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Quarterly newsletter R-co Valor & R-co Valor Balanced



Yoann Ignatiew
Co-Fund Manager
of R-co Valor
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Equity markets ended the first quarter of the year on a negative note, impacted by the Russo-Ukrainian war, central banks' monetary tightening policies, and the Covid-19 surge in China. At year-end, the MSCI All Country World Index posted a performance of -5.53%, driven down by the United States (with the S&P 500 at -4.95% in dollars), but, above all, by Europe and its immediate proximity to the conflict (EuroStoxx 50 down by -9.21% in euros). Emerging markets also took hit (MSCI Emerging Markets down by -7.32%)⁽¹⁾, and more specifically China, where the resurgence in Covid-19 cases is undermining its full-year growth forecasts.



Charles-Edouard Bilbault
Co-Fund Manager
of R-co Valor

R-co Valor recorded a year-to-date performance of -1.03%⁽²⁾. Following the first quarter, most of the fund's relative resilience was the result of the commodities sector's positive contribution to the portfolio. The latter, already on the rise for the past few months, has undergone a new surge, fuelled by the conflict between Ukraine and Russia, both of which are major exporters of oil, gas, minerals, and also grains. As of the end of March, mining stocks accounted for 15.3% of the fund's equity exposure and energy stocks for 2.4%. Technology stocks, on the other hand, significantly dragged down the fund's performance, and the two main sub-categories of the sector, US and Chinese stocks, suffered respectively from rising interest rates in the area and from regulatory uncertainty surrounding ADRs⁽³⁾.

The fund's net equity exposure was lowered from 86% to 82% during the quarter, via a profit-taking and risk-reduction strategy. Partial and total sales were made, mainly on our diversified mining stocks and on the energy sector. On the other hand, marginal reinforcements were initiated on stocks that had significantly underperformed in the technology, industrial and leisure/services sectors.

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.



Emmanuel Petit
Co-Fund Manager
of R-co Valor Balanced
and Head of fixed-income

(1) Source: Bloomberg, 31/03/2022.

(2) Source: Rothschild & Co Asset Management Europe, 31/03/2022.

(3) American Depositary Receipt (ADR): a negotiable US certificate that represents ownership in a non-American company, allowing foreign companies to list on US markets. Past performances are not a reliable indicator of future performances and are not constant over time. The management team is subject to change. The aforementioned characteristics, objectives and strategies are provided only as an indication and are subject to change without notice.



Our main geographical exposure remains North America, at 55%, which has been supported so far this year by a flight to quality⁽⁴⁾, with US indices back to their pre-invasion levels. With 27% of our equity exposure, Europe is currently paying

“Following the first quarter, the fund’s continuing performance is attributable to the commodities sector positive contribution to the portfolio...”

the price of its direct geographical proximity to the conflict.

In the event of a peace agreement, it could offer significant upside potential. And, lastly, China, with 14% of the fund’s equity exposure, appears to have run into a dead-end in its management of Covid-19, although being supported by a government particularly committed to achieving its 5.5% growth target⁽⁵⁾, and a central bank committed to cutting its interest rates.

The inversion of the US yield curve, a harbinger of a potential recession, is keeping investors on edge. Central banks’ balancing act appears ever riskier in a context where inflation, fuelled by the Russian-Ukrainian conflict, could last over time. The labour market is still tightening, especially in the United States, with unemployment rising to 3.6%⁽⁶⁾, underlining the idea of an inflationary spiral induced by rising wages. China, clearly at odds with other regions, is currently struggling with its health situation, and its growth target could be undermined if the situation drags on. The government’s commitment to stimulating its economy nevertheless suggests that support measures can be expected during the year.

As far as portfolio transactions are concerned, we remain disciplined, taking profits on stocks that have particularly stood out in recent months and by opportunistically reinforcing stocks that have been excessively penalised by the market.

(4) This occurs during a crisis, when investors seek to sell off assets deemed risky to buy quality assets thought to be safer.

(5) Source: Chinese Communist Party, March 2022.

