Rothschild & Co
Wealth Management

NEW COURT FUND USD | JULY 2024

New Court Fund USD

Rothschild & Co WM SICAV SIF

Cover: Our office at New Court. The site has been home to the business in London since 1809.

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Values: All data as at 30th June 2024 (except inflation which is until 31st May 2024 as June 2024 data figures are not yet available). 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 US dollars, 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

Market performance was driven by a handful of businesses in the second quarter, causing volatility in portfolios and affecting relative returns. Against a backdrop of political and economic uncertainty, interest rates remained high by recent standards, although cuts appear to be on the horizon.

PERFORMANCE CONTRIBUTIONS

The portfolio returned -2.2% in the second quarter of 2024. The strategy has returned +283.7% (net of fees) since inception vs. +220.2% for US inflation +3% since inception (31st December 2002).[1] This equates to an annualised return of +6.5% compared to +5.6% for US inflation +3%.[2]

PORTFOLIO PERFORMANCE

Markets were volatile over the quarter as sentiment initially reversed in April before rallying to all-time highs with global stocks up +3.4%. Performance continued to narrow with the US mega-cap 'Magnificent Seven'[3] accounting for almost all the global index's quarterly return. One stock alone, the chipmaker Nvidia, which is up +156.0% year-to-date, contributed a third of this return and the market is now more concentrated than most of us have seen in our careers.

Unsurprisingly against this backdrop, this was a quarter when relative performance was particularly driven by what we didn't own rather than what we did. In the context of this narrow market rally, our return assets struggled, down -3.8%. Booking (+9.4%) had a strong quarter, having reported results ahead of market expectations which evidenced growth in market share in the key US market compared to competitor Expedia. The rating agencies – Moody's (+7.2%) and S&P Global (+4.9%) – performed well with strong issuance in the debt markets over the period. It was another good quarter for Lansdowne Developed Markets (+3.4%). Their exposure to semiconductors was a beneficiary of the market enthusiasm for AI-related stocks and banks had another strong quarter highlighting the cash generative nature of the businesses despite anticipated interest rate cuts.

Laboratory testing company Eurofins came under pressure (-21.4%) following a report from well-known short seller Muddy Waters Research. The report was similar in our view to other short theses that we had seen and we did not find any material evidence to substantiate their claims. Following a sustained period of positive performance, Ryanair (-22.3%) had a challenging quarter as Group CEO Michael O'Leary warned summer fare increases would likely be lower than the 5% to 10% expected. Bares US Equity also struggled (-14.2%) with underlying holdings such as Wayfair (-22.4%) and Align Technology (-26.4%) under pressure despite beating market consensus. We continue to monitor and hold our cable companies – Charter Communications (+2.9%), Comcast (-9.1%) and Cable One (-15.7%) – which also had a weak quarter.

Overall our diversifying assets were flat over the period (-0.3%). Despite the positive performance from global stocks during the quarter, some of the positions we hold as protection in the portfolio were also able to achieve positive returns. As credit spreads

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[1] The inception date of the Fund which implements this strategy was 8th October 2014. Performance for periods prior to inception date is the Rothschild & Co Wealth Management UK Ltd Balanced composite, adjusted to reflect the Fund's 1% management charge and fund operational costs.

[2] Annualised figures are calculated on a compound basis to best represent the results of staying continuously invested from inception of the strategy.

[3] The 'Magnificent Seven' stocks – Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

Data sources: Rothschild & Co and Bloomberg.

All returns are in local currency terms unless otherwise stated and are sourced from Avaloq.

Fund manager's review (continued)

widened, Saba Capital Carry Neutral Tail Hedge performed relatively well (+0.7%) with Okura (+1.7%) benefitting from a substantial short position against the Yen which weakened significantly. Both nominal and inflation-linked bonds were unchanged, however yields were volatile reflecting changing interest rate expectations. Our trend followers detracted after very strong performance at the start of the year, when they benefitted from strong upward pricing in the commodities sector. The second quarter saw fewer opportunities across asset classes in terms of clear trends.

PORTFOLIO ACTIVITY

We made several changes to the portfolio over the second quarter of 2024.

