DD EQUITY FUND

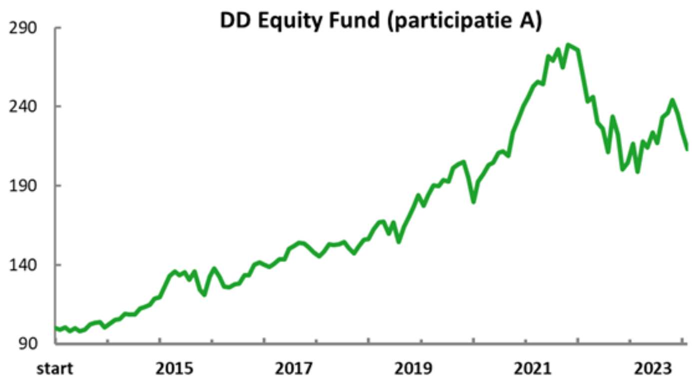
Monthly report October 2023

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 -4.8% in October 2023, as a result of which the net asset value per unit A declined to € 213.14.



* 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	€177,4mln
# shares outstanding A	562.334
# shares outstanding B	165340
# shares outstanding C	100.850
Net Asset Value A*	€ 213.13
Net Asset Value B*	€ 215.48
Net Asset Value C*	€ 217.01
# of positions	79
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

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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	-4.85			**7.12**

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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	3.9	2.1	32.7	108.7	113.1
Annualized Total Return	3.9	0.7	5.8	7.6	7.4

Source: Bloomberg/DoubleDividend

** April 2013

Market developments

Equities were under pressure for the third month in a row, causing the stock markets to give up a large part of their 2023 gains. The war between Israel and Hamas gained increasing traction on the market during the month. Two wars and broader geopolitical tensions, combined with economic uncertainties and rising interest rates, are just too much for the financial markets at the moment. At the same time, the earnings season failed to convince investors. Although companies in general published better than expected figures for the third quarter, the good news was hardly rewarded while the bad news was severely punished. Some investors find the mix of uncertainties too great and capitulate. The higher (savings) interest offers them a safe haven.

It is clear that the market conditions are difficult, but there are still sufficient signs for recovery. Firstly, inflation is developing favorably, which has changed the script of central banks. The discussion has shifted from how much further to increase to how long to remain at this level. It is expected that both the FED and the ECB will not raise interest rates further and that inflation will continue its downward trend. Ultimately, an interest rate cut will follow. At the same time, a major recession is becoming less and less likely. Although growth in Europe has virtually come to a standstill and China is also lagging behind expectations, the US economy is growing strongly. In the third quarter, economic growth in the US was surprisingly high at 4.9%. Unemployment remains low almost worldwide. Due to the large number of uncertainties, consumers have been somewhat cautious recently, but many companies expect a recovery in the course of 2024.

Business results have also held up well so far. However, companies are more cautious about the future due to the large number of uncertainties. We see a clear difference between technology companies and companies in other sectors, including healthcare and sustainable energy in particular. The technology sector expects a clear recovery in the short term, on the one hand due to a shorter cycle (for example in the chip sector) and on the other hand due to structural developments in the field of artificial intelligence, among other things. With technology, you can only postpone investments for a certain period. If you wait too long as a company, you will lose track of developments and will definitely fall behind. That is precisely why we still see healthy growth at software companies, for example.

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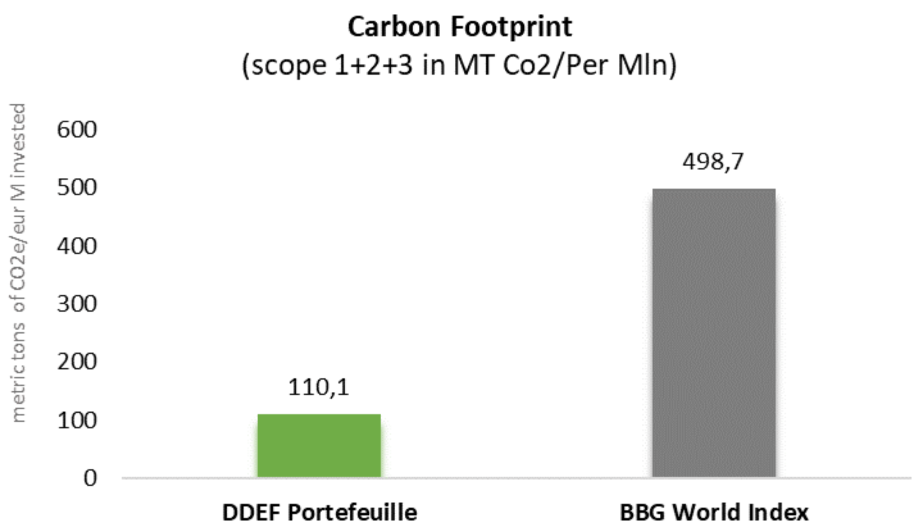
Sustainability under pressure

