

Mosaique Balanced CHF

Rothschild & Co WM Fund (SICAV SIF)

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Wealth Management

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Values: All data as at 30th June 2023. Sources of charts and tables: Rothschild & Co and Bloomberg, unless otherwise stated. Past performance is not indicative of future performance and investments and the income from them can fall as well as rise. Fund performance is shown in Swiss franc, after all fees, in total return, combining income and capital growth. Returns may increase or decrease as a result of currency fluctuations.

Please ensure you read the Important Information section at the end of this document.

Fund manager's review

Central banks increased interest rates further during the second quarter as they continue to tame stubbornly high inflation. Following strong but volatile performance at the start of the year, global equities continued to rally over the second quarter.

PORTFOLIO PERFORMANCE

The first half of 2023 demonstrated an inverse in market sentiment, meaning that last year's 'worst' Equity investment style, growth, was this year's best thus far. The shift has helped the portfolio. Furthermore, during the second quarter of 2023, the portfolio continued to benefit from our preference for companies that demonstrate high quality characteristics, particularly large and mega cap exposure. The quarter began calmly as overall stress and default measures remained subdued. Despite an economically fragile May, comprising major central banks' interest rate hikes and divergent manufacturing and service data, the portfolio returned positively. Finally, a resounding June rounded out a good quarter and first half of the year.

Whilst equities have performed well, the 'magnificent seven' largest US technology-related stocks have accounted for most of the market gains this calendar year so far. This rally's limited appeal raised concerns about its viability in the near-term, but we have already observed broader stock market participation in June, which we deemed a healthier market environment.

Over the quarter, we kept a neutral Equity positioning and stock selection was the main performance driver. The prospects presented by Artificial Intelligence functioned as a catalyst for the rally in the technology sector as well as quality mega-cap stocks and our exposure to both turned out exceptionally well. Also, financial names reacted well following the announcements of several weaker banks being acquired by competitors with solid balance sheets. Thus, the idea that a full-blown banking crisis was unlikely, became widely accepted. On the other end of our stock selection, our healthcare and Asian (ex-Japan) exposed names lagged.

Among single stocks, Amazon (+26%), Adobe (+27%), Microsoft (+18%), Apple (+18%) and Alphabet (+15%) were amongst the top portfolio performers this quarter and all except Adobe were part of the abovementioned 'magnificent seven' stock rally this year. In addition, JPMorgan Chase gained more than 5% relative to its peers following its rescue of First Republic Bank.

The detractors contained Nike, Sonova and Alibaba, all declining by double digits. The latter reported strong financial results, and the choice to streamline its business portfolio was unquestionably advantageous, yet sentiment still proved to be too much of a risk in the region. Sonova found itself on the opposite end of the spectrum in comparison to Q1 and throughout the wider medtech industry, the normalisation process following Covid-19 has been a headwind. Nike was also not immune to the overall softness in the footwear and apparel space that has affected its competitors. The consumer discretionary sector, previously boosted at the beginning of the year from China's reopening from Covid-19 lockdowns has seen a pull-back as consumers tightened their spending. To stem the flow, Nike spent more on marketing and promotions to drive volume and clear excess inventory, but this pressured their margins. Consequently, the retailer reported their first earnings miss for the first time in three years.

In Fixed Income, the portfolio has been impacted by the shorter duration positioning as rates were down over the quarter. Considering the hiking cycle has not yet come to an end, we continue to be cautious in our investing strategy by searching for high quality and shorter duration issues.

Data sources: Rothschild & Co and Bloomberg

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Fund manager's review (continued)

The SNB projects inflation of 2.2% in 2023, 2.2% in 2024 and 2.1% in 2025. Comparatively, the previous forecasts were 2.6% this year and 2% in the following two. That projection suggests a pricing of 50 basis points higher by year-end, which may be better aligned to where the SNB seeks to be. With the ECB meeting twice before the SNB's next review, the gap between the benchmark rates in the two countries is likely to expand, which would again prompt Swiss authorities to act in September. The disparity between the benchmark rates in the two countries is currently substantial at 175 basis points.

