pressure on short-term rates in the portfolio.

#### April 2017

Politics was the driving force behind the bond markets this month, with the ECB meeting of 27 April validating the status quo. The possibility of a duel between extremes — far-left Mélenchon versus far-right Le Pen, both of whom hold Eurosceptic views — initially caused risk premiums to increase to an annual high, with a Franco-German 10-year spread of over 75bps, before they fell to lows of around 50bps after the first round, in which pro-European Macron came out on top. Over the month, German rates remained generally stable while French rates tightened by 13bps, 23bps, 22bps, and 18bps on 2-year, 5-year, 10-year and 30-year maturities respectively. Rates in peripheral countries followed suit, to a lesser extent for those with investment grade ratings and to a greater extent for Portugal and Greece, who were buoyed by the signing of an agreement between Greece and its creditors, which paved the way for the release of the next tranche of refinancing and introduced the possibility of including the IMF in the programme. This also benefited the credit market, in particular financial subordinates and high-yield bonds, which outperformed sovereign bonds. Generally speaking, this environment benefited the Fund's performance over the month.

#### May 2017

In May, Macron's victory in France reassured investors, signalling a potential end to the wave of populism at the eurozone's borders and ushering in a period of political calm. This resulted in premiums being reduced on High-Yield markets or subordinated financial debt markets by some 10 to 20 basis points. In addition, the eurozone was still benefitting from a recovery in business leaders' confidence and encouraging growth figures. Nonetheless, long-term rates remained surprisingly stable, with the 10-year German rate unchanged over the month, after fluctuations within a range of 15 basis points. This is due, in part, to some slightly unpleasant surprises in terms of inflation, coupled with statements from ECB officials indicating that the eurozone was still in need of its ultra-accommodative policy. In terms of specific countries, the sound performance of both Portugal and Greece can be explained by an improvement in Portugal's economic and financial prospects and by the strong likelihood of reaching an agreement on Greek debt relief. In this climate, in which short-term interest rates remained stable overall, Intermediate took profits on investments at significantly negative rates before renewing them but with an increased share of the variable rates held.

#### June 2017

Interest rates received a slight boost following the ECB meeting held at the beginning of the month, in which the central bank underlined the fact that European inflation was still below its target, and supported a reduction in QE purchases at a more progressive rate than that expected by the market; however, Mario Draghi's comment at the end of the month that reflationary forces had replaced deflationary ones completely reversed this trend. This reversal was also bolstered by the Bank of England, which decided by 5 votes to 3 to maintain their rates at current levels, rather than opt for a hike.

Mark Carney, though in favour of maintaining rates at their current levels, subsequently talked of a potential hike should corporate investment take off again. On the other hand, the Fed surprised no one with its 25bps interest rate hike, or with the details it provided regarding its plans to taper its repurchase programmes. German, UK and US 2-year rates thus rose respectively by 7bps, 23bps and 11bps over the month. In this context, high-yield rates held up well. Peripheral rates were sustained by the prospect of larger-than-expected QE, particularly in Italy, where the 2-year rate tightened by 7bps over the month. Italy suffered at the beginning of the month from (ultimately unfounded) concerns regarding potential legislative elections and then benefitted, as did the financial sector in general, from the positive reception of the state's support for the recapitalisation of Veneto Banca and Banco Popolare di Vicenza. Greek interest rates fell sharply, by more than 200bps for the 5-year rate over the month, thanks to the agreement reached with the troika on the release of the last tranche of financial assistance. Over the month, Intermediate Short Term made some trades in favour of variable rates.

The Fund was launched on 12 July 2016.

From 12 July 2016 to 30 June 2017, the Fund posted the following performance:

- C units, 0.04% against benchmark index performance of -0.28%.
- G units, 0.12% against benchmark index performance of -0.28%.

From 27 July 2016 to 30 June 2017, the Fund posted the following performance:

- G CHF H units, -0.45% against benchmark index performance of -0.27%.
- C CHF H units, -0.42% against benchmark index performance of -0.27%.

*Past performance is not an indication of future performance.*

#### **Main changes to the portfolio during the financial year**

<b>Securities</b>	<b>Changes ("Accounting currency")</b>	
	<b>Purchases</b>	<b>Sales</b>
Edmond de Rothschild Credit Very Short Term R	36,728,864.19	35,119,111.62
ITAL BUON POL 0.1% 15-04-19	1,303,725.15	1,304,932.18
AIB 2 7/8 11/28/16	1,233,910.51	1,200,000.00
DEUTSCHE 5.125%07-310817 EMTN	1,140,375.97	1,104,211.33
INTESA SANPAOLO SPA 3.75%09-231116 EMTN	1,037,427.54	1,000,000.00
GOLDMAN SACHS 6.375% 02/05/18	1,014,213.33	986,862.02
NUMERICABLESFR ZCP 11-08-16	999,781.30	1,000,000.00
ARCELOR FINANCE ZCP 23-01-17	999,715.91	1,000,000.00
CNH INDU FINA SERV ZCP 26-01-17	999,655.12	1,000,000.00
CNH INDU FINA SERV ZCP 26-10-16	999,604.05	1,000,000.00

# Efficient portfolio management techniques and derivative financial instruments

## a) Exposure obtained through efficient portfolio management techniques and derivative financial instruments

Exposure obtained through efficient portfolio management techniques: **None**.

Underlying exposure obtained through financial derivative instruments: **0.06%**.

