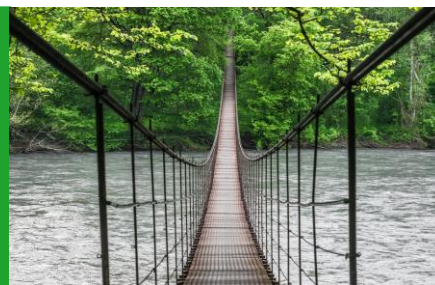


DD Equity Fund

Monthly report February 2019

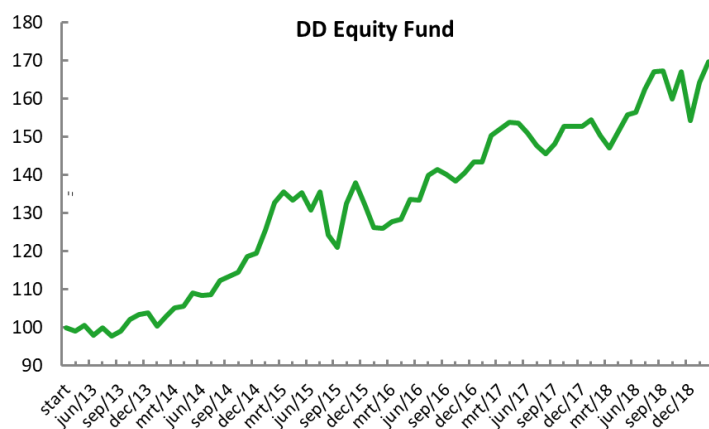


Profile

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 3.36% over the month of February 2019, as a result of which the intrinsic value per unit rose to € 169.64. The return for 2019 amounts to 9.94%. Since the start in April 2013, the return is 69.7%.



* 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	€ 45.0 mln
# shares outstanding	265,071
Net asset value*	€ 169.64
# of positions	47
Beta	0.95

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
2013				-0.84	1.37	-2.53	1.95	-2.01	1.31	3.02	1.26	0.35	3.79
2014	-3.29	2.58	2.17	0.43	3.26	-0.58	0.09	3.37	1.00	1.09	3.60	0.70	15.17
2015	5.01	5.81	2.05	-1.59	1.47	-3.44	3.71	-8.30	-2.70	9.50	4.12	-4.06	10.66
2016	-4.52	-0.31	1.46	0.44	4.09	-0.07	4.79	1.18	-0.95	-1.25	1.58	2.03	8.44
2017	-0.06	4.86	1.16	1.13	-0.17	-1.75	-2.16	-1.42	1.83	3.12	-0.13	0.10	6.49
2018	1.10	-2.62	-2.16	2.92	2.79	0.41	3.97	2.78	0.10	-4.42	4.50	-7.59	1.01
2019	6.37	3.36											9.94

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Market Developments

The positive mood on the January stock markets also continued in February. Sentiment was impacted by the annual results of companies that were generally well received. The hope of a trade agreement between China and the US also contributed positively. Yet there were not only positive developments. The market, however, decided to simply ignore the negative news, including the lower than expected retail spending in the US in December and the failure of the summit between Trump and Kim. Both the American S&P 500 (+ 11.5%) and the European Eurostoxx 600 (+ 10.8%) started the year strongly.

Within the portfolio of DDEF, a lot of attention was devoted to the German fintech company Wirecard. The share price was under severe pressure after the Financial Times (FT) published an article discussing possible fraud within the company. The fraud would have taken place within the Asian operations of the payment company. The company denies the allegations diligently, but the FT sticks to the content of its reporting. Meanwhile, the German stock market watchdog has started an investigation into the matter. Hedge funds are possibly behind the news coverage and are trying to profit from a price decline. During the height of the affair, the share had dropped by almost 50% compared to the peak at the end of January. On balance, the share fell by 17% last month. When the price recovered after the first blow, we sold part of our position in the company due to risk consideration.

Biggest positive and negative contribution

Just like last month, the biggest positive contribution to the result of the month came from eBay. Activist shareholders Elliot and Starboard have built up a position in the company and ask for changes in the strategy. EBay is growing, but much less than competitors like Amazon. That is not good enough for many investors. Possibly there will be a breakup of the various activities of eBay with the aim of stimulating growth through more focus. The stock is the second largest position in our portfolio and has already increased by 33% in value this year.

Heineken also made an important contribution to the February result. The brewer came with strong results with strong volume growth in new markets such as China, Brazil and Mexico where competitor AB Inbev traditionally has a strong position. Heineken is also growing fast in the non-alcoholic beers segment. Alibaba is fully benefiting from the recovery of the Chinese stock market. The share already made a major contribution to the result last month and has already increased by 34% this year.

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

Top 5 positive			Top 5 negative		
	Return	Contribution		Return	Contribution
eBay (US)	11.7%	0.4%	CVS Health (US)	-11.1%	-0.3%
Heineken (NL)	13.0%	0.3%	Unibail (NL)	-9.7%	-0.3%
Visa (US)	10.8%	0.3%	Wirecard (Ger)	-16.7%	-0.3%
Alibaba (Chi)	9.5%	0.3%	Tencent (Chi)	-2.3%	-0.1%
Worldpay(US)	15.7%	0.3%	H&M (Swe)	-1.8%	-0.0%

Source: DoubleDividend/Bloomberg

Portfolio changes

A lot of changes have occurred in the portfolio last month. The positions in Rakuten, Simon Properties Group, Covetrus (a spin-off division of Henry Schein) and SiemensGamesa have been sold entirely. The positions in Wirecard and H&M have been reduced. We have also slightly reduced the weighting of many other positions. Essilor has been added to the portfolio again. The French manufacturer of spectacle glasses has recently merged with the Italian Luxottica. Essilor was already part of the DDEF portfolio between 2014 and 2018. In August 2018 the entire position was sold due to the high share price. In the meantime, the share price has dropped and we were able to buy at an attractive level again. The position in Adobe was also increased. The cash position per month-end was approximately 1%.

Table: top 10 Holdings in portfolio per month end

Company & weight in portfolio			
Alphabet (US)	3.7%	SAP (Ger)	3.2%
eBay (US)	3.7%	Microsoft (US)	3.0%
ASML (Neth)	3.5%	Medtronic (US)	2.9%
Henkel (Ger)	3.4%	Visa (US)	2.8%
Danone (Fra)	3.3%	Siemens (Ger)	2.7%

Source: DoubleDividend

Team DoubleDividend

Appendix: portfolio characteristics

Table: Performance DDEF*

	Feb 2019	2019	from start (April 2013)
Share price	2.89%	9.65%	58.23%
Currency	0.47%	0.28%	7.79%
Dividend	0.09%	0.20%	12.32%
Other	-0.09%	-0.19%	-8.69%
Total RTN	3.36%	9.94%	64.13%

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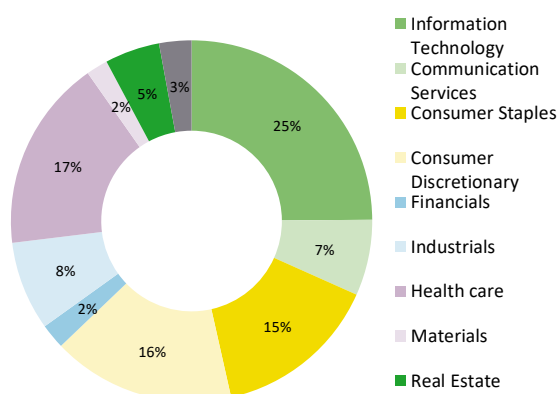
Source: DoubleDividend

Table: Characteristics portfolio DDEF per month end

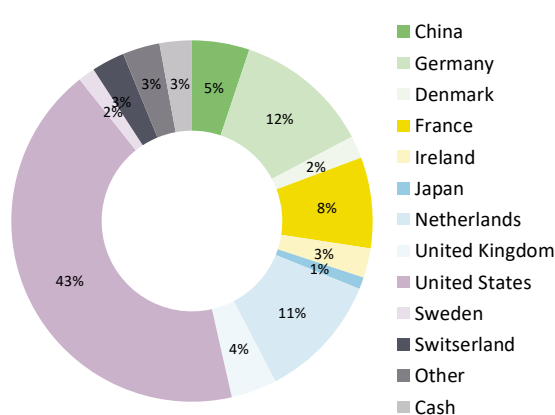
Valuation		Risk	
P/E-ratio	20.4	Bèta (raw)	0.95
P/E-ratio (est)	17.0	Debt/EBITDA	2.9
EV/EBITDA (est)	13.5	VAR (Monte Carlo, 95%, 1 yr)	20.0%
Dividend yield	2.5%	Standard deviation	13.0%
Price/ cashflow (est)	14.7	Tracking error (vs MSCI world)	4.1%

Source: DoubleDividend/Bloomberg

Distribution per sector (GICS)



Distribution per country of origin



Distribution based on revenues

