Management Strategy
R-co Valor and R-co Valor Balanced

It has been a year since the pandemic led to a global and unpredictable collapse in economic activity, but the situation appears to now be normalizing. The Stakhanovism approach of central banks, which pushed governments to be widely involved in supporting their economies, seems to have paid off.

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Violent collapse of stock markets was quickly followed by a spectacular bounce back. At the end of March, the S&P 500 was +75%[1] higher than its trough in 2020, beyond its all-time high. Europe posted a more modest jump of about 65%[1] as France's CAC 40 exceeded its last peak reached in 2007. The sector rotation caused by the "Pfizer day" holds ground as investors continue favouring cyclical stocks[2] at the expense of those that remained resilient at the height of the crisis.

The "normalization" is however gradual and uneven. China was first hit by the pandemic and is already starting to tighten its monetary policy, while the United States and European economies still appear to be heavily dependent on monetary and fiscal support. In Europe, Christine Lagarde announced the ramp-up of asset purchases in the coming quarter to avoid tighter financing conditions. Many are calling for more decisive action by both the ECB and the European governments. In the United States, several plans are being rolled out: the "Relief Package", the "Rescue Plan", the "Build Back Better Plan" and questions around how these are to be funded are starting to arise. The money poured into the US economy is not only expected to support the country's growth, but also benefit its trade partners. The anticipation of a quicker than expected economic recovery led to a stunning rise in US sovereign rates, taking the 10-year US rate to 1.74%[1], before falling back to around 1.62% at the end of April.

The global vaccination campaign is underway, although at a bumpy pace considering its dependency on the distribution capacity of laboratories and the authorisations of qualified agencies. While Israel is leading the way and has already vaccinated 62%[3] of its population with at least one dose, the European Union appears to be behind schedule with a partial vaccination rate of only 24%[3]. The next challenge lies in vaccinating populations in the poorest countries, which suffer from an incredibly inequitable delivery of doses to date. Africa only accounts for 1.64% of the doses administered, while the continent represents approximately 17% of the world's population[3].

R-co Valor

Taking advantage of a diversified allocation as part of its "Carte Blanche" investment approach, R-co Valor offers a flexible exposure to all asset classes, without any sectoral or style bias, nor any geographical constraints or reference to a benchmark. This fund provides access to innovative and cross-functional investment themes through high-conviction investments. The core of the portfolio consists of long-term structural themes around which a more opportunistic stock selection is based. The portfolio managers seek to optimize the fund's risk-return profile through a concentrated portfolio, founded on in-depth analysis.

Main risks: Risk of capital loss, Risk associated with discretionary management, Market risk, Credit risk, Interest rate risk, Foreign exchange risk, Counterparty risk, Risk associated with the use of derivatives. This list is not exhaustive. Please refer to the "Risk profile" section of the Fund's prospectus

(1) Source: Bloomberg, 30/04/2021.
(2) Cyclical stocks are highly correlated to economic cycles. They therefore benefit strongly from periods of recovery and expansion but are also the first affected by an economic downturn.
(3) Source: https://ourworldindata.org , April 2021.

R-co Valor ended April with a net equity exposure of 83.7%. The sector rotation that began in November after "Pfizer Day" held its ground during the first months of the year as the sectors that suffered the most at the height of the crisis were favored by investors at the start of the year. The reinforcements on cyclical stocks made last year significantly contributed to the fund's performance in the first months of 2021. The financial sector stood out, benefiting from the steepening of the yield curve(4). Commodities and "energy" stocks in particular also stood out, benefiting from a significant rebound in investor demand. Nevertheless, the technology sector also emerged as a significant contributor to performance over the quarter. Some of the GAFAM(5) have remained attractive, unlike unprofitable stocks in the sector. Chinese stocks such as VipShop or Tencent have also performed particularly well, despite tighter regulations. Profits were taken in the first quarter on the theme, via partial or total sales. Following the strong bounce back of cyclical stocks, we also trimmed some positions in the commodities sector to lock some profits. We took advantage of this sector rotation to make tactical reinforcements in stocks with more defensive profiles in the healthcare and gold mining sectors. Certain Chinese securities that were impacted after coming higher scrutiny by the authorities were also reinforced.

"The reinforcements on cyclical stocks made last year significantly contributed to the fund's performance in the first quarter of 2021..."

What can we expect for the rest of the year? We are keeping our exposure to cyclical stocks, while opportunistically trimming certain positions when deemed appropriate. As long as central banks maintain accommodative policies and some slack remains in the labour market normalized yet, we believe that holding some exposure to these stocks remains appropriate. We are confident that the global economy will gradually recover but that some of the good news is already priced in by the market. The threat of widely higher than anticipated inflation could force central banks to tighten policies sooner than expected and spark jitters. In addition, anxiety around tax hikes to fund the US' stimulus plans could materialise and reduce risk appetite from investors. With this in mind, we purchased put(6) options on the S&P 500 to hedge part of the portfolio from a significant market correction.

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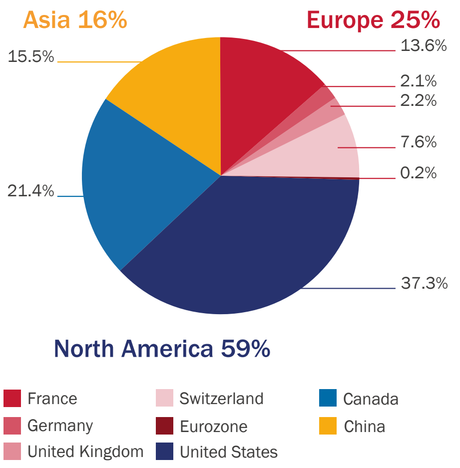
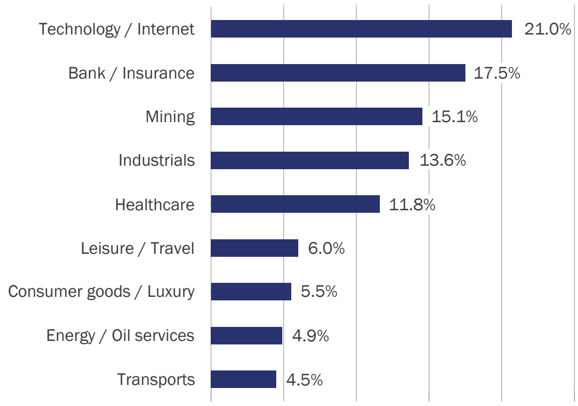
(4) Chart of bond yields according to their various maturities. In a stable economic environment, free from inflationary pressure and excessive debt, interest rates rise with the maturity of bonds.
(5) Google, Apple, Facebook, Amazon, Microsoft.
(6) Option to sell an underlying asset, at an agreed date and price.

The characteristics/objectives/strategies mentioned above are indicative and may change without notice

R-co Valor: Portfolio's geographical and thematic breakdown





Source : Rothschild & Co Asset Management Europe, 30/04/2021.

R-co Valor: Portfolio's top 10 holdings

Stocks	Weight
Morgan Stanley	3.5%
Ivanhoe	3.5%
Alphabet	3.5%
Teck Resources	3.0%
Facebook	2.9%
Manulife Financial Corp	2.8%
Alibaba	2.8%
Capital One Financial Corp	2.7%
Airbus Se	2.7%
Abb	2.7%

