

April 2023 | Rothschild & Co Asset Management



Quarterly newsletter

R-co Valor & R-co Valor Balanced



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International equity markets ended the quarter in positive territory. The MSCI World gained 7.3% in the first three months of the year, driven mainly by hopes of a coming shift in central banks' monetary policies. In the US, the S&P 500 and Nasdaq gained, respectively, 7% and 16.8%. Despite a mixed performance on the month, Europe ended up by +13.7% (based the EuroStoxx 50), while China fared less well, gaining 3.1% (the Hang Seng index)⁽¹⁾.

The Silicon Valley Bank and Crédit Suisse episodes combining a crisis of confidence and bank runs tested the solidity of the US, and then European, banking systems. Joint actions by governments and central banks, based on their experience acquired in 2008, appear to have contained the damage. Investors cheered these actions and are now pricing in an easing in monetary policies.

In the United States, inflation continued to recede, but at a slower-than-expected pace in its core component (i.e., ex food and energy). The Fed stayed the course, raising its key rates by 0.25% to a range of 4.75% to 5%. In Europe, core inflation rose again, with the latest figure of +5.7% year-on-year⁽²⁾. Core inflation now appears to be shifting towards services. As expected, the ECB raised its rates by 0.50%, to a range between 3% and 3.75%.

Things are quite different in China. Despite the end of the "zero-Covid" policy in late 2022, the rally in the indices fell short of expectations in the first part of 2023. Geopolitical tensions, combined with a lack of releases confirming a solid recovery, were one reason for apathy on the equity markets. Even so, China's reopening, its low interest rates and its pro-growth measures are likely to produce a significant economic recovery in the coming months. Redeployment of much of individuals' accumulated savings should offer significant support to a recovery that appears to be on the right track.

R-co Valor's equity exposure was 77% as at the end of March, a low since January 2020.

We stuck to our profit-taking strategy, as the equity markets got off to a robust start on the year even as global macroeconomic conditions worsened.

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) Inflation without food or energy.

(2) Source: Bloomberg, 30 December 2022.

(3) Purchasing Managers Index, an indicator that reflects their confidence in a particular economic sector.

(4) U.S. Bureau of Labor Statistics, January 2023.

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The rest of the allocation, 23%, is currently invested in the money market or similar, via money-market funds, as well as French government bonds dated less than one year⁽³⁾.

Few purchases were made during the first quarter, in line with our strategy of steering the portfolio towards a more defensive profile. We sold off our holding in the pharma group AstraZeneca after a solid 2022 (+29%⁽⁴⁾), as well our residual holding in the Royal Caribbean cruise line. Meanwhile, we sold into rallies by Manulife, Richemont, ABB and Hello Group, locking in profits and selling down our holdings in those stocks.

The fund is up 6.95% on the year to date⁽³⁾. Financials took a hit from the failure of Silicon Valley Bank and made less of a contribution to performance. SVB accounted for 1% of the fund at the start of March and is now valued at 0. Tech stocks were the top contributor, driven mainly by the steep drop in the 10-year US bond yield and investors' retreat into US big tech⁽⁵⁾. Some of our healthcare stocks are also among the top year-to-date contributors. These include Seagen, which added 1% to fund returns after the announcement of a takeover bid by Pfizer⁽³⁾.

The gradual worsening in macroeconomic releases, particularly the toughening of credit conditions, is making us rather cautious. This is why we have repositioned the portfolio towards a more defensive profile. We nonetheless still see opportunities in an environment in which the Fed is likely to halt its tightening stance in mid-year.

“In Europe, core inflation rose again...”

Completed on 14 April 2023

(3) Source: Rothschild & Co Asset Management, 31 March 2023.

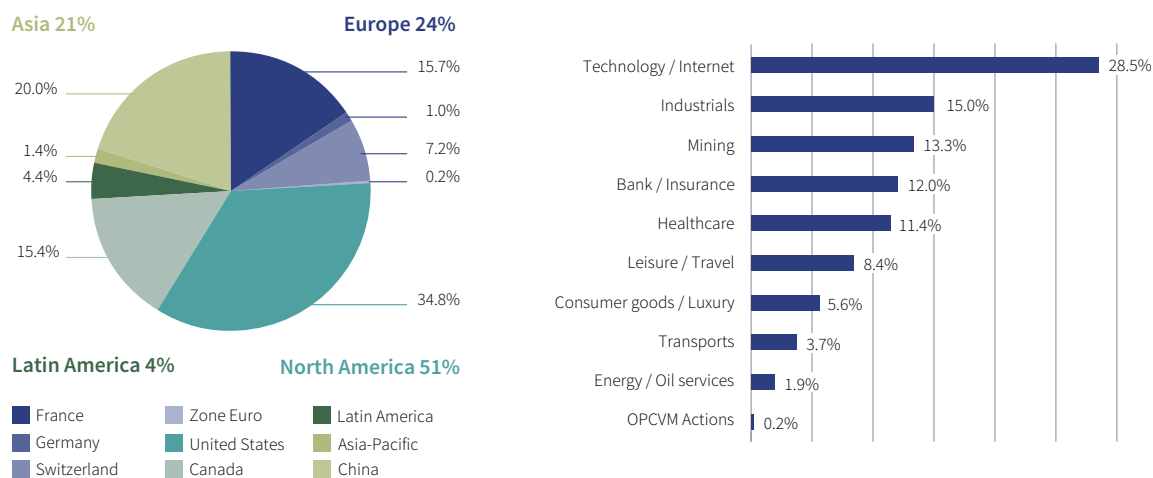
(4) Source: Bloomberg, 31 March 2023.

