



# Quarterly Commentary

**ValueInvest Global**

**Q1 2025**

**ValueInvest**  
DANMARK

**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

Following the US election in November 2024, US equity prices soared on expectations that a combination of tax cuts and deregulation would boost US economic growth, thereby increasing corporate profits. Yet, since that time, most of the economic news has focused on tariffs rather than taxes. Tariff increases are potentially inflationary and may reduce US consumer demand. According to data released from the Conference Board in late March, uncertainty around President Trump's trade policy and its impacts has worsened the consumer outlook for the economy, and the latest consumer confidence index reading (based on the Conference Board Consumer Confidence Index®) hit its lowest level in more than four years.

As new tariffs are implemented, some market watchers are sounding the alarm about stagflation, a rare economic scenario of high inflation and stagnant economic growth including higher unemployment rates. Stock markets may struggle during stagflation. Unlike normal recessions, where central banks can stimulate growth by cutting interest rates, stagflation limits their ability to act. Corporate profits may also be under pressure because of falling revenues (demand stagnation) and higher costs (inflation).

With the focus on tariffs rather than tax cuts, it is not surprising that US equity price indices have fallen back toward their pre-election levels and have underperformed their European counterparts, led by not least European defense stocks after the European Commission

President Ursula von der Leyen urged a large increase in region-wide defense spending, funded by releasing the cap on borrowing. On the same path, we have seen Berlin's historic plan to release its self-imposed debt brake to allow higher defense spending and new infrastructure investments.

During 1Q25, investors shifted funds toward lower-risk assets as uncertainty undermines confidence, and, as a result gold surged more than 17% and had its best quarter since 1986. The strongest-performing sectors were energy, utilities, and financials and the weakest sectors were information technology (IT), consumer discretionary, and communication services.

In summary, 1Q25 was marked by a complex interplay of uncertainty around trade policies, inflationary pressures, monetary policy uncertainty, and geopolitical developments, all contributing to a volatile market environment where the MSCI World TR Net Index fell significantly.

## Within the Fund

The Macquarie Global Equity Compounders Strategy ("Strategy") showed strength despite the volatile market environment and ValueInvest Denmark ("Fund") outperformed the benchmark by losing less. In particular, the Fund's sector allocation had a positive effect.

The underweight to IT and to the US as well as the overweight to consumer staples was beneficial. Overall, stock selection contributed to the outperformance.

We remain confident that the Fund holds solid return potential, underpinned by the underlying resilient earnings growth and the cash that we expect the portfolio companies to return to their shareholders.

Notable individual detractors from the Fund's performance included **Novo Nordisk A/S**, **Diageo PLC**, **Sodexo**

SA, and Henkel AG & Co KGAA. Notable contributors were Nestle SA, AB InBev SA, Roche Holding AG, and Knorr-Bremse AG.

Towards the end of the quarter, shares of Sodexo fell 17% on the company's second quarter earnings report. The company lowered its 2024/25 outlook with respect to sales and profitability. Several reasons were given for the downgrade: For the most part, it was in relation to soft trends and the delay of one contract in the US, especially relating to education and healthcare. Sodexo saw lower enrolment within its portfolio of US universities. A significant contract in the pharmaceutical sector has a delayed implementation timeline into next fiscal year, which starts September 2025. Secondly, Sodexo also saw softness within European Facility Management during the quarter. The downgrade from Sodexo is disappointing because in recent announcements the company has been firm on its full-year outlook. The guidance is disappointing to us, but we do not see any structural change to the investment case. Despite its lowered outlook, it is still a company that after the first half of 2024/25 delivered an organic sales growth at 3.5% from broad-based global growth and operating income growth up by more than 6%, leading to a robust free cash flow. For the full year, sales growth is still expected to grow in the 3% to 4% range in combination with increasing earnings before interest and taxes (EBIT)-margin.