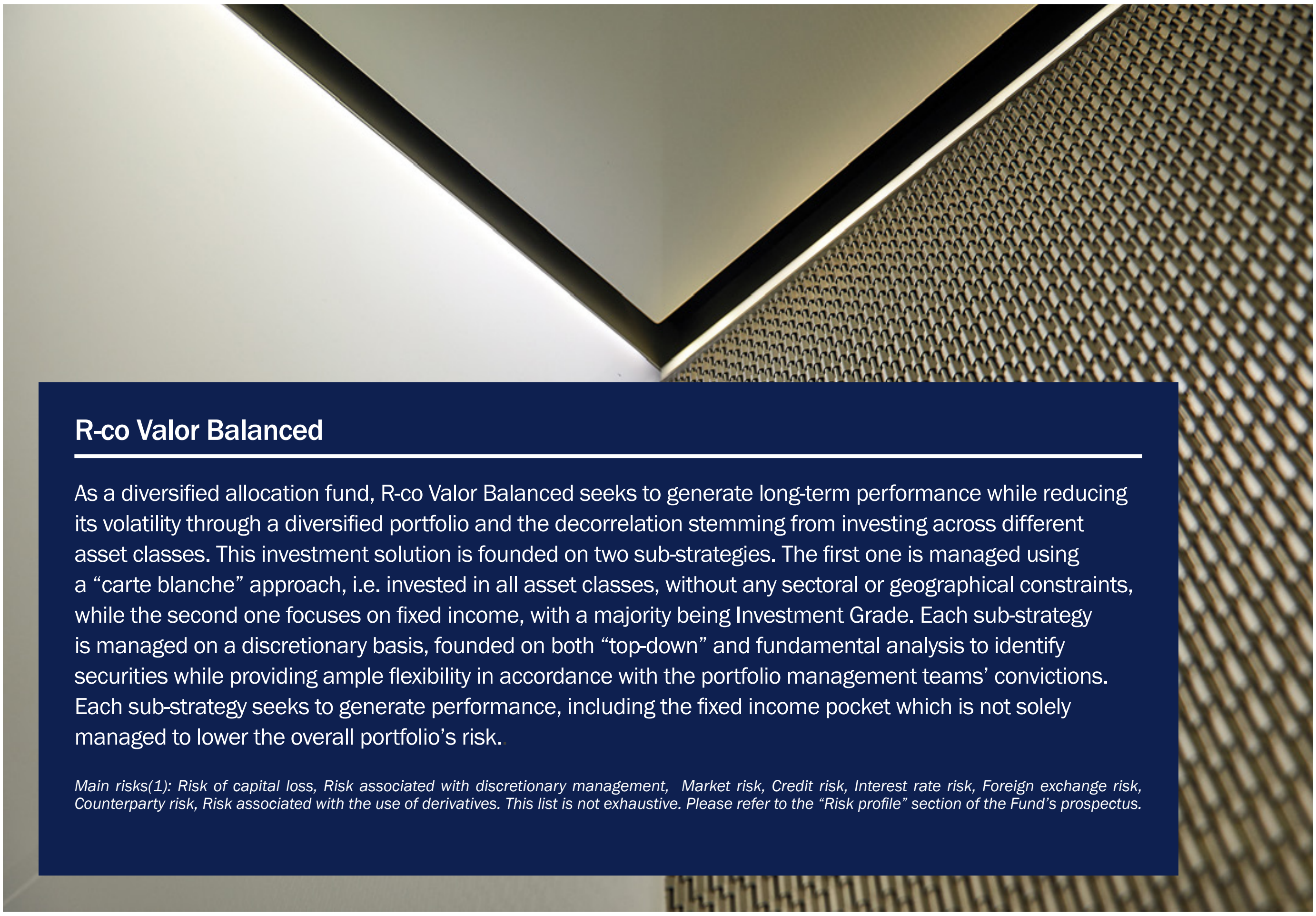
Number of line(1)	45
Average weight	1.9%
Top 10 weight	30.0%
Top 5 weight	16.4%

Source: Rothschild & Co Asset Management Europe, 30/04/2021.

(1) Stocks only

The features of the portfolio are not fixed and may vary over time within the limits provided in the fund prospectus.

The above information does not constitute investment advice or a recommendation to invest.



R-co Valor Balanced

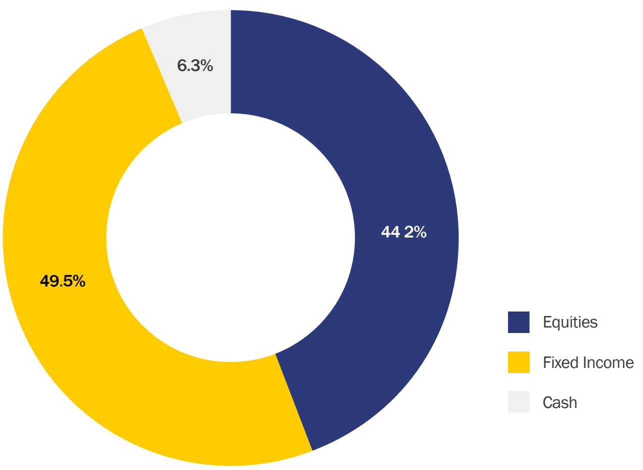
As a diversified allocation fund, R-co Valor Balanced seeks to generate long-term performance while reducing its volatility through a diversified portfolio and the decorrelation stemming from investing across different asset classes. This investment solution is founded on two sub-strategies. The first one is managed using a "carte blanche" approach, i.e. invested in all asset classes, without any sectoral or geographical constraints, while the second one focuses on fixed income, with a majority being Investment Grade. Each sub-strategy is managed on a discretionary basis, founded on both "top-down" and fundamental analysis to identify securities while providing ample flexibility in accordance with the portfolio management teams' convictions. Each sub-strategy seeks to generate performance, including the fixed income pocket which is not solely managed to lower the overall portfolio's risk.

