

# Mosaique Balanced EUR

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 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 Euros, 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

What a difference a year makes. Despite concerns about a recession at the start of 2023, the global economy did not slow by as much as many feared, inflation faded faster than expected and central banks were able to pause hiking interest rates. Stock and bond markets rallied in the fourth quarter to end the year on a surprising high.

## PORTFOLIO PERFORMANCE

A recovering broad-based market rally guaranteed the portfolio's positive performance this quarter, capping off a very good year. The portfolio briefly continued its weakness in October, as wider market frailty highlighted the 'Magnificent 7's' narrow leadership. Furthermore, our overweight for healthcare companies suffered in comparison to the overall market. Yet, November featured a significant market rebound as developed economies continued to deflate and demonstrate economic resilience. Decisively, the stock market rally saw almost every sector record robust performance, thus restoring the previous three months' sluggish efforts. Similarly in fixed income, government bond yields fell sharply from their October highs. Meanwhile, the increased market activity – both equity and fixed income – continued in December, spurred by the prospect of major central banks adopting softer monetary policy considerably sooner in 2024.

Within equities, the overweight allocation functioned well over the quarter. Referring to the 4Q22 letter, we said that we would maintain our philosophy towards good quality businesses that have pricing power and can improve their competitive position within their industries during times of economic stress. We feel we have been vindicated in this approach over 2023. Initially, our preference for companies that demonstrate high quality characteristics, particularly large capitalization, led the portfolio. While this flattened throughout the year, our stock picking took over, whereby idiosyncratic factors of our holdings drove portfolio performance in the second half of the year.

Among single stocks, companies in the technology sector were the leaders and ASML (+22.2%) was the largest performer. The semiconductor monolith resumed its climb once again, after the brief corrective

phase the wider semiconductor companies experienced in the third quarter. Amazon (+19.5%) also reported very well, with results in-line on the top and greatly ahead on the bottom line. Likewise, performing strongly was the diversified information services provider, S&P Global (+20.8%). The company reported solid Q3 earnings in November, with both revenues and margins outperforming expectations. Furthermore, revenue expanded with positive growth across five of the business' six segments.

Epiroc, Diageo and Nestlé were among the detractors. Epiroc has been impacted by a combination of macroeconomic uncertainties, Chinese weakness, and a challenging financing environment. The stock had been moving sideways until the conclusion of last quarter, when it fell even further. Diageo had a difficult year, culminating in the company issuing a profit warning in mid-November and revising down their growth estimates ahead of its capital markets day. Nestlé's market sentiment has been weakened by volume pressures and gross margin erosion, leading to underperformance. Nonetheless, Nestlé has a history of defensive performance during macroeconomic downturns. Furthermore, the consumer staples sector had derated this year, with financial performance expected to normalise through 2024.

In fixed income, the driver of performance was also two-fold. Spreads widened from the year's commencement until reaching their peak in March, as they were disrupted by the banking and real estate crises. Following this event, they compressed for the remainder of the year on the back of better than feared macro data. Looking at duration positioning, the portfolio benefitted from the previously noted phenomenal rally in Q4. We favour a more barbelled approach in our positioning, owning high-quality paper combined with an element of high yield.

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)

## PORTFOLIO ACTIVITY

Starting in October, we switched our Rothschild & Co Gold Fund position into the Swiss Physical Gold Plus Fund (SPG+), which generates additional performance using an options overlay, making full use of allocated capital. In fixed income, the remaining switch of the Vontobel Emerging Markets Debt Fund to the Vanguard Emerging Markets Bond Fund was done.

In November, after a market correction, we increased exposure to the MSCI ACWI ETF, matching the equity allocation overweight positioning. Then, we reinforced Novo Nordisk and ASML, two companies about which we are very convinced. Novo Nordisk had an outstanding year and has been one of the pharmaceutical industry's top performers.

Finally in December, we made some portfolio adjustments before the year-end conclusion. We sold the small Veralto position, split out from Danaher in October through corporate action, as we already had a healthy blend of Industrial companies in the portfolio. Later, we sold Morgan Stanley. Out of Morgan Stanley and JPMorgan, we preferred to keep conviction with the latter and monitor the former from the sidelines.

# Fund performance

At the end of the fourth quarter 2023, the performance stood at 5.6% QTD and 12.3% YTD.

