

GLOBAL GROWTH STEADIES AS MARKETS SHOW RESILIENCE

Markets:

The fourth quarter delivered an overall solid return, marked by positive developments in both global equities and bonds. This performance is particularly noteworthy given the challenges faced during the quarter, including the longest U.S. government shutdown in history and ongoing skepticism about the long-term profitability of AI integration and deployment. Despite these uncertainties, macroeconomic data on the whole reflected a robust and resilient global economic environment, which supported market performance.

We maintain a cautious overweight stance on equities compared to bonds. We remain optimistic about developments in the global growth environment, and recent market fluctuations are not viewed as the beginning of a deeper decline in equities. Global equities continue to be supported by strong earnings growth, lower interest rates, and diminishing political headwinds. Our central scenario remains that we are entering a reflationary environment, where growth expectations are being revised upward—though potentially at the expense of fewer interest rate cuts from the Federal Reserve than currently priced in by the market. We anticipate global growth to gain momentum as the negative effects of tariff increases subside, the impact of global fiscal stimulus measures takes hold, and financial conditions remain accommodative.

The Portfolio:

The strategy concluded the fourth quarter with a return after costs above its benchmark. The portfolio achieved a net return of 3.6% outperforming the benchmark by 0,3 percentage points.

The equity component performed in line with the fund's equity benchmark, achieving a return of 3.3%. The Danish Equity pool and Global Value Pool delivered strong returns of 10% and 7%, respectively. However, the Global Sustainable Pool was a detractor the fund's relative performance.

The positive return in the Danish Equity Pool was primarily driven by the overweight positions in DSV, Danske Bank, and Vestas. Conversely, the overweight positions in Bavarian Nordic and Demant had a negative impact on the return of the pool.

The Global Value Pool outperformed both the MSCI World and MSCI World Value indices, benefiting from its value style and strong stock selection, in particular within IT where memory makers Sandisk and Western Digital were the largest positive contributors.

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.

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