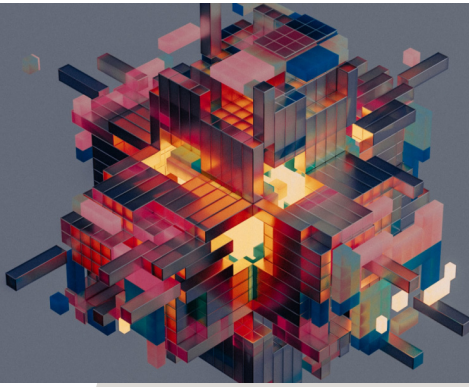




Fund update: R-co Thematic Blockchain Global Equity — May 2024



Charles-Edouard Bilbault
Global Equities Portfolio Manager

“Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.” – Winston Churchill



Klara Sok
R-co Thematic Blockchain Global
Equity Co-Portfolio Manager

After a strong first quarter for the Blockchain theme, April's flows into digital assets products stabilized. US\$102m was divested, bringing YTD net inflows to US\$13bn¹. Market euphoria around Spot Bitcoin ETF started to slowdown, reflecting on a larger risk-off trend for risk assets, as rate cuts expectations are once again pushed back. The strength of the US economy combined with persistent inflation continues to put the FED under pressure. However, we remain extremely confident in the pace of inflows for the coming months, carried out by more product distribution across wealth managers and an asset scarcity narrative post-halving. Industry adoption for Blockchain solution continues to be buoyant, especially in the financial infrastructure space. Tokenization of real-world assets kept developing and is mission critical for the future growth of many key industry players. This month, BlackRock introduced a 24/7 near instant blockchain based redemption service to its tokenized money market fund¹. The fund reached US\$375m AuM at the end of April, less than two months after launch.

Unsurprisingly, the portfolio's Transportation/Logistics, Industrial Applications/Audit Trail, and Web3 categories were the most resilient, whereas companies involved with digital assets and blockchain infrastructure mostly experienced volatility and profit-taking. Blockchain infrastructure company Northern Data however positively distinguished itself, supported by strong fundamental improvements and extension of

favorable sell-side coverage. Some portfolio companies began releasing their first-quarter earnings in the second half of April, with the majority expected to publish in May. Early earnings reports were generally positive or in line with expectations. Market kept highly demanding this quarter so far with high scrutiny on financial discipline and full-year outlook, likely seeking data to build macro-economic scenario for the remainder of the year.

In this context, we increased the portfolio equity exposure. At the end of the month, equity exposure was 99.7%². We introduced two new companies in the portfolio: Northern Data, a German data center operator and Tesla as an opportunistic entry point materialized. We anticipate significant improvements in the operations of Northern Data after two years of reorganization. The upcoming operational commissioning of additional 10,000 Nvidia H100 GPUs received at the end of 2023 will enhance Northern Data's service offering and diversify further operations to generative AI. The company distinguishes itself by the extensive use of renewable energy sources and highly efficient use of power. We built a position on Tesla in anticipation of earnings, as we considered the company excessively sanctioned. Lower-cost EVs coming in 2025 supports next year growth reacceleration thesis and was well received by the market. We strengthened our position on Coinshares and took some profits ahead of earnings on Meta and Nvidia.

Industry news to watch

Announcements made this month by established companies of blockchain based innovations continued to pertain to various sectors of the economy and enterprise use-cases. Among many others:

[BlackRock](#) offers 24/7 near instant redemptions on its tokenized fund through USDC smart contracts developed by Circle.

[Ernst and Young](#) launches a multiparty business agreement fulfilment platform using blockchain to streamline the complex process and improve time efficiency.

[PayPal and Energy Web](#) team up to incentivize green bitcoin mining.

Learn more about the fund(s)

R-co Thematic Blockchain Global
Equity



Check this document on our website



[1] Source: Coinshares, data as of 26/04/2024.

[2] Source: Rothschild & Co Asset Management, 30/04/2024.

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

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