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# DD EQUITY FUND

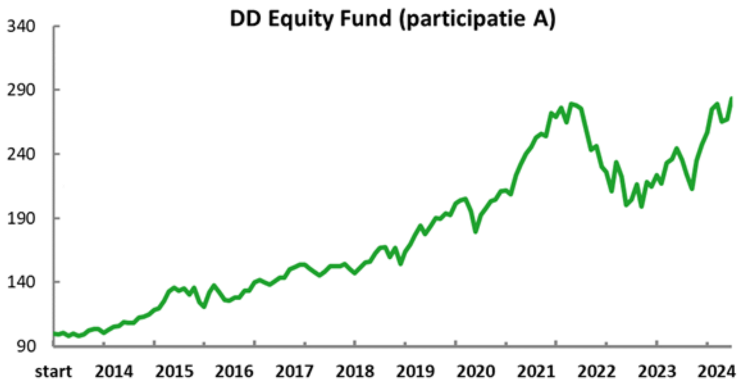
# Monthly report June 2024

## 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 6.14% in June 2024, as a result of which the net asset value per unit A rose to € 283.58.




* 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 | €218.5mln |
| # shares outstanding A | 519,905 |
| # shares outstanding B | 153,170 |
| # shares outstanding C | 93,541 |
| Net Asset Value A* | € 283.58 |
| Net Asset Value B* | € 287.28 |
| Net Asset Value C* | € 289.81 |
| # of positions | 66 |
| 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

This is a publicity notice. This information does not provide sufficient basis for an investment decision. Therefore, please read the DD Equity Fund's Key Information Document and prospectus for more information on, investment policy, risks and the impact of costs on the amount of your investment and expected return before making an investment decision. These are available on DoubleDividend Management B.V.'s website (www.doubledividend.nl). DoubleDividend Management B.V. is manager of DD Equity Fund and is licensed as manager and supervised by the Netherlands Authority for the Financial Markets. The net asset value has not been audited by an external auditor.

**Table: monthly returns in %, participation A (net of costs and fees) ***

* 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.

| | 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 | 6.98 | 1.35 | -4.92 | 0.89 | 6.14 | | | | | | | **14.84** |

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

| | 1 year | 3 year | 5 year | 10 year | Since start** |
|---|---|---|---|---|---|
| Total Return | 20.0% | 4.3% | 54.3% | 161.4% | 183.6% |
| Annualized Total Return | 20.0% | 1.4% | 9.0% | 10.1% | 9.7% |

*Source: Bloomberg/DoubleDividend*

** April 2013

## Market developments

The stock markets showed mixed results last month. The American S&P 500 index rose 3.7% (in dollars), while the Eurostoxx 600 fell 1.3%. Europe is once again lagging behind strongly this year with a plus of 7% versus 15% for the S&P 500. The strong performance of the American stock market gives a somewhat distorted picture, because it can largely be attributed to only a small number of shares. According to a Financial Times analysis, 60% of the S&P 500's rise in 2024 can be attributed to just 5 stocks (NVIDIA, Microsoft, Amazon, Meta and Apple), with NVIDIA alone responsible for 31% of the rise of the S&P 500 over the first half of 2024. Over the past quarter, the result was even more concentrated. According to the Financial Times, NVIDIA, Microsoft and Apple were together responsible for 90% of the increase in the S&P 500. Anyone who was invested in the other 497 shares of the S&P 500 had therefore earned almost nothing. The question is, have the technology shares risen too fast, or have they sucked all the energy out of the market for the other shares and is that where the opportunities lie? We believe that the rise in technology stocks is indeed supported by strong results, but we also believe that further stock market gains should be supported by a broader range of stocks. Developments in inflation, interest rates and the economy offer plenty of opportunities for this, but the political and geopolitical risks in particular remain as great as ever.

The DDEF had a strong month with a result of 6.14%, bringing the result for the first half of the year to 14.84%. This year the fund benefits from favourable developments in the technology sector due to the rise of AI. Hardware technology companies in particular have risen rapidly recently. We took profits in some of these stocks this month, including NVIDIA, and invested the cash in the lagging software sector, where we see more value. In addition we have added a number of new positions to the portfolio.

## Energy consumption of data centers

The energy consumption of data centers has been the subject of debate for some time. Large data centers consume a lot of energy and according to some, this stands in the way of making the energy supply chain more sustainable. Data centres would pose a significant climate risk. Is that fear justified?

