



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



Anthony Bailly
Head of European Equity

October was marked by a sustained rise in equity markets, driven by hopes of Fed rate cuts, the easing of Sino-American trade tensions, and a generally positive reporting season, where Artificial Intelligence was once again in the news. In the end, the US stocks of the S&P 500 outperformed the MSCI World with gains of +4.4%¹ and +4.1%¹ respectively. The Eurostoxx index, with an increase of +2.3%¹, underperformed the MSCI World in particular due to a less successful publication season than on the other side of the Atlantic.



Vincent Iméneuraët
European Equities Portfolio
Manager

The third quarter reporting season boosted the sector's momentum, particularly supporting the healthcare (+8.0%), utilities (+7.8%) and consumer goods (+6.1%) sectors, while Energy (+6.4%) rose following the implementation of US sanctions against Russian oil¹. Conversely, the results were rather disappointing for insurance (-3.0%) and chemicals (-2.8%). Automotive (-3.0%) was mainly impacted by Ferrari's disappointing Capital Market Day (-16% over the month)¹.

In terms of management style, this month of October was rather to the advantage of the Growth style² due to good publications in consumer goods (+6.1%) and the good performance of Technology (+4.1%)¹. However, value³ has significantly outperformed growth since the beginning of the year, by more than 14 points. The valuation premium of Growth relative to Value remained at 84%¹. It therefore remains well above pre-Covid levels (~65%) and its normalisation must continue given the still high interest rate environment and the revitalisation of the European economy that seems to be on the horizon.

The R-co Conviction Equity Value Euro fund posted a performance of +0.6% in

month⁴. Nearly two-thirds of this underperformance relative to its benchmark index can be explained by a disappointing selection effect. The strong performance of leading Growth stocks (ASML +11%, LVMH +17.6%) was the main reason for this. Concerns about France and potential new taxes also penalised Saint-Gobain (-8.3%)¹, although we found its strategic review encouraging and strengthened our position on this weakness. Finally, STMicroelectronics (-10.5%)¹ lowered its guidance due to a recovery that is still slow to materialise in the automotive and industrial sectors, contributing to this negative selection effect.

During the month, we carried out an arbitrage within the insurance sector by selling AXA in favour of Allianz. The German insurer has a favourable mix in property and casualty insurance, with less exposure to commercial lines and the recent weakness of the dollar. In addition, growth in its asset management activities should support the group's profitability. **This switch was also in line with our stated intention over the past several months to reduce our exposure to France.** Our portfolio is now slightly under-exposed to France. It was also in this context that we reduced our position in BNP Paribas, which largely limited the impact on the portfolio of the Sudanese controversy and the popular judgement against the French banking group (-13.3% over the month)¹.

We remain convinced that the eurozone is entering a phase of economic revitalisation. The German infrastructure plan and the rearmament of Europe are investments that are likely to generate a virtuous circle for the entire zone. Although these investments have been delayed for the time being, the vote on the 2026 German budget expected in November should improve visibility on this recovery. In this context, the eurozone is attractive, given its much more reasonable valuation compared to the United States and the protection it offers against a potential weakening of the dollar. We are therefore continuing to position our portfolio to take advantage of this favourable trend.

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, 31/10/2025

[2] 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.

[3] 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.

[4] Source: Rothschild & Co Asset Management, 31/10/2025

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

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