Rothschild & Co
Wealth Management

EXBURY FUND | OCTOBER 2024

Exbury Fund

Rothschild & Co WM SICAV SIF

Cover: The impressive façade of Exbury House in Hampshire. The 200-acre garden of informal woodlands and a large collection of rhododendrons, azaleas and camellias, is considered the finest garden of its kind in the UK.

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Wealth Management

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Values: All data as at 30th September 2024 (except inflation which is until 31st August 2024 as September 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 pounds sterling, 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

Global stock markets reached new highs in the third quarter, with broader participation across industry sectors compared with the tech-driven rally seen earlier in the year. Overall sentiment remained positive with central banks reducing interest rates, despite some mixed messages about the economic outlook.

PERFORMANCE COMMENTARY

The portfolio returned +3.8% in the third quarter of 2024, taking the return to +5.6% for the year. The strategy has returned +53.4% (net of fees) since inception[1] vs. +48.9% for UK inflation +3% since inception (22nd November 2018). This equates to an annualised return of +7.6% compared to +7.0% for UK inflation +3%.[2]

PORTFOLIO PERFORMANCE

In a reversal from the previous quarter where the US tech sector dominated, market participation broadened as global stocks reached new highs.

As was highlighted after the second quarter this year, performance of the return assets can differ considerably from the performance of global stocks over shorter time periods given our investment approach, and this quarter is a good example of that. Contrary to the previous quarter, relative performance was very positive against the MSCI with return assets delivering +9.5%. Laboratory testing company Eurofins (+23.3%) was the top performer over the quarter, recovering from the negative share price reaction to a short seller report at the end of the second quarter. Recent results also highlighted the strong underlying performance of the business with revenues now exceeding peak pandemic-driven levels.

Sika (+10.1%), the construction chemicals business, had a stronger third quarter after a weak start to the year that was driven by a slow construction market. Results for the first half the year were solid with guidance towards higher-than-expected synergies coming through from its 2023 acquisition of the MBCC Group. The Albizia funds (Opportunities +14.6% and Tenggara +13.4%) performed positively as some of their consumer-focused holdings saw strong share price performance and, US dollar weakness allowed ASEAN currencies to claw back their year-to-date losses.

We continue to monitor our positions in the cable companies which had another relatively weak quarter (Charter Communications +8.3%, Comcast +7.2% and Cable One -0.6%). Whilst a softer period for the sector overall, the returns of the technology indices were still driven by a few stocks. This left the broader exposure in the equally weighted Amundi index we hold underperforming the market over the period (+1.6%).

Our diversifying assets also added to performance over the period (+1.2%). As central banks began their easing cycles, bond yields fell, which positively impacted our fixed income holdings. Our inflation-linked bonds (+4.7%) outperformed nominal bonds as real yields fell, with the longer-dated exposure of the inflation-linked bonds benefitting more from falling rates. Saba Capital Carry

> Recent results highlighted the strong underlying performance of Eurofins, with revenues now exceeding peak pandemic-driven levels

[1] The inception date of the Fund which implements this strategy was 22nd November 2018. 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.

Data sources: Rothschild & Co and Bloomberg.

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

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Fund manager’s review (continued)

Neutral Tail Hedge (+2.1%) generated positive performance over the period due to individual credit selection. Our trend followers lost ground, Abbey Focus Fund (-4.7%) and CFM IS Trends (-1.0%), predominantly as a result of their positioning in developed market currencies and volatile equity markets intra-quarter. The Andurand Climate and Energy Transition fund had a volatile quarter (-9.9%) due to its high exposure to copper. Copper is one of the most important metals for the energy transition and is used in electric vehicles and renewable energy generation, however shorter-term concerns around demand especially from China caused the copper price to pull back.

PORTFOLIO ACTIVITY

The quarter saw a little more activity than usual. We added three new positions, increasing our weighting in the portfolio to enabling assets.

We added two companies that own high quality windfarms across the UK and Europe – Greencoat UK Wind and Greencoat Renewables. Both companies are part of the ecosystem for enabling the exploitation of wind resource, helping to decarbonise national grids and meet longer-term government targets. The companies have highly experienced management teams with a good track record of buying a diversified range of wind assets and delivering attractive and consistent financial returns.

We also added a position in Texas Instruments, the largest analogue semiconductor firm globally. Analogue semiconductors (chips) are the crucial link between the real world and the digital world. They are essential to the digital revolution.

From an enabling perspective, a core analogue product is a power management chip, required in almost any electrically-powered device. These chips drive power efficiency – an ever increasingly important theme and they are especially important in electric vehicles and data centres. While the market views analogue chips as perhaps more boring than their digital counterparts which have been driven by the optimism around AI, we think they are far more interesting investment candidates – they grow faster, have stickier customers, and generate better cash returns.

