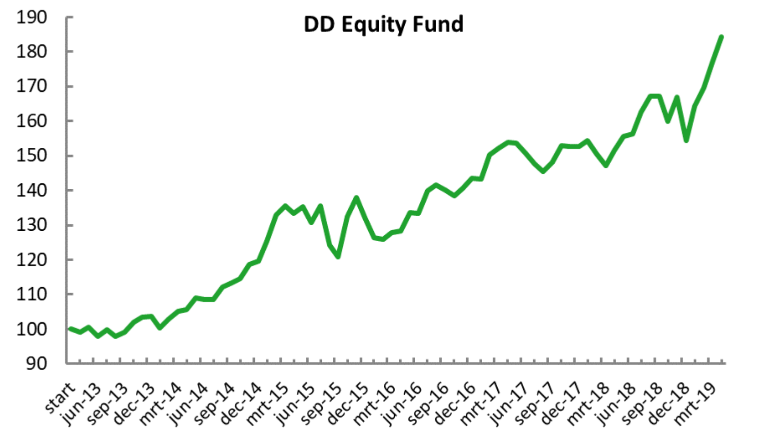
DD Equity Fund
Monthly report April 2019

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 4.25% over the month of April 2019, as a result of which the net asset value per participation increased to € 184.27. The return for 2019 is 19.4%. Since the fund was launched in April 2013, the return has been 84.3%.



* 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	€ 49.5 mln
# shares outstanding	266,881
Net asset value*	€ 184.27
# of positions	44
Beta	0.90

Costs

Management fee	0.80%
Other costs**	0.25%
Up/ down Swing factor	0.25%

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	4.19	4.25									**19.42**

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Market Developments

After a very strong first quarter, the stock market continued to rise last month. In April, the European Eurostoxx 600 and the American S&P 500 recorded a result of 3.9% and 4.0% respectively, bringing the annual result for both indices to 17.8% and 18.2% respectively. Despite our cautious approach, the DD Equity Fund also had another strong month with a return of 4.3% over April, bringing the result for the year to 19.4%.

The market managed to maintain the positive sentiment due to the publication of strong quarterly corporate results and various macro-economic data. Although the IMF lowered the growth forecast for the global economy from 3.5% to 3.3%, the US economy showed its resilience with better-than-expected economic growth of 3.2% in the first quarter of 2019. The latest figures from Europe indicate that the Eurozone has managed to avert a recession for the time being. The strong economic and company results in combination with the low interest rate policy of the central banks ensure favourable circumstances for riskier investments such as equities, real estate and high yield bonds. The increased valuation of equities, combined with the fact that many investors still have a substantial cash position, creates the risk of equity markets overheating. Especially now that risks such as rising interest rates, a slowing economy, the Brexit and trade tensions are slowly fading into the background.

With the market turmoil at the end of last year still fresh in memory and with many investors then turning their back on the stock market, the current strong market once again shows that timing of the equity market is risky business. For equity investors it's mainly about time in the market and not about timing the market. Volatility is simply the price equity investors have to pay for a higher return. As far as we are concerned, in addition to valuation, the economic cycle in particular, remains a real risk for the stock markets. There is plenty of room for disappointment and we will continue to operate cautiously, despite the strong momentum in the market. However, the long-term outlook for equities remains good.

Biggest positive and negative contribution

The largest positive contribution to the result came from US software company Cerner. Cerner supplies health care software and is one of the market leaders in the field of the EHR (electronic health record). The share price surge this month is the result of Cerner's announcement it will buy back shares and start paying dividends for the first time in the company's history. Other technology companies such as ASML, SAP and Microsoft also made an important contribution to the result after strong quarterly results. The growth prospects for the technology sector in general and especially the cloud market remains very good.

Pharmaceutical companies Roche and NovoNordisk made a modest negative contribution to the result. Medtronic, a medical technology company, also made a small negative contribution. With the start of the American (pre-) election campaigns, companies active in the healthcare sector are in the spotlight. Healthcare is becoming an important issue in the upcoming presidential elections and investors are afraid of draconian measures that could harm the profitability of companies in the sector. Finally, Ahold suffered from strikes at American subsidiary Stop & Shop and had to adjust its earnings forecasts for 2019 downwards.

