

# Asset Management

## Monthly report October 2019



### Profile

DoubleDividend Management B.V. (DoubleDividend) is an independent responsible investment specialist. Where asset management is concerned we put together a portfolio tailored to your needs, whilst taking into account the desired risk profile, the investment horizon and the desired sustainability profile of the portfolio. Primary use is made of funds managed by DoubleDividend. Clients include wealthy individuals, associations and foundations. DoubleDividend operates under the full supervision of the AFM and DNB.

Investment philosophy:

- ✓ Sustainability makes a positive contribution to the risk-return profile of an investment portfolio.
- ✓ Investment is a long-term practice.
- ✓ We invest with conviction and only in quality in order to achieve a resilient portfolio.
- ✓ We aim to achieve a realistic return, taking risks into account
- ✓ Risk refers to the permanent loss of capital in the long term and not short-term volatility.
- ✓ We engage with the client and also invest in the funds managed by DoubleDividend.

### Performance

The stock and bond markets barely made their way in October. Only real estate securities were clearly convincing with a positive return of around 3%. As a result, the returns of the various risk profiles were almost negligible.

The returns for the different risk profiles were between -0.1% for the most defensive profile to 0.1% for the most offensive profile. The neutral risk profile achieved a return of 0.05% in October, bringing the return for the year to 19.2%. The most offensive profile has so far achieved the highest return in 2019 (+23.4%).

### Market data\*

| Equities              | Oct    | 2019  |
|-----------------------|--------|-------|
| MSCI World            | 0.2%   | 23.6% |
| S&P 500               | -0.1%  | 23.2% |
| Euro Stoxx 600        | 1.1%   | 21.6% |
| <b>Bonds</b>          |        |       |
| World**               | -0.9%  | 7.4%  |
| <b>Real Estate</b>    |        |       |
| EPRA Index            | 3.1%   | 22.5% |
| <b>Interest rates</b> |        |       |
| 10-yr German          | -0.28% |       |
| 10-yr US              | 1.69%  |       |
| <b>Currencies</b>     |        |       |
| EUR/USD               | 2.3%   | -2.7% |
| <b>Other (in USD)</b> |        |       |
| Gold                  | 2.8%   | 18.0% |
| Oil (Brent)           | -0.8%  | 12.0% |

\*Total returns in euros, the price changes of gold and oil are calculated in US dollars.

\*\* Barclays Global Aggregate Index

**Table: net returns for the various risk profiles\***

|                      | 2012  | 2013 | 2014  | 2015  | 2016 | 2017 | 2018  | 2019 till Oct | Average per year* | Total  |
|----------------------|-------|------|-------|-------|------|------|-------|---------------|-------------------|--------|
| Defensive            | 8.8%  | 1.3% | 7.4%  | -1.3% | 4.7% | 2.8% | -4.4% | 15.7%         | 4.3%              | 39.1%  |
| Moderately defensive | 10.1% | 3.2% | 10.0% | 1.5%  | 5.4% | 3.6% | -3.7% | 17.7%         | 5.9%              | 57.0%  |
| Neutral              | 12.2% | 5.7% | 11.1% | 4.9%  | 6.4% | 4.6% | -2.7% | 19.2%         | 7.7%              | 78.5%  |
| Offensive            | 13.9% | 8.3% | 14.8% | 7.9%  | 7.3% | 5.8% | -1.7% | 21.3%         | 9.7%              | 106.8% |
| Very offensive       | 15.4% | 9.6% | 16.7% | 10.1% | 8.5% | 6.4% | -1.1% | 23.4%         | 11.2%             | 129.0% |

\* The returns are based on the tactical asset allocation, after all costs, and with invested capital up to EUR 1 million. The value of your investments can fluctuate. Past performance is no guarantee for the future.

### Tactical asset allocation

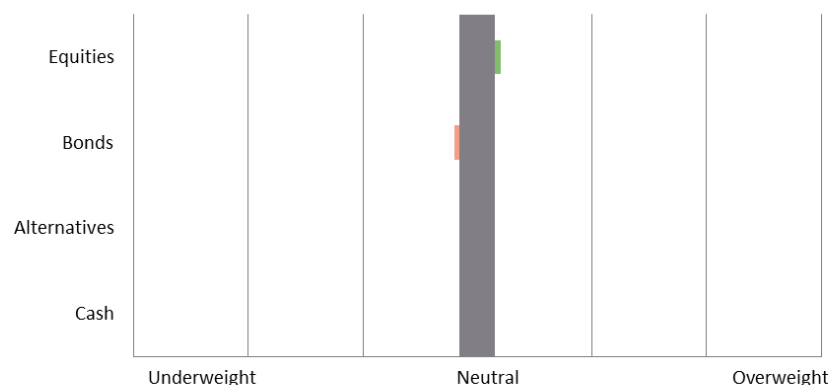
Each investment profile has a strategic allocation with bandwidths to equities, bonds and alternatives. The table below gives an overview of the five different standard investment profiles (without bandwidths). The classifications of risk profiles are motivated by the AFM (the Dutch Authority for the Financial Markets) and mainly based on historical risks and returns.

| RISK PROFILES | defensive   | moderate defensive | neutral     | offensive   | very offensive |
|---------------|-------------|--------------------|-------------|-------------|----------------|
| Equities      | 10%         | 25%                | 40%         | 60%         | 80%            |
| Bonds         | 85%         | 65%                | 45%         | 25%         | 10%            |
| Alternatives  | 5%          | 10%                | 15%         | 15%         | 10%            |
| Cash          | 0%          | 0%                 | 0%          | 0%          | 0%             |
| <b>Total</b>  | <b>100%</b> | <b>100%</b>        | <b>100%</b> | <b>100%</b> | <b>100%</b>    |

Source: DoubleDividend Management B.V.

We respond to the current market conditions by putting weights (within the bandwidths) to the various asset classes: equities, bonds and alternatives. We call this the tactical asset allocation. We were overweight equities at the start of the year, but we reduced this overweight position in two small steps. At the moment we have only slightly overweight equities at the expense of bonds. Equities have the best long-term outlook, but given the recent sharp rise in share prices and the increased risks of, for example, an economic downturn, we are slightly more cautious. For bonds, the outlook is less than average due to low interest rates, but the risk is also lower.

### Tactical asset allocation



### Team DoubleDividend