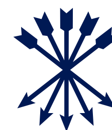
2020 Review & 2021 Outlook



December 2020

Rothschild & Co
Asset Management

Summary

4 Macroeconomics

6 Valor Expertise

8 Conviction Expertise

10 Thematic Expertise

12 4Change Expertise

14 Conclusion Didier Bouvignies

15 Performance of our fund range

Preamble

Dear Readers,

Throughout the year, the health crisis caused by the Covid-19 pandemic has paralysed economies around the world and put all other catalysts for the financial markets aside. After a drawdown of unprecedented velocity, markets recovered sharply to end the year globally at all-time highs, driven by extraordinary measures taken by the authorities. Our portfolio management teams invite you to read the following pages which sum-up the highlights of this exceptional year and provide their views for the upcoming year.

Our Chief Economist, Marc-Antoine Collard, takes into consideration the impact of this health crisis and addresses debt and economic recovery. The sharp recession that occurred early in the year has affected various sectors of activity on a global scale.

The international markets specialists from our Valor expertise present the main pillars of their investment strategy as we may expect better visibility following not only encouraging results from COVID-19 vaccine analysis, but also a known outcome from the US presidential elections.

The European markets' specialists from our Conviction expertise review the performance of equities and fixed income with a focus on the diverging performance between "value" and "growth", as well as the arguments for a potential catch-up as the ECB is expected to remain accommodating for some time.

This particular context has shown that the major themes in which we are investing, although impacted very differently by the crisis, have real value in terms of diversification. Our Thematic expertise's team provides an update on this situation.

While a direct link between global warming and the COVID-19 pandemic cannot be directly established, this concern remains predominant. We launched our "4Change" range more than a year ago to tackle this challenge and sustainability issues more generally. We invite you to discover our solutions and their underlying objectives.

Finally, our Managing Partner & CIO Didier Bouvignies summarises the lessons of this economic and financial crisis and invites us to look "beyond the valley" for the year to come.

We wish you a pleasant read.

Kind regards,

Rothschild & Co Asset Management Europe Teams

■ Macroeconomics

by Marc-Antoine Collard, Chief Economist and Head of Research

The Covid-19 pandemic brought about a synchronised global recession of historic proportions. On the other hand, unprecedented fiscal support measures cushioned the impact of the health crisis, while monetary policies also played a major role through swift and, in some cases, innovative actions that improved market liquidity and limited the increase in borrowing costs.

The global economic recovery is proving to be uneven, above all between the manufacturing and service sectors, and rarely in the past has there been such a significant gap to the detriment of the latter.

Indeed, the public response to slow the transmission of the virus, combined with changes in behaviour, has resulted in a sharp decline in activity for sectors that rely on social interaction, particularly retail, hotels, restaurants and entertainment.

Moreover, the divergence between China and the rest of the world - the "first in, first out" phenomenon - is striking. In Europe, a first wave hit the continent in March, then a second wave from October, which will result in a drop in GDP in Q4. In the United States, the Trump Administration's chaotic management of the health crisis will also leave its mark on economic activity. Conversely, the Chinese situation is continuing to improve.

However, the pessimism that the anticipated decline in GDP at year-end could have caused was overshadowed by the hopes raised following the discovery of a safe and effective vaccine. Research has indeed progressed at a record pace and some projects may soon be approved by the Public Health Authorities. While this is undeniably good news, the crisis will nonetheless leave scars that could cause significant damage to potential GDP growth in several countries.

Indeed, economic theory establishes a positive relationship between international trade and productivity, with an economy's openness to trade being associated with increased productivity gains. International trade is expected to contract by over -10% in 2020[1], a collapse similar to that seen in the 2009 Great Financial Crisis and is likely to exhibit subdued growth in the next few years, reflecting, in part, shifts in supply chains as firms re-shore production to reduce perceived vulnerabilities from reliance on foreign producers.

Furthermore, in the years leading up to the pandemic, relatively weak business investment growth and more modest gains in human capital improvements were factors that undermined productivity in several economies. To maintain access to credit, unprecedented and timely policy response has recently been put in place. Taking advantage of the massive easing in financial conditions, businesses have stepped up their bond issuance and increased their borrowing from banks to cope with cash shortages and build precautionary cash buffers. However, this further increase in private sector indebtedness adds to already extremely high levels of debt, which could lead to a decline in productivity through a reduction in firms' ability to invest.

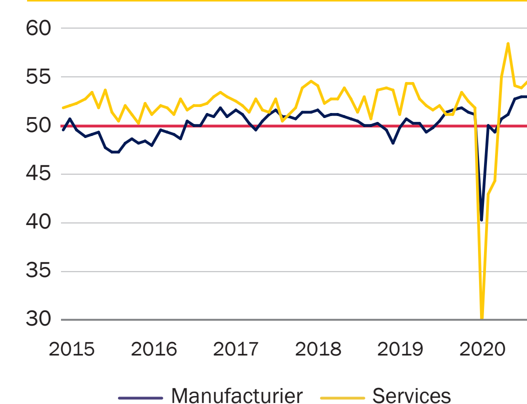
Public debt has also soared in recent months and could reach a historic level of 100% of GDP in 2020[2]. Although the prospect of low interest rates over a long period of time could help ease the debt burden, government debt is a major challenge, especially if the decline in potential growth implies a reduction in the tax base, which could complicate the servicing of public debt.

Meanwhile, inequalities are expected to increase as the economic crisis has disproportionately affected the work of young people, women, and individuals with relatively low levels of education. The closure of schools poses an additional challenge that can seriously affect the accumulation of human capital.

In short, despite potential stumbling blocks at year-end, the path to economic recovery is becoming clear due to the responsiveness of the public authorities and the hard work of scientists. Beyond its obvious economic impact, however, the health crisis could have persistent socio-economic impacts, weakening long-term growth prospects. ■

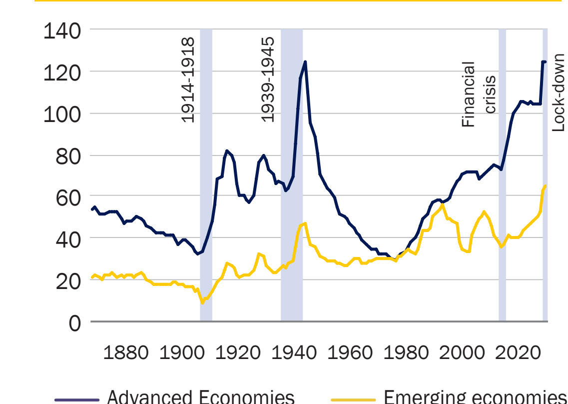
Completed writing on 23 November 2020

China - Confidence Index Markit



Sources: Macrobond, Rothschild & Co Asset Management Europe, November 2020.

