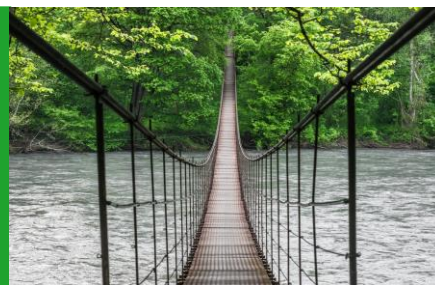


# DD Equity Fund

## Monthly report November 2018

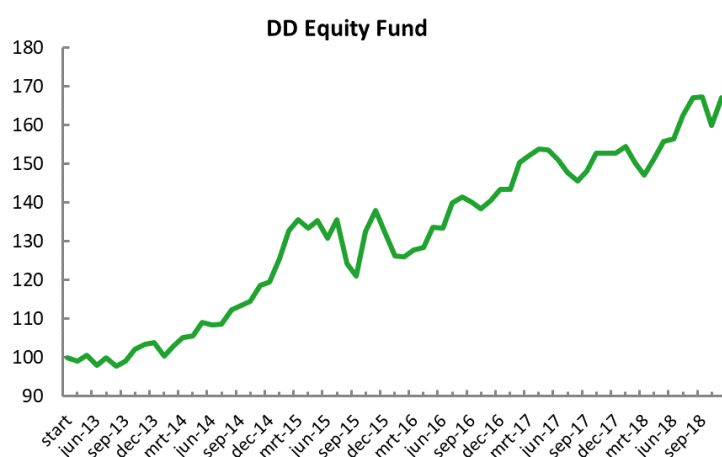


### Profile

DD Equity Fund (DDEF) invests in a globally diversified portfolio of high-quality companies that are at the forefront of sustainability. At DDEF, the analysis on sustainability and financial aspects is fully integrated. The fund aims for a net return of 8%\* per year in the long term and has no benchmark. DDEF is managed by an independent partnership with the conviction that sustainability makes a positive contribution to the return and risk profile of an investment portfolio. The partners of DoubleDividend also invest in the fund themselves. The fund is listed on Euronext Amsterdam and can be traded on a daily basis.

### Return\*

DD Equity Fund achieved a return of 4.50% for the month of November 2018, as a result of which the net asset value per share rose to € 166.97. The return for the year is 9.31%.



\* The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future.

### Fund information

#### Key facts

Fund size	€ 53.5 mln
# shares outstanding	320,434
Net asset value*	€ 166.97
# of positions	47
Beta	0.96

#### Costs

Management fee	0.80%
Other costs**	0.25%

Up/ down Swing factor	0.25%
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#### Other

Start date	April 2013
Manager	DoubleDividend Management B.V.
Status	Open-end, daily
Exchange	Euronext Amsterdam
ISIN	NL0010511002
Benchmark	None
Currency	Euro

### Risk monitor



\* per share  
\*\* estimated

**Table: monthly returns in % (net of costs and fees) \***

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Okt	Nov	Dec	Total
<b>2013</b>				-0.84	1.37	-2.53	1.95	-2.01	1.31	3.02	1.26	0.35	<b>3.79</b>
<b>2014</b>	-3.29	2.58	2.17	0.43	3.26	-0.58	0.09	3.37	1.00	1.09	3.60	0.70	<b>15.17</b>
<b>2015</b>	5.01	5.81	2.05	-1.59	1.47	-3.44	3.71	-8.30	-2.70	9.50	4.12	-4.06	<b>10.66</b>
<b>2016</b>	-4.52	-0.31	1.46	0.44	4.09	-0.07	4.79	1.18	-0.95	-1.25	1.58	2.03	<b>8.44</b>
<b>2017</b>	-0.06	4.86	1.16	1.13	-0.17	-1.75	-2.16	-1.42	1.83	3.12	-0.13	0.10	<b>6.49</b>
<b>2018</b>	1.10	-2.62	-2.16	2.92	2.79	0.41	3.97	2.78	0.10	-4.42	4.50		<b>9.31</b>

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## Market Developments

After the sharp correction in October, the global stock market stabilized in November. The MSCI World Total Net Return Index increased by 1.2% in euros, resulting in a year to date return of 4.8%. However, not all markets were able to benefit from the recovery. The Eurostoxx 600 lost 1% and stands for a loss of 5.1% for the year. The DD Equity Fund performed much better in the past month with a gain of 4.5%. For the year, the result of the DD Equity Fund is 9.3%.

