Rothschild & Co
Asset Management

Fund Update : R-co Conviction Equity Value Euro — April 2026

Anthony Bailly
Head of European Equity

Vincent Iméneuraët
European Equities Portfolio Manager

The positive momentum that had been driving the equity markets since the start of the year was brought to an abrupt halt by a sudden resurgence of geopolitical tensions. The US-Israeli strikes launched on 28 February marked the start of a major escalation in the Middle East, characterised by Iranian retaliatory strikes targeting all Gulf countries and the de facto closure of the Strait of Hormuz. This surge in tensions led to a sharp rise in energy prices in March: Brent crude jumped by around 50%[1] over the month and the price of European natural gas (TTF index) by 53%[1], reigniting fears of stagflation in the markets. Due to their greater energy dependence, European markets were hit harder by investors: the Eurostoxx fell by 8.4% over the month, compared with a decline limited to 2.7% for the S&P 500[2] (expressed in euros), with the US index also benefiting from the dollar's appreciation. For its part, the MSCI World Index fell by 5.0%[2], also penalised by the decline in Asian markets, which are themselves heavily reliant on energy imports.

This climate of heightened tensions had a significant impact on sector performance over the period. The energy sector, the only one to end the month in positive territory, was the main beneficiary, rising by +8.6%[1]. This was followed by Chemicals at -0.4%[1], where the prospect of price rises linked to potential supply disruptions helped mitigate the impact of soaring energy costs. At the other end of the spectrum, the rise in sovereign bond yields heavily penalised the property sector (-16.2%[1]). More broadly, the macroeconomic uncertainties triggered by the conflict weighed heavily on cyclical sectors, notably consumer goods (-14.9%), industrial goods and services (-13.4%) and commodities (-13.2%)[1].

In terms of investment styles, the Value[3] style fell by 5.8% over the month[1], outperforming the market by around 260 basis points and the Growth[4] style by 510 basis points. The valuation premium of the Growth style relative to the Value style

remained at around 68%[1]. In our view, this spread is likely to continue the normalisation process that began three years ago. Indeed, two factors point in this direction: i) a persistently high interest rate environment – which is expected to continue, or even intensify; ii) fiscal support in Europe, particularly in Germany, which mainly benefits the industrial and financial sectors.

The R-co Conviction Equity Value Euro fund, meanwhile, fell by 10.3% over the period[5]. The fund was penalised, on the one hand, by its exposure to cyclical and financial stocks, and, on the other, by its under-exposure to the energy sector. We had in fact opted for this under-exposure since mid-2025, given the supply glut that had been building up in the oil market since OPEC+ gradually increased its production levels.

In a geopolitical environment that is by its very nature fluid, it is always difficult to predict with certainty how events will unfold. Our base-case scenario remains that of a temporary disruption, for the following reasons: i/ The United States has a strong interest in a rapid de-escalation: oil prices sustained above USD 100 would weigh on purchasing power, reignite inflationary pressures, force the Fed to tighten its stance and penalise financial markets. Such an energy shock would be particularly damaging to Donald Trump in the run-up to the mid-term elections, by weakening consumption, confidence and stock market momentum, making the political cost of a prolonged crisis very high. Ii/ China would not be spared by a prolonged disruption either, given its heavy reliance on oil flows transiting through the Strait of Hormuz and the negative impact on demand from its main trading partners. Discussions between Washington and Beijing could therefore play a stabilising role. Iii/ As for Iran, although the Strait of Hormuz remains its main bargaining chip, the country is militarily vulnerable and its isolation within the Gulf seems difficult to sustain in the long term, particularly as it faces internal pressures.

Despite the current tensions, we continue to expect a gradual recovery in the European industrial cycle by the second half of 2026, supported in particular by German public investment plans. In our view, many European companies exposed to this industrial cycle and domestic demand have been excessively penalised. This applies in particular to industrial and cyclical stocks such as ArcelorMittal, Heidelberg Materials, Alstom, Siemens and Forvia, but also to banks. We have generally taken advantage of last month's corrections to marginally strengthen these positions and maintain the portfolio's pro-cyclical bias.

Annualised performance as of 31/03/2026
in %

	3 years	5 years	10 years
R-co Conviction Equity Value Euro C EUR	8,44	6,96	5,85
Euro Stoxx ® NR	11,94	9,15	8,86
Relative Difference	-3,50	-2,19	-3,01

Source: Rothschild & Co Asset Management, 31/03/2026.
Past performance is not a reliable indicator of future performance.

Weitere Infos zu den Fonds

R-co Conviction Equity Value Euro

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[1] Source: Bloomberg, 31 March 2026
[2] Source: Bloomberg, 31/03/2026, Performance expressed in euros
[3] A “value” strategy refers to an investor seeking companies that are undervalued by the market at a given point in time, i.e. whose market capitalisation is lower than it should be given the company’s earnings and asset value. “Value” investors select stocks with low price-to-book ratios or high dividend yields.
[4] Investors favouring a “growth” style focus primarily on a company’s earnings growth potential, hoping that revenue and earnings growth will exceed that of its sector or the market average.
[5] Source: Rothschild & Co Asset Management, 31/03/2026

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(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