DD EQUITY FUND

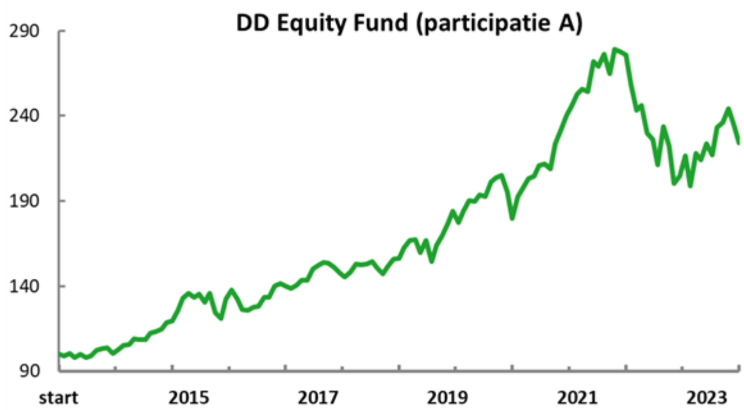
Monthly report September 2023

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 -4.9% in September 2023, as a result of which the net asset value per unit A declined to € 224.



* 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	€188.3mln
# shares outstanding A	563,468
# shares outstanding B	168,991
# shares outstanding C	104,500
Net Asset Value A*	€ 224.00
Net Asset Value B*	€ 226.41
Net Asset Value C*	€ 227.96
# of positions	81
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	-1.68	4.32	-2.99	7.46	1.33	3.50	-3.66	-4.91				**12.58**

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Periodic long term return in % (figures are after costs)*

	1 year	3 year	5 year	10 year	Since start**
Total Return	11.9	5.8	34.0	125.9	124
Annualized Total Return	11.9	1.9	6.0	8.5	8.0

Source: Bloomberg/DoubleDividend

** April 2013

Market developments

Equities were also under pressure in September. The market is pricing in that interest rates will remain high for a longer period of time. In addition, the rising oil price has recently created new inflationary pressure. The ECB raised interest rates for the tenth time in a row last month, bringing the interest rate to 4%. The FED, on the other hand, kept interest rates unchanged at 5.25%-5.5%. Higher interest rates put the valuation of equities under pressure last month. Growth stocks in particular were under pressure, which translated into a negative result for the DD Equity Fund of 4.9%. This brings the annual result to 12.6%.

However, the higher interest rates also contain positive news for the stock market. The higher interest rates are not only the result of persistent inflation, but also of an economy that continues to perform better than expected, especially in the US. The FED has significantly revised upwards economic growth expectations for the US. The central bank now expects growth of 2.1% in 2023 compared to 1% previously. For 2024, the FED expects economic growth of 1.5%, while at the same time the FED does not see unemployment rising further than the modest level of 4.1% in the coming period. As for inflation, the FED expects a gradual decline to the desired level of 2%. For the rest of the world, especially Europe and China, the economic outlook remains bleak compared to the US.

Company news

For company results, it is a quiet period. Nevertheless, a few companies in the portfolio recently conducted their annual "Investor Relations" day, during which they shared insights with analysts and investors. Notably, software firms such as Workday and Crowdstrike outlined their strategies for the upcoming years. Both of these companies are positioned as high-growth companies within the portfolio.

Workday is the market leader in software for HR departments. Workday's software helps companies with recruitment, training, payment, etc. of staff. The company is very successful with large companies, especially in the US (50% of the Fortune 500 companies are customers). Workday now wants to grow with smaller companies and in other parts of the world such as Europe and Asia. In addition, Workday is broadening its product range. The company now also offers cloud software solutions for finance departments. In this field Workday mainly competes with major players such as Oracle and SAP. These companies are also transitioning to the cloud, but are less advanced than Workday. The company expects revenue growth of 17-19% per year for the next 3 years and expects to grow its operating profit margin to 25%. From a sustainability perspective, Workday continues to perform very well. The company has been using 100% energy from renewable sources for its data centers and its own office network since 2019. There are also a wide range of initiatives to reduce energy consumption. Since 2020, the company has been operating with net-zero carbon emissions (data centers, offices, business travel).

Crowdstrike, which is active in the field of cyber security, also provided optimistic growth expectations. The cybersecurity market continues to attract a lot of attention. Last month, a number of companies were again affected by extensive problems as a result of a cyberattack. Clorox and MGM (both not in the portfolio), for example, were hit hard. At Clorox, which makes among other things cleaning products, the entire order system came to a standstill, forcing the company to issue a profit warning. At MGM Resort the reservation system was attacked by hackers, as a result of which customers could no longer book rooms. Both companies are rumored to have paid tens of millions of dollars to the hackers as "ransom". According to experts, the group behind these hacks consists mostly of young people from the US and the UK. So it is certainly not only attacks from countries such as Russia, Iran and North Korea that cause major cyber security issues. The costs to business are enormous. In addition to the sometimes tens of millions in payments that are made, affected companies often loses turnover and there is damage to its reputation. At Clorox, for example, borrowing costs also increased due to higher business risk.