What is striking, and disturbing, is the drop in demand among companies that are active in the field of sustainability and electrification of the economy. For example, sales of electric cars are under pressure, the construction of wind farms is being delayed and the installation of solar panels has suddenly fallen sharply in recent months. Tesla, among others, warned of lagging demand for electric cars, pushing the entire sector and supply chains down. Siemens Energy is seeking support from the German government due to problems with the construction of wind turbines and Orsted from Denmark has stopped a large number of plans for wind farms. At the same time, Shell is shrinking its sustainable energy department and British Prime Minister Sunak has postponed a number of important climate measures. The pressure on sustainability is also visible within DDEF's portfolio. For example, SolarEdge and Enphase (producers of inverters for solar panels and home batteries) reported weak figures due to a significant drop in demand, and companies such as Samsung SDI, Nidec and Infineon, which focus on electrifying transportation, are also under pressure. Part of this drop in demand can be explained by economic developments. In particular, the cautious consumer (electric cars) and higher interest rates (solar panels) play a role. But there are also more worrying developments at companies and in politics. The climate-skeptical camp is gaining ground here, causing policies to be delayed or even reversed. High inflation and increased inequality play a role in this; not everyone can bear the often higher costs of becoming more sustainable. The increased oil price also causes opportunistic behaviour among oil and gas companies such as Shell, BP and Total. The short-term gain is too attractive, causing the already unambitious promises to gradually reduce fossil fuel production to be reversed or scaled down. We cannot help but believe that this is a temporary phenomenon in an ultimately irreversible process. We make a clear and unconditional choice and therefore continue to invest in electrification and sustainability with companies such as SolarEdge, Enphase, Samsung SDI, Legrand, Infineon and Nidec.

Carbon emissions DDEF

In collaboration with Bloomberg, we have recently looked at the carbon footprint of the portfolio and compared it to a benchmark (the Bloomberg World Index). The data tells us something about the sustainability characteristics of the DD Equity Fund measured in terms of Co2 emissions compared to the average of the stock market. The figures show that the emissions of the DDEF portfolio are significantly (65 to 78%) lower than the average of the stock market.



The carbon footprint measures CO2 emissions in MT per million capital invested. This is therefore a good way to compare investment funds. Based on Bloomberg calculations for the DDEF, this is on average 68% lower than the global index based on scope 1 and 2 and even 78% lower based on scope 1, 2 and 3. The carbon intensity calculates the emissions of companies in the portfolio measured by turnover. This is therefore a good way to compare companies with each other. Also by this standard, the emissions of the DD Equity fund are considerably lower than average.

Tabel: Carbon footprint and -intensity DDEF

Carbon footprint (in Mt Co2 per /Mln invested)		Carbon intensity (in Mt Co2 per /Mln sales)	
DDEF Scope 1+2	19.2	DDEF Scope 1+2	110.1
BBG World Scope 1+2	60.0	BBG World Scope 1+2	498.7
Difference	-68%	Difference	-67%
DDEF Scope 1+2+3	110.1	DDEF Scope 1+2+3	329.0
BBG World Scope 1+2+3	498.7	BBG World Scope 1+2+3	937.1
Difference	-78%	Difference	-65%

Bron: DoubleDividend/Bloomberg

Scope 1 and 2 take into account the company's own emissions and emissions related to the company's energy purchases. Scope 3 also takes into account emissions over the lifespan of the products a company makes. The data is based on published company data and, where not available, based on Bloomberg estimates.

Largest positive and negative contribution

The largest negative contribution to the result came from Solaredge and Enphase. Both companies delivered disappointing results. The demand for inverters for solar panels has fallen sharply due to a sudden drop in the number of new installations. Demand has fallen sharply, especially in Europe, due to higher interest rates and economic uncertainties. But political uncertainties, especially in Europe, also play a role. For example, Enphase recorded a decline in sales in the Netherlands and Germany of 40% and 32% respectively. In addition to the weak housing market, political unrest was cited as the main cause for the decline in turnover. Yet there are few doubts among experts about the long-term prospects for solar energy, especially now that the construction of offshore wind farms is encountering more and more problems. Climate change, electric driving, heat pumps, geopolitical unrest, legislation and regulations, etc. etc. all ensure that solar energy will become an increasingly important part of the energy supply.

The positive contribution came mainly from Microsoft and Amazon, both with strong results. At Microsoft, cloud services in particular are growing rapidly. Microsoft Azure achieved 29% more turnover than a year earlier and is growing faster than its main competitors Amazon Web Services (AWS) and Alphabet. Despite AWS's lower growth, Amazon's figures were also well received, especially due to a significant improvement in profitability. Netflix also did well thanks to higher-than-expected user growth. Netflix added 8.8 million users in one quarter, bringing its total subscriptions to 247 million.

