

DD Income Fund

Monthly report January 2020

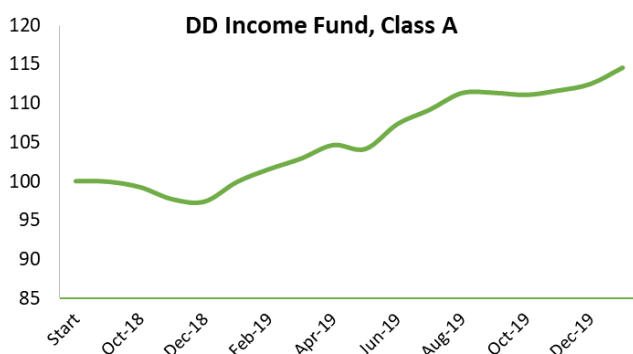


Profile

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 1.86% for January 2020. At the end of January, the net asset value per participation amounted to € 28.21. Since the fund was launched in September 2018, the return has been 14.57% (Class A).



* 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	€ 62.0 m
# shares outstanding A	1,204,076
# shares outstanding B	993.688
Net Asset Value A*	€ 28.21
Net Asset Value B*	€ 28.21
# of positions	100

Costs

Management fee A	0.65%
Management fee B	0.50%
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 %, Class A (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	0.03	-0.24	0.50	0.76	15.50
2020	1.86												1.86

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Market developments

The bond markets in January were also dominated by the Coronavirus outbreak. Investors were looking for a safe haven, which reduced interest rates in both Europe and the US. The German interest rate with a 10-year maturity fell from -0.19% to -0.43%, while the US interest rate with the same maturity fell from 1.92% to 1.51%. Bond prices rose as a result of falling interest rates. The Barclays Global Total Return Index increased by 1.6% in January, while the more risky High Yield Index increased by 0.2%. The DD Income Fund benefited fully from the strong market with a result of 1.9%. Due to the rise in prices, the expected return on the portfolio of the DDIF has fallen from 2.7% to 2.5%.

Table: Main portfolio characteristics DDIF per month end*

# of positions	100
# of issuers	80
Overall credit rating	BBB
Euro exposure	75.7%
Cash	3.8%
Investment grade (incl cash)	69.7%
Expected return (yield-to-worst)	2.5%
Duration (Option Adjusted Duration in years)	7.5

Source: DoubleDividend/Bloomberg

* Yield-to-Worst is the return on the portfolio, including cash, if the ability to repay the loan earlier is taken into account. The actual return may differ because an issuer cannot meet its obligations and due to currency fluctuations. The duration indicates the approximate percentage value change of the portfolio if the interest rate changes by 1%.

Portfolio developments

Last month we sold three positions in the portfolio due to the rising prices. A Finnish government bond and a corporate bond from Iberdrola were sold because the expected return after costs had fallen below zero percent. We also sold a Banco de Colombia bond in dollars. The funds released have been invested in existing bonds with better return prospects. Among other things, we have purchased government bonds from the World Bank, Mexico and Italy and corporate bonds from Telecom Italia, Enel, EDF, ASR Insurance and Rabobank. The expected return on the new purchases was 2.9%.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	11.0%	1.8%	5.6
Government bonds emerging markets	0-25%	10.1%	2.9%	14.1
Corporate bonds investment grade	10-50%	38.3%	2.3%	8.6
Corporate bonds high yield	0-25%	20.6%	2.9%	6.4
Microfinance	0-25%	2.4%	3.4%	3.6
Other	0-25%	13.8%	3.2%	7.4
Cash	0-25%	3.8%	-0.6%	0.0
Total		100%	2.5%	7.5

Source: DoubleDividend

Top movers in the portfolio

Bonds with long maturities in particular performed strongly as a result of the lower interest rates. In addition, Italian government bonds benefited from the results of regional elections in Emilia Romagna, where Matteo Salvini's Lega Nord failed to win the election. This significantly reduces the chance of new national elections in Italy. Long-term bonds in dollars also performed strongly due to lower interest rates and the rise of the dollar against the euro.

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

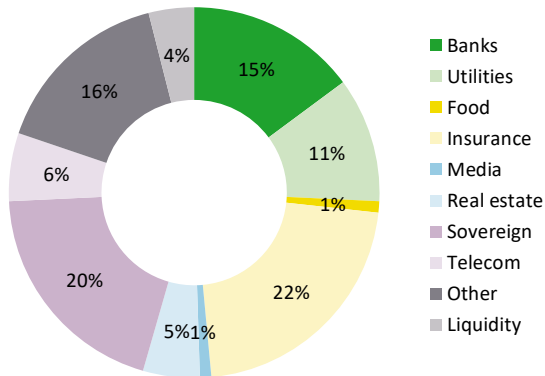
Top 5 best performers		Top 5 worst performers	
	Return		Return
EDF 2114 (corp)	8,6%	Norway 2023 (gov DM)	-3,0%
Italy 2040 (gov DM)	8,4%	Schaeffler 2026 (HY)	-1,7%
Banort Perp. (MF)	7,9%	Bertelsmann 2075 (corp)	-0,7%
IBM 2039 (corp)	7,4%	Achmea Perp. (corp)	-0,6%
Uruguay 2055 (gov EM)	6,8%	NN 2048 (corp)	-0,4%

Source: DoubleDividend/Bloomberg

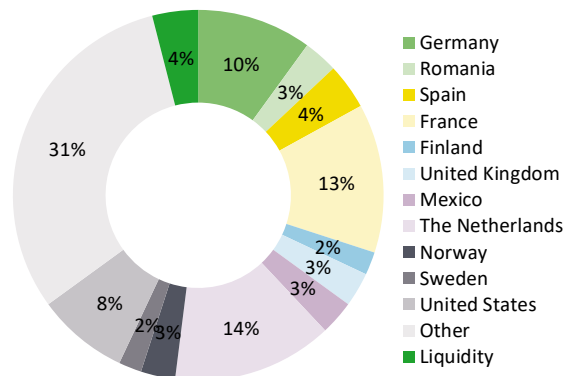
Team DoubleDividend

Appendix: portfolio characteristics

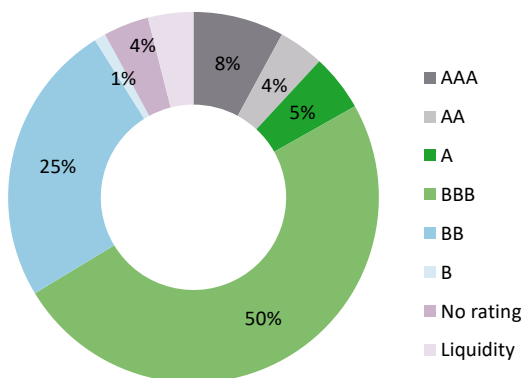
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency

