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Quarterly newsletter R-co Valor



Yoann Ignatiew
Co-Fund Manager
of R-co Valor

The markets ended the third quarter in negative territory, down by 3.8%⁽¹⁾ regarding global equities (as measured by the MSCI World All Country index). The surge in interest rates, paired with central bankers' hawkish language ultimately carried the day over the obstinate optimism that investors had maintained on the year to date. As a result, over the past three months, Europe has lost 5.1%⁽¹⁾ (Euro Stoxx 50), the United States by 3.7%⁽¹⁾ (S&P 500), China by 5.9%⁽¹⁾ (Hang Seng Index).



Charles-Edouard Bilbault
Co-Fund Manager
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By sector, tech stocks, which drove the markets in the first half of the year, lost 4.1%⁽¹⁾ (Nasdaq 100) in the third quarter. Within the fund, our stock pick on the thematic paid off, with an overall performance of +3.9% during the review period⁽²⁾. The tech sector led the way, driven mainly by North and South American stocks in the portfolio, such as Alphabet (+9.3%)⁽³⁾, Uber (+6.5%)⁽³⁾ and Mercado Libre (+7%)⁽³⁾. We also sole into the rally by some shares to take some profits by selling down stocks such as Uber and Vipshop. The worst contributors – industrials, which are more cyclical – were hit by the gradual worsening in the macroeconomic environment, paired with stubbornly high inflation.

In China, at the meeting of the Politburo Standing Committee, the party's decision-making body pledged to support the recovery in the economy, which it acknowledged was "tortuous". Moralising rhetoric on the real estate sector was softened, mention was made of local governments' debt burden, and the Politburo confirmed its determination to make Chinese households a strong driver of growth. A set of measures meant to restart the economy was announced, including an easing of terms for home purchases, lower mortgage lending and bank reserve

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, 29 September 2023, in local currencies.

(2) Source: Rothschild & Co Asset Management, 29 September 2023

(3) Source: Bloomberg, 29 September 2023

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.



rates, tax breaks for small businesses, support for the acquisition of electric vehicles, and so on. Retail sales on the month of August turned back up by 4.6% year-on-year, but the real-estate sector, which accounts for 30% of China's GDP⁽⁴⁾, is a major obstacle to a significant recovery in its growth. Within the fund, we limited

“We stuck to our risk-reduction strategy during the latest quarter...”

dilution to China by strengthening portfolio positions, such as Ping An, Kingdee and Tencent. We picked some stocks exposing us to Chinese consumption including the technology and also Leisure/Travel. Chinese households' savings rate is historically high (at about 2 000 billion dollars over the past 12 months) and even a limited deployment of these accumulated savings could offer significant support to a robust recovery.

R-co Valor was positioned rather conservatively as of the end of September, and we stuck to our risk-reduction strategy during the latest quarter: 1/ by lowering our equity allocation from 85% in November 2022 to 69%⁽⁵⁾, a 15-year low; 2/ then, along the lines of efforts made in recent months, we repositioned the fund towards stocks that are more defensive by selling down cyclical such as financials and diversified mining companies and adding to the more defensive sectors of healthcare and goldmines. In addition to equities, we are maintaining a significant allocation (31%)⁽⁵⁾ in money-market products and equivalent. We continue to invest in French government bonds maturing in less than one year. The yield on offer is now approaching 4%⁽⁴⁾, and we believe that, in addition to being a good place to park cash, given the yield attached, these also features appreciable liquidity.

(4) Source: Bloomberg, 29 September 2023, This is not an exact indicator and will depend on market trends and the length of time the investment is held.

(5) Source: Rothschild & Co Asset Management, 29 September 2023

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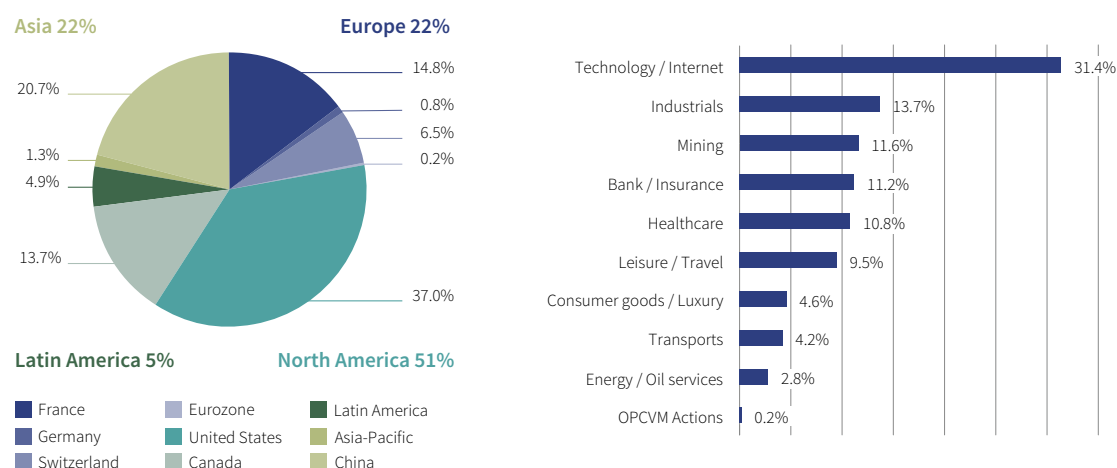


The slowdown in global economic growth, the shrinking of the equity risk premium, and the reduction in liquidity orchestrated by the central banks, on top of tougher access to credit, are all factors that are making us more cautious. Central banks appear to be more “data-dependent” than ever and will steer their monetary policies along the lines of inflation figures. These figures are more resilient than expected and do not justify significant cuts in interest rates anytime

soon. The US tech sector’s rather surprising outperformance in an especially hawkish rate environment suggests that the markets are nervous and are seeking safe havens outside of traditional defensive sectors.

Completed on 12 October 2023

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



Source: Rothschild & Co Asset Management, 29/09/2023.

R-co Valor: Portfolio’s top 10 holdings

Stocks	Weight	Number of lines	45
Uber Technologies Inc	3.1	Average weight	1.5%
Meta Platforms Inc-class A	3.0	Top 10 weight	26.3%
Ivanhoe Mines Ltd	2.8	Top 5 weight	14.4%
Mercadolibre Inc	2.8		
Alphabet	2.7		
Trip.com Group Ltd-adr	2.6		
Capgemini Se	2.4		
Alibaba Group Holding Ltd	2.4		
Airbus Se	2.3		
Morgan Stanley	2.2		

Source: Rothschild & Co Asset Management, 29/09/2023.

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ISIN: FR0011253624

Performance	Year to date	2022	2021	2020	2019	2018	5 years	1 year volatility
R-co Valor C EUR	8.3%	-8.1%	12.7%	6.7%	28.6%	-13.2%	34.4%	13.8%

Source: Rothschild & Co Asset Management, 29/09/2023.

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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

SRI risk 4/7. The synthetic risk indicator shows the level of risk of this product compared to others. It indicates the likelihood of this product incurring losses in the event of market movements or our inability to pay you. We have classified this product in risk class 4 out of 7, which is a medium risk class and mainly reflects a discretionary management policy on equity markets and

fixed income products. This means that the potential losses from the future performance of the product are at a medium level and, should the markets deteriorate, it is possible that our ability to pay you will be affected. The risk indicator assumes that you hold the product for 5 years, otherwise the actual risk may be very different and you may get less in return.

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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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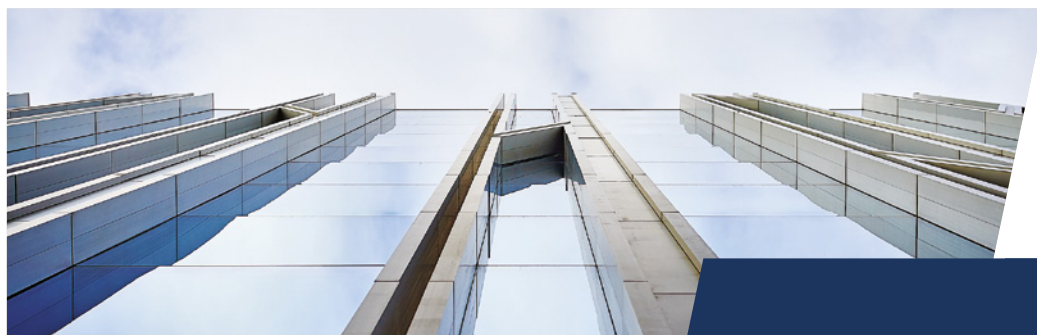
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