



# 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> March 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 first quarter as they continued to tame inflation. Concern about the economic outlook and the possibility of recession was compounded by turmoil in the banking sector. Yet stock markets showed resilience by shrugging off much of the uncertainty and climbing higher over the period.

## MARKET OVERVIEW

After a strong January, stock markets pared some of their gains as the prospect of higher interest rates and, more recently, concerns over the health of the banking system moved into focus. The collapse of Silicon Valley Bank and, in turn, the enforced acquisition of Credit Suisse by UBS, ignited concerns over financial contagion, with bank stock prices falling sharply. Whilst financials came under pressure, the global growth backdrop continued to look resilient and technology rebounded following a tough 2022, with the Nasdaq Composite posting its best start to the year since 2001.

## PORTFOLIO PERFORMANCE

The first quarter of 2023 was a tale of reversal but ultimately ending in positive portfolio investment performance. Maintaining the positive trend from Q4 2022, the portfolio roared into the new year, built up by effervescent market sentiment. In February, there was a pullback in performance with sentiment swinging back, following renewed hawkish stance of central banks and a repricing of interest rates anticipations to the upside. In the meantime, inflation continued to see companies grow cautious with their profit margin forecasts. Nevertheless, a resilient March restored the positive performance, and we march on.

In Fixed Income, we continued our duration and credit exposure management over the quarter. Stronger economic data that were published in February in many developed markets led to higher moves in bond yields which we used to lengthen the portfolio duration. More on that in Portfolio Activity.

Yet, the flat to negatively sloping style of most yield curves let us keep our short duration, while we kept our overweight in credit exposure. The high volatility during March in the aftermath of the collapse of Silicon Valley Bank (SVB) and the directed takeover of Credit Suisse (CS) by UBS –as displayed in higher volatility in both rates and spreads questioned the case for tighter monetary policies again but ended ultimately in spreads that returned to pre-SVB/CS news flow levels.

Thus, our credit positioning helped to earn fixed income carry while we stayed overall short duration as longer maturities do not compensate bond investors adequately, especially when central banks are still in the mode for higher policy rates.

Within Equities, we kept a neutral positioning in the asset class. Stock picking was the main performance driver, where the financial exposed names contributed positively, undeterred by the collapse of SVB and near-death of CS. On the other hand, it was a difficult quarter for our healthcare stocks.

Our preference for companies that demonstrate high quality characteristics such as strong profitability and large size were a net positive. Also, in contrast to last year where the market preferred cheaply valued companies, this year the market pivoted and consequently the abovementioned quality characteristics and elements of growth within the portfolio were a boon to performance. 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.

Data sources: Rothschild & Co and Bloomberg

Holdings are subject to change without notice. This document does not constitute a personal recommendation or an offer or invitation to buy or sell securities or any other banking or investment product. Past performance is not indicative of future performance and investments and the income from them can fall as well as rise.

# Fund manager's review (continued)

Among single stocks, Sonova was very strong with an increase of >15% in the share price relative to the market as it benefitted from strong US unit growth in January and February. As mentioned above, the financial names in the portfolio were amongst the winners this quarter with increases in the share price relative to their respective peers: JPMorgan Chase, Visa, and Morgan Stanley. Following the exogenous shocks to the financial sector, with SVB and CS, investors sought safety and consequently, these quality financial names prospered. LVMH (>20%) and Alibaba (>10%) both performed well on the back of strong consumer demand, chiefly boosted from a gradual improvement in China. Finally, ASML – added in Q4 2022, rose above 15% versus the market, reporting excellent results and an upbeat outlook for the current year.

The laggards were United Health, Danaher, and Roche. The latter continued its decline from the previous quarter, falling a further c.10% due to mixed 2022 results and a rather soft outlook. Despite reporting pleasing fourth quarter earnings, both United Health and Danaher declined. We attribute this more to profit taking, as both remain on track for resilient organic growth and rising margins.

## PORTFOLIO ACTIVITY

Starting with Equities, no transactions were taken in January. In February, we took advantage of a strong market run to prune some Microsoft and Alphabet to reduce our investment bias toward mega-caps in the portfolio and create some “dry powder”. This was used in March to finance the introduction of Safran to the portfolio. The company has three main branches: Aerospace Propulsion, Aircraft Equipment (Defense & Aerosystems) and Aircraft Interiors. With the stock at a reasonable valuation and a strong order backlog, we saw an attractive entry point given its competitive advantage and future growth.

