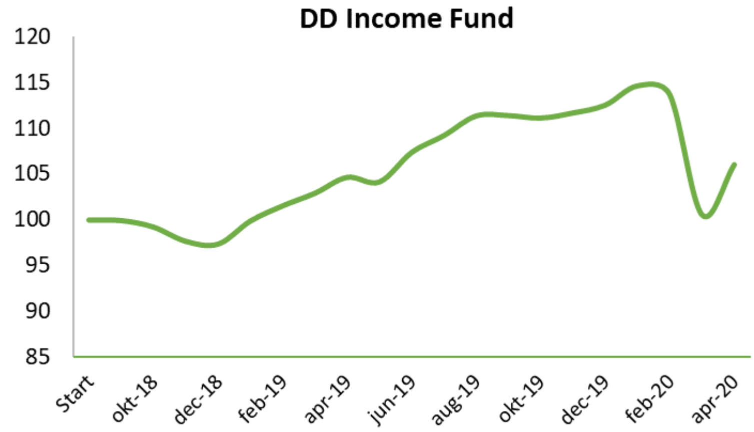
DD Income Fund
Monthly report April 2020

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 participation A*

DD Income Fund achieved a return of 5,43% for April 2020, bringing the net asset value per participation to € 25.92. Since the fund was launched in September 2018, the return has been 6,0% (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	€ 55.2 mln
# shares outstanding A	1,347.674
# shares outstanding B	781.901
Net Asset Value A*	€ 25.92
Net Asset Value B*	€ 25.93
# of positions	89

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	-11.48	5.43									**-5.74**

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Market developments

In the bond markets, the recovery that started in late March continued in April. The riskier corporate bonds in particular benefited from a decline in risk premiums, in line with the recovery in the equity markets. Improved liquidity in the market, thanks to the extensive central bank aid programs, also made a significant contribution to the recovery. The broad Barclays Euro Aggregate Index rose 1.2%, while the more risky high yield Index rose 6.2%. The DD Income Fund posted a plus of 5.5% this month.

Table: Main portfolio characteristics DDIF per month end*

# of positions	89
# of issuers	78
Overall credit rating	BBB+
Euro exposure	70.5%
Cash	2.9%
Investment grade (incl cash)	76.1%
Expected return (yield-to-worst)	3.8%
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%.

Both the ECB and the FED did not change the key interest rate this month. However, both indicated that interest rates will remain low a long period and that they will continue to provide the markets with ample liquidity for the time being. Because the base rate is very low or even negative, bonds can only yield a positive return in combination with a certain level of risk. Short-term government bonds with a high rating offer no return. This was already the case before the crisis, but this problem has only increased since the outbreak of the crisis. Particularly because now, in addition to Europe, interest rates are also very low in the US. As a result, the correlation between equities and bonds has increased and bonds therefore offer less diversification in a mixed portfolio. After all, under these circumstances the price of a bond is determined to a greater extent by the risk premium and to a lesser extent by movements in the base rate. In order to partly compensate for this effect, we have increased the share of government bonds in developed markets in the portfolio for risk reasons. That is why we added government bonds from France, Norway, New Zealand and Canada to the portfolio last month. However, the currency risk has increased somewhat. The share of bonds listed in euros in the portfolio is more than 70%.

Portfolio developments

In general, changes in the portfolio in recent weeks have been aimed at reducing the risk in the portfolio. In addition to the aforementioned purchases of safe government bonds, we have reduced the riskier government bonds of emerging countries. For example, two government bonds from South Africa and Senegal have been sold. Loans with a relatively low rating have also been sold in our corporate bonds portfolio. More than 53% of the issuers now have an A rating or better and more than 90% are investment grade (including cash). More than 76% of the bonds in the portfolio have an investment grade rating. The expected return on the portfolio is 3.8% with an average duration (duration) of 7.5 years.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	16.9%	1.0%	6.7
Government bonds emerging markets	0-25%	8.0%	4.5%	13.8
Corporate bonds investment grade	10-50%	40.9%	3.6%	8.8
Corporate bonds high yield	0-25%	16.6%	4.8%	6.6
Microfinance	0-25%	2.5%	5.0%	3.1
Other	0-25%	12.2%	6.3%	6.7
Cash	0-25%	2.9%	-0.6%	0.0
Total		**100%**	**3.8%**	**7.5**

Source: DoubleDividend

Top movers in the portfolio

In the past month, especially high yield and perpetual loans from financial institutions performed strongly. These bonds took full advantage of the fall in risk premiums. Emerging market bonds were under pressure. Emerging countries are not only suffering from an increasing government deficit due to higher spending and less tax income, but also from a decline in their currency against the euro and the dollar. This makes it more expensive to repay loans in hard currencies such as the euro and the dollar.

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

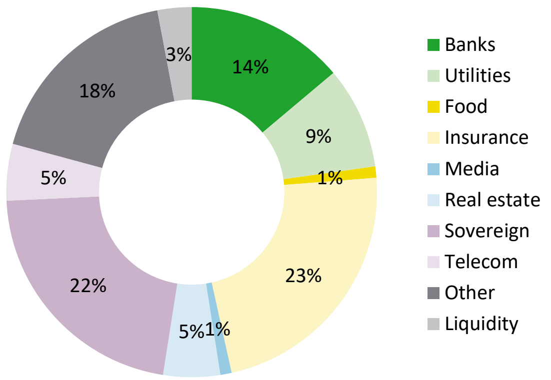
Top 5 best performers		Top 5 worst performers	
	Return		**Return**
Schaeffler 2026 (High Yield)	19.2%	Mexico 2045 (gov EM)	-10.4%
Belfius Perp (other)	19.0%	Mexico 2115 (gov EM)	-7.5%
Rabobank Perp (other)	17.3%	Roemenia 2049 (gov EM)	-4.2%
Achmea Perp (High Yield)	16.4%	Roemenia 2035 (gov EM)	-3.8%
CNP Assur. Perp (other)	16.4%	Italy 2040 (gov DM)	-1.6%

Source: DoubleDividend/Bloomberg

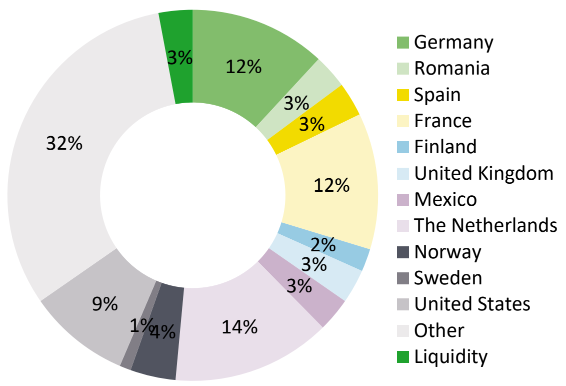
Team DoubleDividend

Appendix: portfolio characteristics

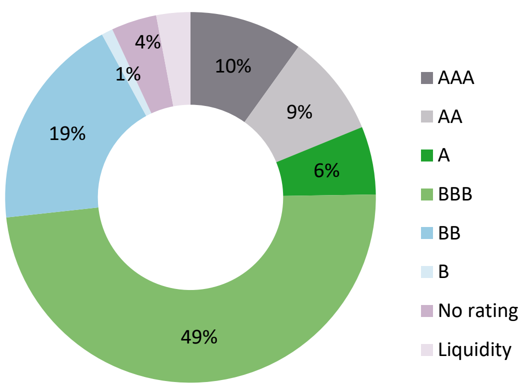
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency