DD EQUITY FUND

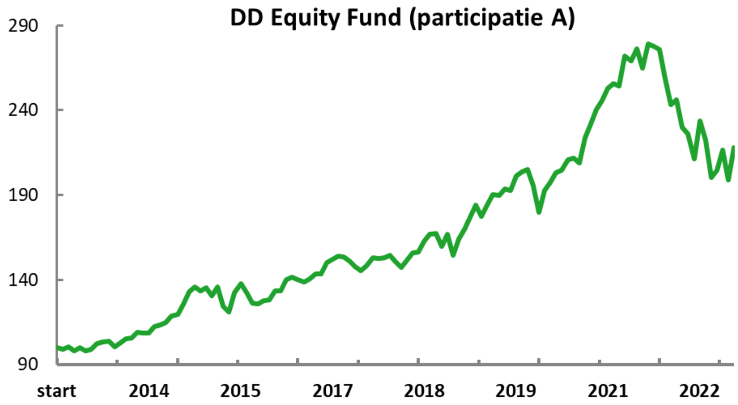
Monthly report January 2023

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 9.6% in January 2022, as a result of which the net asset value per unit A rose to € 218.07.



* 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	€197.6 mln
# shares outstanding A	586,214
# shares outstanding B	208,489
# shares outstanding C	108,000
Net Asset Value A*	€ 218,07
Net Asset Value B*	€ 219,98
Net Asset Value C*	€ 221,13
# of positions	86
Beta	1.2

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	-1.81	-6.55	10.69	-4.92	-9.89	2.23	5.86	-8.19	**-27.82**
2023	9.60												**9.60**

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Market developments

The financial markets have started the new year on a positive note. Equity markets rose across a broad front, in the US, Europe and emerging countries. The dollar fell further against the euro and has now fallen about 12% compared to the peak of last September. The DDEF benefited fully from the positive sentiment and ended the month 9.6% higher.

Markets benefited from lower interest rates and more favourable inflation data. Inflation seems to have passed its peak and the financial markets expect that the cycle of interest rate hikes is also nearing its end. Interest rates are now even expected to fall in the second half of 2023, while at the same time the economy continues to perform reasonably well. In the US, for example, the economy grew by 2.9% in the fourth quarter. Unemployment is not (yet) rising fast either.

Despite these hopeful sounds, we are not there yet. Inflation is still far too high in both Europe and the US. There is also a risk that the market is too early in pricing in an interest rate decline later this year. It is also still uncertain to what extent economic growth will weaken and what the effect will be on corporate profits.

In addition to the macroeconomic developments, the stock markets were dominated by the annual results. In the period from the end of January to the beginning of March, most companies publish results over the past year and also the prospects for the coming year. As the results season has only just started, it is still too early to draw conclusions, but the first signs point to a reasonably good results season. At the same time, due to the uncertain economic conditions, companies are a bit more cautious about the outlook for 2023.

Largest positive and negative contribution

Stocks in the chip sector including NVIDIA, AMD and TSMC benefited from the ChatGPT hype. The successful introduction of ChatGPT last November is an important breakthrough in the application of AI or artificial intelligence. In addition to data, the most important raw materials of AI models are computing power and data storage. The breakthrough of ChatGPT and other AI models will therefore further boost the demand for computing power and datacentres. NVIDIA and AMD are the main producers of chips for datacentres and computers that require a lot of processing power. TSMC produces those chips for NVIDIA and AMD, while companies such as ASML and Applied Materials supply the equipment to TSMC.

Tabel: top 5 positive and negative contribution to the monthly result (in €)

Top 5 Positive			Top 5 Negative		
	Return	Contri.		Return	Contri.
Salesforce (US)	24.4%	0.5%	Johnson & Johnson (US)	-9.1%	-0.2%
ASML (NL)	19.6%	0.5%	Genmab (US)	-9.2%	-0.1%
Nvidia (US)	31.3%	0..5%	HDFC Bank (India)	-3.3%	-0.1%
TSMC (Taiwan)	22.3%	0.4%	Merck (US)	-4.9%	-0.1%
Amazon (US)	20.6%	0..4%	Dr.Martens (UK)	-17.5%	-0.1%

Source: DoubleDividend/Bloomberg

Strong results from ASML also contributed to the positive sentiment within the chips sector. ASML expects revenue growth of more than 25% in the coming year and further growth in profit margins. ASML CEO Peter Wennink expects the chip sector to recover in the second half of 2023. Increasing regulation, however, remains a key risk for ASML and other players. The US has signed an agreement with Japan and the Netherlands to limit the export of advanced chip equipment to China.

