

# DD Income Fund

## Monthly report October 2019

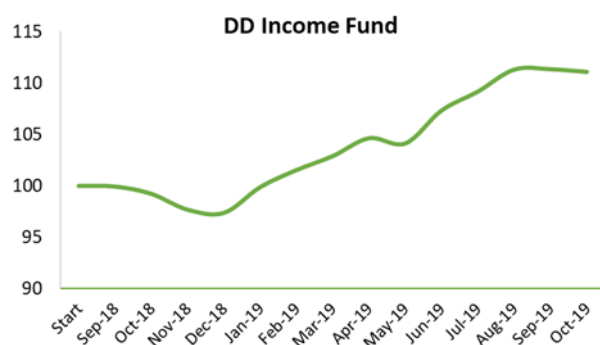


### Profile

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 -0.24% for October 2019. At the end of October, the net asset value per participation amounted to € 27.35. This brings the result for the year, including the dividend payments, to 14.06%.



\* 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	€ 51.2 m
# shares outstanding	1,871,234
Net Asset Value*	€ 27.35
# of positions	103

#### 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
<b>2018</b>									-0.06	-0.71	-1.56	-0.31	<b>-2.62</b>
<b>2019</b>	2.57	1.66	1.34	1.69	-0.48	3.08	1.71	1.95	0.03	-0.24			<b>14.06</b>

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## Market developments

Last month, the Fed lowered interest rates for the third time this year. The "target interest rate" has been reduced by 0.25% to 1.50% - 1.75%. The FED is trying to prevent a further weakening of the American economy, mainly as a result of the ongoing trade war with China. The interest rate cut was in line with expectations and therefore had hardly any impact on the market. However, the FED indicated that it will stop interest rate cuts for now awaiting economic developments. The 3-month, 2-year and 5-year interest rate in the US is now around 1.5% - 1.6%, which implies that the market does not expect any significant changes in interest rates in the coming period.

In Europe, long-term interest rates have risen somewhat recently, but are still in negative territory. It appears that the criticisms of a number of central bank presidents on the recent ECB policy shift influenced interest rate expectations. This criticism has coloured Draghi's farewell somewhat. More and more attention is being paid to the negative effects of the negative interest rate for, among other things, the savings and pension sectors. Christine Lagarde is at the helm from November, but major changes in ECB policy are not expected in the short term. In the somewhat longer term, we expect that the pressure on the ECB will be increased to normalize monetary policy.

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

# of positions	103
# of issuers	83
Overall credit rating	BBB
Euro exposure	74.9%
Cash	2.5%
Investment grade (incl cash)	67.6%
Expected return (yield-to-worst)	2.8%
Duration (in years)	7.0

Bron: DoubleDividend/Bloomberg

## Portfolio developments

The expected return (yield-to-worst) of the portfolio has risen slightly from 2.6% to 2.8%. This is mainly the result of the sale of bonds that had risen sharply (and of which the return expectation had therefore fallen) and the purchase of bonds with better return prospects. In total, we have bought and sold for almost € 10 million. We mainly sold short-term US government bonds and corporate bonds in euros. Instead, we have bought bonds from development banks (including the World Bank, EBRD and the African Development Bank), government bonds from emerging countries (Senegal, Uruguay and Romania) and bonds from European financial institutions. Subordinated bonds from European financial institutions in particular offer an attractive return at an acceptable risk. Development banks issue many bonds in dollars and are an attractive alternative to US government bonds. They have a high AAA rating, offer a slightly higher return and are better aligned with our ambitions in the field of sustainability.

**Table: portfolio per building block**

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	11.0%	1.8%	2.6
Government bonds emerging markets	0-25%	9.8%	3.2%	13.5
Corporate bonds investment grade	10-50%	38.2%	2.4%	8.3
Corporate bonds high yield	0-25%	21.7%	3.1%	5.5
Microfinance	0-25%	3.2%	3.8%	3.4
Other	0-25%	13.5%	3.8%	7.1
<b>Cash</b>	0-25%	2.5%	-0.4%	0.0
<b>Total</b>		100%	2.8%	7.0

Source: DoubleDividend

## Top movers in the portfolio

**Table: top 5 movers in the portfolio, in euro's**

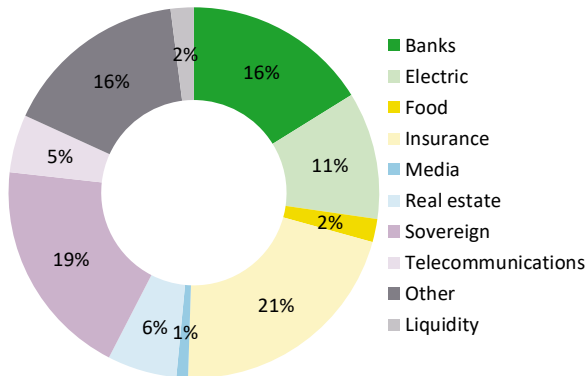
Top 5 best performers		Top 5 worst performers	
	Return		Return
Nationwide (Corp HY)	3.1%	Costa Rica (EM Gov)	-3.0%
Belfius Bank (Other)	2.4%	Noorwegen (DM Gov)	-3.0%
Infineon (Corp HY)	2.4%	EDF (Corp HY)	-2.7%
Caixa Bank (Other)	2.3%	Medtronic (Corp)	-2.7%
Nordea Bank (Other)	2.3%	Johnson & Johnson (Corp)	-2.5%

Source: DoubleDividend/Bloomberg

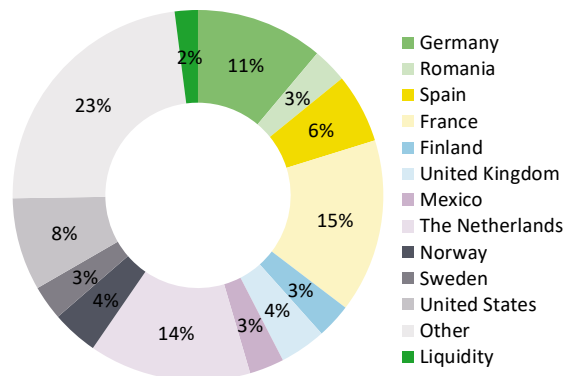
## Team DoubleDividend

**Appendix: portfolio characteristics**

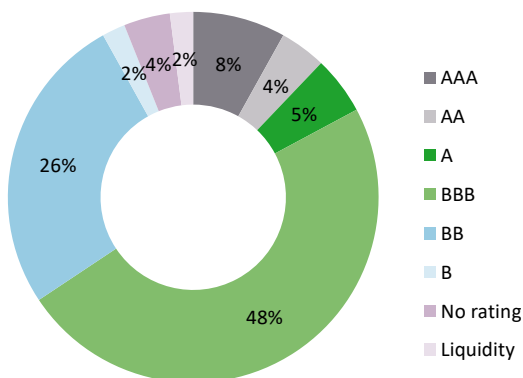
**Distribution per sector (GICS)**



**Distribution per country of origin**



**Distribution per rating**



**Distribution per currency**

