

Portfolio Management Quarterly Report.

Q4 2024



Gutmann
PRIVATE BANKERS

Executive Summary.

- Another strong year for stock markets: The positive stock market trend continued in 2024. Investor sentiment was particularly bullish following the US elections.
- Artificial Intelligence (AI) as a catalyst for growth: The AI revolution is energizing stock markets thanks to high investments in computing chips and data centers.
- Strategic move: At the end of October, Gutmann reduced the equity allocation and adjusted the equity strategy to secure profits and minimize risks.
- Focus on bonds: Recent interest rate policy and current market conditions are making bonds attractive again.
- Outlook for 2025: Despite positive developments, the focus remains on portfolio balance for long-term success.



ANOTHER STRONG STOCK MARKET YEAR.

2024 marked the second outstanding stock market year in a row. No one could have predicted this. But it confirmed how important it is to stay invested.

In the fourth quarter, stock markets showed little change until mid-November. After that, the results of the US presidential election triggered significant fluctuation. The causes lay in political discussions that gained momentum. This was combined with hopes for deregulation measures and a business-friendly climate. A mix that drove prices up significantly.

But amid all the hype, one thing remains clear: The infrastructure is far from ready for large-scale transformation. More computing chips, larger data centers, and above all, significantly more energy are needed to meet growing demand. High capital investments are necessary for infrastructure development. Numerous companies across different sectors are benefiting from this. Their order books are full.

After the initial euphoria, critical questions also arise. In particular, the question of how profitable the necessary investments will prove to be in the long term. For now, the market remains bullish. However, at Gutmann, we acted proactively: At the end of October, we reduced the equity allocation and adjusted the composition of the strategy.

Why? To secure profits and be prepared for possible changes. Read the details in this quarterly report.



Robert Karas
Chief Investment Officer
Partner

Lessons from turbulent times.

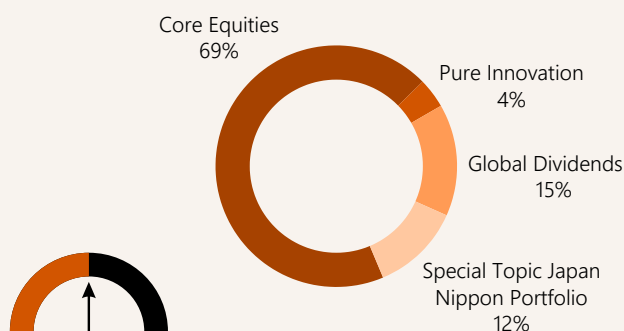
How time flies! For over two years, the equity allocation was overweight. This was a bold decision in a phase marked by uncertainty and gloomy forecasts. Looking back, however, the optimism proved worthwhile. In October 2022, we stated:

"We are consequently raising the equity allocation in anticipation that the dark clouds will clear. Only those who maintain optimism will identify and capitalize on opportunities."

Especially in difficult market phases, many investors tend to wait for better news before investing in stocks. But experience teaches us: Those who wait for an improved news situation often miss crucial price gains.

When we purchased stocks in September 2022, many negative expectations had already been factored into the prices.

Gutmann Equity Strategy



The speedometer indicates our present equity positioning: It aligns with the strategic weighting. The Core Equities segment continues to be the most significantly weighted.

With this step, we maintained our conviction that quality and patience yield long-term benefits. Or as we expressed it at that time:

"The choice to proactively modify the strategic equity weighting, whether upwards or downwards, is rarely straightforward and unequivocal. It is a select few data points that ultimately influence the outcome. Our primary focus is to invest in high-quality companies at appealing prices. This conviction empowers us to remain steadfast even during turbulent periods."

Quality at attractive prices

Now the question arises whether this argumentation still holds true today. Without doubt, because we continue to find stocks of excellent quality companies at attractive prices. However, our experience teaches us that a correction in the overall stock market affects all stock prices – regardless of whether stocks are expensive or cheaply valued.

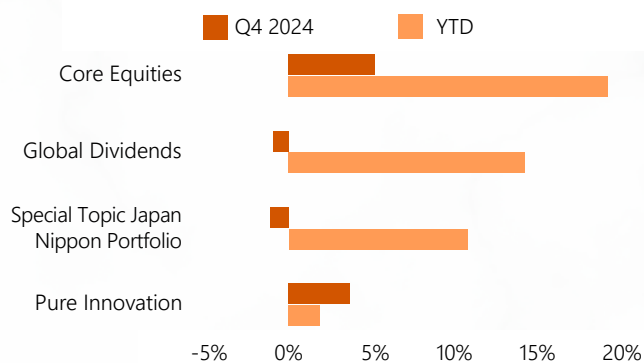
The current sentiment is far more optimistic than two years ago. This goes hand in hand with ever-higher prices in individual segments. It is particularly stocks from the digitalization sector that once again showed breathtaking price increases. Especially after Donald Trump's election as the next US President, the upward movement was particularly dynamic.

