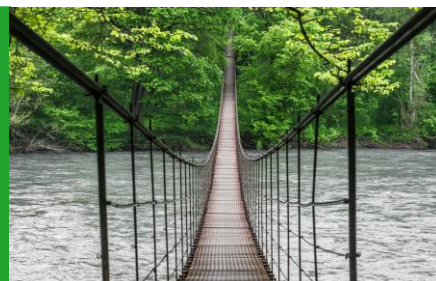


DD Equity Fund

Monthly report July 2020

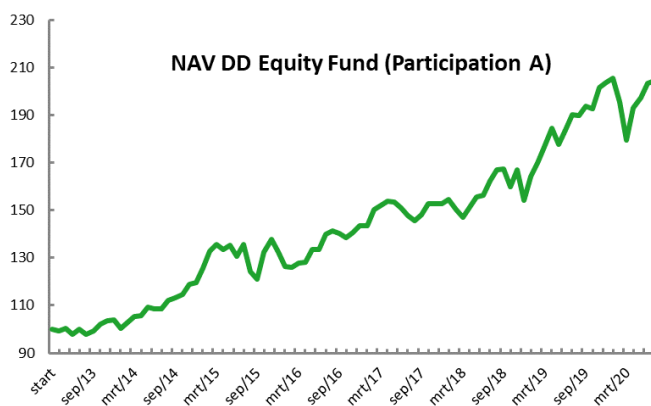


Profile

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 participation A*

DD Equity Fund achieved a return of 0.6% over the month of July 2020, as a result of which the net asset value per participation of participation A increased to € 204.41. Since the fund was launched in April 2013, the return has been 104.4%, or 10.2% on an annual basis.



* 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	€ 87.5 mln
# shares outstanding A	306,529
# shares outstanding B	121,081
Net asset value A*	€ 204.41
Net asset value B*	€ 204.77
# of positions	52
Beta	0.77

Costs

Management fee A	0.80%
Management fee B	0.50%
Other costs**	0.25%
Up/ down Swing factor	0.25%

Other

Start date	Class A: April 2013 Class B: January 2020
Manager	DoubleDividend Management B.V.
Status	Open-end, daily
Exchange	Euronext Amsterdam
ISIN A	NL0010511002
ISIN B	NL0014095127
Benchmark	None
Currency	Euro

Risk monitor



* per share
** estimated

Table: monthly returns in % (Participation A, net of costs and fees) *

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	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	-3.62	3.53	3.45	-0.28	2.10	-0.56	4.63	1.16	32.08
2020	0.73	-4.77	-8.16	7.40	2.32	3.02	0.56						0.29

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Market Developments

The global MSCI World Index declined by nearly 0.5% in July. The DD Equity Fund posted a positive result of 0.6%. As a result, the fund has returned a modest plus of 0.3% over 2020. The global MSCI World Index is at a loss of 6.3% for the year.

The difference in performance between the markets in the US and Europe is substantial this year. Where the Eurostoxx 600 Index is at a loss of 12.6%, the S&P 500 Index gained 2.4% (in dollars). The relatively strong performance of the US stock market is remarkable in view of the major impact of the Covid-19 virus on the economy, the social unrest and the uncertainty surrounding the upcoming presidential elections. These factors have also contributed to a significant depreciation of the US dollar against the euro recently. The increase in the S&P 500 can largely be explained by the good performance of a (small) number of tech giants such as Apple, Amazon and Netflix.

The dominance of the technology sector has increased sharply as a result of the pandemic. This was also visible when the half-year figures of a large number of companies were published last month. While the majority of companies have experienced a sharp drop in turnover and profit in recent months, many technology companies reported strong results for the first half of 2020.

The dominance of the tech giants is also high on the political agenda. Last month, the CEO's of Facebook, Amazon, Google and Apple had to appear before the Congress for a hearing. Some of the politicians (from both parties) are concerned about the growing dominance of a number of technology companies. Technology companies are accused by politicians of having too much power, impeding creativity and innovation and being bad for jobs. Irrespective of the extent to which these objections are real, it is questionable whether the American government will really intervene strongly in the technology sector. For the time being it seems mainly election rhetoric. This has to do with another issue, the battle with China for technological dominance. This battle has so far been fought mainly via Huawei and within the chip sector. But this month a possible banning of the Chinese video app TikTok in the US further increased tensions between China and the US. It seems that the Americans want to weaken Chinese technology companies by denying access to technological knowledge and the US market. Severe intervention in the US technology sector is therefore unlikely in the short term.

Biggest positive and negative contribution

Technology shares also made a positive contribution to the result of the DD Equity Fund. The biggest positive contribution came last month from Taiwan's TSMC. TSMC is one of the largest chips manufacturers in the world. The company does not develop chips itself, but produces on behalf of third parties, including Apple (foundry model). The stock appreciated more than 30% in July after the publication of good half-year results. Production problems at competitor Intel also pushed TSMC shares up. Intel will even outsource part of the chip production to TSMC.

Chinese Alibaba once again made a strong positive contribution to the monthly result. Alibaba is benefiting from the strong growth of e-commerce in China. Alibaba also took advantage of the news that fintech company ANT Financial is likely to go public soon. Alibaba has a 33% interest in ANT Financial.