Shares of Henkel dropped 10% on the day of the 4Q report, as its 2025 outlook disappointed the market. The integration of its two consumer businesses will be finalized one year ahead of plan. On top of this, 2024 was a strong year with operating income gaining more than 20% and gross margin reaching an all-time high. The company, however, raised a red flag that 1Q25 would be a little bit soft with less certainty for the second half of 2025. The market did not react favorably to this news. Henkel sees softness in both its divisions (consumer brands and adhesive technologies). Furthermore, the company has had some supply-chain issues in the beginning of 2025 (from merging its consumer businesses) leading to a small disruption (though the problems were solved with no further impact going forward). Finally, a part of Henkel's business in North America has been sold but closing the deal is taking longer than expected. The case for Henkel is intact, in our view, with synergies from the internal merger in consumer brands driving corporate earnings in 2025 and 2026. We see Henkel as an attractive valuation opportunity.

After a challenging 2024, shares of Nestlé staged a comeback in the first three months of 2025. With lackluster financial performance and struggles in volume

growth, it is clear that a major overhaul is necessary to set the food giant on a path to achieve its medium-term target of 4% organic growth in a slow-growth environment. The appointment of a new CEO, Laurent Freixe, has brought a much-needed breath of fresh air. Under his leadership, Nestlé has embarked on a bold restructuring plan aimed at revitalizing underperforming segments and re-allocating resources to high-potential categories such as coffee, infant and medical nutrition, vitamins and nutritional supplements, and pet foods. A portion of Nestlé's portfolio has lagged behind market dynamics, resulting in lost market share. Recognizing the need for change, Nestlé is significantly increasing its investment in advertising and promotional activities, which will now account for up to 9% of sales, to bolster its brands and drive sales. These efforts will be funded by cost savings from the "Fuel for Growth" program, which is expected to deliver €2.5 billion in savings by the end of 2027. Most of these savings will come from procurement, with the remainder from operational efficiencies and commercial investments. For Nestlé, 2025 is set to be a year of transition. The investment in growth initiatives ahead of realizing cost savings will likely put pressure on short-term profitability, yet we believe it is the right thing to do in a longer time frame. In terms of capital allocation, the primary focus will be on reducing debt, and as a result, no new buyback program is anticipated this year.

Knorr-Bremse continues its margin progression journey after a couple of years punching below its weight on profit margins. Fiscal year 2024 saw margin improvement to above 12% with significant cash flows. These are solid results, especially in light of a challenging business environment in the commercial vehicles segment. The company's fiscal year 2025 guidance calls for continued margin improvement, and this is much in line with our expectations for the business. The order book is solid with a continued high pace of non-core divestments under the new CEO who has just made early renewal of his contract by five years. In our view, that is good for Knorr-Bremse because the new leadership has brought renewed performance focus and clearly improving results. In our March meeting with the company, we discussed the strategic direction of the business. It's clear to us that Knorr-Bremse is learning from best-in-class industrial companies in terms of business focus and execution. This is a cultural shift after the current CEO took office, and we believe Knorr-Bremse will double down on reinforcing its rail business which is already the dominating earnings engine. In the new German macro-economic landscape, Knorr-Bremse has a solid position: 100% of Knorr-Bremse's business is within rail and commercial vehicles. These segments are likely beneficiaries

of the German €500 billion planned infrastructure spending package.

### Active changes

We continuously monitor all of the Fund's investments, ensuring that they remain consistent with our investment case. If and when investments no longer fulfil our quality or valuation criteria, we exit the Fund's position. During the quarter, we sold **Ingredion Inc.** and **Danone SA** from the portfolios and added **Wolters Kluwer NV** and **IQVIA Holdings Inc.**

We initially added the US-based ingredient producer **Ingredion** to the Strategy in April 2020, and it has been a strong investment, returning approximately 15% per year in dollars on a buy-and-hold basis. In 2024, the stock delivered an impressive return of 29%. Our initial investment thesis for **Ingredion** was based on the potential for the company to expand into higher-margin specialty ingredients, thereby increasing margins and accelerating earnings growth. This was expected to be the key driver of a re-rating of the stock. However, after following the company for several years, we re-assessed our investment case and now anticipate less margin expansion potential and, therefore, do not expect further re-rating potential.

