DD EQUITY FUND

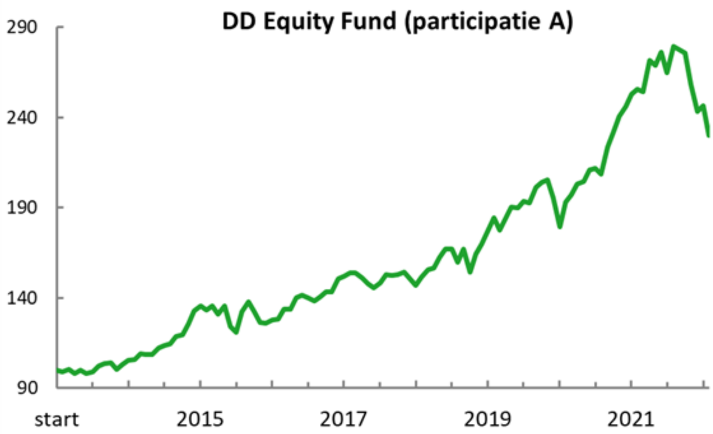
Monthly report April 2022

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 -6.62% in April 2022, as a result of which the net asset value per unit A declined to € 230.12.



* 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	€ 204 mln
# shares outstanding A	558,891
# shares outstanding B	217,837
# shares outstanding C	109,000
Net Asset Value A*	€ 230.12
Net Asset Value B*	€ 231.58
Net Asset Value C*	€ 232.36
# of positions	80
Beta	1.09

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

* per participation
** expect

doubledividend
FINANCIAL & SOCIAL RETURNS

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	3.19	0.39	-1.40	7.20	3.56	**13.73**
2021	3.83	2.21	2.87	1.10	-0.64	6.97	-1.07	2.71	-4.20	5.57	-0.56	-0.76	**18.94**
2022	-6.20	-5.97	1.35	-6.62									**-16.53**

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Market developments

Global equity markets were under considerable pressure last month. The markets are dealing with a lot of uncertainties, including rising interest rates, high inflation, declining economic growth, a war in Ukraine and corona outbreaks in China. The war in Ukraine and the “lockdowns” in China are adding to supply chain issues, putting more pressure on inflation. Central banks are forced to raise interest rates to curb inflation, but at the same time economic growth is slowing down considerably. A stagflation scenario is therefore more likely than before. In the Eurozone, economic growth fell to 0.2% in the first quarter of 2022, while inflation rose to 7.5%. The US economy even shrank by 0.4% compared to a quarter earlier. As a result of this combination of uncertainties, financial markets are under pressure.

Company results for the first quarter are generally good. Until last week, 86% of companies published better-than-expected results, according to an analysis by Bloomberg. Still, some companies' numbers, and management's disclosures, indicate that companies are also suffering from supply chain problems, inflation and, in some cases, weakening demand. So here too the uncertainties have increased.

We expect the uncertainties to continue for a while. There is no short term solution for the conflict in Ukraine. Inflation may have peaked, but will remain high for the rest of the year. However, the biggest uncertainty at the moment is the economy. The big question is whether the large number of uncertainties combined with rising interest rates will ultimately push the economy into recession. The chance of that is increasing. In previous crises, central banks could help the economy with support measures, but now they have to raise interest rates to curb inflation. It is becoming increasingly clear that central banks have waited too long to adjust their policies, which has exacerbated economic risks.

A more positive scenario is possible if it turns out that inflation has indeed peaked and central banks may raise interest rates less than the financial markets currently expect. An improvement in the situation in China could also improve sentiment. The Chinese government has indicated that it wants to stimulate the economy to limit the effects of the corona outbreaks and to achieve the growth targets.

Due to the uncertainties in the market, the return of the DD Equity Fund is under considerable pressure. April was a bad month with a return of -6.6%. The fund also lags the market in relative terms. This is mainly due to the relatively large exposure to technology stocks. The sector is suffering from rising interest rates and a normalization of growth after two exuberant corona years. The Nasdaq fell more than 13% (in dollars) last month, the largest decline since 2008. Companies like PayPal, Netflix, Applied Materials, Adobe and Salesforce have made the largest negative contribution to the result this year. Yet the vast majority of the technology sector can still benefit from a growth in turnover that far exceeds the growth of the economy. Tech companies usually have very strong balance sheets and attractive profit margins. The recent correction makes the valuation of these companies attractive compared to previous years. The table below shows this. Although the revenue growth forecast for the coming year is lower than the revenue growth of the past 12 months, it is still a high number. Profit margins are good and the P/E ratio is significantly lower than the P/E ratio of the past 5 years.

Top 5 negative contribution 2022						
	Theme	Turnover growth last 12m	Turnover growth expected	EBITDA margin	P/E this yr	Av P/E last 5 yrs
PayPal (US)	Digital payments	13%	12%	21%	22	61
Netflix (US)	Media	15%	10%	21%	17	90
Applied Materials (US)	Chip sector	33%	15%	34%	14	16
Salesforce (US)	Cloud/Software	25%	21%	19%	37	NB
Adobe (US)	Cloud/Software	18%	13%	42%	29	52

Source; Bloomberg,

Largest positive and negative contribution

The biggest negative contribution to the result came from Netflix last month. The company came with disappointing results, causing the share price to fall by 35% in one day. The company recorded a decline in the number of users for the first time since 2001. Although the decline in user numbers was due to the cessation of operations in Russia, it is clear that the company is suffering from increased competition and a more critical consumer as high inflation forces consumers to make choices. As a result, the company's revenue and margin growth will be lower. Netflix wants to revive its growth by offering a cheaper subscription with ads. In addition, the company will take stricter action against the sharing of passwords, as a results of which the company misses a lot of turnover.

