

## Market analysis

Based on economists' consensus expectations, the outlook for the global economy has not changed materially in recent times. Global growth of around 3% is still expected for 2025 (and 2026 and 2027). In the second quarter of 2025, the global economy is expected to continue to grow at around 3% per year, despite growing uncertainty caused by the new US president, Donald Trump. His unpredictable trade policies, characterised by volatile trade tariffs, have eroded the confidence of U.S. consumers and businesses, potentially leading to lower economic growth or even a recession.

Trump's policies have mixed effects on the US economy. While trade tariffs may stimulate foreign investment, the negative impact on consumer spending weighs more heavily. The tax cuts from his first term have been extended, but new measures from the Department of Government Efficiency, led by Elon Musk, are causing chaos.

In Europe, Trump's geopolitical policies, especially his pro-Russia and anti-EU statements, have led to renewed optimism. Germany, led by Chancellor-elect Merz, has decided to invest more in defence, which has improved the economic outlook. However, expected growth for the eurozone remains modest, at around 1%, with potential positive effects from increased public spending and business investment.

Emerging markets, especially China, are under greater threat from US trade tariffs. However, falling long-term interest rates and a weaker dollar since Trump's inauguration have helped pay for debt in these countries.

Inflation has fallen in both the US and Europe, but remains above central bank targets. The ECB has cut interest rates and is likely to continue to do so, while the Fed is grappling with the choice between supporting the economy and controlling inflation.

The first quarter of 2025 presented a similar situation for government bonds as in 2024 as a whole: no major changes in interest rates on balance, but with significant mid-term fluctuations. For example, the German 10-year yield rose from around 2.4% at the end of 2024 to almost 3% at the beginning of March, following the announcement of Chancellor-elect Merz's intention to invest heavily in defence and infrastructure. Towards the end of March, the German 10-year rate fell again to around 2.7%, mainly due to increasing uncertainty about the outlook for the global economy.

For most countries within the eurozone, interest rates on their government bonds moved reasonably in tandem with those of Germany, and that also applied to interest rates on longer-term (e.g. 30-year) government bonds. On balance, interest rates on European government bonds were slightly higher at the end of the first quarter (i.e. about 20-30 basis points) than at the beginning of the quarter, with the total return on European government bonds being slightly negative over the entire quarter.

In the US, interest rates on government bonds had risen sharply in the last months of 2024 (e.g. the 10-year rate from 3.6% to 4.6%), but in the first quarter of 2025 they dropped markedly. At the end of March, the 10-year yield was around 4.2%.

This was mainly due to the steadily improving inflation picture, combined with a safe haven effect on account of increasing uncertainty, especially regarding the expected economic policy from the White House.

## Fund strategy and results

The first quarter of 2025 was memorable in several respects. The market movements were manageable, but the (geo)political landslide initiated by the new US administration may cause much greater volatility in the period ahead. Interest rates rose in the first quarter, and the increase was larger as the maturity rose, or in other words, a marked steepening of the yield curve. In addition, the increase in interest rates on German government bonds was greater than that of swap rates. Remarkably, the rate hike on government bonds of other European countries was smaller, resulting in tighter country spreads versus Germany.

The new US policy appears to have objectives to reduce both fiscal and trade deficits. A great effort, but the manner in which these objectives must be achieved leave a lot to be questioned. First of all, America seems to be committed to a 'one war at a time' policy. China is the big adversary, and the wars started by Russia and Hamas distract from the big goal of curbing China. The resources available must be mobilised to this end, and a rapid end to the wars that exist is therefore necessary; the reasoning being that this will save money. Secondly, the pressure is being increased on countries that export a lot to the US. Production has to return to America, and if not with the carrot, then by using the stick. With the maximum of two presidential terms and the mid-term elections in 2026, the time to achieve the objectives is limited and therefore the goal seems to justify the means. We could write a whole book about all the US' actions in the past quarter, but our room here is limited. Instead, we will focus on the consequences for the European interest rate markets.