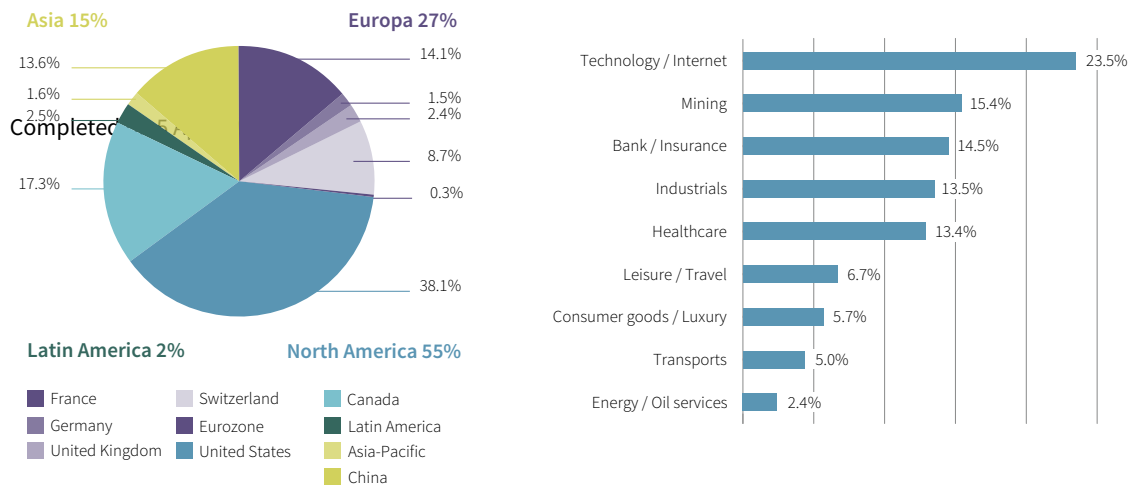
(6) Source: United States Department of Labor, March 2022.

The aforementioned characteristics, objectives and strategies are provided only as an indication and are subject to change without notice. This analysis is to be considered valid only at the time this report is written.

Geographical and sector allocations and distributions are not fixed and are subject to change over time within the limits stated in the fund prospectus.



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



Source: Rothschild & Co Asset Management Europe, 31/03/2022.

R-co Valor: Portfolio's top 10 holdings

Stocks	Weight	Number of lines	48
Ivanhoe Mines	3.7%	Average weight	1.9%
Alphabet	3.2%	Top 10 weight	28.8%
Capgemini	3.1%	Top 5 weight	16.1%
Morgan Stanley	3.1%		
Teck Resources	3.0%		
Airbus	2.7%		
Richemont	2.6%		
Abb	2.5%		
Manulife Financial	2.5%		
Meta Platforms	2.4%		

Source: Rothschild & Co Asset Management Europe, 31/03/2022.

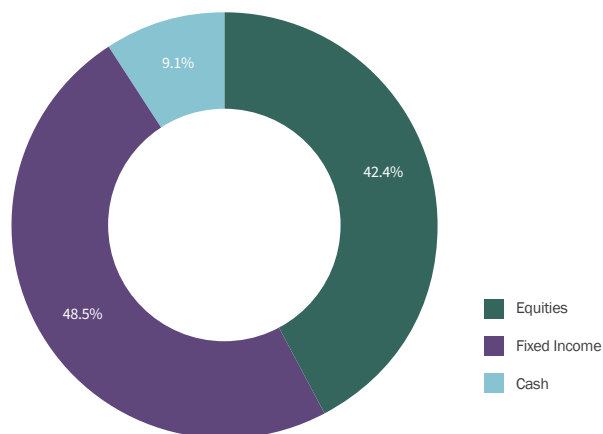
The allocations and breakdowns, both geographical and sectoral, are not fixed and are subject to change over time, within the limits of the prospectus. The above information does not constitute investment advice or a recommendation to invest.



Portfolio Allocation

Over the first quarter of the year, the fund's equity exposure fell to 43%. The bond allocation reached 48% as of the end of March.

R-co Valor Balanced: Breakdown by asset classes



Number of lines of the equity pocket	48
Average weight ⁽¹⁾	2.3%
Top 10 weight	35.3%
Top 5 weight	19.8%

Number of lines of the fixed income pocket	185
Average maturity	4.9
Modified duration	4.0
Gross yield	3.3%

Source: Rothschild & Co Asset Management Europe, 31/03/2022.