According to a study by the IEA (International Energy Agency), data centers were responsible for 1 to 1.3% of global electricity demand in 2022. The share of data centres in global CO2 emissions is much smaller, namely around 0.6%. Despite the sharp increase in data traffic since 2010 (internet traffic is estimated to have increased by a factor of 25), according to the IEA, the demand for electricity and CO2 emissions from data centers have increased only moderately since then. The limited increase is the result of efficiency improvements in IT hardware and cooling techniques, and the shift from smaller enterprise data centers to larger shared data centers from cloud service providers such as Microsoft Azure and Amazon Web Services. The problem of energy consumption by data centers seems manageable at the moment, but without measures this could change in the coming years. The storage, processing and transport of data is likely to explode in the coming years due to the growth in digital services (cloud, streaming, social media, 5G, Virtual Reality, crypto, etc.) and the rise of AI.

The solution lies partly in IT hardware innovations and partly in making the energy supply of data centres more sustainable. In the field of IT hardware, there are plenty of developments that can make a significant contribution. Think of new data center architecture, new generations of chips, better network infrastructure and new cooling techniques. Added together, these innovative techniques can make data centers a multiple times more energy efficient. Thanks to hardware innovations, the amount of energy needed for the same amount of computing power halves every 2.5 years, this is also known as Koomy's law.

In terms of the energy supply of data centres, the high concentration of data centre infrastructure has important advantages. The key players, including Microsoft Azure, Amazon Web Services and Google Cloud, have ambitious climate goals. Microsoft, for example, has a 100/100/0 climate target for 2030, also known as a zero carbon matching target. The target means that by 2030, the company aims for 100% of its energy, 100% of the time from 0% emission sources.

The DDEF portfolio includes several innovative companies that help improve the computing power and infrastructure of data centers and networks. The growth in digital services and the rise of AI are not only creating a lot of demand for chips, but also the need to renovate the entire digital infrastructure around

## Largest positive and negative contribution

Adobe made an important contribution to the result last month. The price rose sharply this month after strong results. The fear that AI will become an important competitor for Adobe's creative software in particular seems to have faded for the time being. Cybersecurity company Crowdstrike benefited from inclusion in the S&P 500 index, while NVIDIA benefited from a 10 for 1 stock split.

Nike made the largest negative contribution to the result. The company presented poor prospects for the coming financial year. Nike expects a decline in turnover of approximately 5%, while analysts had expected an increase of 2%. Nike is suffering from disappointing consumer spending and increasing competition from Hoka and On, among others. Nike will have to increase product innovations to maintain its still large lead over its competitors. Solaredge and Enphase are affected by the ongoing malaise in the solar energy market. In addition, Solaredge was under pressure due to the issuance of a convertible bond and the bankruptcy of an important customer.

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

| Top 5 Positive | | | Top 5 Negative | | |
|---|---|---|---|---|---|
| | Return | Contri. | | Return | Contri. |
| Adobe (US) | 26.5% | 0.7% | Nike (US) | -19.4% | -0.2% |
| Crowdstrike (US) | 23.8% | 0.7% | SolarEdge (US) | -47.8% | -0.2% |
| ServiceNow US) | 21.3% | 0.7% | Enphase (US) | -21.0% | -0.2% |
| Nvidia (US) | 14.2% | 0.6% | PayPal(US) | -6.7% | -0.1% |
| TSMC (Taiwan) | 16.9% | 0.6% | Genmab (Denmark) | -9.9% | -0.1% |

*Source: DoubleDividend/Bloomberg*

## Portfolio changes

Over the past month we have made a number of changes to the portfolio. In last month's monthly report we already talked about the big difference in performance between hardware and software companies. This month we therefore reduced our position in a number of hardware companies and reinvested the money in a number of software companies and a number of new positions. The position in NVIDIA in particular was significantly reduced last month due to the increased price. Although the prospects for NVIDIA remain as good as ever, the high valuation of the share is an increasing risk. Positions in other chip companies, including Applied Materials,

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TSMC and Terdayne, have been reduced somewhat, allowing us to take profits on some of the significant gains in these positions and slightly reduce the weighting of the chip sector in the portfolio. The position in cybersecurity company Crowdstrike has also been partly sold after a significant shareprice gain this year.

With the freed capital, we added three new positions to the portfolio last month: United Health, Marvell Technologies and Snowflake. Snowflake is a software company that specializes in data storage and analysis for companies. Marvell Technologies makes chips for data centers, telecom networks, the automotive sector and security applications.

