

# DD Income Fund

## Monthly report November 2019

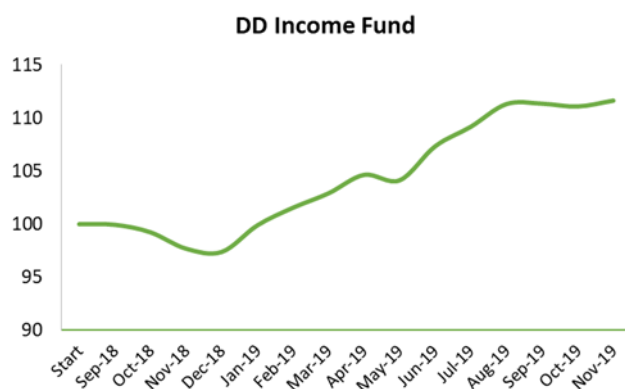


### Profile

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 0.50% for November 2019. At the end of October, the net asset value per participation amounted to € 27.49. This brings the result for the year, including the dividend payments, to 14.62%.



\* 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	€ 53.8 m
# shares outstanding	1,954,461
Net Asset Value*	€ 27.49
# of positions	106

#### 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	0.50		<b>14.62</b>

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## Market developments

No major policy changes are expected from either the Fed or the ECB in the short term. In recent months, central banks have adjusted policy to the "new" economic reality, with growth stabilizing at a lower level. The German 10-year interest rate rose slightly last month to a level of -0.37%. The US 10-year interest rate also rose slightly and ended the month at 1.77%. Due to the continuing interest rate differential between the US and Europe, the dollar continues to gain strength against the euro. The value of the dollar rose by 1.3% last month, bringing the increase for the year to more than 4%.

The Barclays Global Aggregate Index fell by 0.3% in November as a result of the slightly increased interest rates. The DD Income Fund did a lot better with a result of 0.5% for the month, bringing the annual result to 14.6%. The good result is partly due to the rise in corporate bond prices and the rise of the dollar against the euro.

The risk of policy errors, especially at the ECB, remains high. With the arrival of Christine Lagarde, the ECB appears to be holding on to low interest rates and the bond buy-back program. The Swedish central bank is the first Western bank to throw in the towel. The Riksbank is expected to raise interest rates this month to limit the negative effects of the negative interest rate. The negative effects are mainly debt accumulation, rising house prices, the punishment of savers and the risk of instability. The Riksbank feels the need to do this at a very unfortunate moment as economic growth in Sweden is slowing down. During a period of healthy economic growth, the Riksbank has "forgotten" to raise interest rates and, like the ECB, hides behind an inflation target. With a possible rate hike during a period of a cooling economy, while the central bank has bought up almost half of the Swedish national debt, the Riksbank has moved itself into a difficult situation. Policy makers in Europe and Japan, among others, will look with great interest at what effect this will have on the Swedish economy and the financial system.

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

# of positions	106
# of issuers	85
Overall credit rating	BBB
Euro exposure	74.6%
Cash	0.2%
Investment grade (incl cash)	68.4%
Expected return (yield-to-worst)	2.75%
Duration (Option Adjusted Duration in years)	7.0

Bron: DoubleDividend/Bloomberg

## Portfolio developments

Last month we have only made purchases in the portfolio due to the growth of the fund. The largest purchases were a new bond from the French electricity company EDF and from the Italian insurer Generali. The bond loans have an expected return of 2.6% and 2.9% in euros respectively. For the government bonds portfolio, we have added a loan from Italy and our position in a loan from the Norwegian government has been increased. The existing loans to Softbank (Japan), CVS Health (US) and Merck Kga (Germany) have also been increased.

**Table: portfolio per building block**

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	10.9%	1.8%	4.2
Government bonds emerging markets	0-25%	9.3%	3.3%	13.3
Corporate bonds investment grade	10-50%	42.2%	2.4%	8.1
Corporate bonds high yield	0-25%	21.3%	3.0%	5.5
Microfinance	0-25%	3.1%	3.8%	3.4
Other	0-25%	13.0%	3.7%	7.0
<b>Cash</b>	0-25%	2.5%	-0.4%	0.0
<b>Total</b>		100%	2.7%	7.0

Source: DoubleDividend

## Top movers in the portfolio

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

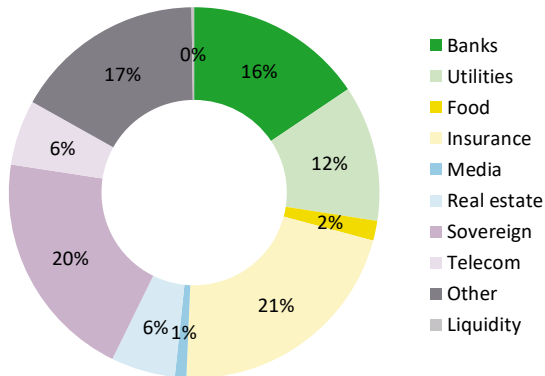
Top 5 best performers		Top 5 worst performers	
	Return		Return
CVS (Corp)	4.4%	Italy (Dev Gov)	-4.2%
Schaeffler (Corp HY)	3.1%	Romania (EM Gov)	-4.1%
Costa Rica (EM Gov)	2.9%	Catalonia (Dev Gov)	-2.3%
Banorte (MF/Fin. Incl.)	2.5%	Mexico (EM Gov)	-1.2%
Starbucks (Corp)	2.0%	Akelius (Corp HY)	-1.1%

Source: DoubleDividend/Bloomberg

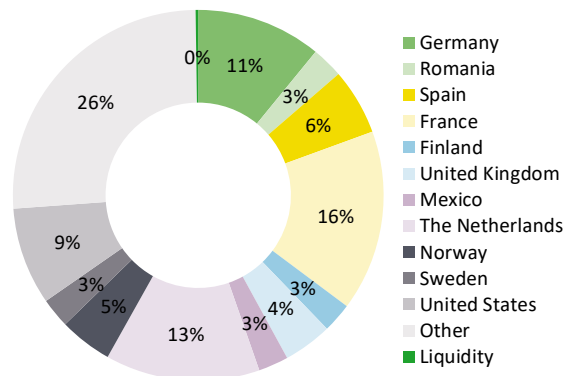
## Team DoubleDividend

**Appendix: portfolio characteristics**

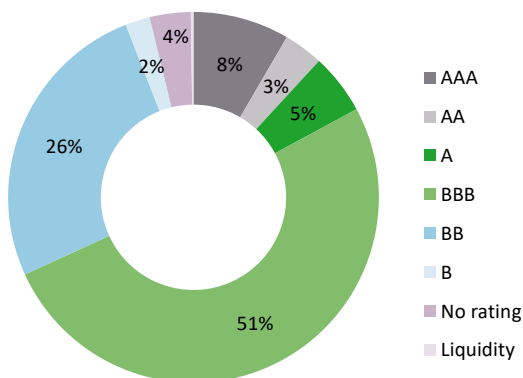
**Distribution per sector (GICS)**



**Distribution per country of origin**



**Distribution per rating**



**Distribution per currency**

