Rothschild & Co
Asset Management



When Rates Change the Market Landscape



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We remain convinced that diversification is a key driver of long-term value creation. R-co Valor's ability to maintain diversified exposure, at times significantly different from market indices, has historically contributed to its success. In an environment shaped by a handful of dominant market narratives, we continue to focus on areas of the market where we believe the gap between perception and reality is greatest. It is often outside the consensus that the most attractive opportunities emerge.

Inflation risk moved firmly back into focus during the third quarter of 2026. A sharp rise in energy prices, triggered by renewed tensions in the Strait of Hormuz, revived concerns over a potential price shock. Against this backdrop, central banks struck a decidedly hawkish tone, reiterating their commitment to price stability. The Federal Reserve raised its policy rate for the first time, bringing the target range to 3.75%–4%[1]. Meanwhile, the European Central Bank continued to tighten monetary policy and the Bank of Japan pressed ahead with its monetary policy normalisation.

So far, this shift in the macroeconomic backdrop has been felt most acutely in bond markets. **The 10-year US Treasury yield reached 5.3% for the first time since 2007, while the 10-year German Bund yield approached 3.6%, returning to levels last seen around the Global Financial Crisis. Equity markets, however, proved remarkably resilient in the face of higher yields.** After correcting in July amid weakness in technology stocks and a rebound in energy prices, global equities subsequently resumed



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their upward trend. The MSCI ACWI gained 1.3% over the quarter[2]. **The United States remained the main driver of global equity performance**, with the S&P 500 rising 2%[2], supported by robust corporate earnings and a resilient economy. Europe underperformed, given its greater exposure to rising energy costs and the earlier implementation of restrictive monetary policy. Emerging markets also came under pressure as the Chinese economy slowed more sharply than expected and the US dollar remained strong. The quarter also highlighted a shift in leadership within the technology sector. Following strong gains in the first half of the year, artificial intelligence infrastructure and semiconductor stocks entered a period of consolidation. Investor interest temporarily shifted towards internet platforms and software companies, which had largely remained on the sidelines of the earlier equity rally. **More broadly, this broadening of market participation benefited several sectors that had been overlooked in recent months, reducing the market's reliance on a narrow group of stocks to drive returns.**

Gold also continued to advance despite a backdrop that, at first glance, appeared relatively unfavourable. After a difficult July, when rising real yields and a stronger dollar weighed on the precious metal, gold rebounded sharply in August (+10%) before consolidating towards the end of the quarter[2]. It ended the period up 3.7%, supported by central-bank buying, renewed inflows into gold ETFs and continued demand for protection against geopolitical tensions, rising government debt and uncertainty over the path of inflation.

R-co Valor: Discipline in the face of consensus

R-co Valor gained 1.8% over the quarter (Class C) [3]. The period once again demonstrated that, beyond short-term market fluctuations, a less concentrated market provides a more favourable backdrop for our investment approach. The correction in semiconductors, a segment to which the portfolio has no exposure, prompted a rotation towards areas of the market that had lagged in recent months. This was particularly evident in July and August. **Mining and healthcare stocks were among the main beneficiaries of this rotation**, as investors rediscovered, among other attributes, the appeal of their more defensive characteristics. Chinese technology stocks also performed well, even as conditions became more challenging for the major US technology companies. Following the broadening of the market observed over the summer, September saw a return to favour of many of the stocks that had led markets earlier in the year, reversing some of the gains made by previously overlooked segments. **Nevertheless, the overall pattern remained supportive for the fund over the quarter, highlighting the benefits of a portfolio that is less dependent on the small number of themes that have dominated markets in recent months.**

R-co Valor's equity exposure was reduced to 74.4% at the end of September[3], reflecting our current relatively cautious positioning. The resilience of equity markets in the face of rising interest rates, the approaching US midterm elections, increasingly demanding corporate earnings expectations and the historically high concentration of flows in a limited number of stocks led us to gradually reduce portfolio risk. This more

cautious stance does not reflect a weakening of our underlying convictions. Rather, it is intended to preserve flexibility at a time when valuations remain demanding across several areas of the market. **Equities continue to benefit from strong earnings, but investors must now contend with a new reality: bond yields have reached levels that allow fixed income to compete directly with risk assets.**

Our reduction in risk during the quarter was primarily achieved through profit-taking in several of the portfolio's strongest contributors. We trimmed our holdings in North American railway operators Canadian Pacific and Union Pacific, whose outlook had benefited from rising freight volumes. We also reduced positions in a number of stocks that had rebounded strongly in recent months, including BioMarin and Thermo Fisher in healthcare and Ferrari in the luxury sector. At the same time, we continued to streamline the portfolio by exiting several positions entirely. In China, we completed the disposal of Hello Group and Vipshop, continuing a process initiated several quarters ago. **We also sold Roche and Honeywell International, while Meta was fully exited towards the end of the period.**

These transactions reflect our investment discipline: taking profits when we believe that a greater share of a company's potential is already reflected in its valuation, and reallocating capital towards opportunities where we see more compelling value-creation potential. Against this backdrop, **we took advantage of the market pullback in July to increase several long-term convictions.** We increased our exposure to gold-mining companies through Agnico Eagle and NovaGold, as the sector correction offered what we considered attractive entry points.