In addition, existing positions in software companies Workday, Servicenow, ZScaler, Salesforce have been expanded. Many software companies have lagged behind this year and, in our opinion, are very attractively valued. The positions in Mastercard, Mercadolibre, Adyen, LVMH and Infineon have also been expanded somewhat.

## New position: United Health

United Health is the largest health insurer in the US. The company offers collective private health insurance for company employees and retirees. In addition, the company offers public health insurance plans sponsored by states and local governments. In total, the company serves 52 million people, most of them in the US. In recent years, United Health has increasingly profiled itself as a health service provider in addition to its insurance activities. With Optum Health, Optum RX and Optum Insight, the company provides healthcare, pharmacy and payments services. The company aims to accelerate growth through vertical integration (the integration of health insurance and health services), improve the quality of healthcare and also improve margins. United Health targets annualized earnings per share growth of 13-16%. A recent price correction (partly as a result of a cyber attack) has created an attractive entry point for a defensive share with attractive long-term growth prospects.

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

| Companies & weight in portfolio | | | |
|---|---|---|---|
| Amazon (US) | 5.1% | Nvidia (US) | 2.7% |
| Alphabet (US) | 5.0% | Crowdstrike (US) | 2.7% |
| Microsoft (US) | 4.5% | Thermo Fisher (US) | 2.6% |
| TSMC (Taiwan) | 3.9% | Visa (US) | 2.3% |
| Salesforce (US) | 3.8% | LVMH (France) | 2.2% |
| ASML (NL) | 3.6% | Palo Alto (US) | 2.1% |
| ServiceNow (US) | 3.6% | Workday (US) | 2.0% |
| Applied Material (US) | 3.6% | Edwards Lifesciences (US) | 2.0% |
| Adobe (US) | 3.3% | Danahar (US) | 2.0% |
| AMD (US) | 3.0% | Mastercard (US) | 1.7% |

*Source: DoubleDividend*

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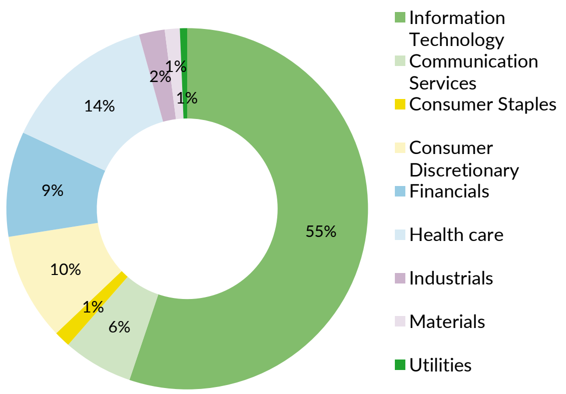
## Appendix: portfolio characteristics

### Table: Characteristics portfolio DDEF per month end

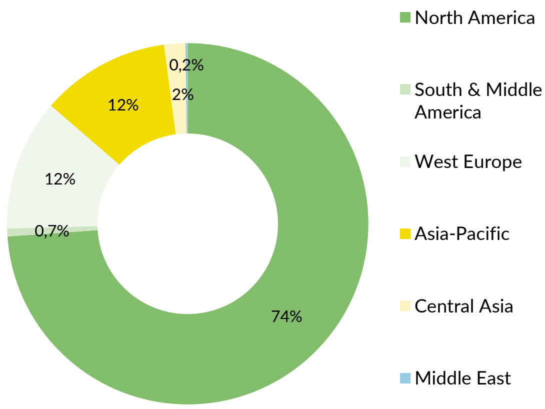
| Valuation | | growth | |
|---|---|---|---|
| P/E ratio | 38.1 | Revenue growth | -0.4% |
| P/E ratio expected | 26.7 | EBITDA growth | 48.0% |
| EV/EBITDA expected | 18.9 | Gross profit margin | 50.7% |
| Dividend yield | 0.9% | Operational profit margin | 16.5% |
| Price/cashflow | 23.3 | VAR (value at risk) | 29.5% |
| Beta | 1.3 | Standard deviation | 17.9% |