Elsewhere in Fixed Income, we completed the transition from the Muzinich Global Short Duration fund into the medium duration R-Co Conviction Credit fund. We decided to invest capital at higher yields, where we believe we can benefit from slightly lengthening the duration of the portfolio.

# Fund performance

At the end of the first quarter 2023, the performance stood at 3.0% QTD and 3.0% 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	3.0	3.0	-7.3	13.1	10.8	21.6

## MONTHLY PERFORMANCE TABLE (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	3.9	-2.1	1.3										3.0
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.

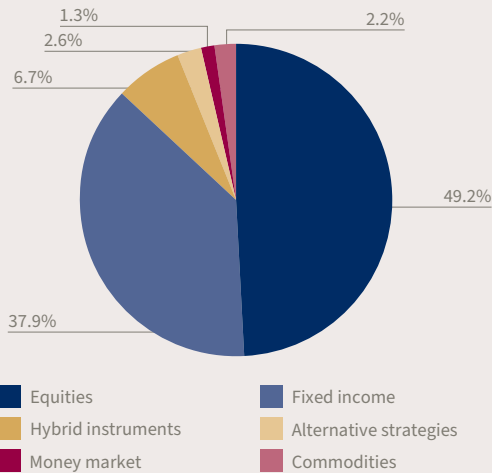
<b>EQUITIES</b>		<b>49.2%</b>	<b>FIXED INCOME</b>		<b>37.9%</b>
<b>North America</b>		<b>17.6%</b>	<b>Investment Grade</b>		<b>32.0%</b>
Microsoft		1.9%	Diversified CHF Investment Grade Single Bonds*		28.4%
SPDR S&P U.S. Energy Select Sector UCITS ETF		1.4%	Schroder Euro Credit Conviction		2.0%
Visa		1.3%	R-co Conviction Credit Euro Fund		1.6%
Costco Wholesale Corp		1.1%	<b>High Yield</b>		<b>5.9%</b>
Apple		1.1%	iShares USD High Yield Corp Bond UCITS ETF		1.3%
Alphabet		1.0%	Hedged CHF		
S&P Global		1.0%	Muzinich Europeyield Fund		1.3%
Linde		1.0%	Vontobel Emerging Markets Corporate Bonds		1.3%
Canadian National Railway		1.0%	Vontobel Emerging Markets Debt Fund		1.9%
Danaher		0.9%			
Adobe		0.9%			
JPMorgan Chase & Co		0.8%			
Invesco S&P 500 Equal Weight Technology ETF		0.8%			
United Health		0.8%			
Nike		0.7%			
Comcast		0.6%			
Amazon.com		0.6%			
Morgan Stanley		0.6%			
<b>Switzerland</b>		<b>16.4%</b>			
Nestle		3.6%			
Novartis		2.9%			
Roche		2.5%			
Cert ZKB on Rothschild & Co Swiss Small and Mid Cap Conviction		1.7%			
Zurich Insurance		1.4%			
iShares Core SPI ETF		1.1%			
Partners Group		0.9%			
Sika		0.9%			
Geberit		0.7%			
Sonova		0.5%			
<b>Global</b>		<b>5.7%</b>			
LongRun Equity Fund		4.4%			
iShares MSCI World Health Care Sector ESG UCITS ETF		1.3%			
<b>Emerging Markets</b>		<b>4.4%</b>			
Veritas Asian Fund		3.0%			
JPM Global Emerging Markets UCITS ETF		0.9%			
ESG Screened					
Alibaba		0.5%			
<b>Europe</b>		<b>3.6%</b>			
London Stock Exchange		1.1%			
ASML		0.9%			
LVMH		0.8%			
Safran		0.8%			
<b>Japan</b>		<b>1.5%</b>			
MSCI Japan Socially Responsible UCITS ETF		1.5%			
			<b>MULTI-ASSET &amp; HYBRID INSTRUMENTS</b>		<b>6.7%</b>
			<b>Structured Products (Yield)</b>		<b>6.7%</b>
			6.59% UBS Jersey (Exp.17.05.23) on FESX/Nikkei225/S&P500/SMI		1.7%
			Dispersion Cert BNP Paribas Iss (Exp.14.04.23) on Equities		1.7%
			Cert Morgan Stanley (Exp.02.08.23) on Nikkei225/SMI/S&P500/ESTX50		1.7%
			Cert Raiffeis Switzerland (Exp.02.10.23) on MSCI ESG Basket		1.6%
			<b>Structured Products (Hedging)</b>		<b>&lt;0.1%</b>
			Wts Goldman Sachs 16.06.2023 Put on MSCI World		<0.1%
			<b>ALTERNATIVE STRATEGIES</b>		<b>2.6%</b>
			<b>Alternative Strategies</b>		<b>2.6%</b>
			Atropos CatBond Fund		1.7%
			One River Dynamic Convexity Fund		0.9%
			<b>MONEY MARKET</b>		<b>1.3%</b>
			<b>Money Market</b>		<b>1.3%</b>
			CHF Liquidity		1.3%
			<b>COMMODITIES</b>		<b>2.2%</b>
			<b>Gold</b>		<b>2.2%</b>
			Rothschild & Co Gold Fund		2.2%