Entrepreneurship builds wealth.

Stock market engagement is essential for strategic wealth building. However, only under the condition that the equity portion corresponds to personal risk tolerance.

Performance Gutmann Equity Strategy

Past performance does not guarantee future returns.



The Core Equities and Pure Innovation equity strategies performed best in the 4th quarter. Overall, all equity segments achieved a plus in 2024.

Performance over a decade:

Gutmann Core Equities: 2014 11.62%, 2015 9.61%, 2016 8.94%, 2017 4.52%, 2018 -9.36%, 2019 29.11%, 2020 4.34%, 2021 26.35%, 2022 -12.23%, 2023 18.23%, 2024 18.92%.

Gutmann Global Dividends: 2014 16.55%, 2015 10.20%, 2016 7.58%, 2017 4.31%, 2018 -5.15%, 2019 22.95%, 2020 -8.25%, 2021 25.85%, 2022 1.46%, 2023 3.38%, 2024 14.03%.

Gutmann Pure Innovation: 2022 -13.42% (fund launched in March 2022), 2023 15.49%, 2024 1.86%.

Nippon Portfolio (EUR): 2014 7.83%, 2015 18.05%, 2016 6.01%, 2017 4.53%, 2018 -18.95%, 2019 20.85%, 2020 10.36%, 2021 5.74%, 2022 -15.95%, 2023 15.28%, 2024 10.61%.

Issue fees reaching up to 5% are excluded from the performance data. The performance is presented in EUR. Due to currency fluctuations, the returns for investors with a different reference currency may increase or decrease. Customers of Bank Gutmann are not subject to any issue fees.

Performance calculation by Gutmann KAG, data as of December 31, 2024.

Those who want to build wealth cannot avoid stocks – but only to an extent that corresponds to their personal risk tolerance. This means: Strategic decisions such as allocating 60% to stocks and 40% to bonds are not chosen randomly. Rather, the allocation reflects what clients can withstand even in turbulent times. Long-term goals can only be achieved if one keeps their nerve even in a bear market. Those who realize book losses, on the other hand, miss the opportunity to benefit from the next upswing.

When we adjust the equity quota to overweight, we are aware that this is above the agreed strategic quota. In October 2024, we returned the equity quota to the strategic level and thus secured some of the gains. Overall, however, we remain positive on equities. Otherwise, we would reduce to underweight.

Taking profits

Looking back, it was wise to remain invested with a higher equity quota over the past two years. US titles in particular contributed significantly to performance. At the same time, however, future risk increased.

Reducing the equity quota means not only realizing profits but also strategically adjusting the portfolio.

Digitalization as a focal point.

In October, we particularly reduced the proportion of dividend stocks to focus more strongly on the Gutmann Core Equities Strategy. In retrospect, this decision proved correct, as after the US elections there was once again a clear gap between growth stocks and defensive titles.

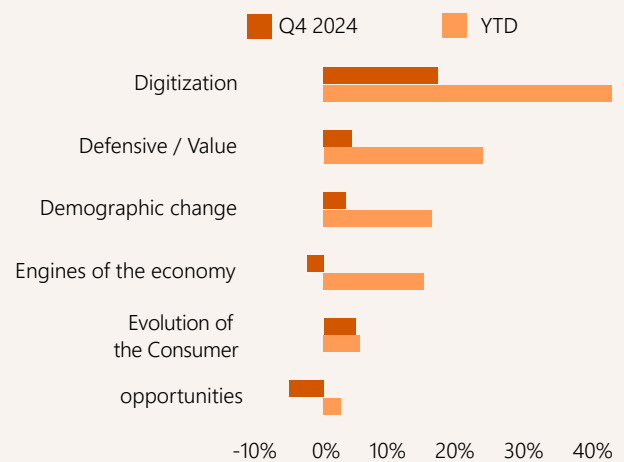
The positive trend in digitalization stocks continued in the 4th quarter with a positive return of 18%. Over the entire calendar year, stocks in this segment were able to significantly outperform all other portfolio positions with a return of 45%.

Indispensable stocks

Our positioning in indispensable technology stocks such as Nvidia, Microsoft, Amazon, and Google remains in place. Smaller, specialized companies such as Marvell, nVent Electric, and Pure Storage are also benefiting strongly from the current AI investment cycle. It is the equal-weighted approach of the Gutmann Core Equities Strategy that allows us to stay invested over a long period while avoiding cluster risks. Profits are regularly taken, ensuring long-term stability.

Themes of the Gutmann Core Equities Strategy

Past performance does not guarantee future returns.



