ASSET MANAGEMENT

Monthly report April 2024

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

Macro-economic figures from the US and geopolitical tensions caused some unrest on the financial markets last month. Inflation remains too high, causing interest rates to continue to rise. Both equities and bonds took a step back in April.

The returns for the various risk profiles in April ranged from -1.7% for the defensive risk profile to -4.2% for the most offensive risk profile. The neutral risk profile achieved a return of -2.8% in April, causing the return for the year to drop to 3.7%.

Market data*	**Apr**	**2024**
Equities		
MSCI World	-2.7%	8.3%
S&P 500	-3.0%	9.9%
Euro Stoxx 600	-0.8%	7.0%
Bonds		
World**	-1.3%	-1.6%
Real Estate		
EPRA Global	-4.5%	-3.6%
Infrastructure		
Renewable Energy	-2.7%	-12.9%
Interest rates		
10-yr Germany	2.58%	
10-yr US	4.68%	
Currencies		
EUR/USD	-1.1%	-3.4%
Other (in USD)		
Gold	2.5%	10.8%
Oil (Brent)	0.4%	14.0%

* Total returns in euros, the price changes of gold and oil are calculated in US dollars.
** Barclays Global Aggregate Index

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FINANCIAL & SOCIAL RETURNS

Market developments

Interest rates continued to rise across a broad front as a result of persistent inflation figures. Inflation, especially in the US, is more difficult to combat than hoped. Although inflation has fallen sharply compared to a year ago, it has been on the rise again in recent months. Consumer prices rose 3.5% year-on-year in March compared to 3.2% in February. Core inflation, which is adjusted for food and energy prices, also remains on the high side at 3.8% on an annual basis. In Europe, inflation seems to be heading in the right direction. According to preliminary figures, inflation in the euro zone fell to 2.4% on an annual basis in March, while it was still 2.6% in February. According to the ECB, inflation will even drop back to the target rate of 2% in 2025. There is a good chance that the policies of the FED and the ECB will diverge as a result. The ECB may cut interest rates earlier and more than the FED. This is now also priced in by the financial markets. The ECB is expected to implement the first interest rate cut in June and the FED not until the end of this year at the earliest. In the US, the labour market remains tense. The increase in the value of the dollar compared to the euro is a consequence of the above developments.

The company results are mixed so far. The results of companies in the healthcare sector were remarkably good. In the technology sector, there is a clear division between companies that rely on consumer spending (negative) and companies that grow thanks to investments in AI and digital infrastructure (positive).

Table: net returns for the various risk profiles*

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 till Mar	Average per year*	Total
Defensive	8,8%	1,3%	7,4%	-1,3%	4,7%	2,8%	-4,4%	17,7%	3,9%	5,4%	-19,6%	11,3%	2,5%	2,9%	42,2%
Moderately defensive	10,1%	3,2%	10,0%	1,5%	5,4%	3,6%	-3,7%	20,6%	4,2%	8,0%	-21,0%	13,4%	3,1%	4,3%	67,3%
Neutral	12,2%	5,7%	11,1%	4,9%	6,4%	4,6%	-2,7%	22,7%	4,5%	11,2%	-22,5%	15,6%	3,7%	5,7%	98,4%
Offensive	13,9%	8,3%	14,8%	7,9%	7,3%	5,8%	-1,7%	26,1%	6,4%	14,7%	-24,5%	18,3%	4,5%	7,5%	144,8%
Very offensive	15,4%	9,6%	16,7%	10,1%	8,5%	6,4%	-1,1%	29,3%	7,6%	18,6%	-26,2%	20,0%	5,0%	8,8%	184,5%

* 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

The developments surrounding inflation, interest rates and economic growth, as well as geopolitical developments, will continue to determine the financial markets. The upcoming American presidential elections are also an important event for the financial markets. The rapid developments in artificial intelligence are an important factor for equities. The financial markets operate in a highly uncertain environment, which is why volatility is expected to continue. Our base scenario (further decline in inflation, interest rate declines over the course of 2024, no major recession and no substantial deterioration in the US-China relationship) is favourable for both equities and bonds. But as mentioned, the uncertainties are great; a long-term horizon therefore remains essential, especially for the more risky risk profiles.

Our investment quality criteria as reflected in the "schijf van vijf" ensure that we are well positioned to meet our expected long-term return objectives, even under the current uncertain market conditions. Within equities and alternatives, we are invested in sectors supported by attractive long-term growth prospects in areas such as digitalization, healthcare and sustainability, such as the energy transition. Innovation is critical for companies in a rapidly changing world with significant challenges. There is a growing overlap between technology and innovation on the one hand and sustainability and healthcare on the other. New generation chips and data centers, software and cloud services are essential in reducing energy consumption and electrifying the economy

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and transportation. Healthcare is also leaning increasingly heavily on technology. Examples include surgical robots, the accelerated development of medication using AI, electronic health records and genetic engineering. The distinction between our three main themes of technology, healthcare and sustainability is thus becoming increasingly hybrid: the great common denominator is innovation and trend growth.

The outlook for bonds is good due to increased interest rates, making the risk-return ratio attractive again. The cycle of interest rate hikes appears to be over, which removes the risk of sharp price declines. At the same time, bonds offer attractive coupons. Any drop in interest rates is an optional bonus. Main risk for bonds remains a rebound in inflation. A weaker economy is a risk for corporate bonds, as risk premiums can rise. However, government bonds are also not without risk because of high government debt levels. Populist policies are usually not good news for treasuries: governments need to borrow more at higher interest rates. The correlation between bonds and equities remains high in the short term, but is expected to decline over time as inflation normalizes further.

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.

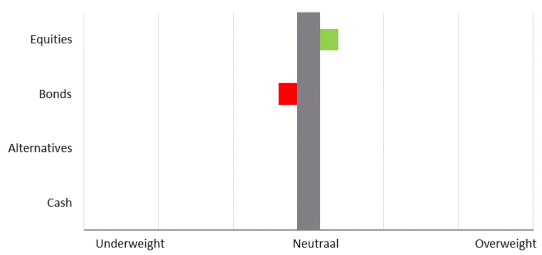
Table: profiles and strategic asset allocation

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. In recent years we have opted for a slight overweighting of equities and alternatives at the expense of bonds because of the meagre expected returns for bonds. We decided to only lightly overweigh equities, but to bring alternatives back to the norm weight. The reason for this is that because of sharply higher interest rates and risk premiums this year, the risk-return ratio for bonds has improved significantly. On the other hand, higher interest rates are bad for capital-intensive alternative sectors such as real estate and, to a lesser extent, sustainable infrastructure. While the valuation of most real estate and sustainable infrastructure companies is (very) attractive, the risk has also increased. This made us decide to bring the weight of alternatives in each risk profile back to the strategic norm weighting in a number of steps for existing clients.

Tactical asset allocation



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