Rothschild & Co
Asset Management



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



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October was marked by renewed risk aversion, driven by the protracted conflict in Iran, a resurgence in inflationary pressures as energy prices rose, and growing concerns over the financing of artificial intelligence infrastructure. Global equities nevertheless remained resilient, with the MSCI World gaining 1.0% in euro terms, supported notably by the S&P 500 (+0.8%)[1]. However, this overall resilience masked significant disparities: the Nasdaq fell 5.0%, while Asian markets also came under pressure, including the KOSPI (-13.4%)[1], which has particularly high exposure to the AI theme. In Europe, the Euro Stoxx declined 1.5%[9], weighed down by inflationary pressures and fiscal concerns, particularly in France. These market moves were accompanied by a significant sector rotation, with technology (-5.7%), basic resources (-8.9%) and banks (-11.4%) among the main laggards. More defensive sectors, by contrast, significantly outperformed, notably media (+12.6%), healthcare (+11.4%) and food & beverage (+11.3%)[1].

In terms of investment style, Value[2] outperformed Growth[3] by almost 200 basis points over the month, declining by just 0.6% compared with a 2.6% fall for Growth[11]. Despite the marked underperformance of the banking sector, this gap was largely driven by the sharp correction in several large AI-related Growth stocks, including ASML (-11.4%), Infineon (-15.0%) and Schneider Electric (-18.7%). The valuation premium of Growth over Value consequently narrowed slightly, from 63% to 62%[1], but in our view remains high by historical standards. This premium appears all the more demanding given the significant shift in the interest-rate environment since 2022, which is likely to remain less supportive of long-duration assets for some time. The gradual normalisation of this premium

therefore continues to provide structural support for the Value style.

R-co Conviction Equity Value Euro outperformed both the broader market and the Value index in October, gaining 2.0%[4], with the outperformance entirely driven by stock selection. Beyond the correction in Growth stocks most exposed to AI, earnings season proved particularly favourable for several of our high-conviction holdings. Companies whose business models had been heavily challenged by the rise of artificial intelligence rebounded strongly, including Wolters Kluwer (+28%), Capgemini (+22%) and SAP (+13%). The more cautious positioning adopted after the summer also paid off, supported by strong performances from Munich Re (+13%), E.ON (+12%) and Sanofi (+9.8%)[1]. Finally, the reduction in our exposure to the banking sector, which began in September, helped cushion the portfolio from the sector's sharp decline.

In terms of portfolio activity, we did not initiate or exit any positions in October, unlike the previous month. However, we took advantage of the strong rebound in companies that had previously been affected by AI-related concerns to take some profits. At the same time, in line with our investment process and with our view of a reacceleration in the European economy remaining intact, we added to selected cyclical and financial positions that had come under pressure during the month, notably UniCredit and ArcelorMittal.

Despite persistent political and geopolitical uncertainty, signs of renewed momentum in the European economy are gradually becoming more tangible, as illustrated by the improvement in German manufacturing indicators. The resilience of corporate earnings reinforces our conviction that a new industrial cycle is beginning to take shape, supported by the ramp-up of investment plans across the region. A gradual improvement in political visibility as the upcoming elections unfold could also help strengthen confidence and provide greater clarity on the economic outlook. An easing of geopolitical tensions in the Middle East could provide an additional tailwind for economic activity, particularly in Europe. **Our positioning, however, remains primarily underpinned by the gradual recovery in the European economy and the expected acceleration in investment across the region.**

Annualised performance as of 30/10/2026
in %

	3 years	5 years	10 years
R-co Conviction Equity Value Euro C EUR	15,31	8,41	7,53
Euro Stoxx ® NR	17,95	9,21	9,53
Relative Difference	-2,64	-0,80	-2,00

Source: Rothschild & Co Asset Management, 30/10/2026.
Past performance is not a reliable indicator of future performance.

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[1] Source: Bloomberg, 30/10/2026.
[2] A Value strategy involves investing in companies considered undervalued by the market at a given point in time, meaning that their market valuation is below what would be justified by their earnings and the value of their assets. Value investors typically select stocks with low price-to-book ratios or high dividend yields.
[3] Investors following a Growth style focus primarily on companies' earnings growth potential, seeking businesses whose revenue and earnings are expected to grow faster than their sector or the broader market average.
[4] Source: Rothschild & Co Asset Management, 30/10/2026.

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

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