## b) Identity of the counterparty/counterparties to efficient portfolio management techniques and derivative financial instruments

Efficient management techniques	Derivative financial instruments (*)
	EDMOND DE ROTHSCHILD (France)

(\*) Except listed derivatives

## c) Financial guarantees received by the UCITS to reduce counterparty risk

Types of instruments	Amount in the portfolio currency
<b>Efficient management techniques</b> . Term deposits . Equities . Bonds . UCITS . Cash  <b>Total</b>	
<b>Derivative financial instruments</b> . Term deposits . Equities . Bonds . UCITS . Cash  <b>Total</b>	

**d) Operating income and expenses relating to efficient management techniques**

<b>Operating income and expenses</b>	<b>Amount in the portfolio currency</b>
. Income (**)	
. Other income	
<b>Total income</b>	
. Direct operating expenses	
. Indirect operating expenses	
. Other expenses	
<b>Total expenses</b>	

(\*\*) Income received on loans and reverse repurchase agreements

## **SECURITIES FINANCING TRANSACTION REGULATION (“SFTR”)**

During the year, the UCI was not involved in transactions subject to Regulation (EU) 2015/2365 on the transparency of securities financing transactions and of reuse (“SFTR Regulation”).

## 4. STATUTORY INFORMATION

### **METHOD FOR CALCULATING TOTAL RISK (AMF INSTRUCTION No. 2011-15 - ARTICLE 16)**

The UCITS uses the commitment method to calculate the total risk associated with financial contracts.

### **INFORMATION ON TRANSACTIONS INVOLVING SECURITIES IN WHICH THE GROUP HAS SPECIAL INTERESTS**

This information is available in the annual financial statements in the section: GROUP FINANCIAL INSTRUMENTS HELD IN THE PORTFOLIO.

### **POLICY FOR SELECTING INTERMEDIARIES AND COUNTERPARTIES**

In accordance with Article 314-72 of the AMF General Regulations, the management company has set up a "Best Selection/Best Execution policy" for intermediaries and counterparties. The purpose of this policy is to select, according to various predetermined criteria, the brokers and intermediaries whose execution policy will achieve the best possible results when executing orders. The policy is available for consultation on the website at [www.edram.fr](http://www.edram.fr).

### **REPORT ON INTERMEDIATION FEES**

In accordance with Article 314-82 of the AMF General Regulations, the management company has drawn up a "Report on intermediation fees". This document is available on the Edmond de Rothschild Asset Management (France) website: [www.edram.fr](http://www.edram.fr).

### **COMMUNICATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE QUALITY (ESG) CRITERIA**

Information about ESG criteria is available on the website at [www.edram.fr](http://www.edram.fr).

### **REMUNERATION POLICY AND PRACTICES FOR THE MANAGER'S PERSONNEL**

The Edmond de Rothschild Asset Management (France) remuneration policy complies with the provisions of European Directive 2009/65/EC ("UCITS V Directive") and Article 314-85-2 of the AMF General Regulations which apply to UCITS funds. The remuneration policy promotes the sound and effective management of risks and does not encourage risk-taking that would be inconsistent with the risk profiles of the UCITS it manages. The management company has implemented adequate measures to prevent any conflict of interest.

For all employees of the management company considered to have a material impact on the risk profile of UCITS funds ("MRT" or material risk takers), and annually identified as such through a process involving the Human Resources, Risk, and Compliance teams, the remuneration policy specifies that part of their variable remuneration (which must remain in reasonable proportion to their fixed remuneration) is deferred over three years. This deferral, for employees exceeding a minimum threshold, varies from a minimum of 40% to 60% depending on the variable level. Furthermore, a portion of the variable remuneration for these employees will be indexed to the change in the value of a mixed basket of financial instruments that is representative of the AIFs and UCITS managed by the management company and its affiliates. The deferred variable remuneration will therefore comprise, for MRT employees, at least 50% of cash indexed to the basket of instruments, and at most 50% of other deferred elements (Group Long Term Incentive Plan or, as applicable, deferred cash).

Details of the management company's remuneration policy are available on the company's website: <http://www.edmond-de-rothschild.com/site/France/fr/asset-management>.

A paper copy is available free of charge upon written request to the management company.

The measures relating to payment of the variable remuneration must apply to a full financial year's performance. Quantitative data (total amount of remuneration [fixed and variable] and the aggregate remuneration broken down by employee category) will be provided in the annual report published in 2018.

## 5. STATUTORY AUDITOR'S CERTIFICATION



**KPMG Audit**  
Tour Eqho  
2, avenue Gambetta  
CS 60055  
92066 Paris La Défense Cedex  
France

Telephone: +33 (0)1 55 68 68 68  
Fax: +33 (0)1 55 68 73 00  
Website: [www.kpmg.fr](http://www.kpmg.fr)

**French Mutual Fund**  
**EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM**

47, rue du Faubourg Saint-Honoré, 75008 Paris, France

**Statutory auditor's report on the annual financial statements**

Financial year ended 30 June 2017

Dear Sir or Madam,

In execution of the mission entrusted to us by the management body of the Fund's Management Company, we hereby present our report for the financial year of 353 days, ended 30 June 2017, on:

- the audit of the annual financial statements for the EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM Fund, which are attached to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been prepared by the management company. Our responsibility is to express an opinion on these financial statements based on our audit.

**1 Opinion on the annual financial statements**

We conducted our audit in accordance with the professional auditing standards applicable in France, which require us to carry out an audit in order to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit involves examining, on a test basis or using other selection methods, the evidence supporting the amounts and disclosures contained in the annual financial statements. It also includes assessing the accounting principles used and the significant estimates made in preparing the annual financial statements, as well as evaluating their overall presentation. We believe that the evidence gathered is sufficient and appropriate to justify our opinion.

We certify that the annual financial statements are, in conformity with French accounting rules and principles, accurate and consistent, and give a true and fair view of the financial performance of the previous financial year as well as the financial situation and assets of the fund at the end of the financial year.

KPMG S.A., a French company and member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative, a Swiss entity.

A Société Anonyme (limited company)  
with management and supervisory boards, providing accounting, auditing and consulting services. Registered with the Paris Tableau de l'Ordre no. 14-30080101 and member of the Compagnie Régionale des Commissaires aux Comptes de Versailles.

