



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



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In May, the equity markets were once again influenced by Donald Trump's announcements. Investors particularly welcomed the clear lull in tariff tensions between the United States and China, which helped to dispel concerns about a possible recession. This calmer climate has been reinforced by **a season of better-than-expected corporate results on both sides of the Atlantic**, as well as inflation data which, for the time being, does not seem to be affected by the trade tensions. Against this favourable backdrop, the MSCI World index rose by +6.0%¹ over the month, boosted in particular by the +6.4% rise in the S&P 500¹, while the Eurostoxx appreciated by +5.7%¹.

This reassuring economic backdrop largely benefited the cyclical and financial sectors. In the eurozone, banks (+11.1%), industrial goods (+10.8%)¹ and leisure and travel (+10.8%) performed particularly well¹. The technology sector also rebounded strongly, with a notable increase of +8.8%¹. On the other side of the spectrum, the health sector (-1.7%) was penalised by its defensive nature and by the US President's new declarations of intent against it¹. The consumer goods sector (+0.7%) did not benefit from the market's pro-cyclical bias, penalised by disappointing publications and the slowdown in consumption in the United States and China¹.

In terms of management style, Growth² outperformed the market with an increase of +6.0%, while Value³ gained +4.8%¹. Since the start of the year, however, Value has outperformed Growth by a substantial 14.4 points¹. The valuation premium of Growth over Value was maintained at 93% from April to May¹, but remains well above its pre-Covid levels (around 65%). We expect this premium to continue to normalise, supported in the short and medium term by the gradual steepening of the yield curve - favourable to the financial sectors - and, in the longer term, by the recovery in economic activity in the eurozone, driven by investment plans, particularly in the cyclical and industrial sectors.

In line with the Value style, the R-co Conviction Equity Value Euro fund gained 5.0% over the month, slightly underperforming its benchmark⁴. While the allocation effect was almost neutral over the month, the stock selection effect explained the slight underperformance over the month. The main negative contribution came from Sanofi, the portfolio's largest holding, whose share price fell by -4.8%¹. This was due to the failure of a promising treatment for chronic bronchitis in Phase III clinical trials. Despite this disappointment, we remain confident in the Group's potential: its research and development pipeline, historically considered a weak point, still has encouraging prospects.

During the month, we strengthened our position in Alstom. Although the annual results were in line with the targets announced by the group, the uncertainties surrounding cash generation over the next six months caused concern in the markets, causing the share price to fall by -6.2% over the month¹. Nevertheless, in view of the progress made over the last two years, and management's optimistic outlook, we increased our position in this stock, which is particularly well positioned to benefit from investment in infrastructure modernisation in the eurozone. **This strengthening was partly financed by profit-taking on Technip Energies,** another of our strong convictions. While we remain confident in the share's fundamentals, we feel that its stock market performance could be affected by a downturn in oil prices. **The prospect of a surplus oil market,** fuelled by rising production within an increasingly fragmented OPEC, has led us to reduce our exposure. Finally, we decided to sell our position in Carrefour, whose business continues to face intense competition. Internal levers for improvement now seem limited, which reduces the share's potential for recovery in the short term.

We remain convinced that the momentum in favour of the eurozone relative to the United States could continue, especially as the US economy faces growing challenges in terms of financing and the sustainability of its public debt. Against this backdrop, Europe's still-attractive valuations, combined with more visible macroeconomic support, could attract more international flows, reinforcing this trend. **Our portfolio is positioned to take advantage of this trend, with targeted exposure to the key sectors of the European recovery.**

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: 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, 03/06/2025 - Total return performance in €.

[2] Growth investors focus primarily on the earnings growth potential of companies, hoping that their sales and earnings growth will outstrip that of their sector or the market average.

[3] A value strategy is one in which the investor seeks out companies that are undervalued by the market at a given time, i.e. whose stock market valuation is lower than it should be in view of the company's results and asset value. Value investors select stocks with low price-to-book ratios or high dividend yields.

[4] Source: Rothschild & Co Asset Management, 30/05/2025

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

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