Over the past month the financial markets got an extra push from FED chairman Powell who clearly moderated his tone. In a speech Powell stated that the current interest rate in the US is around the neutral level. This has lowered expectations for the number of future interest rate increases. For the time being, the market assumes that the FED will once again increase interest rates by 0.25% in December, but that further rate hikes will largely depend on economic developments. The ECB also stated that the economy in the Eurozone still needs support. For now it seems that interest rates are going to rise, but maybe less quickly than originally thought.

In addition, investors have been looking forward to the G20 meeting in Argentina last month, which started on 30 November. In addition to the official program, the meeting between President Trump and Chinese president Xi Jinping was particularly important because of the trade dispute between the two countries. China and the US have agreed a ceasefire of 90 days, which is (for the time being) good news for the stock markets.

Important news from Unilever came from the companies in the portfolio. CEO Paul Polman will be succeeded by Alan Jope (54) on January 1st. Jope has been employed by Unilever for over 30 years and is now in charge of the personal care department. Despite the fact that Polman has done a lot of good things for Unilever, both in terms of sustainability and the strategic course of Unilever, we believe that his credibility has been damaged as a result of the discussion surrounding its remuneration and the relocation of the head office to the Netherlands. We therefore welcome the new CEO.

The German software company SAP did a major acquisition last month. SAP bought American Qualtrics for USD 8 billion just before the company went public. Qualtrics is mainly active in the field of survey software. Strategically, it seems to be a good fit for SAP, but the price paid by SAP is substantial, putting the price of SAP under pressure.

In the US, CVS Health completed the acquisition of health insurance company Aetna this month. The acquisition involves an amount of USD 70 billion. After this acquisition, CVS Health is one of the largest service providers in the healthcare sector in the US.

Facebook does not manage to shake off the scandals. An article in the NY Times this month raises many questions about how the company deals with scandals like the alleged Russian interference in the American elections and the Cambridge Analytica scandal. The article also claims Facebook started a lobbying campaign to attack critics. After the Cambridge Analytica scandal, which came out last March, we gave the company the chance to resolve things. The company has since started the "WE GET IT" campaign, but the recent events do not point to that. The aim of the campaign is to limit the damage to the company and society and to keep staff on board. Although the company has taken a number of important measures to improve the social platform, but CEO Mark Zuckerberg and COO Sheryl Sandberg do not convince. Especially the hiring of a PR agency to silence critics, including George Soros, we believe is worrisome. Earlier this year we already sold a big part of our position in Facebook and this month we sold the remainder.

### Biggest positive and negative contribution

The biggest positive contribution to the result came from Starbucks, which published strong results at the beginning of the month. Starbucks managed to surprise the market with a strong growth in sales in the US after the introduction of a new menu with more healthy choices. Wind turbine producers SiemensGamesa and Vestas also made an important positive contribution to the result after publication of quarterly figures. The results of both companies were more or less in line with expectations, with large price jumps as a result. The market was afraid of disappointing results as a result of increased competition in the sector. In addition, a number of Asian tech companies rose in value such as Rakuten from Japan and Tencent and Alibaba from China. The largest negative contribution came from the GrandVision optics chain, without any apparent reason.

**Table: top 5 positive and negative contribution to result (in €)**

Top 5 positive			Top 5 negative		
	Return	Contribution		Return	Contribution
Starbucks (US)	15.2%	0.4%	GrandVision (Neth)	-11.0%	-0.3%
Vestas (Den)	19.1%	0.3%	Unibail (Fra)	-5.3%	-0.1%
Alibaba (China)	13.1%	0.3%	Adidas (Ger)	-6.4%	-0.1%
Siemens Gamesa (Spa)	27.1%	0.3%	Facebook (US)	-7.3%	-0.1%
CVS Health (US)	10.9%	0.3%	SAP (Ger)	-4.0%	-0.1%