Registered office:  
KPMG S.A.  
Tour Eqho  
2, avenue Gambetta  
92066 Paris La Défense Cedex  
Capital: €5,497,100.  
APE code: 6920Z  
Trade and Companies Register No. 775 726 417 Nanterre  
European Union VAT FR 77 775 726 417



*French Mutual Fund*

**EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM**

*Statutory Auditor's report on the annual financial statements*

27 September 2017

**2 Justification of assessments**

In accordance with the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following information:

As part of our assessment of the accounting principles used by the Fund and described in the notes to the annual financial statements under "Accounting methods and rules", we have verified the correct application of the valuation methods used for the financial instruments in the portfolio.

The assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

**3 Specific verifications and information**

We have also performed specific verifications as required by law in accordance with professional auditing standards in France.

We have no observations to make concerning the accuracy and consistency with the annual financial statements of the information provided in the annual report and in the documents provided to unitholders concerning the financial position and annual financial statements.

Paris La Défense, 27 September 2017

KPMG Audit  
*Department of KPMG S.A.*

[Signature]  
Gérard Gaultry  
*Partner*

## 6. ANNUAL FINANCIAL STATEMENTS

### • BALANCE SHEET *in EUR*

#### ASSETS

	30/06/2017
<b>Net fixed assets</b>	
<b>Deposits</b>	<b>4,299,604.20</b>
<b>Financial instruments</b>	<b>29,517,209.65</b>
<b>Equities and equivalent securities</b>	
Traded on a regulated or equivalent market	
Not traded on a regulated or equivalent market	
<b>Bonds and equivalent securities</b>	<b>23,110,447.46</b>
Traded on a regulated or equivalent market	23,110,447.46
Not traded on a regulated or equivalent market	
<b>Debt securities</b>	<b>4,797,686.03</b>
Traded on a regulated or equivalent market	4,797,686.03
Negotiable debt securities	4,797,686.03
Other debt securities	
Not traded on a regulated or equivalent market	
<b>Undertakings for collective investment</b>	<b>1,609,076.16</b>
Retail UCITS and AIFs intended for non-professionals and equivalent investors in other countries	1,609,076.16
Other funds intended for non-professionals and equivalent investors in other EU member states	
Professional investment funds and their equivalents in other EU member states and listed special purpose vehicles	
Other professional investment funds and their equivalents in other EU Member States and unlisted special purpose vehicles	
Other non-European undertakings	
<b>Temporary securities transactions</b>	
Receivables on securities received under repurchase agreements	
Receivables on loaned securities	
Borrowed securities	
Securities assigned under repurchase agreements	
Other temporary transactions	
<b>Forward financial instruments</b>	
Transactions on a regulated or equivalent market	
Other transactions	
<b>Other financial instruments</b>	
<b>Receivables</b>	<b>20,801.92</b>
<b>Forward currency transactions</b>	<b>20,144.70</b>
<b>Other</b>	<b>657.22</b>
<b>Financial accounts</b>	<b>107,597.97</b>
<b>Cash and cash equivalents</b>	<b>107,597.97</b>
<b>Total assets</b>	<b>33,945,213.74</b>

## LIABILITIES

	30/06/2017
<b>Share capital</b>	
<b>Capital</b>	<b>33,668,754.81</b>
Undistributed prior net gains and losses (a)	
Balance carried forward (a)	
Net gains and losses for the financial year (a, b)	-387,220.44
Profit/loss for the financial year (a, b)	609,291.24
<b>Total share capital (= amount corresponding to net assets)</b>	<b>33,890,825.61</b>
<b>Financial instruments</b>	
<b>Sales of financial instruments</b>	
<b>Temporary securities transactions</b>	
Payables on securities assigned under repurchase agreements	
Payables on borrowed securities	
Other temporary transactions	
<b>Forward financial instruments</b>	
Transactions on a regulated or equivalent market	
Other transactions	
<b>Payables</b>	<b>54,388.13</b>
<b>Forward currency transactions</b>	<b>20,264.26</b>
<b>Other</b>	<b>34,123.87</b>
<b>Financial accounts</b>	
<b>Current bank borrowings</b>	
<b>Loans</b>	
<b>Total liabilities</b>	<b>33,945,213.74</b>

(a) Including adjustments

(b) Less interim dividends paid over the financial year

- OFF-BALANCE SHEET ITEMS *in EUR*

	30/06/2017
<b>Hedging transactions</b>	
Commitment on regulated or equivalent markets	
Commitment on over-the-counter markets	
Other commitments	
<b>Other transactions</b>	
Commitment on regulated or equivalent markets	
Commitment on over-the-counter markets	
Other commitments	

• **INCOME STATEMENT in EUR**

	30/06/2017
<b>Income from financial transactions</b>	
Income from deposits and financial accounts	
Income from equities and equivalent securities	
Income from bonds and equivalent securities	941,148.44
Income from debt securities	19,823.72
Income from temporary purchases and sales of securities	
Income from forward financial instruments	
Other financial income	
<b>Total (1)</b>	<b>960,972.16</b>
<b>Expenses relating to financial transactions</b>	
Expenses relating to temporary purchases and sales of securities	
Expenses relating to forward financial instruments	
Expenses relating to financial debt	3,355.09
Other financial expenses	
<b>Total (2)</b>	<b>3,355.09</b>
<b>Profit/loss on financial transactions (1 - 2)</b>	<b>957,617.07</b>
Other income (3)	
Management fees and amortisation charges (4)	75,115.02
<b>Net profit/loss for the financial year (L. 214-17-1) (1 - 2 + 3 - 4)</b>	<b>882,502.05</b>
Income adjustment for the financial year (5)	-273,210.81
Interim dividends paid over the financial year (6)	
<b>Profit/loss (1 - 2 + 3 - 4 + 5 - 6)</b>	<b>609,291.24</b>

### ACCOUNTING METHODS AND RULES

The annual financial statements are presented in the form stipulated by ANC (Autorité des normes comptables, the French accounting standards authority) Regulation 2014-01, repealing CRC (Comité de réglementation comptable, the French accounting regulation committee) Regulation 2003-02, as amended.

