Quarterly Commentary

ValueInvest Global

This is a marketing communication. Please refer to the Prospectus and the KIIDs when making any final investment decision. All sources Bloomberg unless otherwise stated.

Market Review

The MSCI World Index had a strong finish to an overall strong year. Donald Trump won the US presidential election, and central banks in the US and in Europe lowered their interest rates, spurring a year-end rally led by the consumer discretionary, communication services, and information technology sectors. Lagging sectors included materials, health care, and real estate. The 'Trump trade' has certainly had its impact – The MSCI World Index (DKK) returned 5.9% for 4Q and 26.6% for the full year.

In stock-market terms, 2024 will be remembered as a year of divergence. The MSCI World Index generated a return far above what can be justified by underlying business fundamentals, a trend we have seen expand for several years. Though the phenomenon is powerful, there are natural limits as to how high or low valuation multiples can move before market forces become self-adjusting.

We can estimate the drivers of returns by separating what comes from business fundamentals and what comes from changes in valuation multiples. Based on our estimates, the 18.7% total return for MSCI World (USD) can be split into 8.8% from business fundamentals and 9.1% from higher-valuation multiples, a phenomenon driven mainly by US stocks.

2024 return drivers	Business	Valuation	Total
MSCI World (USD)	7.4%	9.1%	18.7%

Source: Internal calculations

Within the Fund

For 4Q24, the Global Equity Strategy (the "Strategy") underperformed its benchmark, the MSCI World Index (net).

The strategy delivered decent absolute returns but weak relative performance in 2024. It reminds us of 1999, when the Strategy's relative returns were similarly weak due to low exposure to technology stocks that were seeing strong performance. This laid the foundation for a multi-year period of outperformance during and after the dot-com bubble subsequently burst.

A key factor for explaining the 2024 return differentials is that the Strategy's return is almost fully explained by individual companies' underlying business results, while the returns of the MSCI World Index (USD) are driven to a significant extent by higher valuation multiples as shown above.

The first half of 2024 was uneven, but things started to balance out in the third quarter, which showed strong performance through a well-protected downside and a well-captured upside. Performance in 4Q was weaker due to high allocation to consumer staples and stock selection in consumer discretionary and consumer staples. Strong stock selection in IT and financials was not enough to offset the detractors.

Contributors to absolute performance in 4Q included **Visa Inc.**, **SAP SE**, **Lamb Weston Holdings Inc.**, **DSV A/S**, and **Sodexo SA**. Detractors from performance included **The Estee Lauder Cos. Inc.**, **Novo Nordisk A/S**, **Smith & Nephew PLC**, **Anheuser-Busch InBev SA/NV**, and **Nestle SA**.

One topic worth mentioning is that there are activist investors present in many of our companies: **Henry Schein Inc.**, **Pfizer Inc.**, **Smith &Nephew**, **Lamb Weston**,

Unilever PLC, **Kao Corp.**, and **Danone SA**. From the information we have access to, we sense they collectively point to different grades of companies under-earning their potential. We agree to that.

Active changes

During the quarter, four companies left the portfolio and two entered. We have prioritized quality in these new entrants – more broadly, the Strategy ended 2024 with less exposure to the consumer staples and healthcare sectors and more exposure to financials (not the banks) and technology (those with recurring and true profits) relative to how things stood at the beginning of the year. The current portfolio has more diversified revenue sources than it did previously, and we hope to continue this trend.

We sold the Strategy's remaining small position in **Merck & Co. Inc.** after sustained strong returns. For more than two decades, Merck had been part of the Strategy, but its position weight has shifted meaningfully through time depending on our view of quality and valuation. We estimate that this active positioning has added approximately 300 basis points of annual returns on top of already strong approximately 10% of annual buy and hold return for the stock for the past four years. Though Merck has had success with its Keytruda drug, we decided to sell because several key patents are soon to expire within meaningful parts of its portfolio.

We also sold the Strategy's positions in **The Swatch Group AG** and **Clorox Co.** as both companies have failed to live up to our expectations. Though **Essity AB** was up more than 20% in 2024, we exited the Strategy's position because its valuation discount was closed and the business itself does not seem to be compounding value fast enough to keep the position. Active positioning in Essity has added value, but less so than it did with Merck.

We added Netherlands-based IT company **ASML Holding NV** to the portfolio. ASML is a critical equipment supplier to the semiconductor industry and produces the world's most advanced lithography machines, which are essential for manufacturing microchips. As the world becomes increasingly digitalized, the demand for more advanced technologies has structural growth. From artificial intelligence (AI) and cloud computing to autonomous vehicles and consumer electronics, these innovations rely on ever-more powerful and efficient microchips. ASML is uniquely positioned in the semiconductor value chain to capitalize on this opportunity through its cutting-edge lithography systems, where the company enjoys a monopoly in its extreme ultraviolet (EUV) technology – the most advanced lithography technology. By enabling chipmakers to produce the most advanced chips, ASML plays a pivotal role in driving technological progress and meeting the surging global demand for high-performance chips. Selling new machines is lumpy, a fact ASML offsets by having a net-cash balance sheet. A growing installed base of machines drives growth in recurring aftermarket revenues and supports expanding profit margins over time.