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.

(1) Weight rebased on the equity portfolio.

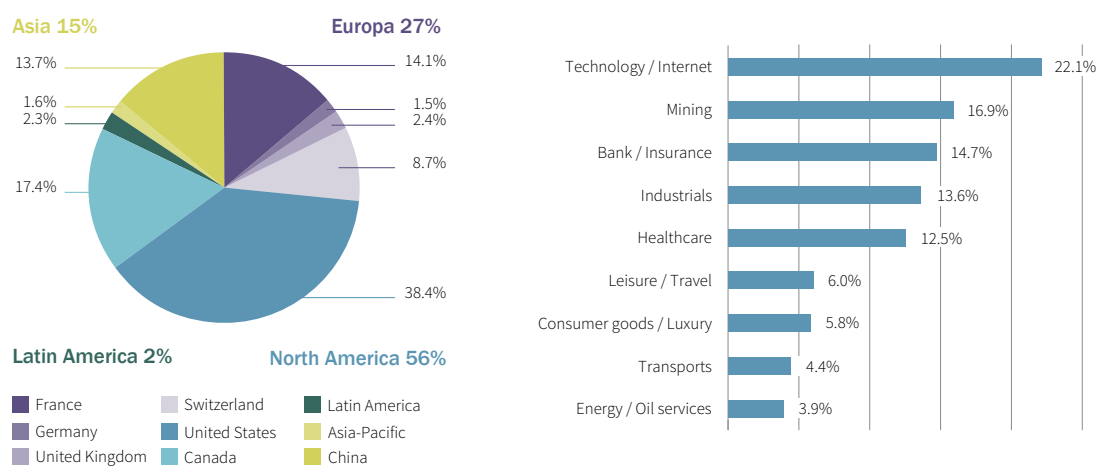
The features of the portfolio are not fixed and may vary over time within the limits provided in the fund prospectus.



Equity allocation

The equity allocation of R-co Valor Balanced replicates the allocation of R-co Valor. Changes made to the two funds and their positions were identical.

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



Source: Rothschild & Co Asset Management Europe, 31/03/2022.

The allocations and breakdowns, both geographical and sectoral, are not fixed and are subject to change over time, within the limits of the prospectus.



Fixed income component

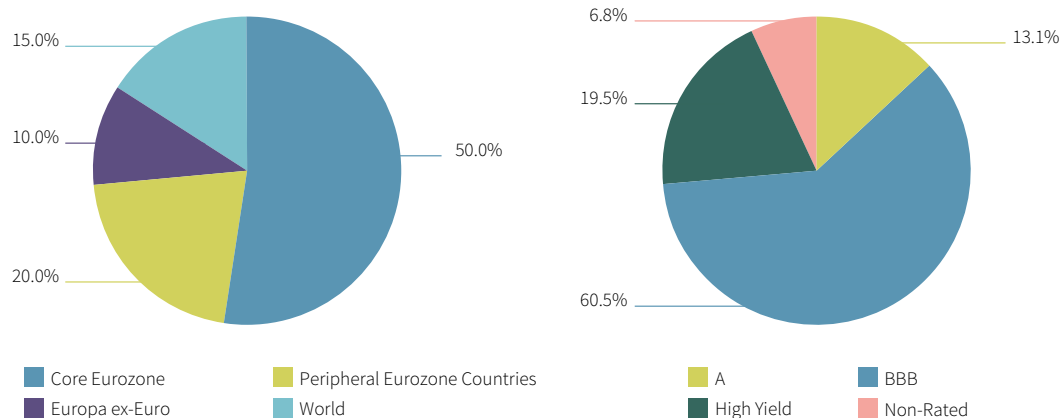
In Europe, the credit market has been hit hard since the beginning of the year, impacted by both rising interest rates and spreads⁽¹⁾ widening. Investment Grade⁽²⁾ dropped by -5.36% and High Yield⁽³⁾ by -4.66%, over the quarter, marking the biggest drop since March 2020 in both markets. The upward trend in interest rates, first seen at the beginning of the year, accelerated in March on both sides of the Atlantic. The crisis in Ukraine and the sanctions against Russia have enhanced inflation expectations, especially in Europe, where they have risen by 50 basis points (bps) to reach 2.74% on a 10-year horizon⁽⁴⁾. The German Bund 10-year was up by 41 bps to 0.55%⁽⁴⁾. In the United States, the Fed announced its first rate hike of 25 bps and also mentioned the terms for reducing its balance sheet. Meanwhile, expectations of a sharp monetary tightening have exacerbated the flattening of the yield curve. While the 10-year rate rose by 51 bps, the 2-year rate increased by 86 bps, and the two closed at the same level of 2.34%⁽⁴⁾. The euro credit market has been under pressure since the start of the year, including heavy outflows over the past four weeks. The number of issues on the primary market was well below average,