World - Public Debt



Sources: FMI, Rothschild & Co Asset Management Europe, November 2020.

(1) Source: WTO, November 2020.
(2) Source: IMF, November 2020.

Valor Expertise

The American elections and the endless "Brexit" were set to be key issues of 2020. The global health crisis put these to the side in February triggering a 30% fall in the major equity markets in less than a month. Exceptional government and central bank support measures have helped limit the social and economic impact, laying the foundations for a strong recovery. We have weathered this challenging period by maintaining great discipline in our investment approach.

Update on R-co Valor

The fund started the year with an equity exposure at a 10-year low of 70%. Hedges on the S&P 500 were gradually lifted in Q1, to increase exposure significantly during the market downturn particularly in cyclical stocks that had experienced sharp corrections.

The uncertainties of the last few months seem to have been largely dismissed. The next US president has been announced and at least three vaccines are believed to be effective against the virus so far. Combined with resilient corporate results, this paradigm shift gives way to a continued rebound in equity markets in 2021. Beyond the indices' performances, it is important to look at the behaviour of underlying assets. Cyclical stocks, battered in 2020, seem to be particularly well positioned: industrial companies will benefit from both the economic recovery, and the various stimulus plans that may be enacted by governments. Travel-related

Valor, inspired by its flagship fund R-co Valor, benefits from a "carte blanche" approach with no benchmark or regional constraints.

businesses such as cruise-operating companies, accommodation, or airline companies, have already begun bouncing back in anticipation of the recovery in tourism. Financials, which have proved to be much healthier than in the last crisis, should benefit from the steeper yield curve particularly in the United States.

Nevertheless, several factors could bring some short-term volatility in 2021. First of all, the various vaccines that are currently being manufactured will initially be distributed on a limited basis. In the United States, uncertainty at the Senate level remains. While the hypothesis of a Democratic president and a divided Congress seems appealing to investors (which would imply a limited tax hike accompanied by a stimulus package), the probability of a "blue wave"(1) is not nil. This could bring some uncertainty and drive investors to focus on sectors exposed to potential new regulations. A steepening of the yield curve is also something to keep an eye on, more specifically in the United States which have already experienced some adjustments in anticipation of a continued economic recovery and inflation.

Investments were made gradually throughout the year in cyclical, European industrial and US financial stocks, which should be well positioned for an economic recovery. We also maintain our exposure to long-term growth stocks whose fundamentals have been strengthened by the current crisis. Cash and cash equivalents currently weigh 15%, providing some room to opportunistically invest and strengthen certain lines should markets pull back. Chinese consumers remains one of our strongest convictions. The Middle Empire seems to emerge as the "big winner" from this pandemic with positive growth forecasts for 2020 and a notable GDP rebound of over 8% in 2021(2). As far as the Sino-American trade war is concerned, we can expect a less aggressive approach by the new US president, even if initial measures shouldn't be cancelled.

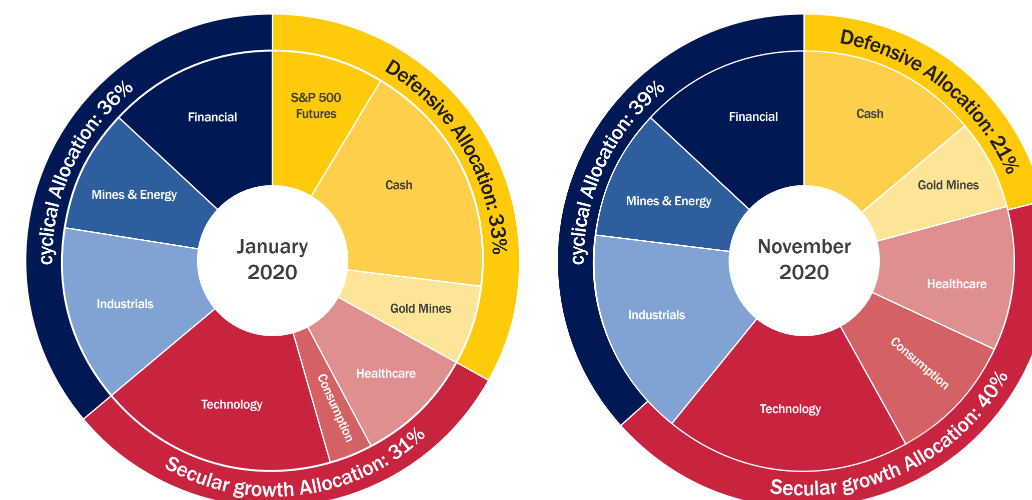
Update on the Valor Balanced R-co

At the start of 2020. the fund was fairly conservatively positioned, with an equity exposure of close to 35% and a bond exposure of 37%.

The bond allocation was gradually strengthened during the first part of the year, taking advantage of a particularly active market, to reach 50% in May. The health crisis created numerous opportunities in bond markets, especially when the primary market reopened, giving us the opportunity to invest in issues with attractive premiums. The intention was to favour EUR denominated Investment Grade bonds with a resilient profile. Risk has therefore been reduced, both by lowering exposure to the asset class but also by lowering the weight of High Yield) and unrated assets in the portfolio. In line with R-co Valor the equity allocation was gradually increased to reach about 43% at the end of November. ■

Completed writing on 26 November 2020

R-co Valor: a strategic allocation based on 3 pillars



Source: Rothschild & Co Asset Management Europe, November 2020.

(1) A situation in which the Democrats would win the White House and the Senate
(2) OECD, December 2020.

Conviction Expertise

The “value” bias and European bias on equities, combined with moderate sensitivity to interest rates, prejudiced the performance of conviction funds during the first five months of the year. They then recovered sharply, driven by the return of investors to the most neglected segments, searching for attractive valuations.

