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## PRESS RELEASE

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### EDR FUND-QUAM 5: STRONG GAINS IN 2014 DESPITE CHOPPY MARKETS

For more than a decade, often unpredictable markets have limited visibility and made investment decisions tricky. In today's low interest rate environment, investors are looking for a diversified investment solution but within a risk-controlled framework.

With positive returns of 5.0% and only 2.5% in volatility<sup>1</sup>, EdR Fund–QuAM 5 stood out from the competition in 2014 and confirmed its profile as the right solution for investors looking for returns with limited volatility. EdR Fund–QuAM 5, part of our QuAM fund range which has more than CHF 4.2 bn under management, helps enhance and diversify a conservatively managed strategic allocation. It aims to remain within average annual volatility of 5%, seeking to maximise performance within this risk limit.

For Mathieu Gilbert, Head of Quantitative & Overlay investments, the fixed income bias adopted by the fund in 2014 is one of the reasons behind such robust performance. *“At the beginning of 2014, the consensus view saw an interest rate hike coming and that raised concerns among investors wanting to avoid the damage. But rates ended up falling further and the QuAM 5 fund had maintained its broad and diversified exposure to bonds, thus benefiting from the situation. The fund's upbeat 2014 performance follows a 16-year track record of convincing returns, especially in crisis periods.”*

Looking beyond the positive contribution of fixed income, the fund's attractive performance also stemmed from its success in exploiting broad disparities between different equity market zones and in spite of the oil price collapse which caused volatility to rise.

#### OPTIMISING INVESTMENT DECISIONS

QuAM methodology is based on the conviction that effective risk management, especially as concerns volatility, helps generate robust returns over time.

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<sup>1</sup> Past performance and volatility is no guarantee of future performance and volatility which may change over time, and can be separately affected by fluctuating exchange rates. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Data as of 31/12/2014 for the A unit in CHF. Cumulated performance since inception (11/2003): +18,63%. Source: Edmond de Rothschild Asset Management (UK) LTD.

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The strategy is based on a proven quantitative model which detects and analyses market conditions and optimises the portfolio's eventual allocation while complying with designated risk constraints. The objective is to participate in bull market phases while cushioning downside in prolonged market falls. Consequently, a full grasp of financial risks is essential and it forms the basis of our methodology.

EdR Fund–QuAM 5 may invest across all traditional asset classes and in all market segments and geographical zones. This broad diversification gives the fund access to a wide variety of opportunities on equity, bond and commodity markets but it can also seek protection on money markets if required. This vast investment universe gives the QuAM investment approach room to express itself and exposure to each asset class is gradually adapted to prevailing market conditions. Given the 5% limit on volatility, the fund's equity exposure is generally between zero and 30%. Currency risk from investments in other currencies than that of the investor is hedged.

For Mathieu Gilbert, QuAM methodology helps optimise exposure to markets and asset classes. *"In recent years, we have observed that investors looking for exposure to major asset classes or seeking to reduce positions have generally done so at the wrong time. Our objective is to gradually gain optimal exposure to markets with the systematic use of decision-making tools."*

Faced with market volatility and today's uncertainties over the global economy, it is essential to be objective and step back from the fray when making investment decisions. *"Thanks to our investment approach, we can sidestep the emotional bias which often makes investors react over-hastily to events and miss out on opportunities"*.

#### About Edmond de Rothschild Group

The Edmond de Rothschild Group is an independent, family-owned group that specialises in private banking and asset management. Founded in 1953, the Group has been chaired since 1997 by Baron Benjamin de Rothschild. At December 31 2013, it had € 133.6bn under management with 2,800 employees and 31 offices throughout the world. As well as asset management and private banking, the Group is active in corporate finance, private equity and fund administration.

With 6 investment hubs in the world (France, Switzerland, Germany, Hong Kong, Luxembourg and the UK), the Edmond de Rothschild Group is positioned as a multi specialist investment firm. It builds on recognised areas of expertise such as European and US equities, corporate debt, multi manager, overlay, asset allocation and quantitative asset management.

The group's asset management division had close to EUR 45bn under management at December 31 2013 and employed 550 people including 100 investment professionals.



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**Risk profile:** The fund is rated in category 3. The risk/return category depends on historic performance data and/or the risk level indicated in the subfund's investment policy. Investments in the subfund are subject to equity, interest rate and currency market moves. Investors may recover less than the amount invested. The subfund has no guarantee or protection. Investors may recover less than the amount invested. The fund's investment process relies on a systematic model which helps identify signals using past statistical results. There is a risk that the model might not be efficient as there is no guarantee that past market configurations will be repeated in the future.

The data, comments and analysis in this document reflect the opinion of Edmond de Rothschild Asset Management (Luxembourg) and its affiliates with respect to the markets and their trends, their regulation and tax treatment, on the basis of its own expertise, economic analysis and information currently known to it. However, they shall not under any circumstances be construed as comprising any sort of undertaking or guarantee whatsoever on the part of Edmond de Rothschild Asset Management (Luxembourg) or any other member of the Edmond de Rothschild group (the "Group Companies"). All investors should consult their service provider or advisor and exercise their own judgment independently of Edmond de Rothschild Asset Management (Luxembourg) and the Group

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Companies, on the risks inherent to each investment and its suitability to their own personal and financial circumstances. Any particular tax treatment may depend on the individual situation of a client and may be changed in the future.

Edmond de Rothschild Fund is an Undertaking for Collective Investment incorporated under the laws of the Grand Duchy of Luxembourg. Its sub-fund QUAM has been authorised for distribution by FINMA. Edmond de Rothschild (Suisse) S.A. was authorised by FINMA as Swiss representative of Edmond de Rothschild Fund and also acts as paying agent. The Fund's articles of incorporation, the detailed partial prospectus, the KIIDs, the partial annual and partial semi-annual reports may be obtained, on simple request and free of charge, at the head office of the Swiss representative, Edmond de Rothschild S.A., 18, rue de Hesse, 1204 Geneva.

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