ASSET MANAGEMENT

Monthly report December 2024

Profile

DoubleDividend Management B.V. (DoubleDividend) is an independent responsible investment specialist. Where asset management is concerned we put together a portfolio tailored to your needs, whilst taking into account the desired risk profile, the investment horizon and the desired sustainability profile of the portfolio. Primary use is made of funds managed by DoubleDividend. Clients include wealthy individuals, associations and foundations. DoubleDividend operates under the full supervision of the AFM and DNB.

Investment philosophy:

- Sustainability makes a positive contribution to the risk-return profile of an investment portfolio.
- Investment is a long-term practice.
- We invest with conviction and only in quality in order to achieve a resilient portfolio.
- We aim to achieve a realistic return, taking risks into account
- Risk refers to the permanent loss of capital in the long term and not short-term volatility.
- We engage with the client and also invest in the funds managed by DoubleDividend.

Performance

2024 was a good year for both stocks and bonds as a result of continued economic growth, falling inflation rates and central banks cutting interest rates. Technology stocks in particular benefited strongly from the positive sentiment on the stock markets.

The returns for the various risk profiles in December ranged from 0.1% for the most defensive risk profile to 0.3% for the most offensive risk profile. The neutral risk profile achieved a return of 0.2% in December, which increased the return for the year to 13.4%.

Market data*	**Dec**	**2024**
Equities		
MSCI World	-0.7%	26.6%
S&P 500	-0.3%	33.6%
Euro Stoxx 600	-0.4%	9.7%
Bonds		
World**	-1,0%	2,6%
Real Estate		
EPRA Global	-4.7%	8.4%
Infrastructure		
Renewable Energy	-4.1%	-16.6%
Interest rates		
10-yr Germany	2.36%	
10-yr US	4.57%	
Currencies		
EUR/USD	-2.1%	-6.2%
Other (in USD)		
Gold	-0.7%	27.2%
Oil (Brent)	2.3%	-3.1%

* Total returns in euros, the price changes of gold and oil are calculated in US dollars.
** Barclays Global Aggregate Index

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FINANCIAL & SOCIAL RETURNS

Market developments

Despite the many uncertainties, the financial markets performed well in 2024, just like last year. The prices of both stocks and bonds rose strongly, although not all sectors and regions benefited equally. We published our outlook for 2025 on Monday 30 December which can be read here.

Table: net returns for the various risk profiles*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average per year*	Total
Defensive	8,8%	1,3%	7,4%	-1,3%	4,7%	2,8%	-4,4%	17,7%	3,9%	5,4%	-19,6%	11,3%	10,7%	3,4%	53,6%
Moderately defensive	10,1%	3,2%	10,0%	1,5%	5,4%	3,6%	-3,7%	20,6%	4,2%	8,0%	-21,0%	13,4%	12,0%	4,7%	81,7%
Neutral	12,2%	5,7%	11,1%	4,9%	6,4%	4,6%	-2,7%	22,7%	4,5%	11,2%	-22,5%	15,6%	13,3%	6,1%	116,9%
Offensive	13,9%	8,3%	14,8%	7,9%	7,3%	5,8%	-1,7%	26,1%	6,4%	14,7%	-24,5%	18,3%	15,0%	7,9%	169,5%
Very offensive	15,4%	9,6%	16,7%	10,1%	8,5%	6,4%	-1,1%	29,3%	7,6%	18,6%	-26,2%	20,0%	16,3%	9,2%	214,9%

* The returns are based on the tactical asset allocation, after all costs, and with invested capital up to EUR 1 million.
The value of your investments can fluctuate. Past performance is no guarantee for the future.

Outlook

In recent years, developments in inflation and interest rates and, to a lesser extent, economic growth have been decisive for the financial markets. Now that inflation seems to be more under control and central banks have started to lower interest rates, the focus on macroeconomics will shift from inflation to economic growth. In a sense, the macroeconomic/monetary balance has been restored. We are emerging from a period of uncertain economic growth, but with high inflation and high interest rates. Economic growth and monetary policy are now more in balance again. If growth disappoints, interest rates will fall (faster) and vice versa. When the economy and monetary policy can function as communicating vessels again, this will benefit the stability of financial markets and equities and bonds will once again be more complementary in a mixed investment portfolio.

