

# DD Income Fund

## Monthly report February 2019



### Profile

The DD Income Fund (DDIF) is an actively managed global sustainable bond fund. The fund invests globally in government bonds of developed and emerging countries, corporate bonds, high yield, microfinance and other financial instruments with stable income. DDIF pursues an active investment policy and does not use a benchmark. The fund is managed by an independent partnership with the conviction that sustainability makes a positive contribution to the return and risk profile of the portfolio. The fund is listed on Euronext Amsterdam and can be traded on a daily basis.

### Return\*

DD Income Fund achieved a return of 1.64% for the month of February 2019, including the payment of € 0.20 per participation. At the end of February 2019, the intrinsic value per participation amounted to € 25.18. The DDIF will in principle make a payment twice a year. Including the distribution, the return of DDIF for 2019 is 4.23% in total.

The expected return on the portfolio (yield to worst) fell from 3.7% to 3.4% due to the rising prices of the bonds. After the recent acquisitions, the portfolio contains 92 titles from 77 different issuers from 28 countries. Approximately 74% is invested in bonds denominated in euros. The cash position increased from 3.3% to 6.1% mainly as a result of a substantial growth of the fund.

*\* 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	€ 26.7 m
# shares outstanding	1,061,945
Net Asset Value*	€ 25.18
# of positions	92

#### Costs

Management fee	0.65%
Other costs**	0.30%
Up / down	
Swing factor	0.25%

#### Other

Start date	September 2018
Manager	DoubleDividend Management B.V.
Status	Open-end, daily
Exchange	Euronext Amsterdam
ISIN	NL0013025539
Benchmark	None
Currency	Euro

### Risk monitor



\* per share  
\*\* estimated

## Market developments

The decline in interest rates that started in the last months of 2019 has come to an end. The market has priced in the change in the central bank policy and is looking for a new direction. Much will depend on how the economy develops in the coming months. The American 10-year interest rate is at a level of approximately 2.7%. The return on the German 10-year government bond is less than 0.2%. For German bonds with a shorter duration, the return is negative.

The positive result of the fund is mainly the result of a decline in risk premium, interest income and a good selection choice. On balance currency exposure also made a small positive contribution.

The expected return on the portfolio (yield to worst) fell from 3.7% to 3.4% due to rising bond prices. If the cash position is not taken into account, the expected yield on the DDIF portfolio is 3.6% compared to 3.9% a month ago.

**Table: Main portfolio characteristics DDIF per month end**

# of positions	92	Duration (years)	5.3
# of issuers	77	Coupon yield	3.9%
# of countries	28	Yield to Maturity	3.7%
Euro exposure	79.9%	Yield to Worst	3.4%
Cash	6.1%	Yield to Worst (ex cash)	3.6%
Investment grade & Cash	72.5%		

Source: DoubleDividend/Bloomberg

## Portfolio developments

In the past month, the size of the portfolio increased by € 2.7 million, mainly as a result of inflow of new money. The total size of the portfolio now amounts to € 26.7 million.

Due to the inflow we had the possibility to add a number of new bonds to the portfolio. For example, we bought bonds of the World Bank (IBRD - International Bank for Reconstruction and Development), the Spanish insurer Mapfre, Microsoft and Vodafone. In addition, we increased the position in 16 existing bonds.

We sold the preference shares of Public Storage and Vornado.

**Table: portfolio per building block**

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	12.1%	2.5%	3.7
Government bonds emerging markets	0-25%	6.8%	4.0%	11.0
Corporate bonds investment grade	10-50%	41.4%	3.2%	5.8
Corporate bonds high yield	0-25%	18.9%	4.0%	4.3
Micro finance	0-25%	4.6%	4.5%	3.6
Other	0-25%	10.1%	5.0%	7.5
<b>Cash</b>	0-25%	6.1%	-0.4%	0.0
<b>Total</b>		100%	3.4%	5.3

Source: DoubleDividend

### Top movers in the portfolio

February was a good month for high yield bonds and perpetual bank loans. Schaeffler from Germany was the best performer with a return of 6.1%. Netflix also managed to maintain the upward trend of recent months and is about 6% higher than our purchase price last November. Eurofins from France showed the largest decline (-2.1%).

**Table: top 5 movers in the portfolio**

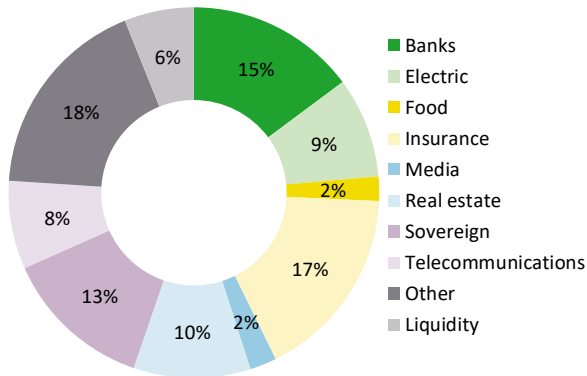
Top 5 best performers		Top 5 worst performers	
	Return		Return
Schaeffler 2026 3.75%	6.1%	Eurofins perp 3.25%	-2.1%
Senior Housing 6.25%	5.6%	Visa 2045 4.3%	-1.5%
Netflix 2029 4.625%	5.4%	IBRD 2023 3%	-1.0%
KBC perp 4.25%	4.5%	Apple 2046 4.65%	-0.7%
Nordex 2023 6.5%	3.7%	Noorwegen 2023 2%	-0.5%

Source: DoubleDividend/Bloomberg

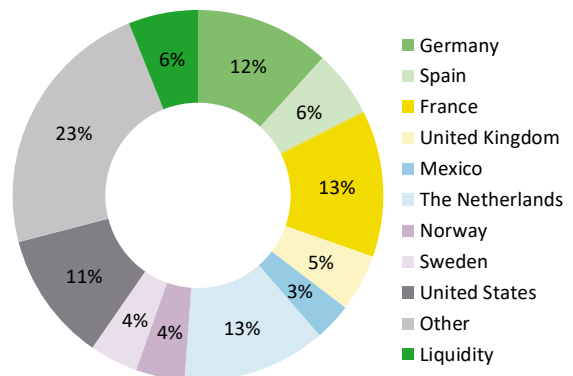
### Team DoubleDividend

**Appendix: portfolio characteristics**

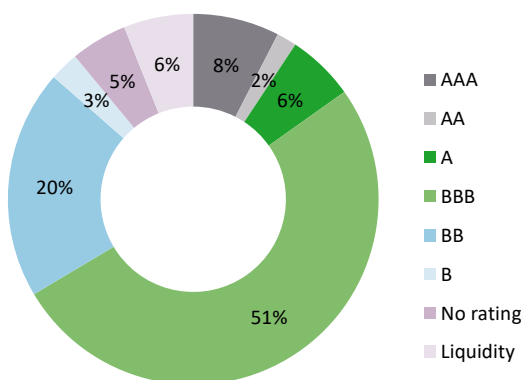
**Distribution per sector (GICS)**



**Distribution per country of origin**



**Distribution per rating**



**Distribution per currency**

