



# Mosaique Balanced CHF

Rothschild & Co WM Fund (SICAV SIF)

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Wealth Management

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Values: All data as at 31<sup>st</sup> December 2022. 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

A combination of slowing economic growth, inflationary pressures and rising interest rates, as well as heightened geopolitical risks, including Russia's invasion of Ukraine, created a challenging investment environment throughout 2022. Conditions in financial markets were volatile and most asset classes fell in value over the year.

## MARKET OVERVIEW

After three positive years of investment performance, 2022 proved challenging with few assets delivering positive returns. The final quarter of the year saw some of these losses recouped as global equity markets recovered from their lows, driven partly by China's re-opening and partly by easing inflation measures and bond yields. Despite the positive quarter, both equities and bonds ended the year down by 16% (in local currency terms). Investors have been confronted with heightened geopolitical risk, including the outbreak of war in Europe, in addition to slowing economic growth and heightened inflationary pressures.

2022 saw a resurgence of inflation to levels not seen in decades. Double digit headline rates were recorded across the US, Eurozone and the UK, although these did start to recede towards the end of the year as commodity prices eased.

## PORTFOLIO PERFORMANCE

The portfolio performed well this quarter, helping to recoup some of the losses from the lows earlier in the year. Back-to-back upswings in October and November offered comfort but was slightly curtailed by a difficult December.

In Fixed Income, staying short duration in the asset class did not fare well but was far outweighed by the positive contributions from credit spreads tightening. Underscoring this, our preference for credits over government issues benefitted the portfolio this quarter.

Within Equities, the neutral positioning functioned well over the quarter. Stock picking was the main performance driver, where consumer exposed names contributed positively whilst health care and financials lagged. Our preference for companies that demonstrate high quality characteristics such as strong profitability was a net positive but was overshadowed by the market's preference for cheaply valued companies. As we head into a slower growth environment, we maintain our philosophy towards good quality business that have pricing power and can improve their competitive position within their industries during times of economic stress.

Among single stocks, Nike was the outstanding performer this quarter, with >40% return. The stock responded favourably to China's re-opening announcement and an exceptional earnings report in December. Positive earnings reports were also the main performance driver for some other names with increases in the share price relative to their respective peers: Comcast, Visa, and Adobe. The latter also displayed a turnaround in sentiment versus last quarter following the announcement of the acquisition of rival firm Figma. Of the detractors, several Swiss quality names suffered including Partners Group, Roche and Sonova.

Data sources: Rothschild & Co and Bloomberg

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# Fund manager's review (continued)

## PORTFOLIO ACTIVITY

Several changes were made to the portfolios over the final quarter of 2022.

Starting with Equities, we converted the commodities exposure into the energy sector. Here, we sold the Basic Resources ETF and purchased the U.S. Energy Select ETF. We also introduced ASML following a better-than-expected outlook from the company. The stock corrected heavily from its peak, and we saw an attractive entry point to add some semiconductor exposure. Latterly, to reduce risks, we trimmed Morgan Stanley and Partners Group and reallocated the proceeds to defensive names like Zurich Insurance Group and Novartis.

Elsewhere in Fixed Income, at either ends of the quarter we deployed cash into investment grade and high-grade bonds. In addition, we sought to lengthen the portfolio duration to benefit from the more attractive yield environment. We reallocated 50% of the Muzinich Global Short Duration fund into the medium duration R-Co Conviction Credit fund.

Looking at structured products, as the market was significantly below the put strike in October, we decided to sell the remaining allocation to the conditional hedge with a remarkable profit of more than 400%. The initial profit on this hedge was taken in June. Finally, considering macro and geopolitical uncertainty, we opportunistically added another hedge in December to protect the equivalent of 10% of the portfolio's equity exposure for the next 6 months.

# Fund performance

At the end of the fourth quarter 2022, the performance stood at 2.5% QTD and -15.3% YTD.

## PERFORMANCE SINCE INCEPTION (%)\*



\* Data represents total returns of the investment strategy over the period from 14 October 2013 to 30 September 2022. 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	2.5	-15.3	-15.3	-2.7	5.4	18.0

## MONTHLY PERFORMANCE TABLE (%)

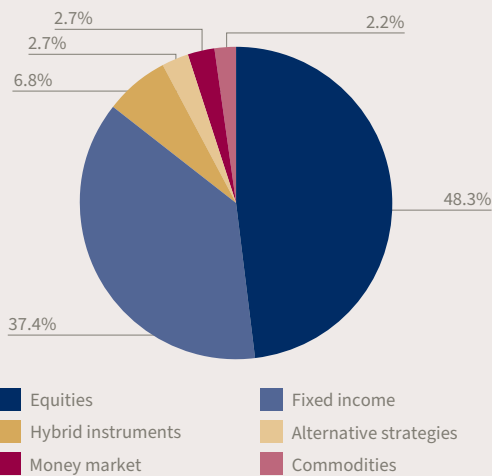
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2022	-3.7	-2.9	0.8	-2.6	-1.8	-4.9	4.0	-2.2	-5.1	3.0	2.9	-3.3	-15.3
2021	-0.4	1.0	2.5	1.3	0.6	2.6	0.4	2.0	-2.9	1.7	-0.8	0.9	8.8
2020	0.7	-3.9	-8.5	5.6	2.3	1.9	1.6	3.0	-0.2	-1.7	4.4	1.0	5.5
2019	3.8	2.3	1.1	2.9	-2.2	1.5	1.0	-0.3	0.1	0.8	1.9	0.2	13.6
2018	0.6	-1.6	-1.0	1.6	-0.1	0.3	1.8	-0.2	0.3	-2.7	0.4	-4.0	-4.6



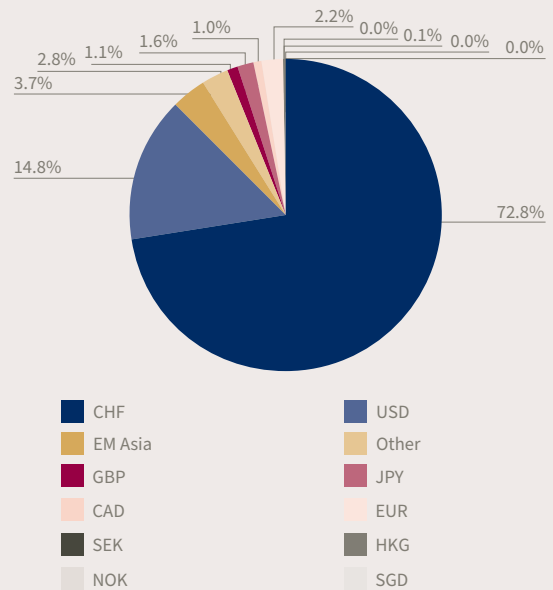
# Fund allocation

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

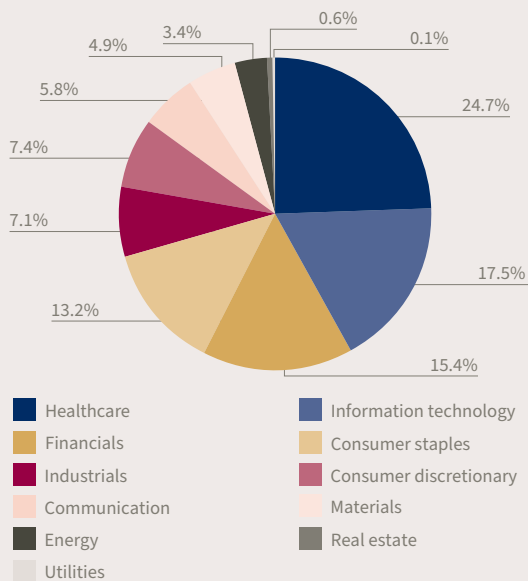
**FUND HOLDINGS BY ASSET CLASSES**



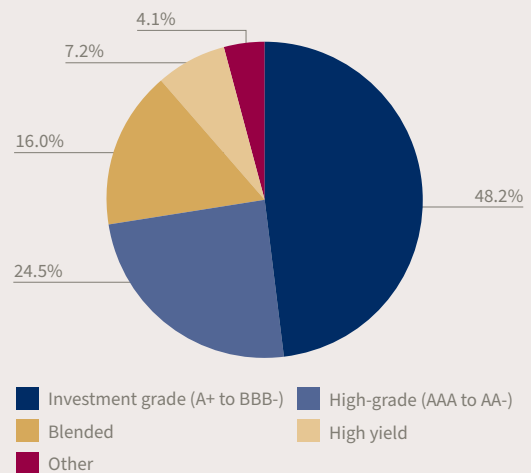
**FUND ALLOCATION BY CURRENCY**



**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**

<b>Legal structure</b>	SICAV SIF
<b>Objective</b>	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.
<b>Launch date</b>	1 January 2017
<b>Fiscal year end</b>	31 December
<b>Domicile</b>	Luxembourg
<b>Management company</b>	Rothschild & Co Investment Managers, Luxembourg
<b>Fund administrator</b>	Northern Trust, Luxembourg
<b>Depository bank</b>	Northern Trust, Luxembourg
<b>Inception date</b>	14 October 2013
<b>Liquidity</b>	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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