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DD EQUITY FUND

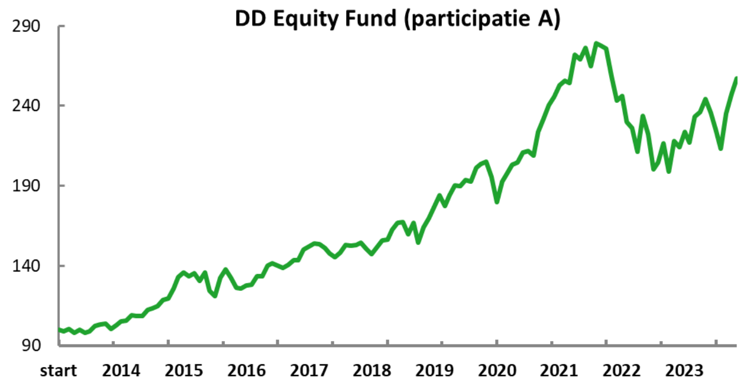
Monthly report January 2024

Profile

DD Equity Fund (DDEF) is an actively managed 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 can be traded on a daily basis.

Return participation A*

DD Equity Fund achieved a return of 4% in January 2024, as a result of which the net asset value per unit A rose to € 257.31.



* 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	€205.3mln
# shares outstanding A	535,802
# shares outstanding B	157,599
# shares outstanding C	100,850
Net Asset Value A*	€ 257.31
Net Asset Value B*	€ 260.34
Net Asset Value C*	€ 262.35
# of positions	71
Beta	1.3

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
ISIN (A)	NL0010511002
ISIN (B)	NL0014095127
ISIN (C)	NL0015614603
Benchmark	None
Currency	Euro

Risk monitor

* per participation
** expect

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	10.40	5.11	**24.30**
2024	4.04												**4.04**

* The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future. As a result, you may lose all or part of your investment. You can read more about the risks in the Fund's Key Information Document and prospectus.

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

	1 year	3 year	5 year	10 year	Since start**
Total Return	18.0	6.9	56.8	156.3	157.3
Annualized Total Return	18.0	2.2	9.8	9.8	9.1

Source: Bloomberg/DoubleDividend

** April 2013

Market developments

After a somewhat hesitant start, the stock market ended January on a positive note. The significant themes of 2023, including interest rates, inflation, the economy, AI, and geopolitics, also influenced the market last month. The ECB left interest rates unchanged last month, and there is much speculation about a potential interest rate cut in the summer or even earlier. The Fed also maintained interest rates last month but announced that a short-term rate cut is unlikely. The US economy demonstrated strong growth in the fourth quarter, expanding by 3.3%, while inflation continues to move in the right direction. The IMF has revised its global economic growth expectations upward, now projecting a 3.1% growth in 2024 compared to the previous estimate of 2.9%. Asia remains the primary source of global economic growth, with growth rates of 6.5% and 4.6% for India and China, respectively. In contrast, the eurozone is expected to lag significantly behind with an anticipated growth of 0.9%.

The technology sector continues to be the primary driver behind the rise in stock prices. Partly due to this, the DD Equity Fund managed to capitalize on the positive sentiment, achieving a 4% return in the first month of the year.

Developments within the technology sector

The results season has commenced, with several major companies in the portfolio, including TSMC, ASML, AMD, Alphabet, ServiceNow, LVMH, and Netflix, publishing their annual results last month.

The numbers from TSMC and ASML confirm that developments around AI are an important growth driver for the chip sector. TSMC expects revenue growth of 20-25% in the coming year while ASML saw a tripling of orders in the past quarter. However, not all news from the chip sector is positive, as evidenced by the results from Teradyne and AMD. A significant portion of the chip market remains in recession due to lagging demand in certain cyclical segments (including chips for smartphones, PCs, EVs, and industrial applications). The chip market is currently mainly driven by the demand for the most advanced chips for data centers and HPC (high performance computing). There is still a major shortage in this segment of the market, from which companies such as AMD, NVIDIA and TSMC in particular benefit. AMD, for example, increased its MI300 AI chips sales forecast for 2024 from USD 2 billion to 3.5 billion. The substantial demand for chips has raised concerns among governments and market participants about a persistent shortage of advanced chips. Last year, governments in Japan, the US and Europe, among others, set up subsidy programs to further expand chip manufacturing capacity and, in view of geopolitical tensions, to limit dependence on unfriendly countries. However, market participants are also increasingly worried about a capacity shortage. Last month, it was revealed that Sam Altman, the CEO of Open AI, is attempting to raise funds in the Middle East to expand high-end chip production capacity through the construction of new factories. This is good news for companies in the portfolio such as ASML and Tokyo Electron that supply the machines for chip production and emphasizes TSMC's unique market position. TSMC may face more competition in the future, but recent figures from Intel (which is catching up) show that building advanced chips requires more than just a big bag of money.