Coloplast A/S is a medical technology company with strong market positions in chronic care medical fields like ostomy and continence care, where market shares are 35% to 45% globally. This counts for more than 70% of total revenues. The business model has a range of attractive features that fit well with our investment philosophy: a high level of recurring revenues from loyal customers who drive demand for consumables multiple times daily or weekly; a growing base of patients who stay in treatment for 10 to 30 years typically; a predictable level of organic growth; very high profitability on organic growth; and significant cash creation, which is fully shared with shareholders. The business has been taking market share for many years and the founding family remains a controlling shareholder with a focus on long-term growth and sustainability. In short, Coloplast is a dominant player in an industry where barriers to entry are high and the growth runway is long and profitable. The business has been underperforming for the past couple of years due to changes in business mix, input cost pressures, and growth investments. We expect high single-digit sales growth and small margin expansion from Coloplast in the years to come.

During the quarter, we also increased the Strategy's positions in **Accenture PLC**, **DSV**, **Estee Lauder**, **Kering SA**, **LVMH Moet Hennessy Louis Vuitton SE**, **Novo Nordisk**, **Anheuser-Busch, and Pluxee NV**. We reduced the Strategy's positions in **Smith & Nephew** and **Danone**.

Outlook

MSCI World (USD) investors received a strong return from other investors' enthusiasm, expressed through higher valuation multiples. This is not something we see every year, and it's not something we recommend basing investments on.

We'll repeat our past messages that expecting lower future returns is the prudent thing to do. Current valuation multiples on market level remain above long-term averages, as do corporate profit margins.

We remain focused on the business contribution to the total return. This has not benefited the Strategy's relative returns in the past six years, during which higher valuation multiples have contributed almost as much to MSCI World (USD) total returns as the underlying businesses have. It has already lasted for an extended period, and we do not believe it will continue. Over time, stock market returns mimic the results of the underlying businesses, while changes in valuation multiples ebb and flow.

2019 – 2024 annual return drivers	Business	Valuation	Total annual
MSCI World (USD)	7.4%	5.9%	13.8%

Source: Internal calculations

We estimate that our current portfolio of companies can deliver low double-digit returns through a combination of earnings growth, dividends, and buybacks over the next five years.

Our effort remains concentrated on building a portfolio of world-class companies with resilient earnings streams and shareholder-friendly management. That's the only way (given our capabilities, at least) to create an investment egg that consistently grows over time.

We are, and have been for some time, focused on expanding our source of earnings streams in the portfolio. Compared to the past, we now have a significantly lower share of consumer staples and health care and a higher share of financials (not the banks), IT (those that make recurring and true profits), and industrials (those with recurring revenues). We will keep scouting for more diversification of resilient earnings streams.

Several of the companies in the Strategy's portfolio have been seeing strong performance and strong corresponding stock prices:

- **Xkuc<**"Eqpuwo gt"r c{o gpvu"ctg"i gwkpi "fki kvcn" cpf "Xkuc"qy pu"vj g"tckn"vq"hcekkvcvg"vj cv"uvtwe/ vwtcn"vtgpf 0"
- **UCR<**"Vj g"lqwtpg{"vqy ctf "c"uwduetkr vkqp/dcugf " dwukpguu"o qf gn"ku"y gm/gzgewvgf "cpf "j cu"o wnk/ r ng"ngi u0"CKlcr r nkgf "vq"dki "co qwpvu"qh"eqtr qtcvg" f cvc"ku"cp"wpf gt/r gpgvtcvgf "qr r qtwpkv{"hqt"vj g" eqo r cp{0"
- **Ceegpwtg<**"Vj g"kpvgi tcvkqp"eqpuwnvcpv"qh"ej qkeg" uggu"uki pkhecpv"f go cpf "hqt"kvu"ugtxkegu"htqo " eqo r cpkgu"y cpvkpi "vq"f ki kvcm{"vtcpuhqto "vj gkt" dwukpguu"o qf gnu0"
- **Wpkxgt<**"Vj g"dwukpguu"ku"tg/hqewukpi "qp"kvu" o gi c/dtcpf u."y j kej "hwgn"i tqy vj "cpf "o cti kpu0" Rqtvhqnkq"f kxguvo gpvu"o c{"r kem"wr "ur ggf 0
- **Fcpqpg<**"C"pgy "o cpci go gpv"vgco "cpf "ewnvwtg" j cu"ko r tqxgf "vj g"o cti kp"uvtwewtg0

