

DD Income Fund

Monthly report Augustus 2019

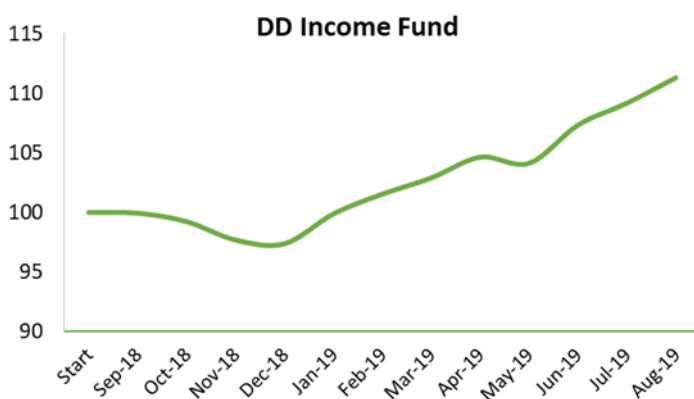


Profile

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 1.95% for August 2019. At the end of August, the net asset value per participation amounted to € 27.41. This brings the result for the year, including the dividend payments, to 14.3%.



* 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	€ 44.0 m
# shares outstanding	1,603,834
Net Asset Value*	€ 27.41
# of positions	99

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

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2018									-0.06	-0.71	-1.56	-0.31	-2.62
2019	2.57	1.66	1.34	1.69	-0.48	3.08	1.71	1.95					14.29

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Market developments

Due to financial markets turmoil as a result trade tensions and recession fears, there was a high demand for safe bonds, while more risky bonds were out of favour. The Barclays Global Aggregate Index, a benchmark for all bonds with an investment grade rating rose by 2%. The High Yield Index, however, fell by 1.6% as a result of increasing risk premiums. The US 10-year interest rate fell sharply in August, from 2.01% to 1.49%. Since the end of last year, the 10-year US interest rate has halved. The German 10-year interest rate also fell from -0.44% to -0.70%. The DD Income Fund benefited from the strong market with a return of 1.95% in August, bringing the annual result to 14.3%. As a result of the bond price increases, the expected return on the portfolio has fallen from 2.7% to some 2.5%.

Table: Main portfolio characteristics DDIF per month end

# of positions	99
# of issuers	78
Overall credit rating	BBB
Euro exposure	75.4%
Cash	2.1%
Investment grade (incl cash)	69.7%
Expected return (yield-to-worst)	2.5%
Duration (in years)	6.5

Bron: DoubleDividend/Bloomberg

Portfolio developments

Last month we expanded our positions in bonds from Aegon, Grand City Properties, Hydro Quebec, Nordea, Nordex, Senegal and Telefonica. A perpetual bond from Belfius has been added to the portfolio. Belfius is a local bank and insurer with a strong market position in Belgium. Belfius stems from the nationalized Dexia bank and the Belgian state is still the sole shareholder. The loan has a modest BB + rating mainly due to a somewhat lower profitability and less strong balance sheet of the company. However, the loan has a yield of 5.7% in euros and with the Belgian state as a 100% shareholder, the risk of default is relatively low in our view. Finally, we have added a government bond from Uruguay to the portfolio. The bond has a BBB rating and provides a return of over 3.3% in dollars. Uruguay scores very high on democracy (globally even in 15th place, the highest ranking of all developing countries) and the country has little corruption. Last month we fully sold two bonds from Allianz and one from Evonik as a result of the sharp rise in prices and low expected return.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	13.4%	1.8%	3.3
Government bonds emerging markets	0-25%	9.6%	3.0%	13.2
Corporate bonds investment grade	10-50%	39.5%	2.1%	7.3
Corporate bonds high yield	0-25%	19.2%	2.8%	5.1
Microfinance	0-25%	3.4%	4.0%	3.6
Other	0-25%	12.9%	3.9%	7.4
Cash	0-25%	2.0%	-0.4%	0.0
Total		100%	2.7%	6.3

Source: DoubleDividend

Top movers in the portfolio

Table: top 5 movers in the portfolio

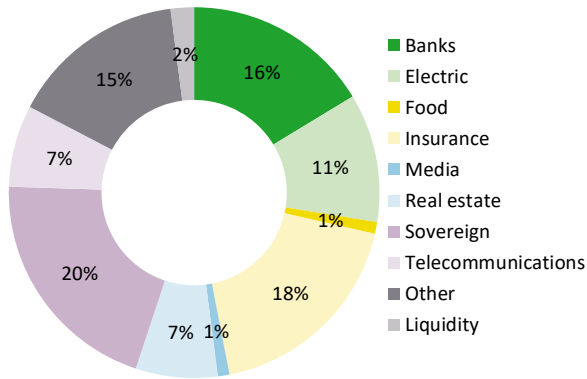
Top 5 best performers		Top 5 worst performers	
	Return		Return
Mexico (Gov EM)	12.0%	Norway (Gov Dev)	-1.9%
Microsoft (Corp IG)	10.8%	Nordex (Corp HY)	-1.9%
Visa (Corp IG)	8.2%	Kunta (Gov Dev)	-0.1%
Apple (Gorp IG)	8.0%	Erste Group Bank (other)	-0.1%
Vodafone (Corp IG)	5.3%	Banorte (MF)	-0.1%

Source: DoubleDividend/Bloomberg

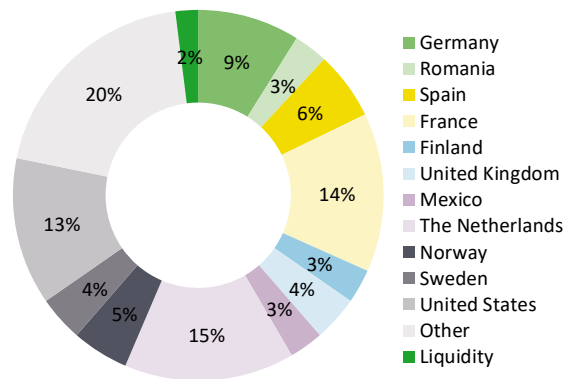
Team DoubleDividend

Appendix: portfolio characteristics

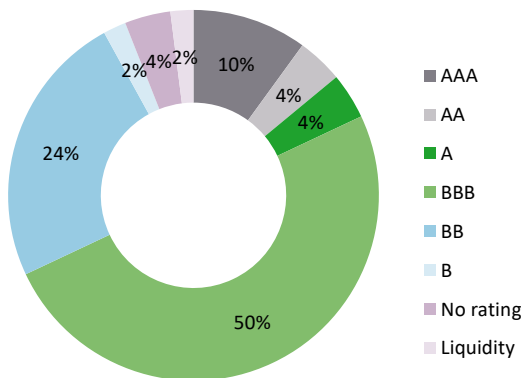
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency

