

# DD EQUITY FUND

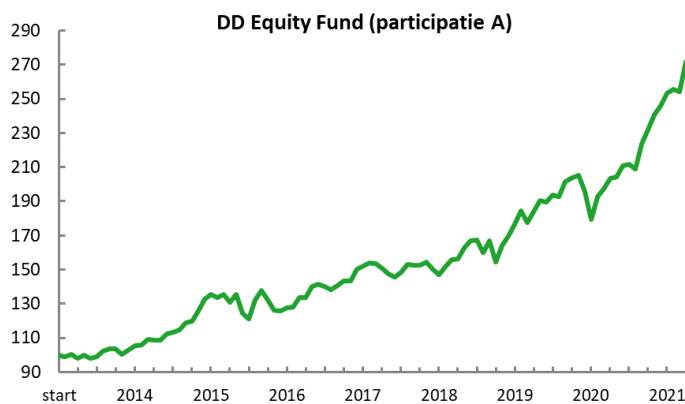
## Monthly report June 2021

### 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 6.97% in June 2021, as a result of which the net asset value per unit A rose to € 271.85. This brings the return for 2021 to 17.29%.



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

This information does not provide a sufficient basis for an investment decision. Therefore, read the key investor information and prospectus. These are available on the website of DoubleDividend Management B.V. ([www.doubledividend.nl](http://www.doubledividend.nl)). DoubleDividend Management B.V. is manager of DD Equity Fund and has a license as manager and is supervised by the Netherlands Authority for the Financial Markets. The net asset value has not been audited by an external auditor.

### Fund information

#### Key facts

Fund size	€ 215.7 mln
# shares outstanding A	486,588
# shares outstanding B	196,411
# shares outstanding C	109,000
Net Asset Value A*	€ 271.85
Net Asset Value B*	€ 272.96
Net Asset Value C*	€ 273.27
# of positions	64
Beta	0.97

#### Costs

Management fee A	0.80%
Management fee B	0.50%
Management fee C	0.25%
Other costs**	0.20%
Up/down Swing factor	0.25%

#### Other

Start date	Part. A: April 2013 Part. B: January 2020 Part. C: January 2021
Manager	DoubleDividend Management B.V.
Status	Open-end, daily
Exchange	Euronext Amsterdam
ISIN (A)	NL0010511002
ISIN (B)	NL0014095127
ISIN (C)	NL0015614603
Benchmark	None
Currency	Euro

#### Risk monitor



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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	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	3.36	4.19	4.25	-3.62	3.53	3.45	-0.28	2.10	-0.56	4.63	1.16	<b>32.08</b>
<b>2020</b>	0.73	-4.77	-8.16	7.40	2.32	3.02	0.56	3.19	0.39	-1.40	7.20	3.56	<b>13.73</b>
<b>2021</b>	3.83	2.21	2.87	1.10	-0.64	6.97							<b>17.29</b>

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## Market Developments

Equity markets had a strong month in June. The global MSCI World index rose by 4.6% measured in euros. The DD Equity Fund performed even better with a return of almost 7% for the month.

The meeting of the FED gave the market a significant boost in June. In line with expectations, the FED left interest rates unchanged at 0.25%, but has adjusted expectations for future interest rate policy. The FED now expects two rate hikes in 2023, while the first rate hike was previously not expected until 2024. The initial market reaction to the FED's policy adjustment was negative, but later investors concluded that the outlook for equity markets remains good and that central bank policies still support it. The FED expects US economic growth of 7% this year, followed by 3.3% and 2.4% in 2022 and 2023, respectively. This means that investors are expected to enjoy more than 10% economic growth over the next three years, while interest rates remain as low as 0.25%. A pretty good scenario. At the same time, the FED is sending out a clear signal by bringing the expected rate hike forward; although inflation may rise and even temporarily be a little too high, the FED is also telling markets that it will not let inflation get out of hand.

Rising inflation has been a source of concern in recent months. However, we think inflation will be an ongoing theme in financial markets for the foreseeable future. There are still enough economists and analysts who expect inflation to reach a lasting higher level after an initial sharp rise.

During the month, long-term interest rates fell slightly and short-term interest rates rose slightly. This in turn resulted in growth stocks in particular doing relatively well in June, while cyclical stocks lagged (the market is talking about reversing the reflation trade). Partly because of this, the DD Equity Fund has also performed so well in the past month.

## Biggest positive and negative contributions

Due to a technical issue this table is not available this month.

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

Top 5 positive		Top 5 negative		
	Return	Contribution	Return	Contribution

Source: DoubleDividend/Bloomberg

## Portfolio changes

Three new positions were added to the portfolio in the past month: DoubleVerify, RingCentral and Lufax. Our stake in the Swiss pharmaceutical company Roche has been sold completely due to the increased price and modest growth prospects.

**DoubleVerify** is a company that develops software for the analysis of digital marketing campaigns. DoubleVerify analyses the effectiveness of digital advertisements, prevents fraud and protects brands from placing advertisements in an insecure environment. Fraud and “bad content” in particular are a growing problem in the world of digital marketing. Many companies pay for ads per click. Fraudsters can easily take advantage of this by letting servers/robots view the ad and thus generate revenue. DoubleVerify's software ensures that the company only pays for ads that have actually been viewed by a real person. In addition, the software ensures that the advertisement is only placed in a safe environment. Social media means there is less and less control over the content of messages on the internet. It is harmful for a brand if an ad is placed next to content that conflicts with the core values of that brand.