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

Top 5 positive			Top 5 negative		
	Return	Contribution		Return	Contribution
Cerner (US)	16.4%	0.4%	NovoNordisk (DEN)	-6.5%	-0.1%
ASML (NL)	12.2%	0.4%	Roche (SWI)	-4.1%	-0.1%
SAP (GER)	11.2%	0.3%	AHold (NL)	-6.6%	-0.1%
Siemens (GER)	11.2%	0.3%	Medtronic (US)	-2.3%	-0.1%
Microsoft (US)	10.9%	0.3%	Reckitt Benckiser (UK)	-1.0%	-0.0%

Source: DoubleDividend/Bloomberg

Portfolio changes

In the past month we have on balance sold shares again, as a result of which the cash position has risen to around 10%. The positions in Unilever, Thermo Fisher, Johnson Controls, Cerner, Nestlé, Starbucks and Taiwan Semiconductor Manufacturing Co. have been reduced due to the rising prices. The position in H&M has been sold entirely, while the positions in Medtronic, Henry Schein and Adobe have been expanded somewhat.

Table: top 10 Holdings in portfolio per month end

Company & weight in portfolio			
Henkel (Ger)	3.3%	ASML (NL)	3.0%
eBay (US)	3.3%	Danone (Fra)	2.9%
SAP (Ger)	3.2%	Microsoft (US)	2.8%
Medtronic (US)	3.1%	Siemens (Ger)	2.8%
Alphabet (US)	3.0%	Mastercard (US)	2.8%

Source: DoubleDividend

Team DoubleDividend

Appendix: portfolio characteristics

Table: Performance DDEF*

	April 2019	2019	from start (April 2013)
Share price	4.00%	17.83%	70.85%
Currency	0.05%	1.21%	9.21%
Dividend	0.29%	0.77%	13.21%
Other	-0.09%	-0.39%	-9.00%
Total RTN	**4.25%**	**19.42%**	**84.27%**

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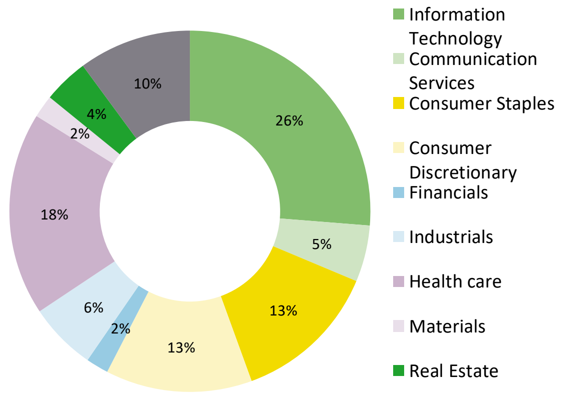
Source: DoubleDividend

Table: Characteristics portfolio DDEF per month end

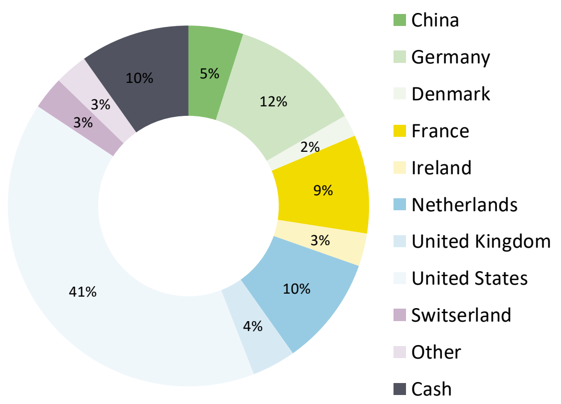
Valuation		**Risk**	
P/E-ratio	21.9	Bèta (raw)	0.90
P/E-ratio (est)	17.9	Debt/EBITDA	3.0
EV/EBITDA (est)	14.4	VAR (Monte Carlo, 95%, 1 yr)	18.1%
Dividend yield	2.2%	Standard deviation	11.9%
Price/ cashflow (est)	13.9	Tracking error (vs MSCI world)	4.0%

Source: DoubleDividend/Bloomberg

Distribution per sector (GICS)



Distribution per country of origin



Distribution based on revenues