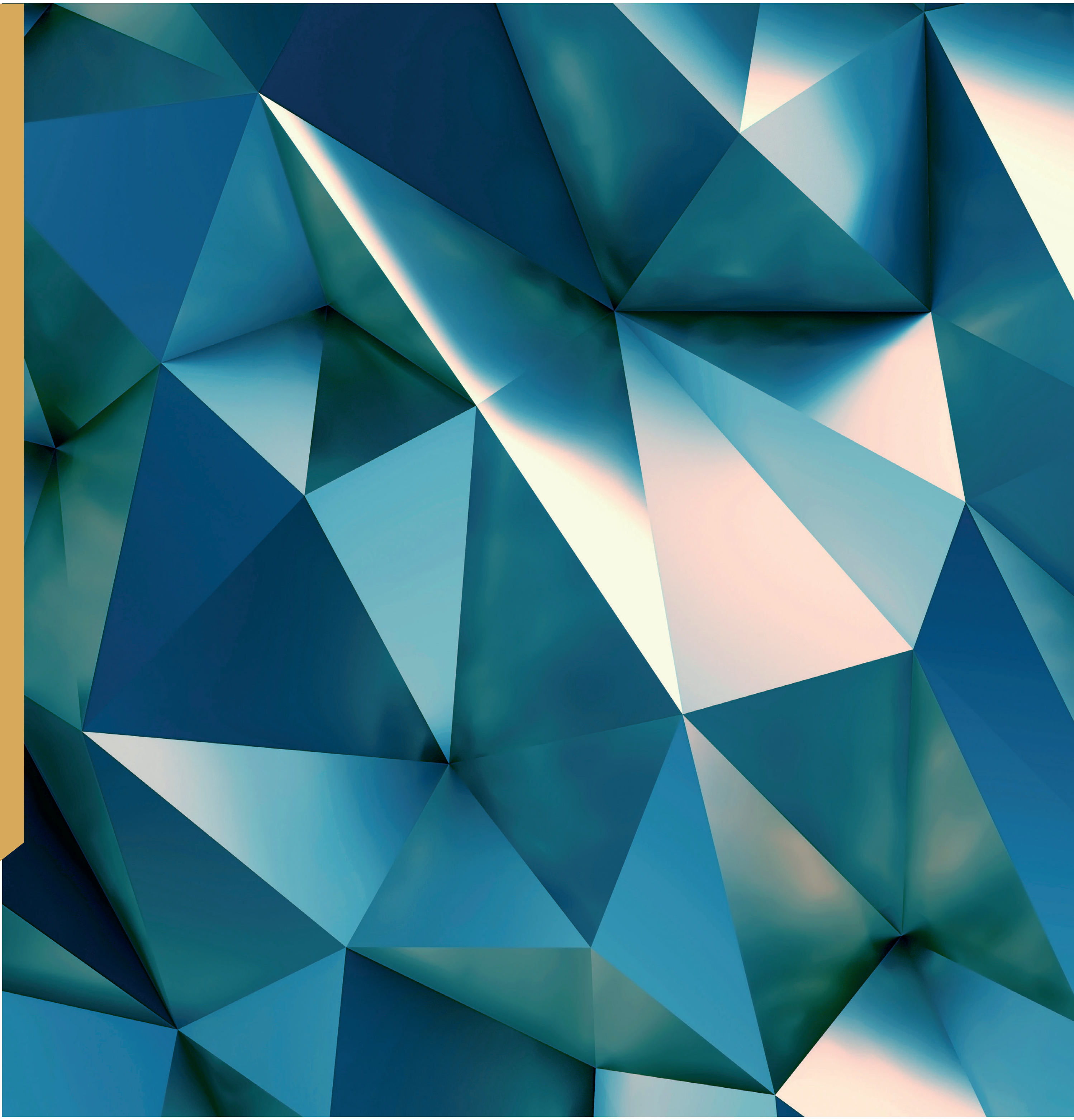
Rothschild & Co
Wealth Management

QUARTERLY REPORT | JULY 2024



# Mosaique Balanced CHF

Rothschild & Co WM Fund (SICAV SIF)

Cover: © Getty Images.



This is not a promotion or solicitation of the Rothschild & Co WM SICAV SIF – Mosaique Balanced CHF, which is not usually available to execution only or advisory clients. When certain criteria are met discretionary portfolios may hold the Fund, but only at Rothschild & Co's discretion.

