EdR Fund Bond Allocation

As of : *8-Apr-22*
Assets (euros) : *2 464 523 439 €*

EDMOND DE ROTHSCHILD

Modified duration	1,40
Spread Duration	2,42
Yield	2,16%
Average Rating *	BBB-

as of 07/04/2022	EdR Fund Bond Allocation (I share)	Reference Index[4]
MtD[1]	-0,05%	-1,18%
YtD[2]	-3,48%	-6,24%
1 Year	-3,18%	-7,06%
3 Years[3]	+1,19%	-0,44%
5 Years[3]	+1,31%	+0,52%

Past performance and past volatility are not reliable indicators for future performance and

1: Month to Date - 2: Year to Date - 3: Annualized performance - 4:50% Barclays EuroAggregate Treasury TR + 50% Barclays EuroAggregate Corporate TR

Market comments

The key focus of the week was the Fed and ECB last central bank meeting minutes.

Starting with the ECB, the governing council is still divided between reacting to current inflation vs. achieving its long-term inflation goal. Nevertheless the risk management approach seems to prevail and there is a willingness to continue winding down asset purchases during Q3. Many members even from traditionally dovish countries are openly discussing hiking rates in Q4.
For the Fed the minutes revealed that most members were open to hike rates by 50bps increments instead of 25bps if necessary (which the market is pricing for the May and June meetings). The minutes revealed more detail about the shape of the balance sheet rundown. The Fed envisage to trim its balance sheet by USD 95bn a month up to a maximum of 60bn USTs and 35bn for MBS per month. This could be announced as soon as the May FOMC meeting. Over the last few weeks, The Fed is becoming more "aggressive" in its tone and actions in order to control inflation. The best example was the speech given this week by Vice-Chair nominee Brainard. It definitely marked a shift from her historically dovish leaning; mentioning it was "of paramount importance to get inflation down". She cited Paul Volcker to reinforce her point: "runaway inflation 'would be the greatest threat to the continuing growth of the economy… and ultimately, to employment' ". All these elements caused US yields to rise sharply and risk assets to wobble.

Over the week, 10yr UST yield is up 34bps to 2,72% and 10yr bund yield is up 15bps to 0,70%. SPX is down 1% and SX5E down 1,5%. EUR HY, EUR / USD IG are broadly unchanged, US HY is 14bps wider. The BTP-Bund spread is 17bps wider as his OAT-Bund at +8bps on volatility around the French presidential election. German 10yr breakeven is 17bps higher and 4bps higher for the US.

1 - excluding derivatives
2 - including derivatives

Allocation by strategy

	Investment	CDS (*)	TRS (*)	Exposure	Weekly change
Cash / short term papers	7,9%			7,9%	▲
Government Bonds	21,0%			21,0%	▼
Sub Fin	2,5%			2,5%	▬
High Yield Corp	22,7%	-0,5%		22,2%	▼
Corp Investment Grade	25,8%	-16,0%		9,8%	▼
Inflation Linked Bonds	0,3%			0,3%	▬
Emerging Sovereigns	14,9%			14,9%	▼
Emerging Corp	3,4%			3,4%	▬
Convertibles bonds	2,5%			2,5%	▬
Macro hedge					▬

(*) : CDS : Credit Default Swaps, TRS : Total Return Swaps

Government Bonds Strategy: Main positions

	Weight[1]	1-7 yr (*Exposure*[2])	Sup 7 yr (*Exposure*[2])	Expo (*Exposure*[2])	Inf 1 yr (*Exposure*[2])
Italy	9,1%	-3,66%	-10,6%	-14,2%	
Germany	4,3%	-41,44%	24,0%	-17,4%	
EMU	3,6%	1,92%	4,8%	6,7%	
France	1,6%		-15,9%	-15,9%	0,0%
Cyprus	1,3%	1,30%		1,3%	
New Zealand	0,5%	0,49%		0,5%	
Portugal	0,3%		0,3%	0,3%	
Spain	0,2%	0,01%	0,2%	0,2%	
Iceland	0,1%				0,1%
					0,1%