Source: DoubleDividend/Bloomberg

### Portfolio changes

The technology sector has recently been under pressure due to concerns about the high valuations and disappointing growth, especially with regard to the sale of smartphones. In the past month we have therefore been able to expand the positions of a large number of technology companies at attractive prices. We bought Microsoft, ASML, Alphabet, SAP, Tencent and TSMC. In addition, we further expanded our position in fintech with the purchase of Visa, Worldpay and Wirecard. Wirecard has been added to the portfolio. This German company offers solutions for companies in the field of electronic payments. Wirecard's products ensure that companies can receive payments online and offline via debit and credit card, but also through digital channels such as Paypal and ApplePay. We also added Air Liquide from France to the portfolio. Air Liquide is a special chemical company and specialist in the field of industrial gases. The positions in Vestas, Ahold and Procter & Gamble have been partially sold. The positions in Colgate Palmolive and Facebook have been fully sold. As a result, the cash position has risen to around 4%.

**Table: top 10 Holdings in portfolio per month end**

<b>Company &amp; weight in portfolio</b>			
Alphabet (US)	4.2%	ASML (Neth)	2.8%
Henkel (Ger)	3.1%	Medtronic (US)	2.7%
CVS Health (US)	3.0%	SAP (Ger)	2.7%
eBay (US)	2.9%	Alibaba (Chi)	2.6%
Danone (Fra)	2.8%	Visa (US)	2.6%

Source: DoubleDividend

## Team DoubleDividend

## Appendix: portfolio characteristics

**Table: Performance DDEF\***

	Nov 2018	2018	from start (april 2013)
Shareprice	4.38%	5.50%	55.29%
Currency	0.07%	3.25%	8.00%
Dividend	0.14%	1.54%	11.97%
Other	-0.09%	-0.97%	-8.29%
<b>Total RTN</b>	<b>4.50%</b>	<b>9.31%</b>	<b>66.97%</b>

\* The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future.

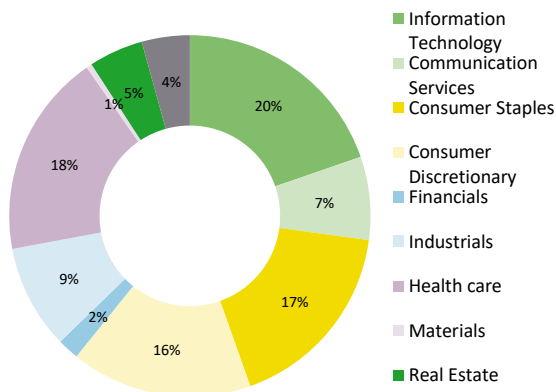
Source: DoubleDividend

**Table: Characteristics portfolio DDEF per month end**

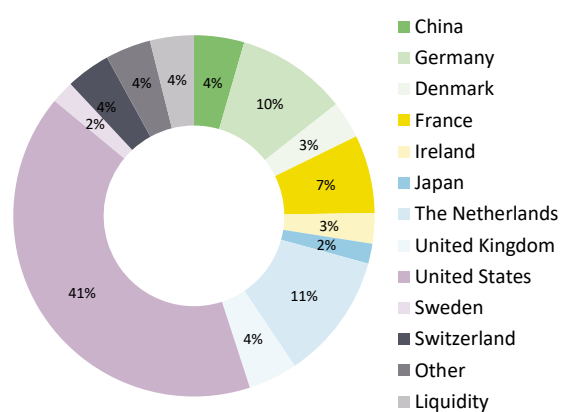
Valuation		Risk	
P/E-ratio	20.0	Bèta (raw)	0.96
P/E-ratio (est)	17.2	Debt/EBITDA	2.5
EV/EBITDA (est)	12.9	VAR (Monte Carlo, 95%, 1 yr)	18.9%
Dividend yield	2.6%	Standard deviation	13.1%
Price/ cashflow (est)	15.0	Tracking error (vs MSCI world)	4.0%

Source: DoubleDividend/Bloomberg

### Distribution per sector (GICS)



### Distribution per country of origin



### Distribution based on revenues