Software company Salesforce rose sharply last month after it announced cost reduction initiatives and the appointment of 3 new supervisory directors. The company is under pressure from shareholders to improve profit margins. The profit margins of Salesforce, which offers software for customer relationship management, lag behind the margins achieved by many peer software companies. With the company's recent initiatives, Salesforce's management appears to be responding to investors' concerns. Margin improvement is a theme that is widespread within the technology sector. As a result of the exceptional growth during the corona period, many companies have built up a lot of excess capacity. Now that growth is returning to normal and economic growth is weakening, companies can improve margins with the help of efficiency improvements. In addition to Salesforce, companies such as Microsoft, Google and Amazon have also announced measures to improve margins, including staff layoffs and real estate divestitures.

What companies don't reduce spending on, however, is innovation. Microsoft CEO Satya Nadella argued during the presentation of the annual results that efficiency improvements are necessary to be able to take the next step in innovation. The process of digitization continues and the share of spending on digitization as a percentage of the total economy will only increase further. The era of AI (artificial intelligence) is upon us, with far-reaching consequences for the way the economy and society will perform. Companies will therefore have to continue to innovate in order to remain relevant. In this context, Microsoft announced that it will be investing around 10 billion euros in OpenAI, the organization behind ChatGPT. OpenAI's activities align well with Microsoft's activities. They can be integrated into Microsoft office and search engine Bing, among other things. In addition, OpenAI can use Microsoft Azure data centers.

Another stock that performed strongly last month is Samsung SDI. The sister company of the Korean Samsung conglomerate is a specialist in batteries for consumer electronics (including telephones, laptops and vacuum cleaners) and mobility (cars, e-bikes, scooters). In particular, the demand for batteries for electric vehicles is growing rapidly. As a result, Samsung SDI managed to realize a turnover growth of almost 50% over the past year. Operating profit increased by almost 70% over the same period. The company also expects strong revenue growth for 2023 thanks to a strong demand for batteries for cars. This market is expected to grow by 40% in the coming year.

This month's list of laggards is led by companies such as Johnson & Johnson, Merck and Genmab, which have done relatively well over the past year.

Portfolio changes

Edwards LifeSciences has been added to the portfolio. The company is an innovative medical technology company that specializes in cardiovascular diseases. The company's main product is the transcatheter valve replacement systems (TAVR). Edwards Lifesciences technology allows an aortic valve to be replaced using transcatheter technology. The new heart valve is inserted by a catheter through the groin without having to remove the old aortic valve. The TAVR technique is much less invasive than the alternative, open heart surgery, and therefore has a lower risk of complications. The operation takes much less time (normally about 1 hour) and the recovery time for the patient is also much shorter because the chest does not have to be opened. A TAVR is somewhat more expensive than a conventional valve replacement. Transcatheter heart valves represent the majority of Edwards Lifesciences' sales at approximately 65%. Other products are also linked to cardiovascular disease.

Edwards Lifesciences products are technically leading. The company spends 17-18% of its turnover on R&D. This has made the company the market leader. Main competitor in the TAVR market is Medtronic (also in portfolio). Cardiovascular diseases, together with cancer, are still the leading cause of death worldwide. Due to aging and changes in lifestyle (particularly in emerging countries), there is a strong growth in demand for Edwards Lifesciences products. The company expects revenue growth of more than 10% year-on-year over the longer term. Thanks to its technological lead and strong market position, the company can realize above-average profit margins. With a net cash position, the company also has a rock-solid balance sheet. The Edward Lifesciences share has fallen by more than 40% in the past year, creating an attractive entry point.

Expansion positions; AMD, Infineon, Apple, Microsoft, Palo Alto Networks, Roche, Salesforce, Crowdstrike, ServiceNow.