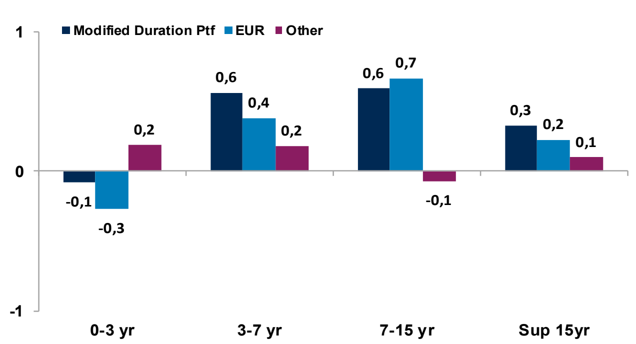
Main movements

In this context, here are the changes that we have made in EdRF Bond Allocation:

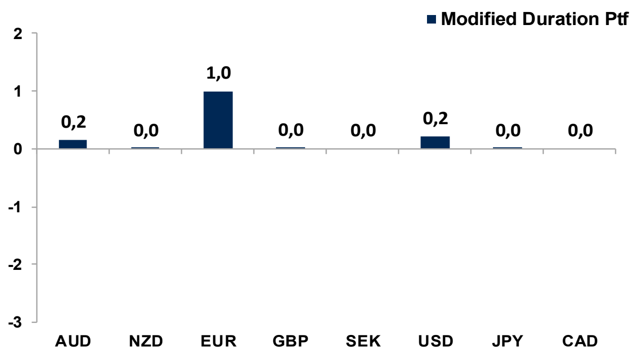
- Duration remains low slightly above 1yr. We reduced our short position in the US with US-Germany 10Y goverment bond spread approching 200bps.
- We took profit in our long risk CDS positions and entered new hedging trades in CDS IG credit.

Modified duration allocation :

By maturity :



By currency exposure (FX hedged):



*: Rating source: Second best (S&P, Moody's,Fitch) long term rating

Edmond de Rothschild Fund Bond Allocation is a sub fund of the Luxembourg-regulated SICAV which is approved by the CSSF and approved for marketing in France, Luxembourg, Switzerland, Austria, Germany, Spain and Italy.

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Significants Risks

The subfund is classified in category 3 (A, B and I shares) in line with the nature of securities and geographical zones in the "objectives and investment policy" section of the key investor information document (KIID).
Capital loss risk: as the subfund does not have any guarantee or protection, the capital initially invested might not be restituted in full even if subscribers hold their shares over the recommended investment horizon.
Credit risk: the main risk is issuer payment default on interest payments and/or on reimbursement of the capital. Credit risk also concerns issuer downgrades. Subscribers are warned that the subfund's net asset value could fall should a total loss be incurred on a transaction due to counterparty default. Any private company debt held directly by the portfolio or through mutual subfunds exposes the subfund to changes in the issuing company's credit rating.
Credit risk from investing in speculative securities: the subfund may invest in government and corporate rated as non investment grade by a rating agency (i.e. rated below BBB- by Standards and Poor's or an equivalent rating from another independent agency) or considered as equivalent by our investment company. These issues are so-called speculative debt securities with a higher risk of issuer default. The subfund must be viewed as partly speculative and concerns in particular investors who are aware of the risks inherent in these securities. Consequently, investing in high yield securities (speculative securities which have a higher default risk) may entail a bigger fall in the subfund's net asset value.
Interest rate risk: exposure to bond instruments, whether debt securities or money market instruments, means the subfund is sensitive to interest rate fluctuations. Interest rate risk might entail a capital loss from yield curve movements and therefore a fall in the subfund's net asset value.
Risks from emerging market investments: the subfund may be exposed to emerging markets. In addition to stock-specific risks, there is a risk from external factors, especially on these markets. Investors should also note that operating conditions and supervisory standards on these markets may differ from those on major international stock markets. As a result, holding these securities may increase the portfolio's risk. As market falls in emerging markets may be more pronounced and faster than in developed countries, the subfund's NAV may also suffer larger and faster declines.
Risk from participation in financial contracts and counterparty risk: the use of financial contracts may mean a sharper and faster fall in the subfund's net asset value than that of the markets in which the subfund is invested. Counterparty risk stems from the subfund's use of OTC financial contracts and/or temporary acquisitions and disposals of securities. These transactions may expose the subfund to counterparty default risk and therefore a fall in the subfund's net asset value.

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