Rothschild & Co
Wealth Management

EXBURY EQUITY GROWTH FUND | APRIL 2024

Exbury Equity Growth Fund

Rothschild & Co WM SICAV SIF

Cover: The impressive façade of Exbury House in Hampshire. The 200-acre garden of informal woodlands and a large collection of rhododendrons, azaleas and camellias, is considered the finest garden of its kind in the UK.

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Values: All data as at 31st March 2024 (except inflation which is until 29th February 2024 as March 2024 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 pounds sterling, 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

Stock markets around the world climbed to new highs during the first quarter of 2024, notably in the US, Europe and Japan. With inflation continuing to fade and recession fears receding, investors are optimistic that major central banks will be able to cut interest rates at some point this year, probably starting in the summer.

PERFORMANCE CONTRIBUTIONS

The portfolio returned +4.3% in the first quarter of 2024. The strategy has now returned +5.7% (net of fees) since inception vs. +31.6% for UK inflation +4% since inception (21st July 2021).[1] This equates to an annualised return of +2.1% compared to +10.5% for UK inflation +4%.[2]

PORTFOLIO PERFORMANCE

Equity markets rose higher over the first quarter (+9.5%) with broadened participation beyond the 'Magnificent Seven'.[3] As inflation remained elevated, economies were resilient and the major central banks left their policy rates unchanged. Markets are now pricing in rate cuts from this summer onwards in both the US and Europe, acting as a tailwind for global markets.

The return assets were up 4.5% over the quarter. Software company Topicus.com was our best performer (+38%), benefitting from the broader strength in 'growth' stocks over the period combined with good quarterly results. American Express (+21.8%) and Mastercard (+13.1%) similarly delivered impressive quarterly results and provided upbeat guidance on the outlook for 2024. Perhaps reflecting greater breadth in the market, one of the long-held steady compounders of value in the portfolio was also one of the best performers over the quarter with chemicals firm Linde up 13.4%.

The cable companies struggled – Charter Communications (-25.2%), Cable One (-23.7%) and Comcast (-0.7%) – as results marginally missed market expectations. The share prices of these companies are particularly sensitive to the number of net broadband subscribers. In our view, these share price reactions substantially exceed the true impact on the business of subscriber churn, as net quarterly numbers represent a small fraction of the total customer base. We continue to hold our cable positions and believe that ultimately the market could become a more stable duopoly between cable and fibre although we are continuing to test our assumptions and monitor the market.

Laboratory testing company Eurofins (+0.3%) also came under pressure following the release of quarterly results, reporting lower than expected free cash flow and a cut to the dividend. Eurofins is investing most of its cash back into the business, investing in new laboratories and technology but this is at the expense of near-term free cashflow and dividends. As long-term shareholders, we are encouraged by their investment in future growth – this should ultimately be reflected in shareholder returns although at present, the market is taking a short-term view.

Diversifying assets were positive over the quarter (+2.2%). Strong performance from our trend followers offset the negative returns from our portfolio protection. All the trend followers were able to capture the upwards momentum in equity and selected commodity markets. A surge in cocoa, doubling over the quarter as supply came under pressure from bad weather and crop disease, as well as a rally in gold (+8% in USD in the first quarter) benefitted all three of the funds, with the Abbey Focus Fund up 14.5%, CFM IS Trends up 24.3% and CFM ISTEC up 14.1%. In line with our expectations in positive market conditions, Saba Capital Carry Neutral Tail Hedge (Saba) (-3.6%) and the Okura fund, managed by 36 South, (-1.5%) lost value over the quarter.

[1] The inception date of the Fund which implements this strategy was 21st July 2021. Performance for periods prior to inception date is the Rothschild & Co Wealth Management UK Ltd Balanced composite, adjusted to reflect the Fund's 1% management charge and fund operational costs.

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

[3] The 'Magnificent Seven' stocks – Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

Data sources: Rothschild & Co and Bloomberg

All returns are in local currency terms unless otherwise stated and are sourced from Avaloq.

Fund manager's review (continued)

PORTFOLIO ACTIVITY

We made several changes to the portfolio over the first quarter of 2024.