General accounting principles apply, including:

- a true and fair view, comparability and business continuity,
- lawfulness and fairness,
- prudence,
- consistency of accounting methods from one financial year to the next.

Income from fixed income securities is recorded using the interest received method.

Purchases and sales of securities are recognised exclusive of costs.

The portfolio's base currency is the euro.

The length of the financial year is 353 days.

### Asset valuation rules

Financial instruments are recorded in the accounts according to the historical cost method and on the balance sheet at their current value as determined by the last known market value or, where no market exists, by any external means or by the use of financial models.

Differences between the current values used to calculate the net asset value and the historical costs of transferable securities when first included in the portfolio are recorded in "valuation differentials" accounts.

Securities that are not in the portfolio currency are valued in accordance with the principle set out below and then converted to the portfolio currency on the basis of the exchange rate on the valuation date.

#### ***Deposits:***

Deposits with a residual maturity of three months or less are valued according to the straight-line method.

#### ***Equities, bonds and other securities traded on a regulated or equivalent market:***

Equities and other securities traded on a regulated or equivalent market are valued on the basis of the day's closing market price for the purpose of calculating the net asset value.

Bonds and equivalent securities are valued at the closing price supplied by various financial service providers. Interest accrued on bonds and equivalent securities is calculated up to the net asset value calculation date.

#### ***Equities, bonds and other securities not traded on a regulated or equivalent market:***

Securities that are not traded on a regulated market are valued by the management company using methods based on asset value and yield, taking into account the prices used for recent significant transactions.

#### ***Negotiable debt securities:***

Negotiable debt securities and equivalent securities that are not traded in large volumes are valued using an actuarial method based on a reference rate defined below, which is increased, where applicable, by a differential that is representative of the intrinsic characteristics of the issuer:

Negotiable debt securities with a maturity of one year or less: Euro Interbank Offered Rate (Euribor)

Negotiable debt securities with a maturity exceeding one year: rates for French treasury bills (BTAN and OAT) with similar maturity dates for the longest durations.

Negotiable debt securities with a residual maturity of three months or less may be valued using the straight-line method.

French treasury bills are valued at the market rate, as published daily by the Banque de France.

***UCIs held:***

Units or shares of UCIs will be valued at the last known net asset value.

***Temporary securities transactions:***

Securities received under repurchase agreements are recorded as assets under the “Receivables on securities received under repurchase agreements” heading at the contracted amount, plus any accrued interest receivable.

Securities assigned under repurchase agreements are recorded at their current value in the long portfolio. Payables on securities assigned under repurchase agreements are entered in the short portfolio at the contracted value, plus any accrued interest payable.

Loaned securities are valued at their current value and are entered under assets at their current value, plus accrued interest receivable, under the “Receivables on loaned securities” heading.

Borrowed securities are recorded as assets under the “Borrowed securities” heading at the contracted amount, and as liabilities under the “Payables on borrowed securities” heading at the contracted amount, plus any accrued interest payable.

***Forward financial instruments:***

**Forward financial instruments traded on a regulated or equivalent market:**

Forward financial instruments traded on regulated markets are valued at the day’s settlement price.

**Forward financial instruments not traded on a regulated or equivalent market:**

***Swaps:***

Interest rate and/or currency swaps are valued at their market value on the basis of a price calculated by discounting future interest flows at market interest rates and/or exchange rates. This price is adjusted to take into account the risk associated with the issuer.

Index swaps are valued on an actuarial basis using a benchmark rate provided by the counterparty.

Other swaps are valued at their market value or at a value estimated according to the terms established by the management company.

***Off-balance sheet commitments:***

Futures contracts are recorded as off-balance sheet commitments at their market value on the basis of the price used in the portfolio.

Options transactions are converted into the underlying equivalent.

Swap commitments are recorded at their nominal value or, where there is no nominal value, at an equivalent amount.

## Management fees

Management fees are calculated on each valuation date on the basis of net assets.

These fees are recorded in the income statement for the UCI.

Management fees are paid in full to the management company responsible for all of the UCI's operating costs. Management fees do not include transaction fees.

The rate applied on the basis of the net assets is:

- 0.20% including tax for C and C CHF H units,
- 0.25% including tax for G and G CHF H units.

Variable management fees are calculated (for the C and C CHF H units) using the following method: 20% of the yearly outperformance of its benchmark, the Bank of America Merrill Lynch EMU Financial Corporate Index.

## Allocation of distributable income

### *Definition of distributable income:*

Distributable income comprises:

### *Income:*

Net income for the financial year is equal to the amount of interest, arrears, premiums and bonuses, dividends, directors' fees and all other revenues generated by the securities held in the portfolio, plus income generated by temporary cash holdings, less management fees and borrowing costs.

It is increased by the balance carried forward and increased or decreased by the balance of the income adjustment account.

### *Gains and losses:*

Realised gains (net of fees), minus realised losses (net of fees), recorded during the financial year, plus any net gains of the same type recorded during previous financial years that have not been distributed or accumulated, plus or minus the balance of the capital gains adjustment account.

