

# Monthly report September 2022

## Profile

DoubleDividend Management B.V. (DoubleDividend) is an independent responsible investment specialist. Where asset management is concerned we put together a portfolio tailored to your needs, whilst taking into account the desired risk profile, the investment horizon and the desired sustainability profile of the portfolio. Primary use is made of funds managed by DoubleDividend. Clients include wealthy individuals, associations and foundations. DoubleDividend operates under the full supervision of the AFM and DNB.

Investment philosophy:

- Sustainability makes a positive contribution to the risk-return profile of an investment portfolio.
- Investment is a long-term practice.
- We invest with conviction and only in quality in order to achieve a resilient portfolio.
- We aim to achieve a realistic return, taking risks into account
- Risk refers to the permanent loss of capital in the long term and not short-term volatility.
- We engage with the client and also invest in the funds managed by DoubleDividend.

## Performance

Financial markets were again under pressure in September as a result of sharply higher interest rates, high inflation numbers and weakening economic growth prospects. Equities, bonds and alternatives all ended the month with substantial losses. The DD funds also lost considerable ground.

Returns for the various risk profiles were between -7.1% for the most defensive profile and -10.2% for the most offensive profile. The neutral risk profile stands at a loss of 22.9% in 2022.

Market data*	Sep	2022
<b>Equities</b>		
MSCI World	-6.9%	-13.4%
S&P 500	-6.8%	-11.5%
Euro Stoxx 600	-6.4%	-18.0%
<b>Bonds</b>		
World**	-3.7%	-16.2%
<b>Real Estate</b>		
EPRA Europe	-16.6%	-39.5%
<b>Infrastructure</b>		
Eagle Global Infra	-9.1%	-7.0%
<b>Interest rates</b>		
10-yr Germany	2.11%	
10-yr US	3.83%	
<b>Currencies</b>		
EUR/USD	-2.5%	-13.8%
<b>Other (in USD)</b>		
Gold	-2.9%	-9.2%
Oil (Brent)	-8.8%	13.1%

\* Total returns in euros, the price changes of gold and oil are calculated in US dollars.

\*\* Barclays Global Aggregate Index

This information does not provide sufficient basis for an investment decision. On the website of DoubleDividend Management B.V. ([doubledividend.nl](http://doubledividend.nl)) you can find relevant information, including the consumer letter and the Key Investor Information and the prospectus of a fund managed by DoubleDividend. DoubleDividend Management B.V. is supervised by the Netherlands Authority for the Financial Markets. The returns given have not been audited by an accountant.

## Market developments

For an overview of market developments, please refer to the DD Equity Fund monthly report of September.

**Table: net returns for the various risk profiles\***

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022 till Sep	Average per year*	Total
<b>Defensive</b>	8,8%	1,3%	7,4%	-1,3%	4,7%	2,8%	-4,4%	17,7%	3,9%	5,4%	-20,9%	<b>1,9%</b>	<b>22,6%</b>
<b>Moderately defensive</b>	10,1%	3,2%	10,0%	1,5%	5,4%	3,6%	-3,7%	20,6%	4,2%	8,0%	-21,8%	<b>3,3%</b>	<b>41,6%</b>
<b>Neutral</b>	12,2%	5,7%	11,1%	4,9%	6,4%	4,6%	-2,7%	22,7%	4,5%	11,2%	-22,9%	<b>4,8%</b>	<b>64,8%</b>
<b>Offensive</b>	13,9%	8,3%	14,8%	7,9%	7,3%	5,8%	-1,7%	26,1%	6,4%	14,7%	-24,3%	<b>6,6%</b>	<b>98,7%</b>
<b>Very offensive</b>	15,4%	9,6%	16,7%	10,1%	8,5%	6,4%	-1,1%	29,3%	7,6%	18,6%	-25,4%	<b>8,0%</b>	<b>128,3%</b>

\* The returns are based on the tactical asset allocation, after all costs, and with invested capital up to EUR 1 million.

The value of your investments can fluctuate. Past performance is no guarantee for the future.

## Outlook

Due to the negative sentiment and as a result the sharp declines in the stock markets, the long-term return outlook for both equities and bonds has improved. Our quality criteria for investments as reflected in the 'schijf van vijf' ensure that we are well positioned to meet our expected long-term return targets, even under the current uncertain market conditions. Within equities and alternatives, we are invested in sectors that are supported by attractive long-term growth prospects in areas such as digitalization, healthcare and sustainability. Growth in these sectors is less dependent on the business cycle. In addition to companies with good growth prospects, we tend to invest in companies with high profit margins and strong market positions. These companies suffer less from inflation and have more opportunities to pass on higher costs to customers. The strong balance sheet position ensures that these companies are less affected by rising interest rates and can absorb cyclical fluctuations well. Many companies trade well below the average valuation of recent years. However, a very deep recession is not priced in.

The outlook for bonds has improved due to rising interest rates, which has improved the risk return ratio. This is particularly true for corporate bonds and government bonds outside Europe. For high-quality European government bonds, the outlook remains thin due to low interest rates and the fact that the ECB cannot fight inflation as easily by raising interest rates because of the high debt burden of southern European countries. For the market as a whole, the development of inflation, in particular, remains a major risk. Bonds therefore primarily fulfil a role in terms of diversification in a mixed portfolio. In general, bonds are less volatile than equities, and some parts of the bond market have a low or even negative correlation with equities. Bonds thus dampen the volatility of a mixed portfolio, and especially for investors with a shorter investment horizon, they thus fulfil an important role.

## Tactical asset allocation

Each investment profile has a strategic allocation with bandwidths to equities, bonds and alternatives. The table below gives an overview of the five different standard investment profiles (without bandwidths). The classifications of risk profiles are motivated by the AFM (the Dutch Authority for the Financial Markets) and mainly based on historical risks and returns.

**Table: profiles and strategic asset allocation**

RISK PROFILES	Defensive	Moderate defensive	Neutral	Offensive	Very offensive
Equities	22%	33%	47%	65%	80%
Bonds	73%	61%	45%	25%	10%
Alternatives	5%	6%	8%	10%	10%
Cash	0%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%

Source: DoubleDividend Management B.V.

Within the ranges, it is possible to respond to current market conditions. We call this the tactical asset allocation. We currently opt for a slight overweight in equities and, to a lesser extent, alternatives at the expense of bonds. The more offensive the profile, the lower the weight of bonds. In the most offensive profile, we have even chosen not to invest in bonds at all at the moment.

### Tactical asset allocation