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

Top 5 positive			Top 5 negative		
	Return	Contribution		Return	Contribution
Taiwan Semi (Taiw)	31.9%	0.5%	AIA Group (HK)	-8.0%	-0.2%
Alibaba (Chi)	10.5%	0.5%	CVS Health (US)	-7.3%	-0.2%
Infosys (India)	26.3%	0.3%	Danone (Fra)	-4.9%	-0.2%
Lam Research (US)	10.7%	0.2%	Visa (US)	-6.4%	-0.2%
SAP (Ger)	7.6%	0.2%	Baidu (Chi)	-5.5%	-0.1%

Source: DoubleDividend/Bloomberg

Portfolio changes

The DD Equity Fund made quite a few purchases over the past month. This is mainly due to the strong growth of the fund as a result of the inflow of new capital. Six new positions were added to the portfolio in July. Nike and Levi Strauss & Co have been added to the portfolio again. Salesforce (US), NVIDIA (US), NetEase (China) and Inditex (Spain) are new names in the portfolio. The cash position at the end of July was over 18%.

Salesforce is the world market leader in CRM software in the cloud. NVIDIA is the leading graphics chips (gpu) manufacturer in the world and NetEase is active in online gaming, music streaming and online education in China. Finally, Inditex is one of the largest fashion companies in the world and the parent company of Zara. The position in Henri Schein has been sold.

Due to the large uncertainties in the market, we have spread the portfolio more widely. The number of positions in the portfolio rose to 52, from 46 at the beginning of the year. While the prospects for the technology sector are very good, we have also added a number of new positions and expanded existing positions outside the technology sector such as Unilever and Medtronic. Partly because of the necessary diversification in the portfolio, and partly because of the relatively attractive valuation. Growth stocks have performed much better in recent years, causing the valuation of these stocks to rise sharply. This makes these stocks vulnerable to a possible rotation in the market.

Table: top 10 Holdings in portfolio per month end

Company & weight in portfolio			
Alibaba (Chi)	4.9%	Johnson & Johnson (US)	2.8%
Alphabet (US)	3.8%	Danone (Fra)	2.6%
Unilever (Neth)	3.1%	SAP (Ger)	2.5%
Applied Materials (US)	2.8%	Tencent (HK)	2.4%
PayPal (US)	2.8%	Medtronic (US)	2.4%

Source: DoubleDividend

Team DoubleDividend

Appendix: portfolio characteristics

Table: Performance DDEF, Participation A*

	July 2020	2020	from start (April 2013)
Share price	3.50%	2.78%	96.18%
Currency	-3.01%	-2.79%	3.11%
Dividend	0.15%	0.85%	16.45%
Other	-0.08%	-0.55%	-11.32%
Total Return	0.56%	-0.29%	104.41%

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

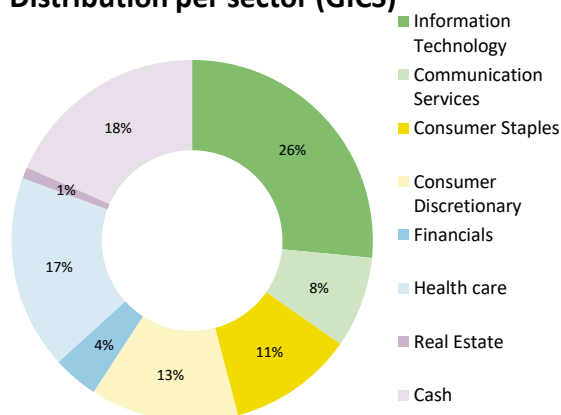
Source: DoubleDividend

Table: Characteristics portfolio DDEF per month end

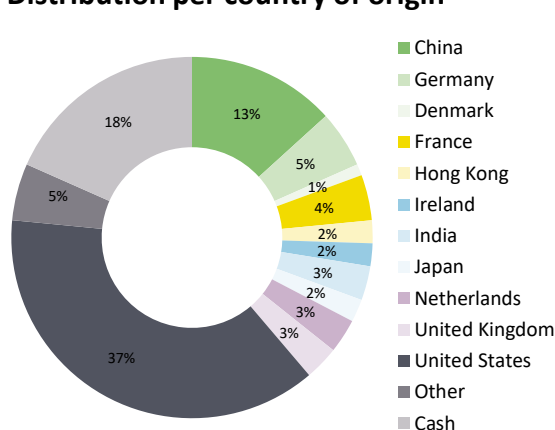
Valuation		Risk	
P/E-ratio	29.7	Bèta (raw)	0.77
P/E-ratio (est)	21.2	Debt/EBITDA	3.2
EV/EBITDA (est)	17.3	VAR (Monte Carlo, 95%, 1 yr)	31.6%
Dividend yield	1.9%	Standard deviation	18.9%
Price/ cashflow (est)	16.3	Tracking error (vs MSCI world)	10.7%

Source: DoubleDividend/Bloomberg

Distribution per sector (GICS)



Distribution per country of origin



Distribution based on revenues