### *Methods for allocating distributable income:*

<i>Distributable income</i>	<i>"C", "C CHF H", "G" and "G CHF H" units</i>
Allocation of net income	Accumulation
Allocation of net realised gains or losses	Accumulation

# CHANGE IN NET ASSETS *in EUR*

	30/06/2017
<b>Net assets at the beginning of the financial year</b>	
Subscriptions (including subscription fees paid to the UCI)	79,098,168.41
Redemptions (less redemption fees paid to the UCI)	-45,297,704.92
Realised gains on deposits and financial instruments	22,257.28
Realised losses on deposits and financial instruments	-518,823.37
Realised gains on forward financial instruments	882.76
Realised losses on forward financial instruments	-724.64
Transaction fees	-145.88
Foreign exchange differences	-383.11
Changes in the valuation differential on deposits and financial instruments	-295,202.97
Valuation differential for financial year N	-295,202.97
Valuation differential for financial year N-1	
Changes in the valuation differential on forward financial instruments	
Valuation differential for financial year N	
Valuation differential for financial year N-1	
Dividends paid in the previous financial year on net gains and losses	
Dividends paid in the previous financial year on income	
Net income for the financial year prior to adjustment	882,502.05
Interim dividend(s) paid over the financial year on net gains and losses	
Interim dividend(s) paid over the financial year on income	
Other items	
<b>Net assets at the end of the financial year</b>	<b>33,890,825.61</b>

# **BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC TYPE**

	Amount	%
<b>Assets</b>		
<b>Bonds and equivalent securities</b>		
Other bonds (indexed, non-voting shares)	324,673.33	0.96
Fixed-rate bonds traded on a regulated or equivalent market	15,718,966.20	46.38
Variable/adjustable rate bonds traded on a regulated or equivalent market	7,066,807.93	20.85
<b>TOTAL Bonds and equivalent securities</b>	<b>23,110,447.46</b>	<b>68.19</b>
<b>Debt securities</b>		
Treasury bills	596,763.20	1.76
Short-term negotiable securities (NEU CP) issued by bank issuers	600,612.65	1.77
Short-term negotiable securities (NEU CP) issued by non-financial issuers	3,600,310.18	10.62
<b>TOTAL Debt securities</b>	<b>4,797,686.03</b>	<b>14.16</b>
<b>Liabilities</b>		
<b>Sales of financial instruments</b>		
<b>TOTAL Sales of financial instruments</b>		
<b>Off-balance sheet items</b>		
<b>Hedging transactions</b>		
<b>TOTAL Hedging transactions</b>		
<b>Other transactions</b>		
<b>TOTAL Other transactions</b>		

# **BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY INTEREST RATE TYPE**

	Fixed rate	%	Variable rate	%	Adjustable rate	%	Other	%
<b>Assets</b>								
Deposits	1,799,604.20	5.31					2,500,000.00	7.38
Bonds and equivalent securities	15,718,966.20	46.38			7,066,807.93	20.85	324,673.33	0.96
Debt securities	4,797,686.03	14.16						
Temporary securities transactions								
Financial accounts							107,597.97	0.32
<b>Liabilities</b>								
Temporary securities transactions								
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions								
Other transactions								

# **BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY RESIDUAL MATURITY**

	<3 months	%	[3 months - 1 year]	%	[1 - 3 years]	%	[3 - 5 years]	%	>5 years	%
<b>Assets</b>										
Deposits	2,500,000.00	7.38	1,799,604.20	5.31						
Bonds and equivalent securities	308,997.17	0.91	7,576,458.09	22.36	15,224,992.20	44.92				
Debt securities	3,598,297.61	10.62	1,199,388.42	3.54						
Temporary securities transactions										
Financial accounts	107,597.97	0.32								
<b>Liabilities</b>										
Temporary securities transactions										
Financial accounts										
<b>Off-balance sheet items</b>										
Hedging transactions										
Other transactions										

Positions in interest rate futures are shown according to the maturity of the underlying instrument.

# **BREAKDOWN OF ASSETS, LIABILITIES AND OFF-BALANCE SHEET ITEMS BY LISTING OR VALUATION CURRENCY**

	CHF						Other currencies	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
Deposits								
Equities and equivalent securities								
Bonds and equivalent securities								
Debt securities								
UCIs								
Temporary securities transactions								
Receivables	20,144.70	0.06						
Financial accounts	20,141.91	0.06						
<b>Liabilities</b>								
Sales of financial instruments								
Temporary securities transactions								
Financial accounts								
<b>Off-balance sheet items</b>								
Hedging transactions								
Other transactions								

# RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE

	Type of debit or credit	30/06/2017
Receivables	Forward currency purchases	20,144.70
	Cash dividends and coupons	657.22
<b>Total receivables</b>		<b>20,801.92</b>
Payables	Amount payable on forward currency purchases	20,264.26
	Management fees	2,821.96
	Variable management fees	31,301.91
<b>Total payables</b>		<b>54,388.13</b>

## NUMBER OF SECURITIES ISSUED OR REDEEMED

	Units	Amount
<b>G CHF H units</b>		
Units subscribed during the financial year	110.000	10,089.89
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	110.000	10,089.89
<b>C CHF H units</b>		
Units subscribed during the financial year	110.000	10,089.89
Units redeemed during the financial year		
Net balance of subscriptions/redemptions	110.000	10,089.89
<b>C units</b>		
Units subscribed during the financial year	495,140.466	49,472,711.27
Units redeemed during the financial year	-334,496.050	-33,457,486.54
Net balance of subscriptions/redemptions	160,644.416	16,015,224.73
<b>G units</b>		
Units subscribed during the financial year	296,106.751	29,605,277.36
Units redeemed during the financial year	-118,336.539	-11,840,218.38
Net balance of subscriptions/redemptions	177,770.212	17,765,058.98

## SUBSCRIPTION AND/OR REDEMPTION FEES

	Amount
<b>G CHF H units</b>	
Redemption fees received	
Subscription fees received	
Total fees received	
<b>C CHF H units</b>	
Redemption fees received	
Subscription fees received	
Total fees received	
<b>C units</b>	
Redemption fees received	
Subscription fees received	
Total fees received	
<b>G units</b>	
Redemption fees received	
Subscription fees received	
Total fees received	

## MANAGEMENT FEES

	30/06/2017
<b>G CHF H units</b>	
Guarantee fees	
Fixed management fees	10.68
Percentage of fixed management fees	0.11
Variable management fees	
Trailer fees	

	30/06/2017
<b>C CHF H units</b>	
Guarantee fees	
Fixed management fees	7.26
Percentage of fixed management fees	0.08
Variable management fees	
Trailer fees	
<b>C units</b>	
Guarantee fees	
Fixed management fees	20,990.21
Percentage of fixed management fees	0.08
Variable management fees	31,301.91
Trailer fees	
<b>G units</b>	
Guarantee fees	
Fixed management fees	22,804.96
Percentage of fixed management fees	0.12
Variable management fees	
Trailer fees	

#### COMMITMENTS RECEIVED AND GIVEN

##### Guarantees received by the UCI

None.