In February, we sold Microsoft in full. When we initially purchased the holding in 2022, we had conviction in the specific cloud division of Microsoft. As a result, we initiated a small position although we were conscious of the valuation. Microsoft subsequently returned 49% and was trading on a forward price-to-earnings ratio of 35x, so we felt greater conviction in the forward return opportunities elsewhere in the portfolio.

We reinvested some of these proceeds into Aikya, an emerging markets fund. Since our initial investment in 2020, we have become increasingly comfortable with their team and investment approach. We have spent time with Aikya understanding their research process and we have appreciated their transparency with us. At our most recent meeting, the team were excited about the fund's forward returns which are currently in the high double digits, compared to 10% historically. Aside from some notable exceptions (such as India), emerging market stock indices have lagged their developed market peers in recent years, particularly the US market (for example, the MSCI Emerging Markets index has returned just 12% over the last 5 years, while the MSCI US and the MSCI All Country World Index have returned 96% and 68% respectively, all in USD terms). Aikya has been reducing its exposure to India, as they mostly see bubble-like valuations, and are reallocating selectively to cheaper markets.

We increased our positions in Saba and Okura in March, with both funds seeing more attractive opportunities than they have done for some time. Saba believes credit spreads are dislocated from reality; there is still a lot of uncertainty on a macro basis and the credit market is complacent. Investment grade spreads are at near-historic lows and high yield spreads are far too low versus history given default levels are rising. Credit dispersion is also at ultra-low levels, allowing Saba to selectively add single name exposure in both high yield and investment grade credit. For Okura, volatility in certain areas is as cheap as they have ever seen. Both holdings should be well-positioned if a more 'risk-off' sentiment prevails in the market.

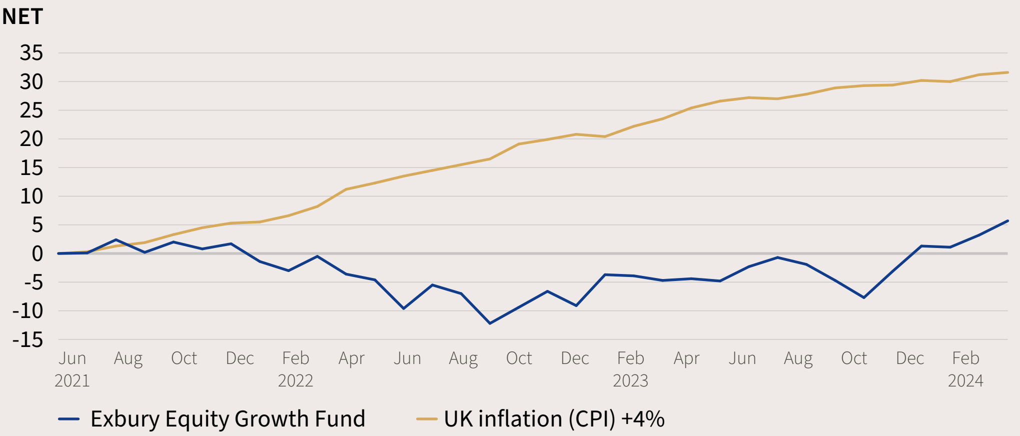
Towards the end of the quarter we also sold the remainder of our holding in Phoenix, having trimmed the fund initially in the final quarter of 2023. We are considering a number of options to increase the exposure to 'enablers' in the Exbury strategy and have started to free some cash in anticipation of these trades.

Within the Sustainable Bond fund, we sold our holdings in the water companies Anglian, Severn Trent and United Utilities as we had become more cautious around regulation and news flow in this sector. We participated in several new issues over the quarter including the first ever green bond issue from the Province of Ontario.

Fund performance

As at 31st March 2024, the net asset value per share was £18.93. The Fund size was £44.4 million.

PERFORMANCE SINCE INCEPTION (%)*



PERFORMANCE COMPARISON – OVER TIME (%)

	Q1 2024	YTD	2023	2022	2021	SINCE INCEPTION*
EXBURY EQUITY GROWTH FUND	4.3	4.3	11.4	-10.6	1.7	5.7
UK inflation +4%	1.1	1.1	7.9	14.5	5.2	31.6
UK inflation	0.1	0.1	3.9	10.5	3.4	18.9
Global equities (in local currencies)	9.5	9.5	21.6	-16.0	6.3	18.9
Global equities (in sterling)	9.4	9.4	15.8	-8.7	6.8	23.6
UK government bonds	-1.8	-1.8	3.6	-25.1	-1.5	-25.0
Sterling cash	1.3	1.3	4.7	1.4	0.0	7.6

* The Fund inception date was 21st July 2021.

