



# New Court Return Assets 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 December 2023 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 +5.7% in the first quarter of 2024. The strategy has now returned +173.8% (net of fees) since inception (31<sup>st</sup> May 2012).<sup>1</sup> This equates to an annualised return of +8.9%.<sup>2</sup>

## PORTFOLIO PERFORMANCE

Equity markets rose higher over the first quarter (+9.5%) with broadened participation beyond the 'Magnificent Seven'.<sup>3</sup> 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 performed well over the quarter, up 6.4%. Software company Topicus.com was our best performer (+38.0%), benefitting from the broader strength in 'growth' stocks over the period combined with good quarterly results. American Express (+21.9%) 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, two of the long-held steady compounders of value in the portfolio were also some of the best performers over the quarter with Berkshire Hathaway up 17.9% and chemicals firm Linde up 13.4%.

The cable companies struggled – Charter Communications (-25.2%), Cable One (-23.6%) and Comcast (-0.6%) – 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

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<sup>1</sup> The Fund launched on 8<sup>th</sup> February 2022. 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 manager's review (continued)

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

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.

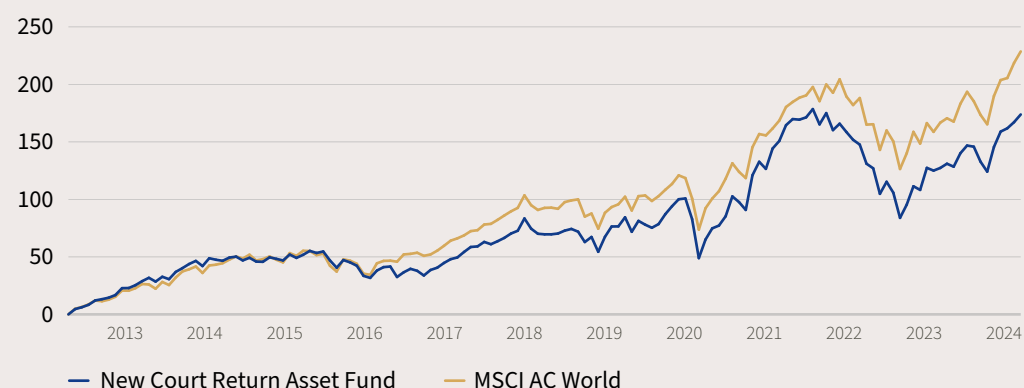
Towards the end of the period we also began redeeming our position in the Vanda fund. The political context surrounding China's equities has not cleared and has arguably deteriorated further. We have little confidence in our ability to predict if and when, this could change. Political interference in businesses was very limited when we first invested in early 2018, and not part of our original investment thesis, but became more of an issue during and following the pandemic. The regulatory crackdown on sectors such as private tuition demonstrated the ease with which state intervention can destroy shareholder value. We believe there are better opportunities elsewhere in the portfolio, where we have greater confidence about the longer-term outlook and shareholder returns.

# Fund performance

As at 31<sup>st</sup> March 2024, the net asset value per share was \$133.71. The Fund size was \$147.9 million.

## PERFORMANCE SINCE INCEPTION (%)\*

NET



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

	Q1 2024	YTD	2023	2022	2021	2020	2019	SINCE INCEPTION*
<b>NEW COURT RETURN ASSETS FUND</b>	<b>5.7</b>	<b>5.7</b>	<b>24.3</b>	<b>-21.7</b>	<b>14.2</b>	<b>16.3</b>	<b>29.6</b>	<b>173.8</b>
MSCI AC World	8.2	8.2	22.2	-18.4	18.5	16.3	26.6	228.6
Global equities (in local currencies)	9.5	9.5	21.6	-16.0	20.9	14.2	26.2	270.6
US government bonds	-1.0	-1.0	4.1	-12.5	-2.3	8.0	6.9	9.4
Dollar cash	1.4	1.4	5.2	1.7	0.1	0.4	2.2	15.6

\* The Fund launched on 8<sup>th</sup> February 2022. The investment strategy has an inception date of 31<sup>st</sup> May 2012. For the period prior to 8<sup>th</sup> February 2022 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: 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 (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.