Equity Management

In the unprecedented circumstances of 2020, the equity markets bottomed out in mid-March, before rebounding sharply. The European market was the most impacted, and also the least performing in the rebound. This underperformance is explained by the fact that the Old Continent was particularly affected by the pandemic, but also by the greater weight of growth stocks in the American indices. Europe could be the beneficiary of the style rotation that began in early November, after Pfizer has announced encouraging results concerning the entry of its candidate vaccine into phase 3, which has revitalized the prospective visibility of the market.

Looking back at the evolution of the rebound, the unprecedented fiscal and monetary measures implemented allowed markets to recover a large part of their losses, after hitting a low at the end of March. Initially, this rebound was particularly beneficial to defensive growth stocks, which were the main beneficiaries of the liquidity inflow and the only alternative to negative rates deemed credible by investors. This movement contributed to further widening the performance gap (already very strong at the start of the year) between the “growth” style and the “value” style. The cyclical and financial sectors have indeed suffered greatly, incorporating a marked recession scenario, before rebound strongly during “Pfizer day”. The ultimately clear victory of Joe Biden in the American elections has also reassured the market.

Conviction brings together actively managed funds within equities, fixed income and multi-asset. It reflects strong positions taken by managers founded on market expectations and research on securities within their investment universe. Those funds are mainly invested in euros and have a benchmark.

Several factors should enable a continued rebound in “value” in the months to come. In the short term, the momentum for health news should continue, due to the end of the second wave in Europe and the start of vaccination campaigns. In the medium term, the favourable basis of comparison for the 2021 financial results, starting in the first quarter, should become a supporting factor for cyclical and financial stocks. In the longer term, even if rates are expected to remain at low levels, they should no longer be expected to be an impediment for the “value” style. The correlation of rates to this management style is now well established, thus an increase in inflation expectations with respect to European bonds could be a powerful driving force for the “value” style, as it already occurred with US bonds.

Fixed Income Management

Following the crisis triggered by lockdowns across the world, central banks have injected abundant liquidity back into the market through lower rates and further quantitative easing. In addition to fiscal stimulus measures in favour of businesses and households, these policies have avoided a major shock in the labour market and a strong tightening of credit conditions.

On the fixed income markets, the impact has materialised by stabilising risk-free rates at low levels and by significantly compressing risk premiums for governments and companies. The best quality assets were thus the best performers of this year; European sovereign debt has generated 4.65% since the start of the year, Investment Grade companies have posted 2.79%, while High Yield bonds only offered 1,83%[2], despite a very significant rebound over the last period, with the promise of a vaccine that restores economic visibility for 2021.

Although we can hope for a strong recovery from the spring of 2021, the Eurozone economy is severely damaged. Activity levels will remain below normal for some time and unemployment will be high. These two factors mean that the inflation outlook will remain moderate, and the ECB’s response will therefore remain proactive, which should keep rates low.

In the credit market, it is likely that, after exhausting the performance potential of the Investment Grade, investors will be tempted to take on more risks. The economic outlook will effectively provide the capacity to increase corporate margins, generate cash flow and thus reduce debt, which should benefit High Yield issuers. We believe that the risk premium squeeze will continue, but we expect its magnitude to be smaller.

Update on R-co Conviction Equity Value Euro & R-co Conviction Club

R-co Conviction Equity Value Euro is well-positioned to take full advantage of the rebound in “value”. This is illustrated by its clear overperformance since the beginning of November, which should continue if the hypotheses mentioned above are confirmed.

On this topic, R-co Conviction Club maintains a high level of exposure to equities with a significant European bias, in favour of cyclical and financial stocks. Even though the market rebounded by 50% from the low points of March 2020, valuation levels remain attractive in Europe compared to other geographic areas, especially since discounted stocks have suffered from investor concerns about the economic cycle and their business model. In a context of recovery of economic growth and a rebound in earnings per shares in 2021, on very favourable base effects (+ 50% estimated by consensus for Euro Stoxx 50), the market could benefit from a catch-up effect, which is all the more significant given that investor positioning is very weak. The reduction in the political risk premium could also be a supporting factor, since the 750 billion euros stimulus plan adopted last July may lead to further integration, in particular with the pooling of debt. Even if rates remain low, since central bank policies will remain accommodating to monetise government debts and finance stimulus plans, the rebound in inflation could nevertheless push them up slightly, a risk that is not integrated by the market. Within the bond component, the fund adopts a defensive position, with low sensitivity, because the current levels of return on risk do not seem attractive to us. ■

Completed writing on 26 November 2020

(2) Source: Bloomberg, 7 December 2020.

Thematic Expertise

During 2020, an unprecedented year on the financial markets, thematic management demonstrated continued interest and obtained great results in the Silver Economy segment, with R-co Thematic Silver Plus, or in the family owned companies universe, with R-co Thematic Families Businesses, which marks the return of the small and mid-cap stocks performance vis-à-vis the large ones. Conversely, R-co Thematic Real Estate had a much more difficult time, after several successful years in the listed real estate segment. The outlook for 2021 on these long-term themes still remains promising, beyond the vagaries of the economy, amplified by the volatility of the financial markets.

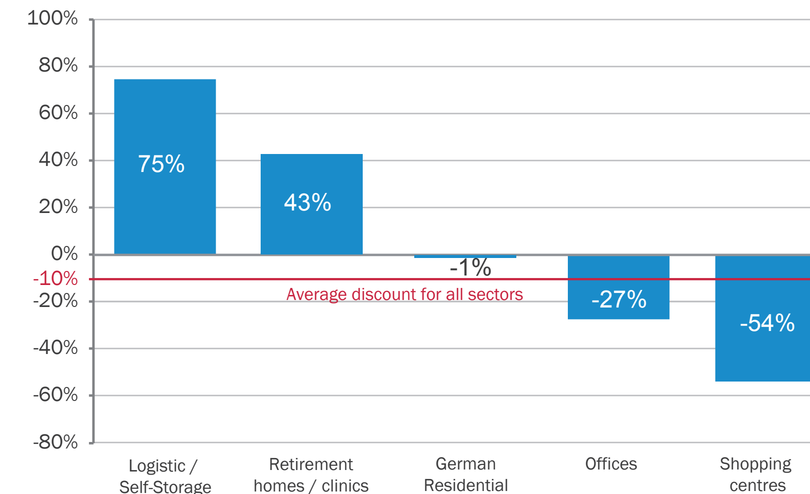
The Silver Economy

The health crisis has heavily impacted the segments of the Silver Economy, exposed to the "discretionary" spending of seniors and highlighted the lack of resources in most healthcare systems. However, the crisis has uncovered its resilience and its high level of innovation, with the development and supply of equipment intended for emergencies and the pharmaceutical industry, the design of diagnostic tests, or even vaccines based on breakthrough technologies in record time. Digitalisation, already at work in the Silver Economy, has also experienced incredible acceleration (telemedicine, remote monitoring, electronic medical records, etc.). The outcome of the US election turned out to be quite favourable for the pharmaceutical sector. In this context, the management of R-co Thematic Silver Plus exploited these trends proactively, reducing its exposure to the most cyclical segments (leisure, asset management/insurance, etc.), and strengthening its exposure to healthcare, in particular in medical equipment suppliers, testing, pharmacy or even dedicated technology.

> **Thematic** covers funds invested in promising themes which offer attractive long-term potential, such as real estate, the ageing population or gold mines. Those funds invest in equities and fixed income.

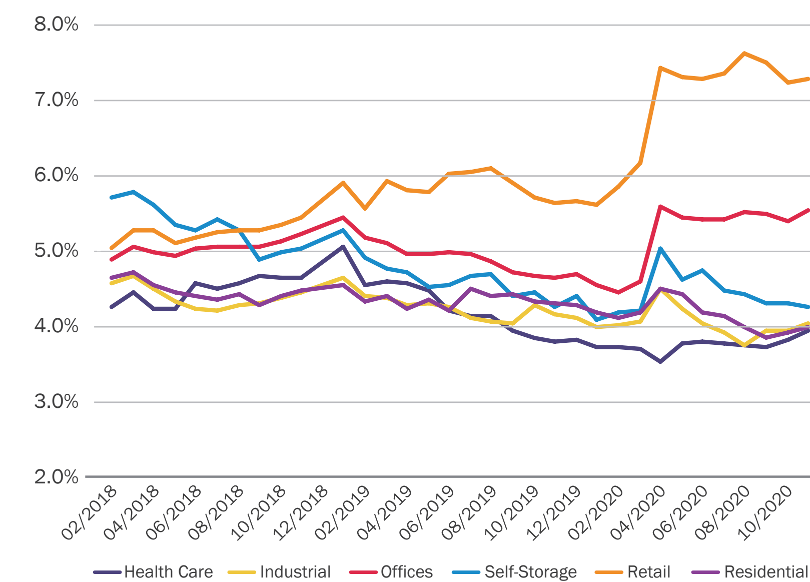
The outlook for the Silver Economy is still very positive, against the backdrop of global demographic ageing. Healthcare systems, with weaknesses that have been brought to the fore, are expected to benefit from sustained investment. The introduction of vaccines, associated with testing campaigns, should allow for a gradual return to normal, especially for the most cyclical companies in the segment that have seen their valuations drop.

Premium/Discount by asset type



Sources: Companies, Rothschild & Co Asset Management Europe, November 2020.

Net yield rates by sector (higher returns reflect lower prices)



Source: GreenStreet, November 2020.

At the same time, pharmaceutical groups should reap the fruits of their Research & Development efforts in 2021, in the absence of a noticeable "patent cliff". As for seniors, a number of habits acquired during the epidemic should continue, resulting in new attractive investment opportunities for our portfolio management (home automation, digital, etc.).

European listed real estate

The consequences of the health crisis over real estate markets have been more or less noticeable, depending on the asset class. On one end of the spectrum, we find hotels and retail businesses that have paid the heaviest price and, on the other, the residential, logistics and healthcare assets that have had very little impact. Offices are between these two extremes. This polarisation has resulted in very high valuation differences on the stock market, depending on the type of property and high volatility.

The gradual disappearance of the health crisis in 2021, following the announced arrival of vaccines, will naturally benefit the entire sector (which, moreover, still attracts investors in a context of low-interest rates), but it should above all allow to mitigate this polarisation phenomenon. The question is in what proportion.

Indeed, beyond the health crisis, structural changes are underway (e-commerce, teleworking, etc.) and the Covid-19 crisis could well only be a catalyst. In this context, it is particularly difficult to estimate the "new structural valuation" of asset classes, which depends on many factors (amplitude of the low point, investments required to reposition assets, the potential for future growth, etc.).

The 2021 positioning of R-co Thematic Real Estate should make it possible to benefit from the expected rebalancing between asset classes (40% of the fund is now exposed to sectors likely to experience an increase in value, against 20% at its lowest), while maintaining a conservative bias. ■

Completed writing on 27 November 2020

4Change Expertise

It is difficult to establish a direct connection between the health crisis we are now enduring and global warming. However, it is clear that climate change, the destruction of biodiversity, but also the changes in our lifestyles, with the increase in the movement of people and goods and urban growth, favour the emergence of infectious diseases. Overall, everything in our lives seems to bring us back to the issue of global warming and, for many of us, not a day goes by without it having an impact on our daily lives or occupying our minds.

Update on our Climate funds

Based on this observation and the significance of the issue, we took a step forward in 2019 and created a range of funds implementing a proactive management of carbon intensity within the portfolio. We launched R-co 4Change Climate Equity Europe and R-co 4Change Climate Credit Euro, with the ambition of using carbon trajectory as a stock selection tool. These two funds obtained the SRI[1] label in 2019. They are managed with a view to steering the carbon intensity of the portfolios, by having each company monitoring its direct (scope 1) and indirect (scope 2, related to the energy consumption necessary for production) greenhouse gas emissions.

4Change combine our funds that strive to combine financial performance, enhanced selection on extra-financial criteria and impact as central elements of their strategies. Above all, our approach seeks sustainable investment opportunities, both from an energy and social transition perspective.