In April we initiated a new position in MTU Aero Engines – a company which designs and manufactures key components for aircraft engines. We have been monitoring the sector for years, having previously held Airbus and Precision Castparts, a company which was later bought by Berkshire Hathaway. The industry provides long-term structural growth in our view, with air travel doubling every 15 years for the last century, which we expect to continue. The sector has extremely high barriers to entry given its complexity and as very few companies in the world are capable of the complete design and manufacturing processes. The industry is both highly regulated and heavily protected by patents, with MTU holding 2,500 patents across five different technological fields, meaning it is incredibly difficult for potential competitors to enter the market. MTU also enjoys pricing power in raising prices ahead of inflation. To fund the purchase, we trimmed our positions in the rating agencies, Linde, Topicus.com and Constellation Software. These reductions were not a result of any change to our view, we simply resized in the context of the portfolio.

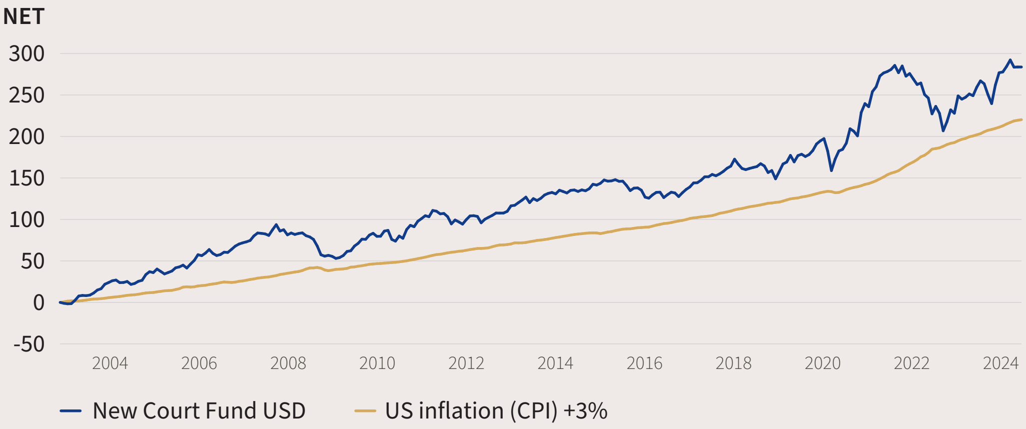
Following the share price reaction to the Muddy Waters report, we increased our position in Eurofins. Having discussed with the CEO Gilles Martin and Muddy Waters, we have comfort that the issues raised were unfounded and did not bear rational analysis. With the fall in share price, our appraisal of forward returns has risen, so we felt this warranted a larger position size within the portfolio.

We added to our position in Aikya over the quarter to continue to broaden our exposure to Asia and Emerging Markets based on the attractive opportunity set. We also purchased two new resettable S&P 500 put warrants to increase portfolio protection in the event of a stock market drawdown. The first matures in June 2025 with an exercise price (strike) of 4,500 points and the second matures in December 2025 with a strike of 4,800 points.

Fund performance

Since inception, the Fund has outperformed the strategy's objective of inflation +3%. As at 30th June 2024, the net asset value per share was $16.48. The Fund size was $1,174.3 million.

PERFORMANCE SINCE INCEPTION (%)*



PERFORMANCE COMPARISON – OVER TIME (%)

	Q2 2024	YTD	2023	2022	2021	2020	2019	SINCE INCEPTION*
NEW COURT FUND USD	-2.2	1.8	14.9	-12.7	10.7	15.3	18.4	283.7
US inflation +3%	1.1	3.0	6.3	9.4	10.2	4.3	5.3	220.2
US inflation	0.3	1.5	3.3	6.4	7.2	1.3	2.3	72.3
Global equities (in local currencies)	3.4	13.2	21.6	-16.0	20.9	14.2	26.2	547.0
Global equities (in USD)	2.9	11.3	22.2	-18.4	18.5	16.3	26.6	539.0
US government bonds	0.1	-0.9	4.1	-12.5	-2.3	8.0	6.9	73.9
USD cash	1.4	2.7	5.2	1.7	0.1	0.4	2.2	40.7

* Data represents total returns of the investment strategy over the period from 31st December 2002 to 30th June 2024. The inception date of the Fund which implements this strategy was 8th October 2014. Performance for periods prior to inception date is the Rothschild & Co Wealth Management UK Ltd USD Balanced composite, adjusted to reflect the Fund's 1% annual management charge and fund operational costs. Past performance is not indicative of future performance. The value of investments and the income from them can fall as well as rise.