Percentages may not sum to 100% due to rounding.

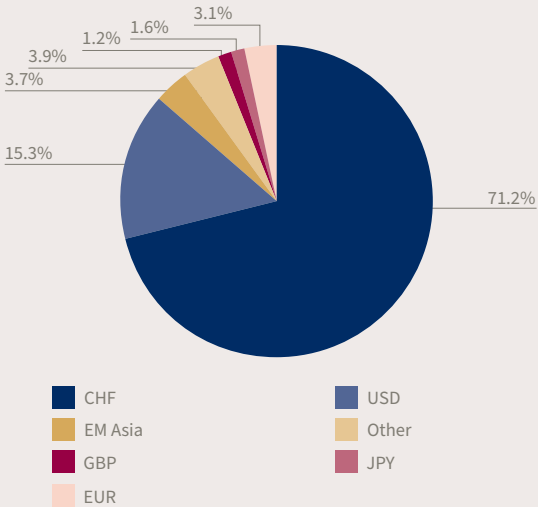
# Fund allocation

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

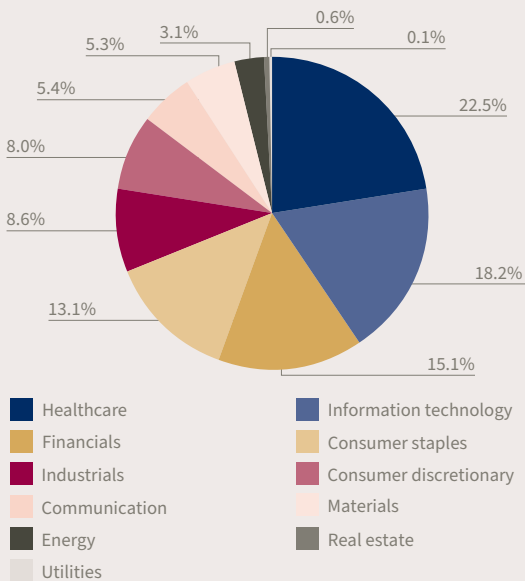
**FUND HOLDINGS BY ASSET CLASSES**



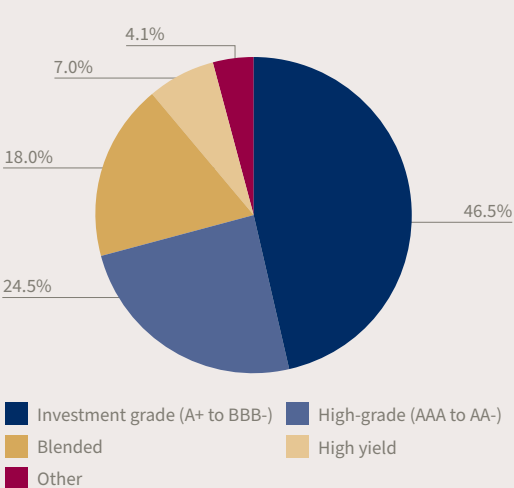
**FUND ALLOCATION BY CURRENCY**



**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**

<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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