Our management philosophy is based on the idea that, to bring about change, it is worth investing in players that today have strong emissions, but who show a real ambition to reduce them, rather than focusing on players and sectors that are already low emitting. The commitment that we are thus making through these funds is to reduce the carbon intensity of our portfolios by an average of 5% per annum by 2030. In order to ensure that this reduction will come from the most emitting players, we are committed to holding a minimum portfolio weighting in the 5 most polluting sectors.

The idea is to promote players who are betting on a real carbon transition in their activity, via a credible reduction programme, hoping that these good practices will be welcomed by other investors or even replicated by their competitors.

This aim is ambitious because 2021 will be a test year, after such a rare and unprecedented 2020 where carbon emissions fell significantly in G20 countries by around 7.5%, following the periods of lockdown.

Update on R-co 4Change Human Values

The health crisis has also taught us a social lesson. The virus is hitting the working class harder, and working conditions are radically changing in companies. This social aspect is the other theme of our 4Change range, *via* the R-co 4Change Human Values fund.

Created on 27 February 2015, this fund seeks to select companies with good social practices, appreciated by their employees, suppliers and customers. Our attention focuses primarily on the social pillar of company management, but also covers governance (harassment alert systems, anti-corruption, etc.) and the environment (waste management, toxic emissions, etc.). This fund also obtained the SRI label in 2019.

Companies with responsible behaviour and concern for their human capital run a lower risk of incident, exploitation or reputation, detrimental to their valuation. Their management style focused on the long-term also makes them relatively immune to market turbulence. To select companies aiming for sustainable growth that respect all stakeholders, the fund has developed a thorough extra-financial screening process, with continuous monitoring of any controversy.

Update on R-co 4Change Green Bonds

Now, for many borrowers, the issue of the impact of their activity on the environment is also becoming increasingly important. In order to finance sustainable projects or initiatives, the latter (companies, governments or any other supranational institution), can opt for the issuance of “Green Bonds”, a market now in full expansion.

The issuer undertakes to comply with strict “specifications”. Thus, the proceeds of the issue must be exclusively dedicated to the financing of environmental projects and fall within a reference framework (CBI, ICMA[2], etc.). This financing is intended to enable issuers to change their economic model towards greater environmental sustainability and to contribute to the energy and ecological transition.

To support this approach, Rothschild & Co Asset Management Europe launched R-co 4Change Green Bonds in July, a fixed-income fund 75% to 100% invested in Green Bonds that comply with ICMA principles. By focusing on the issue of ecological and energy transition, this investment solution complements our “Climate” range, dedicated to the theme of climate change and the reduction of greenhouse gas emissions. ■

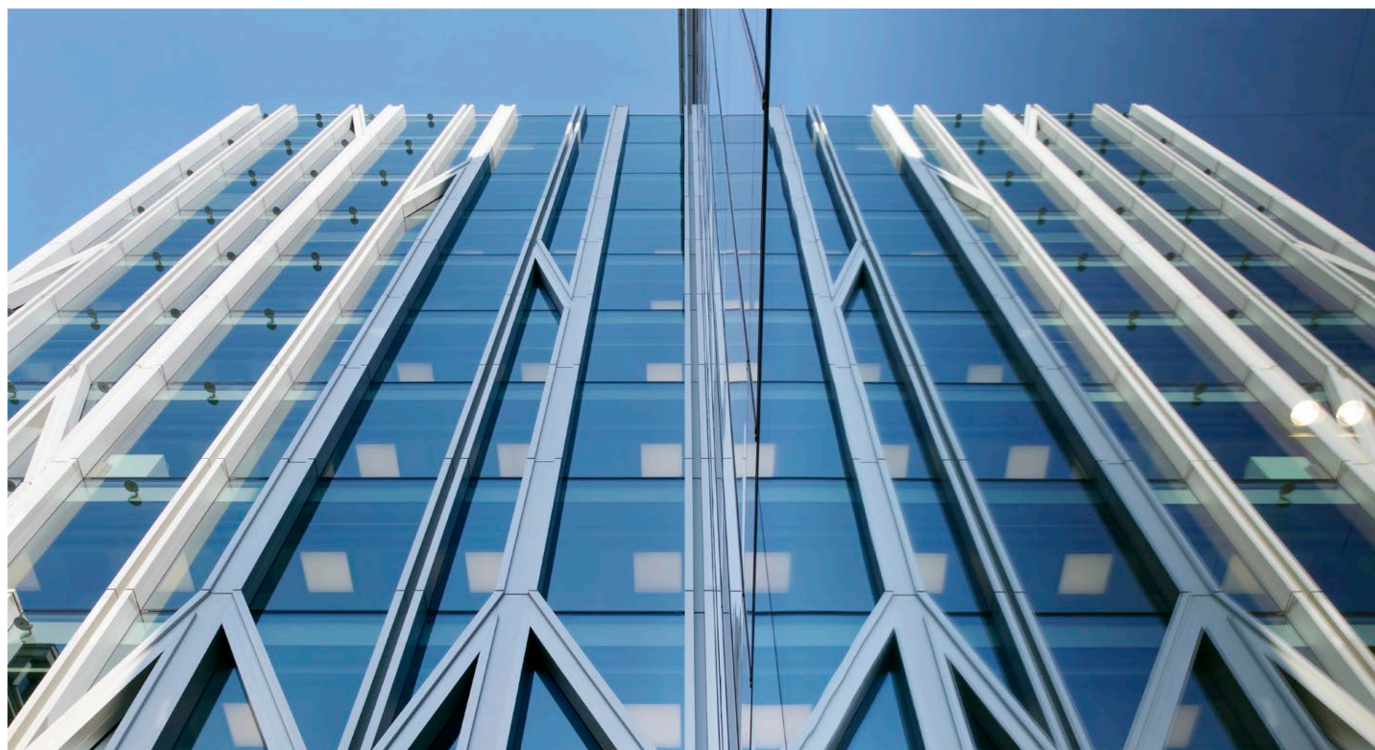
Completed writing on 26 November 2020

(1) Created in 2016 by the French Ministry of the Economy and Finance, the label ISR promotes French investment funds that comply with the principles of socially responsible investment (SRI).

2) Climate Bonds Initiative and International Capital Market Association. These are two non-profit organisations of finance professionals who have determined a strict framework to define Green Bonds.