It is clear that we are dealing with a major social problem with far-reaching risks for companies and other organizations. Cybersecurity has been a top priority for several years now for the management of large companies and organizations such as hospitals and universities. Regulators are also increasingly aware of the magnitude of the risks. For example, the SEC, recently required companies to report large-scale hacks within 4 days. At the same time, protecting organizations against hackers has become a lot more complicated. Previously, a good firewall offered reasonable protection because almost everyone worked in the office and most organizations used local servers. In the current digital infrastructure where people work from different locations with different types of devices, external data centers are being used, the "Internet of Things" connects everything to everything, work processes largely go via the cloud, the danger comes from many sides. This also requires a completely different design of the digital security of organizations. Companies such as Crowdstrike and Zscaler offer this new infrastructure, which is often referred to as zero trust exchange.

Source: Zscaler

The big difference with the old cyber security infrastructure is that it was previously assumed that everything in front of the firewall is unsafe and everything behind the firewall is safe. Now the entire work process (workflow) is continuously monitored because it is assumed that there is constant danger; the zero trust exchange. This involves extensive use of data and artificial intelligence. For example, when someone opens a file in the cloud, the security software checks; who is it, where does this person work from, which device does he or she use, has that person opened the file before, what is the IP address, etc. etc. By continuously monitoring the entire digital infrastructure and workflow and recording patterns, the digital safety is being managed. In case of a red flag, immediate action is taken.

Cybersecurity is a growing theme within the DDEF portfolio with companies such as Crowdstrike, Zscaler, Palo Alto Networks and Okta. It is a sector with a lot of potential and has an important value to society. As mentioned, Crowdstrike came with very optimistic growth expectations. The company expects to grow to $10 billion in revenue over the next 5 to 7 years, up from $2.2 billion last year. What makes Crowdstrike special is that the company is growing quickly while being very profitable at the same time. The company is also debt-free. Over the next few years, Crowdstrike expects its profit margin to grow from 22 to 32%. We see the valuation of the share as the most important risk. The price/earnings ratio of 59 is high, but very reasonable in relation to the expected growth in turnover and profit. However, experience shows that growth of companies does not occur linearly; any disappointing growth figures in a quarter can lead to a significant price correction. Crowdstrike is therefore really a stock for the long term.

Largest positive and negative contribution

Last month's negative result was widely supported. Shares related to the energy transition, such as Samsung SDI (batteries for EVs) and Solaredge (inverters for solar panels) were under big pressure. The sector is relatively affected by the higher interest rates.

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

Top 5 Positive			Top 5 Negative		
	Return	Contri.		Return	Contri.
Crowdstrike(US)	5.3%	0.1%	Samsung SDI (Korea)	-16.6%	-0.2%
China Lonyuan (Chi)	12.7%	0.1%	Salesforce (US)	-6.1%	-0.2%
Daifuku (Japan)	5.6%	0.1%	Workday (US)	-9.9%	-0.2%
FIS (US)	2.4%	0.0%	NVIDIA (US)	-9.6%	-0.2%
Zscaler (US)	2.2%	0.0%	SolarEdge (US)	-18.3%	-0.2%

Source: DoubleDividend/Bloomberg

Portfolio changes

The Adidas position was divested last month. The share has risen sharply this year and we see better opportunities elsewhere. Several positions related to the healthcare sector have been expanded such as Edwards Lifesciences, Genmab, Roche and Sonova. Similarly the positions in Nike, LVMH and Solaredge have also been slightly increased. Concurrently, we have made some reductions in technology stocks, including Apple, ServiceNow, and Intuit, due to their strong performance.

Table: top 20 holdings in portfolio by the month end.

Companies & weight in portfolio			
Salesforce (US)	3.4%	TSMC (Taiwan)	2.0%
Alphabet (US)	3.3%	PayPal (US)	2.0%
Microsoft (US)	3.0%	NVIDIA (US)	2.0%
Amazon (US)	2.9%	Service Now (US)	2.0%
Thermo Fisher (US)	2.8%	Crowdstrike (US)	1.9%
Applied Materials (US)	2.5%	HDFC Bank (India)	1.9%
Adobe (US)	2.4%	Workday (US)	1.8%
ASML (NL)	2.4%	ENEL (Italy)	1.8%
Danaher (US)	2.3%	Medtronic (US)	1.8%
AMD (US)	2.1%	Visa (US)	1.7%

Source: DoubleDividend

Termination of Euronext listing

From 2 October 2023, the DD Equity Fund's A shares, will no longer be listed on Euronext Amsterdam and, like the DD Equity Fund's B and C shares, these shares will be tradable through the DD Equity Fund's register.