## RETURN ASSETS (99.9%)

Companies	64.8%	Funds	35.1%
Admiral	4.6%	Aikya	1.4%
American Express	6.0%	Albizia ASEAN <sup>3</sup>	2.5%
Ashtead	4.8%	Amundi US Tech ETF	4.0%
Booking	4.1%	Bares US Equity	4.4%
Cable One	0.7%	Berkshire Hathaway	6.6%
Canadian Pacific Kansas City	3.2%	Global Long-Term Equity Fund <sup>3</sup>	0.8%
Charter Communications <sup>1</sup>	1.2%	Lansdowne Developed Markets	5.5%
Comcast	3.4%	Phoenix UK	4.0%
Constellation Software <sup>2</sup>	4.5%	Vanda <sup>4</sup>	1.4%
Deere	3.3%	Ward Ferry Asian Smaller Cos <sup>3</sup>	4.6%
Eurofins	3.6%		
Linde	5.3%		
Mastercard	5.1%		
Moody's	4.5%		
Ryanair	5.6%		
S&P Global	3.9%		
Topicus.com	1.0%		

## DIVERSIFYING ASSETS (0.1%)

Cash	0.1%
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Cash (SOF) <sup>3</sup>	0.1%

<sup>1</sup> Implemented via Charter Communications and Liberty Broadband.

<sup>2</sup> Constellation Software also includes a holding in Lumine Group.

<sup>3</sup> Implemented via 'Selected Opportunities Fund' (SOF). SOF is a Rothschild & Co vehicle that allows us to allocate to talented managers with limited capacity or liquidity.

<sup>4</sup> The Vanda Fund is a Rothschild & Co vehicle managed by Cederberg Capital since 1<sup>st</sup> November 2018.

Rothschild & Co do not charge an investment management fee within the SOF.

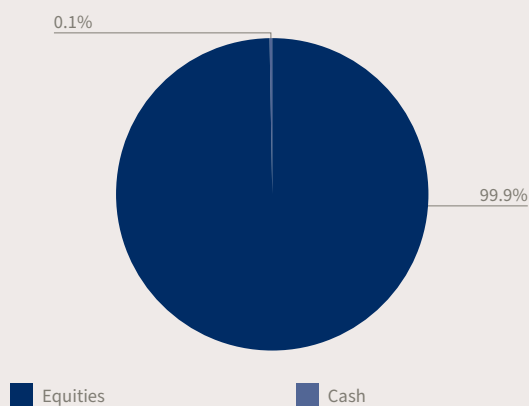
Holdings are subject to change without notice.

Percentages may not add up to 100% due to rounding.

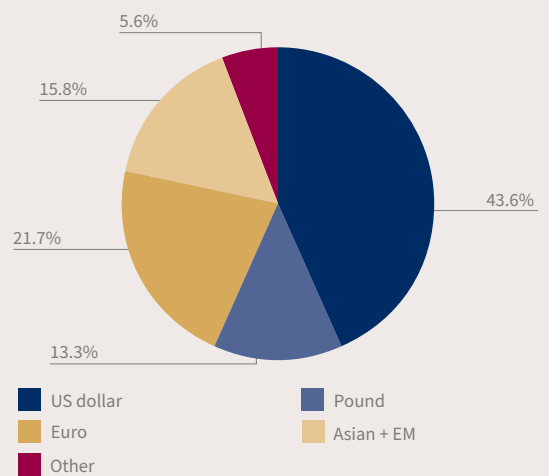
# Fund allocations

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.



# Supporting information

## ROTHSCHILD & CO WM SICAV SIF – NEW COURT RETURN ASSETS FUND

Type of fund	The New Court Return Assets Fund Global 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	The objective of the fund is to preserve and grow the real value of the fund's portfolio over the long term principally through investment in equities or equity type instruments.
Launch date	8 <sup>th</sup> February 2022
Base currency	US dollar
Pricing	Fund priced daily Subscriptions: daily (business days) Redemptions: weekly (Thursday) Settlement period: T+3
Front end load	Up to 5% (waivable for Rothschild & Co clients)
Back end load	Up to 5% (waivable for Rothschild & Co clients)
Estimated Synthetic OCF <sup>1</sup>	1.37%. This includes the manager's fee (1.00%), other fund expenses (0.20%) and expenses on underlying fund investments (0.17%)
Estimated Transaction costs <sup>2</sup>	0.13%
Comparators	MSCI AC World
Financial year-end	31 <sup>st</sup> December
Investment manager	Rothschild & Co Wealth Management UK Limited
Share classes <sup>3</sup>	Accumulation and 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.

<sup>3</sup> GBP unhedged and EUR unhedged share classes are 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 – New Court Return Assets 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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