Values: All data as at 28th June 2024. 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

## 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.

### PORTFOLIO PERFORMANCE

The portfolio surged in May and June, following a retracement in April, to end the second quarter on a positive note. April was a challenging month, as the portfolio gave back some of the gains from the first quarter. This was largely attributed to broad-based sector weakness and stock selection. However, the stock selection downtrend was brief, serving as a catalyst for the strong performance in May and June.

Within equities, we maintained an overweight allocation that worked well over the quarter. Our preference for companies exhibiting high quality characteristics, in particular large cap companies and companies with high profitability, performed well in the last two months.

Against this backdrop, the single stock performance driver was momentum once again as the winners continued to win and losers continued to lose. The exception was top performer, Apple (+23%), which bounced back from its recent malaise, first with a set of quarterly figures that were slightly above expectations on both the top and bottom line, and later by unveiling its artificial intelligence offering at its annual developer conference. Apple Intelligence will be powered by Apple's on-device Large Language Models (also integrating ChatGPT) and will be exclusive to newer devices. This should accelerate a replacement cycle and, once launched, can further strengthen its ecosystem. Alphabet (+21%) reported a fantastic set of quarterly results that beat expectations. The company's revenue growth continued to improve and it implemented measures to further increase margins. Similarly, Costco (+16%) delivered another solid set of results as all operating metrics were strong. Novo Nordisk (+14%) was once again among the winners, with the company announcing an expansion of its production capacity in North America to meet growing demand for its obesity drug and other treatments.

On the other hand, LVMH (-14%), already hit by lower consumer spending and weaker consumption in China, fell further as political events in France took centre stage. Concerns over consumer spending also led to a modest decline in Visa (-6%). Despite reporting a set of results meeting expectations, Canadian Pacific (-11%) underperformed over the quarter.

In fixed income, there were two main drivers of performance: credit spreads and Swiss National Bank (SNB) policy. Credit spreads for CHF-denominated bonds tightened, creating an opportunity for issuers to increase the issuance of several new investment grade bonds. In addition, the SNB cut its key interest rate for the second consecutive meeting in June to 1.25%. This dual dynamic of tightening credit spreads and interest rate cuts has strengthened our portfolio positioning. We continue to favour a barbell approach, owning high-quality paper combined with a higher-yielding element at the shorter end of the curve.

### PORTFOLIO ACTIVITY

We made several adjustments to the portfolio this quarter. Starting in April, we sold Nike, driven primarily by concerns over earnings with the possibility of further compression, which would negatively affect its price performance. Then, we decided to add some protection to the portfolio as the market had one of the best starts to the year historically. The Goldman Sachs Participation Certificate on the MSCI ACWI offers a hedging component compared to simply owning the MSCI ACWI ETF and therefore, we decided to configure this certificate and reduced the ETF, London Stock Exchange and Adobe to finance

Data sources: Rothschild & Co and Bloomberg

# Fund manager's review (continued)

the trade. The certificate protects the portfolio by limiting downside risk of the index and the upside performance is capped as a trade-off. Later, we topped up the iShares Core SPI(R) ETF to maintain our Swiss exposure.

In May, we sold Comcast and bought the Amundi S&P Global Communication Services ESG UCITS ETF given the ongoing challenges in the broadband segment, coupled with the stock's underperformance relative to the sector. Next, we replaced the UBS MSCI Japan Socially Responsible UCITS ETF with the JPMorgan Japan Research Enhanced Index Equity (ESG) UCITS ETF. While both ETFs incorporate ESG factors in their investment approaches, the latter pursues an actively managed investment strategy rather than a passive one. This allows the manager to flexibly adapt and optimise the ETF according to changing market conditions. Furthermore, the JPMorgan ETF displays a lower tracking error compared with the UBS equivalent.

Finally, in June we made some changes to the portfolio's healthcare exposure by adding Galderma, increasing Intuitive Surgical and selling the MSCI World Healthcare ETF in favour of single stock exposure rather than holding the sector. Galderma is a pure-play dermatology company with a premium market position in injectable aesthetics, dermatological skin care and therapeutic dermatology. The company's strategy within dermatology is distinctive, enabling it to engage directly with a wide range of market participants, from physicians at one end to consumers at the other. We ended the quarter by adding to Alphabet and Amazon, as our confidence in both companies remained high. We financed both purchases by selling the Invesco S&P 500 Equal Weight Technology ETF.

