



# Halton Fund

Rothschild & Co WM SICAV SIF

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

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Wealth Management

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Values: All data as at 31<sup>st</sup> March 2024 (except inflation which is until 29<sup>th</sup> 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 US dollars, 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 +5.4% in the first quarter of 2024. The strategy has now returned +214.1% (net of fees) since inception<sup>1</sup> versus +138.8% for US inflation +5% since inception (31<sup>st</sup> May 2012). This equates to an annualised return of +10.2% compared to +7.6% for US inflation +5.0%.<sup>2</sup>

## PORTFOLIO PERFORMANCE

The fund returned just over 5% in the quarter, continuing on from a strong 2023 (+26.4%). Equity markets rose higher over the first quarter (+8.2% in USD terms) with broadened participation beyond the 'Magnificent Seven'.<sup>3</sup> Over the quarter we were a little behind the global equity markets but as we mention regularly, we would expect our concentrated portfolio of businesses to have lumpy and differentiated performance from any index in the short and medium term.

Software company Topicus.com was our best performer over the quarter (+37.9%), benefitting from the broader strength in 'growth' stocks over the period combined with good quarterly results. American Express (+21.8%) and Mastercard (+13%) similarly delivered impressive quarterly results and provided upbeat guidance on the outlook for 2024. MTU Aero Engines, a new addition to the portfolio in the last quarter of 2023 began the year strongly (+20.4%). As well some positive news flow around new engine orders, this probably reflects our belief that the share price weakness last year that we used to initiate the position was excessive. Perhaps reflecting greater breadth in the market, one of the long-held steady compounders of value in the portfolio, Berkshire Hathaway, was also one of the best performers up 17.9%.

Our Cable companies struggled – Charter (-25.1%) and Cable One (-23.7%) – 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 reactions substantially exceed the impact on the business from these changes, 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.

## PORTFOLIO ACTIVITY

This quarter we made no changes to our portfolio. We are confident in the long-term prospects of the businesses we own and that the risks, where they exist, are manageable. We aim to move capital from one business to another only when we believe we have significantly enhanced the return profile or the quality of the portfolio.

<sup>1</sup> The Fund launched on 14<sup>th</sup> November 2019. The investment strategy has an inception date of 31<sup>st</sup> May 2012. The strategy's performance history is based on the company holdings within a representative Rothschild & Co Wealth Management UK Ltd portfolio, adjusted to account for US dollar reporting and the fund's 1% annual management fee and fund operational costs of 0.20% annually.

<sup>2</sup> Annualised figures are calculated on a compound basis to best represent the results of staying continuously invested from inception of the strategy.

<sup>3</sup> 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.

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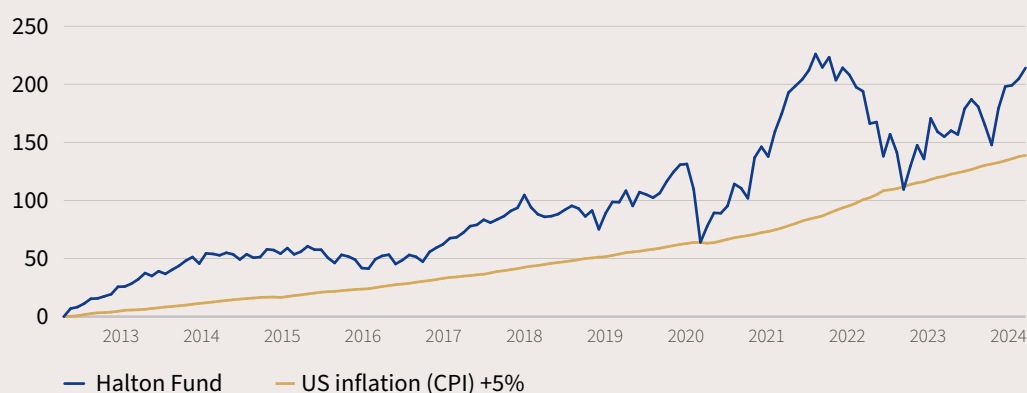
Percentage changes are quoted from the time of implementation so these may not reflect the change from the previous quarter's position weightings.

# Fund performance

Since inception, the Fund has outperformed the strategy's objective of inflation +5%. As at 31<sup>st</sup> March 2024, the net asset value per share was \$16.94. The Fund size was \$243.5 million.

