

DD Income Fund

Monthly report February 2020

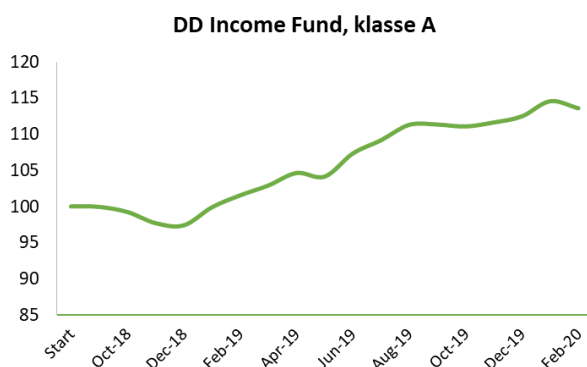


Profile

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 -0,85% for February 2020, including a dividend of € 0,20 per share. At the end of February, the net asset value per participation amounted to € 27.77. Since the fund was launched in September 2018, the return has been 13.60% (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	€ 60.5 m
# shares outstanding A	1,289,540
# shares outstanding B	889,938
Net Asset Value A*	€ 27,77
Net Asset Value B*	€ 27,78
# of positions	94

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	-0.85											1.00

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Market developments

The bond markets were over the month also impacted by the corona virus outbreak. The German 10-year interest rate fell from -0.43% to -0.61%. In the US there was a much stronger fall in interest rates. Government bond yields with a 10-year maturity fell from 1.51% to 1.15%, bringing the US interest rate to a historically low level. The fall in interest rates was offset by an increase in risk premiums. The risk premium on US high yield bonds rose by more than 1% from 3.9% to 5%. The risk premium in Europe also rose from 3.3% to 4.1%.

As a result bonds with a low risk increased in value (the Barclays Global Aggregate Index increased by 1%), while more risky bonds decreased in value (the High Yield Index decreased by 1.8%). The return of the DD Income Fund was with -0.85% in between the two benchmarks.

Table: Main portfolio characteristics DDIF per month end*

# of positions	94
# of issuers	78
Overall credit rating	BBB
Euro exposure	73.1%
Cash	5.3%
Investment grade (incl cash)	73.6%
Expected return (yield-to-worst)	2.8%
Duration (Option Adjusted Duration in years)	7.6

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 added two new bonds to the portfolio. In our portfolio of emerging markets government bonds, we have added a bond from Ghana. The loan is quoted in US dollars and has an attractive yield of 8.5%. In addition, we have added a loan from Volkswagen to the portfolio. We have excluded Volkswagen from our investment universe for a long period because of the diesel scandal. However, now that the group is fully committed to electric driving (and therefore needs a lot of money) and there is a settlement proposal on the table, the company's loans are again eligible for inclusion in the portfolio. This month we have purchased a long-term loan in euros with an expected return of around 3%.

We also sold a number of bonds with high prices and low return prospects. . Among others, we have sold bonds of Unibail-Rodamco, Iberdrola, EDF, La Poste, Vattenfall, Vodafone and BNP Parisbas. As a result, the number of positions in the portfolio has fallen from 100 to 94 and the cash position has risen to 5.3%. The riskier high-yield segment in particular received a lower weighting in the portfolio of 16.1% compared to 20.6% last month. The share of investment grade bonds has risen from 38.3% to 40.9%.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	11.2%	1.6%	5.6
Government bonds emerging markets	0-25%	11.0%	3.3%	14.0
Corporate bonds investment grade	10-50%	40.9%	2.6%	8.9
Corporate bonds high yield	0-25%	16.1%	3.5%	6.7
Microfinance	0-25%	2.5%	3.4%	3.5
Other	0-25%	13.0%	4.0%	7.6
Cash	0-25%	5.3%	-0.6%	0.0
Total		100%	2.8%	7.6

Source: DoubleDividend

Top movers in the portfolio

The list of risers consists almost entirely of long-term bonds listed in dollars. These bonds benefited from the sharp fall in interest rates in the US. The list of largest declines is mainly a list of subordinated loans from financial institutions. These bonds carry more risk and are more affected by financial market turmoil.

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

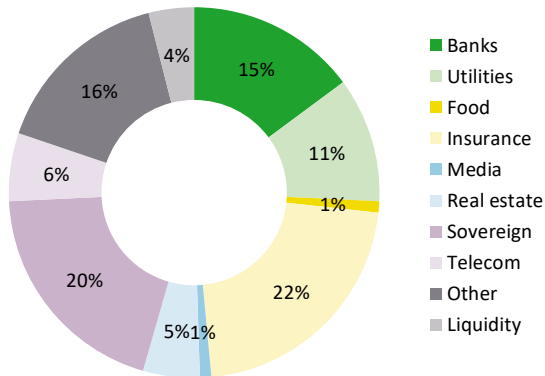
Top 5 best performers		Top 5 worst performers	
	Return		Return
EDF 2114 (corp)	6.5%	CNP Perp. (corp)	-4.4%
Nestle 2048 (corp)	5.7%	Achmea Perp. (HY)	-4.1%
Mexico 2115 (gov EM)	4.4%	Volkswagen Perp. (corp)	-4.0%
Medtronic 2035 (corp)	4.1%	Eurofins Perp. (HY)	-3.9%
Microsoft 2055 (corp)	4.0%	Ageas Perp. (corp)	-3.8%

Source: DoubleDividend/Bloomberg

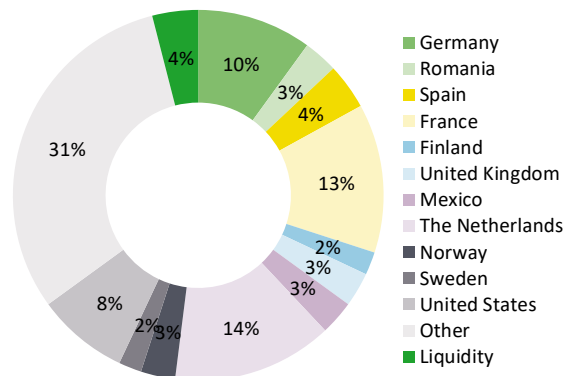
Team DoubleDividend

Appendix: portfolio characteristics

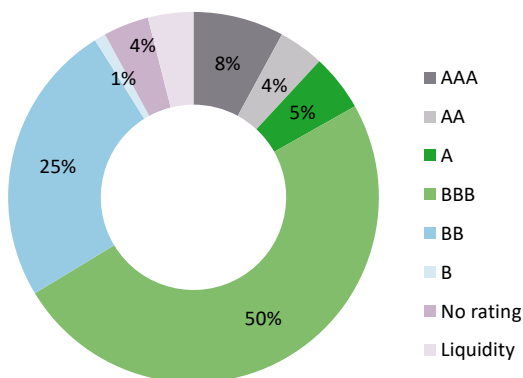
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency