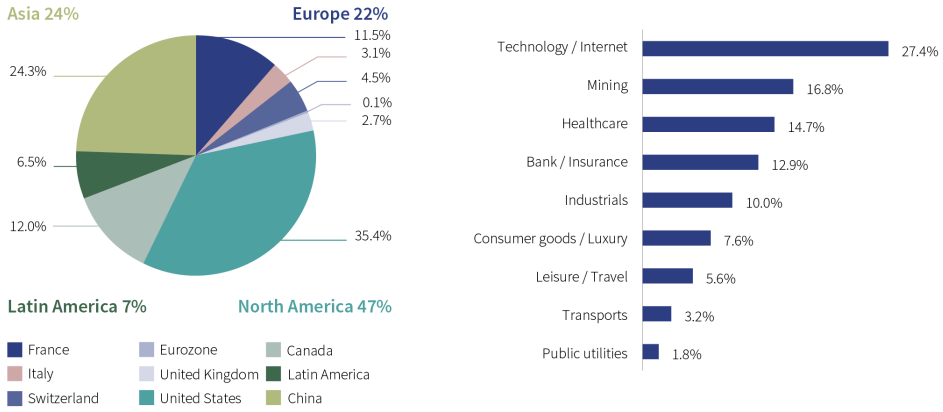
We also increased our emerging-market exposure through several leading financial institutions: Itaú Unibanco in Latin America, Ping An in China and HDFC Bank in India. In our view, the financial sector is particularly well positioned to benefit from the expansion of the middle classes in these regions, capturing growth in savings, credit and domestic consumption. We also initiated a position in Honeywell Aerospace. The company has significant exposure to maintenance and services activities, which tend to be more resilient across economic cycles, while its valuation remains below that of its main peers. Finally, we took advantage of recent weakness in selected stocks to add to our positions in Uber, CATL and AstraZeneca, where we believe current valuations do not fully reflect their long-term value-creation potential.

We remain invested in several high-conviction themes that, in our view, continue to offer attractive potential, even where our positioning runs counter to market consensus. We retain strong conviction in several Chinese technology companies, as we believe the market is underestimating the ability of several leading players to monetise their position within the artificial intelligence ecosystem. We also maintain significant exposure to mining companies. **Our investment thesis on gold remains unchanged, supported by sustained demand from central banks and structural supply constraints linked to ageing mining assets and declining ore grades. We also remain constructive on copper, which is essential both to the electrification of the economy and to the infrastructure required to support the expansion of artificial intelligence and data centres.** Finally, **we have significantly increased our exposure to the healthcare sector** in recent months. After several years of investor neglect, the sector now combines three

characteristics that are rarely found together: reasonable valuations, strong earnings visibility and limited sensitivity to the economic cycle. In a market dominated by a small number of highly consensual growth themes, we believe this asymmetry is particularly compelling.

In an environment dominated by a limited number of highly consensual themes, we have maintained a deliberately selective and diversified approach. We remain convinced that diversification is a key driver of long-term value creation. R-co Valor's ability to maintain a diversified portfolio, at times significantly different from market indices, has historically contributed to its success. We intend to maintain the same discipline as markets become increasingly concentrated and volatile. **In a market shaped by a handful of dominant narratives, we continue to focus on areas where we believe the gap between perception and underlying reality is greatest. The most compelling opportunities often emerge away from consensus.** With just over 25% of the fund's assets currently invested in money-market instruments, **we continue to manage this allocation with discipline. It also provides a meaningful reserve of capital that can be deployed when markets offer more attractive investment opportunities[3].**

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



Source: Rothschild & Co Asset Management, 30/09/2026.

Geographical and sector allocations and breakdowns are not fixed and may change over time, within the limits set out in the fund prospectus.

R-co Valor Balanced: Rediscovering yield without sacrificing diversification

At the end of September, R-co Valor Balanced had an equity exposure of 37.5% and a bond exposure of 49%[3], with the remainder invested in money-market instruments and similar assets. **The fund declined by 0.5% over the quarter (Class C) [3]**, primarily affected by rising interest rates and their impact on the bond sleeve.