PORTFOLIO ACTIVITY

Starting in April, we took the opportunity to increase exposure to the LongRun Equity fund, as we observed central banks curtail their continuous rate hiking phase.

In May, we purchased two structured products. First, we replaced our equity hedging product, which expired in June. This trade reinforced an element of protection against macro and geopolitical uncertainty. Then, we introduced a structured product on China as we continued to view it as an attractive market. Moreover, the country has shown signs of stabilisation in the property market, a departure from the zero-Covid policy and valuations with growth potential. Rather than investing directly in volatile mega-cap Hong Kong listed names, we sought to balance the opportunity with the risk by building a capital protected structured product with an underlying, consisting of both the CSI 300 and CSI 500 indices. This was financed by a reduction of the Veritas Asian Fund.

Additionally, we deployed capital in Fixed Income to strengthen the allocation while preserving the portfolio's duration and improving portfolio quality.

Finally in June, we introduced RELX to the portfolio, financed from cash. The addition reflected the asset allocation decision to be overweight Industrials. RELX is one of the world's largest providers of information-based analytics and decision tools. The company focuses on organic development and improvement of value-adding solutions, broader data sets and more sophisticated analytics. RELX's revenue visibility is high due to subscription-based multi-year contracts, and benefits from high margin and low capital intensity. Given its competitive edge and projected growth, we were drawn to the company trading at a reasonable price and decided to add it to the portfolio.

Fund performance

At the end of the second quarter 2023, the performance stood at 1.8% QTD and 4.8% YTD.

PERFORMANCE SINCE INCEPTION (%)*

NET



* Data represents total returns of the investment strategy over the period from 14 October 2013 to 31 March 2023. The launch date of the Fund which implements this strategy was 1 January 2017.

PERFORMANCE TABLE (%)

	QTD	YTD	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
MOSAIQUE BALANCED CHF X	1.8	4.8	3.6	4.5	12.8	23.7

MONTHLY PERFORMANCE TABLE (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	3.9	-2.1	1.3	0.7	0.5	0.5							4.8
2022	-3.7	-2.9	0.8	-2.6	-1.8	-4.9	4.0	-2.2	-5.1	3.0	2.9	-3.3	-15.3
2021	-0.4	1.0	2.5	1.3	0.6	2.6	0.4	2.0	-2.9	1.7	-0.8	0.9	8.8
2020	0.7	-3.9	-8.5	5.6	2.3	1.9	1.6	3.0	-0.2	-1.7	4.4	1.0	5.5
2019	3.8	2.3	1.1	2.9	-2.2	1.5	1.0	-0.3	0.1	0.8	1.9	0.2	13.6

Portfolio holdings

The objective of the fund is to generate capital growth over time, while maintaining a broad diversification through liquid securities.

