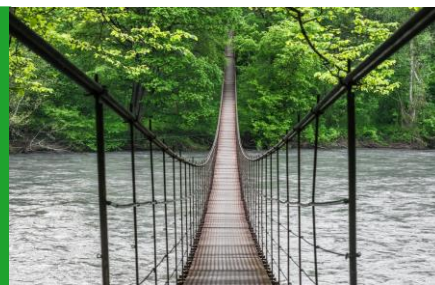


# DD Equity Fund

## Monthly report January 2019

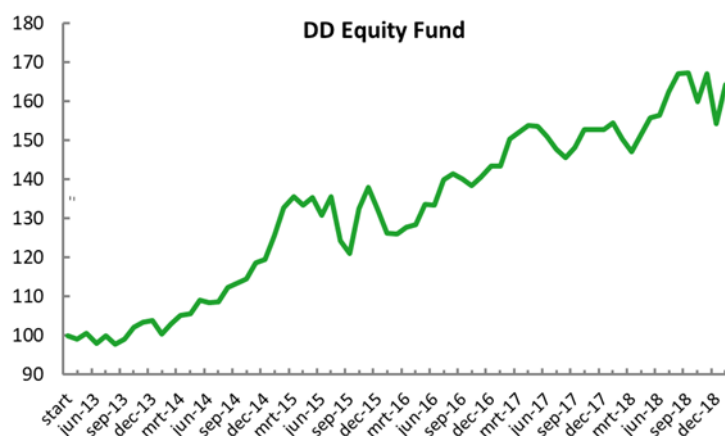


### Profile

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 6.37% over the month of January 2019, as a result of which the net asset value per share increased to € 164.13.



\* 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	€ 49.6 mln
# shares outstanding	302,060
Net asset value*	€ 164.13
# of positions	48
Beta	0.97

#### 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	-7.59	<b>1.01</b>
<b>2019</b>	6.37												<b>6.37</b>

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## Market Developments

Due to the uncertainties surrounding the trade relationship between China and the US, the Brexit and the declining economic growth, investors were looking very much forward to the quarterly and annual figures. Poor quarterly figures would increase fears of declining economic growth and a possible recession. However, with a few exceptions, investors were not disappointed. The global equity markets therefore started 2019 strongly after a bad December month in 2018. The MSCI World Index ended January with a positive of 7.4%. The American stock market - and especially the technology shares - performed slightly better than the European stock market, but the difference was not big. The DD Equity Fund also benefited from the strong stock market and ended the month with a return of 6.4%. Investors did, however, not only react positively to the quarterly and annual results. FED chairman Powell gave the markets an additional push with the announcement that the FED will temporarily stop raising interest rates.

Many companies came with good quarterly and/or annual results. Companies such as Mastercard, Starbucks, Thermo Fisher and Union Pacific did not only publish strong results, but also gave upbeat expectations for 2019. IBM showed a sales increase for the first time in six years. Analysts expect that IBM is at its low point and that the technology giant can grow sales and profits in the coming years. IBM wants to grow mainly in the profitable cloud market, a market dominated by Amazon and Microsoft. To achieve this, IBM recently acquired Red Hat.

Other companies published some disappointing figures but came with good prospects. For example, the profits of windmill manufacturer Siemens Gamesa were below expectations, but the Spanish company expects prices to stabilize this year. This will end the pressure on margins that kept the sector in its grip. Investors rewarded the company with a share price increase of more than 16%.

ASML not only published record results but also announced the takeover of the bankrupt company Mapper. Dutch based Mapper developed chip machines that, in contrast to those of ASML, work on the basis of electron beams. The company has long been a potential challenger for ASML that works with machines based on ultraviolet light. However, Mapper has not managed to build a reliable machine in the past few years, despite the fact that investors put in hundreds of millions of euros in seed capital. ASML is particularly interested in the high-quality workforce and intellectual property of Mapper. In addition, ASML keeps a potential competitor out of the market.

The results of Unilever over 2018 were good, but the new CEO, Alan Jope, is somewhat more reserved about the outlook for 2019. Latin America in particular, where sales were already shrinking last year, suffers from challenging market conditions. Although Brazil seems to recover, Argentina is still dealing with a recession and high inflation due to the decline of the peso.

### Biggest positive and negative contribution

The biggest positive contribution to the results came from eBay, which increased by 19.6% in value and contributed 0.6% to the result for the month. Alibaba also benefited from the positive sentiment and closed 22.5% higher in January.

Largest negative contribution came from Henkel, which came with uninspiring results and prospects. In general, consumer goods companies such as Henkel and Unilever face challenging market conditions. In addition to the decline in consumer confidence in a number of markets, consumers (and especially the millennials) are increasingly critical of big brands and prefer sustainable products from trendy young companies. For that reason Unilever regularly makes acquisitions in this segment. In January, for example, it bought The Laundress, a New York based manufacturer of eco-friendly detergents and cleaning products. Earlier Unilever bought the Vegetarian Butcher and tea producer Pukka Herbs. The valuation of both Henkel and Unilever is attractive after the recent decline. Moreover, these companies prove their value at times of market stress.

