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Quarterly newsletter

R-co Valor & R-co Valor Balanced



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The equity markets ended the quarter in negative territory, despite rallying during the summer. As of the end of this third quarter, the MSCI All Country World Index had lost -26.4%⁽¹⁾ on the year to date, after being hit indiscriminately by the US (S&P 500: -24.8%⁽¹⁾) and Europe (Euro Stoxx 50: -22.8%⁽¹⁾). China was not spared, with the Hang Seng Index losing -21.2% on the quarter (and -26.4% on the year to date)⁽¹⁾.

Inflation, which remains the focus of attention, increases the tension on central bankers, pushing them to an ever more restrictive stance. In Europe, year-on-year inflation hit a new record at +10% in September, driven mainly by energy prices, which are now more than +41% higher than in the same month last year⁽²⁾; meanwhile, prices of food were up by an estimated +11.8% year on-year⁽³⁾. Inflation is running unevenly from one country to another, with the lowest rate being observed France at 6.2%. In early September, the ECB once again raised its key rates, but this time by 75 basis points (bps), the steepest hike in its history. In the US, total inflation shifted downward to 8.2% year-on-year, but structural inflation continued to rise, reaching 6.6% in September⁽³⁾. The latter, excluding mainly energy and food prices, is driven by an increase in rents and, to a lesser extent, medical services. The Fed also raised its key rates by 75bps in September and yet another increase of the same magnitude is expected for November.

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, 30/09/2022. Performance in local currency.

(2) Source: Eurostat – October 2022.

(3) Source: Bloomberg, October 2022.

The figures quoted relate to the past months. Past performance is not a reliable indicator of future performance and is not constant over time. The management team is subject to change. The characteristics/objectives/strategies mentioned above are indicative and subject to change without notice. This analysis is only valid at the time of writing. The geographical and sector allocations and distributions are not fixed and may change over time within the limits of the SICAV fund’s prospectus.



China continues to be impacted by its zero-Covid policy, which is eating into consumers' propensity to spend, despite government stimulus measures. The Golden Week⁽⁴⁾ tourist season is rather telling in this regard, as it was less busy than last year, due to Covid-19 restrictions. In the next few days, the Party congress will take centre-stage, beginning on 16 October. The re-election of Xi Jinping to a third term could point to a relaxation in restrictions.

“Inflation, which remains the focus of attention, increases the tension on central bankers, pushing them to an ever more restrictive stance...”

R-co Valor has lost 12.9% on the year to date⁽⁵⁾. In terms of performance contribution over the quarter, the luxury goods sector stood out, particularly driven by LVMH, as did the energy sector, where our exposure, after a reduction, was focused on oil equipment manufacturer Schlumberger. Technology, on the other hand, was the worst contributor, impacted by the rise in US treasury yield.

The markets are now parsing bellwether macroeconomic releases for hints of a trend in central bank policies. In the US, total inflation has receded over the past two months, but structural inflation has risen further. However, the real estate component of the latter figure should, in our view, decline over the coming months. In Europe, which is behind the cycle, we expect a later peak, probably not before early 2023. From now till yearend, the markets will continue to be guided by inflation-themed statements from central banks. We nonetheless feel that there are some good opportunities out there, and we will be ready for them, in accordance with the fund's DNA. Investors have taken a highly conservative approach in hoarding cash, and good news could very quickly push them into deploying it.

Completed on 14 October 2022

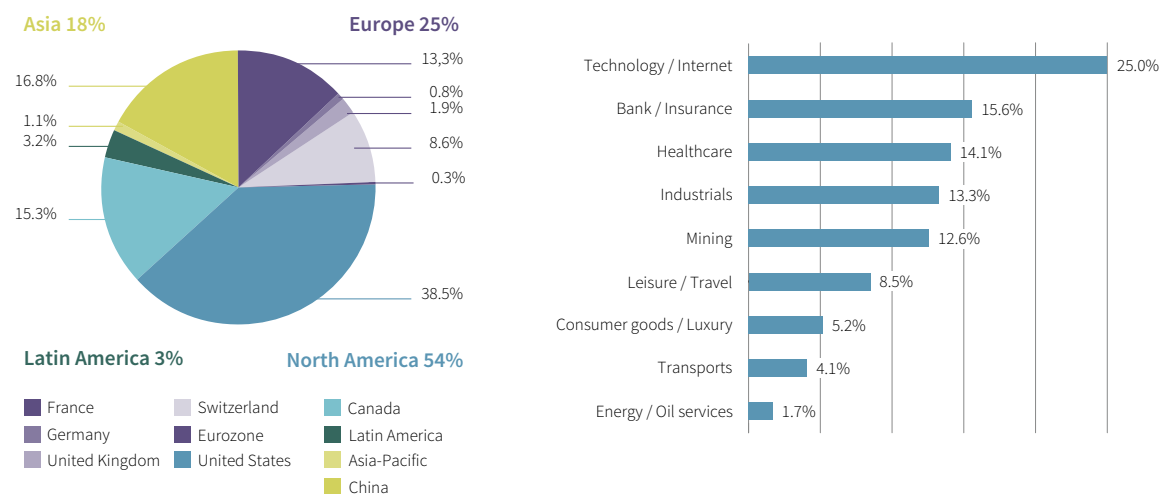
(4) Chinese Golden Week is an annual holiday in China. It begins on October the first of each year with the National Holiday of the People's Republic and was launched by the Chinese government in 1999.