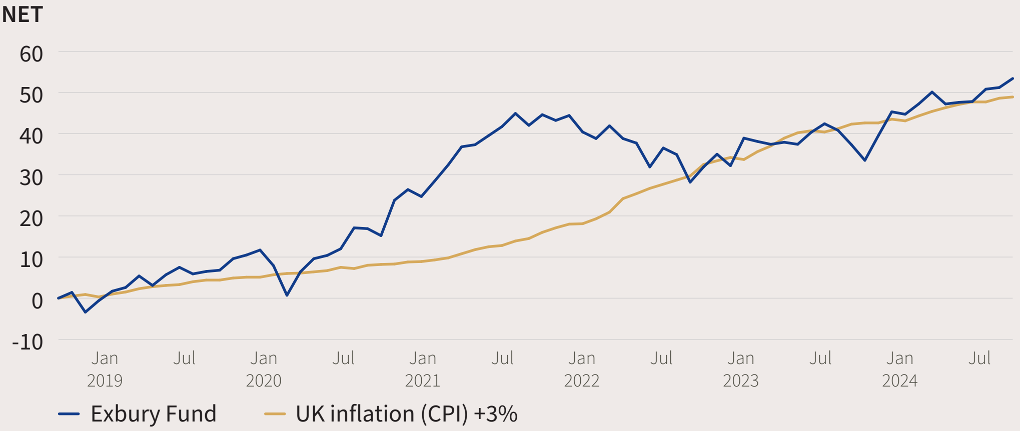
During the quarter we also added to our holding in Sika when the market pulled back at the start of August as the price was at similar levels to our initial investment and forward returns looked attractive.

In order to fund these purchases we reduced our holdings in several of the businesses throughout the quarter that have seen strong share price performance – the ratings agencies S&P Global and Moody’s, acquirer Constellation Software, and American Express.

Fund performance

Since inception, the Fund has outperformed the strategy's objective of inflation +3%. As at 30th September 2024, the net asset value per share was £27.04. The Fund size was £388.7 million.

PERFORMANCE SINCE INCEPTION (%)*



PERFORMANCE COMPARISON – OVER TIME (%)

	Q3 2024	YTD	2023	2022	2021	2020	2019	SINCE INCEPTION*
EXBURY FUND	3.8	5.6	9.9	-8.4	14.3	14.3	14.4	53.4
UK inflation +3%	0.9	3.8	6.9	13.5	8.4	3.6	4.3	48.9
UK inflation	0.1	1.6	3.9	10.5	5.4	0.6	1.3	25.9
Global equities (in local currencies)	4.9	18.7	21.6	-16.0	20.9	14.2	26.2	101.9
Global equities (in sterling)	0.6	13.0	15.8	-8.7	19.6	13.0	21.7	89.6
UK government bonds	2.4	-0.5	3.6	-25.1	-5.3	8.9	7.1	-13.2
Sterling cash	1.3	4.0	4.7	1.4	0.1	0.2	0.7	11.5

* The Fund inception date was 22nd November 2018.

Indices used: UK inflation (CPI inflation), global equities (MSCI All Country World Index in local currencies and sterling terms), UK government bonds (Bloomberg Barclays Gifts Total Return Index), sterling cash (Barclays Benchmark Overnight GBP Cash Index). All figures are calculated monthly from inception (except inflation which is until 31st August 2024 as September 2024 data figures are not yet available. Past performance is not indicative of future performance. The value of investments and the income from them can fall as well as rise.

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 (62.7%)

Companies	**20.5%**
Ashtead	3.3%
Canadian Pacific Kansas City	2.4%
Deere	2.4%
Linde	3.7%
Moody's	2.7%
S&P Global	2.8%
Sika	1.6%
Texas Instruments	1.5%

Funds	**13.5%**
Andurand	1.6%
Generation Asia	3.3%
Greencoat Renewables	1.1%
Greencoat UK Wind	1.1%
Ninety One Global Environment	3.4%
WHEB Environmental Impact Fund	2.9%

Companies	**20.6%**
Admiral	2.9%
American Express	3.7%
Booking	2.8%
Cable One	0.4%
Charter Communications [1]	1.0%
Comcast	2.1%
Constellation Software [2]	1.9%
Eurofins	2.5%
Mastercard	3.1%
Topicus.com	0.2%

Funds	**8.2%**
Aikya	2.7%
Albizia ASEAN	0.4%
Amundi US Tech ETF	2.5%
Bares US Equity	2.6%

DIVERSIFYING ASSETS (37.3%)

Alternative strategies	**1.9%**
Carbon Cap World Carbon	1.9%

Fixed income – nominal	**9.5%**
Sustainable Bond Fund	9.5%

Alternative strategies	**7.8%**
Abbey Focus Fund	3.5%
CFM ISTEC	2.2%
CFM IS Trends	2.0%

Portfolio protection	**4.5%**
Okura	1.5%
One River Dynamic Convexity	1.2%
Saba Capital Carry Neutral Tail Hedge	1.5%
S&P 500 4400 Resettable Put – December 2024 [3]	<0.1%
S&P 500 4900 Resettable Put – June 2025 [3]	0.1%
S&P 500 5000 Resettable Put – December 2025 [3]	0.1%

Fixed income – investment grade	**8.8%**
Inflation Focus Fund [4]	8.8%

Cash and cash equivalents	**4.7%**
Cash	2.4%
T-Bills	2.3%

Currency hedges	
EUR FX Hedge	-6.2%
USD FX Hedge	-32.3%
GBP FX Hedge	38.5%

ENABLERS

Holdings are subject to change without notice. Percentages may not add up to 100% due to rounding.