The favorable trend of digitalization persisted in the fourth quarter. The equity segment Opportunities exhibited the weakest performance.

Performance Gutmann Core Equities 10 years: 2014 11.62%, 2015 9.61%, 2016 8.94%, 2017 4.52%, 2018 -9.36%, 2019 29.11%, 2020 4.34%, 2021 26.35%, 2022 -12.23%, 2023 18.23%, 2024 18.92%.

Issue fees of up to 4% are excluded from the performance data. The performance is presented in EUR. Due to currency fluctuations, the return for investors with a different reference currency may increase or decrease. Customers of Bank Gutmann do not incur any issue fees.

Performance calculation by Gutmann KAG, data as of December 31, 2024.



Six themes reflecting our long-term convictions:

Digitalization



- Cloud
- Data Centers
- Artificial Intelligence
- Semiconductors
- Software-as-a-Service

13 stocks

Consumption in Transition



- Urbanization
- Rise of the Global Middle Class
- E-Commerce
- Globalization of Products

7 stocks

Defensive/Value



Investments in firms that offer appealing dividends and/or are especially undervalued.

9 stocks

Demographic Change



- Pharma
- Medical Technology
- Diabetes
- Implants
- Robotics

7 stocks

Engines of the Economy



Investments in firms that manufacture fundamental products and services for the functioning of the global economy.

10 stocks

Opportunities



Investments in companies in special situations, in transformation processes, takeover candidates, IPOs.

3 stocks

Within the Gutmann Core Equities Strategy, there are currently 13 stocks invested in the digitalization sector. In the "Engines of the Economy" area there are 10 stocks, and in "Defensive/Value" there are 9.

Gutmann KAG, data as of December 31, 2024

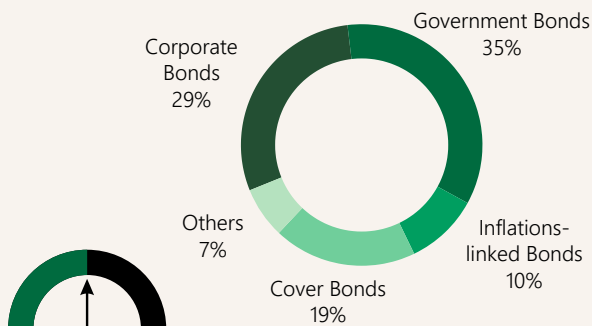
Bond curve discussion.

Bonds are currently moving in a field of tension. The high debt levels of Western nations are causing nervousness. Governments, whether in Europe or the USA, continue to spend heavily. But the era of zero interest rates is over – debt has its price again.

And for some time now, central banks have been intervening: 2024 saw the beginning of an interest rate cutting cycle in Europe and the USA. The market expects further easing for 2025. And something else is on the horizon: After two years of inversion, the yield curve could return to normality. This means that long-term interest rates could again be higher than short-term rates. This development makes bond funds more attractive compared to short-term fixed deposits or money market papers.

The macroeconomic environment appears favorable for bonds. But only as long as no new inflation shocks occur that could halt the course of monetary easing.

Segments of the Gutmann Bond Strategy



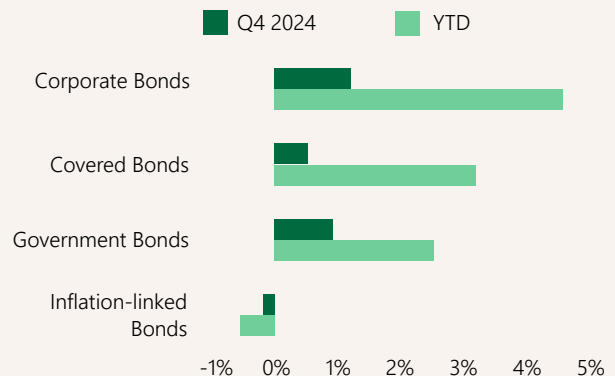
The speedometer indicates our current bond allocation: it aligns with the strategic allocation. Government bonds and bonds from selected corporations represent the most significant components of the Gutmann bond strategy.

While risk premiums for less creditworthy borrowers are not as advantageous as they once were, overall yields remain attractive

Our Gutmann Global Bonds Strategy relies on a balanced mix of different bond segments. The average binding duration, the so-called duration, is 4.7 years – an indicator of sensitivity to interest rate changes. With an average yield of 3.23%, the Global Bonds Strategy offers a stable foundation in a challenging market environment.

Key Segments Performance of the Gutmann Bond Strategy

Past performance does not guarantee future returns.



In the fourth quarter, corporate and government bonds excelled in the Gutmann bond strategy. Since the start of the year, corporate bonds have consistently been the leading performers.

