ECONOMIC EXPANSION AMID POLITICAL UNCERTAINTY

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 0.4% in the first quarter of 2025, outperforming its benchmark by 0.2% percentage points.

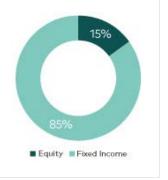
Global equities declined by 2.2% in the first quarter of 2025 according to the MSCI ACWI, measured in local currency. When converted to EUR, the decline was 5.4%, primarily due to a significant weakening of the U.S. dollar.

The primary contributor to the absolute return of the portfolio was European sovereign bonds and equity, with a contribution of 0.3 and -0.4 percentage points respectively .

The outperformance of the equity segment 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. In the fixed income segment, active management of Danish government and mortgage bonds, as well as allocations to convertible bonds, credit, and emerging bond markets, have contributed positively. Allocations to infrastructure and private equity have also contributed positively.

Strategy

Minimum is targeted at investors with a short investment horizon and/or low risk tolerance. The fund has a well-diversified exposure to equities, mortgage credit bonds, developed market treasury bonds, emerging market treasury bonds, corporate bonds and cash. The equities exposure is tilted to benefit from the value, small cap and momentum factors, and the exposure to corporate bonds is sought to be obtained through small issuers, low net debt and strong asset backing. For treasury and mortgage credit bonds, the strategy is to maintain a constant portfolio duration within a tight range. The overall exposure to the different asset classes is strategic and no attempt is made to time the market. The target equity exposure is 25%, but a deviation of +/- 5% is allowed before the portfolio is rebalanced.



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