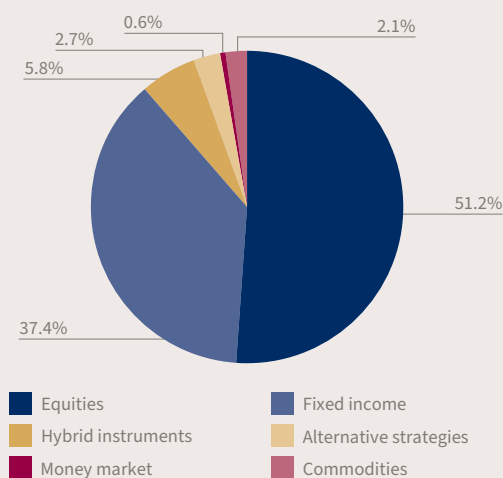
EQUITIES 51.2%		FIXED INCOME 37.4%	
North America 18.7%		Investment Grade 31.6%	
Microsoft	2.2%	Diversified CHF Investment Grade Single Bonds*	28.1%
SPDR S&P U.S. Energy Select Sector UCITS ETF	1.4%	R-co Conviction Credit Euro Fund	2.0%
Visa	1.3%	Schroder Euro Credit Conviction	1.6%
Apple	1.2%	High Yield 5.8%	
Costco Wholesale Corp	1.2%	Vontobel Emerging Markets Debt Fund	2.0%
S&P Global	1.2%	iShares USD High Yield Corp Bond UCITS ETF	1.3%
Alphabet	1.2%	Hedged CHF	
Adobe	1.1%	Muzinich Europeyield Fund	1.3%
Linde	1.0%	Vontobel Emerging Markets Corporate Bonds	1.2%
Canadian National Railway	1.0%		
JPMorgan Chase & Co	0.9%	MULTI-ASSET & HYBRID INSTRUMENTS 5.8%	
Invesco S&P 500 Equal Weight Technology ETF	0.9%	Structured Products (Yield) 5.8%	
Danaher	0.8%	Cert Raiffeis Switzerland (Exp.02.10.23) on MSCI ESG Basket	1.7%
Amazon.com	0.8%	Cert Morgan Stanley (Exp.02.08.23) on Nikkei225/ SMI/S&P500/ESTX50	1.7%
United Health	0.7%	Cert GS QSP Dynamic Hedging Strategy	1.5%
Comcast	0.7%	Cert BNP Paribas Iss 2023-02.06.25 on CSI300 Index, CSI500 Index	0.9%
Nike	0.6%	Structured Products (Hedging) <0.1%	
Morgan Stanley	0.6%	Wts Goldman Sachs 16.06.2023 Put on MSCI World	<0.1%
Switzerland 16.5%		ALTERNATIVE STRATEGIES 2.7%	
Nestle	3.5%	Alternative Strategies 2.7%	
Novartis	3.1%	Atropos CatBond Fund	1.8%
Roche	2.8%	One River Dynamic Convexity Fund	0.9%
Cert ZKB on Rothschild & Co Swiss Small and Mid Cap Conviction	1.8%	MONEY MARKET 0.6%	
Zurich Insurance	1.4%	Money Market 0.6%	
iShares Core SPI ETF	1.1%	CHF Liquidity	0.6%
Sika	0.9%	COMMODITIES 2.1%	
Partners Group	0.9%	Gold 2.1%	
Geberit	0.6%	Rothschild & Co Gold Fund	2.1%
Sonova	0.5%		
Global 6.3%			
LongRun Equity Fund	5.0%		
iShares MSCI World Health Care Sector ESG UCITS ETF	1.3%		
Emerging Markets 3.6%			
Veritas Asian Fund	2.3%		
JPM Global Emerging Markets UCITS ETF	0.9%		
ESG Screened			
Alibaba	0.4%		
Europe 4.6%			
ASML	0.9%		
London Stock Exchange	1.2%		
RELX	0.8%		
LVMH	0.8%		
SAFRAN	0.8%		
Japan 1.5%			
MSCI Japan Socially Responsible UCITS ETF	1.5%		

Percentages may not sum to 100% due to rounding.

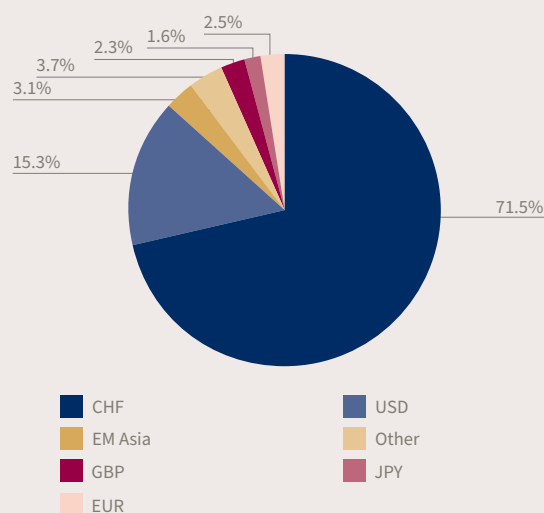
Fund allocation

The Fund invests in equities, equity-related securities, fixed income securities, alternative strategies, commodities and money market instruments.

