

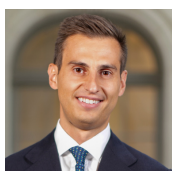


Quarterly Strategy Q2 2026 - R-co Valor & R-co Valor Balanced



Yoann Ignatiew
 General Partner, Head of
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The quarter began in a turbulent environment. Amid airstrikes in the Middle East, renewed geopolitical tensions, and another surge in energy prices, the markets were once again confronted with the unpredictable.



Charles-Edouard Bilbault
 Global Equities Portfolio Manager

At the start of the year, the consensus had anticipated a relatively smooth scenario: slowing inflation, monetary easing, and a soft landing for the major economies. This trajectory has gradually become more fragile. Inflation has proven more persistent, energy prices remain under pressure, and geopolitical factors have contributed to a deterioration in the macroeconomic outlook. The notion of a “two-speed” market has taken hold. On the one hand, companies most exposed to artificial intelligence, particularly semiconductor manufacturers, are the focus of most attention and are driving a large portion of market performance. On the other hand, the rest of the market, which is more closely tied to the economic cycle, appears more vulnerable to a prolonged period of high rates.



Henri Captier
 Global Equities Portfolio Manager

Driven by a clear resurgence in risk appetite during the quarter, fueled by easing tensions in the Middle East, equity markets posted particularly strong gains. The MSCI ACWI rose 15% over the quarter (+11% year-to-date), while the S&P 500 and the Euro Stoxx 50 gained nearly 15%, bringing their year-to-date returns to +10% and +11%, respectively¹. Emerging markets stood out with a 24% gain, while the Hang Seng lagged behind (-6% for the quarter, -9% year-to-date)¹. Finally, enthusiasm for artificial intelligence propelled the semiconductor sector into a dizzying rally. The Philadelphia Index is a striking illustration of this, with an 88% gain for the quarter and a 101% gain year-to-date¹.

From a macroeconomic perspective, the quarter was marked by the return of a major



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dilemma for central banks. In the United States, inflation accelerated to 4.2% year-over-year in May, while the economy remained strong, with first-quarter GDP growth revised to 2.1% and the unemployment rate stable at 4.3%. The Fed kept interest rates unchanged, but its tone hardened in response to persistent inflationary pressures. Kevin Warsh's initial remarks were unexpected, highlighting a significantly tougher stance on inflation. He also expressed his desire to move away from the use of "forward guidance"², which involves signaling the future path of policy rates in advance. This shift in communication could introduce greater uncertainty for investors regarding how to interpret the direction of monetary policy. In the eurozone, inflation also accelerated to 3.2%, while the economy contracted by 0.2% in the first quarter³. Against this backdrop, the ECB raised its deposit rate by 25 basis points to 2.25%, while leaving the door open to further hikes should inflationary pressures persist. This decision may appear surprising given the visible slowdown in economic activity, as monetary tightening risks further weighing on Europe's already fragile growth.

R-co Valor

R-co Valor fell 1.7% over the quarter (Class C), bringing its year-to-date performance to -5.9%⁴. The underperformance observed over the quarter was due to a combination of two factors: a significant correction in mining stocks, particularly gold stocks, and an unfavorable position in the Chinese technology sector.