Europe now seems to be serious about defence investment. Because America no longer wants to devote energy, time and money to curbing Russia's belligerence, Europe is forced to take care of this on its own. The NATO guideline seems to be rising sharply, the EU has launched a 'rearm Europe' project, and Germany has announced a huge investment in defence and overdue economic maintenance. This led to a sharp rise in interest rates in early March. As Germany's plans so far exceed those of other European countries and it can also be argued that the EU's plans contribute to further European integration, country spreads declined. At the same time, Europe must take account of announced import duties that will be implemented in early April, pushing interest rates back. Simulations and ECB calculations indicate that import duties will eventually, possibly intuitively, lead to lower inflation because the negative growth effects weigh more heavily on the price level of the one-off price increase. In an escalation scenario with mutual trade tariffs, the effect may become inflationary, but because growth will be even more disappointing in this scenario, it cannot simply be said that interest rates need to rise. As a result, the rate hike in the last weeks of March was partially reversed.

The fund return was lower than the benchmark return for costs. However, this entire effect was attributable to a pricing effect that positively affected performance in the final days of 2024, which was adjusted in this quarter. Fund policy contributed approximately neutrally. Following the sharp rise in interest rates, an overweight in interest rate sensitivity was implemented which contributed positively to a few basis points. The curve movement also contributed positively as fund positions anticipated steeper yield curves. However, this positive result was neutralised by the spread positioning. In the context of retreating central banks, large volumes of new loans and a nervous geopolitical environment, the fund was cautiously positioned, but this choice was not (yet?) justified this quarter. We maintain all three risk positions. An overweight in interest rate sensitivity, especially on short maturities and cautious when it comes to spread risk.

Yields moved higher in the first quarter of 2025, especially on longer maturities, and yield curves steepened on balance. Credit spreads moved downwards and France was for once the positive exception. Inflation expectations rose slightly above the central banks' 2% target.

After expenses, the fund had a quarterly return of -6.36% versus -6.22% for the benchmark, a negative relative return of -0.14%.

## Outlook

Interest rates on European government bonds have risen on balance in recent months, initially on the expectation that inflationary pressures in the eurozone will not soon diminish much further and that the end of the cycle of interest rate cuts by the ECB appears to have come into view. Secondly, the announcements of plans to strengthen European defence led to further rising interest rates, which are expected to be financed mainly by increased public spending and new loans. In the meantime, investors seem to have largely anticipated this, thus limiting the risk of further upward pressure on interest rates.

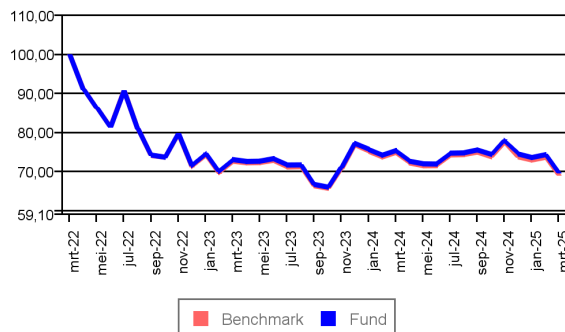
If the macro picture deteriorates further, for example due to the increasing threat of a trade war, and/or financial market sentiment turns for another reason, government bonds could also play their traditional role as a safe haven investment. In other words, bond yields could fall again. This kind of scenario seems more plausible to us at the moment than one in which bond yields rise sharply in the short term. That is why we are opting for a slight overweight in government bonds on a three- to six-month horizon.

## Investment strategy

The objective of the ASR Pensioen Staatsobligatiefonds 15+ Jaar is to offer an investment in a diversified portfolio of Investment Grade fixed-interest titles and long-dated instruments, primarily issued by government bodies and denominated in euros. The investment policy aims to generate a target return over a three-year period that at least equals the return on the established representative benchmark, after deduction of all costs applicable to this mandate. The fund is managed in compliance with the ESG policy drafted by the Manager.