**RingCentral** offers cloud solutions for business communication. RingCentral provides connections between different users and communication channels. The company offers a platform that allows companies to communicate with employees and customers through all available channels (telephone, email, mobile, video, chat, etc.) from anywhere. Also known as UC (Unified Communications), this service is growing rapidly due to the flexibility it offers. This flexibility is necessary because both employees and customers want to be more flexible and work from different locations and devices. In the communications market, the shift to the cloud has only just begun and RingCentral is one of the market leaders in this field with 3.5 million users.

**Lufax** is a subsidiary of the Chinese insurer Ping An. Lufax is a fintech platform for SMEs and individuals in China. Lufax intermediates in loans for SMEs and offers wealth management for private individuals. In addition to SMEs, Lufax mainly focuses on the growing middle class in China. 75% of the loans that the company sources goes to small businesses. Due to the enormous bureaucracy in traditional Chinese banking, especially small entrepreneurs have problems accessing the financial markets.

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

Companies & weight in portfolio			
Alphabet (US)	3.6%	Visa (US))	2.6%
Alibaba (CN)	3.2%	Applied Materials (US)	2.5%
Microsoft (US)	3.1%	Thermo Fisher (US)	2.5%
eBay (US)	2.7%	Johnson & Johnson (US)	2.3%
Paypal (US)	2.7%	Adobe (US)	2.3%

Source: DoubleDividend

While no major changes have occurred in the top 10, the portfolio has changed quite a bit over the past six months. The total number of positions in the portfolio has increased from 57 to 64. A total of 7 positions were sold in the past six months and 14 new positions were added to the portfolio.

**Sold** (this year): CVS Health, EssilorLuxottica, Heineken, Roche, SAP, Procter & Gamble and Square.

**Bought** (this year): Apple, CrowdStrike, Danaher, DocuSign, DoubleVerify, ENEL, FIS Global, Just-Eat Takeaway, Keyence, Lufax, Netflix, Ping An, RingCentral, and Zalando.

The purchases and sales have taken place in different countries and sectors, but in general it can be said that stocks with good long-term growth prospects (especially those with a link to digitalisation) have become an even more important part of the portfolio. In doing so, we took advantage of the relative “dip” in growth stocks in the second quarter. Companies with a listing in Asia have also gained weight and now make up 28% of the portfolio. As a result, Asia has supplanted Europe, which still represents 23% of the portfolio.

Traditionally, equity portfolios are broken down by sectors and countries. We also publish a breakdown by sectors and regions at the end of this monthly report. However, DDEF's portfolio is structured around specific themes and long-term trends. The allocation to sectors and regions is no more than an outcome of this. The table below provides an overview of what are currently the most important themes in DDEF's portfolio.

**Table: themes portfolio DDEF**

Theme	Weight	Examples positions
Software	14,9%	Microsoft, Adobe, DocuSign
Social & Search	12,3%	Netflix, Alphabet, Tencent
Chip sector	13,3%	ASML, Applied Materials, NVIDIA
E-commerce	8,4%	eBay, Alibaba, Zalando
Digital payments	8,8%	PayPal, Mastercard, FIS Global
Consumers goods	7,2%	Unilever, HelloFresh, Danone
Consumer durables	5,8%	Nike, Adidas, LVMH
Clean energy	9,3%	SolarEdge, China Longyuan, Umicore
Financials EM	5,2%	AIA group, HDFC Bank, Lufax
Robotics & education	2,7%	Keyence, Daifuku, Tal Education

Bron: DoubleDividend/Bloomberg

## Team DoubleDividend

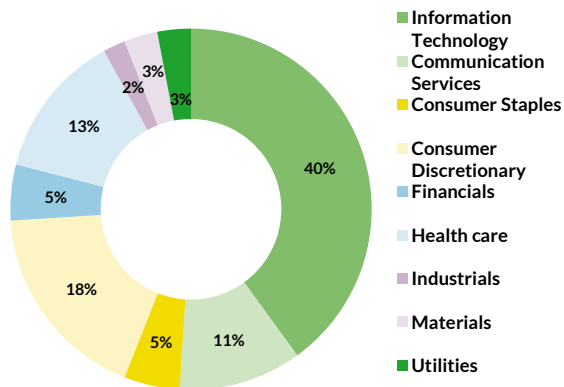
## Appendix: portfolio characteristics

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

Valuation		Risk	
P/E ratio	35.0	Bèta (raw)	0.97
P/E ratio expected	25.8	Debt/EBITDA	2.1
EV/EBITDA expected	19.6	VAR (Monte Carlo, 95%, 1 yr)	27.8%
Dividend yield	1.3%	Standard deviation	17.0%
Price/cashflow expected	19.3	Tracking error (vs MSCI world)	6.2%

Source: DoubleDividend/Bloomberg

### Distribution per sector (GICS)



### Distribution per region

