Sparinvest

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 1.9% in the third quarter of 2025, underperforming its benchmark by 0.3 percentage points.

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

European sovereign bonds and equities were the primary drivers of the portfolio's absolute return, contributing with 0.6 and 0.7 percentage points, respectively.

In terms of relative performance, positive contributions were observed from allocations to high yield, emerging market bonds, and particularly convertible bonds. Convertible bonds continued its strong performance from last quarter delivering a return of 5.3% during the third quarter.

The equity component was a detractor for the relative performance delivering a return well below the funds equity benchmark. This was due to a challenging quarter for the active equity mangers 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.

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%