## Historical indexed return

Indexation based on returns of not more than 3 years



Return *)	Fund	Benchmark
1 month	-6,12 %	-6,07 %
3 months	-6,36 %	-6,22 %
6 months	-7,63 %	-7,77 %
1 year	-7,46 %	-7,68 %
3 year	-11,22 %	-11,48 %
5 year	-9,05 %	-9,31 %
Since start (*)	-3,83 %	-4,00 %
YTD	-6,36 %	-6,22 %
Sinds start	-3,83 %	-4,00 %

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

## Essential fund information

NAV calculation	Daily
Date of incorporation	30-11-2017
Performance calculation started on	30-11-2017
Fund administrator	ASR Vermogensbeheer N.V.
Fund manager	Marèn Klap
Entry charge (maximum)	0,10 %
Exit charge (maximum)	0,10 %
Ongoing Charges Ratio (OCR)(*)	0,20 %
Country of domicile	NL
Currency	EUR
Benchmark	BofA ML 15+ Year AAA-AA Euro Government (EG68)
ISIN	NL0012625032

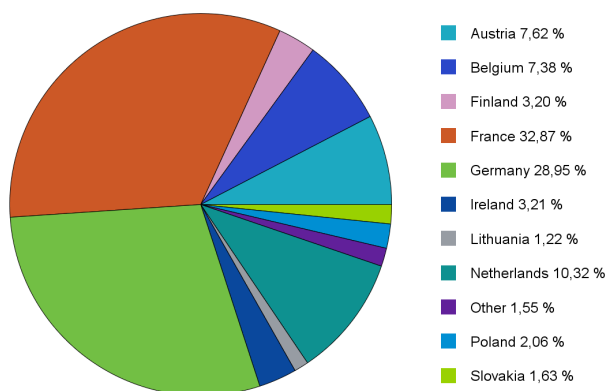
(\*) The Ongoing Charges Ratio (OCR) consists of the management fee (0,10%) and the service fee (0,10%) (excluding costs which can be allocated directly to transactions) and the costs of the underlying investments.

## Fund facts and prices

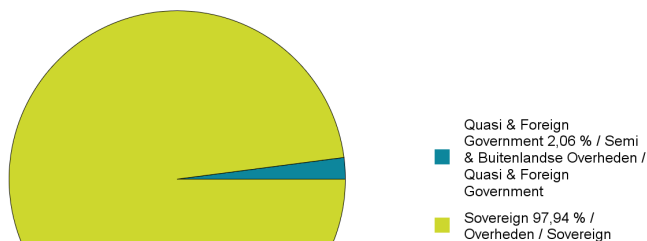
Total assets (x 1,000)	€ 395.114,56
Number of outstanding units (x1,000)	10.398,68
Net asset value per unit	38,00
Highest price in period under review	39,67
Lowest price in period under review	37,36
Dividend	None

10 largest holdings	ISIN	Country	%
DUITSLAND 0% 15/08/2050	DE0001030724	Germany	5,59 %
DUITSLAND 0% 15/08/2050	DE0001102481	Germany	3,29 %
FRANKRIJK 2% 25/05/2048	FR0013257524	France	5,50 %
FRANKRIJK 3% 25/05/2054	FR001400FTH3	France	5,27 %
NEDERLAND 2.75% 15/01/2047	NL0010721999	Netherlands	5,26 %
FRANKRIJK 3.25% 25/05/2055	FR001400OHF4	France	5,03 %
DUITSLAND 1.25% 15/08/2048	DE0001102432	Germany	4,84 %
DUITSLAND 2.5% 15/08/2046	DE0001102341	Germany	3,80 %
FRANKRIJK 4% 25/04/2055	FR0010171975	France	3,54 %
FRANKRIJK 2.5% 25/05/2043	FR001400CMX2	France	3,39 %
OOSTENRIJK 3.15% 20/10/2053	AT0000A33SK7	Austria	3,18 %