(5) Source: Rothschild & Co Asset Management Europe, 30/09/2022. Share C EUR.

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



Source: Rothschild & Co Asset Management Europe, 30/09/2022.

R-co Valor: Portfolio's top 10 holdings

Stocks	Weight	Number of lines	48
Morgan Stanley	3.6%	Average weight	1.7%
Ivanhoe Mines	3.2%	Top 10 weight	28.8%
Capgemini Se	2.9%	Top 5 weight	15.3%
ABB	2.8%		
Alphabet	2.8%		
Trip.com Group	2.8%		
Biomarin Pharmaceutical	2.8%		
Uber Technologies	2.7%		
Teck Resources	2.7%		
Alibaba Group Holding	2.5%		

Source: Rothschild & Co Asset Management Europe, 30/09/2022.

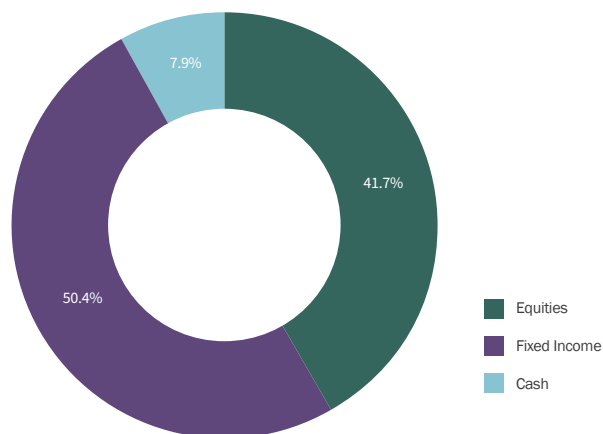
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Portfolio Allocation

As of the end of September, the fund's equity exposure was 42%, while its fixed income exposure remained unchanged at 50%.

R-co Valor Balanced: Breakdown by asset classes



Number of lines of the equity pocket	48
Average weight	2.3%
Top 10 weight	34.8%
Top 5 weight	18.5%

Number of lines of the fixed income pocket	177
Modified duration	3.7
Gross yield	7.1%

Source: Rothschild & Co Asset Management Europe, 30/09/2022.

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: 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.

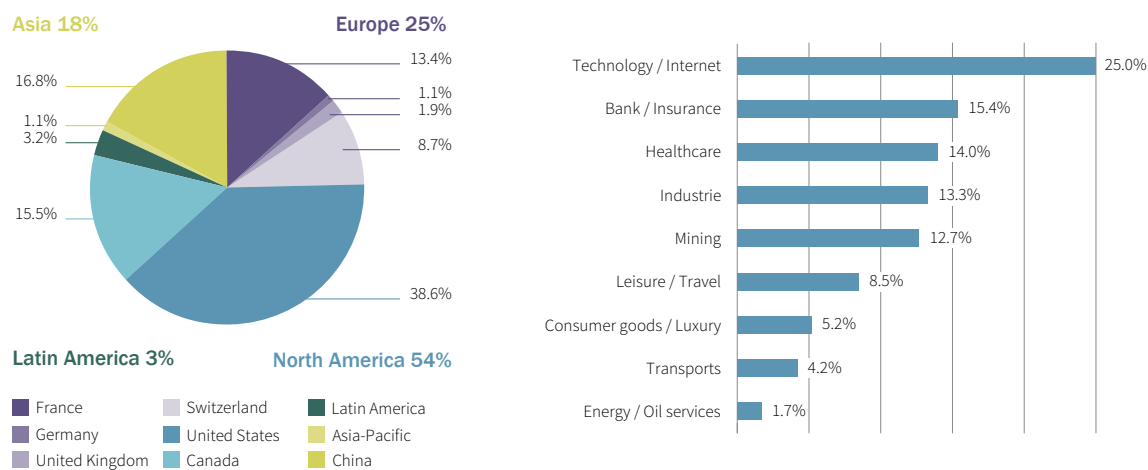
The features of the portfolio are not fixed and may vary over time within the limits provided in the fund prospectus.