Main risks(1): Risk of capital loss, Risk associated with discretionary management, Market risk, Credit risk, Interest rate risk, Foreign exchange risk, Counterparty risk, Risk associated with the use of derivatives. This list is not exhaustive. Please refer to the "Risk profile" section of the Fund's prospectus.

Portfolio Allocation

During the first quarter, the fund's equity exposure remained stable at around 44%. The fixed income portfolio was increased from 44% to 49% between the end of December and the end of April.

R-co Valor Balanced: Breakdown by asset classes



Number of lines of the equity pocket[1]	45
Average weight	2.2%
Top 10 weight	35.9%
Top 5 weight	19.7%

Number of lines of the fixed income pocket	231
Average maturity	4
Modified duration	4.0
Gross yield	1.1%

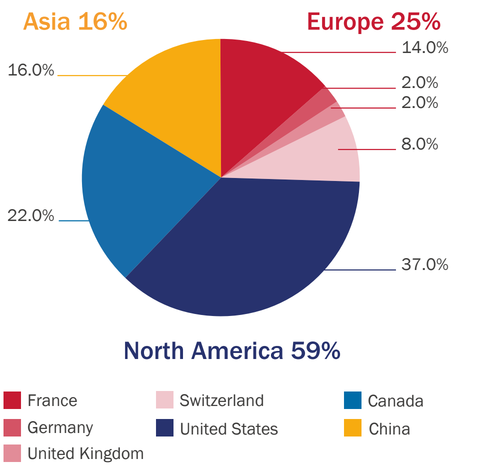
Source: Rothschild & Co Asset Management Europe, 30/04/2021.

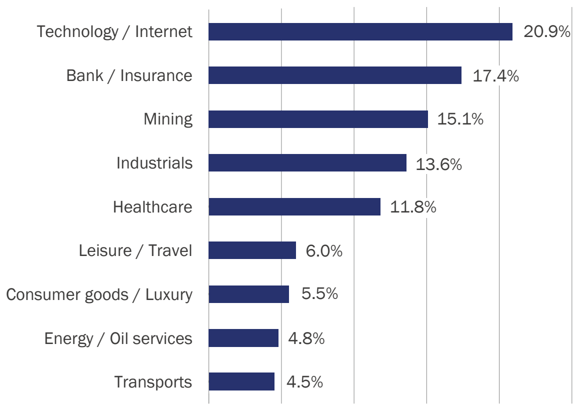
(1) Stocks only
The features of the portfolio are not fixed and may vary over time within the limits provided in the fund prospectus.

Equity component

The equity portfolio of R-co Valor Balanced replicates that of R-co Valor. The movements executed, as well as the positioning, are identical.

R-co Valor Balanced: Geographical and thematic breakdown of the Equity pocket





Source: Rothschild & Co Asset Management Europe, 30/04/2021.

