Q3 2025

Quarterly Report

Value Balanced I

Mpartners
value investing

Introduction

This quarterly report brings together the key developments in markets, the portfolio, and sustainability. From this quarter onwards, our market update, portfolio analysis, and responsible investment reporting have been combined into a single report.

This makes the report clear and provides an overview of both financial developments and the concrete sustainability characteristics of our investment choices. We continue to focus on a combination of performance and responsible growth, reporting transparently on the outcomes for both pillars.

Highlights

- Global equities delivered broad and robust returns this quarter, largely due to the recovery following the earlier correction this year.
- The US market delivered a strong performance after a period of around -10%. Historically, such declines often mark the start of renewed positive momentum. In comparable periods, the S&P typically rises by an average of 7.5% in the fourth quarter.
- European equities saw modest growth overall, while American shares outperformed. European firms faced greater headwinds from increased costs and a weaker dollar, though some indices did reach new highs. The European market remains highly diversified. In the US, returns were particularly driven by the technology sector.
- Arcadis was added to and further expanded in the portfolio because of its strong growth potential and stable results.
- The gold position was reduced due to the risk of a sharp reversal after its rapid rally. At present, we see more opportunities in shares than in metals.
- Our portfolio scored better on sustainability than the benchmark (MSCI ACWI) in Q3, with particular outperformance on emissions, waste, air pollution, and water usage.

Part I

Market review & portfolio update

New tariffs, profit concerns, stretched valuations, and threats to Fed independence were just a few of the concerns that investors could hide behind during Q3. Despite those fears – maybe from a contrarian point of view because those fears existed and did not materialise – global equities posted broad-based and strong returns for the quarter. As we approach the final stretch of an eventful and profitable year, we thought it would be useful to structure this review in a manner to answer the most frequently asked questions from clients.

Is the market an AI driven bubble at risk of a major correction? In other words, is it time to take profits?

Given the strong rebound in global equities since April there is an increasing frequency of financial publications questioning whether the market is in an AI driven bubble at risk of a major correction.

Historical evidence of previous market recoveries would suggest not. This is only the 10th time since 1929 that the US market has endured at least a -10% correction and is still up at least 10% at the end of Q3. The previous nine times, the S&P rose every time in Q4 by a median of 7.5% versus the historical average for Q4 returns of 2.7%.

The table below depicts previous drawdowns of at least -15% and then looks at the pattern of recovery following strong recoveries off that low.

The current recovery ranks fourth strongest over the last 70 years, and the last two columns on the right show the historical returns over the next three and six months – median returns of +7.7% and +9.8% respectively. Both significantly above average returns.

The simple message is that reversals of this strength tend to carry positive momentum.

6 MONTHS SINCE THE APRIL 8th LOW

S&P 500 Performance Off the Low Following a -15% Drawdown

High	Low	Drawdown	+125 Days off Low	Next 65 Days	Next 125 Days
2/19/2020	3/23/2020	-34%	48%	11%	18%
10/9/2007	3/9/2009	-57%	48%	10%	14%
11/28/1980	8/12/1982	-27%	42%	13%	9%
2/19/2025	4/8/2025	-19%	35%	?	?
1/11/1973	10/3/1974	-48%	31%	15%	3%
4/29/2011	10/3/2011	-19%	29%	-4%	2%
7/17/1998	8/31/1998	-19%	28%	6%	10%
7/16/1990	10/11/1990	-20%	28%	1%	1%
9/20/2018	12/24/2018	-20%	24%	2%	10%
4/23/2010	7/2/2010	-16%	23%	6%	4%
2/9/1966	10/7/1966	-22%	21%	5%	10%
12/12/1961	6/26/1962	-28%	20%	6%	12%
11/29/1968	5/26/1970	-36%	20%	17%	22%
8/25/1987	12/4/1987	-34%	19%	0%	3%
1/3/2022	10/12/2022	-25%	16%	10%	6%
3/24/2000	10/9/2002	-49%	11%	16%	20%
8/2/1956	10/22/1957	-22%	10%	9%	20%
		Average	26.6%	7.7%	10.2%
		Median	24.1%	7.7%	9.8%

Source: Strategas Research Partners

Should investors abandon their European exposure given the strong momentum in US equities where the exposure to the AI theme is most concentrated?