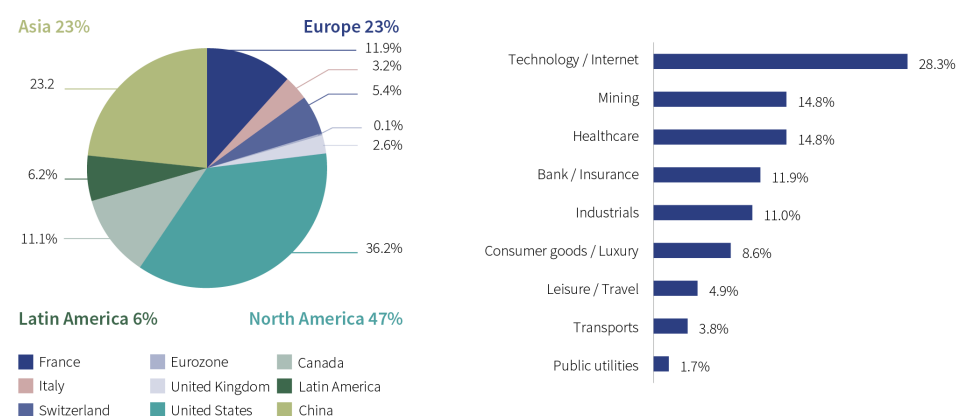
Momentum in the technology sector as a whole remains strong, but is increasingly concentrated in a specific segment of artificial intelligence: hardware, which includes semiconductor manufacturers. For example, the Korean KOSPI stock index composed of 50% from two stocks, Samsung Electronics and SK Hynix, posted a sharp gain, rising +68% over the quarter¹. By contrast, the Chinese companies held in the portfolio are primarily internet-based firms exposed to e-commerce and consumer spending, which keeps them on the sidelines of the segments currently in highest demand. This divergence was accompanied by a less favorable market environment, against a backdrop of renewed concerns about China's growth outlook. In the commodities market, **gold erased all of its gains since the start of the year, falling 30% from its high point¹**. This development comes amid a shift toward a more hawkish stance by the Federal Reserve, suggesting a possible rate hike by the end of the year, accompanied by a strengthening of the dollar. Conversely, **the industrial and luxury sectors were among the top contributors over the period, marking a break from the trend observed in the first quarter for the latter**. The luxury sector benefited from a rebound supported by easing geopolitical tensions, which point to a recovery in consumption and tourism—two key drivers for the sector. At the same time, corporate commentary suggests an improving business environment. Against this backdrop, certain portfolio holdings performed particularly well over the period, such as LVMH, Ferrari, and, even more so, Richemont, whose performance proved especially strong. The industrial sector also emerged as one of the main contributors to the quarter's performance. This momentum was largely driven by Airbus and Bombardier, which benefited from continued favorable conditions in the aerospace industry. At the same time, North American rail operators, Canadian Pacific Kansas City,

and Union Pacific provided significant support, capitalizing on the increase in freight volumes in North America.

R-co Valor's equity exposure stood at 76% at the end of the quarter.⁴ This apparent stability actually reflects dynamic management. The team made numerous portfolio adjustments, initiating new convictions, and completely exiting certain stocks following periods of strong appreciation. Management remained active yet disciplined. These moves did not represent a shift in asset allocation, but rather a desire to improve the average purchase price on certain holdings that had come under pressure. In this context, exposure was increased in Europe notably through LVMH as well as in emerging markets, with positions such as HDFC, Itaú Unibanco, Tencent, Alibaba, and Xiaomi. The healthcare sector was also strengthened, marked by the initiation of a position in Boston Scientific and increased exposure to Medtronic, Thermo Fisher, and BioMarin. In addition, mining stocks were favored, particularly in the gold segment, with increased holdings in Novagold and LunR Royalties.

At the same time, profit-taking took place in the industrial sector. This resulted in the complete divestment of Bombardier, as well as a reduction in the position in Air Liquide. Finally, cross-sector transaction was carried out, including profit-taking through partial sales of Alphabet and Freeport-McMoRan, as well as the complete divestment of Schlumberger, AES, Pfizer, and Morgan Stanley. **Cash and cash equivalents account for 24%⁴. Maintaining a cash buffer is a central component of our investment strategy.** This cash position should not be viewed as a cost, but as a source of flexibility. It allows us to avoid being fully exposed to market excesses and provides a reserve of flexibility to quickly seize opportunities when market dislocations arise.

R-co Valor: Portfolio's geographical and thematic breakdown of the equity pocket



Source: Rothschild & Co Asset Management, 30/06/2026.

R-co Valor Balanced

R-co Valor Balanced has a 38.5% equity exposure; the bond portfolio accounts for 51.2%, with the remainder invested in money market instruments and similar assets⁴. Over the quarter, the fund posted a gain of 0.2%, bringing its year-to-date performance to -2.7%⁴.