Indices used: US inflation (CPI inflation), global equities (MSCI All Country World Index in local currencies and USD terms), US government bonds (Bloomberg Barclays Gilts Total Return Index), USD cash (Barclays Benchmark Overnight USD Cash Index). All figures are calculated monthly from 31st December 2002 to 30th June 2024 (except inflation which is until 31st May 2024 as June 2024 data figures are not yet available).

Fund holdings

The Fund combines return and diversifying assets which are invested across global markets. The return assets are held to generate capital growth over the long term; the diversifying assets are held to protect capital and investment performance, particularly during difficult markets.

RETURN ASSETS (65.1%)

Companies	**40.5%**
Admiral	2.7%
American Express	3.9%
Ashtead	3.1%
Booking	2.8%
Cable One	0.4%
Canadian Pacific Kansas City	1.9%
Charter Communications [1]	0.9%
Comcast	2.1%
Constellation Software [2]	2.0%
Deere	2.2%
Eurofins	2.1%
Linde	3.0%
Mastercard	3.0%
Moody's	3.1%
MTU	1.1%
Ryanair	3.2%
S&P Global	2.7%
Topicus.com	0.4%

Funds	**24.6%**
Aikya	3.1%
Albizia ASEAN	0.8%
Amundi US Tech ETF	2.7%
Bares US Equity	2.7%
Berkshire Hathaway	4.2%
Global Long-Term Equity Fund	0.4%
Lansdowne Developed Markets	3.9%
Phoenix UK	3.3%
Vanda [3]	0.2%
Ward Ferry Asian Smaller Cos	3.3%

DIVERSIFYING ASSETS (34.9%)

Alternative strategies	**8.1%**
Abbey Focus Fund	3.8%
CFM IS Trends	2.2%
CFM ISTEC	2.2%
Portfolio protection	**4.7%**
Okura	1.6%
One River Dynamic Convexity	1.2%
Saba Capital Carry Neutral Tail Hedge	1.7%
S&P 500 4400 Resettable Put – December 2024 [4]	<0.1%
S&P 500 4500 Resettable Put – June 2025 [4]	0.1%
Fixed income – nominal	**8.7%**
Fixed rate bonds [5]	8.2%
Floating rate bonds [5]	0.6%
Fixed income – inflation linked assets	**9.3%**
Inflation Focus Fund [6]	9.3%
Cash and cash equivalents	**4.1%**
BlackRock Treasury Fund	2.3%
Cash	1.6%
Cash / T-Bills (IGB) [5]	0.3%
Currency hedges	
EUR FX hedge	-8.5%
USD FX hedge	-7.2%
GBP FX hedge	15.7%

[1] Implemented via Charter Communications and Liberty Broadband.

[2] Constellation Software also includes a holding in Lumine Group.

[3] The Vanda Fund is a Rothschild & Co vehicle managed by Cederberg Capital since 1st November 2018.

[4] Put warrants (options) behave like insurance; we pay a premium for them and hope that they expire worthless, losing only the premium (a very small detraction). They will increase in value if equity markets fall, thereby providing some protection to the portfolio in the event of a fall in the value of equities held in the portfolio.

[5] Implemented via 'Investment Grade Bonds' (IGB). IGB is a Rothschild & Co vehicle that helps us to implement investment grade fixed income exposure in the portfolio efficiently.

[6] Internally managed implementation vehicle which gives us exposure to inflation-linked assets globally.