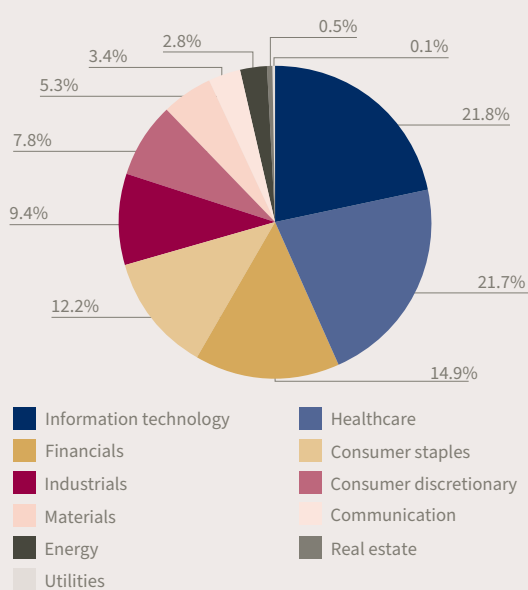
FUND HOLDINGS BY ASSET CLASSES



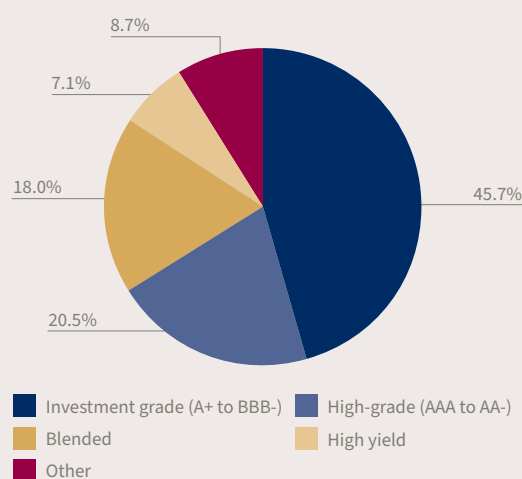
FUND ALLOCATION BY CURRENCY



EQUITY ALLOCATION BY SECTOR



FIXED INCOME ALLOCATION BY CREDIT RATING



Percentages may not sum to 100% due to rounding. The above currency exposure is net of foreign exchange hedges. For the purposes of more accurately managing currency risk, where appropriate, we reflect the currency exposure of certain funds based on the underlying securities held within the fund, rather than the denomination of the fund.

Supporting information

ROTHSCHILD & CO WM FUND (SICAV SIF) – MOSAIQUE BALANCED CHF

Legal structure	SICAV SIF
Objective	Long-term return on invested capital by investing in a roughly equal combination of bonds mainly denominated in CHF and a well-diversified equity portfolio.
Launch date	1 January 2017
Fiscal year end	31 December
Domicile	Luxembourg
Management company	Rothschild & Co Investment Managers, Luxembourg
Fund administrator	Northern Trust, Luxembourg
Depository bank	Northern Trust, Luxembourg
Inception date	14 October 2013
Liquidity	Daily (trading cut-off 15:00 CET)

Notes

At Rothschild & Co Wealth Management we offer an objective long-term perspective on investing, structuring and safeguarding assets, to preserve and grow our clients' wealth.

We provide a comprehensive range of services to some of the world's wealthiest and most successful families, entrepreneurs, foundations and charities.

In an environment where short-term thinking often dominates, our long-term perspective sets us apart. We believe preservation first is the right approach to managing wealth.



Important information

All performance data refers to share class Acc X.

Source: Rothschild & Co and Bloomberg

Sharpe ratio: Sharpe Ratio is the statistical measure of excess portfolio return over the risk-free rate relative to its standard deviation.

Annualized Volatility: Annualized Volatility is the measure of return dispersion for an asset over twelve month since inception.

Maximum Loss: This is the largest monthly drop in the portfolio's value during a given period. It is expressed as a percentage and reflects the fall in value during the time between the draw down peak (highest value) and the draw down valley (lowest value).

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