

# DD Income Fund

## Monthly report April 2019

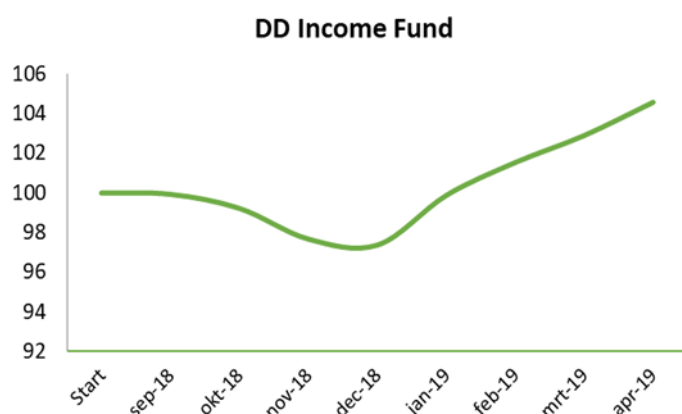


### Profile

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 1.69% for April 2019. At the end of April the net asset value per participation was € 25.95. This brings the result for the year, including the dividend payment in February, to 7.45%.



*\* 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	€ 34.8 m
# shares outstanding	1,342,566
Net Asset Value*	€ 25.95
# of positions	94

#### 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

DD Income Fund posted another strong result last month with a positive return of 1.69%. The result for the first four months of the year has therefore risen to 7.45%. The (long term) interest rates did not make a big move last month. The US 10-year interest rate rose slightly to around 2.5%, while the German 10-year interest rate remained stable at around 0%. As a result, government bond prices were generally fairly stable last month. Last month's positive result therefore mainly comes from interest income and a further fall in risk premiums, which has led to a further rise in corporate bond prices. In particular, the risk premium on higher risk high-yield bonds has fallen sharply in recent months to around 3.5% compared to around 5.5% at the beginning of January.

Due to the rise in the prices of bonds, the expected return on the portfolio has fallen slightly to approximately 3% (yield-to-worst).

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

# of positions	94
# of issuers	75
Euro exposure	78.9%
Cash	3.5%
Investment grade (incl cash)	73.6%
Expected return (yield-to-worst)	3.0%
Duration (in years)	5.7

Bron: DoubleDividend/Bloomberg

## Portfolio developments

The portfolio of DD Income Fund has, again, experienced substantial growth in the past month. The fund size has risen from € 28.5 million in March to € 34.8 million at the end of April. The largest part of the growth is the result of the inflow of new capital. As a result, we have made a substantial number of purchases. The majority of purchases consisted of an expansion of existing positions. Almost all of the new positions are government bonds. The share of government bonds in the portfolio has therefore risen from 18.6% to 21.1%, which benefits the risk profile.

In our developed-market government bonds bucket, a short-term US government bond and a World Bank bond have been added to the portfolio both with an expected return of 2 to 3%. For emerging market government bonds, a Chile and a Peru bond have been added to the portfolio. The bonds offer an expected return of 3 to 4% in dollars and have a high rating and therefore carry a relatively low risk. A second Romanian government bond has also been added to this part of the portfolio. This bond offers an interest of more than 4% in euros. The relatively high return is the result of the long duration, which means the bond carries more interest rate risk. The only new corporate bond that has been added to the portfolio is a long-term corporate bond from the American healthcare conglomerate Johnson & Johnson. This US dollar bond has the highest possible AAA rating from S&P and offers an attractive interest rate of 3.7%. Johnson & Johnson is besides Microsoft the only company in the US with an AAA-rating. Despite the AAA rating, Johnson & Johnson and Microsoft offer an attractive premium on top of US government bonds. In general, we have mainly added bonds with a high rating and therefore a low credit risk. In order to achieve a reasonable return, we accept some currency risk and interest rate risk.

In addition, we sold four bonds whose prices had risen sharply and the expected return therefore no longer offset the risk.