and there was little liquidity on the secondary market, with investors generally staying away from those markets.

Along with the euro credit market, the fund was also impacted during this quarter, mainly due to repricing⁽⁵⁾ by investors and central banks that were even less accommodating than expected. As for investments, we seized some purchasing opportunities on both the primary and secondary markets. The prevailing nervousness is providing opportunities, especially for investment grade bonds with attractive yields. As an example, we invested in a Mercialis issue, rated BBB and yielding at 2.5%. High-yield issues from Investment Grade issuers also stood out, such as the AT1 Intesa Sanpaolo issue, with a yield of 6.37%⁽⁴⁾. Simultaneously, we initiated sales on short-term bonds with low yields. As with our equity allocation, we are staying conservative with our cash allocation, while opportunistically investing in bonds with strong fundamentals and attractive yields.

Completed on 5 April 2022

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



Source: Rothschild & Co Asset Management Europe, 31/03/2022.

(1) The spread is the gap in yield between a bond and an equivalent bond regarded as "risk-free".

(2) A debt security issued by companies or governments rated by Standard & Poor's between AAA and BBB-.

(3) High yield bonds are issued by companies or governments with high credit risk. Their financial rating is below BBB-, based on the Standard & Poor's scale.

(4) Source: Bloomberg, 31/03/2022.

(5) A change in the market environment that triggers revaluation of an investment.

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Past performances are not a reliable indicator of future performances and are not constant over time. The management team is subject to change.



Performance	Year to date	2021	2020	2019	2018	2017	5 years	1 year volatility
R-co Valor C EUR	-1,0%	12,7%	6,7%	28,6%	-13,2%	9,5%	38,7%	12,8%

Source: Rothschild & Co Asset Management Europe, 31/03/2022.

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	Year to date	2021	2020	2019	2018	2017	Since inception ⁽¹⁾	1 year volatility
R-co Valor Balanced C EUR	-3,1%	6,7%	5,0%	15,6%	-	-	20,4%	6,8%

(1) Inception date: 24/10/2018.

Source : Rothschild & Co Asset Management Europe, 31/03/2022.

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

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The SRRI indicator defines the risk/return profile of a UCITS on a scale ranging from +1, the lowest level of risk and a lower expected return, to +7, the highest level of risk and a higher expected return.



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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 five strong brands: Conviction, Valor, Thematic, 4Change and OPAL, 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 23 billion euros and employ nearly 160 people. More information at: www.am.eu.rothschildandco.com



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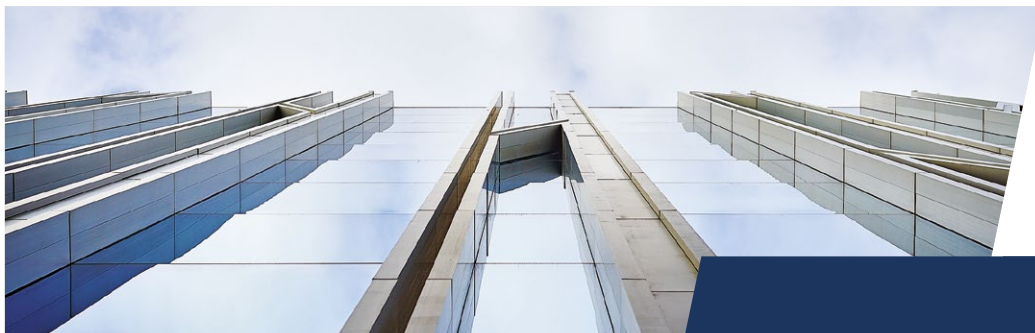
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