Europe ex-UK was the worst performing region in Q3, returning +2.6% and marking the second quarter in a row of underperformance relative to the US. Should investors abandon their European exposure given the strong momentum in US equities where the exposure to the AI theme is most concentrated? In our opinion simply NO. European companies have had to grapple with the dual headwinds of increased and uncertain tariffs and a significantly weaker US Dollar.

The result is that earnings estimates have come under pressure since 'Liberation Day' and the European indices have been stuck in a holding pattern for the last six months. However, as the chart below shows, we enter the historically strongest quarter of the year with

European equities just having significantly broken out to new highs. The major pan-European indices do not contain the valuation and concentration risk present in the US indices and offer an attractive and timely diversification benefit.

Source: Strategas Research Partners

Equity valuations have risen further and, in the US, in particular, are approaching levels where historically the index has struggled to make further gains. In this environment where are the investment opportunities to be found?

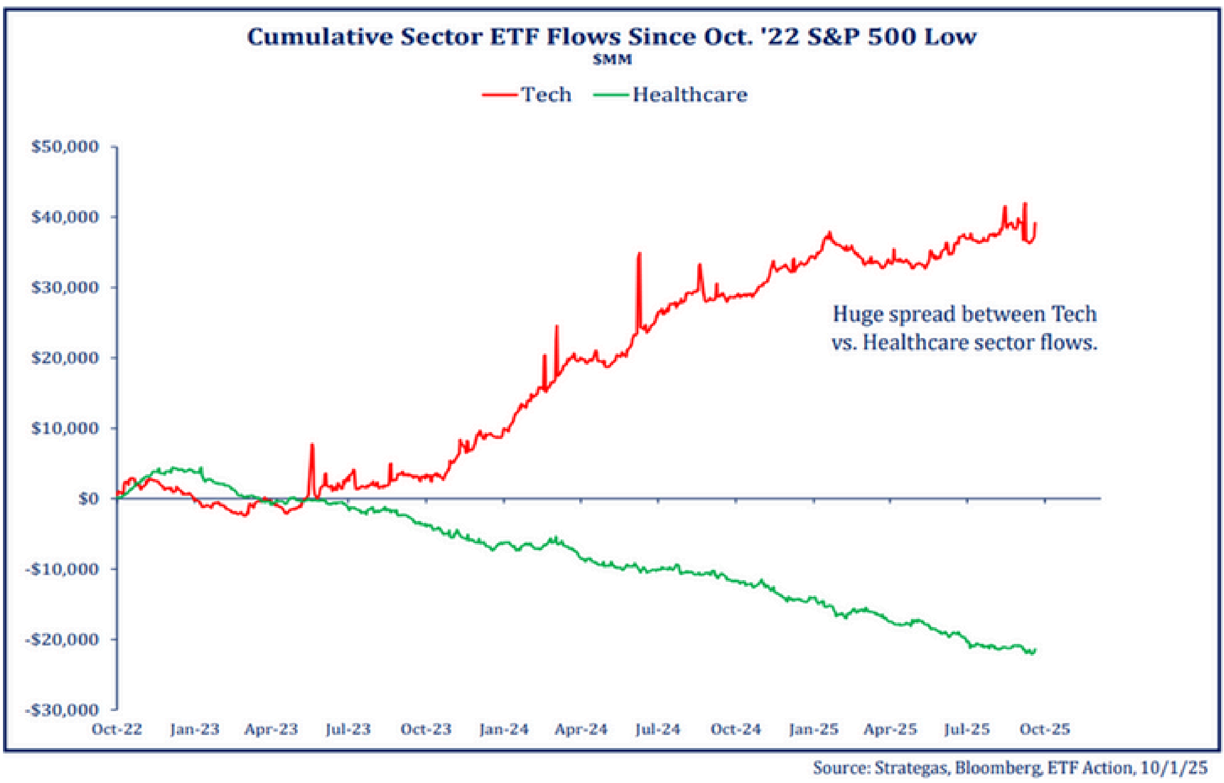
The majority of our investment ideas come from laborious company specific research and valuation where we hope to identify good businesses that are significantly mispriced.

