



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



Anthony Bailly
Head of European Equity

Global markets were marked by several key topics in November, including the end of the **U.S. government shutdown**, **fears of a speculative bubble in Artificial Intelligence**, **volatility around expectations of Fed rate cuts**, and, at the end of the month, **renewed hopes for a resolution to the conflict in Ukraine**. While nervousness around AI ultimately weighed on the U.S. market, with the S&P 500 down -0.4%, which inevitably impacted the MSCI World (-0.3%), the European geopolitical context allowed the Eurozone to outperform, rising by +0.4%¹.



Vincent Iméneuraët
European Equities Portfolio
Manager

This geopolitical context in Europe benefited construction (+6.4%) and commodities (+6.1%), but penalized industrial goods and services (-5.6%), impacted by the decline in defense stocks (Rheinmetall -13%). The technology sector (-4.1%)¹ also suffered from uncertainties related to Artificial Intelligence.

In terms of investment style, November strongly favored Value², which rose by +2.6%, compared to a -2% decline for Growth³. The outperformance of Value over Growth increased during the month, returning close to 20 points year-to-date¹. The valuation premium of Growth versus Value fell from 84% to 78%, continuing the normalization trend that began in October 2022. We believe this normalization should continue, given (i) the high and persistent interest rate environment, and (ii) the revitalization of the European economy, which should benefit financial and industrial sectors.

The R-co Conviction Equity Value Euro fund benefited from this style bias (+1.0%), outperforming its benchmark by 67 basis points over the month⁴. Our underweight in technology and defense was favorable for allocation effect, the main contributor to outperformance this month. The selection effect was neutral, with strong positive

contributions (Wienerberger +14.7%, DHL +12.6%, Société Générale +8.9%), but also some disappointments (Wolters Kluwer -13.8%, EDPR -9.5%)⁴.

During the month, we continued to reduce our exposure to France by closing our position in BNP Paribas, which we had already neutralized about two months ago. Our confidence in the management of France's leading bank remains limited, and we preferred to reallocate this position across our other banking stocks. We continue to view the sector as the most attractive, given its low valuation, our constructive outlook on the European economy, and the highly favorable interest rate environment (high rates and a steepening yield curve). We also made some partial adjustments to trim positions that had recently outperformed (RWE, Ryanair), and to strengthen convictions in stocks we believe are experiencing temporary weakness (Technip Energies, Kerry Group).

Investments related to infrastructure projects in Germany and European rearmament should generate a virtuous circle for the entire region. The adoption of the German 2026 budget on November 28 further strengthens our conviction in this dynamic. **In this context, the Eurozone represents an attractive diversification opportunity within equity markets.** It benefits from a macroeconomic trend toward reacceleration, much lower concentration than the U.S., still very reasonable valuations, and natural protection against a potential weakening of the dollar. Our portfolio is structured to take advantage of these favorable factors and support this phase of revitalization.

Meer informatie over de fondsen

R-co Conviction Equity Value Euro



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R-co Conviction Equity Value Euro performance over the last 10 years: 55,97%
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, 30/11/2025

[2] A "value" strategy is when the investor looks for companies that are undervalued by the market at a given time, i.e. whose market valuation is lower than it should be in relation to the company's results and the value of the company's assets. Value investors select stocks with low price-to-book ratios or high dividend yields.

[3] The "growth" style investor focuses mainly on the growth potential of corporate earnings in the hope that the growth in sales and earnings will be higher than that of his sector or the market average.

[4] Source: Rothschild & Co Asset Management, 30/11/2025

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

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

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