##### Other commitments received and/or given

None.

## CURRENT VALUE OF SECURITIES SUBJECT TO A TEMPORARY PURCHASE TRANSACTION

	30/06/2017
Securities subject to repurchase agreements	
Borrowed securities	

## CURRENT VALUE OF SECURITIES REPRESENTING GUARANTEE DEPOSITS

	30/06/2017
Financial instruments given as a guarantee and retained under their original entry	
Financial instruments received as a guarantee and not recorded on the balance sheet	

## GROUP FINANCIAL INSTRUMENTS HELD IN THE PORTFOLIO

	ISIN code	Name	30/06/2017
Equities			
Bonds			
Negotiable debt securities			
UCIs			1,609,076.16
	FR0011031392	Edmond de Rothschild Credit Very Short Term R	1,609,076.16
Forward financial instruments			
<b>Total Group securities</b>			<b>1,609,076.16</b>

# ALLOCATION TABLE FOR DISTRIBUTABLE INCOME ON NET GAINS AND LOSSES

	30/06/2017
<b>Amounts still to be allocated</b>	
Balance carried forward	
Income	609,291.24
<b>Total</b>	<b>609,291.24</b>

	30/06/2017
<b>G CHF H units</b>	
<b>Allocation</b>	
Distribution	
Balance carried forward for the financial year	
Accumulation	187.88
<b>Total</b>	<b>187.88</b>

	30/06/2017
<b>C CHF H units</b>	
<b>Allocation</b>	
Distribution	
Balance carried forward for the financial year	
Accumulation	191.34
<b>Total</b>	<b>191.34</b>

	30/06/2017
<b>C units</b>	
<b>Allocation</b>	
Distribution	
Balance carried forward for the financial year	
Accumulation	282,979.96
<b>Total</b>	<b>282,979.96</b>

	30/06/2017
<b>G units</b>	
<b>Allocation</b>	
Distribution	
Balance carried forward for the financial year	
Accumulation	325,932.06
<b>Total</b>	<b>325,932.06</b>

# **ALLOCATION TABLE FOR THE PORTION OF DISTRIBUTABLE INCOME CORRESPONDING TO NET GAINS AND LOSSES**

	30/06/2017
<b>Amounts still to be allocated</b>	
Undistributed prior net gains and losses	
Net gains and losses for the financial year	-387,220.44
Interim dividends paid on net gains and losses for the financial year	
<b>Total</b>	<b>-387,220.44</b>

	30/06/2017
<b>G CHF H units</b>	
<b>Allocation</b>	
Distribution	
Undistributed net gains and losses	
Accumulation	-149.90
<b>Total</b>	<b>-149.90</b>

	30/06/2017
<b>C CHF H units</b>	
<b>Allocation</b>	
Distribution	
Undistributed net gains and losses	
Accumulation	-149.95
<b>Total</b>	<b>-149.95</b>

	30/06/2017
<b>C units</b>	
<b>Allocation</b>	
Distribution	
Undistributed net gains and losses	
Accumulation	-183,618.45
<b>Total</b>	<b>-183,618.45</b>

	30/06/2017
<b>G units</b>	
<b>Allocation</b>	
Distribution	
Undistributed net gains and losses	
Accumulation	-203,302.14
<b>Total</b>	<b>-203,302.14</b>

**TABLE OF RESULTS AND OTHER SIGNIFICANT ITEMS OVER THE LAST FIVE FINANCIAL YEARS**

	<b>30/06/2017</b>
<b>Total net assets in EUR</b>	<b>33,890,825.61</b>
<b>EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM G CHF H</b>	
Net assets in CHF	10,950.95
Number of securities	110,000
Net asset value per unit in CHF	99.55
Accumulation per unit on net gains and losses in EUR	-1.36
Accumulation per unit on income in EUR	1.70
<b>EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM C CHF H</b>	
Net assets in CHF	10,954.54
Number of securities	110.000
Net asset value per unit in CHF	99.58
Accumulation per unit on net gains and losses in EUR	-1.36
Accumulation per unit on income in EUR	1.73
<b>EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM C</b>	
Net assets in EUR	16,072,065.51
Number of securities	160,644.416
Net asset value per unit in EUR	100.04
Accumulation per unit on net gains and losses in EUR	-1.14
Accumulation per unit on income in EUR	1.76
<b>EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM G</b>	
Net assets in EUR	17,798,704.72
Number of securities	177,770.212
Net asset value per unit in EUR	100.12
Accumulation per unit on net gains and losses in EUR	-1.14
Accumulation per unit on income in EUR	1.83

