

New Court Fund EUR

Rothschild & Co WM SICAV SIF



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Cover: Our office at New Court. The site has been home to the business in London since 1809.

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Values: All data as at 30th June 2019 (except inflation which is until 31st May 2019 as June 2019 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 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

Equity markets moved higher in the second quarter as volatility arising from a revival of trade tensions was followed by the anticipation of more supportive monetary policy from the US Federal Reserve. As the second quarter ended, the US economic cycle – which still matters most to global portfolios – stood on the brink of eclipsing the decade-long upswing of the 1990s to become the longest US economic expansion ever.

Performance contributions

The fund returned +1.4% in the second quarter. The strategy has now returned +65.8%, compared to +50.4% for inflation +3%, since inception on 1st January 2010. This equates to +5.5% per annum for the strategy compared to +4.4% for inflation +3%.*

Performance this quarter was driven by our return assets, with positive performance from most positions. The most notable contributions came from our companies, with a few positions making double-digit percentage gains. These included Cable One (+19.5%) and Charter (+13.9%), where internet subscriber numbers, which are central to our investment case, continued to grow. American Express (+13.3%) and Mastercard (+12.5%) both reported higher revenues from increased transaction volumes. Linde (+14.7%), producing the second set of results since the merger between Praxair and Linde AG, reported increased earnings and a healthy pipeline of projects.

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Returns from our diversifying assets were mixed, as we would anticipate given the market environment. With stock markets delivering decent returns we are not surprised to see the assets we hold to protect the portfolio against meaningful declines in equity markets producing negative returns. This was offset by the gains made by the trend-following funds, ACL and CFM, which capitalised on trends across equity, fixed income and commodity markets. Our fixed income holdings also produced small gains as government bond prices increased, and yields fell due to falling inflation expectations.

Portfolio activity

There were fewer changes to the portfolio this quarter following a busier end to 2018 and start to 2019.

The monitoring of our portfolio is an ongoing process which includes formally reviewing the operating performance of all the companies in the portfolio and considering if position sizes remain optimised. Following such a review, we decided to increase our position in Wells Fargo as we believe our return expectations warranted a larger position size. At the end of the quarter Wells Fargo passed the regulatory stress test and its plan to increase its dividend and return capital to shareholders through repurchases of stock was approved.

We also increased our position in Ryanair following a fall in the share price over the quarter, with lower fares and higher fuel and staff costs weighing on financial results. Airlines are a cyclical industry and shorter-term performance can be driven by factors beyond the company's control. However, the company's leading position as the lowest-cost, highest-volume carrier means we expect it to be a net beneficiary as weaker competitors falter when faced with a challenging environment.

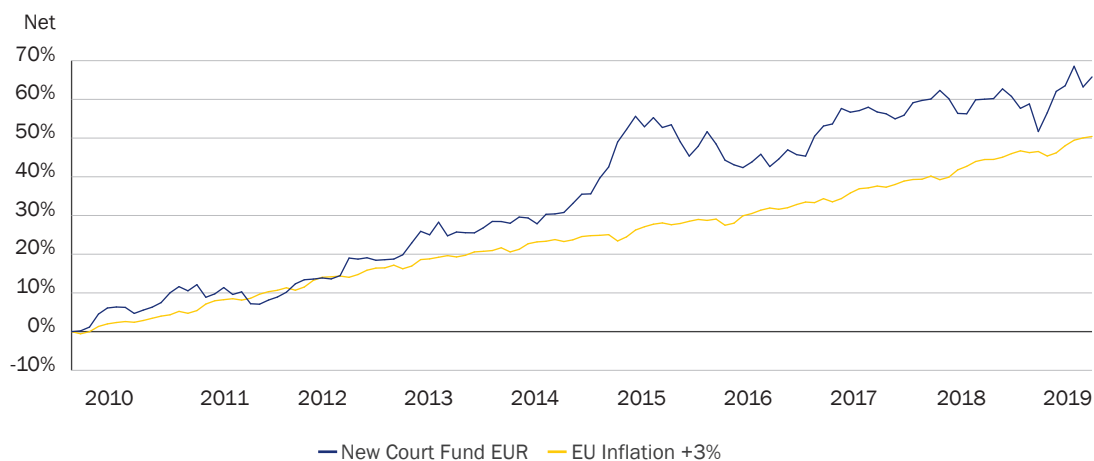
Towards the end of the quarter we added a new put option warrant on the S&P 500 index. One of the existing puts was coming up to expiry and protection against a significant decline in this major index could be purchased at a reasonable cost. At the time of purchase this left us with a range of put options in the portfolio, with strikes 'laddered' between 15% and 25% out of the money, with protection spread across US and European equity indices.

* Annualised figures are calculated on a compound basis to best represent the results of staying continuously invested from inception of the strategy.

Fund performance

The Fund strategy has outperformed inflation +3% over the long term. As at 30th June 2019, the net asset value per share was €10.22. The Fund size was €41.98 million.

Performance since inception*



Performance comparison – over time (%)

	Q2 2019	2019 YTD	2018	2017	2016	2015	Since inception*
New Court Fund EUR	1.4	9.3	-5.2	4.6	3.1	4.2	65.8
EU inflation +3%	1.6	2.7	4.5	4.3	4.1	3.3	50.4
EU inflation	0.9	1.2	1.5	1.3	1.1	0.3	14.0
Global equities (in local currencies)	3.2	15.9	-7.7	19.8	9.0	1.3	132.6
Global equities (in euros)	2.4	17.2	-4.9	8.8	11.1	8.7	168.9
EMU government bonds	3.4	6.0	1.0	0.2	3.2	1.6	51.0
Euro cash	-0.1	-0.2	-0.4	-0.4	-0.3	-0.1	0.4

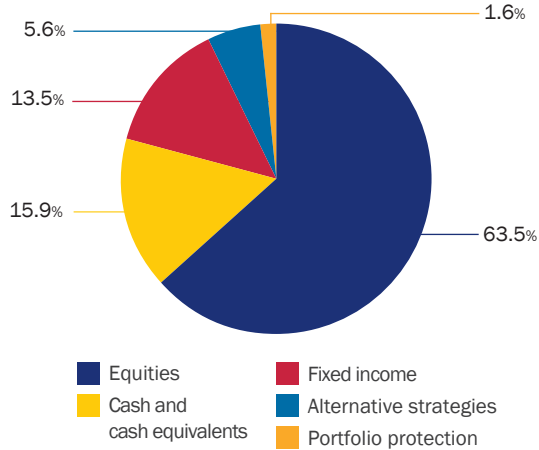
* Data represents total returns of the investment strategy over the period from 31st December 2009 to 30th June 2019. The inception date of the Fund which implements this strategy was 19th April 2018. Performance for periods prior to 31st March 2018 is the Rothschild & Co Wealth Management UK Ltd EUR Balanced composite, adjusted to reflect the Fund's 1% annual management charge and fund operational costs. Given that the Fund inception date is part way through the reporting period, the performance data between 1st April 2018 and the Fund inception date is shown for a representative account following the Fund's strategy. Past performance is not indicative of future performance. The value of investments and the income from them can fall as well as rise.

Indices used: EU inflation (EUR CPI), global equities (MSCI All Country World Index in local currencies and euro terms), EMU government bonds (Bloomberg Barclays EuroAgg Treasury Total Return Index), euro cash (Barclays Benchmark Overnight EUR Cash Index). All figures are calculated monthly from 31st December 2009 to 30th June 2019 (except inflation which is until 31st May 2019 as June 2019 data figures are not yet available).

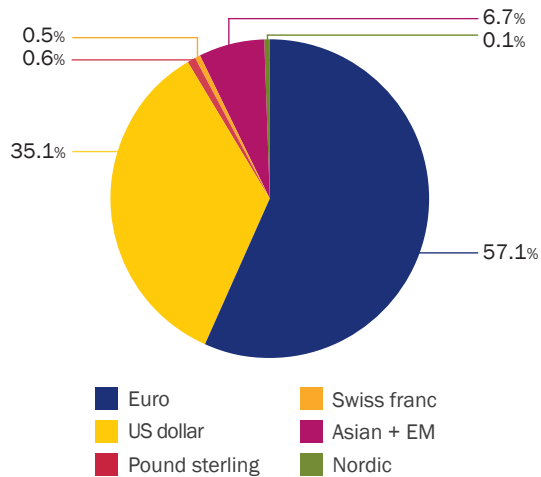
Fund allocations, contributors and detractors

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.

Supporting information

Rothschild & Co WM SICAV SIF – New Court Fund EUR

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. 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	19 th April 2018.
Share class	Income and accumulation. Base currency is euros.
Estimated synthetic OCF*	1.61%. This includes the manager's fee (1.00%), other expenses (0.25%) and expenses on underlying fund investments (0.36%).
Pricing	Valuation day for subscriptions: each business day Valuation day for redemptions: weekly (Thursday) Settlement period: T+3
Comparators	EU CPI +3%. MSCI All Country World in EUR. Bloomberg Barclays EuroAgg Treasury Total Return Index. Barclays Benchmark Overnight EUR Cash Index.

** The Ongoing Charges Figure (OCF) as calculated from 19th April 2018 to 31st March 2019. 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. The Synthetic OCF includes the fees of underlying fund investments weighted on the basis of their investment proportion in the Fund. From time to time, actual management fees may differ. This will be disclosed and explained to you in good time before you invest.*

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

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Investment returns and the principal value of an investment will fluctuate and may be volatile. An investment in the Fund involves significant risks, including the risk of loss of capital. The Rothschild & Co WM SICAV SIF – New Court Fund EUR is suitable only for sophisticated investors and requires the financial ability and willingness to accept the risks inherent in an investment in the Rothschild & Co WM SICAV SIF – New Court Fund EUR. No assurance can be given that the Rothschild & Co WM SICAV SIF – New Court Fund EUR's investment objectives will be achieved. Account valuations of individual investors may vary and such historical returns may not reflect the performance of any one investor.

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 Rothschild & Co WM SICAV SIF – New Court Fund EUR because of, among other things, differences in the amount of capital at risk, diversification, risk tolerance and portfolio turnover.

No independent party has audited the performance results shown herein, nor has any independent party undertaken to confirm that such results reflect the trading method under the assumptions or conditions of Rothschild & Co's investment process.

The indices referenced herein are well-known market indices which are included merely to show the general trend in the markets for the periods indicated and are not intended to imply that the pro-forma returns were comparable to the indices either in composition or element of risk or that the Rothschild & Co WM SICAV SIF – New Court Fund EUR's portfolio is benchmarked to the indices. The indices are unmanaged, may or may not be investable, have no expenses and reflect reinvestment of dividends and distributions. Index data is provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark for a particular fund and the index does not necessarily reflect the actual investment strategy of the Rothschild & Co WM SICAV SIF – New Court Fund EUR.