Indices used: UK inflation (CPI inflation), global equities (MSCI All Country World Index in local currencies and sterling terms), UK government bonds (Bloomberg Barclays Gifts Total Return Index), sterling cash (Barclays Benchmark Overnight GBP Cash Index). All figures are calculated monthly from inception (except inflation which is until 29th February 2024 as March 2024 data figures are not yet available. Past performance is not indicative of future performance. The value of investments and the income from them can fall as well as rise.

Fund holdings

The Fund combines return and diversifying assets which are invested across global markets. The return assets are held to generate capital growth over the long term; the diversifying assets are held to protect capital and investment performance, particularly during difficult markets.

RETURN ASSETS (73.3%)

Companies	24.5%
Ashtead	4.0%
Canadian Pacific Kansas City	3.2%
Deere	3.1%
Linde	4.6%
Moody's	4.4%
S&P Global	3.9%
Sika	1.3%

Funds	12.5%
Andurand	2.2%
Generation Asia	2.4%
Ninety One Global Environment	4.2%
WHEB Environmental Impact Fund	3.8%

DIVERSIFYING ASSETS (26.7%)

Alternative strategies	1.8%
Carbon Cap World Carbon	1.8%

ENABLERS

Companies	25.4%
Admiral	3.5%
American Express	4.7%
Booking	3.2%
Cable One	0.7%
Charter Communications [1]	1.0%
Comcast	2.7%
Constellation Software [2]	2.5%
Eurofins	2.8%
Mastercard	4.0%
Topicus.com	0.3%

Funds	11.0%
Aikya	3.6%
Albizia Opportunities	0.2%
Albizia Tenggara	0.2%
Amundi US Tech ETF	3.3%
Bares US Equity	3.7%

Alternative strategies	8.3%
Abbey Focus Fund	3.8%
CFM ISTEC	2.3%
CFM IS Trends	2.2%

Portfolio protection	4.7%
Okura	1.6%
One River Dynamic Convexity	1.4%
Saba Capital Carry Neutral Tail Hedge	1.7%
S&P 500 4200 Resettable Put – June 2024 [3]	<0.1%
S&P 500 4400 Resettable Put – December 2024 [3]	0.1%

Fixed income – investment grade	3.6%
Inflation Focus Fund [4]	3.6%

Cash and cash equivalents	8.4%
Cash	5.5%
BlackRock GBP Government Liquidity Fund	2.9%

Currency hedges	
EUR FX Hedge	-6.0%
USD FX Hedge	-31.4%
GBP FX Hedge	37.4%

Holdings are subject to change without notice. Percentages may not add up to 100% due to rounding.

[1] Implemented via Charter Communications and Liberty Broadband.

[2] Constellation Software also includes a holding in Lumine Group.

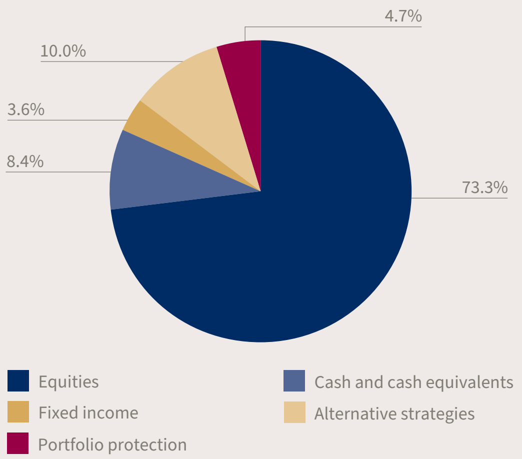
[3] Put warrants (options) behave like insurance; we pay a premium for them and hope that they expire worthless, losing only the premium (a very small detraction). They will increase in value if equity markets fall, thereby providing some protection to the portfolio in the event of a fall in the value of equities held in the portfolio.

[4] Internally managed implementation vehicle which gives us exposure to inflation-linked assets globally.