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Fixed income component

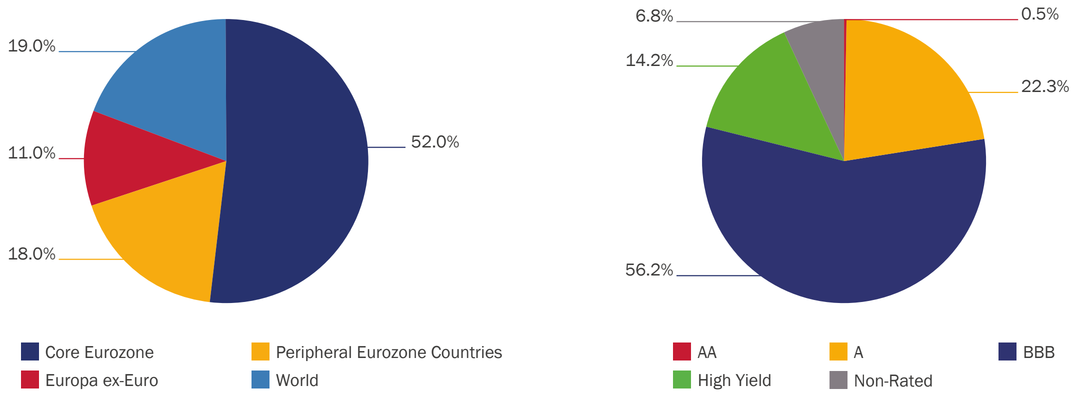
The consequent rise in the 10-year US rate turned out to be the highlight of 2021's first quarter. The sovereign rate reached its highest level since the start of the pandemic at 1.74%[1] before falling back to around 1.62% at the end of April amid expectations of the economic recovery. The movement that began at the end of 2020 has been confirmed, driven by the approval of the USD 1.9 trillion stimulus package and by improved employment figures. Members of the Fed remain cautious but not overly worried about the rise of long-term rates. The more worrying health situation in Europe prompted the ECB to step up its purchases, leading spreads[2] to tighten in peripheral countries.

In Europe, the primary market was particularly active at the very beginning of the year EUR 23 billion were issued on financials and corporates, making it the largest "opening week" of the last decade. A particularly strong momentum in the High Yield[3] market should be highlighted as the issuance volume was double that of 2020 at the end of March. However, investor enthusiasm for the primary market faltered at the end of the quarter as low to non-existent premiums sometimes discouraged buyers, who prefer to cancel orders upon final price announcement.

In the fund's fixed income bucket, the High Yield exposure fell slightly over the quarter, from nearly 15% at the end of December to 13,8% at the end of March. Cyclical stocks or "Covid linked" sales were made to lock-in profits. Capital was reallocated especially in the primary market, in mainly Investment Grade[4] 12 securities with a resilient profile. Purchases were made in the real estate sector, which has been particularly active in the primary market in the last few months, as well as banks. Successive regulations have stabilised the fundamentals of the sector, increasing the resiliency of banks and thus offering investors an attractive risk-return ratio. In addition, a partial hedge has been implemented on the High Yield exposure.

Completed writing on May 19, 2021

R-co Valor Balanced: Geographical and by rating breakdown of the fixed income pocket



Source: Rothschild & Co Asset Management Europe, 30/04/2021.

(1) Source : Bloomberg, 30/04/2021.
(2) The spread refers to the difference in yield between a bond and a loan considered as "risk free", of equivalent maturity.
(3) High yield bonds are issued by companies or States with a high credit risk. Their credit rating is below BBB- on the Standard & Poor scale.
(4) Debt security issued by companies or States with a rating between AAA and BBB- on the Standard & Poor scale.

The features of the portfolio are not fixed and may vary over time within the limits provided in the fund prospectus.

Performance	Since the beginning of 2021	2020	2019	2018	2017	2016	5 years	1 year volatility
R-co Valor C EUR	10.85%	6.72%	28.63%	-13.17%	9.54%	19.92%	74.68%	14.59%

Source: Rothschild & Co Asset Management Europe, 30/04/2021.

The figures quoted relate to previous years. Past performance is not a reliable indicator of future performance and is not constant over time.
They take into account all fund-related costs and expenses (e.g. management fees) but do not take into account fees charged to the client (e.g. issuance costs, deposit fees).

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.

Performance	Since the beginning of 2021	2020	2019	2018	2017	2016	Since inception(1)	1 year volatility
R-co Valor Balanced C EUR	5.63%	4.98%	15.64%	-	-	-	23.03%	8.13%

(1) Date de création : 24/10/2018.

Source: Rothschild & Co Asset Management Europe, 30/04/2021.

The figures quoted relate to previous years. Past performance is not a reliable indicator of future performance and is not constant over time.
They take into account all fund-related costs and expenses (e.g. management fees) but do not take into account fees charged to the client (e.g. issuance costs, deposit fees).

Recommended investment period: 3-5 years

The 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.

Disclaimer

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

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