Rothschild & Co
Asset Management

Fund Update : R-co Conviction Equity Value Euro — May 2025

Anthony Bailly
Head of European Equity

Vincent Iméneuraët
European Equities Portfolio Manager

Equity markets were particularly volatile last month, with Donald Trump starting hostilities with its Liberation Day on April 2nd. Announcements of more punitive tariffs than expected have raised strong fears of a slowdown in international trade. This revived the risk of recession in the United States, propelled the VIX to its highest levels since the Covid crisis and contributed to a panic on equity indices at the beginning of the month. These indices subsequently recovered much of their losses after the announcement of a 90 day pause in the implementation of reciprocal tariffs, with the exception of those targeting China, for negotiations. From a microeconomic point of view, the first quarter earnings season proved rather strong despite the high climate of uncertainty. Most European companies have confirmed their forecasts, except for the impact of tariffs, the evolution of which remains uncertain and difficult to anticipate. Financial markets' mistrust of Donald Trump's policies also prolonged the depreciation of the dollar that began in early March (-8.9% over 2 months against the Euro)[1]. In the end, the S&P 500 index fell -0.7% over the month (and -5.4% in €)[1] over the month, underperforming Eurozone equities, which managed to maintain in positive territory (Eurostoxx +0.3% - Total return)[1].

Leading the sector performance, real estate (+8.4%)[1] was supported by the easing of the ECB's monetary policy and the easing of European sovereign rates. The construction sector (+6.2%)[1] benefited from the strong cyclical rebound in the second part of the month, and remained favoured in view of the German investment plan. The food retail (6.2%)[1] and utilities (+5.8%)[1] sectors also performed well because of their defensive and domestic nature. **In terms of the biggest declines, fears about the cycle particularly hurt the energy sector (-6.2%)[1], also impacted by future OPEC production increases, as well as commodities (-3.8%)[1].** Finally, the first publications in the luxury sector, such as LVMH, put the consumer goods sector in difficulty (-3.5%)[1].

This context again favoured the Value[2] style, which increased its outperformance on the Growth[3] style by 1 point over the month to reach almost 15 points since the beginning of 2025 (+15.3% for Value and +0.5% for Growth in the Eurozone)[1]. Value Growth's valuation premium fell 93% to 88% in April, but remains well above its pre Covid levels (around 65%)[1]. In our view, the normalisation of this premium should continue, both in the short/medium term through the continued steepening of the yield curve, which should support the financial sectors, and in the long term through the revitalization of activity in the Eurozone through the recovery plans, which are structurally buoyant for industrial activity in the zone.

The R co Conviction Equity Value Euro fund was almost in line with the Eurostoxx, gaining +0.2% in April[4]. It has outperformed its benchmark by +2.2% since the beginning of the year[1]. Our allocation effect was positive in particular because of our overexposure to the real estate sector and our underexposure to consumer goods. Conversely, our stock selection was penalised by the -6.0% decline in Sanofi[1] due to tariffs uncertainties weighing on the healthcare sector. The strong performance of SAP (+4.5%) and L'Oréal (+12.8%) stocks also weighed on this stock selection effect[1].

During the month, we diversified our exposure to the telecom sector via KPN, the incumbent operator in the Netherlands, which is one of the few European Telecom markets limited to 3 players. The stock must benefit from this healthy competitive environment and the end of Capex's cycle to grow its cash generation. We financed this investment by neutralising our bet on Deutsche Telekom due to its outperformance since 2024 and its exposure to the US market. **We also established a small position in German pharmaceutical company Fresenius,** the idea being to diversify in the healthcare sector and strengthen our European exposure. **Finally, we also introduced in the portfolio the technology investor PROSUS, the largest shareholder of Tencent, video game editor and social media giant in China.** While remaining in the philosophy and standards of our Value investment style, this new position allows us i/to limit our underexposure to the technology sector ii/to play the possible support to the Chinese consumer via a potential stimulus iii/to be exposed to the theme of Artificial Intelligence through the main competitor of the United States on this theme. These new investments were financed in particular by the sale of our position in ProSieben, whose MFE takeover bid had turned the position into quasi cash.

In April, first quarter GDP figures pointed to some resilience in Europe and a US slowdown. With its savings surplus and German fiscal headroom, **this pro eurozone dynamic could continue, especially as the US economy must seek to reduce its deficits. Much neglected since the invasion of Ukraine, European markets are returning to appeal and are beginning to benefit from a return of flows, which currently remain embryonic.** Attracted by still reasonable valuations and more obvious macroeconomic support factors, international flows could accentuate this trend. Our portfolio is positioned to capture this momentum, particularly by exposure to key sectors of European recovery.

Más información sobre los fondos

R-co Conviction Equity Value Euro

Consulte este documento en nuestro sitio web

R-co Conviction Equity Value Euro performance over the last 10 years: 35,8%
Annual performance: 2023: 19.1% | 2022 : -9,6% | 2021 : 26,3% | 2020 : -9,85% | 2019 : 17,6% | 2018 : -12.7% | 2017 : 12.5% | 2016 : 4.15% | 2015 : 10.3% | 2014 : 4.1%

[1] Source: Bloomberg, 30/04/2025
[2] We speak of a value strategy when the investor is looking for companies undervalued by the market at a given moment, that is, whose market valuation is lower than it should be with regard to the results and the value of the company. assets of the company. Value investors select securities with low price to book ratios or high dividend yields.
[3] The growth style investor focuses mainly on the earnings growth potential of companies in the hope that sales and earnings growth will be higher than that of its sector or the market average.
[4] Source: Rothschild & Co Asset Management, 30/04/2025

The risk indicator assumes that you hold the product for 5 years. The actual 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 5 out of 7, which is between medium and high risk and mainly reflects its positioning on the Eurozone equity market. In other words, the potential losses linked to the product's future results are between medium and high, and if the situation were to deteriorate on the markets, it is likely that our ability to pay you would be affected. As this product does not provide market protection or a capital guarantee, you could lose all or part of your investment.

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 significativement 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 containe

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 redisseminated 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.

Acerca de la división de gestión de activos de Rothschild & Co

La división especializada en gestión de activos del grupo Rothschild & Co ofrece servicios personalizados de gestión a una amplia clientela de inversores institucionales, intermediarios financieros y distribuidores. Articulamos nuestro desarrollo alrededor de una gama de fondos abiertos aprovechando nuestras aptitudes y competencias de gran recorrido en gestión activa y convicción, así como en gestión delegada. Con sede en París y delegaciones en 10 países de Europa, gestionamos más de 50 mil millones de euros y contamos con un equipo de 200 colaboradores[1].
Más información en: www.am.eu.rothschildandco.com

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

France

29, Avenue de Messine
75008 Paris
+33 1 40 74 40 74

Bélgica – Países Bajos – Luxemburgo

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

Suiza

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

Italia

Passaggio Centrale 3
20 123 Milano
+39 02 7244 31

Alemania – Austria

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

España

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