Equity Pocket

The equity allocation of R-co Valor Balanced mirrors that of R-co Valor. The adjustments made and the positioning are identical

Fixed Income pocket

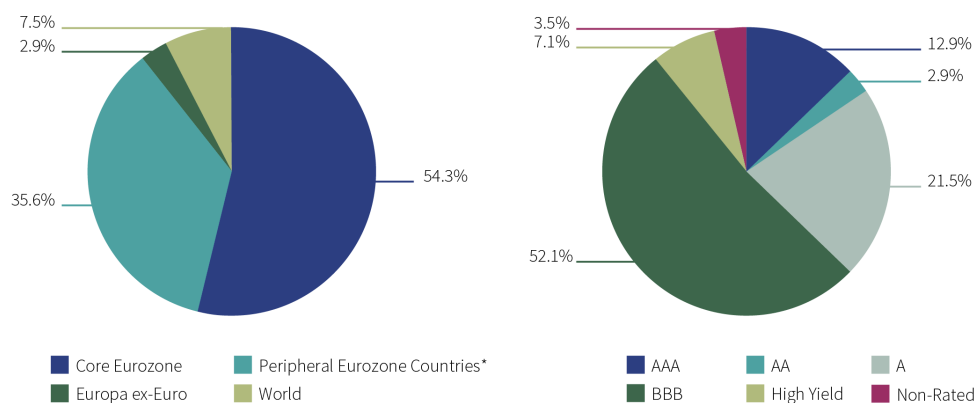
In the second quarter of 2026, bond markets were particularly volatile. Yields rose through mid-May amid geopolitical tensions in the Middle East and a resurgence of inflation concerns. The trend then reversed toward the end of the period, driven by a decline in oil prices and the release of more reassuring inflation data. In the United States, the 10-year Treasury yield ended the quarter up 14.7 basis points at 4.47%, while in Germany, the 10-year Bund yield fell 14.4 basis points to 2.86%. Euro-denominated credit markets performed well over the period. While both the Investment Grade⁶ and High Yield⁷ segments posted gains, High Yield stood out with relative outperformance. Over the period, the High Yield segment posted a gain of +3.7%, compared with +2.4% for Investment Grade⁵. June was an exceptionally dynamic month for the euro-denominated primary bond market, with several issuance records set and strong participation from sovereign, supranational, and private issuers. **Globally, governments issued approximately €440 billion in bonds in the first half of 2026, exceeding the amounts seen during the COVID-related fiscal stimulus measures in 2020.** New issues were generally oversubscribed several times over, across the Investment Grade, High Yield, and sovereign segments.

Within the R-co Valor Balanced bond portfolio, credit exposure was significantly increased through several strategies. First, investments were made in the primary market at the beginning of the quarter, particularly in financial issuers offering attractive carry, such as Banca Transilvania and PKO Bank Polski, allowing the fund to capture attractive yields within the European banking sector. Additionally, the allocation was supplemented by corporate bonds, with positions in issuers such as Universal Music and Verisure. In this context, **the investment-grade segment continues to be favored within the strategy. For several months now, the management team has shown a marked preference for A-rated issuers**, whose yields are particularly close to those observed for BBB-rated issuers, thus offering a risk/return profile deemed more attractive. Finally, we have introduced CDS positions⁸ for hedging purposes; these positions accounted for 12% of the bond exposure at the end of the quarter.

The allocation of the R-co Valor Balanced fund remains well positioned for the current environment. The equity portion provides exposure to R-co Valor's international investment themes, while the bond portion offers the ability to adjust the risk profile

through modified duration, credit quality, and hedging instruments. **In a world where interest rate trends remain less predictable, this multi-asset approach offers a significant advantage.**

R-co Valor Balanced: Geographical and by rating breakdown of the fixed income pocket



Source : Rothschild & Co Asset Management, 30/06/2026.
Others Eurozone, Italy and Spain.

Outlook

After a period marked by high concentration, the coming months could be conducive to a gradual broadening of the sources of performance. **While demand related to artificial intelligence remains strong, supported by massive investments by hyperscalers in computing infrastructure, the scale of the capital inflows and price appreciation observed in recent months nevertheless reflects a level of optimism that appears increasingly unsustainable.** One area of concern relates to expectations regarding the return on investment from spending by hyperscalers: doubts about their profitability, or a temporary slowdown in demand after several years of intensive investment, could weigh on the sector. Furthermore, investors' particularly high exposure—sometimes amplified by leverage—is likely to exacerbate the magnitude of any potential pullback. Other factors could also play a role, such as a rise in long-term interest rates, a more restrictive stance by central banks, escalating trade tensions between the United States and China, or the emergence of signs of overcapacity in certain segments. In this regard, the rise of Chinese players poses a structural threat to established players.

