

Press Release

13 July 2016

For immediate release

RBIS Ltd to launch a new generation of Risk-Based indices on Euro Sovereign Bonds: R Risk-Based Euro Sovereign Index

Risk Based Investment Solutions Ltd (RBIS Ltd), the Rothschild Asset Management's division dedicated to risk-based strategies, has launched a new generation of indices based on its Risk-Based approach applied to Sovereign Bonds: R Risk-Based Euro Sovereign Index. The index is published by Markit®, which performs the role of calculation agent.

Thanks to a proprietary model based on risk factors, the R Risk-Based methodology strives to reduce many of the challenges of traditional debt-weighted indices. Bond indices are typically issuance-weighted: this concentrates risk in the most indebted countries without consideration for their ability to repay the debt. In addition, in these indices, duration is random and unrelated to the target duration of the investor.

To overcome these challenges, the R Risk-Based Euro Sovereign Index defines risk budgets a priori: first it assigns weightings according to GDP and not according to the level of the country debt. Secondly, it uses a risk budget according to maturity buckets and then to the outstanding issue size.

The ultimate objective is to deliver superior risk-adjusted returns, significantly reducing the volatility and the maximum drawdown compared with traditional debt-weighted portfolios, as well as lowering duration and convexity risk.

According to Abdelkader Bousabaa, Head of Research, RBIS Ltd: *"With this innovative alternative to debt-weighted indices, our R Risk-Based Euro Sovereign Index will provide a significant advance in the world of bond indices improving investor outcomes. Putting risk as an input we are in a better situation to shape risk budgets"*

Ibrahim Kara, Director of Index Research at Markit, said: *"We are pleased to work with Rothschild Asset Management on the calculation of their indices. We combine our industry leading, multi-sourced pricing and rigorous series of quality controls to ensure the highest degree of accuracy, transparency and independence in our index calculations."*

Based in London, wholly owned by Rothschild & Co, RBIS Ltd ("Risk Based Investment Solutions Ltd") provides transparent, consistent and risk-based solutions, in a range of single and multi-asset classes including equity and fixed income across various geographical zones.

Index Name	Return Type	ISIN	SEDOL	BBG	RIC
R Risk-Based Euro Sovereign Index	Total Return	GB00BD082J78	BD082J7	IBXRSK1	.IBXRSK1
R Risk-Based Euro Sovereign Index	Clean Price	GB00BD082K83	BD082K8	IBXRSK2	.IBXRSK2

Bond and index analytical values are calculated on each trading day using the daily closing prices.

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