Arcadis, the Dutch engineering company, is one such investment that we initiated in Q2 and added significantly to during the Q3.

The herding tendency among investors can sometimes create a sector wide investment opportunity.

Global Healthcare stocks have endured a multi-year period of underperformance, partly due to relatively mediocre earnings growth but certainly exacerbated by the extreme investor flows into high momentum stocks/sectors and out of Healthcare (chart below).

Despite negative headline news, the European Healthcare sector has almost imperceptibly started to gather price momentum supported by multi-year low valuations and highly resilient business models. During the quarter, Healthcare surpassed Financials as our largest sector exposure as we added to names such as Novo Nordisk, AstraZeneca and Sanofi.



Source: Strategas Research Partners

Why has Mpartners recently exited its gold exposure in the balanced accounts?

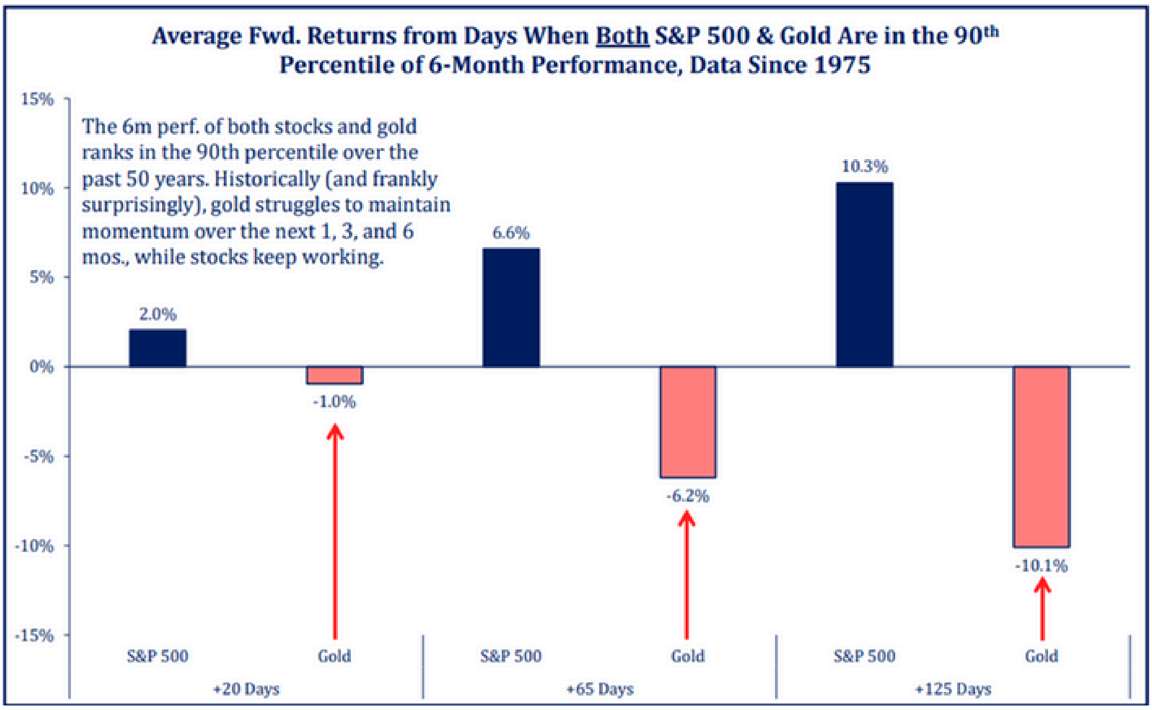
There is no shortage of narratives that have sprung up to justify the recent surge in the gold price – lack of fiscal discipline, loose monetary policy, inflation expectations, currency debasement, de-globalisation and the rise of economic nationalism.