Conclusion

by Didier Bouvignies, General Partner, CIO



2020 has changed our thought patterns, both in terms of health and economics. But, as the markets have quickly integrated it, we need to look" beyond the valley".

The health crisis has challenged many established beliefs. With regard to economic mechanisms, we have noted in particular:

- The marginal impact on household income, despite a decline in produced wealth of around 5% in the United States, and 8% in Europe(1), thanks to transfers to the states;
- A fall in government rates, despite an increase in public debt of around 20 percentage points of GDP on both sides of the Atlantic(1).

Of course, this can be explained by the past response of states and monetary institutions.

By protecting income, governments give cause for hope of future consumption, and lower rates allow deferred profits to be valued more. This act of looking "beyond the valley is at the origin of the good behaviour of the markets, which swiftly erased the losses of the second quarter, ending the year at an all-time high, both with regards to equities (MSCI World) and bonds (JPM Global Bonds).

From then on, all eyes are on 2021

Once again, the changes in interest rates will be the key point. Indeed, the markets can patiently wait for the recovery of profits, in line with the rebound of the economy once the health crisis has passed and especially as vaccines are deployed.

Based on economists' estimates, the rebound in the economies would return to the 2019 level of activity from 2021 in the United States, and from 2022 in Europe. Corporate profits from the main equity indices should follow the same curve, the one in Europe having a much more pronounced "V" shape than that of the United States, due on the one hand, to the amplitude of the cycle and, on the other, to sectoral composition.

The rise in the markets would give rise to higher valuation levels than the average of the last five years, while at the same time preserving significant risk premiums, compared to sovereign spreads.

We therefore understand that the catch-up movement of assets (overdue equities and High Yield bonds) can continue, as long as investor optimism does not affect long-term rates, particularly in the United States, and hamper the action of central banks, by an effect of contagion in other areas. Assuming, of course, that we have overcome the health crisis. Once this readjustment has taken place, the potential for appreciation would be limited by the loss of potential nominal growth in the medium term and by covering the current discount on variable-income assets.

Unless we consider that the crisis, by accelerating the process of "digitalisation" of the economy, will finally make it possible to improve the productivity of production factors and therefore the growth potential. ■

Completed writing on 1st December 2020

(1) Source: OECD, November 2020.

Newsletters, Market Reviews, Reporting, Expertises, Macro Monthly Insights...

Find all the news & information on Rothschild & Co Asset Management Europe on our website or social networks:

Our website
am.eu.rothschildandco.com

Follow us

Fund range performances

as of 30 November 2020

Valor	5 years	3 years	2020	2019	2018	2017	2016	2015	1-year volatility
R-co Valor C EUR	43.04%	18.21%	4.42%	28.63%	-13.17%	9.54%	19.92%	4.55%	23.32%
R-co Valor Balanced C EUR	-	-	3.66%	15.64%	-	-	-	-	15.54%
R-co Valor Bond Opportunities C EUR[1]									
EONIA Capitalisé + 2.5%									

(1) Inception date: 28/08/2019.

Conviction	5 years	3 years	2020	2019	2018	2017	2016	2015	1-year volatility
R-co Conviction France C EUR	7.58%	-11.55%	-12.06%	19.46%	-14.53%	17.17%	7.76%	15.86%	40.36%
SBF 120 Net TR® Dividendes Réinvestis	24.75%	8.21%	-5.77%	28.02%	-9.70%	13.19%	7.36%	11.33%	35.56%
R-co Conviction Equity Value Euro C EUR	-9.74%	-15.53%	-11.40%	17.64%	-18.01%	14.74%	-2.46%	9.36%	41.95%
Euro Stoxx ® NR (C)	19.67%	7.01%	-1.81%	26.11%	-12.72%	12.55%	4.15%	10.33%	33.99%
R-co Conviction Equity Multi Caps Euro C EUR	9.33%	5.16%	0.34%	24.78%	-15.93%	12.44%	-4.69%	19.52%	29.53%
Euro Stoxx ® NR (C)	19.67%	7.01%	-1.81%	26.11%	-12.72%	12.55%	4.15%	10.33%	33.99%
R-co Conviction Credit Euro C EUR	11.92%	3.19%	2.18%	5.17%	-3.58%	4.39%	5.05%	-1.17%	7.11%
Markit iBoxx ™ € Corporates All TR (C)	14.40%	7.31%	2.57%	6.29%	-1.29%	2.,37%	4.72%	-0.66%	6.13%
R-co Conviction Credit SD Euro C EUR	2.41%	-0.12%	0.12%	1.76%	-1.91%	1.19%	1.52%	0.38%	3.06%
Markit iBoxx ™ € Corporates 1-3 TR (C)	3.77%	1.74%	0.72%	1.37%	-0.23%	0.56%	1.49%	0.60%	2.36%
R-co Conviction Credit 12M Euro C EUR	-0.67%	-0.86%	-0.05%	-0.13%	-0.64%	-0.20%	0.46%	0.06%	1.24%
75% EONIA Capitalisé + 25% Markit Iboxx € Corporates 1-3	-1.62%	-0.95%	-0.17%	-0.40%	-0.37%	-0.36%	-0.32%	-0.11%	0.58%
R-co Conviction Convertibles Europe C EUR	-0.69%	-0.79%	0.45%	8.02%	-8.35%	3.56%	-1.16%	7.73%	9.16%
Exane ECI Europe	11.84%	10.35%	4.05%	11.44%	-4.89%	3.53%	-0.41%	7.60%	9.27%
R-co Conviction Club C EUR	-2.41%	-7.92%	-6.29%	13.02%	-12.67%	10.26%	-0.55%	8.11%	27.64%
40% Euro MTS Global + 30% Euro Stoxx ® NR (C) + 20% MSCI Daily TR Net World Ex EMU (C) + 10% EONIA Capitalisé	23.45%	14.40%	3.19%	16.25%	-4.09%	5.27%	5.06%	6.16%	15.48%