## PERFORMANCE SINCE INCEPTION (%)\*

### NET



## PERFORMANCE COMPARISON NET OF FEES AND COSTS (%)

	Q1 2024	YTD	2023	2022	2021	2020	2019	SINCE INCEPTION*
<b>HALTON FUND</b>	<b>5.4</b>	<b>5.4</b>	<b>26.4</b>	<b>-24.9</b>	<b>27.6</b>	<b>6.7</b>	<b>31.7</b>	<b>214.1</b>
US inflation +5%	2.0	2.0	8.3	11.4	12.2	6.3	7.3	138.8
US inflation	0.7	0.7	3.3	6.4	7.2	1.3	2.3	36.0
Global equities (in USD)	8.2	8.2	22.2	-18.4	18.5	16.3	26.6	228.6
Dollar cash	1.4	1.4	5.2	1.7	0.1	0.4	2.2	15.6

\* The Fund launched on 14<sup>th</sup> November 2019. The investment strategy has an inception date of 31<sup>st</sup> May 2012. For the period prior to 14<sup>th</sup> November 2019 we have shown the strategy's performance which is based on the company holdings within a representative Rothschild & Co Wealth Management UK Ltd portfolio, adjusted to account for US dollar reporting and the fund's 1% annual management fee and fund operational costs of 0.20% annually. All performance is net of fees. 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: US inflation (US CPI), global equities (MSCI All Country World Index in dollar terms), dollar cash (Barclays Benchmark Overnight USD Cash Index). All figures are calculated monthly from 31<sup>st</sup> May 2012 to 31<sup>st</sup> March 2024 (except inflation which is until 29<sup>th</sup> February 2024 as March 2024 data figures are not yet available).

Source: Rothschild & Co.

# Fund holdings

The Fund comprises of return assets which are invested across global markets to generate capital growth over the long term.

HOLDING	CURRENCY	BUSINESS TYPE	DATE OF INITIAL PURCHASE*	PERFORMANCE SINCE INITIAL PURCHASE (%)*	ANNUALISED PERFORMANCE SINCE INITIAL PURCHASE (%)*	5 YEAR BUSINESS RETURNS PER SHARE (%)	MARKET CAP (M)	WEIGHT (%)	PERFORMANCE THIS QUARTER (%)
Admiral	GBP	Property and casualty insurance	27/01/2015	251.4	14.7	14.1	8,700	5.4	5.7
American Express	USD	Payments	20/02/2013	330.6	14.0	12.6 <sup>1</sup>	163,900	9.8	21.9
Ashtead	GBP	Industrial services	03/12/2019	160.9	24.8	19.5 <sup>1</sup>	24,700	7.4	3.5
Berkshire Hathaway	USD	Diversified financials	31/05/2010	496.1	13.8	9.4 <sup>2</sup>	908,900	4.1	17.9
Booking	USD	Travel & booking	01/09/2021	59.0	19.7	9.9 <sup>4</sup>	124,000	5.0	2.5
Cable One	USD	Cable & satellite	23/04/2017	-31.7	-5.4	13.3 <sup>3</sup>	2,400	2.5	-23.5
Charter Communications**	USD	Cable & satellite	07/02/2017	-10.1	-1.5	18.0	54,000	3.0	-25.2
Constellation Software***	CAD	Information technology	18/11/2020	146.3	30.7	21.7	78,000	4.0	12.1
Eurofins	EUR	Healthcare	11/11/2020	-16.0	-5.0	18.8	11,400	6.5	0.2
Fox	USD	Broadcasting	14/03/2019	-16.8	-3.6	13.8	14,200	3.5	6.3
Lloyds	GBP	Bank	28/06/2011	65.7	4.0	2.3 <sup>5</sup>	32,900	4.2	8.5
Mastercard	USD	Payments	06/11/2018	149.0	18.4	19.5 <sup>1</sup>	449,300	3.8	13.1
Moody's	USD	Ratings agency	25/09/2017	200.7	18.4	8.1 <sup>3</sup>	71,700	6.7	0.9
MTU	USD	Aerospace	19/12/2023	21.0	--	--	13,800	4.6	18.7
Ryanair	EUR	Airline	11/05/2011	565.5	15.8	1.5 <sup>1</sup>	24,000	9.4	11.3
S&P Global	USD	Ratings agency	12/02/2018	149.7	16.1	12.3 <sup>3</sup>	136,300	6.6	-3.2
Topicus	CAD	Information Technology	12/01/2021	95.5	23.2	n.a. <sup>4</sup>	10,100	3.1	38.7
Visa	USD	Payments	08/03/2022	47.9	20.9	19.0	575,200	5.1	7.4
Wayfair	USD	Retailing	17/10/2022	110.5	66.8	n.a. <sup>4</sup>	8,200	4.8	10.0
Cash	USD	—	—	—	—	—	—	0.8	—

## Growth in intrinsic value calculations

1. For cyclical businesses, we believe that earnings per share averaged over five years is an appropriate measure.
2. For Berkshire Hathaway, we believe a combination of operating earnings plus investments is an appropriate measure.
3. For less cyclical businesses, we believe that free cash flow is an appropriate measure.
4. Topicus and Wayfair do not yet have a five-year history.
5. For banks, we've assessed intrinsic value growth based on tangible book value per share in order to normalise the annual fluctuations in earnings.