[1] Implemented via Charter Communications and Liberty Broadband.

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

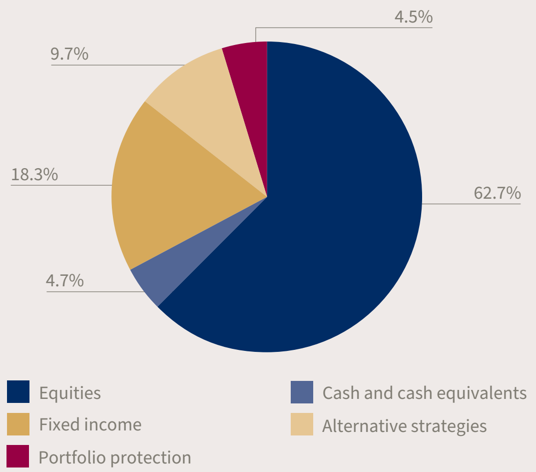
[3] Put warrants (options) behave like insurance; we pay a premium for them and hope that they expire worthless, losing only the premium (a very small detraction). They will increase in value if equity markets fall, thereby providing some protection to the portfolio in the event of a fall in the value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

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

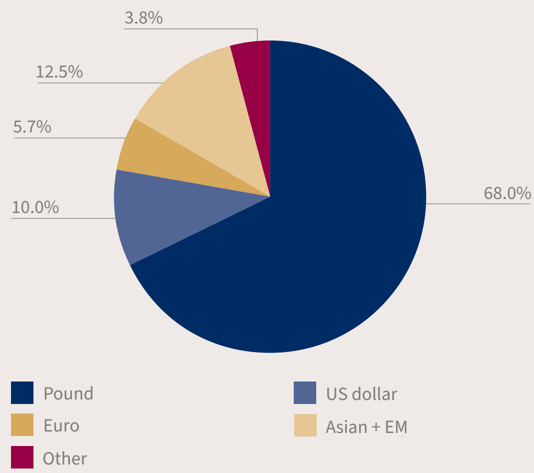
Fund allocations

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.

FUND HOLDINGS BY ASSET CLASS

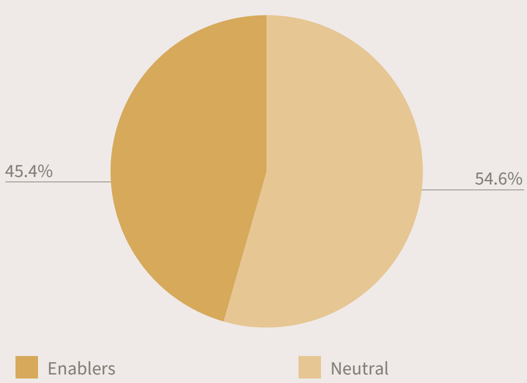


FUND HOLDINGS BY CURRENCY



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.

PERCENTAGE OF FUND THAT IS ENABLING



Enablers

A minimum of 30% of the Fund will be invested in companies, funds or other securities that enable the goals of the Paris Agreement and support the transition to a lower carbon world.

To be considered an Enabler, these assets need to demonstrate a meaningful contribution to at least one of these four themes:

- Powering our world
- Sustainable transport and infrastructure
- Responsible production and consumption
- Finance and the transition

Paris Agreement

The agreement by 196 countries at the Paris Climate Conference in 2015 with the aim to limit global warming and strengthen our ability to deal with the impacts of climate change through:

1. Reducing emissions
Rapidly reduce emissions through innovation to limit global average temperature increases to well below 2°C above preindustrial levels

2. Transparency and global cooperation
Global leaders to meet regularly to assess collective progress and track this transparently

3. Adaption
Strengthen society's ability to deal with the impacts of climate change

Supporting information

ROTHSCHILD & CO WM SICAV SIF – EXBURY FUND GBP

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, while investing sustainably. 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	22nd November 2018
Share class	Income and accumulation. Base currency is pound sterling.
Estimated synthetic OCF[1]	1.41%. This includes the manager's fee (1.00%), other expenses (0.09%) and expenses on underlying fund investments (0.32%).
Transaction costs[2]	0.07%
Pricing	Fund priced daily Subscriptions: daily (business days) Redemptions: weekly (Thursday) Settlement period: T+3
Comparators	UK CPI +3%. MSCI All Country World in sterling. Bloomberg Barclays Gilts Total Return Index. Barclays Benchmark Overnight GBP Cash Index.

[1] The Ongoing Charges Figure (OCF) as calculated in December 2023. 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 and is calculated based on the last period's figures. The Synthetic OCF includes the OCF 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.

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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 Exbury Fund because of, among other things, differences in the amount of capital at risk, diversification, risk tolerance and portfolio turnover.

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