A Turbulent quarter Despite Record Gains in Stock Market

Markets. The second quarter was among the most turbulent in recent times—though not if one only considers the performance of assets at the beginning and end of the quarter. The turmoil escalated when the U.S. announced reciprocal tariffs, triggering the fifth-largest two-day drop in the S&P 500 since World War II. However, after President Trump postponed the tariff increases by 90 days, the markets regained, and the S&P 500 ended the quarter in record territory with a total gain of +10.9%. This occurred during a period when the global economy generally demonstrated resilience, with little indication that tariffs had significantly affected inflation.

On the geopolitical stage, oil prices experienced sharp fluctuations following Israel's attack on Iran's nuclear facilities in June—though tensions eased after the parties agreed to a ceasefire a week and a half later. At the same time, U.S. fiscal concerns weighed on the market, leading to rising long-term yields on U.S. government bonds. Another key theme was the continued weakening of the U.S. dollar. The dollar index recorded its worst first half since 1973, which has also impacted Danish investors' returns on U.S. equities when measured in Danish kroner.

The Portfolio. After accounting for expenses, the fund achieved a net return of 0.9% in the second quarter of 2025, underperforming its benchmark by 0.5 percentage points.
Global equities, as measured by the MSCI ACWI in local currency, experienced a significant increase of 9.4% during the same period. However, when converted to EUR, the gain was reduced to 2.6%, primarily due to the US dollar weakening significantly against the euro, with an 8.5% depreciation.
European sovereign bonds, equities and convertible bonds were the primary drivers of the portfolio's absolute return, contributing 0.4, 0.2, 0.2 percentage points, respectively.
In terms of relative performance, positive contributions were observed from allocations to credit markets, emerging market bonds, and particularly convertible bonds. Convertible bonds delivered a strong gain of 4.8% during the quarter, demonstrating their resilience in volatile market conditions. Additionally, an overweight position in Danish equities contributed positively to relative performance.
However, the equity component was a detractor for the relative performance. This underperformance can largely be attributed to a factor rotation, where growth stocks outperformed value stocks, driven primarily by the ongoing AI investment theme and the continued dominance of the "Magnificent Seven". Furthermore, the tactical allocation funds and private equity investments negatively impacted relative performance.

Strategy

Securus 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.

Equity 25%	Fixed Income 75%