We have been comfortable holders of gold for many years but the recent insatiable demand bears too close a similarity to previous frothy melt-ups that resulted at best in reduced near term return expectations.

Volume demand in gold EFTs and derivatives has recently hit all-time highs and other indicators of investor sentiment in gold indicate extreme optimism – all not positive indicators of short-term performance.

Interestingly, the chart below shows the forward returns based on the few historical occasions when both gold and stocks were posting strong six-month returns. Interestingly, it is stocks rather than the precious metal that historically has sustained the positive momentum.

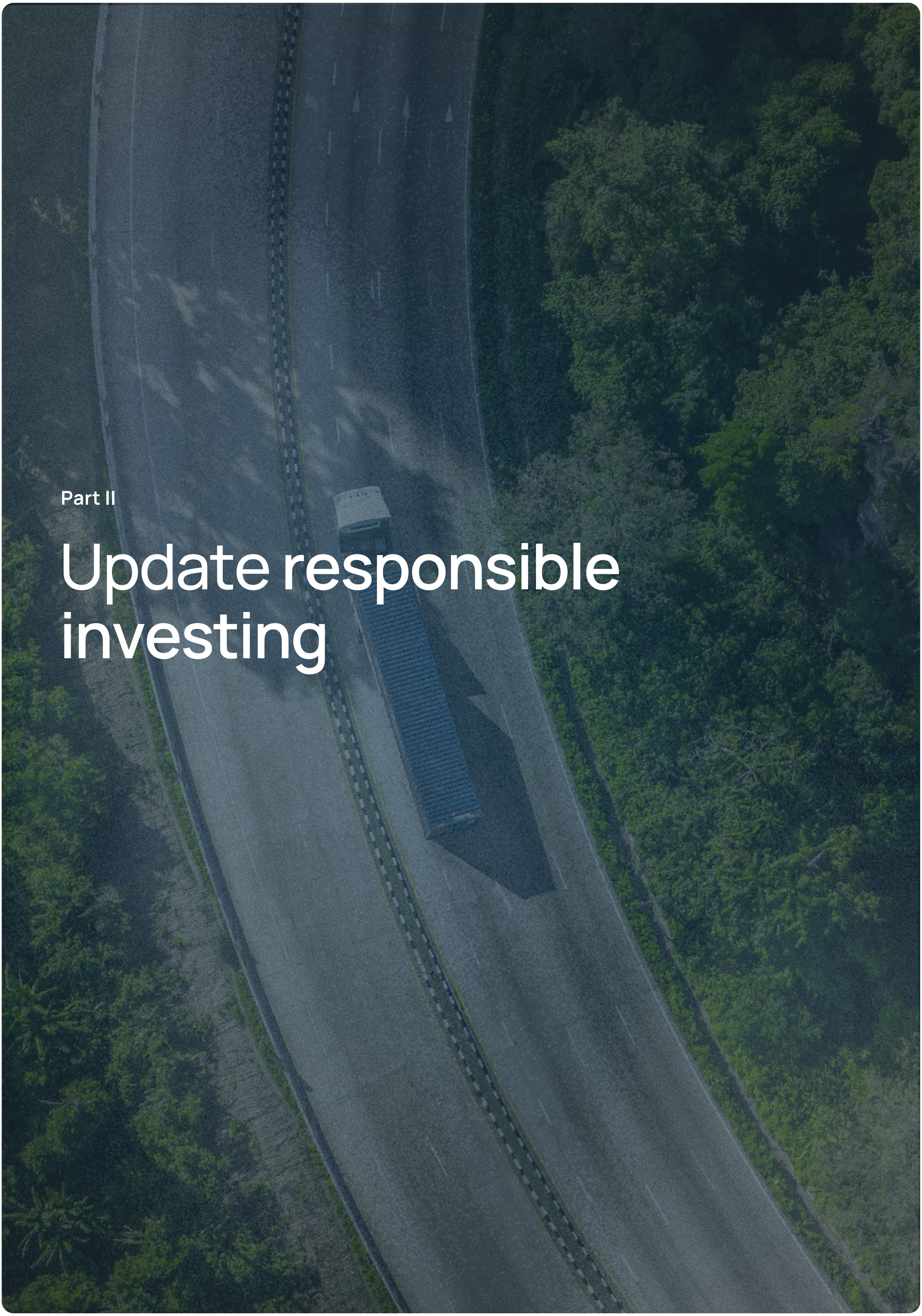
Quite simply, given the current froth in the gold price we find more attractive investment opportunities in the equity universe.