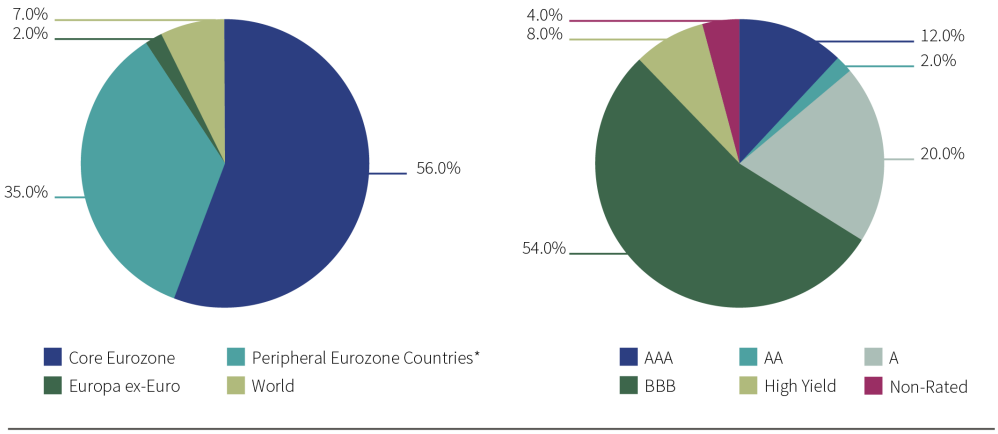
Equity pocket

R-co Valor Balanced's equity allocation mirrors that of R-co Valor. Its positioning and the portfolio changes made during the quarter were therefore identical.

Fixed Income pocket

The 10-year US Treasury yield moved above the symbolic 5% threshold for the first time since 2007. **The 30-year yield rose above 5.6%, returning to levels not seen since the early 2000s. Growing concerns over the US fiscal trajectory, with public debt approaching USD 40 trillion and persistent budget deficits, weighed particularly heavily on the long end of the yield curve[2].** In Europe, the 10-year German Bund yield rose to 3.58%, briefly reaching 3.64% towards the end of the month[2]. The move was primarily driven by global energy shock, which led investors to anticipate further monetary tightening from the European Central Bank. Markets were pricing in close to 75 basis points of additional rate increases by the end of 2027. **France was the most heavily affected market. The 10-year OAT yield rose sharply to 4.85%, its highest level since 2008.** The spread between the French 10-year OAT and the German 10-year Bund widened significantly to 127 basis points, its highest level since 2012[2]. This underperformance reflected a combination of mounting fiscal concerns and weakening domestic economic momentum. **Within euro credit, the Investment Grade index[4] declined by 2.6% over the quarter. The ICE BofA EUR High Yield index[5] outperformed its Investment Grade counterpart, declining by 1.8% over the period[2].** The more speculative segments nevertheless came under pressure towards the end of the quarter as financing conditions tightened significantly. Credit spreads widened accordingly, reflecting a more uncertain macroeconomic environment. Within the fund, additions were concentrated primarily in the primary market and focused mainly on Investment Grade bonds. After a prolonged period in which low yields limited their appeal, we believe bonds are once again able to provide a credible alternative to equities. **While higher interest rates weighed on bond markets in the short term, they have also improved the prospective returns available to investors. With yields of close to 4.5% on the fund's bond allocation and exposure concentrated in Investment Grade issuers, we believe fixed income is now well positioned to make a meaningful contribution to the portfolio's future performance[2].** The fund's modified duration was increased to 4.7, primarily through futures positions on the Schatz, the two-year German government bond, one of the areas of the yield curve that experienced the largest moves over the period. This approach enabled us to adjust the portfolio's modified duration rapidly without drawing on its liquidity allocation or increasing credit risk.

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



Source : Rothschild & Co Asset Management, 30/09/2026.
Others Eurozone, Italy and Spain.

Geographical and sector allocations and breakdowns are not fixed and may change over time, within the limits set out in the fund prospectus.

Annualised performance as of 30/09/2026

in %

	3 years	5 years	10 years
R-co Valor C EUR	10,62	7,07	8,07

Source: Rothschild & Co Asset Management, 30/09/2026.
Past performance is not a reliable indicator of future performance.

Annualised performance as of 30/09/2026

in %

	3 years	5 years	Inception
R-co Valor Balanced C EUR	7,64	3,57	4,83

Source: Rothschild & Co Asset Management, 30/09/2026.
Past performance is not a reliable indicator of future performance.

Learn more about the fund(s)

R-co Valor

R-co Valor Balanced

Check this document on our website

(1) Source: Fed, October 2026.
(2) Source: Bloomberg, 30 September 2026.
(3) Source: Rothschild & Co Asset Management, 30 September 2026.
(4) Debt securities issued by companies or governments with a rating between AAA and BBB on the Standard & Poor's scale.
(5) High Yield bonds are issued by companies or governments presenting a high level of credit risk. Their credit rating is below BBB- on the Standard & Poor's 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

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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More information at: www.am.eu.rothschildandco.com

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

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