Thematic	5 years	3 years	2020	2019	2018	2017	2016	2015	1-year volatility
R-co Thematic Silver Plus C EUR	42.28%	24.01%	7.83%	24.76%	-9.16%	15.64%	0.70%	26.79%	23.86%
Euro Stoxx ® NR (C)	19.67%	7.01%	-1.81%	26.11%	-12.72%	12.55%	4.15%	10.33%	33.99%
R-co Thematic Real Estate C EUR	3.84%	-13.09%	-24.79%	21.63%	-7.47%	18.86%	4.52%	15.35%	34.36%
IEIF Eurozone coupons nets réinvestis	11.59%	-3.08%	-14.18%	21.45%	-9.88%	16.55%	3.59%	16.43%	34.92%
R-co Thematic Family Businesses C EUR	24.04%	-0.85%	6.11%	22.20%	-24.89%	26.82%	-0.09%	32.41%	28.31%
Eurostoxx Small	37.88%	15.37%	4.20%	26.17%	-13.19%	22.17%	1.47%	13.41%	30.12%
R-co Thematic Gold Mining C EUR	99.79%	28.89%	15.58%	38.67%	-22.39%	-2.58%	72.66%	-17.85%	41.28%
FT Mines d'or	144.15%	59.31%	12.17%	45.42%	-5.78%	-3.12%	65.99%	-11.31%	47.71%

4Change	5 years	3 years	2020	2019	2018	2017	2016	2015	1-year volatility
R-co 4Change Climate Equity Europe C EUR	-6.44%	-10.20%	-9.96%	17.38%	-15.02%	13.27%	-2.91%	7.82%	34.19%
Stoxx 600® DR	15.51%	8.90%	-4.46%	26.82%	-10.77%	10.58%	1.73%	9.60%	30.41%
R-co 4Change Climate Credit Euro C EUR	1.22%	-0.07%	0.77%	1.00%	-1.60%	-0.07%	1.86%	0.08%	4.84%
Markit iBoxx € Corporates, revenus réinvestis	5.67%	3.94%	2.57%	1.72%	0.09%	0.03%	1.43%	1.39%	6.13%
R-co 4Change Human Values C EUR	17.91%	4.47%	-1.92%	25.50%	-14.94%	13.60%	2.88%	-	32.19%
Stoxx 600® DR	16.52%	4.20%	-4.46%	26.20%	-12.72%	12.55%	4.15%	-	30.40%
R-co 4Change Green Bonds[2]									
Bloomberg Barclays Global Green Bond Index : Corporate									

(2) Inception date: 09/07/2020.

Source: Rothschild & Co Asset Management Europe, data as of 30/11/2020.

Figures provided relate to previous years. Past performance is not a reliable indicator of future performance and is not constant over time. Fund performance is calculated net of management fees, dividends reinvested. Index returns are net, calculated with dividends reinvested. The funds present a risk of capital loss.

Glossaire

Quantitative Easing

An "unconventional" monetary policy measure involving large purchases of debt securities by a Central Bank in order to lower interest rate levels.

High Yield

Bonds with a high credit risk. Their financial rating is below BBB- according to Standard & Poor's scale.

Markit PMI

Purchasing Managers Index, an indicator that reflects the confidence of purchasing managers in an industry. Above 50 it expresses an expansion of activity, below 50 a contraction.

Investment Grade

Debt securities issued by companies or governments rated between AAA and BBB- according to the Standard & Poor's scale.

Steepening of the yield curve

A phenomenon that occurs when creditors demand higher risk premiums for lending over long maturities.

"Growth" Strategy

The growth style focuses primarily on the earnings growth potential of companies with the expectation that sales and earnings growth will be above industry or market averages.

"Value" Strategy

A value strategy implies that investor is looking for companies that are undervalued by the market at a given time, i.e. whose market value is lower than it should be regarding company's results and the value of its assets.

About the Asset Management's division of Rothschild & Co

As the specialised asset management division of the Rothschild & Co group, we offer personalised asset management services to a broad client base of institutional investors, financial intermediaries and distributors. Our development is focused on a range of open-ended funds, marketed under four strong brands: Conviction, Valor, Thematic and 4Change, and leveraging our long-term expertise in active management with conviction as well as in delegated management. Based in Paris and established in 10 European countries, we manage more than 21 billion euros and employ nearly 170 people. More information at: www.am.eu.rothschildandco.com

Risk profiles and disclaimer

R-co Valor

Recommended investment period: 5 years
LThe level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily reflects a discretionary management policy on equities and fixed income markets. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: credit risk, liquidity risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co Valor Balanced

Recommended investment period: 3-5 years
he level of risk of the UCITS is 4 (volatility of between 5% and 10%) and primarily reflects a discretionary management policy on equities and fixed income markets with a risk-balanced tprofile. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: credit risk, counterparty risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co Conviction Equity Value Euro

Recommended investment period: 5 years
The fund's position on the scale is calculated from the volatility of the fund over a 5-year period. The level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily reflects its positioning on the Eurozone equity markets. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: liquidity risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co Conviction Credit Euro

Recommended investment period: 3 years
The fund's position on the scale is calculated from the volatility of the fund over a 5-year period. This scale is non-linear. This fund is rated in category 3 (volatility between 2% and 5%) reflecting primarily its positioning on private debt securities, while maintaining a modified duration in a range between 0 and +8. Historical data used to calculate the synthetic risk and reward indicator may not be a reliable indication of the future risk profile of the fund. The risk category of this fund is not guarantee and may go down as well as up. The lowest category does not mean risk free. The Fund is not guaranteed capital.Significant risks not taken into account in this indicator: Credit risk, Liquidity risk, Derivative exposure. The occurrence of one these risks may result in a fall of the net asset value of the fund.For more detailed information about risk profile, you may be found under the "Fees and Expenses" heading in the prospectus.

