



Fund Update : R-co Conviction Equity Value Euro — April 2025



Anthony Bailly
Head of European Equity



Vincent Iméneuraët
European Equities Portfolio
Manager

March proved an extremely turbulent month for global equity markets. In the United States, the climate of uncertainty fuelled by President Trump's erratic statements ultimately weighed on business sentiment and consumer confidence, sending the S&P 500 down by -9.3% and the MSCI World by -8.1% over the month¹. **The US military withdrawal from NATO pushed Europe into action. On one hand, Germany implemented a major reform, abandoning its policy of debt and deficit limitations** through two substantial stimulus plans: a €500 billion infrastructure plan over 10 years, and a €100 billion annual defence spending programme. **On the other, the European Commission launched the €800 billion "ReArm" European defence plan.** While these announcements initially supported the Eurostoxx, the index, after reaching its high point on 19 March, succumbed to growing doubts about the US economic cycle, ending the month down by -2.9%¹. Ultimately, markets adopted a decidedly defensive stance during the month, with Utilities (+6.9%) and Insurance (+5.5%) leading, while cyclical sectors suffered heavily (Autos -10.9%, Specialised Retail -11.5%, Leisure & Travel -13.2%, Consumer Goods -13.5%)¹.

This environment once again favoured the Value12 investment style, which rose by +0.7%¹, while the Growth style declined by -7.0%¹, **bringing the Value style's outperformance relative to Growth³ to +13.8% year-to-date in the Eurozone¹.** Consequently, the Growth valuation premium relative to Value fell in March from 105% to 93%¹. Nevertheless, it remains significantly above pre-Covid levels (around 65%). In our view, the announced stimulus plans in Europe and the steepening yield curve should contribute to normalising this premium in the medium term through economic revitalisation (favourable to cyclical sectors) and a continued supportive environment for financial sectors.

R-co Conviction Equity Value Euro outperformed the Eurostoxx by +1.3% in March

(YTD performance of +9.9% vs benchmark +7.6%)¹. This outperformance was primarily driven by our allocation effect, notably our underweight positioning in growth sectors such as technology (-8.5% over the month) and consumer goods (-13.4%)¹. The resilience of financial sectors (Insurance +5.5% and Banks +1.1%) also positively contributed to our allocation effect. Stock selection was broadly neutral, mainly reflecting our sector convictions, as the largest positive contributors were ASML (-10.7%) and LVMH (-17.8%), growth stocks notably absent from our portfolio. Among negative contributions, our holding in Vonovia (-16.7%) suffered from rising Bund yields¹.

During the month, we trimmed positions in the banking sector, capitalising on substantial gains since the start of the year in Société Générale (+53% YTD) and Intesa (+23% YTD)¹. However, with an overweight exposure maintained above 5%⁴, banks remain the portfolio's primary conviction. ArcelorMittal's strong rally (+33% between 31 January and 6 March) led us to reduce our holding by one-third. The stock's P/E briefly exceeded 8x, surpassing historical valuation highs, suggesting it had already priced in a significant portion of Europe's stimulus plans. This reasoning also guided our reduction in BASF. **These adjustments allowed us to gain increased exposure to the revitalisation of the European economy and potential Ukrainian reconstruction efforts by initiating a position in Wienerberger.** Moreover, given yields reached new highs following the historic surge in Bund yields after Chancellor Merz's announcements, **we reinforced our holding in Vonovia, whose fundamentals remain solid and which should also benefit from improving macroeconomic conditions in Germany.** Finally, given prevailing uncertainties and ahead of tariff decisions, we prudently increased the portfolio's cash position to just over 2%⁴.

Thus, **in March, Europe appeared to grasp the magnitude of challenges posed by the "Trump-era" geopolitical environment.** Benefiting from Germany's years of prudent fiscal policy and accumulated savings, the continent has the capacity for fiscal stimulus and border protection. The announced structural measures constitute excellent medium- and long-term news for the Eurozone and could encourage capital flows back to its equity markets, which have been largely neglected since Russia's invasion of Ukraine. In the short term, following the significant rally since the beginning of the year, European markets must now navigate uncertainties surrounding the US economic cycle. **Our portfolio is positioned to benefit from Europe's recovery and long-term measures, though given current uncertainties, we have recently opted for greater caution by strengthening our defensive pillar.**

Weitere Infos zu den Fonds

R-co Conviction Equity Value Euro



Sehen Sie sich dieses Dokument auf unserer Website an



R-co Conviction Equity Value Euro performance over the last 10 years: 41.91

Annual performance: 2023: 19.1% | 2022 : -9,6% | 2021 : 26,3% | 2020 : -9,85% | 2019 : 17,6% | 2018 : -12.7% | 2017 : 12.5% | 2016 : 4.15% | 2015 : 10.3% | 2014 : 4.1%

[1] Source: Bloomberg, 01/04/2025, total return performance in €

[2] A "value" strategy refers to investors seeking companies undervalued by the market at a given moment, meaning companies whose market valuation is lower than it should be based on earnings and asset values. Value investors select stocks with low price-to-book ratios or high dividend yields.

[3] Investors favouring a "growth" style primarily focus on the earnings growth potential of companies, expecting sales and earnings growth to be superior to that of their sector or the market average.

[4] Source: Rothschild & Co Asset Management, 01/04/2025

Completed writing on December 5, 2024.