(5) The top US technology stocks.

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



Source: Rothschild & Co Asset Management, 31/03/2023.

R-co Valor: Portfolio's top 10 holdings

Stocks	Weight	Number of lines	48
Ivanhoe Mines Ltd-cl A	3,4%	Average weight	1,6%
Mercadolibre Inc	2,8%	Top 10 weight	27,2%
Airbus Se	2,7%	Top 5 weight	14,3%
Tencent Holdings Ltd	2,7%		
Trip.com Group Ltd-adr	2,7%		
Alibaba Group Holding Ltd	2,7%		
Seagen Inc	2,6%		
Morgan Stanley	2,6%		
Uber Technologies Inc	2,5%		
Capgemini Se	2,5%		

Source: Rothschild & Co Asset Management, 31/03/2023.

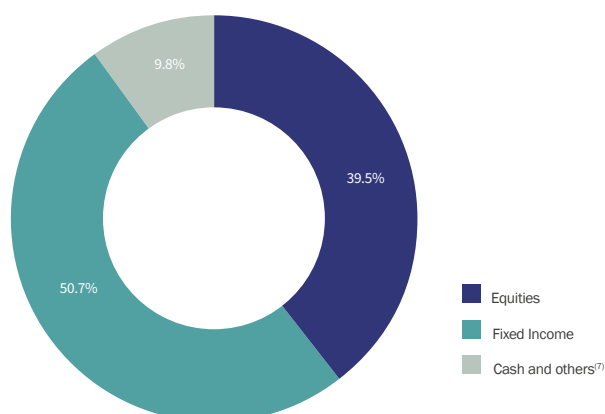
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Portfolio Allocation

As at the end of March, R-co Valor Balanced's equity exposure was 39.5%. Its bond exposure was 50.7%, with the rest in money-market and cash⁽⁶⁾.

R-co Valor Balanced: Breakdown by asset classes



Number of lines of the equity pocket	48
Average weight	2,4%
Top 10 weight	34,1%
Top 5 weight	17,9%

Number of lines of the fixed income pocket	157
Modified duration	3,4%
Gross yield	6,7%

Source: Rothschild & Co Asset Management, 31/03/2023.

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.

⁽⁶⁾ Source: Rothschild & Co Asset Management, 31/03/2023

⁽⁷⁾ Cash and others : Money market funds, OATs under 1 year and cash.

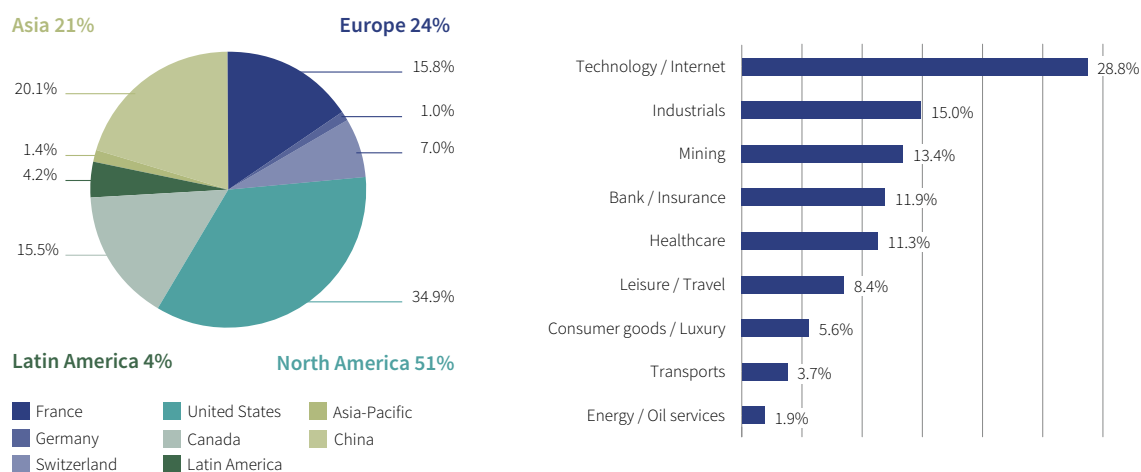
The features of the portfolio are not fixed and may vary over time within the limits provided in the fund prospectus.



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, 31/03/2023.



