Rothschild & Co
Asset Management

Fund Update : R-co Conviction Equity Value Euro — September 2026

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Against a backdrop of heightened geopolitical tensions in the Middle East and renewed international trade friction, the markets nevertheless continued to rise in August. Resilient global growth, improving economic indicators in Europe, and a favorable earnings season on both sides of the Atlantic helped offset concerns about persistently high energy prices and ongoing inflationary pressures. These pressures, in fact, led the new chair of the U.S. Federal Reserve to adopt a more restrictive tone at the Jackson Hole symposium. Despite a turbulent geopolitical and trade environment, as well as continued rises in sovereign yields, the MSCI World Index rose by +1.7%, the S&P 500 by +1.8%, and the Euro Stoxx 50 by +0.9%. In the eurozone, sector performance was influenced by both the macroeconomic environment and the earnings season. Market volatility boosted financial services (+5.8%), while the media sector rose by +5.0%, driven by Publicis's excellent operating results (+9.0%)[1]. Conversely, food retail fell by -4.7%, weighed down by Ahold Delhaize's weak performance in the United States, while rising interest rates continued to weigh on the real estate sector (-7.1%)[1].

In the Eurozone, the Growth style10 rose by +1.6% compared with +0.4% for the Value style[11], driven in particular by the rebound in stocks exposed to the artificial intelligence value chain at the beginning of the month.[1] The valuation premium of the Growth style relative to the Value style thus increased, rising from 62% to 65%[1]. Nevertheless, we continue to view this premium as excessively high given the shift in the interest rate environment observed since 2022. In a context marked by significant investment needs and high government deficits, we believe that interest rates are likely to remain high for an extended period. Consequently, the normalization of valuation spreads

between Growth and Value styles that began in late 2022 is expected to continue, providing fundamental support for the Value style.

The R-co Conviction Equity Value Euro fund rose by +1.0% over the month. While the allocation effect had a negative impact—particularly due to the outperformance of the Growth style—stock selection more than offset this headwind. As in July, our positioning in "contrarian AI" stocks remained a key driver of performance, led notably by SAP (+21.1%) and Publicis (+9.0%)[1]. More broadly, earnings season proved solid for all companies in the portfolio, contributing positively to stock selection. This strong performance helped offset concerns stemming from the electoral outlook in France, which weighed on Société Générale (-10.6%)[1]. In this regard, we note that, despite the French market's underperformance and attractive valuation levels, our exposure to France has remained neutral for over a year. In terms of portfolio adjustments, we reduced our position in ArcelorMittal, believing that a continued rise in steel prices—necessary to sustain the stock's exceptional performance since the start of the year (+65%)[1]—would now be less certain. We also took partial profits on certain "contrarian AI" stocks following their strong summer rally. These portfolio adjustments have allowed us to strengthen several positions whose recent performance has been somewhat disappointing, despite their continued strong fundamentals and attractive valuations—such as Ryanair, KPN, and Orange.

Despite the recent resurgence of tensions, our baseline scenario remains that of a generally stable geopolitical environment in the run-up to the U.S. midterm elections, as well as energy price pressures that do not undermine the strong resilience of the eurozone economy. Although it still faces major political and geopolitical challenges, the European economy's recovery appears to be gradually taking shape, as evidenced by improving leading indicators and the strong earnings momentum observed during the most recent earnings season. For the second half of 2026, the portfolio thus remains positioned to benefit from a gradual recovery in the European industrial cycle, which is receiving growing support from the investment plans underway in the region.

Annualised performance as of 31/08/2026
in %

	3 years	5 years	10 years
R-co Conviction Equity Value Euro C EUR	13,92	9,40	8,06
Euro Stoxx ® NR	16,81	10,17	10,06
Relative Difference	-2,90	-0,77	-2,00

Source: Rothschild & Co Asset Management, 31/08/2026.
Past performance is not a reliable indicator of future performance.

Meer informatie over de fondsen

R-co Conviction Equity Value Euro

Bekijk dit document op onze website

(1) Source: Bloomberg, 31 August 2026.
(2) Forward guidance: communication through which a central bank indicates how it expects its monetary policy to evolve in the future.
(3) Source: Rothschild & Co Asset Management, 31 August 2026.
(4) Contract Development and Manufacturing Organization (CDMO): an outsourcing company that supports pharmaceutical laboratories in the design, development and industrial production of medicines.
(5) Hyperscalers: large companies specialising in cloud computing and data centres.
(6) Credit spread: the yield difference between a bond and a maturity-equivalent borrowing considered "risk-free".
(7) High Yield bonds are issued by companies or governments with high credit risk. Their credit rating is below BBB- on the Standard & Poor's scale.
(8) Investment Grade securities are debt instruments issued by companies or governments rated between AAA and BBB- on the Standard & Poor's scale.
(9) A Credit Default Swap (CDS) is a derivative used to hedge against the risk of non-payment on debt issued by a government or company. This hedge is applied to the portfolio's crossover segment, namely securities rated between BB and BBB on the Standard & Poor's scale.
(10) Investors favouring a 'growth' style focus primarily on the potential for growth in companies' profits, hoping that growth in turnover and earnings will exceed that of their sector or the market average.
(11) A 'value' strategy refers to a situation where the investor seeks out companies that are undervalued by the market at a given point in time, that is to say, whose market capitalisation is lower than it should be in view of the company's results and the value of its assets. 'Value' investors select shares with low price-to-book ratios or high dividend yields

R-co Conviction Equity Value Euro 5/7
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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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