Rothschild & Co
Asset Management

Fund Update : R-co Conviction Equity Value Euro — March 2026

Anthony Bailly
Head of European Equity

Vincent Iméneuraët
European Equities Portfolio Manager

Equity markets performed unevenly in a highly volatile February, marked on the one hand by rising international tensions, but also by multiple fears related to AI. This environment weighed on the US market (S&P down 0.9%)[1], where macroeconomic data was mixed (fourth-quarter 2025 GDP lower than expected at +1.4%, but unemployment rate down to 4.3%)[1]. The MSCI World rose +1.5%, helped in particular by the eurozone, which outperformed at +3.5% in a diversification strategy[1]. Gold continued to benefit from its status as a safe haven, rising +7.9%[1].

In the eurozone, the narrative of potential disruption from AI played a central role in the dispersion of sector performance. The new acronym "HALO" – Heavy Asset Low Obsolescence – highlighted the sectors that investors considered least susceptible to disruption: telecoms (+18.7%), food distribution (+17.8%) and real estate (+13.1%)[1]. Conversely, media fell by -7.7% and banks (-2.4%)[1] also appeared to be under threat in the eyes of the market. It should be noted that while the technology sector ended the month flat, there was considerable dispersion according to this same analysis. Hardware players were favored, such as STMicro (+19.2%), while software and IT services companies were heavily penalized (Dassault Système -20.1%, CapGemini -18.5%)[1].

In terms of management style, the Value style[2] (+3.9%), driven by Telecoms and Energy (12.4%), outperformed the market by 45 basis points and the Growth style[3] by 60 basis points[1]. The valuation premium of Growth relative to Value remained at 72% over the month[1]. We remain optimistic that this premium, which began normalizing three years ago, will continue to do so given i) the high interest rate environment, which is set to persist, and ii) the revival of the European economy, which appears to be on the horizon despite the tense geopolitical context and should benefit the financial and industrial sectors.

The R-co Conviction Equity Value Euro fund underperformed the market, rising by

+1.8%[4]. This underperformance was mainly due to our overexposure to the banking sector. From a stock selection perspective, the market's perception of “AI losers” cost us dearly through our positions in Capgemini and Wolters Kluwer (-13.7%). In the automotive sector, Stellantis' (-16.3%) profit warning led to a sudden correction in the stock[4].

During the month, we built a new position in Heidelberger Materials. The German group suffered from rumors of the European Commission easing carbon quotas. Although we believe the Commission is now taking a more pragmatic approach, we think that it will only partially back down on its climate ambitions. **We also initiated a position in the real estate group Unibail-Rodamco** due to the quality of its portfolio and the still significant discount on commercial real estate at a time when real assets appear to be regaining their appeal. We also made a few intra-sector arbitrage trades, particularly in telecommunications, selling part of our KPN position to strengthen Deutsche Telekom.

Europe and the eurozone in particular are once again becoming genuine sources of diversification in the equity markets, which is also reflected in the fundraising figures. Less concentrated than the United States, it combines still relatively attractive valuations with natural hedging in the event of a decline in the dollar. In 2026, the combination of infrastructure plans in Germany and European rearmament could transform already solid resilience into a more sustainable recovery. This remains our central scenario despite the current geopolitical turmoil. Our portfolio remains positioned to capture this momentum and support this phase of revitalization.

Annualised performance as of 30/01/2026
in %

	3 years	5 years	10 years
R-co Conviction Equity Value Euro C EUR	11,71	12,29	6,76
Euro Stoxx ® NR	14,84	12,53	9,40
Relative Difference	-3,12	-0,24	-2,65

Source: Rothschild & Co Asset Management, 30/01/2026.
Past performance is not a reliable indicator of future performance.

Meer informatie over de fondsen

R-co Conviction Equity Value Euro

Bekijk dit document op onze website

[1] Bloomberg 02/28/2026 - Total return performance in €
[2] A “value” strategy refers to an investor seeking out companies that are undervalued by the market at a given point in time, i.e., whose market valuation is lower than it should be based on the company's results and asset value. Value investors select stocks with low price/book ratios or high dividend yields.
[3] Investors favoring the “growth” style focus primarily on the potential for growth in corporate earnings, hoping that revenue and earnings growth will exceed that of their sector or the market average.
[4] Source: Rothschild & Co Asset Management, February 28, 2026

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Meer informatie op: www.am.eu.rothschildandco.com

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

Frankrijk

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

België – Nederland – Luxemburg

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

Zwitserland

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

Italië

Passaggio Centrale 3
20 123 Milano
+39 02 7244 31

Duitsland – Oostenrijk

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

Spanje

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