PORTFOLIO BREAKDOWN *in EUR*

Security name	Currency	Quantity or nominal amount	Current value	% Net assets
<b>Deposits</b>				
DAT 2181175 13/07/17	EUR	500,000	500,000.00	1.47
DAT 2184733 19-07-17	EUR	500,000	500,000.00	1.47
DAT 2184736 20-07-17	EUR	500,000	500,000.00	1.48
DAT 2184760 21-07-17	EUR	500,000	500,000.00	1.48
DAT 2226881 23-11-17	EUR	300,000	299,909.17	0.88
DAT 2238801 22-12-17	EUR	300,000	299,936.67	0.89
DAT 2257542 09-02-18	EUR	250,000	249,954.51	0.74
DAT 226632 29-09-17	EUR	500,000	500,000.00	1.48
DAT 2268059 20/03/18	EUR	250,000	249,964.24	0.74
2236722 14-12-17	EUR	400,000	399,913.78	1.18
2242245 29-12-17	EUR	300,000	299,925.83	0.88
<b>TOTAL Deposits</b>			<b>4,299,604.20</b>	<b>12.69</b>
<b>Bonds and equivalent securities</b>				
<b>Bonds and equivalent securities traded on a regulated or equivalent market</b>				
<b>GERMANY</b>				
D E3R+0.9% 13-04-18 EMTN	EUR	500,000	503,176.89	1.48
THYSSENKRUPP AG 4% 27/08/2018	EUR	400,000	431,196.88	1.27
VOLKSWAGEN LEASING GMBH 3.25% 10/05/2018 SERIE EMTN	EUR	500,000	516,338.63	1.53
<b>TOTAL GERMANY</b>			<b>1,450,712.40</b>	<b>4.28</b>
<b>BELGIUM</b>				
ANHEUSER E3R+0.38% 29/03/2018	EUR	300,000	300,701.04	0.89
<b>TOTAL BELGIUM</b>			<b>300,701.04</b>	<b>0.89</b>
<b>CANADA</b>				
DAIMLER CANADA E3R+0.27% 13-08-18 EMTN	EUR	400,000	399,798.00	1.18
<b>TOTAL CANADA</b>			<b>399,798.00</b>	<b>1.18</b>
<b>CROATIA</b>				
CROATIA GOVERNMENT INTERNATIONAL BOND 5.875% 09-07-18	EUR	600,000	669,057.12	1.97
<b>TOTAL CROATIA</b>			<b>669,057.12</b>	<b>1.97</b>
<b>DENMARK</b>				
TDC AS 4.375% 23/02/2018	EUR	400,000	417,736.82	1.23
<b>TOTAL DENMARK</b>			<b>417,736.82</b>	<b>1.23</b>
<b>SPAIN</b>				
DISINT 1 1/2 07/22/19	EUR	300,000	311,826.08	0.92
SANTANDER INTL DEBT 4.125%10-041017 EMTN	EUR	500,000	520,966.37	1.54
<b>TOTAL SPAIN</b>			<b>832,792.45</b>	<b>2.46</b>

Security name	Currency	Quantity or nominal amount	Current value	% Net assets
<b>UNITED STATES OF AMERICA</b>				
ABBVIE 0.375% 18-11-19	EUR	500,000	503,566.37	1.49
AMGEN INC 2.125% 13/09/2019	EUR	300,000	318,319.93	0.94
AT T E3R+0.58% 04-06-19	EUR	400,000	402,860.88	1.19
B E3R+0.5% 26-07-19 EMTN	EUR	650,000	654,132.54	1.93
CITIGROUP 3.8% 21-12-18 EMTN	EUR	300,000	324,673.33	0.96
COCA EURO PAR 2.0% 05-12-19	EUR	400,000	420,676.66	1.24
G E3R+0.7% 29-05-20 EMTN	EUR	700,000	707,035.49	2.08
MORGAN STANLEY CAPITAL SERVICE E3R+0.5% 03-12-19	EUR	500,000	501,633.88	1.48
<b>TOTAL UNITED STATES OF AMERICA</b>			<b>3,832,899.08</b>	<b>11.31</b>
<b>FRANCE</b>				
ALD 0.75% 26-01-18 EMTN	EUR	700,000	705,667.99	2.08
AUCHAN SA 3.625% 19/10/18 SERIE EMTN	EUR	400,000	429,349.32	1.27
BFCM 0 03/20/19	EUR	500,000	505,671.03	1.49
C E3R+0.72% 30-07-19 EMTN	EUR	200,000	200,834.54	0.59
CAPGEMINI E3R+0.85% 02-07-18	EUR	500,000	502,747.21	1.48
CARR B E3R+0.5% 20-03-20	EUR	500,000	503,551.46	1.49
CR.AGRICOLE 5.971% 01/02/2018	EUR	750,000	794,871.84	2.34
CREDIT DU NORD TV 02/18	EUR	250,000	250,819.23	0.74
HSBC 1.625% 12/03/2018	EUR	600,000	620,095.73	1.83
RENAULT 3.625% 19/09/2018	EUR	500,000	536,386.37	1.58
SG E3R+0.0% 22-07-18	EUR	500,000	502,256.64	1.48
<b>TOTAL FRANCE</b>			<b>5,552,251.36</b>	<b>16.37</b>
<b>IRELAND</b>				
SMURFIT KAPPA ACQUISITIONS 5.125% 15/09/2018	EUR	500,000	531,713.68	1.57
<b>TOTAL IRELAND</b>			<b>531,713.68</b>	<b>1.57</b>
<b>ITALY</b>				
INTESA SANPAOLO 3% 01/19	EUR	450,000	476,686.85	1.41
ITALY 0.7% 01-05-20	EUR	300,000	304,583.22	0.90
SALINI 6.125% 01/08/2018	EUR	400,000	448,344.55	1.32
UNICREDIT SPA 5.02% 20/04/2018	EUR	400,000	419,691.56	1.24
UNICREDIT 2.0% 31/07/2017	EUR	300,000	308,997.17	0.91
<b>TOTAL ITALY</b>			<b>1,958,303.35</b>	<b>5.78</b>
<b>LUXEMBOURG</b>				
FIAT FINANCE TRADE 6.625% 15/03/2018	EUR	400,000	425,942.90	1.26
GLENCORE FINANCE EUROPE SA AUTRE V 03-04-18	EUR	500,000	523,183.77	1.54
<b>TOTAL LUXEMBOURG</b>			<b>949,126.67</b>	<b>2.80</b>
<b>MEXICO</b>				
AMERICA MOVIL SAB DE CV 4.125% 25/10/19	EUR	500,000	559,174.73	1.65