# Fund performance

At the end of the second quarter 2024, the performance stood at 2.0% QTD and 7.9% YTD.

## PERFORMANCE SINCE INCEPTION (%)*


* Data represents total returns of the investment strategy over the period from 14 October 2013 to 28 June 2024. 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 | 2.0 | 7.9 | 10.9 | -0.5 | 17.3 | 37.2 |

## MONTHLY PERFORMANCE TABLE (%)

| | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | 1.4 | 2.1 | 2.2 | -1.2 | 1.4 | 1.9 | | | | | | | 7.9 |
| 2023 | 3.9 | -2.1 | 1.3 | 0.7 | 0.5 | 0.5 | 0.8 | -0.3 | -1.1 | -1.6 | 3.3 | 1.7 | 7.7 |
| 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 |

# Portfolio holdings

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

| EQUITIES | 56.0% |
|---|---|
| **North America** | **20.6%** |
| Microsoft | 2.5% |
| Alphabet | 2.0% |
| Amazon.com | 1.9% |
| Costco Wholesale Corp | 1.6% |
| SPDR S&P U.S. Energy Select Sector UCITS ETF | 1.6% |
| Visa | 1.3% |
| S&P Global | 1.2% |
| Apple | 1.1% |
| JPMorgan Chase & Co | 1.1% |
| Intuitive Surgical | 1.1% |
| Linde | 1.1% |
| Canadian Pacific Kansas City | 1.0% |
| Veralto Corp | 0.8% |
| Adobe | 0.8% |
| Danaher | 0.8% |
| United Health | 0.7% |
| Comcast | 0.7% |
| United Health | 0.7% |
| **Switzerland** | **17.7%** |
| Novartis | 3.0% |
| Nestle | 2.7% |
| LongRun Swiss Small & Mid Cap Fund | 2.5% |
| Roche | 1.7% |
| iShares Core SPI ETF | 1.6% |
| Zurich Insurance | 1.4% |
| Partners Group | 1.1% |
| Galderma Group | 1.0% |
| VAT Group | 1.0% |
| Richemont | 0.9% |
| Sika | 0.8% |
| **Global** | **8.0%** |
| LongRun Equity Fund | 5.4% |
| GS Participation Tracker on MSCI ACWI | 2.0% |
| Amundi S&P Global Communication Services ESG UCITS ETF | 0.7% |
| **Emerging Markets** | **3.2%** |
| Veritas Asian Fund | 2.3% |
| JPM Global Emerging Markets UCITS ETF ESG Screened | 0.9% |
| **Europe** | **5.2%** |
| ASML | 1.2% |
| Safran | 1.0% |
| RELX plc | 1.0% |
| LVMH | 0.7% |
| NOVO NORDISK | 0.7% |
| London Stock Exchange | 0.6% |
| **Japan** | **1.3%** |
| MSCI Japan Socially Responsible UCITS ETF | 1.3% |

| FIXED INCOME | 36.1% |
|---|---|
| **Investment Grade** | **30.5%** |
| Diversified CHF Investment Grade Single Bonds | 27.1% |
| R-co Conviction Credit Euro Fund | 1.8% |
| Schroder Euro Credit Conviction | 1.6% |
| **High Yield** | **5.7%** |
| Vanguard Emerging Markets Bond Fund CHF Hedged | 2.0% |
| iShares USD High Yield Corp Bond UCITS ETF Hedged CHF | 1.3% |
| Muzinich Europeyield Fund | 1.3% |
| Vontobel Emerging Markets Corporate Bonds | 1.1% |

| MULTI-ASSET & HYBRID INSTRUMENTS | 2.2% |
|---|---|
| **Structured Products (Yield)** | **1.4%** |
| Cert GS QSP Dynamic Hedging Strategy | 1.4% |
| **Structured Products (Participation Certificate)** | **0.8%** |
| Cert BNP Paribas Iss 2023-02.06.25 on CSI300 Index, CSI500 Index | 0.8% |

| ALTERNATIVE STRATEGIES | 2.4% |
|---|---|
| **Alternative Strategies** | **2.4%** |
| Atropos CatBond | 1.6% |
| One River Dynamic Convexity Fund | 0.8% |

| MONEY MARKET | 1.1% |
|---|---|
| **Money Market** | **1.1%** |
| CHF Liquidity | 1.1% |

