



Fund Update : R-co Conviction Equity Value Euro — May 2024



Anthony Bailly
Head of European Equity



Vincent Iméneuraët
European Equities Portfolio
Manager

After the strong progression in the first quarter of 2024, the equity markets consolidated in April. The MSCI World recorded a decline of 2.6% and the S&P 500 of 3.0%¹. The decrease in the Eurostoxx was of a more limited extent at -1.9%. This decline in the indices reflects both the market's consideration of a less aggressive scenario regarding future interest rate cuts and the return of geopolitical tensions. This configuration benefited the oil sector (+4.8%), with Brent reaching a year-to-date high of \$91 per barrel before dropping back below \$88 by the end of the month¹. The banking sector (+3.5%) benefited from the rebound in interest rates¹⁵. Retailing (-6,3%) and autos (-5.8%) were the most affected, mainly due to disappointing earnings reports¹.

The resurgence in US inflation led investors to revise the number of rate cuts they expect this year (now just one), confirming the Fed's "higher for longer"² interest rate scenario. This has led to continued outperformance of the value style³, which began in March. In April, in the Eurozone, the value style indeed outperformed the growth style⁴ by +4.3%, reducing its underperformance since the beginning of the year to -2.2%⁵. Despite this reversal of trend over the past two months, the valuation gap between the two styles remains significant: 9.5x in P/E⁶ for value (close to its all-time lows) and 21.6x for growth (close to its all-time highs despite the rebound in interest rates)⁷.

R-co Conviction Equity Value Euro limited its decline to -0.5% for the month, outperforming its benchmark by nearly 140 basis points⁸. This outperformance is largely explained by the fund's overexposure to the energy and banking sectors and its underexposure to the technology sector, which suffered from rising interest rates. To a lesser extent, the fund also benefited from a favorable selection of securities in the media (Prosieben) and healthcare (Sanofi) sectors, partially offset by the disappointing performance of ArcelorMittal in the commodities sector for the month.

In terms of movements, we continued to strengthen our position in Forvia early in the

month, convinced that the Group's operational improvement was not reflected in its valuation. We also continued to build our position in Technip Energies within the oil sector. The growth dynamics remain very favorable for the Group, and furthermore, oilfield service companies seem to offer more appreciation potential at present. At the same time, we took profits on two stocks that have significantly outperformed in recent months: Inditex and Wienerberger.

The strong rotation in favor of the growth style at the beginning of the year has reversed over the past two months. The value style has benefited from interest rates higher than investors' expectations and macroeconomic data confirming the inflection point in growth in Europe. This scenario has renewed attraction to the Old Continent, particularly to cyclical value sectors whose valuations do not reflect this recovery scenario. This situation has allowed the banking and oil sectors, in which we remain overweight, to be drivers of this rebound. However, we continue to steer clear of growth sectors, which remain richly valued, a stance we find incompatible with the current level of real interest rates and a negative trend in earnings revisions for these sectors, unlike the value sectors.

Weitere Infos zu den Fonds

R-co Conviction Equity Value Euro



Sehen Sie sich dieses Dokument auf unserer Website an



-
- (1) Source: Bloomberg, 30 April 2024. Performances in euros, calculated with dividends reinvested.
(2) Higher for longer.
(3) The value style consists in investing in discounted companies, i.e., those whose share prices at a given moment are below what they should be on the basis of their results and the values of the companies' assets. Value investors select stocks with low price/book ratios or high dividend yields.
(4) Growth investors focus mainly on companies' growth potential, hoping that revenues and earnings will increase more than the sector's or the market average.
(5) Source : Bloomberg, 30/04/2024.
(6) Price earnings ratio.
(7) Sources: FactSet, Goldman Sachs Investment Research, Bloomberg, 3 May 2024.
(8) Sources: Bloomberg, Rothschild & Co Asset Management, 3 May 2024.

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

R-co Valor is a SICAV, R-co Valor Balanced is a sub-fund of the "R-co" Sicav registered 844 443 390 RCS Paris and R-co Valor 4Change Global Equity is a sub-fund of the SICAV "R-co 2", registered 889 511 700 RCS Paris, hereinafter referred to as the "funds" or the "UCIs". UCIs are incorporated under French law, whose registered office are 29 avenue de Messine – 75008 Paris, R-co Valor registered under number 789 648 409 RSC PARIS and R-co Valor Balanced under number 844 443 390 RCS Paris. 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

Schweiz

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

Deutschland – Österreich

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

Belgien – Niederlande – Luxemburg

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

Italien

Passaggio Centrale 3
20 123 Milano
+39 02 7244 31

Spanien

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