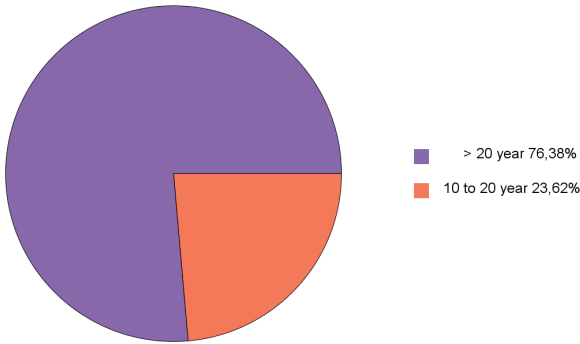
## Country concentration



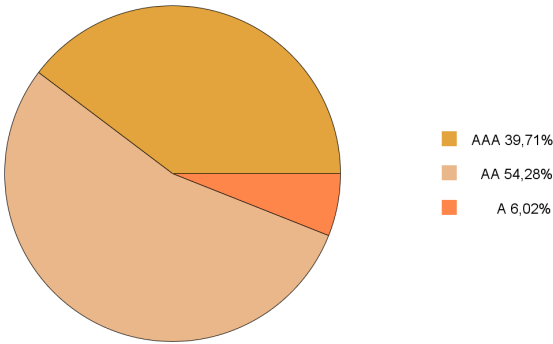
## Industry concentration



## Duration



## Rating



## Fund Governance

Als institutionele belegger toont a.s.r. vermogensbeheer haar maatschappelijke verantwoordelijkheid onder meer door toepassing van ethische en duurzaamheidscriteria in haar beleggingsbeleid. Alle beleggingen beheerd door a.s.r. vermogensbeheer worden aan de hand van ons Policy on Responsible Investments (PRI) beleid gescreend op onder meer sociale en milieuaspecten en bestuurlijke criteria. Landen en bedrijven die niet aan de criteria voldoen, worden uitgesloten. Denk hierbij aan producenten van wapens en tabak, de gokindustrie en steenkool, (onconventionele) olie en gas productie en palmolie producenten. Daarnaast beoordeelt a.s.r. bedrijven op hun naleving van internationale afspraken als de OESO-richtlijnen en richtlijnen van de VN zoals de Global Compact. De screening van ondernemingen is gebaseerd op externe, onafhankelijke research van twee externe leveranciers (MSCI ESG en ISS).

Bij het beheer van vermogen selecteert a.s.r. vermogensbeheer op basis van best practices 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/of passend zijn binnen de beleggingsrichtlijnen. Daarnaast investeert a.s.r. vermogensbeheer in bedrijven die een concreet duurzame bijdrage leveren aan de maatschappij.

## Sustainability Policy

As an institutional investor, a.s.r. Vermogensbeheer demonstrates its social responsibility by, among other things, applying ethical and sustainability criteria in its investment policy. All investments managed by a.s.r. Vermogensbeheer are screened on our Policy on Responsible Investments (PRI) for social and environmental aspects and governance criteria. Countries and companies that do not meet the criteria are excluded. Examples include producers of weapons and tobacco, the gambling industry and coal, (unconventional) oil and gas production and palm oil producers. In addition, a.s.r. Vermogensbeheer assesses companies on their compliance with international agreements such as the OECD guidelines and UN guidelines such as the Global Compact. The screening of companies is based on external, independent research by two external suppliers (MSCI ESG and ISS).

When managing assets, a.s.r. Vermogensbeheer selects on the basis of best practices according to the ESG criteria (Environmental, Social and Governance). This concerns all investments in countries (government bonds) and in companies (shares and corporate bonds) that score best and/or are appropriate within the investment guidelines. In addition, a.s.r. Vermogensbeheer invests in companies that make a concrete sustainable contribution to society.

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](http://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.