## PERFORMANCE SINCE INCEPTION (%)\*



\* Data represents total returns of the investment strategy over the period from 13 May 2013 to 31 December 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 EUR X	5.6	12.3	12.3	8.9	32.2	54.9

## MONTHLY PERFORMANCE TABLE (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2023	3.6	-0.8	1.0	1.0	0.5	1.0	1.6	-0.2	-1.5	-0.9	3.9	2.6	12.3
2022	-3.2	-3.2	1.2	-2.3	-1.5	-4.1	5.7	-2.8	-4.8	2.4	3.9	-3.5	-12.3
2021	-0.4	1.0	2.0	1.8	0.4	2.1	0.9	1.1	-2.1	2.6	-0.7	1.3	10.5
2020	1.1	-3.7	-10.5	6.4	2.3	2.4	0.8	3.0	-0.7	-1.3	5.4	0.7	4.9
2019	3.3	2.5	1.9	2.2	-1.8	2.1	1.2	0.1	0.6	0.3	1.8	0.6	15.8

# Portfolio holdings

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

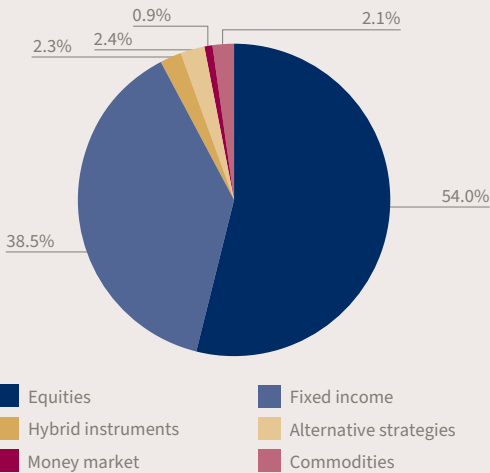
<b>EQUITIES</b>		<b>54.0%</b>	<b>FIXED INCOME</b>		<b>38.5%</b>
<b>North America</b>		<b>18.1%</b>	<b>Investment Grade</b>		<b>32.9%</b>
Microsoft		2.2%	Diversified EUR Investment Grade Single Bonds*		28.1%
JPMorgan Chase & Co		1.6%	R-co Conviction Credit Euro Fund		2.2%
Linde		1.4%	Schroder Euro Credit Conviction		1.7%
Visa		1.3%	Amundi Abs FCP Fund		0.9%
Alphabet		1.3%	<b>High Yield</b>		<b>5.6%</b>
Adobe		1.3%	Vanguard Emerging Markets Bond Fund EUR hedged		1.9%
Amazon.com		1.3%	Muzinich Europeyield Fund		1.4%
S&P Global		1.2%	iShares USD High Yield Corp Bond UCITS ETF Hedged EUR		1.2%
SPDR S&P U.S. Industrials Select Sector UCITS ETF		1.2%	Vontobel Emerging Markets Corporate Bonds		1.2%
Apple		1.1%			
Invesco S&P 500 Equal Weight Technology ETF		0.9%			
Danaher		0.8%			
United Health		0.8%			
Comcast		0.7%			
Intuitive Surgical		0.6%			
SPDR S&P U.S. Energy Select Sector UCITS ETF		0.5%			
<b>Europe</b>		<b>19.6%</b>	<b>MULTI-ASSET &amp; HYBRID INSTRUMENTS</b>		<b>2.3%</b>
BlackRock Continental European Flexible Fund		2.8%	<b>Structured Products (Yield)</b>		<b>1.4%</b>
iShares MSCI EMU ESG Screened UCITS ETF		2.2%	Cert GS QSP Dynamic Hedging Strategy		1.4%
Vinci		1.8%	<b>Structured Products (Participation Certificate)</b>		<b>0.8%</b>
LVMH		1.6%	Cert BNP Paribas Iss 2023-02.06.25 on CSI300 Index, CSI500 Index		0.8%
Allianz		1.5%			
TotalEnergies		1.5%			
ASML		1.4%	<b>ALTERNATIVE STRATEGIES</b>		<b>2.4%</b>
Vanguard FTSE Developed Europe ex UK UCITS ETF		1.3%	<b>Alternative Strategies</b>		<b>2.4%</b>
Novo Nordisk		1.2%	Atropos CatBond		1.6%
Epiroc		0.9%	One River Dynamic Convexity Fund		0.8%
RELX plc		0.9%			
Safran		0.9%			
London Stock Exchange		0.9%	<b>MONEY MARKET</b>		<b>0.9%</b>
Diageo		0.7%	<b>Money Market</b>		<b>0.9%</b>
<b>Switzerland</b>		<b>1.9%</b>	EUR Liquidity		0.9%
Nestle		1.1%			
Sonova		0.8%	<b>COMMODITIES</b>		<b>2.1%</b>
<b>Emerging Markets</b>		<b>3.2%</b>	<b>Gold</b>		<b>2.1%</b>
Veritas Asian Fund		2.2%	Swiss Physical Gold Plus Fund		2.1%
JPM Global Emerging Markets UCITS ETF ESG Screened		1.0%			
<b>Global</b>		<b>9.7%</b>			
LongRun Equity Fund		5.2%			
iShares MSCI ACWI UCITS ETF		3.0%			
iShares MSCI World Health Care Sector ESG UCITS ETF		1.4%			
<b>Japan</b>		<b>1.5%</b>			
MSCI Japan Socially Responsible UCITS ETF		1.5%			

