

Market analysis

The global economy is still showing reasonable growth, with around 3% expected for the whole of 2024. This is comparable to the growth achieved in 2023 and that expected in 2025. Beneath this apparent stability, however, a number of shifts are taking place, both over time and for the various regions. 2024 therefore seems to be a year with two different faces. It started stronger than expected, mainly thanks to the US and Chinese economies, but the global economy now clearly seems to be cooling.

The Chinese economy grew by more than 5% year-on-year in the first quarter of this year, but is not expected to be able to maintain that growth rate and is more likely to achieve growth of a maximum of 5% for the whole of 2024. In contrast to China, the Japanese economy got off to a difficult start this year, but has since recovered strongly. Nevertheless, growth of the Japanese economy for the whole of 2024 is unlikely to be above 1%. Finally, economic growth in the eurozone has failed to really get going all year. In the second quarter, the eurozone economy grew by only 0.6% year-on-year. This is not expected to be much higher in the coming period, so that growth in the eurozone is likely to remain at a maximum of 1% for the whole of 2024.

For 2025, growth expectations at regional level are somewhat closer together, however, at least for developed economies. For example, the IMF expects growth of the US economy to fall back towards 2% in the course of 2025, while in the eurozone, growth is in fact expected to speed up towards 1.5%. For the UK, Japan and Canada, among others, the IMF also expects growth to be higher in 2025 than in 2024. This means that in 2025 the US will no longer need to be the only engine of growth among developed economies, which it was in fact in 2024.

The global economy as a whole therefore appears to be developing in a fairly stable manner, despite the underlying shifts, but that masks the fact that the risks of a different, less favourable outcome have in fact increased recently. Persistently (too) high inflation is no longer the main risk scenario; the increasing threat of a recession is more of a problem. Confidence indicators indicate that industry in particular is going through a difficult period. This applies most to Europe (and within Europe, especially to Germany), but producer confidence in industry in the US and China has also been indicating below-average growth for a considerable time now.

Developments within the labour market also seem to be a factor that increasingly determines the economic outlook. In the past, unemployment was often seen as a 'lagging indicator' (unemployment often only increased when a recession was already coming to an end), but that has changed, partly due to the increased importance of consumer spending for economic growth. A sharp deterioration in the labour market may also prove to be the start of a recession through lower consumer spending.

Besides developments within the labour market, election results – more than 40% of the world's population will go to the polls this year – and geopolitical risks will continue to determine the economic outlook. Most prominent in this regard in the short term is the US presidential election, but in Europe too (for example in Germany and France) political instability can influence future economic policy.

As for geopolitical risks, the ongoing war in Ukraine and the conflict between Israel and Hamas in Gaza (and now also Hezbollah in Lebanon) still look to be the biggest threats to the global economy in the near term. What is striking, however, is that where in the past conflict situations (certainly in the Middle East) often influenced the global economy through a higher oil price, that currently seems not to be the case.

Finally, the opacity of the Chinese economy, particularly the Chinese housing market and banking sector, remains problematic. The Chinese government (and the central bank) recently announced another major package of incentive measures to support the Chinese economy and capital market. The question remains whether this step can reverse the unfavourable demographic and economic outlook, as long as these incentives are unaccompanied by structural reforms.

The past quarter was a good one for both bond and stock markets. At the same time, rising recession worries and the reversal of the yen carry trade in early August led to a sharp rise in volatility, especially in the stock markets. The currency markets were also highly volatile, partly due to movements in relative interest rates as a result of actions by the central banks.

Fund strategy and results

As in the first half of 2024, the financial markets closed the quarter with positive figures on balance, as shown in the performance of the ASR Pensioen Mixfondsen. The most recent macroeconomic figures give further confidence that the fall in inflation is structural and that the central banks have accordingly taken steps to lower interest rates. This can be seen from the slight improvement in global equity markets, although there are variations between regions and sectors. Inflation appears to be under control, and the bond markets have accordingly slightly raised their forecasts regarding the pace of interest-rate cuts by the central banks. As a result, capital market interest rates declined, which we see reflected in price increases for fixed-income securities, especially government bonds. European listed real estate had an excellent quarter, partly due to this interest-rate cut, and clearly outperformed average returns on the European stock markets.

