ASSET MANAGEMENT

Monthly report March 2025

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

Political and macroeconomic developments also left their mark on the financial markets in March. American stocks in particular were under pressure, but bonds and alternatives also took a step back.

The returns for the various risk profiles in March ranged from -4.2% for the most defensive risk profile to -9.9% for the most offensive risk profile. The neutral risk profile achieved a return of -6.9% in March, which brought the return for the year down to -6.5%.

Market data*	**Mar**	**2025**
Equities		
MSCI World	-8,0%	-5,9%
S&P 500	-9,3%	-8,4%
Euro Stoxx 600	-3,7%	5,9%
Bonds		
World**	-1,5%	-0,9%
Real Estate		
EPRA Global	-5.6%	-2.5%
Infrastructure		
Renewable Energy	-7.3%	-9.5%
Interest rates		
10-yr Germany	2.74%	
10-yr US	4.21%	
Currencies		
EUR/USD	4.3%	4.5%
Other (in USD)		
Gold	9.3%	19.0%
Oil (Brent)	2.1%	0.1%

* 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

Once again, it was the (geo)political and macroeconomic developments that left their mark on the financial markets. In Europe, the German Bundestag's approval of the partial lifting of the 'Schuldenbremse' (debt brake) caused a sharp rise in both interest rates and the euro, and in the US, investors are trying to understand what the whirlwind of policy changes by President Donald Trump (economic, fiscal and trade related) means for the world's largest economy. According to Trump, the America First policy may lead to disruptions (such as lower economic growth and higher inflation) in the short term, but will then result in a streamlined government, a stronger private sector and a reset of trade and defense relations with other countries. We will have to wait and see how it plays out, but the impact on the financial markets, after initial optimism, is still negative. Consumer confidence has fallen and companies are also now more cautious about the prospects.

Policy U-turn in Germany

The German parliament, led by the new Chancellor Merz, has approved a constitutional amendment to create budgetary space for large-scale expenditure on defense, infrastructure and the climate. Until now, the German government was bound by a legal brake on debt, but this is now being lifted, which means that the German government will invest many hundreds of billions more in the coming years, which will increase debt. The German government's U-turn caused the German 10-year interest rate to rise from 2.41% to 2.74% in March, an unprecedented sharp increase in a short period of time. The interest rates of other European member states and the euro were also pulled up as a result. The euro rose by 4.3% against the dollar. Investors expect not only economic growth in Germany to increase, but also inflation and the debt ratio.

Equity valuation

The recent correction on the US stock markets has led to attractive valuations of equities - and technology stocks in particular. Although profit growth this year will be somewhat lower than in 2024, it is still expected to be more than 12%, more than four times the expected growth elsewhere in the world. However, a (deep) recession has not been priced in. In the event of a recession, profit expectations will be revised downwards and the price-earnings multiple is also expected to fall. However, we consider the risk of a major recession to be small. The current accumulation of uncertainties is having a negative impact on business investments and consumer sentiment, but economic growth in the US in particular is still robust and economic growth in Europe has recently been revised upwards as a result of the substantial investments in Germany. It is important for both the economy and the financial markets that there is more calm on the political front in the course of the year.

Table: net returns for the various risk profiles*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 till Mar	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%	-3,2%	3,0%	48,8%
Moderately defensive	1,5%	5,4%	3,6%	-3,7%	20,6%	4,2%	8,0%	-21,0%	13,4%	12,0%	-4,7%	4,2%	73,1%
Neutral	4,9%	6,4%	4,6%	-2,7%	22,7%	4,5%	11,2%	-22,5%	15,6%	13,3%	-6,5%	5,5%	102,7%
Offensive	7,9%	7,3%	5,8%	-1,7%	26,1%	6,4%	14,7%	-24,5%	18,3%	15,0%	-8,7%	7,0%	146,1%
Very offensive	10,1%	8,5%	6,4%	-1,1%	29,3%	7,6%	18,6%	-26,2%	20,0%	16,3%	-10,4%	8,1%	182,2%

* The returns are based on the tactical asset allocation, after all costs, and with invested capital up to EUR 1 million. Geometric Average 2012 - March 2025 for the asset management profiles and DD Property Fund, April 2013 - March 2025 for DD Equity Fund and September 2018 - March 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, but 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 affects global trade, investments and geopolitical alliances. This creates more uncertainty. Although the American economy is cooling down somewhat, we do not expect a recession. The outlook for the rest of the world is reasonable, but not exuberant. Growth in Europe is expected to pick up somewhat now that Germany has decided to invest heavily in defense, infrastructure and the climate. The risk is that inflation (and therefore interest rates) will rise. In addition, the security risks for Europe have increased due to the turn in US foreign policy. Another important risk is the rising government deficit in many countries, both in developed and emerging markets. These budget deficits can lead to a higher tax burden, cutbacks 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