The developments surrounding AI are currently mainly visible in the results of a small number of companies in the chip sector such as NVIDIA, ASML and AMD. The sector that may ultimately benefit even more from AI developments is software. Recent full-year results and management presentations confirm that AI is not just a hype but is indeed finding its way into business and the public sector. Bill McDermott, the CEO of software company ServiceNow, currently observes significant changes in the software sector. He predicts that investments in software will grow significantly because many IT systems at companies and in the public sector are very outdated. Simultaneously, thanks in part to AI, there is an increasing willingness (and necessity) among organizations to address this issue. AI can lead to significant productivity improvements in organizations, facilitating the recouping of the high costs of modernizing outdated systems. At the same time, improved service for customers and users can be achieved. ServiceNow therefore does not see any pressure on the prices of its products. On the contrary, ServiceNow's AI products have a price tag of up to 60% higher. For example, ServiceNow employs AI for Visa to significantly enhance the handling and prevention of fraudulent card payments. The product is expected to result in significant efficiency improvements in the Visa department, improved service for consumers, and simultaneously help prevent fraud. Results from Microsoft and Alphabet also indicate major changes in the technology sector due to the rise of AI, with many CEOs describing it as the most significant technological change in a generation.

Developments at other companies

Netflix's figures confirm that the company is on the way to recovery after a challenging period. Netflix added 13 million new subscribers worldwide last quarter, bringing the total to 260 million. Turnover increased by 13% compared to a year earlier and profit margins improved significantly. The new cheaper subscription with commercials is a great success and was responsible for 40% of new subscribers. Netflix operates in a very competitive market, but for the time being it seems to have won the battle against the competition (linear TV, Disney+, HBO). However, strong competitors with deep pockets, such as Amazon, YouTube, and Apple, still remain.

The French luxury goods group LVMH reported a turnover growth of 9%. This means that the group with brands such as Louis Vuitton, Dior, Tag Heuer, Moët & Chandon and Rimowa is growing significantly less than in recent years. CEO Bernard Arnault had a striking message in this regard. He said he is doing his best to slow the company's growth to a maximum of 8% to 10% on an annual basis. According to Arnault, a company like LVMH is not about growth but about desirability. The quantity is not as important as the quality of the brands and products. Exclusivity creates desire and high profit margins. Due to lower growth, the share price has fallen in recent months, making the share very attractively valued. We have recently increased our position in LVMH and the share is now our largest position in Europe after ASML.

Within the healthcare theme, Stryker, Thermo Fisher and Danaher published results. In particular, recent addition Stryker, specialist in the field of surgery and orthopaedics, came with very strong figures and prospects for 2024. Stryker predicts turnover growth of 7.5% to 9% in 2024, well above the market average. Thermo Fisher and Danaher are in a transition phase after the loss of turnover related to the Corona pandemic. In addition to medical instruments, both companies are increasingly focusing on services to the biotech industry (such as the production of ingredients for medicines and contract research), a market that is now also going through a phase of low growth but has good long-term prospects.

Largest positive and negative contribution

The largest contribution to the result again came from the chips sector with NVIDIA, AMD (chip design) and ASML (chip fab-equipment). Just like last year, cybersecurity company Crowdstrike also made an important contribution to the result. The negative contribution to the result mainly came from companies such as Samsung SDI (batteries for electric vehicles), Enphase and SolarEdge (inverters for solar panels). The EV market is going through a major recession, as is also evident from the results of Nidec and Tesla, among others. We expect that with new regulations and a new generation of vehicles (with a larger range and a lower price), momentum will return to the electric vehicle market.

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

Top 5 Positive			Top 5 Negative		
	Return	Contri.		Return	Contri.
NVIDIA(US)	26.4%	0.6%	Samsung SDI (S. Korea)	-22.3%	-0.3%
ASML (NL)	17.1%	0.5%	SolarEdge (US)	-27.7%	-0.2%
AMD (US)	15.7%	0.5%	HDFC (India)	-15.9%	-0.2%
Crowdstrike (US)	16.5%	0.5%	Enphase (US)	-19.8%	-0.2%
Salesforce (US)	8.7%	0.4%	Teradyne (US)	-9.5%	-0.1%

Source: DoubleDividend/Bloomberg

Portfolio changes

The number of positions in the portfolio has been further reduced in the past month. The positions in FIS Global, DocuSign, Oxford Nanopore, Just Eat Takeaway, Block and Unilever have been sold. Some profits were also taken in Crowdstrike and AMD after a sharp increase last year and this month. The positions in Air Products, Nike, Edwards Lifesciences, Adobe, TSMC, ServiceNow, Stryker, Applied Materials and LVMH, among others, have been expanded. The portfolio changes are part of the (continuous) process of optimizing the quality of the portfolio and keeping it in line with rapidly changing market conditions. The sales have created space to expand relatively new positions such as Air Products and Stryker. A number of shares, such as LVMH and Nike, have also recently lagged behind, creating an attractive buying opportunity. The number of positions in the portfolio now amounts to 71.

