Fund report, Q 2024
Equitas
Equities

Sparinvest

ECONOMIC EXPANSION AMID MONETARY POLICY EASING

Markets. The leading OECD indicators are above 100 for the world's largest economies, and we expect them to remain in the expansion phase in the coming months, supported by monetary policy easing. However, the risk of transitioning to a deceleration phase has increased due to Trump's trade policy. Uncertainty surrounding trade policy and fears of lower growth were crucial factors for the return pattern in the first quarter of 2025, where risk-free assets yielded higher returns than risky ones. This was evident in global equities compared to Danish government and mortgage bonds, while European investment-grade bonds and global high-yield bonds actually outperformed Danish government and mortgage bonds—despite the widening spreads and diminishing risk appetite that characterized the period.

Political uncertainty and low visibility on the data front naturally advocate for limited risk-taking in the current environment and flexibility in both directions should political uncertainty either ease or the economic foundation weaken. All factors aside from political risk—the underlying growth and monetary policy environment—suggest that equities will outperform bonds over the next six months. It is therefore premature to speak of an American recession. The hard economic data remains solid, while the soft, survey-based indicators show weakness—likely influenced by the extreme political uncertainty.

The Portfolio. After accounting for expenses, the fund declined by 4.6% in the first quarter of 2025, outperforming its benchmark by 0.8% percentage points.

Global equities declined by 2.2% in the first quarter of 2025 according to the MSCI ACWI, measured in local currency. When converted to DKK, the decline was 5.4%, primarily due to a significant weakening of the U.S. dollar. Among sectors, energy, utilities, financials, consumer staples, healthcare, and materials performed the best, while information technology, communication services, and consumer discretionary were at the bottom—the only sectors with negative returns during the period.

The outperformance has been particularly driven by mixed results from the active equity managers. Notably, the manager of the Value Equity Pool and the allocation to Danish equities have contributed positively, while the allocation to American growth equities has had a negative impact.

See performance and fund data Click here >

Strategy
Equitas invests in a global portfolio comprised exclusively of shares from the mature markets compared with the current prospectus. The goal is to optimise the relationship between risk and return by exploiting documented market factors such as value, momentum and size.