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

Top 5 Positive	Return	Contri.	Top 5 Negative	Return	Contri.
Microsoft (US)	7,2%	0,2%	Solaredge (Israël)	-16,6%	-0,5%
Amazon (US)	4,8%	0,2%	Enphase (US)	-6,1%	-0,4%
Netflix (US)	9,2%	0,1%	Thermo Fisher (US)	-9,9%	-0,3%
Crowdstrike (US)	5,8%	0,1%	Genmab (Denmark)	-9,6%	-0,3%
Nike (US)	7,6%	0,1%	Teradyne (US)	-18,3%	-0,3%

Source: DoubleDividend/Bloomberg

Portfolio changes

The position in Apple and Air Products were sold last month due to the relatively strong performance and because we see better opportunities elsewhere. The small position in Veralto (demerger from Danaher) has also been sold. A number of other positions including Unilever, eBAY and Infosys have been reduced somewhat. The money has been reinvested in healthcare (Danaher, Thermo Fisher and Edwards Lifesciences), strong performing technology companies (ServiceNow, Amazon, ASML, Intuit) and a number of decliners in the sustainable energy bucket (Enphase, Samsung SDI and Solaredge). The number of positions in the portfolio has fallen slightly to 79 compared to 81 a month earlier.

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

Companies & weight in portfolio			
Salesforce (US)	3,6%	Crowdstrike (US)	2,2%
Microsoft (US)	3,4%	TSMC (Taiwan)	2,1%
Amazon (US)	3,4%	AMD (US)	2,1%
Alphabet (US)	3,3%	Enel (Italy)	2.0%
ASML (NL)	2,9%	LVMH (France)	1,9%
Thermo Fisher (US)	2,7%	Visa (US)	1,9%
Adobe (US)	2,7%	PayPal (US)	1,9%
Applied Materials (US)	2,6%	Workday (US)	1,9%
Servicenow (VS)	2,5%	HDFC Bank (India)	1,8%
NVIDIA (US)	2,2%	Danaher (US)	1,8%

Source: DoubleDividend

Team DoubleDividend

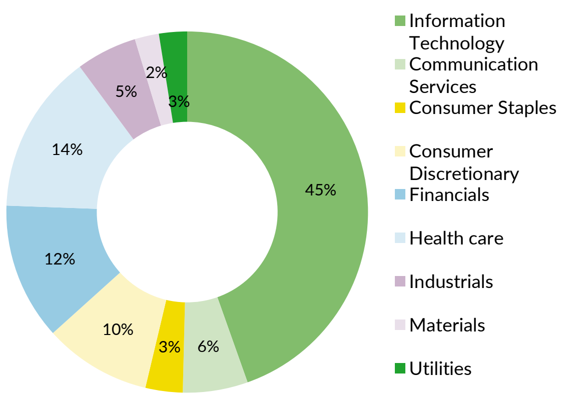
Appendix: portfolio characteristics

Table: Characteristics portfolio DDEF per month end

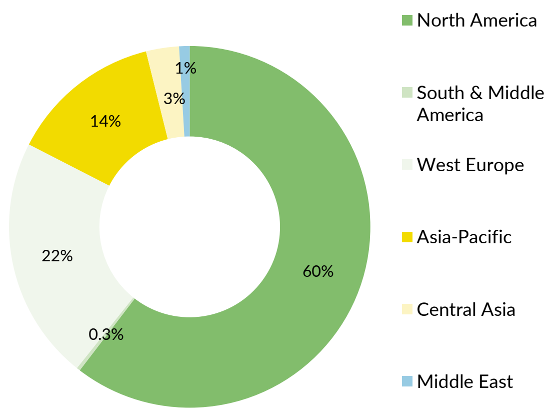
Valuation		growth	
P/E ratio	31.2	Expected revenue growth	7.5%
P/E ratio expected	19.1	Expected EBITDA growth	23.5%
EV/EBITDA expected	13.8	Gross profit margin	47%
Dividend yield	1.2%	Operational profit margin	9.7%
Price/cashflow expected	14.5	Beta	1.2

Source: DoubleDividend/Bloomberg

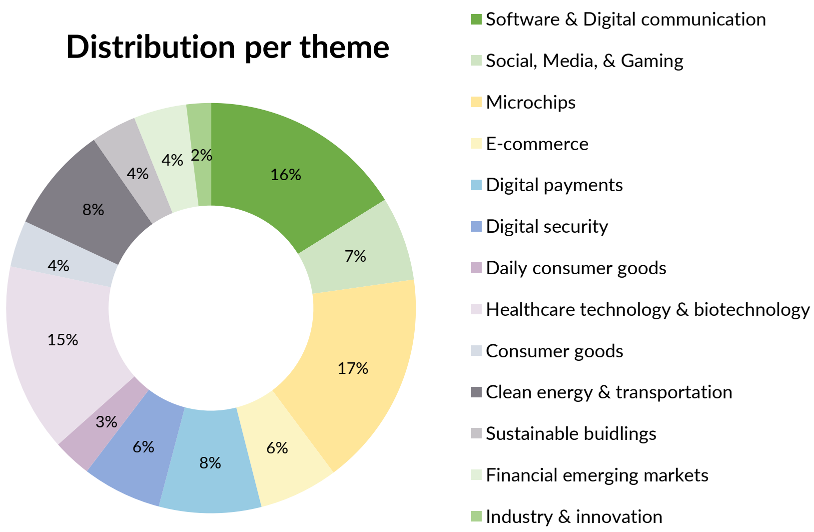
Distribution per sector (GICS)



Distribution per region



Distribution per theme



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