The ISIN in question is as follows:

- DD Equity Fund - A: NL0010511002

There will remain daily tradability, only the connection between the distributor (banks and financial companies) will no longer be through Euroclear Netherlands (the platform used by Euronext Amsterdam), but through other distribution channels. The distribution channel (the administrative connection) differs per distributor.

Reasons for the delisting are the rising costs of maintaining a listing on Euronext Amsterdam and the increased regulatory framework. In addition, the fact that most distributors (banks and financial companies) have an infrastructure to trade unlisted investment funds, made DoubleDividend Management B.V. decide to delist the DD Equity Fund from Euronext Amsterdam and transfer the entire distribution for all types of shares through the register with the transfer agent (CACEIS Bank, Netherlands Branch). The prospectus was amended to this effect with effect from 2 October 2023.

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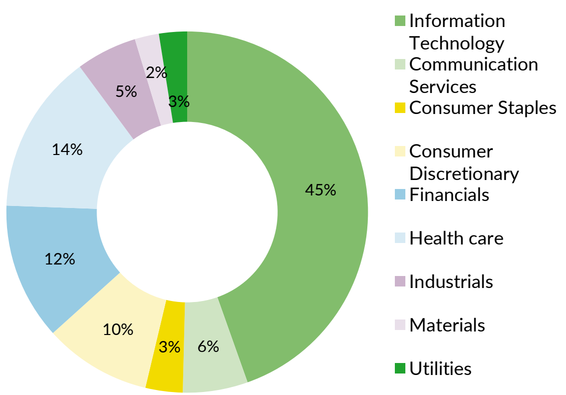
Appendix: portfolio characteristics

Table: Characteristics portfolio DDEF per month end

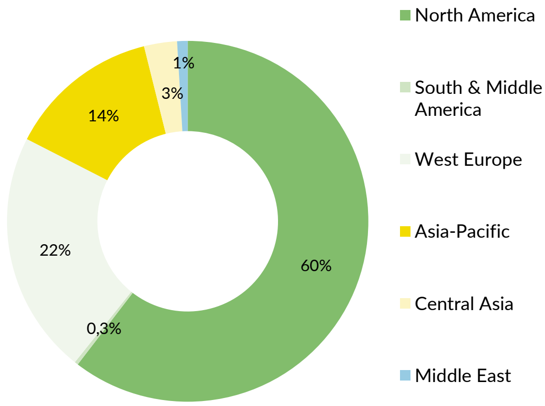
Valuation		Risk	
P/E ratio	31.9	Bèta (raw)	1.2
P/E ratio expected	19.7	Debt/EBITDA	2.8
EV/EBITDA expected	15.0	VAR (Monte Carlo, 95%, 1 yr)	28.3%
Dividend yield	1.7%	Standard deviation	18.2%
Price/cashflow expected	15.3	Tracking error (vs BBG World)	6.9%

Source: DoubleDividend/Bloomberg

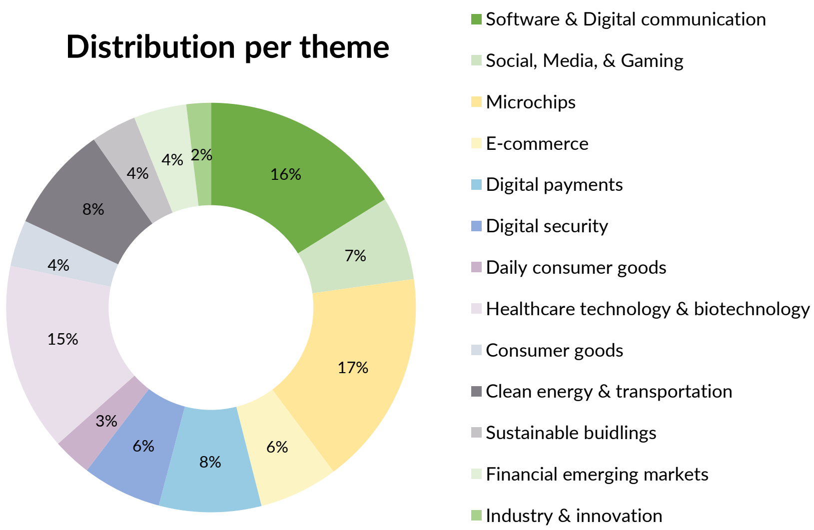
Distribution per sector (GICS)



Distribution per region



Distribution per theme



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