Rothschild & Co
Asset Management



R-co Valor – Investing beyond market concentration



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In a global market dominated by a few very visible pockets of growth, notably around artificial intelligence in the United States but also in South Korea, an increasing share of flows is concentrating on a limited number of stocks. This polarization mechanically penalizes more diversified and international approaches, even when these remain exposed to companies whose valuations are attractive and whose earnings growth remains in line with the market average. In this context, the market rises, but on a narrow base, leaving little room for more balanced segments and depriving certain strategies of the immediate recognition they could expect.

It is precisely in this type of environment that the R-co Valor approach makes full sense: a conviction-driven management, without structural style bias, which seeks neither to align mechanically with the most prominent growth stocks, nor to lock itself into a purely "value"[1] reading of the markets. The fund's objective remains constant: to identify, on a case-by-case basis, companies offering the best risk/return profile, independently of their stylistic classification. This investment discipline sometimes leads to going through temporary phases of divergence from indices, but it also allows for preserving real diversification in markets increasingly dependent on a limited number of performance drivers.

Since the beginning of the year, the main source of weakness in the portfolio has come, in an apparently counter-intuitive way, from its technology component, and more particularly from Chinese technology. After two years of sustained buying on Hong Kong-listed equities by Chinese domestic investors, these flows have significantly slowed. At the same time, international investors have redirected their allocations toward Korea in order to more directly capture the semiconductor rally linked to artificial intelligence infrastructures. Asia ex-Japan has thus constituted the main source of underperformance over the period. The healthcare sector, strengthened in recent months, has not played the

expected defensive role either, while exposures to commodities and industrials have contributed positively without however offsetting the magnitude of the move observed in the segments most directly driven by the AI theme.

Nevertheless, the fund does not call its convictions into question. Its exposure to Asia first responds to a structural logic: capturing the region's consumption dynamics and the emergence of local leaders on future themes. In China, the portfolio is notably positioned on artificial intelligence through domestic models whose performance is gradually approaching that of American players, while relying on cost structures that are often more competitive. These advances come with valuation levels that are significantly lower than those observed in Western markets, which strengthens, according to the management team, the relative attractiveness of these cases. At the portfolio level, the recent correction of certain stocks has been deemed excessive, which has led to reinforcing certain positions in order to improve average acquisition prices, in compliance with the fund's fundamental discipline.

Beyond the most visible stocks in the technological value chain, R-co Valor adopts a broader and more structural reading of the artificial intelligence revolution. It is not limited to model designers or semiconductor manufacturers alone: it also mobilizes more upstream or more diffuse segments, which play an equally essential role in the development of this new economic infrastructure. This is notably the case of mining companies, in particular copper, a key resource in the expansion of data centers and electrical networks, but also of American utilities, essential to the energy supply of these new computing capacities. This broadened vision of value creation explains the maintenance of significant exposures to certain mining, industrial or international stocks considered unjustly neglected.

Maintaining a significant cash pocket is also part of this logic. It is a fully assumed choice, which stems both from prudence and flexibility. In a context marked by persistent uncertainties regarding the evolution of interest rates, economic policies and geopolitical tensions, this reserve contributes to better controlling the overall risk profile of the portfolio. But it also constitutes a real reservoir of opportunities, allowing the fund to remain reactive and to quickly seize attractive entry points. This active cash management is fully consistent with the flexible nature of R-co Valor, whose exposure to equities can evolve depending on market conditions.

The current conviction is that an environment of normalization of geopolitical tensions and a gradual broadening of market performance could restore the full relevance of the fund's positioning. As the benefits of artificial intelligence spread beyond the most visible players, sectors such as healthcare or financials — respectively the third and fourth largest weightings in the portfolio — could capture more broadly the spillover effects. In a universe still dominated by concentrated flows and very polarized market behaviors, contrarian management is not a stance, but a discipline. It consists in preserving a diversified and coherent allocation, while waiting for performance to cease being a phenomenon narrowly dependent on flows and to become more widely shared again.

Annualised performance as of 29/05/2026
in %

	3 years	5 years	10 years
R-co Valor C EUR	11,79	6,18	9,13

Source: Rothschild & Co Asset Management, 29/05/2026.
Past performance is not a reliable indicator of future performance.

Recommended investment period: 5 years

R-co Valor SRI 4/7

The synthetic risk indicator shows the level of risk of this product compared with others. It indicates the probability that this product will incur losses in the event of market movements or our inability to pay you. The risk indicator assumes that you hold the product for 5 years. The real 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 4 out of 7, which is a medium risk class and mainly reflects a discretionary management policy on equity markets and fixed-income products. In other words, the potential losses linked to the product's future results are at an average level, and if market conditions were to deteriorate, our ability to pay you could be affected. As this product does not provide protection against market fluctuations or a capital guarantee, you could lose all or part of your investment. The geographical and sector allocations and distributions are not fixed and may change over time, within the limits of the SICAV's prospectus. The figures cited relate to past months. Past performance is not a reliable indicator of future performance and is not consistent over time. Performance is calculated in euros and net of reinvested dividends. The information contained in this document does not constitute investment advice, tax advice, a recommendation, or investment advice from Rothschild & Co Asset Management.

Learn more about the fund(s)

R-co Valor

Check this document on our website

[1] The term “value” strategy refers to an approach in which investors seek out companies that are undervalued by the market at a given point in time—that is, companies whose market capitalization is lower than it should be given their earnings and the value of their assets. Value investors select stocks with low price-to-book ratios or high dividend yields.

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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 leveraging our long-term expertise in active management with conviction as well as in delegated management. Based in Paris and operating in 10 European countries, we manage more than 50 billion euros and employ nearly 200 people(1).
More information at: www.am.eu.rothschildandco.com

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

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