Equity allocation

R-co Valor Balanced equity allocation replicates that of R-co Valor.
Both funds have the same exposures and are subject to the same modifications.

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



Source: Rothschild & Co Asset Management Europe, 30/09/2022.



Fixed income allocation

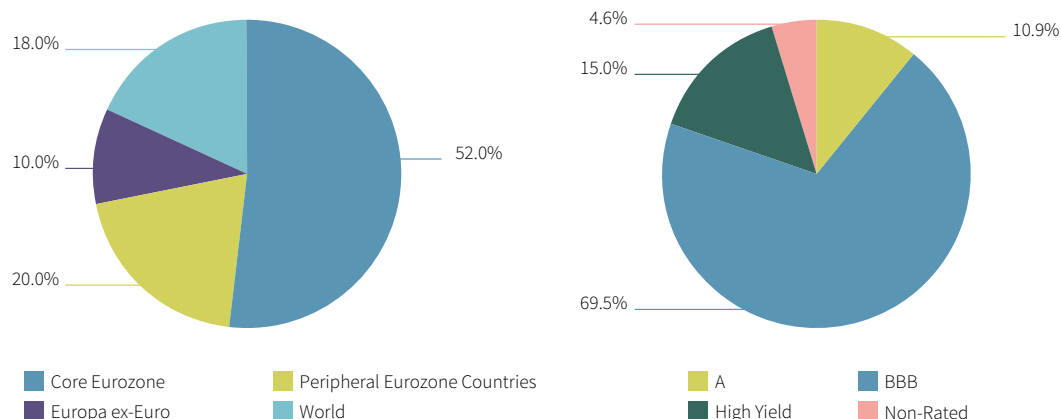
Treasury yields continued to rise steeply on the quarter. The 10-year German Bund ended at 2.11% (vs. -0.22% at the start of the year) and the US 10-year rate ended at 3.83% (vs. 1.5% at the start of the year)⁽¹⁾. Although inflation expectations have dipped slightly, to 2.09% in Germany and 2.16% in the US⁽¹⁾, the shift in real rates was very significant. As a result, the real 10-year Bund moved back into positive territory at 0.02%, after spiking by 80bps. In the US, the real 10-year yield ended at 1.68% (+96bps) and the 2-10-year curve inverted a little more, at -45bps⁽¹⁾.

Monetary tightening on both sides of the Atlantic exerted strong upward pressure on credit markets. Both Investment Grade⁽²⁾ and High Yield⁽³⁾ indexes are down by 15% on the year to date⁽¹⁾. By sector, financials and subordinated debt in particular underperformed.

Regarding our fixed income allocation, the very attractive yields in Investment Grade allowed us to seize opportunities on the primary and secondary markets in intermediate maturity and at limited risk. For example, during the reporting period, we made a few switches, mainly in Investment Grade. We sold bonds that are relatively expensive, in order to seize primary market opportunities, such as Crelan, a Belgian mutualist bank and senior BBB- issuer, on a 2025 maturity and offering a 5.4% yield⁽¹⁾. We reduced our High Yield and non-rated exposure on the margins during the quarter. It now accounts for less than 20% of the fixed income allocation

Completed on 14 October 2022.

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



Source: Rothschild & Co Asset Management Europe, 30/09/2022.

(1) Source : Bloomberg – October 2022.

(2) Debt securities issued by companies or governments rated between AAA and BBB- on the Standard & Poor's scale.

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

The geographical and sector allocations and distributions are not fixed and may change over time within the limits of the fund's prospectus.

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ISIN: FR0011253624

Performance	Year to date	2021	2020	2019	2018	2017	5 years	1 year volatility
R-co Valor C EUR	-12.9%	12.7%	6.7%	28.6%	-13.2%	9.5%	3.7%	15.6%

Source: Rothschild & Co Asset Management Europe, 30/09/2022.

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.

Any investment is always subject to risk. Before investing, each investor must 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: am.eu.rothschildandco.com

ISIN: FR0013367265

Performance	Year to date	2021	2020	2019	2018	2017	Since inception ⁽¹⁾	1 year volatility
R-co Valor Balanced C EUR	-14.8%	6.7%	5.0%	15.6%	-	-	1.5%	9.5%

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

Source: Rothschild & Co Asset Management Europe, 30/09/2022.

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

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 profile. 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.

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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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