Rothschild & Co
Asset Management

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

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**Equity markets rose in August, supported by broadly positive corporate results and renewed optimism about a potentially less restrictive US monetary policy, following the Jackson Hole symposium.** Elsewhere in Europe, the meeting between Donald Trump and Volodymyr Zelensky has raised hopes that the conflict in Ukraine may be stabilizing. At the end of the month, however, the return of political instability in France and the Netherlands revived tensions in European markets, limiting their performance. **In the end, the Eurostoxx closed the month slightly up by +0.3%[1], slightly outperforming the MSCI World index, which recorded an increase of +0.2%[1] in €. The US S&P500 stocks, penalised by a further fall in the dollar, were down -0.4% in € (Vs +2.0% in $)[1].**

**The month's economic situation particularly supported cyclical and export sectors** such as raw materials +7.4%, autos +4.9% and consumer goods +2.5%[1]. Conversely, Medias (-5.1%)[1] continued their underperformance, penalised in particular by the profit warning of CTS Eventim (-19.4%)[1]. The construction sector fell by -3.2%[1], partly affected by the re-emergence of political instability in France and the fear of taxation and nationalisation of motorways. Eiffage and Vinci respectively lost -8.6% and -4.7%[1].

**In terms of management styles, *Value*[2] once again outperformed the market with an increase of +1.8%[1], while *Growth*[3] underperformed with a decline of -1.0%[1].** This brings the outperformance of Value on Growth by +19.5 points since the beginning of the year. Despite this growth underperformance, the Growth over Value valuation premium held steady at 84% for the month. This premium is still well above pre-Covid levels (~65%)[1], which in our view can neither be justified by changing fundamentals (earnings per share) nor by changes in interest rates.

**The R-co Conviction Equity Value Euro fund rose +1.2% in month[4], outperforming its benchmark index (Euro Stoxx) by 91 basis points.** Two-thirds of this outperformance was due to a positive stock selection effect, particularly in the industrial goods sector, where our ownership of Siemens (+5.2%)[1] was favourable, while the German company benefited from speculation that its stake in Siemens Healthineer would be reduced. This positive effect was accentuated by the decline of industrial heavyweights such as Schneider (-8.0%)[1] as well as all defense stocks, which fell on hopes of a ceasefire in Ukraine. Our convictions in the healthcare sector also contributed positively to the fund's performance, with the gains of Sanofi (+7.2%) and Fresenius (+11.0%) in a sector where the increase was more moderate (+2.4%)[1]. The rest of the outperformance comes from a positive allocation effect, partly explained by our underexposure to the technology sector: the sector suffered from the decline in software stocks (Dassault Systèmes -7.9% and SAP -7.6%)[1], affected by the potential threats of artificial intelligence in this sub-segment.

**With regard to France specifically, we have been sharing the observation for some time that the country is in a difficult budgetary and political situation**. Since the dissolution of 2024, we have therefore made sure to reduce our overexposure to this zone, from 12.6 to 5.8%[4]. Despite the current uncertainties, we remain convinced that the real event will be the elections in 2027 and have a strategy to continue our reduction trajectory until then.

Beyond this specific case, we remain convinced that the revitalisation of the euro zone is underway, as evidenced by the evolution of the latest manufacturing PMIs. **This revitalization makes it particularly attractive, given its very reasonable valuation compared to that of the United States.** Within the zone, we remain convinced that the Value style must continue to outperform, helped both by a much more favourable interest rate environment than in the pre-pandemic period, but also by the macroeconomic recovery that will support cyclical sectors

## *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: 58,2%
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] Bloomberg as of 29/08/2025
[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 asset value. 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, 29/08/2025

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.

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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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