Percentages may not sum to 100% due to rounding.

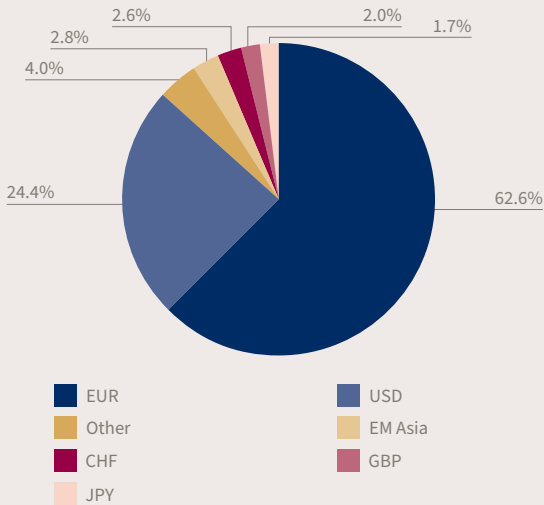
# Fund allocation

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

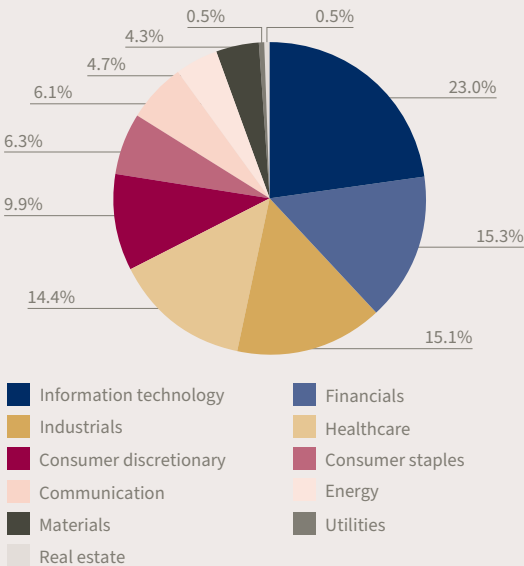
**FUND HOLDINGS BY ASSET CLASSES**



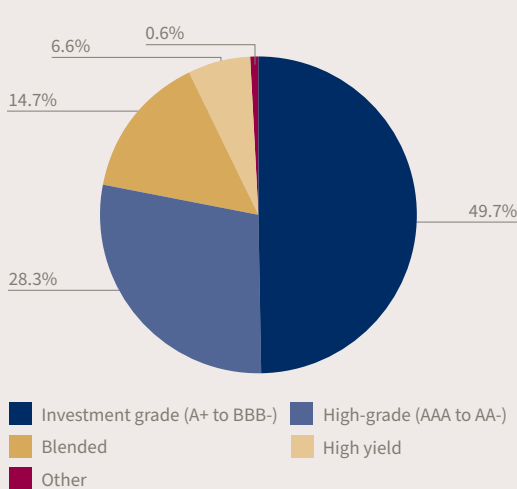
**FUND ALLOCATION BY CURRENCY**



**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 EUR**

<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 EUR 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
<b>Fund administrator</b>	CACEIS Bank, Luxembourg Branch
<b>Depository bank</b>	CACEIS Bank, Luxembourg Branch
<b>Inception date</b>	13 May 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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