R-co Conviction Club

Recommended investment period: 5 years
The level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily reflects a discretionary management policy on equities and fixed income markets. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: credit risk, liquidity risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co Thematic Silver Plus

Recommended investment period: 5 years
The level of risk of the UCITS is 6 (volatility of between 15% and 25%). The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: liquidity risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co Thematic Real Estate

Recommended investment period: 5 years
The level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily its positioning on French real estate and European property company equity markets. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: credit risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co Thematic Family Businesses

Recommended investment period: 5 years
The level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily reflects its positioning in the European Union small and mid-cap equity market. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: liquidity risk. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co 4change Climate Equity Europe

Recommended investment period: 5 years
The level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily its positioning its positioning on the European equity market. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: credit risk, impact of techniques such as derivatives. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co 4change Climate Credit Euro

Recommended investment period: 3 years
This fund is rated in category 3 (volatility between 2% and 5%) reflecting primarily its positioning on private debt securities, while maintaining a modified duration in a range between 0 and +8. Historical data used to calculate the synthetic risk and reward indicator may not be a reliable indication of the future risk profile of the fund. The risk category of this fund is not guarantee and may go down as well as up. The lowest category does not mean risk free. The Fund is not guaranteed capital. Significant risks not taken into account in this indicator: credit risk, counterparty risk. The occurrence of one these risks may result in a fall of the net asset value of the fund. For more detailed information about risk profile, you may be found under the "Fees and Expenses" heading in the prospectus.

R-co 4change Human Value

Recommended investment period: 5 years
TThe level of risk of the UCITS is 6 (volatility of between 15% and 25%) and primarily its positioning its positioning on the European equity market. The historical data used to calculate this synthetic indicator may not be a reliable indicator of the UCITS' future risk profile. The risk category associated with the UCITS is not guaranteed and may shift upwards or downwards over time. A rating of 1 does not mean that the investment is "risk-free". The capital invested in the UCITS is not guaranteed. Other important risk factors, not adequately taken into account by the indicator: counterparty risk. The occurrence of one of these risks may result in a decrease in the UCI's net asset value. For more information about the risk profile and its main contributors, please refer to the prospectus.

R-co 4change Green Bonds

Recommended investment period: 3 years
This fund is rated in category 3 (volatility between 2% and 5%) reflecting primarily its positioning on private debt securities on denominated in international currencies, while maintaining a modified duration in a range between 0 and +8. Historical data used to calculate the synthetic risk and reward indicator may not be a reliable indication of the future risk profile of the fund. The risk category of this fund is not guarantee and may go down as well as up. The lowest category does not mean risk free. The Fund is not guaranteed capital. Significant risks not taken into account in this indicator: credit risk, liquidity risk, impact of techniques such as derivatives. The occurrence of one these risks may result in a fall of the net asset value of the fund. For more detailed information about risk profile, you may be found under the "Fees and Expenses" heading in the prospectus.

Disclaimer

Advertising, simplified and non-contractual document. The information, comments and analyses in this document are provided for information purposes only and should not be construed as an investment or tax advice, or as an investment recommendation from Rothschild & Co Asset Management Europe. The information/opinions/data mentioned in this document considered legitimate and correct on the day of publication, in accordance with the economic and financial environment in place at that date, are subject to change at any time.

Although this document has been prepared with the greatest care from sources that Rothschild & Co Asset Management Europe believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to information accuracy or completeness, which are indicative only and are subject to change without notice. Rothschild & Co Asset Management Europe has not independently verified the information contained in this document and cannot be held responsible for any errors, omissions or interpretations of the information contained in this document. This analysis is only valid at the time of writing of this report.

The information does not presume the suitability of the UCI presented to the profile and experience of each individual investor. Rothschild & Co Asset Management Europe shall not be liable for any decision taken on the basis of or inspired by the information contained in this document. In case of doubt, and before making any investment decision, we recommend that you contact your financial or tax advisor. The UCIs presented above are organised according to French law and regulated by the French financial markets authority (AMF). Any investment is always subject to risk. Before any investment, please imperatively read the key investor information document (KIID) and prospectus of the UCIs carefully, especially its section relating to risks. Each investor must also ensure the jurisdictions in which the UCI is registered. The KIID, the full prospectus as well as the net asset value (NAV) /net inventory value (NIV) are available on our website: www. am.eu.rothschildandco.com. The information presented is not intended to be disseminated and does not constitute in any way an invitation for US nationals or their agents. The units or shares of the UCIs presented in this document are not and will not be registered in the United States pursuant to the U.S. Securities Act of 1933 as amended ("Securities Act 1933") or admitted under any law of the United States. These units or shares may neither be offered, sold in or transferred to the United States (including in its territories and possessions), nor directly or indirectly benefit to a "US Person" (within the meaning of Regulation S of the Securities Act of 1933) and equivalent persons (as referred to in the US "HIRE" Act of 18 March 2010 and in the FATCA provisions).

Figures provided relate to previous years. Past performance is not a reliable indicator of future performance and is not constant over time. The value of investments and the income derived from them may vary both upwards and downwards, and is not guaranteed. The value of investments and the income derived from them may vary both upwards and downwards, and is not guaranteed. It is therefore possible that you may not recover the amount originally invested. Exchange rates variation may increase or decrease the value of the investments and the resulting income when the reference currency of the UCI is different from the currency of your country of residence. UCIs whose investment policy is aimed more specifically at specialised markets or sectors (such as emerging markets) are generally more volatile than common and diversified allocation funds. For a volatile mutual fund, the fluctuations may be particularly large, and the value of the investment may therefore fall sharply. The performances presented do not take into account any fees and commissions received on the subscription and redemption of units or shares of the UCI herein. The portfolios, products or securities presented are subject to market fluctuations and no guarantee can be given as to their future development. The tax treatment depends on the individual situation of each investor and may be subject to change.

Rothschild & Co Asset Management Europe, organized under the laws of France, registered with the Trade and Companies Register of Paris RCS Paris 824 540 173. A management company licensed by the Autorité des Marchés Financiers under N° GP 17000014, having its registered office 29, avenue de Messine, 75008 Paris, France

No part of this document may be reproduced, in whole or in part, without the prior written permission of Rothschild & Co Asset Management Europe, under pain of legal proceedings.

Contacts

France - United Kingdom

Paris
29, Avenue de Messine
75008 Paris
+33 1 40 74 40 74

Switzerland

Geneva
Equitas SA
Rue de la Corraterie 6
1204 Geneva
+41 22 818 59 00

Italy - Spain

Milan
Passaggio Centrale 3
20121 Milano
+39 02 7244 31

Germany - Austria

Frankfurt
Börsenstraße 2 - 4
Frankfurt am Main 60313
+49 69 299 8840

Belgium - Netherlands - Luxembourg

Brussels
Avenue Louise 166
1050 Bruxelles
+32 2 627 77 30

Rothschild & Co
Asset Management