Security name	Currency	Quantity or nominal amount	Current value	% Net assets
PEME PET 3.75% 15-03-19 EMTN	EUR	500,000	532,667.05	1.57
<b>TOTAL MEXICO</b>			<b>1,091,841.78</b>	<b>3.22</b>
<b>NETHERLANDS</b>				
ACHM HYP 0.875% 17-09-18 EMTN	EUR	300,000	305,346.62	0.90
ACHMEA HYPOTHEEK BANK NV 2% 23/01/2018	EUR	350,000	357,317.35	1.05
ADECCO INT FINANCIAL SVS 2.75% 11/19	EUR	300,000	321,823.23	0.95
CRH FINANCE BV 5% 25/01/2019	EUR	200,000	219,765.56	0.65
HEIDELBERG 5.625% 01/18 *EUR	EUR	500,000	528,616.92	1.56
REPSOL INTL 2.625% 05/20	EUR	300,000	321,564.29	0.95
<b>TOTAL NETHERLANDS</b>			<b>2,054,433.97</b>	<b>6.06</b>
<b>PORTUGAL</b>				
PORTUGAL 4.75% 14/06/19	EUR	350,000	382,606.96	1.13
<b>TOTAL PORTUGAL</b>			<b>382,606.96</b>	<b>1.13</b>
<b>UNITED KINGDOM</b>				
BARCLAYS BANK 6%2018 EMTN	EUR	450,000	476,959.56	1.41
CRED SUI 0.375% 11-04-19 EMTN	EUR	250,000	251,875.75	0.74
IMPERIAL TOBACCO FINANCE 5% 02/12/2019	EUR	450,000	514,764.92	1.52
RBS 6.934% 04/18	EUR	400,000	427,075.06	1.26
STANDARD CHARTERED PLC 1.75% 29/10/2017	EUR	400,000	407,392.16	1.20
VODAFONE E3R+0.95% 25-02-19 EMTN	EUR	600,000	608,405.33	1.80
<b>TOTAL UNITED KINGDOM</b>			<b>2,686,472.78</b>	<b>7.93</b>
<b>TOTAL Bonds and equivalent securities traded on a regulated or equivalent market</b>			<b>23,110,447.46</b>	<b>68.18</b>
<b>TOTAL Bonds and equivalent securities</b>			<b>23,110,447.46</b>	<b>68.18</b>
<b>Debt securities</b>				
<b>Debt securities traded on a regulated or equivalent market</b>				
<b>BELGIUM</b>				
VOLKSWAGEN COORDINATION CENTER N.V. 130717 FIX 0.0	EUR	500,000	500,055.05	1.48
<b>TOTAL BELGIUM</b>			<b>500,055.05</b>	<b>1.48</b>
<b>FRANCE</b>				
CNH INDU FINA SERV ZCP 26-10-17	EUR	600,000	600,612.65	1.77
ELIS EXHOLDELIS ZCP 27-07-17	EUR	500,000	500,118.27	1.48
SFR GROUP ZCP 18-07-17	EUR	700,000	699,834.93	2.06
SOPRA STERIA GROUP ZCP 07-08-17	EUR	500,000	500,167.89	1.48
SOPRA STERIA GROUP ZCP 22-05-18	EUR	300,000	300,470.31	0.89
VALLOUREC ZCP 18-07-17	EUR	700,000	699,752.55	2.06
<b>TOTAL FRANCE</b>			<b>3,300,956.60</b>	<b>9.74</b>
<b>GREECE</b>				
HELL REPU GOVE BON ZCP 08-09-17	EUR	300,000	298,457.74	0.88

Security name	Currency	Quantity or nominal amount	Current value	% Net assets
HELLENIC T-BILL ZCP 031117	EUR	300,000	298,305.46	0.88
<b>TOTAL GREECE</b>			<b>596,763.20</b>	<b>1.76</b>
<b>LUXEMBOURG</b>				
ARCELOR FINANCE ZCP 26-07-17	EUR	400,000	399,911.18	1.18
<b>TOTAL LUXEMBOURG</b>			<b>399,911.18</b>	<b>1.18</b>
<b>TOTAL Debt securities traded on a regulated or equivalent market</b>			<b>4,797,686.03</b>	<b>14.16</b>
<b>TOTAL Debt securities</b>			<b>4,797,686.03</b>	<b>14.16</b>
<b>Undertakings for collective investment</b>				
<b>Retail UCITS and AIFs intended for non-professionals and equivalent investors in other countries</b>				
<b>FRANCE</b>				
Edmond de Rothschild Credit Very Short Term R	EUR	16	1,609,076.16	4.75
<b>TOTAL FRANCE</b>			<b>1,609,076.16</b>	<b>4.75</b>
<b>TOTAL Retail UCITS and AIFs intended for non-professionals and equivalent investors in other countries</b>			<b>1,609,076.16</b>	<b>4.75</b>
<b>TOTAL Undertakings for collective investment</b>			<b>1,609,076.16</b>	<b>4.75</b>
<b>Receivables</b>			<b>20,801.92</b>	<b>0.06</b>
<b>Payables</b>			<b>-54,388.13</b>	<b>-0.16</b>
<b>Financial accounts</b>			<b>107,597.97</b>	<b>0.32</b>
<b>Net assets</b>			<b>33,890,825.61</b>	<b>100.00</b>

EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM G	EUR	177,770.212	100.12
EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM C	EUR	160,644.416	100.04
EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM G	CHF	110,000	99.55
EDMOND DE ROTHSCHILD INTERMEDIATE SHORT TERM C	CHF	110,000	99.58