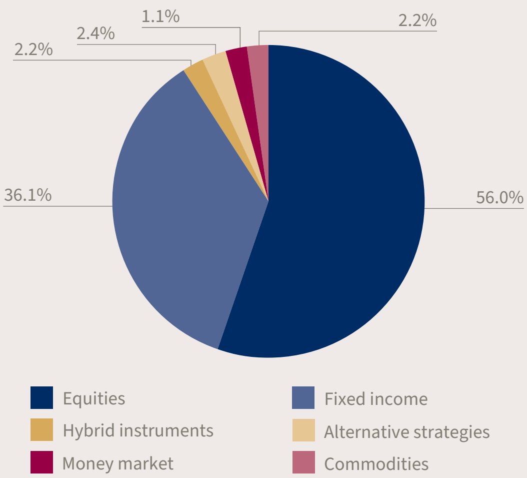
| COMMODITIES | 2.2% |
|---|---|
| **Gold** | **2.2%** |
| Swiss Physical Gold Plus Fund | 2.2% |

Percentages may not sum to 100% due to rounding.

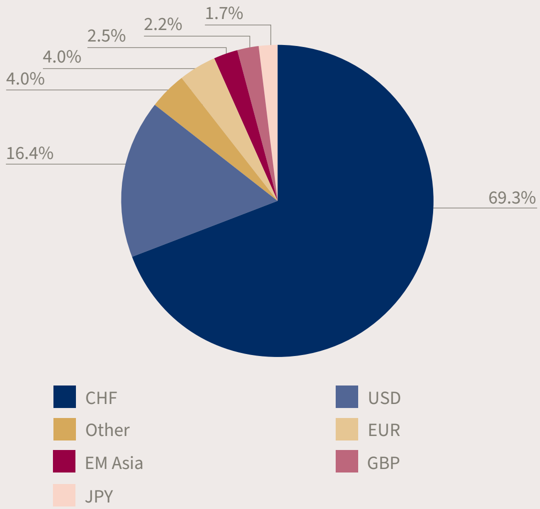
# Fund allocation

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

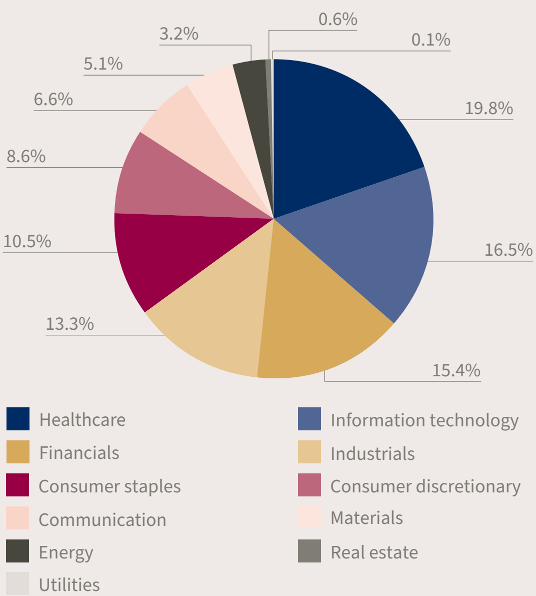
## FUND HOLDINGS BY ASSET CLASSES



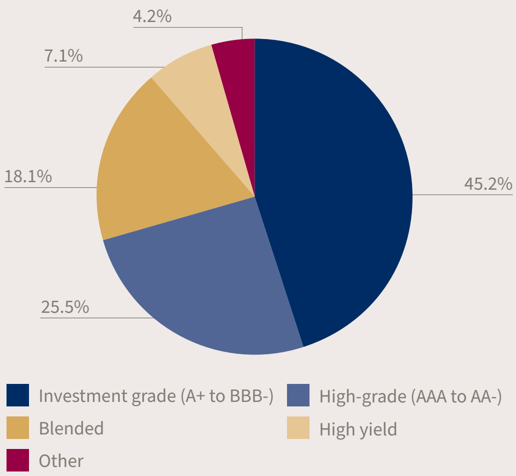

## FUND ALLOCATION BY CURRENCY




## 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 |
| Depositary 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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