Performance of the Gutmann Global Bonds Strategy over 10 years: 2014 6.58%, 2015 0.35%, 2016 2.31%, 2017 0.44%, 2018 -1.87%, 2019 3.02%, 2020 0.70%, 2021 -0.60%, 2022 -9.85%, 2023 6.41%, 2024 2.13%.

Issue fees of up to 3% are excluded from the performance data. The performance is presented in EUR. Due to currency fluctuations, the return for investors with a different reference currency may increase or decrease. Customers of Bank Gutmann do not incur any issue fees.

Performance calculation by Gutmann KAG, data as of December 31, 2024.



Well-balanced into 2025.

Viewed from the portfolio's peak, the outlook appears brilliant: sunshine and blue skies as far as the eye can see. But this is precisely when caution is called for. After all, trends often reverse more quickly than expected. Those who now chase yesterday's winners risk running into an open knife.

How long and how strongly stock prices can continue to rise is uncertain. But first signs of overheating are visible: this can be measured by the very positive sentiment, the distance of prices from the long-term trend, or the capital flow into speculative instruments. A new generation of investors has emerged, hoping to get rich quickly. However, reality will show: wealth building requires patience and perseverance.

American technology stocks remain at the center of euphoria. A look at global stock market capitalization illustrates Wall Street's dominance: 74% is attributable to the USA. Gutmann also remains engaged in the USA, but with an eye on the whole picture. Our global equity portfolio shows a 62% share of US stocks. On European and Japanese stock markets, on the other hand, we focus on companies that offer interesting perspectives with valuation discounts.

Yet it's about more than just geographical diversification. The "Magnificent Seven," including Apple, Nvidia, and Microsoft, are well-known names in the technology world – and we too are invested in selected titles from this group. However, the principle applies: moderation is the order of the day.

Barely more than 2%

Few investors are aware that the largest title in the German DAX Index accounts for 17% of the stock barometer's market capitalization. In Austria's leading index ATX, it's even 21%. Our approach has nothing to do with these local indices. But couldn't one say the same about a US index? Our discipline of different themes focuses on risk reduction and balance. That's why our largest positions in the global portfolio barely exceed the 2% mark.

The Gutmann investment strategy is deliberately broadly diversified. This means we don't miss any relevant trends, but at the same time, we're under a protective umbrella when one area loses significance. Or put another way: We rarely stand at the very top of the winners' list. But we also avoid landing far down during setbacks.

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This is a marketing information. Investment in financial instruments respectively investment funds is subject to market risks. Past performance is not indicative of future returns. Forecasts are not necessarily indicative of future results.

Gutmann Global Bonds Strategy may invest mainly in categories of assets other than securities or money market instruments.

Due to the composition of the portfolio and the used portfolio management techniques the Gutmann Core Equities, Gutmann Global Dividends, Gutmann Pure Innovation and the Nippon Portfolio under certain circumstances can show an increased volatility, i.e. the value of units may be exposed to high up- and downturns within short periods of time.

Further Information on the main risks of the Funds can be found in the Key Information Document ("PRIIPs-KID") as well as the prospectus or the information for investors pursuant to Article 21 German Act on Alternative Investment Fund Managers (AIFMG - Alternatives Investmentfonds Manager-Gesetz) under the item "Risk profile of the Fund".

The Funds pursue an active management strategy without reference to a benchmark.

All figures made without guarantees. Errors and omissions excepted.

For interested parties the Key Information Document ("PRIIPs KID") in accordance with the Regulation (EU) No 1286/2014 for Nippon Portfolio, Gutmann Global Bonds Strategy, Gutmann Core Equities, Gutmann Global Dividends and Gutmann Pure Innovation respectively the prospectus in accordance with section 131 InvFG for Nippon Portfolio, Gutmann Core Equities, Gutmann Global Dividends and Gutmann Pure Innovation respectively the Information for investors according to section 21 AIFMG for Gutmann Global Bonds Strategy

in their current versions are provided in German language free of charge at Gutmann KAG and Bank Gutmann AG, both Schwarzenbergplatz 16, 1010 Vienna, Austria and on the Website www.gutmannfonds.at as well as for Nippon Portfolio, Gutmann Core Equities and Gutmann Global Dividends at the German information center Dkfm. Christian Ebner, Attorney at Law, Theresienhöhe 6a, 80339 Munich as well as for Nippon Portfolio at the Dreyfus Söhne & Cie AG, Aeschenvorstadt 14-16, 4002 Basel. The distribution of fund units was notified to the German Federal Financial Supervisory Authority (BaFin). Gutmann KAG may de-notify the distribution of funds in Germany as far the conditions according to Art 93a of Regulation 2009/65/EG are fulfilled.

Further information on the sustainability-relevant aspects of the Funds can be found at www.gutmannfonds.at/gfs.

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