Solid Gains Boosted by Robust Growth and Fed Rate Cut

Markets

The third quarter overall showed solid progress, with gains in both global equities and bonds. This was partly due to continued robust economic growth, as the impact of tariffs turned out to be less negative than many had feared at the end of the second quarter. Additionally, the Federal Reserve's interest rate cut in September provided further support.

We maintain a modest overweight in equities. Economic indicators increasingly point toward a 'Goldilocks' scenario rather than stagflation. While political uncertainty persists, the economic and monetary policy environment looks significantly different compared to just before the summer. Overall, there is a clearly more positive outlook for equity potential, but investor sentiment already reflects this improved environment. Therefore, it makes sense to cautiously calibrate risk at the outset. The underlying foundation is solid; key indicators continue to signal a Goldilocks scenario with the beginnings of a reflationary environment. The U.S. labor market remains a risk factor, but several indicators suggest cyclical progress: higher order volumes, rising exports, and stabilized import volumes following earlier frontloading effects.

The Portfolio

After accounting for expenses, the fund achieved a net return of 3.2% in the third quarter of 2025, underperforming its benchmark by 4,4 percentage points.

Global equities, as measured by the MSCI ACWI delivered a return of 7,5% measured in EUR.

Among the positive contributors in the quarter were the global growth index pool and Global Value (SI), which delivered a return of 8.2% and 7.6 respectively.

The relative performance gap can primarily be attributed to a challenging quarter for the active equity manger in the Sustainable Equity Pool where U.S. growth stocks, driven by the AI theme, have been the primary driver behind the stock market's rebound since the trough in April. On the other hand, the passive exposure to U.S. growth stocks has served as a stabilizing element and contributed positively to the equity portfolio in this environment.

Additionally, the overweight position in Danish equities contributed negative to relative performance, due to an underperformance compared to global equity market. The relative performance of the Danish Equity Pool was on pair with its own benchmark.

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.