Source: Strategas Research Partners

In conclusion, we remain constructive on the market outlook as we enter what has historically been the strongest performance quarter of the year. There is no doubt that investor speculation is increasing, particulary in the most popular corners of the market that we have written about for some time.

That said, our portfolio remains an attractively valued (12x earnings) collection of strong businesses with solid balanced sheets where earnings momentum is increasing. We remain confident that our exposure to high quality companies selling at attractive valuations will allow for further gains during the remainder of the year.



Part II

Update responsible investing

VALUE Responsibility Framework & your portfolio

How do your investments contribute to a more sustainable and prosperous world?

Companies can contribute to a better planet and fairer society in many ways. This is why the United Nations has established 17 Sustainable Development Goals (SDGs), covering a wide range of issues from climate change to poverty alleviation.

Our VALUE Responsibility Framework organises these goals into five categories and ten investment themes.

For each theme, you can see which companies in your portfolio are relevant, which SDGs are the best fit, and which topics are important to monitor.

In the following section, we show you how your entire portfolio scores on various sustainability aspects. These scores correspond directly to the investment themes in our framework, making it easy to track the impact and context of your investments.

ESG	Cat.	Theme	Definition	Mparters Portfolio Holdings: where their main positive contribution lies	Main SDG	Topics to assess contribution
Social	Voorspoed (Prosperity)	Economic Prosperity	Work and prosperity for all	- AIB - Barclays - ING - Prudential - UniCredit	8	- Financial inclusion
		Innovation & Digitisation	Innovation through new technology and research	- CapGemini - Infineon - Nokia	9	- Energy efficiency
		Infrastructure & Urbanisation	Safe and sustainable housing and infrastructure	- Airbus - Alstom - Arcadis - Barratt Redrow - CRH - Grafton - Kingspan - Rexel - Ryanair	9, 11	- Air pollution avoided - Energy efficiency - GHG emissions avoided
Environment	Aarde (Earth)	Circular Economy	Sustainable solutions for waste and water management	- Smurfit Kappa - Veolia Environment	6, 12	- Water cleaned - Waste avoided
		Nature & Biodiversity	More biodiversity and nature	- Smurfit Kappa - Veolia Environment	14, 15	- Biodiversity & land use
Social	Leven (Life)	Feeding Lives	Less poverty and more food security	- Ahold - Carrefour - Danone - Kerry	1, 2	- Food security
		Health & Well-being	Promotion of physical and mental well-being and happiness	- AstraZeneca - Novo Nordisk - Roche - Sanofi	3	- Health improvement

ESG	Cat.	Theme	Definition	Mparters Portfolio Holdings: where their main positive contribution lies	Main SDG	Topics to assess contribution
Environment	Uitstoot (Emissions)	Energy & Climate	Sustainable solutions for energy and climate	- Alstom - Infineon - Kingspan - Rexel - Veolia Environment		- Energy efficiency - GHG emissions avoided
Good Governance	Evenwicht (Balance)	Good Governance	Good governance for sustainability and peace	All		- Fair business conduct

Impact on portfolio level

What impact does your portfolio have on the planet and society?