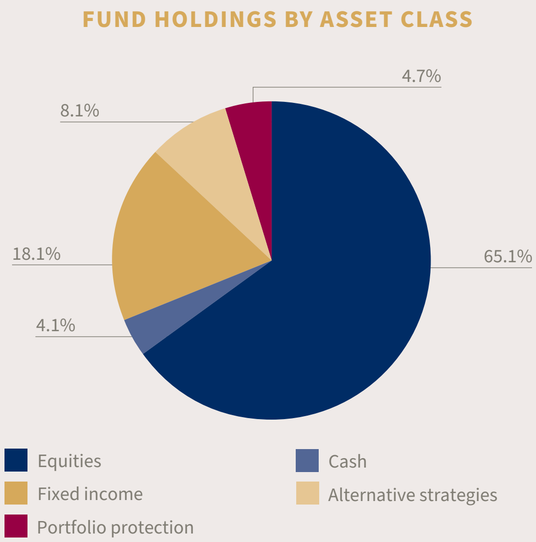
Rothschild & Co do not charge an investment management fee with the IFF, IGB and/or the SOF.

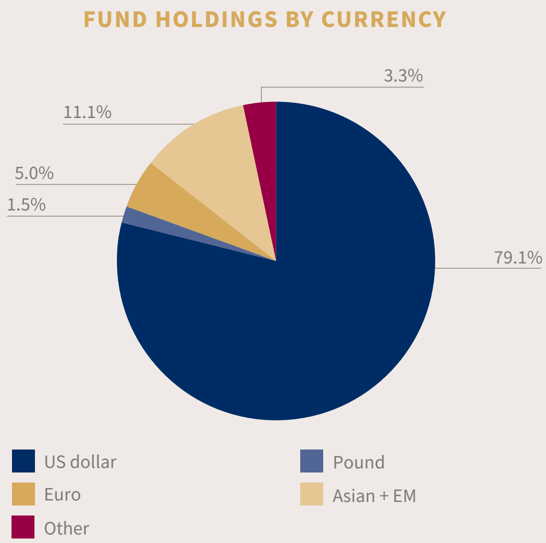
Holdings are subject to change without notice.

Percentages may not add up to 100% due to rounding.

Fund allocations

The Fund is invested across global regions, asset classes and currencies. The fund manager follows a diversified investment approach and aims to preserve and grow the real value of the Fund over the longer term.





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 SICAV SIF – NEW COURT FUND USD

Type of fund	A sub-fund of a Luxembourg Société d'Investissement à Capital Variable ("SICAV").
Objective	The objective of the Fund is to preserve and grow the real value of the Fund over the long term through a diversified investment approach. The Fund may utilise a wide range of asset classes in order to achieve its objective. These may include equities, cash deposits, bonds, warrants, money market instruments, derivatives and forward transactions, funds (regulated and unregulated), exposure to currencies, commodities and property.
Launch date	8th October 2014.
Share class	Income and accumulation. Base currency is US dollar.
Estimated synthetic OCF[1]	1.34%. This includes the manager's fee (1.00%), other expenses (0.08%) and expenses on underlying fund investments (0.26%).
Transaction costs[2]	0.06%
Pricing	Fund priced daily Subscriptions: daily (business days) Redemptions: weekly (Thursday) Settlement period: T+3
Comparators	US CPI +3%. MSCI All Country World in dollars. Bloomberg Barclays US Treasury Total Return Index. Barclays Benchmark Overnight USD Cash Index.
Tax	UK Reporting status is available.

[1] The Ongoing Charges Figure (OCF) as calculated in December 2022. The OCF is the ratio of the Fund's total disclosable costs (excluding overdraft interest) to the average net assets of the Fund. It is intended to provide a reliable figure that gives the most accurate measure of what it costs to invest in the Fund. The Synthetic OCF includes the disclosed ongoing fees of the underlying fund investments weighted on the basis of their investment proportion in the Fund. From time to time management fees may differ. This will be disclosed and explained to you in good time before you invest.

[2] The transaction costs show the most recent transaction figures available.

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

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There can be no assurance that an investment will achieve returns at levels comparable to the returns reflected herein. An investors' return may be different than that of the Rothschild & Co WM SICAV SIF – New Court Fund USD because of, among other things, differences in the amount of capital at risk, diversification, risk tolerance and portfolio turnover.

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