\* In Rothschild & Co Wealth Management UK Ltd client portfolios.

\*\* Implemented via Charter Communications and Liberty Broadband.

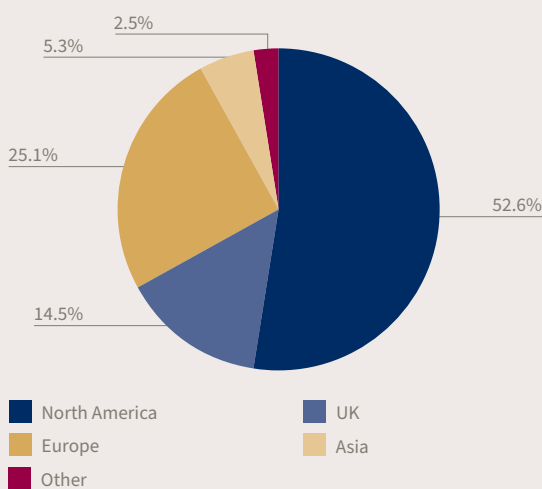
\*\*\* Constellation Software also includes a holding in Lumine Group.

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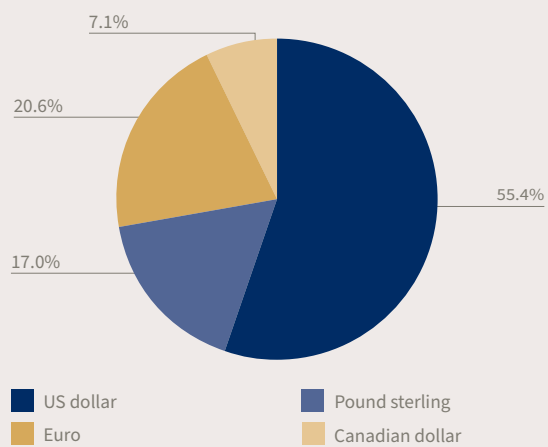
# Fund allocations

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.

**GEOGRAPHIC EXPOSURE BY COMPANY REVENUE**



**COMPANY LISTING 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 – HALTON FUND

Type of fund	The Halton Fund is a sub-fund of a Luxembourg Société d'Investissement à Capital Variable (“SICAV”).
Legal structure	Public limited company subject to SIF Law and Company Law with a Board of Directors.
Objective	<p>The Sub-Fund’s objective is to achieve long-term capital growth predominantly through a worldwide portfolio of equities in any economic sector.</p> <p>The Sub-Fund will principally invest in equities or equity-related securities (such as equity funds, ETFs and derivatives) and tracking stocks.</p>
Launch date	14 <sup>th</sup> November 2019
Base currency	US dollar
Synthetic OCF <sup>1</sup>	1.12%. This includes the manager’s fee (1.00%) and other fund expenses (0.12%).
Transaction costs <sup>2</sup>	0.07%
Pricing	Fund priced daily Subscriptions: daily (business days) Redemptions: weekly (Thursday) Settlement period: T+2
Front end load	Up to 5% (waivable for Rothschild & Co clients)
Back end load	Up to 5% (waivable for Rothschild & Co clients)
Comparators	US CPI +5%
Financial year-end	31 <sup>st</sup> December
Investment manager	Rothschild & Co Wealth Management UK Limited
Share classes	Accumulation, income and gross income
Management company	Rothschild & Co Investment Managers
Fund administrator, registrar and transfer agent	Northern Trust Global Service SE
Depository and paying agent	Northern Trust Global Service SE
Auditor	Ernst & Young SA, Luxembourg
Regulator	Commission de Surveillance du Secteur Financier (“SCCF”)
Tax	UK reporting status is available

<sup>1</sup> The Ongoing Charges Figure (OCF) as calculated in December 2022. Based on UKREP Inc C share class. Details for other share classes available on request. The Ongoing Charges Figure (OCF) is the ratio of the share class’ total disclosable costs (excluding overdraft interest) to the average net assets of the share class. It is intended to provide a reliable figure that gives the most accurate measure of what it costs to invest in the Fund.

<sup>2</sup> 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.

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

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