Reduction positions: Nike, Merck, Mastercard, LVMH, ASML, Thermo Fisher, Lam Research

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

Companies & weight in portfolio			
Microsoft (US)	3.9%	PayPal (US)	2.5%
Alphabet (US)	3.2%	Adobe (US)	2.3%
ThermoFisher (US)	2.7%	Amazon (US)	2.2%
Applied Materials (US)	2.7%	ASML (NL)	2.1%
Saleforce (US)	2.6%	HDFC Bank (India)	2.1%

Source: DoubleDividend

Team DoubleDividend

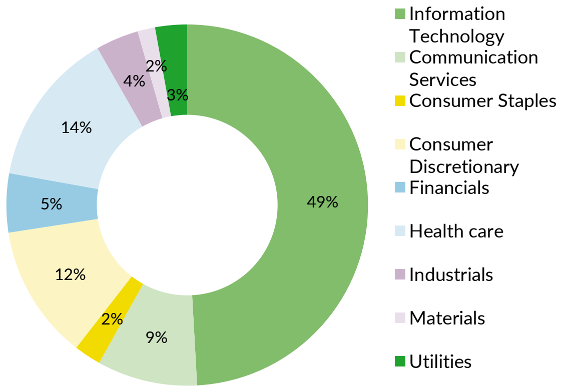
Appendix: portfolio characteristics

Table: Characteristics portfolio DDEF per month end

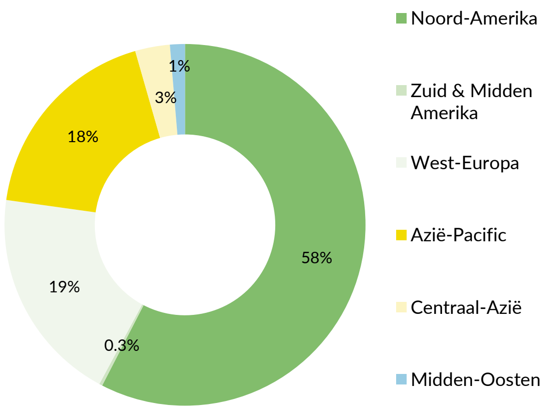
Valuation		Risk	
P/E ratio	32.2	Bèta (raw)	1.2
P/E ratio expected	21.2	Debt/EBITDA	2.7
EV/EBITDA expected	14.7	VAR (Monte Carlo, 95%, 1 yr)	33.4%
Dividend yield	1.6%	Standard deviation	20.9%
Price/cashflow expected	15.3	Tracking error (vs BBG World)	8.0%

Source: DoubleDividend/Bloomberg

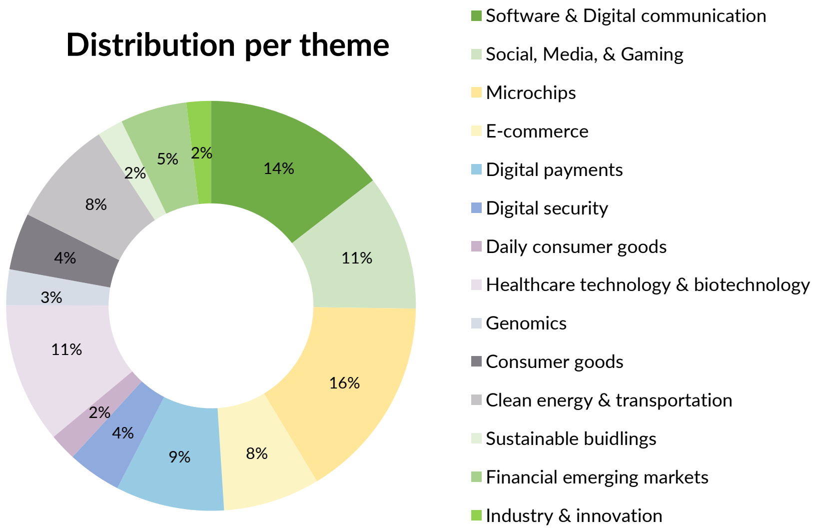
Distribution per sector (GICS)



Distribution per region



Distribution per theme



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