Amazon also came with disappointing results. Profitability of the online webshop is under pressure due to higher costs due to inflation and a significant capacity expansion. However, the problems here seem to be of a more temporary nature. Cloud service provider Amazon Web Services also continues to perform very well with revenue growth of 37%.

Shares of Merck and Johnson & Johnson performed well on the back of strong results and the defensive characteristics of the healthcare sector. Mastercard and Visa also published strong numbers. Payment networks are taking full advantage of the reopening of the economy. At Mastercard, turnover increased by 24% and profitability even by 44%. Unilever shares rose in value thanks to a turnover growth of more than 7%. However, the turnover growth was entirely the result of an 8% increase in prices, while the volume even fell slightly. The question is how long companies like Unilever and Nestlé can continue to achieve high revenue growth simply by raising prices. Consumers may drop out because they opt for cheaper alternatives. Finally, Chinese JD.com benefited from a cautious improvement in sentiment in China.

Table: top 10 positive and negative contribution to the monthly result (in €)

Top 5 Positive			Top 5 Negative		
	Return	Contri.		Return	Contri.
Merck (US)	14.0%	0.3%	Netflix (US)	-46.4%	-0.6%
JD (Chi)	12.8%	0.2%	Amazon (US)	-19.6%	-0.6%
Mastercard (US)	7.4%	0.2%	Paypal (US)	-19.8%	-0.6%
Johnson & Johnson (US)	7.4%	0.2%	Nvidia (US)	-28.3%	-0.4%
Unilever (UK)	8.3%	0.1%	Alphabet (US)	-13.3%	-0.3%

Source: DoubleDividend/Bloomberg

Portfolio changes

The Infineon share was added to the portfolio last month. Infineon sells microchips with a strong focus on sustainability. Infineon develops, produces and sells chips for sectors such as automotive, power management and security. Infineon's chips are used in electric cars, e-bikes, windmills, payment systems and energy systems in buildings, among other things. Thanks to a strong focus on sustainable products, Infineon's products avoid 33 times more CO2 emissions than the company emits itself. Infineon has a strong market position, attractive profit margins and a good long-term track record. The recent price drop offers an attractive entry point.

The NovoNordisk share has been sold completely because of the increased price. The positions in NVIDIA, AMD, Applied Materials, Lam Research, DrMartens and Okta have expanded slightly. The expansion of positions in the chip sector is the result of the sharp correction of share prices in the sector, while the outlook for both the short and long term is strong.

Table: top 10 holdings in portfolio of the month end.

Companies & weight in portfolio			
Microsoft (US)	3.9%	Paypal (US)	2.6%
Alphabet (US)	3.5%	Applied Material (US)	2.5%
Thermo Fisher (US)	3.2%	Adobe (US)	2.4%
Visa (US)	2.6%	Mastercard (US)	2.4%
Amazon (US)	2.6%	Johnson & Johnson (US)	2.4%

Source: DoubleDividend

Team DoubleDividend

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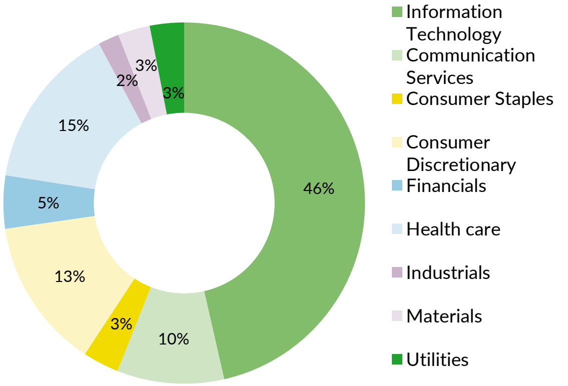
Appendix: portfolio characteristics

Table: Characteristics portfolio DDEF per month end

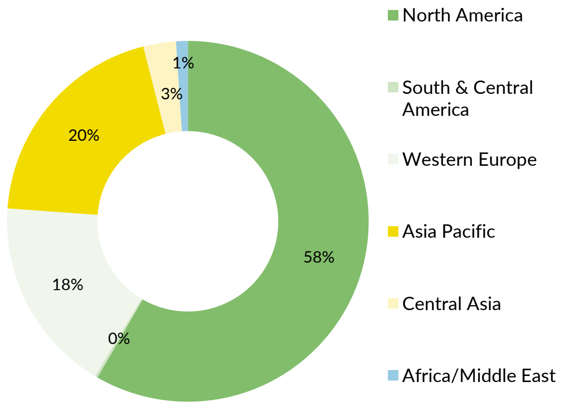
Valuation		Risk	
P/E ratio	32.2	Bèta (raw)	1.09
P/E ratio expected	21.2	Debt/EBITDA	2.2
EV/EBITDA expected	15.5	VAR (Monte Carlo, 95%, 1 yr)	29.5%
Dividend yield	1.4%	Standard deviation	18.2%
Price/cashflow expected	16.3	Tracking error (vs BBG World)	6.1%

Source: DoubleDividend/Bloomberg

Distribution per sector (GICS)



Distribution per region



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