**Table: portfolio per building block**

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	13.5%	2.3%	3.0
Government bonds emerging markets	0-25%	7.6%	3.8%	11.9
Corporate bonds investment grade	10-50%	39.5%	2.8%	6.1
Corporate bonds high yield	0-25%	21.8%	3.3%	4.9
Micro finance	0-25%	3.6%	4.0%	3.5
Other	0-25%	10.4%	4.5%	7.7
<b>Cash</b>	0-25%	3.5%	-0.4%	0.0
<b>Total</b>		100%	3.0%	5.7

Source: DoubleDividend

### Top movers in the portfolio

April was a good month for bonds from European financial institutions. Banks and insurance companies are an important part of the bond market and also of the portfolio of the DD Income Fund. Subordinated bonds from ABN AMRO, Achmea and ASR, among others, performed well. The worst performers last month were the long-term bonds of American companies. This was due to the slight rise in US long-term interest rates.

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

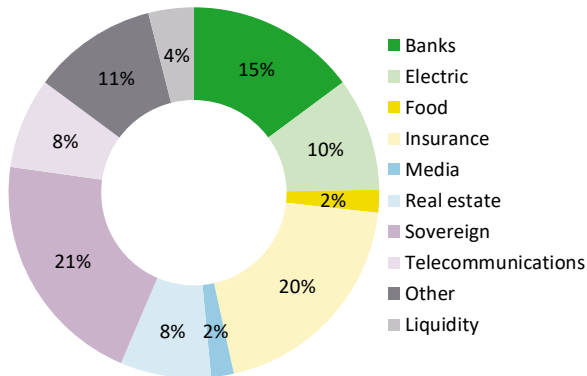
Top 5 best performers		Top 5 worst performers	
	Return		Return
ASR Verz perp (Corp HY)	6.0%	Apple (Corp IG)	-1.2%
Romani (Gov EM)	4.9%	Chili 28 (Gov EM)	-1.0%
CNP Ass Perp (Corp IG)	4.8%	Medtronic (Corp IG)	-0.7%
Achmea Perp (Corp IG)	4.7%	VS (Gov DEV)	-0.7%
ABN AMRO Perp (Other)	4.5%	Visa (Corp IG)	-0.6%

Source: DoubleDividend/Bloomberg

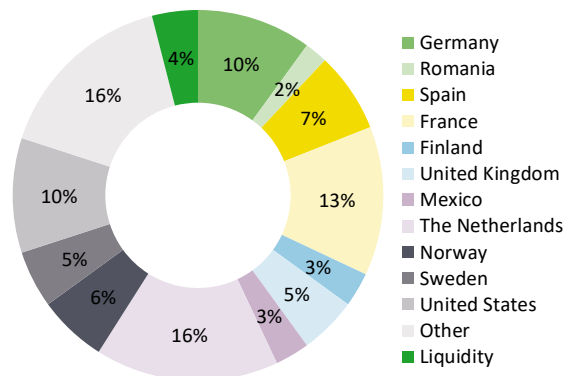
### Team DoubleDividend

**Appendix: portfolio characteristics**

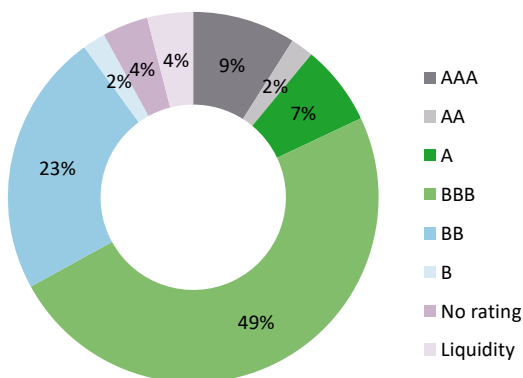
**Distribution per sector (GICS)**



**Distribution per country of origin**



**Distribution per rating**



**Distribution per currency**