A broadening of performance drivers could benefit several sectors we have recently increased our exposure to, notably healthcare and financials. Valuations in the healthcare sector are at historically low levels, near their 15-year lows, even as strong product pipelines point to an acceleration in sales starting in 2027. Financials, for their part, could benefit from a sustained environment of higher interest rates. **Furthermore, we believe that investor attention could gradually shift toward other segments linked to the artificial intelligence ecosystem.** These include, in particular, certain Chinese technology companies, stocks exposed to copper—a key metal for the development of data center infrastructure—as well as electricity producers, which are set to benefit from structurally growing demand.

We remain committed to the investment approach that has driven the fund's success over the past 32 years. We are maintaining our course and our investment discipline. We continue to identify companies that we believe are currently oversold by the market, while selectively taking profits when we deem it appropriate and gradually adding new holdings to the portfolio. Our investment horizon is not driven by a quarterly mindset.

We remain committed to a long-term investment approach. The current environment remains challenging for diversified strategies. **In an environment still dominated by polarized capital flows and investor behavior, our strategy nevertheless remains unchanged: maintaining a diversified portfolio today in order to position ourselves ahead of a broader normalization of the markets tomorrow.**

Annualised performance as of 30/06/2026
in %

	3 years	5 years	10 years
R-co Valor C EUR	9,76	5,67	9,01

Source: Rothschild & Co Asset Management, 30/06/2026.
Past performance is not a reliable indicator of future performance.

Annualised performance as of 30/06/2026
in %

	3 years	5 years	Inception
R-co Valor Balanced C EUR	7,89	3,23	5,06

Source: Rothschild & Co Asset Management, 30/06/2026.
Past performance is not a reliable indicator of future performance.

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Learn more about the fund(s)

R-co Valor



R-co Valor Balanced



Check this document on our website



(1) Source: Bloomberg, 30/06/2026

(2) Forward guidance refers to the communication through which a central bank indicates in advance the likely direction of its monetary policy and the expected evolution of its interest rates.

(3) Source: Eurostat, June 2026

(4) Source: Rothschild & Co Asset Management, 30/06/2026

(5) Source: Bloomberg, 30/06/2026

(6) Debt securities issued by companies or sovereign states with a credit rating between AAA and BBB- according to the Standard & Poor's rating scale.

(7) High Yield bonds are issued by companies or sovereign states with a high credit risk profile. Their credit rating is below BBB- according to the Standard & Poor's rating scale.

(8) A Credit Default Swap (CDS) is a derivative instrument that provides protection against the risk of default on debt issued by a sovereign state or a company. This hedging strategy is applied to the portfolio's crossover segment, i.e. securities rated between BB and BBB according to the Standard & Poor's rating scale.

Past performance is not a reliable indicator of future performance and is not constant over time. Performance takes into account all costs charged to the fund and dividends reinvested, but does not take into account costs borne by the investor

R-co Valor Performance for 10 years : 115 %

Annual Performance: 2024 : 16,7% | 2023 : 13% | 2022 : -8.1% | 2021 : 12.7% | 2020 : 6.7% | 2019 : 28.6% | 2018 : -13.2% | 2017 : 9.5% | 2016 : 19.9% | 2015 : 4.55%

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.

R-co Valor Balanced Performance since inception (24/10/2018[MC1]) : 29,67% Annual Performance: 2023 : 11,3% | 2022 : -11,8% | 2021 : 6,7% | 2020 : 5% | 2019 : 15,7%

Recommended investment period: 3-5 years

R-co Valor Balanced SRI 3/7

Risk indicator 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 3 out of 7, which is between low and medium risk and mainly reflects a discretionary management policy exposing the portfolio to equity and fixed-income markets with a balanced profile. In other words, potential losses linked to the product's future performance are between low and medium, and should market conditions deteriorate, it is unlikely that our ability to pay you will be affected. As this product does not provide market protection or a capital guarantee, you could lose all or part of your investment.

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

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