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

Companies & weight in portfolio			
Salesforce (US)	4.2%	TSMC (Taiwan)	2.8%
Amazon (US)	4.1%	Thermo Fisher (US)	2.8%
Microsoft (US)	3.9%	Adobe (US)	2.8%
ASML (NL)	3.5%	LVMH (France))	2.5%
Alphabet (US)	3.5%	Visa (US)	2.3%
AMD (US)	3.0%	Workday (US)	2.2%
ServiceNow (US)	2.9%	Palo Alto Networks (US)	2.1%
Nvidia (US)	2.9%	Tokyo Electron (Japan)	2.0%
Crowdstrike (US)	2.9%	Danaher (US)	2.0%
Applied Material (US)	2.8%	PayPal (US)	1.9%

Source: DoubleDividend

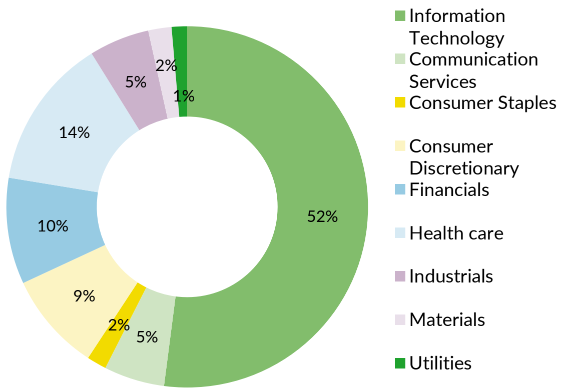
Appendix: portfolio characteristics

Table: Characteristics portfolio DDEF per month end

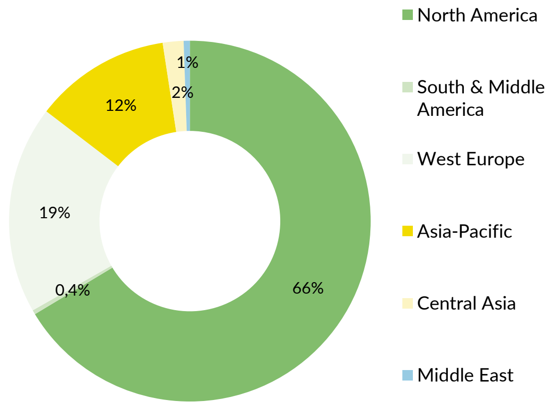
Valuation		growth	
P/E ratio	33.5	Revenue growth	1.2%
P/E ratio expected	24.3	EBITDA growth	32.1%
EV/EBITDA expected	16.3	Gross profit margin	47.7%
Dividend yield	1.4%	Operational profit margin	16.0%
Price/cashflow	18.5	VAR (value at risk)	35.3%
Beta	1.3	Standard deviation	18.4%

Source: DoubleDividend/Bloomberg

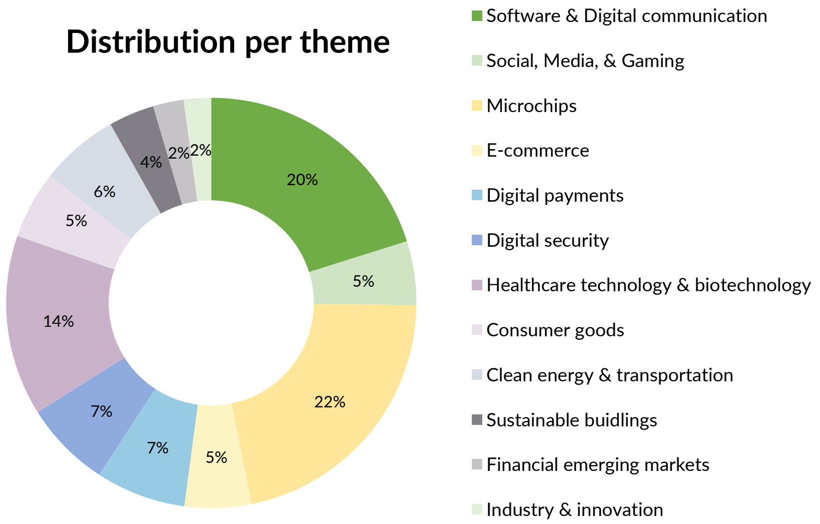
Distribution per sector (GICS)