Several companies in the portfolio have been seeing strong business performance but their stock prices have yet to reflect it:

- **Cpj gwugt/Dwuej <**"F gngxgtci kpi "vj g"dwukpguu" j cu"i qpg"ceeqtf kpi "vq"r ncp."cko kpi "hqt"dwkrf kpi " gswkv{"cpf "f gtkumkpi "gctpkpi u"hqt"uj ctgj qnf gtu0" Wnko cvgn{."vj ku"eqwnf "ngcf "vq"c"j ki j gt"xcnwcvkqp" o wnkr ng0
- **Mpqtt/Dtgo ug"CI <**"Vj g"eqo r cp{"ku"ewttgpvn{"e{/ enkpi "vj tqwi j "c"uwd/r ct"o cti kp"qtf gt"dqqm"kp"kvu" tckn"dwukpguu"vqy ctf "uvtwewtcm{"j ki j gt"o ct/ i kpu0"
- **Kpvgtvgm"I tqwr "RNE<**"Ucngu"ctg"ceegngtcvkpi "kp" vj g"o quv"r tqdvcdng"f kxkukqp0

In our view, several companies in the portfolio need to improve their business execution:

- **P guvng<**"Wpf gt"c"pgy "EGQ"vj g"dwukpguu"pggf u"vq" tg/kpxguv"kp"kvu"i tqy vj "o qf gn"cpf "r tqf wev"r qtv/ hqnkq0"Kv"uj qwnf "cnuq"et{uvcnk|g"xcnwg"htqo "kvu" dcncpeg"uj ggv"y kvj "c"ncti g"pqp/eqtg"uvcmg"kp" N)QtTL{cn"UC0"
- **P kmg"Kpe0<**"C"pgy "nc{gt"qh"ugpkqt"gzgewvkxgu"o wuv" tguvqtg"xkvcn"r ctvu"qh"vj g"eqo r cp{."kpenwf kpi " f kuvtkdwvqt"tgncvkqpuj kr u"cpf "r tqf wev"kppqxc/ vkqp0"
- **Fkci gq"RNE<**"Vj g"eqo r cp{"j cu"dggp"ecwi j v"d{" uwtr tkug"y kvj "c"f qy puvtgco "kpxgpvqt{"tgdcncpe/ kpi "ej cnngpi g0"Kp"qwt"qr kpkqp."kv"uj qwnf "uvtkxg"hqt" j ki j gt"xkukdknkv{"cetquu"vj g"gpvktg"xcnwg"ej ckp"hqt" dgvvgt"r ncppkpi 0

The Fund is subject to the following risks

- Investing involves risk including the possible loss of principal.
- Equity securities are subject to price fluctuation and possible loss of principal.
- Diversification may not protect against market risk.
- Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the strategy's risk may be increased because each investment has a greater effect on the strategy's overall performance.
- A "value stock" is a stock that is believed to be undervalued. Investments in value stocks are subject to the risk that the stocks are appropriately valued or that the stocks may decline in value.
- Because large-capitalization companies tend to be less volatile than companies with smaller capitalizations, the value of a strategy that invests in large-capitalization companies may not rise as much as a strategy that invests in smaller-capitalization companies.
- A strategy that holds a limited number of securities may be more sensitive to the price fluctuations of a single security in its portfolio and

may be more volatile than a strategy that holds a greater number of securities.

- Strategy performance will be affected by factors particular to the sectors a strategy invests in (such as government regulation).
- Securities in the energy sector may be subject to price fluctuations due to various factors including real and perceived inflationary trends and political developments, the cost assumed in complying with environmental safety regulations, demand of energy fuels, energy conservation, the success of exploration projects, and governmental regulations.
- Issuers in the information technology sector may be impacted by intense competition; dramatic and often unpredictable changes in growth rates and competition for qualified personnel; effects on profitability from being heavily dependent on patent and intellectual property rights and the loss or impairment of those rights; obsolescence of existing technology; general economic conditions; and government regulation.
- International investing (particularly in emerging markets) may be adversely affected by political instability; changes in currency exchange rates; inefficient markets and higher transaction costs; foreign economic conditions; the imposition of economic or trade sanctions; or inadequate or different regulatory and accounting standards. Investing in emerging markets involves greater risk than investing in more developed foreign markets because, among other things, emerging markets may have less stable political and economic environments, information about issuers may be less available or of a lesser quality, and securities markets may be smaller, less liquid, and subject to greater price volatility.
- Geographic focus entails the risk that local political and economic conditions could adversely affect the performance of a fund investing a substantial amount of assets in securities of issuers located in a single country or a limited number of countries.
- Investing with a focus on companies that exhibit a commitment to sustainable practices may result in investments in certain types of companies, industries or sectors that the market may not favour.
- The disruptions caused by natural disasters, pandemics, or similar events could prevent the Strategy from executing advantageous investment decisions in a timely manner and could negatively impact the Strategy's ability to achieve its investment objectives and the value of the Strategy's investments.

