



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



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While September is historically the worst performing month for the stock markets, the 2025 vintage was marked by a sustained rise in the equity markets. The latter were driven by the fall in key interest rates in the United States as well as by the continued enthusiasm for artificial intelligence, illustrated this month by Nvidia's massive investment in Intel. In the end, the US stocks in the S&P 500 outperformed the MSCI world with respective gains of +3.2% compared to +2.8% in euros¹. The Eurostoxx index was in line with the global index. This pro-cyclical and long-duration context particularly supported technology (+11.2%), retail (+10.4%) and industrials (+5.1%)¹. Conversely, defensive sectors were also under pressure, such as food and beverages (-4.0%)¹ and telecoms (-3.2%)¹.

In terms of investment style, the Growth style¹¹ benefited greatly from the outperformance of technology, with an increase of +5.2% compared to +0.6%¹ for Value¹². This reduces Value's outperformance over Growth to +14.7 points year-to-date. **The valuation premium of Growth over Value now stands at 84%¹. It remains well above pre-Covid levels (~65%)¹** and the normalisation of this premium, which has already been taking place for more than a year, should continue given i/ the paradigm shift on rates since the Covid crisis ii/ the revitalisation of the European economy which must be carried out through the German infrastructure plan and the desire for European sovereignty.

The Value DNA of the R-co Conviction Equity Value Euro fund naturally penalised performance, as it only increased by +0.1% over the month¹. This underperformance was therefore due to a negative allocation effect, mainly related to our underexposure to the technology sector. As mentioned, the hype around AI investments has largely helped the semiconductor sphere, with ASML gaining more than 30.0% in month¹. The stock selection effect was also negative, notably due to the -3.2% decline in Sanofi¹. The stock

suffered on the one hand from disappointing results in its next-generation treatment for eczema, and on the other hand from new threats of tariffs (weighing on the entire sector) from the Trump administration.

During the month, we introduced three new stocks to the portfolio. First, we initiated a position in **Wolters Kluwer**. This high-quality stock, which operates more in oligopolistic markets, has suffered greatly from the threat posed by artificial intelligence to its market share and, more generally, its business model. This threat has led to a sharp downgrading of the stock, which we believe is excessive given the company's solid fundamentals and its ability to provide high-quality academic information to its customers. We carried out an arbitrage by initiating a position in **EDPR at the expense of its parent company EDP**. **EDP's outperformance compared to EDPR** since the beginning of the year (+30% vs. +1%)₁ seems to us to be mainly linked to EDP's own one-off factors, particularly in its hydropower business in Spain. EDPR has been penalised by its US exposure and Trump's threats to renewable energy. These threats seem exaggerated to us given the future energy needs of the world's largest economy and better regulatory visibility. It therefore seemed appropriate to us to make full use of this opportunity through EDPR rather than through its parent company. Finally, we have built up a position in the Austrian bank **Raiffeisen**. Its valuation remains one of the most attractive in the sector and we were interested in its exposure to areas of Central Europe and peripheral Germany due to the spread of the recovery to come over the next few years.

We remain convinced that the eurozone is entering a phase of economic revitalisation. The German infrastructure plan and the rearmament of Europe are all investments that should create a virtuous circle for the entire zone. **This upturn in activity makes the region particularly attractive, primarily given its much more reasonable valuation level than that observed in the United States.** In this context, we continue to believe in the ability of the Value style to outperform. Our portfolio remains positioned to take advantage of this positive momentum.

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

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