The risk indicator assumes that you hold the product for 5 years. The actual risk may be very different if you opt to exit before maturity, and you may get less in return. We have classified this product in risk class 5 out of 7, which is between medium and high risk and mainly reflects its positioning on the Eurozone equity market. In other words, the potential losses linked to the product's future results are between medium and high, and if the situation were to deteriorate on the markets, it is likely that our ability to pay you would be affected. As this product does not provide market protection or a capital guarantee, you could lose all or part of your investment.

Advertising communication. The information, comments and analyses in this document are provided for information purposes only and should not be construed as an investment or tax advice, or as an investment recommendation from Rothschild & Co Asset Management Europe. The information/opinions/data mentioned in this document considered legitimate and correct on the day of publication, in accordance with the economic and financial environment in place at that date, are subject to change at any time. Although this document has been prepared with the greatest care from sources that Rothschild & Co Asset Management believed to be reliable and in good faith, no representation or warranty, express or implied, is made as to information accuracy or completeness, which are indicative only and are subject to change without notice. Rothschild & Co Asset Management Europe has not independently verified the information contained in this document and cannot be held responsible for any errors, omissions or interpretations of the information contained in this document. This analysis is only valid at the time of writing of this report.

Furthermore, given the subjective nature of certain analyses, we draw your attention to the fact that any information, projections, estimates, anticipations, assumptions and/or opinions are not necessarily put into practice by the management teams of Rothschild & Co Asset Management, or its affiliates, who act according to their own convictions. Certain forward-looking statements are prepared on the basis of certain assumptions, which are likely to differ either partially or totally from reality. Any hypothetical estimates are, by their nature, speculative and it is possible that some, if not all, of the assumptions relating to these hypothetical illustrations may not materialise or may differ significantly from current determinations. The information does not presume the suitability of the UCI presented to the profile and experience of each individual investor. Rothschild & Co Asset Management Europe shall not be liable for any decision taken on the basis of or inspired by the information contained

The UCIs presented above are organised according to French law and regulated by the French financial markets authority (AMF). Any investment is always subject to risk. Before any investment, please imperatively read the key investor information document (PRIIPs KID) and prospectus of the UCIs carefully, especially its section relating to risks. Each investor must also ensure the jurisdictions in which the UCI is registered. The PRIIPs KID, the full prospectus as well as the net asset value (NAV) / net inventory value (NIV) are available on our website: am.eu.rothschildandco.com. The information presented is not intended to be disseminated and does not constitute in any way an invitation for US nationals or their agents. The units or shares of the UCIs presented in this document are not and will not be registered in the United States pursuant to the U.S. Securities Act of 1933 as amended ("Securities Act 1933") or admitted under any law of the United States. These units or shares may neither be offered, sold in or transferred to the United States (including in its territories and possessions), nor directly or indirectly benefit to a "US Person" (within the meaning of Regulation S of the Securities Act of 1933) and equivalent persons (as referred to in the US "HIRE" Act of 18 March 2010 and in the FATCA provisions).

Figures provided relate to previous years. Past performance is not a reliable indicator of future performance and is not constant over time. The value of investments and the income derived from them may vary both upwards and downwards, and is not guaranteed. The value of investments and the income derived from them may vary both upwards and downwards, and is not guaranteed. It is therefore possible that you may not recover the amount originally invested. Exchange rates variation may increase or decrease the value of the investments and the resulting income when the reference currency of the UCI is different from the currency of your country of residence. UCIs whose investment policy is aimed more specifically at specialised markets or sectors (such as emerging markets) are generally more volatile than common and diversified allocation funds. For a volatile mutual fund, the fluctuations may be particularly large, and the value of the investment may therefore fall sharply. The performances presented do not take into account any fees and commissions received on the subscription and redemption of units or shares of the UCI herein. The portfolios, products or securities presented are subject to market fluctuations and no guarantee can be given as to their future development. The tax treatment depends on the individual situation of each investor and may be subject to change.

Although Rothschild & Co Asset Management information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or other damages (including lost profits), even if advised of the possibility of such damages.

No part of this document may be reproduced, in whole or in part, without the prior written permission of Rothschild & Co Asset Management, under pain of legal proceedings.

Über den Geschäftsbereich Asset Management von Rothschild & Co

Rothschild & Co Asset Management, eine Tochter der Rothschild & Co Gruppe, ist ein unabhängiger Asset Manager, der institutionellen und semi-institutionellen Investoren Investmentlösungen im UCITs Fondsmantel sowie in Spezialmandaten anbietet. Neben einem aktiv gemanagten High-Conviction Ansatz bieten wir unseren Kunden Zugang zu selektiv ausgewählten Investmentlösungen über unsere OpenArchitecture Plattform. Unser Hauptsitz liegt in Paris mit Büros in 10 weiteren europäischen Ländern. Rothschild & Co Asset Management verfügt über ca 200 Mitarbeiter und mehr als 50 Mrd. Euro verwaltetem Vermögen⁽¹⁾.

Für weitere Informationen: www.am.eu.rothschildandco.com

(1) Quelle: Rothschild & Co Asset Management, 31/07/2026.

France

29, Avenue de Messine
75008 Paris
+33 1 40 74 40 74

Belgien – Niederlande – Luxemburg

Rue de la Régence 52
1000 Bruxelles
+32 2 627 77 30

Schweiz

Rothschild & Co Bank AG
Rue de la Corraterie 6
1204 Genève
+41 22 818 59 00

Italien

Passaggio Centrale 3
20 123 Milano
+39 02 7244 31

Deutschland – Österreich

Börsenstraße 2 - 4
Frankfurt am Main 60313
+49 69 299 8840

Spanien

Paseo de la Castellana 40 bis
28046 Madrid
+39 02 7244 31