The decline in capital market interest rates is reflected in price increases for fixed-income securities; for instance, leading to a positive total return on euro government bonds of nearly 4% in this period. Euro investment grade corporate bonds also benefited from the movement in interest rates, and this category delivered a good return of more than 3.2% in the third quarter. In line with this, euro corporate bonds in the high yield category recorded a similar return of around 3.2%. USD High Yield corporate bonds did slightly less well, with a total return of approximately 1.5% in euro terms, due to the depreciation of the US dollar against the euro. Emerging country bonds were also affected by the interest-rate decline in combination with the lower US dollar rate, and this category on balance delivered a more than 2% higher return in euro terms. Similarly, prices of mortgage loans rose this quarter, with the interest-rate decline being partially reflected in mortgage rates. US stocks slightly underperformed their European counterparts in euro terms, mainly due to the lower US dollar. Despite the usual volatility in August, these markets closed higher on balance, posting returns of 3.2% and 1.6% in Europe and the United States respectively. The Asia/Pacific region and emerging markets delivered a slightly better performance, with price increases of over 4%, partly thanks to slightly better news from China. European listed real estate was by far the best-performing sector in the third quarter with a return of 13.8%, giving us an excellent positive return of nearly 9% for this category since the beginning of the year.

These developments in the financial markets are reflected in the realised returns of the ASR Pensioen Mixfondsen in the third quarter of 2024, with increases of 3.12% for the defensive profile, 3.09% for the neutral profile and 3.11% for the offensive profile. The implementation of our tactical vision had virtually no impact on fund performance in the past quarter, with our underweights in US equities (positive) offset by our underweight in emerging markets equities (slightly negative). In addition, there was a clearly positive contribution to the result of the ASR Pensioen Mixfondsen compared to the benchmark due to stock selection in the ASR Wereldwijd Impact Aandelen Fonds. This impact strategy focuses on sustainable business models, and clearly outperformed the global stock markets with a quarterly return of over 9%. Our selection of European and American stocks also made a positive contribution to the fund return. On balance, the mix funds of the a.s.r. Werknemers Pensioen achieved an outperformance this quarter. After deduction of fund expenses, there was a relative performance against the corresponding benchmarks of 0.51% for the Defensive, 0.55% for the Neutral and 0.63% for the Offensive Mix Funds.

Outlook

We maintained a neutral tactical position across all asset classes throughout the third quarter. Uncertain economic prospects, relative unattractive valuation levels in most asset classes and the traditionally low liquidity in the financial markets during the summer months were all reasons not to adopt any pronounced tactical positioning. At the same time, the relative attractiveness of the 'safe' alternative of cash also diminished now that the central banks have started to lower their interest rates.

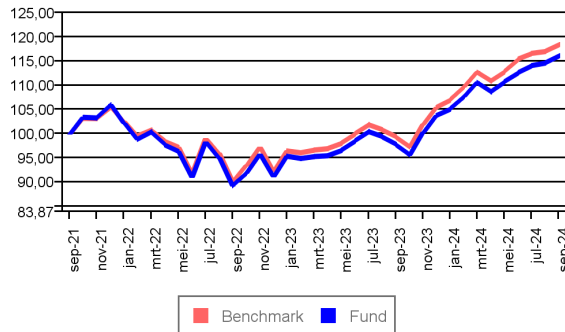
For the time being, we will maintain our neutral tactical view in the fourth quarter. As demonstrated by the – in retrospect short-lived – episode of sharply falling equity prices in early August, volatility is back again in financial markets. Lower long-term interest rates also appear to indicate greater uncertainty among investors, with government bonds acting as a safe haven. On the other hand, stock markets can also recover quickly if recession fears fade, as in the second half of the past quarter, aided by central banks that have recently started to cut interest rates and are expected to continue to do so in the coming months. In view of the recent escalation of hostilities in the Middle East and the uncertain outcome of the forthcoming US presidential election, we do not, on balance, see any reason for pronounced tactical positioning at this time.

Investment strategy

ASR Pensioen Mixfonds Defensief aims to offer Participants the opportunity to invest in an actively managed portfolio that, mainly as a result of participations in other investment institutions, consists of a combination of shares, government bonds, corporate bonds, property and money market instruments. The aim is to invest the fund's net assets in full. Loans are permitted up to 5% of the fund capital.

Historical indexed return

Indexation based on returns of not more than 3 years



Return *)	Fund	Benchmark
1 month	1,31 %	1,22 %
3 months	3,12 %	2,61 %
6 months	4,99 %	5,05 %
1 year	18,75 %	19,20 %
3 year	5,11 %	5,81 %
5 year	7,21 %	7,25 %
YTD	11,93 %	12,33 %
Since start (*)	7,35 %	7,28 %

(*) period exceeding 1 year is annualised and is net based

Essential fund information

NAV calculation	Daily
Date of incorporation	29-09-2017
Performance calculation started on	29-09-2017
Fund administrator	ASR Vermogensbeheer N.V.
Fund manager	Jos Gijbers
Entry charge (maximum)	0,00 %
Exit charge (maximum)	0,00 %
Ongoing Charges Ratio (OCR)(*)	0,28 %
Country of domicile	NL
Currency(**)	EUR
Benchmark	ComPOSITE
ISIN	NL0012375158

(*) The Ongoing Charges Ratio (OCR) consists of the management fee (0,20%) and the service fee (0,08%) (excluding costs which can be allocated directly to transactions) and the costs of the underlying investments.

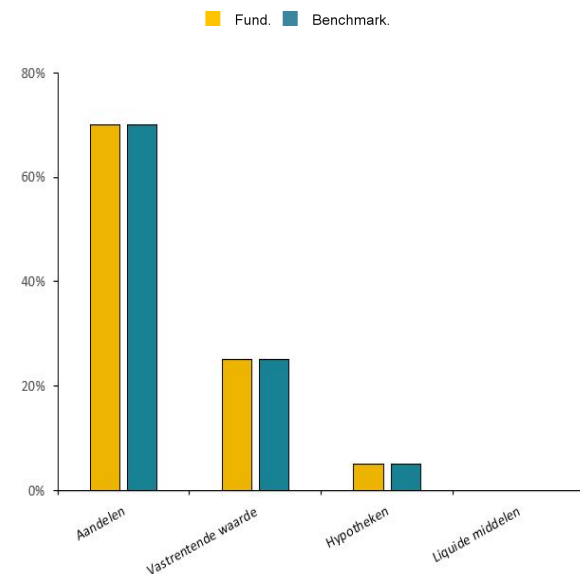
(**) This fund also invests in foreign currency. Due to price fluctuations there is a currency risk.

Fund facts and prices

Total assets (x 1,000)	€ 383.449,54
Number of outstanding units (x1,000)	3.766,4
Net asset value per unit	101,81
Highest price in period under review	101,92
Lowest price in period under review	97,92
Dividend	None

10 largest holdings	ISIN	Country	%
ASR Duurzaam Amerikaanse Aandelen class A	NL0015000A12	Netherlands	32,39 %
ASR ESG IP Inst. Europa Aandelen Fonds KI C	NL0012294151	Netherlands	19,04 %
ASR ESG IP Inst. Euro Bedrijfsobligatie Fonds KI	NL0012294110	Netherlands	15,02 %
ASR Duurzaam Azie Aandelen fonds C	NL00150010V0	Netherlands	6,99 %
Northern Trust - Emerging Markets Custom ESG	NL0011515424	Netherlands	6,57 %
ASR Wereldwijd Impact Aandelen Fonds class C	NL0015001FE8	Netherlands	5,02 %
IShares JP Morgan ESG USD EM B	IE00BF553838	Global	4,01 %
AeAM Dutch Mortgage Fund 3 non-NHG	NL0012375208	Netherlands	3,26 %
IShares USD High Yield Corp Bo	IE00BJK55B31	United States	2,40 %
ASR ESG IP Inst. Euro Staatsobligatie Fonds KI C	NL0012375190	Netherlands	1,99 %

Position per asset class



Asset class Fund	%	%	Benchmark
Aandelen	70,01%	70,00%	
United States	32,39 %	33,00 %	MSCI UNITED STATES
Europa	19,04 %	18,00 %	MSCI EUROPE
Asia Pacific	6,99 %	7,00 %	MSCI PACIFIC
Opkomende Landen (Aandelen)	6,57 %	7,00 %	MSCI Emerging Markets Index
World	5,02 %	5,00 %	MSCI WORLD
Vastrentende waarden	25,01%	25,00%	
Bedrijfsobligaties	15,02 %	15,00 %	iBoxx EUR Corporates
Opkomende Landen (Bond)	4,01 %	4,00 %	J.P. Morgan ESG EMBI Global Diversified TR
USA High Yield	2,40 %	2,40 %	Bloomberg Barclays MSCI US Corp HY Sust BB+ SRI
Staatsobligaties	1,99 %	2,00 %	The BofA Merrill Lynch Custom Index Q960
EUR High Yield	1,59 %	1,60 %	Bloomberg Barclays MSCI EURO Corp HY Sust BB+ SRI
Hypotheken	4,98%	5,00%	
Hypotheken	4,98 %	5,00 %	The BofA Merrill Lynch Custom Index Q960
Cash	0,00 %		
Totaal	100,00%	100,00%	