We expect the financial markets to continue to operate under reasonably favourable conditions in the coming period thanks to a downward inflation trend and the start of a cycle of interest rate cuts. At the same time, the economy continues to perform reasonably well (especially in the US) and technological innovations such as artificial intelligence offer ample scope for further productivity improvements. This is a favourable scenario for all asset classes.

However, risks have also increased, especially with Trump's unorthodox (foreign) policy. The America First policy is provoking trade wars, especially with China, and is affecting global trade, investment and geopolitical alliances. Tensions between the major powers, especially between the US and China, have increased further and are creating more uncertainty. Although the US economy has seen relatively strong growth in recent years, the outlook for the rest of the world, especially in Europe and emerging markets, is weaker. Although the Chinese government is trying to accelerate the transition to a more consumption and technology-driven economy, concerns remain high due to demographic changes, a weakened real estate sector and the trade conflict with the US. There are also challenges for Europe. The eurozone is struggling with structural challenges such as an aging population, political divisions and low productivity growth. Another major risk is the rising government deficit in many countries, both in developed and emerging markets. These budget deficits could lead to higher tax burdens, budget cuts or a disruption of monetary policy, which could undermine economic and political stability.

Our quality criteria for the investments as shown in the 'Schijf van 5' ensure that we are well positioned to meet our expected return targets in the long term. Moreover, the quality of the companies and countries in which we invest makes the investment portfolios resilient. Long-term growth prospects and resilience are the two themes that have received a lot of attention in recent times when designing the portfolios.

Within equities and alternatives, we are invested in sectors that are supported by attractive long-term growth prospects in the areas of digitalization, healthcare and sustainability, such as the energy transition. Innovation is crucial for companies in a rapidly changing world with major challenges. There is a growing overlap between technology and innovation on the one hand and sustainability and healthcare on the other. The new generation of chips and data centers, software and cloud services are essential for reducing energy consumption and electrifying the economy and transport. Healthcare is also increasingly relying on technology. Examples include surgical robots, the accelerated development of medication using AI, electronic patient records and genetic engineering.

The prospects for bonds are good due to the increased interest rates, which makes the risk-return ratio attractive again. We are on the eve of a cycle of interest rate cuts, which removes the risk of significant price falls. At the same time, bonds offer an attractive coupon rate. The main risks for bonds are a revival of inflation, a weak economy that could cause risk premiums to rise and the limited budgetary discipline of many governments.

Tactical asset allocation

Each investment profile has a strategic allocation with bandwidths to equities, bonds and alternatives. The table below gives an overview of the five different standard investment profiles (without bandwidths). The classifications of risk profiles are motivated by the AFM (the Dutch Authority for the Financial Markets) and mainly based on historical risks and returns.

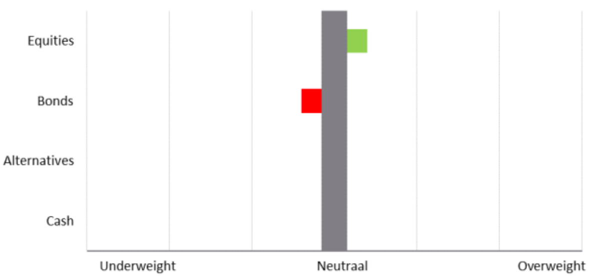
Table: profiles and strategic asset allocation

RISK PROFILES	Defensive	Moderate defensive	Neutral	Offensive	Very offensive
Equities	22%	33%	47%	65%	80%
Bonds	73%	61%	45%	25%	10%
Alternatives	5%	6%	8%	10%	10%
Cash	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%

Source: DoubleDividend Management B.V.

Within the bandwidths, it is possible to respond to current market conditions. We call this the tactical asset allocation. At the moment, shares are still slightly overweight compared to bonds. Shares offer the best opportunities for the long term. The weighting for alternatives is equal to the standard weighting. Although the valuation is very low, the risks have also increased due to the higher interest charges of this capital-intensive category.

Tactical asset allocation



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