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

Top 5 positive			Top 5 negative		
	Return	Contribution		Return	Contribution
eBay (US)	19.4%	0.6%	Henkel (Ger)	-6.7%	-0.2%
Alibaba (Chi)	22.5%	0.5%	Medtronic (US)	-3.2%	-0.1%
Unibail-Rodamco-West (Fra)	16.1%	0.4%	Unilever (Neth)	-1.6%	-0.0%
ASML (Neth)	11.7%	0.3%	Air Liquide (Fra)	-2.3%	-0.0%
IBM (US)	17.8%	0.3%	Henry Schein (US)	-1.4%	-0.0%

Source: DoubleDividend/Bloomberg

### Portfolio changes

We expanded the positions in Applied Materials and Henry Schein in January. Air Products and Adobe have been added to the portfolio. Air Products is, just like Air Liquide, a special-chemicals company active in the production and distribution of industrial gases such as oxygen, nitrogen, hydrogen and helium. Industrial gases have many applications in the health, technology and food sector. Adobe is a software company known for digital media products such as Photoshop and Acrobat. The company has a broad platform of products for the creative sector, such as editing photos, videos and animations. For example, some 250 billion pdf documents were opened last year with Acrobat. Adobe obtains around 90% of revenue from subscriptions and has a very loyal customer base.

We took some profit in Ahold, Infosys, Nike, Rakuten, Roche, Siemens Gamesa, Starbucks and Thermo Fisher. The cash position at the end of the month amounted to approximately 3%.

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

Company & weight in portfolio			
Alphabet (US)	4.6%	Danone (Fra)	3.0%
eBay (US)	3.6%	SAP (Ger)	2.9%
ASML (Neth)	3.3%	Mastercard (US)	2.8%
Henkel (Ger)	3.2%	CVS Health (US)	2.7%
Alibaba (Chi)	3.0%	Medtronic (US)	2.6%

Source: DoubleDividend

### Team DoubleDividend

## Appendix: portfolio characteristics

**Table: Performance DDEF\***

	Jan 2019	2019	from start (April 2013)
Share price	6.58%	6.58%	53.49%
Currency	-0.22%	-0.22%	7.01%
Dividend	0.10%	0.10%	12.17%
Other	-0.09%	-0.09%	-8.54%
<b>Total RTN</b>	<b>6.37%</b>	<b>6.37%</b>	<b>64.13%</b>

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

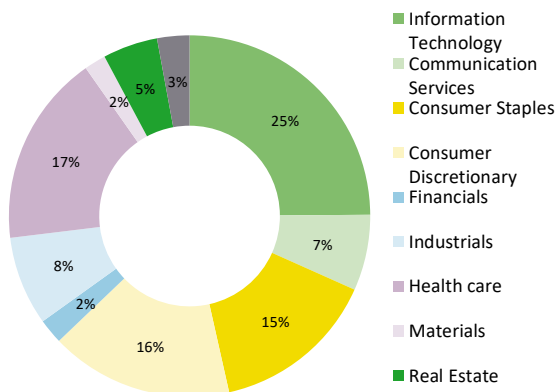
Source: DoubleDividend

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

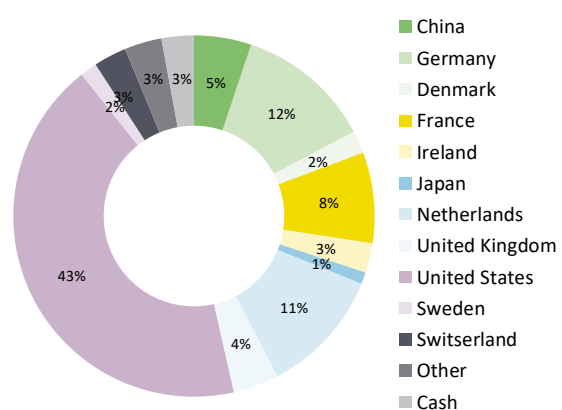
Valuation		Risk	
P/E-ratio	19.1	Bèta (raw)	0.97
P/E-ratio (est)	16.7	Debt/EBITDA	2.5
EV/EBITDA (est)	13.0	VAR (Monte Carlo, 95%, 1 yr)	20.7%
Dividend yield	2.6%	Standard deviation	13.6%
Price/ cashflow (est)	14.8	Tracking error (vs MSCI world)	4.1%

Source: DoubleDividend/Bloomberg

### Distribution per sector (GICS)



### Distribution per country of origin



### Distribution based on revenues