Fund Governance

Als institutionele belegger toont a.s.r. haar maatschappelijke verantwoordelijkheid onder meer door toepassing van ethische en duurzaamheidscriteria in haar beleggingsbeleid. Alle beleggingen die beheerd worden door ASR Vermogensbeheer N.V. worden gescreend op basis van het a.s.r. SRI-beleid (Socially Responsible Investment), zoals sociale en milieuaspecten. Landen en ondernemingen die niet hieraan voldoen worden uitgesloten. De screening van ondernemingen is gebaseerd op externe, onafhankelijke research van Vigeo Eiris (www.vigeoeiris.com/en/vigeo-eiris-rating/) conform Arista standaarden. Daarnaast is er een externe, onafhankelijke certificering door Forum Ethibel (forumethibel.org/content/home.html) via een halfjaarlijkse audit van de beleggingsportefeuille van ASR Vermogensbeheer N.V.

Bij het beheer van vermogen selecteert a.s.r. op basis van best practices en products volgens de ESG-criteria (Environmental, Social en Governance). Dit betreft alle beleggingen in landen (staatsleningen) en in ondernemingen (aandelen en bedrijfsobligaties) die het best scoren en passend zijn binnen de beleggingsrichtlijnen. Daarnaast investeert a.s.r. in bedrijven die een duurzame bijdrage leveren aan de maatschappij.

Ook hanteert a.s.r. een strikt uitsluitingsbeleid ten aanzien van controversiële activiteiten van landen en ondernemingen. Dit betreft bijvoorbeeld producenten van controversiële of offensieve wapens, nucleaire energie, de gokindustrie, tabak en kolen. Tevens eist a.s.r. dat bedrijven voldoen aan internationale conventies op het gebied van milieu, mensen- en arbeidsrechten. Voor de beleggingen in staatsleningen sluit a.s.r. landen uit die slecht scoren in de Freedom in the World Annual Report en de Corruption Perception Index. ASR is ondertekenaar van UNPRI en UNGC. Tevens voldoet a.s.r. aan de Code Duurzaam Beleggen voor verzekeraars van het Verbond van Verzekeraars, die sinds 1 januari 2012 van kracht is.

Sustainability Policy

a.s.r. is an institutional investor that show its social responsibility, for instance by applying ethical and sustainability criteria to investment selection. All assets under management by ASR Vermogensbeheer N.V. are screened using the a.s.r. SRI (Social Responsible Investment) policy, such as social and environmental aspects. Countries and corporations that do not meet these requirements are excluded. The screening of corporations is based on external independent research by Vigeo Eiris (www.vigeoeiris.com/en/vigeo-eiris-rating/) certified to the independent ARISTA standard. Furthermore, the ASR Vermogensbeheer N.V.'s asset portfolio is externally and independently certified by Forum Ethibel (forumethibel.org/content/home.html) in semi-annual audits.

a.s.r.'s asset management selects investments based on best practices en products according to ESG-criteria (Environmental, Social and Governance). This applies to all investments in countries (sovereign debt) and in corporations (shares and corporate bonds) that score the best in and are appropriate to the policy guidelines. Furthermore, a.s.r. invest in corporations that make sustainability contributions to society.

a.s.r. also have a strict policy excluding controversial activities of countries and corporations. This applies to producers if controversial or offensive weapons, nuclear energy, the gambling industry, tobacco and coal. Furthermore, a.s.r. require that corporations comply with international agreements concerning environment, human and labor rights. For sovereign debts investments a.s.r. exclude countries that score low in the Freedom in the World Annual Report and the Corruption Perception Index. a.s.r. have signed the UNPRI and UNGC. Furthermore, a.s.r. comply with the Code Duurzaam Beleggen (Code for Sustainable Investing) for the insurance industry issued by the Vereniging van Verzekeraars (Union of Insurers), that came into force January 1, 2002.

An investment in the fund is subject to market fluctuations and to the risks inherent to investing in movable securities. The value of the investments and their revenue can increase as well as decrease. It is possible that investors will not get back the initially invested capital. The value of your investments may fluctuate and results achieved in the past offer no guarantee for the future. This publication in itself is not an offer to buy any security or an invitation to make a bid for this security. The decision to buy units in fund must be taken exclusively on the basis of the Information Memorandum. The Information Memorandum has information about the product, the investment policy, the costs and risks. Please read the Information Memorandum. The Information Memorandum and other information is available from a.s.r. or via www.asr.nl.

This is a marketing communication. Please refer to Information Memorandum before making any final investment decisions. Past performance does not predict future returns.