Rothschild & Co
Asset Management



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



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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.

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.

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

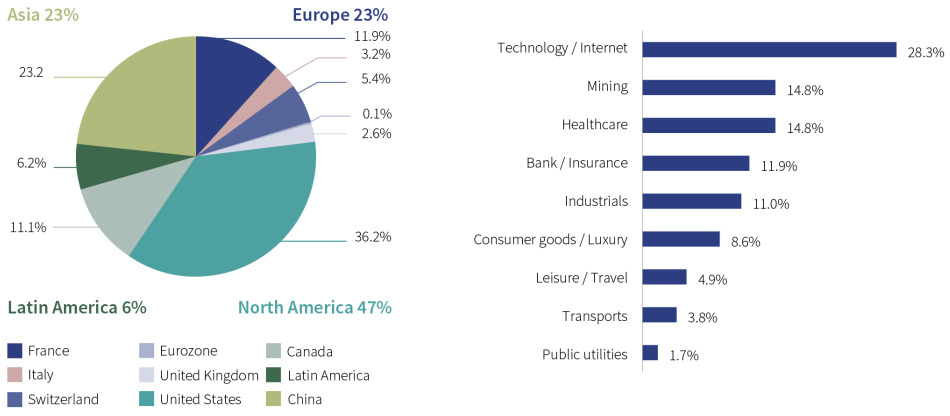
R-co Valor fell 1.7% over the quarter (Class C), bringing its year-to-date performance to -5.9%4. The underperformance observed over the quarter was due to a combination of two factors: a significant correction in mining stocks, particularly gold stocks, and an unfavorable position in the Chinese technology 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 quarter[1]. 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 point[1]. 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

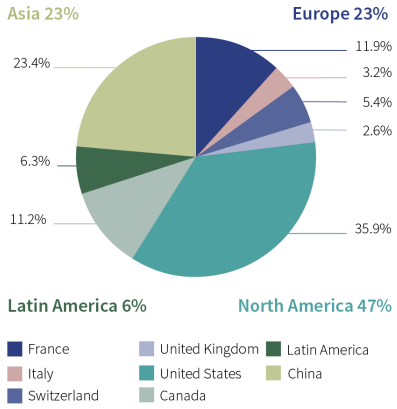


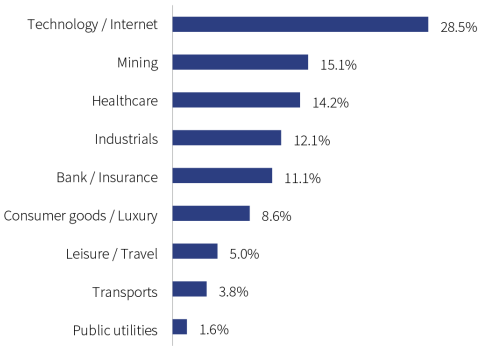
Source: Rothschild & Co Asset Management, 30/06/2026.

R-co Valor Equity

R-co Valor Equity replicates the equity exposure of R-co Valor. As such, all transactions made in the equity pocket of R-co Valor are replicated in R-co Valor Equity. The fund is therefore fully exposed to the equity markets.

R-co Valor Equity: Geographical and thematic breakdown of the Equity pocket





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

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.

Ulteriori informazioni sui fondi

R-co Valor Equity

R-co Valor

Consulta questo documento sul nostro sito web

(1) Fonte: Bloomberg, 31/03/2026.
(2) Fonte: Rothschild & Co Asset Management, 31/03/2026.
(3) Titolo di debito emesso da società o Stati con un rating compreso tra AAA e BBB- secondo la scala di Standard & Poor's.
(4) Le obbligazioni "High Yield" (o ad alto rendimento) sono emesse da società o Stati che presentano un elevato rischio di credito. Il loro rating finanziario è inferiore a BBB- secondo la scala di Standard & Poor's.

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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Ulteriori informazioni su : www.am.eu.rothschildandco.com

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

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