ASSET MANAGEMENT

Monthly report February2025

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

The financial markets were confronted with the risks of President Trump's policy in February. This put pressure on American stocks in particular, but bonds and alternatives benefited from the lower capital market rates. European stocks also had a good month.

The returns for the various risk profiles in February ranged from -0.1% for the most defensive risk profile to -3.6% for the most offensive risk profile. The neutral risk profile achieved a return of -1.7% in February, which brought the return for the year down to 0.3%.

Market data*	**Feb**	**2025**
Equities		
MSCI World	-0.8%	2.3%
S&P 500	-1.1%	1.0%
Euro Stoxx 600	3.4%	10.0%
Bonds		
World**	0.7%	0.7%
Real Estate		
EPRA Global	2.2%	3.3%
Infrastructure		
Renewable Energy	1.1%	-2.3%
Interest rates		
10-yr Germany	2.41%	
10-yr US	4.21%	
Currencies		
EUR/USD	0.1%	0.2%
Other (in USD)		
Gold	2.1%	8.9%
Oil (Brent)	-4.7%	-2.0%

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

doubledividend
FINANCIAL & SOCIAL RETURNS

Market developments

In February, the financial markets paid little attention to the many corporate results that were generally good. Once again, attention was mainly focused on Trump. The expectation was that Trump would mainly prioritize the domestic agenda, but his foreign policy is now causing the most unrest. In recent weeks, wild plans have been presented regarding Greenland, the Panama Canal, Gaza and Canada. The US's Ukraine policy has also completely changed under Trump, who wants to end the war quickly to save costs. Ukraine and Europe would have to make many concessions in this regard. The US also seems to want to reduce its responsibility for European security, which increases the security risks for Europe. The world order as we know it is under pressure as a result.

This has also fueled the discussion about European defense, with broad consensus that Europe should invest more in its own defense. The US makes decisions outside Europe, which disrupts the democratic process and increases the crisis atmosphere in Europe. At the same time, this has implications for financial markets, as additional defense spending will put further pressure on European countries' budgets, potentially leading to higher government deficits, higher capital market interest rates, and rising inflation.

The geopolitical changes also raise the question of what role European investors should play in strengthening European defense and protecting democratic values. DoubleDividend does not rule out investments in defense, but for the time being focuses mainly on cybersecurity. However, recent developments are making defense increasingly important, which means that the strategy towards defense companies will be reconsidered.

There have also been many changes in recent times in the field of climate policy and sustainability themes such as diversity. Although this is often attributed to Trump, the momentum for sustainability had already waned before his arrival, and this is not an exclusively American phenomenon. However, the new American administration has increased the pressure on companies to adjust their sustainability policies.

Both companies and consumers are suffering from the uncertainties resulting from the Trump administration's policies, with the government austerity plan led by Elon Musk adding fuel to the fire. The initial positive effect of Trump's election on market sentiment is disappearing as a result. Companies are more cautious about the outlook and consumer confidence has fallen. Partly as a result, the US interest rate fell from 4.5% to 4.2%, which is positive for bonds and capital-intensive sectors.

However, major price movements and changes also offer opportunities, such as the increased demand for robot technology due to the relocation of production from China to the US and Europe, and the growing attention for the European defense industry. However, American technology companies remain an important part of the equity portfolio, because these companies fit in well with our investment philosophy and quality criteria. The recent price drop in combination with strong profit growth makes the valuation of technology shares a lot more attractive again.

Table: net returns for the various risk profiles*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Average per year*	Total
Defensive	-1,3%	4,7%	2,8%	-4,4%	17,7%	3,9%	5,4%	-19,6%	11,3%	10,7%	1,1%	3,4%	55,3%
Moderately defensive	1,5%	5,4%	3,6%	-3,7%	20,6%	4,2%	8,0%	-21,0%	13,4%	12,0%	0,7%	4,7%	83,0%
Neutral	4,9%	6,4%	4,6%	-2,7%	22,7%	4,5%	11,2%	-22,5%	15,6%	13,3%	0,3%	6,1%	117,6%
Offensive	7,9%	7,3%	5,8%	-1,7%	26,1%	6,4%	14,7%	-24,5%	18,3%	15,0%	-0,1%	7,8%	169,1%
Very offensive	10,1%	8,5%	6,4%	-1,1%	29,3%	7,6%	18,6%	-26,2%	20,0%	16,3%	-0,6%	9,1%	213,2%

* The returns are based on the tactical asset allocation, after all costs, and with invested capital up to EUR 1 million. Geometric Average 2012 - February 2025 for the asset management profiles and DD Property Fund, April 2013 - February 2025 for DD Equity Fund and September 2018 - February 2025 for DD Income Fund respectively. 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. Trump in particular is now attracting attention. The risks have clearly increased due to his unorthodox (foreign) policy. The America First policy provokes trade wars and has an impact on global trade, investments and geopolitical alliances. This creates more uncertainty. Although the American economy has experienced relatively strong growth in recent years, we are seeing the first cracks and the recent figures are less convincing. The prospects for the rest of the world, especially in Europe and emerging markets, are moderate. The Chinese government is trying to accelerate the transition to a more consumption and technology-driven economy, but 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 ageing population, political division and low productivity growth. In addition, the security risks for Europe have increased due to the turn in US foreign policy. Another major risk is the rising government deficit in many countries, both in developed and emerging markets. These budget deficits can lead to higher tax burdens, budget cuts or a disruption of monetary policy, which can undermine economic and political stability.

On the positive side, the macroeconomic/monetary balance has been restored to a certain extent. 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 be more complementary in a mixed investment portfolio. It is also expected that Trump will back down if it turns out that the economy is being hit (too) hard by his policy. After all, economic growth is an important indicator of his success.

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 outlook for bonds has improved significantly since the sharp correction in 2022 due to higher interest rates. Now that central banks have started to cut interest rates, the risk of sharp price declines has decreased significantly. At the same time, many bonds are again offering attractive coupon rates. The main risks for bonds are a revival of inflation, a weak economy that could push up risk premiums for corporate bonds 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.

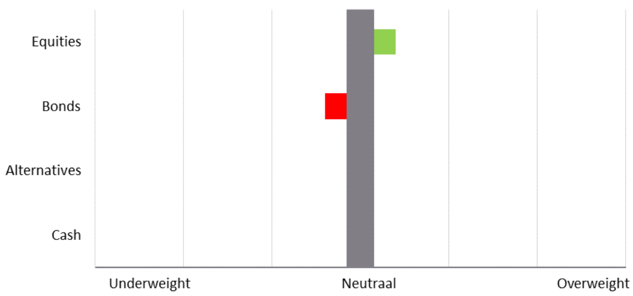
Table: profiles and strategic asset allocation

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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