Fixed income allocation

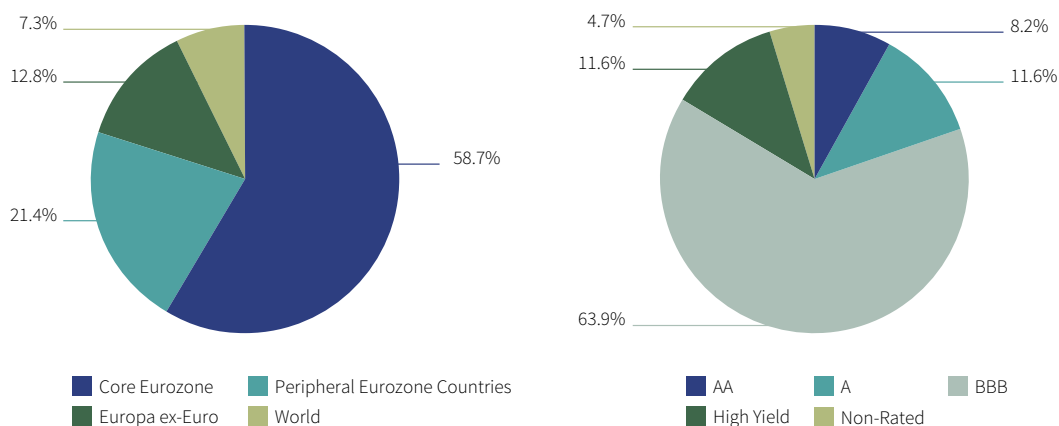
After rising steeply in 2022, bond yields pulled back early in the year on both sides of the Atlantic. The 10-year US and German yields fell, respectively, by 41 basis points (bps) to 3.5% and by 27 bps to 2.3%⁽⁸⁾. Receding fears of a hard landing also widened the Italian spread⁽⁹⁾, with the 10-year yield down by 60 bps, to 4.1%. This surge in optimism, paired with investors' expectations of looser monetary policy drove the euro bond asset class in the first quarter. Investment grade⁽¹⁰⁾, for example, gained 1.7% and high yield⁽¹¹⁾, 2.8%⁽⁸⁾.

The fund gained 4.55% on the quarter. By asset class, equities contributed about 75% of total performance, thanks mainly to the fund's healthcare and tech exposure. The bond allocation also provided support in an environment of falling bond yields, accounting for 25% of performance on the period. Financials made a negative contribution, in both equities and bonds⁽¹²⁾.

Within the fund's bond allocation, the still-attractive yields in investment grade provided us with some opportunities, mainly on the primary market, with intermediate maturities and limited credit risk. We also took advantage of secondary-market opportunities, particularly in financials, during the second half of the quarter, before shifting towards non-financials. We lowered our high-yield and non-listed exposure marginally during the quarter, to 16% of the bond allocation. Market conditions allowed us to significantly raise the portfolio's yield to 6.7% by the end of March, with a sensitivity of 3.4⁽¹²⁾.

Completed on 14 April 2023.

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



Source: Rothschild & Co Asset Management, 31/03/2023.

(8) Source: Bloomberg, 31 March 2023.

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

(10) Debt securities that are issued by companies or governments and which are rated by Standard & Poor's between AAA and BBB-.

(11) High Yield bonds are issued by companies or governments having high credit risk. They are rated lower than BBB- by Standard & Poor's.

(12) Source: Rothschild & Co Asset Management, 31 March 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	6.9%	-8.1%	12.7%	6.7%	28.6%	-13.2%	39.0%	16.6%

Source: Rothschild & Co Asset Management, 31/03/2023.

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

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.

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	2022	2021	2020	2019	2018	Since inception ⁽¹⁾	1 year volatility
R-co Valor Balanced C EUR	4.6%	-11.8%	6.7%	5.0%	15.6%	-	14.5%	10.3%

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

Source: Rothschild & Co Asset Management, 31/03/2023.

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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: 3-5 years

SRI risk 3/7. 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 3 out of 7, which is a low to 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 low to medium 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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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 9 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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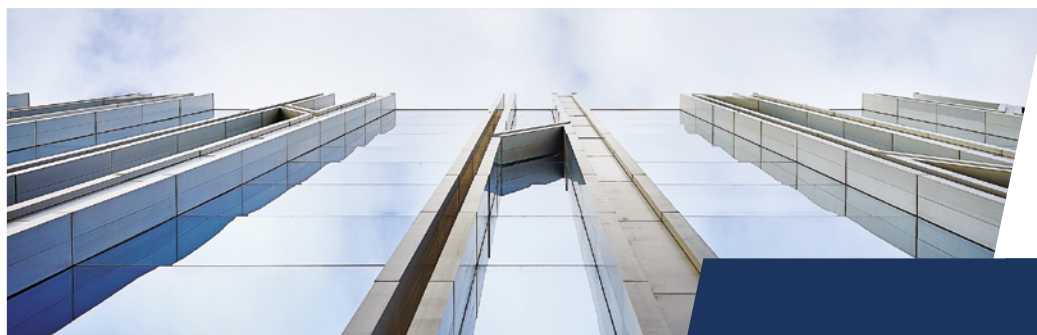
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