We have initiated a position in **IQVIA**, the result of a 2016 merger that united the data-driven insights of **IMS Health** with the clinical research expertise of **Quintiles**. **IQVIA** has built a strong position in the healthcare value chain, enhancing efficiency and driving innovation, which is crucial given the high costs and risks of drug development. **IQVIA** helps clients navigate complex regulatory environments and optimize market success, making it a critical partner. The depth and breadth of **IQVIA**'s services are well illustrated by the fact that since 2016, **IQVIA** has been involved in nearly 75% of drugs approved by the US Food and Drug Administration (FDA). What sets **IQVIA** apart is its 64 petabytes of healthcare data, and 1.2 billion non-identified patient records, a significant barrier to entry, making **IQVIA** an attractive partner for data-driven insights and artificial intelligence (AI)-powered analytics, in our view. As the world's largest Contract Research Organization, **IQVIA** can conduct efficient and cost-effective clinical trials. Demand for **IQVIA**'s services spans the entire pharmaceutical value chain – from drug discovery to commercialization. Despite near-term uncertainties due to funding issues at biotechnology and pharmaceutical companies reprioritizing their pipelines in response to the Inflation Reduction Act, we believe the upcoming wave of patent expirations through 2030 supports ro-

bust demand for **IQVIA**'s services. In summary, we believe **IQVIA** is a well-managed, highly cash-generative business in an attractive industry, offering essential services to increase efficiency in the healthcare sector.

Furthermore, we made several changes to the portfolio. We reduced the positions in **Adidas AG**, **Ahold Delhaize NV**, **Pfizer Inc.**, **Roche Holding AG**, and **SAP SE** and added to the positions in **Accenture PLC**, **ASML Holding NV**, **Coloplast A/S**, **DSV A/S**, **Nike Inc.**, **Novo Nordisk**, **Otis Worldwide Corp.**, **Pluxee NV**, and **Sodexo**.

### 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 regula-

tions, 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.

The **Conference Board Consumer Confidence Index®** is a barometer of the health of the US economy from the perspective of the consumer. The index is based on consumers' perceptions of current business and employment conditions, as well as their expectations for six months hence regarding business conditions, employment, and income. The resulting relative value is then used as an "index value" and compared against each respective monthly value for 1985. In that year, the result of the index was arbitrarily set at 100, representing it as the index benchmark.

**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.**

All third-party marks cited are the property of their respective owners.

## Disclaimer

ValueInvest Danmark shall not, under any circumstances, be liable for damage incurred by the information contained in this information material, irrespective whether such information, contrary to expectations, should prove to be incorrect. ValueInvest Danmark shall therefore not be liable for any damage or loss incurred, directly or indirectly, on the basis of information contained in this information material. The content of ValueInvest Danmark's information material is intended as general information and should therefore not be equated with advice. **Investment may be associated with a risk of loss, and past returns are no guarantee of future returns.**

This marketing material contains information on past returns and allocations, simulated returns and forecasts, which should not be perceived as a guarantee for future returns or allocations. Returns may decrease or increase as a result of fluctuations in exchange rates and developments in the stock markets. Any statements about the future contained in this material, reflect the management's expectations, at a given time, for future events and financial results as well as for developments in the world economy and the financial markets. Such expectations are inherently associated with uncertainty, which, in our assessment, surpass what we have witnessed in the past. As providing indications of specific developments in the numerous individual markets in which we invest is moreover associated with great uncertainty, it would be inappropriate to forecast returns for the coming year. Investors and other entities making decisions based on such information are advised to make their own cautious considerations about any uncertainties that could be of significance and seek professional investment advice as well as guidance on related individual tax affairs that could be affected by the investment contemplated. Reservations are made for printing errors, product changes, stock prices, etc. For further information, including a prospectus, please refer to **[www.valueinvest.dk](http://www.valueinvest.dk)**.

This information material is not directed at or intended for persons resident in the United States of America, Canada, Australia, Japan, Switzerland or other jurisdictions outside of Denmark, nor is this information material an offer to provide, or a solicitation of any offer to buy or sell, products or services in the United States of America, Canada, Australia, Japan, Switzerland or other jurisdictions outside of Denmark.