*Source: DoubleDividend/Bloomberg*

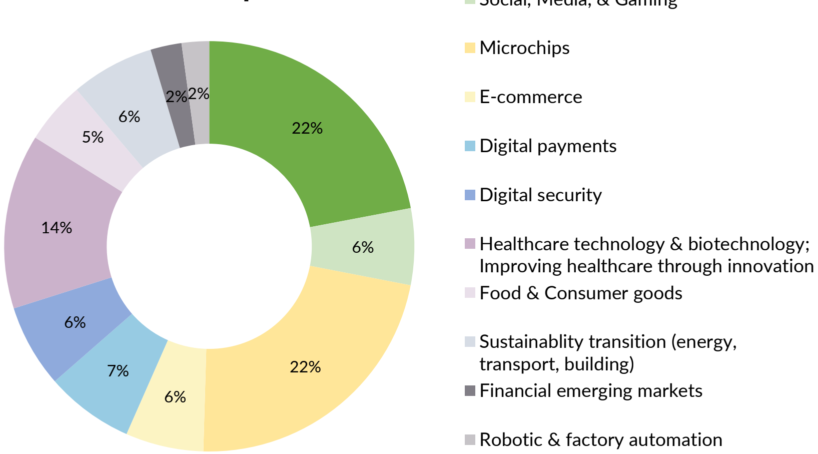
### Distribution per sector (GICS)




### Distribution per region




### Distribution per theme

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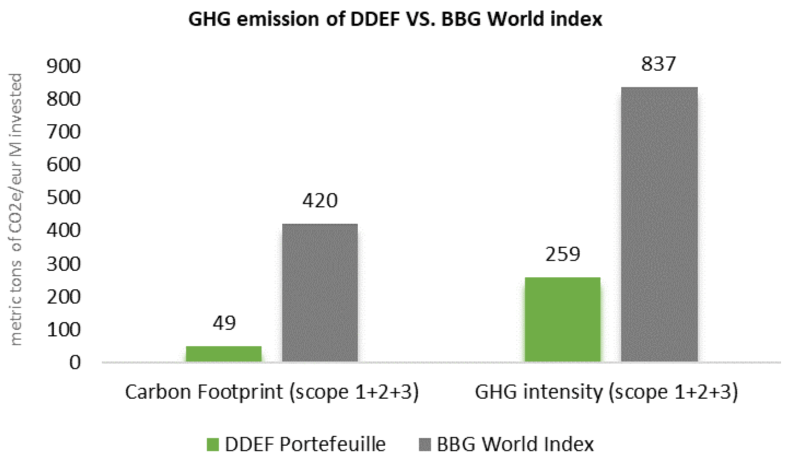
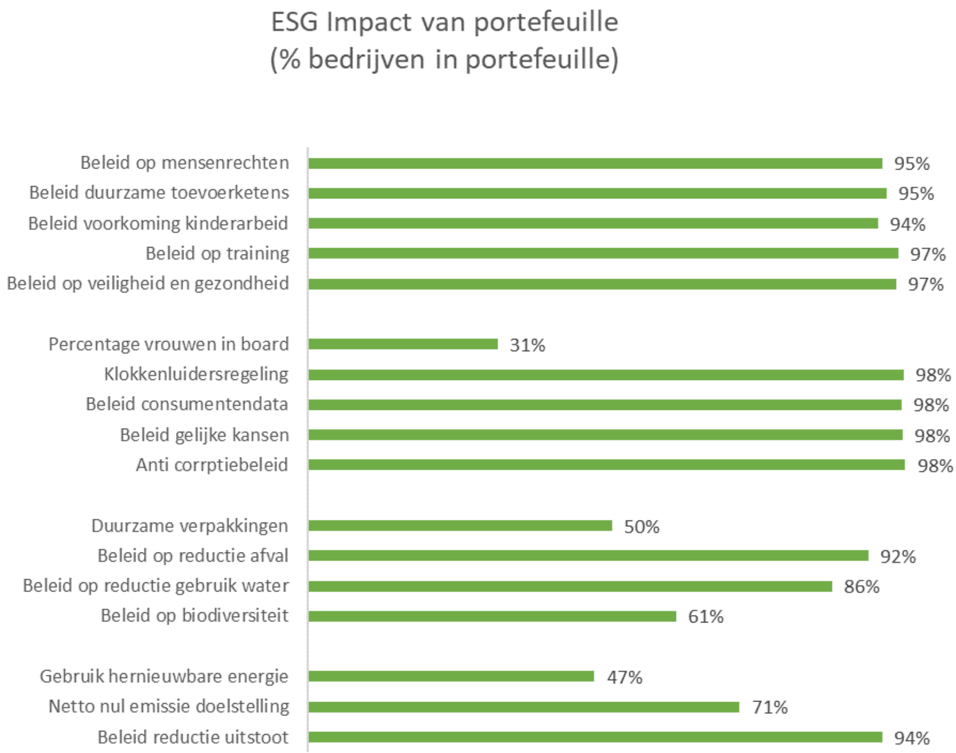
DDEF ESG-Overview




*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.