Important disclaimers

The views expressed represent the investment team's assessment of the Fund and market environment as of the date indicated, and should not be considered a recommendation to buy, hold, or sell any security, and should not be relied on as research or investment advice. Holdings are as of the date indicated, and subject to change. **The performance quoted represents past performance and does not predict future returns.**

The Fund is actively managed, and the benchmark used as a performance reference only. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. The benchmark is a Performance Comparator, and the Fund may bear little resemblance to its benchmark.

The **MSCI World Index** represents large- and mid-cap stocks across 23 developed market countries worldwide. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

For recipients in the European Economic Area, this document is a financial promotion distributed by Macquarie Investment Management Europe S.A. (MIME SA) to Professional Clients or Eligible Counterparties defined in the Markets in Financial Instruments Directive 2014/65/EU. MIME SA is authorised and regulated by the Commission de Surveillance du Secteur Financier. MIME SA is incorporated and registered in Luxembourg (Company No. B62793). The registered office of MIME SA is 10A Boulevard Joseph II, L-1840 Luxembourg.

For recipients in the United Kingdom, this document is a financial promotion distributed by Macquarie Investment Management Europe Limited (MIMEL) to Professional Clients or Eligible Counterparties defined in the Markets in Financial Instruments Directive 2014/65/EU. MIMEL is authorised and regulated by the Financial Conduct Authority. MIMEL is incorporated and registered in England and Wales (Company No. 09612439, Firm Reference No.733534). The registered office of MIMEL is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD. The investment capabilities described herein are managed by MIMEL, with day-to-day management responsibilities sub-delegated to relevant affiliated managers.

This document has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

For recipients in Switzerland, this document is intended for qualified investors (at the exclusion of high-net-worth individuals and their private investment structures without professional treasury operations) as defined in the Swiss Federal Act on Collective Investment Schemes of 23 June 2006, as amended (CISA) and its implementing ordinance.

Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. A complete list and description of composites is available upon request. The above information is not intended and should not be construed as a presentation of information regarding any mutual fund.

Unless otherwise noted, the source of statistical information used in this document was FactSet.

Document must be used in its entirety.

The investment capabilities described herein involve risks due, among other things, to the nature of the underlying investments. All examples herein are for illustrative purposes only and there can be no assurance that any particular investment objective will be realised or any investment strategy seeking to achieve such objective will be successful. **The performance quoted represents past performance and does not predict future returns.**

Before acting on any information, you should consider the appropriateness of it having regard to your particular objectives, financial situation and needs; and seek advice.

Future results are impossible to predict. This document contains opinions, conclusions, estimates and other forward-looking statements which are, by their very nature, subject to various risks and uncertainties. Actual events or results may differ materially, positively or negatively, from those reflected or contemplated in such forward-looking statements.

This document does not contain all the information necessary to fully evaluate any investment program, and reliance should not be placed on the contents of this document. Any decision with respect to any investment program referred to herein should be made based solely upon appropriate due diligence by the prospective investor.

No representation or warranty, express or implied, is made as to the accuracy or completeness of the information, opinions and conclusions contained in this document.
In preparing this document, reliance has been placed, without independent verification, on the accuracy and completeness of all information available from external sources.

To the maximum extent permitted by law, none of the entities under Macquarie Asset Management (MAM) nor any other member of the Macquarie Group nor their directors, employees or agents accept any liability for any loss arising from the use of this document, its contents or otherwise arising in connection with it.

Macquarie Asset Management (MAM) is the asset management division of Macquarie Group. MAM is an integrated asset manager across public and private markets offering
a diverse range of capabilities, including real assets, real estate, credit, equities, and
multi-asset solutions.

Macquarie Group, its employees and officers may act in different, potentially conflicting, roles in providing the financial services referred to in this document. The Macquarie Group entities may, from time to time, act as trustee, administrator, registrar, custodian, investment manager or investment advisor, representative or otherwise for a product or may be otherwise involved in or with, other products and clients which have similar investment objectives to those of the products described herein. Due to the conflicting nature of these roles, the interests of Macquarie Group may from time to time be inconsistent with the Interests of investors. Macquarie Group entities may receive remuneration as a result of acting in these roles. Macquarie Group has conflict of interest policies which aim to manage conflicts of interest.

Other than Macquarie Bank Limited ABN 46 008 583 542 ('Macquarie Bank'), any Macquarie Group entity noted in this material is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group entities. In addition, if this document relates to an investment, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested and (b) none of Macquarie Bank or any other Macquarie Group entity guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.

ValueInvest
DANMARK

ValueInvest
DANMARK

ValueInvest
DANMARK

Disclaimer