Distribution per region



Distribution per theme



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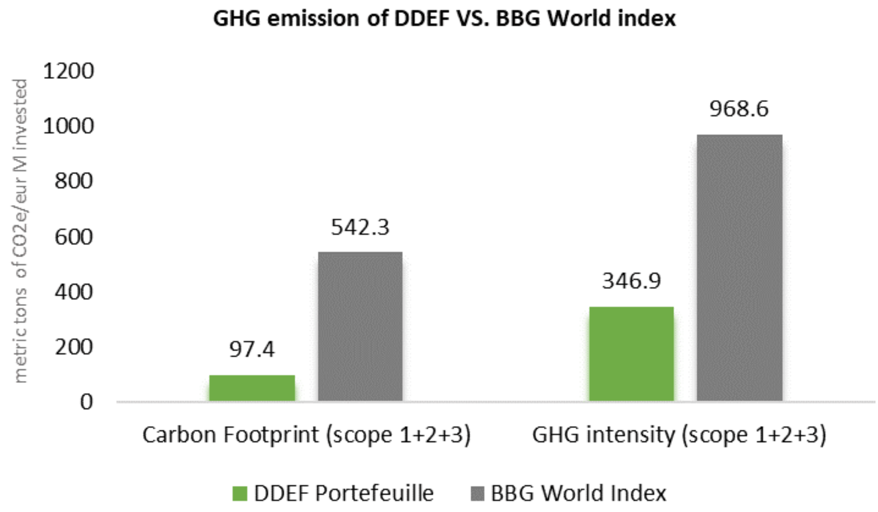
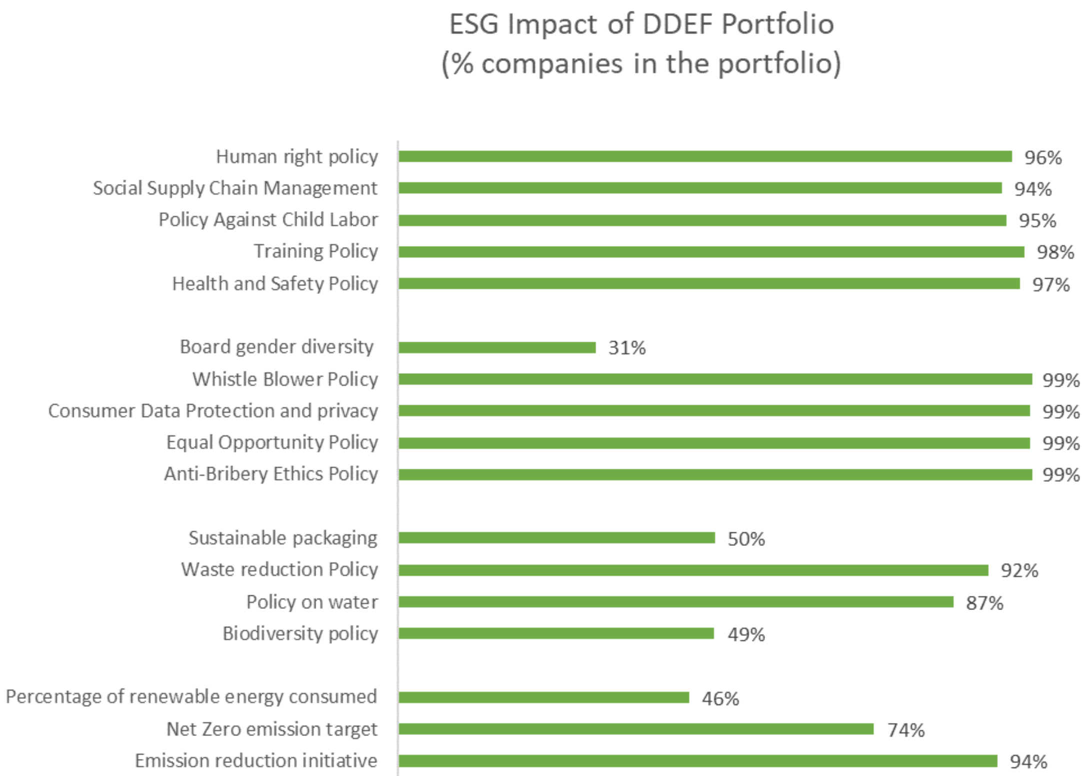
DDEF ESG-Overview





Source: DoubleDividend/Bloomberg

More information on the fund's sustainability features can be found on our website and in the DD Equity Fund prospectus. It is important to consider all the features of the fund, as described in the prospectus, before making an investment decision.

doubledividend
FINANCIAL & SOCIAL RETURNS

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