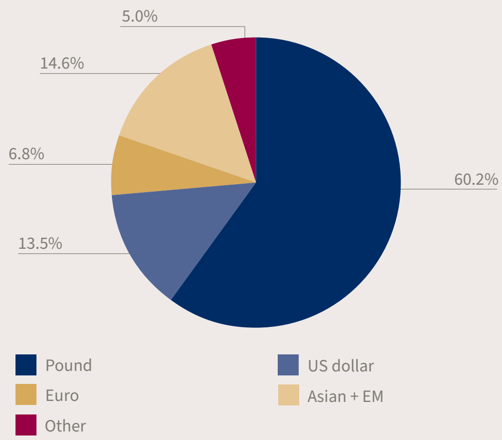
Fund allocations

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

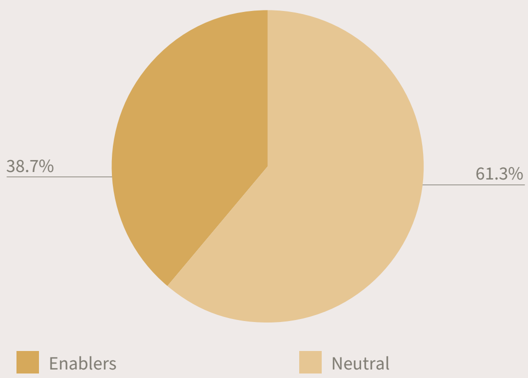


FUND HOLDINGS BY CURRENCY



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.

PERCENTAGE OF FUND THAT IS ENABLING



Enablers

A minimum of 30% of the Fund will be invested in companies, funds or other securities that enable the goals of the Paris Agreement and support the transition to a lower carbon world.

To be considered an Enabler, these assets need to demonstrate a meaningful contribution to at least one of these four themes:

- Powering our world
- Sustainable transport and infrastructure
- Responsible production and consumption
- Finance and the transition

Paris Agreement

The agreement by 196 countries at the Paris Climate Conference in 2015 with the aim to limit global warming and strengthen our ability to deal with the impacts of climate change through:

1. Reducing emissions
Rapidly reduce emissions through innovation to limit global average temperature increases to well below 2°C above preindustrial levels

2. Transparency and global cooperation
Global leaders to meet regularly to assess collective progress and track this transparently

3. Adaption
Strengthen society's ability to deal with the impacts of climate change

Supporting information

ROTHSCHILD & CO WM SICAV SIF – EXBURY EQUITY GROWTH FUND GBP

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, while investing sustainably. 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	21st July 2021
Share class	Income and accumulation. Base currency is pound sterling.
Estimated synthetic OCF[1]	1.51%. This includes the manager's fee (1.00%), other expenses (0.17%) and expenses on underlying fund investments (0.34%).
Transaction costs[2]	0.05%
Pricing	Fund priced daily Subscriptions: daily (business days) Redemptions: weekly (Thursday) Settlement period: T+3
Comparators	UK CPI +4%. MSCI All Country World in sterling. Bloomberg Barclays Gilts Total Return Index. Barclays Benchmark Overnight GBP Cash Index.

[1] The Ongoing Charges Figure (OCF) as calculated in December 2022. 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 and is calculated based on the last period's figures. The Synthetic OCF includes the OCF of the underlying fund investments weighted on the basis of their investment proportion in the Fund. From time to time management fees may differ. This will be disclosed and explained to you in good time before you invest.

[2] The transaction costs show the most recent transaction figures available.

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

The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your original investment. Past performance should not be taken as a guide to future performance. Investing for return involves the acceptance of risk: performance aspirations are not and cannot be guaranteed. Should you change your outlook concerning your investment objectives and/or your risk and return tolerance(s), please contact your client adviser. Where an investment involves exposure to a foreign currency, changes in rates of exchange may cause the value of the investment, and the income from it, to go up or down. Income may be produced at the expense of capital returns. Portfolio returns will be considered on a "total return" basis meaning returns are derived from both capital appreciation or depreciation as reflected in the prices of your portfolio's investments and from income received from them by way of dividends and coupons. Holdings in example or real discretionary portfolios shown herein are detailed for illustrative purposes only and are subject to change without notice. As with the rest of this document, they must not be considered as a solicitation or recommendation for separate investment.

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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 Exbury Equity Growth Fund 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.

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