In the table below, you will find several key sustainability topics highlighted. For each topic, we present the results of your Mpartners portfolio compared to the MSCI ACWI index.*

Topic	Mpartners Portfolio	MSCI ACWI	SDG
Environment			
Greenhouse Gas Emissions (tons scope 1+2+3 greenhouse gas emissions per 1M€ turnover)	551 tons	1.087 tons	
Air Pollution (tons pollutants per 1M€ invested)	0,3 tons	0,9 tons	
Waste Production (tons hazardous waste per 1M€ invested)	0,6 tons	60 tons	
Water Consumption (water consumption per 1M€ invested)	150 m3	1.352 m3	
Biodiversity (investments in companies with facilities/activities in or nearby biodiversity-sensitive areas)	0%	2,1%	
Social & Governance			
Gender Diversity (representation of women on boards of directors)	42%	34%	
Excessive Pay (salary ration of highest-earning versus median earning employee)	43x	250x	
Good Governance (investments in companies without policies against corruption and bribery)	0%	0,3%	
Controversial Weapons Exposure	0%	0%	

*Retrieved from Clarity AI, October 2025

Company-specific updates

What are companies in the portfolio doing to continue supporting sustainable initiatives and progress? Three examples:

Topic: **Health improvement**

Opened a new sustainable office building at its headquarters in Rotkreuz. The building operates entirely on green energy and employs innovative technologies such as heat pumps and geothermal heat storage. With this development, Roche is furthering its goal of halving its ecological footprint by 2030[1].

Topic: **Energy efficiency**

Supported customers in over 600 solar energy installation projects, including large-scale new builds and renovations. These projects contribute to the transition to sustainable energy by supplying reliable installation materials and technical expertise. Rexel thus facilitates a practical step towards lower CO_2 emissions and a diversified energy mix[2].

Topic: Waste avoided

Sustainability Magazine recognised the company as one of the top 250 most sustainable businesses worldwide. The merger between Smurfit Kappa and WestRock created a global leader in sustainable packaging solutions, focusing on innovations aimed at recycling and CO_2 reduction throughout the entire value chain[3].

1 Roche I Sustainability – our contribution
2 Rexel
3 Smurfit Westrock uitgeroepen tot een van de 250 meest duurzame bedrijven ter wereld in Sustainability Magazine

Green bonds

The portfolio includes several green European government bonds. Green government bonds are loans issued by governments with the specific aim of using the proceeds for environmental and climate projects.

Unlike regular bonds, the funds are spent on sustainable investments such as wind farms, energy efficiency, or hydroelectric power plants. Investors receive periodic interest and the principal back, just like with ordinary bonds, but know their money contributes to the green transition.

The **EU 2.75% 2033 Green Bond** is one of the green bonds in the portfolio. It was issued under the NextGenerationEU Green Bond Framework and finances projects that contribute to climate adaptation, energy efficiency, and sustainable infrastructure[4].

The main climate objectives of this bond are:

- Climate neutrality by 2050 and interim targets such as a 55% emission reduction by 2030, in line with the 'Fit for 55' strategy.
- Investments aligned with the six environmental objectives of the EU Taxonomy.
- Redirecting investor capital flows towards sustainable projects, a core element of the EU Sustainable Finance Action Plan.

Financially, this green bond provides:

- Strong credit quality (AAA rating from the EU).
- High liquidity and transparency regarding the use of proceeds.
- An attractive yield, supported by sustained demand and a small "greenium" (premium for green bonds).

In short, this is an investment that combines financial stability and attractiveness with climate goals. This bond therefore aligns very well with our vision of valuable and responsible investing.

In 2024, green government bonds outperformed comparable non-green bonds by an average of 2%[5].

4 Sustainable finance factsheet EU
5 The good, the bad, the opportunities: green bonds in 2025 I AXA IM NL

Disclaimer

Make it last.