

DD Income Fund

Monthly report July 2020

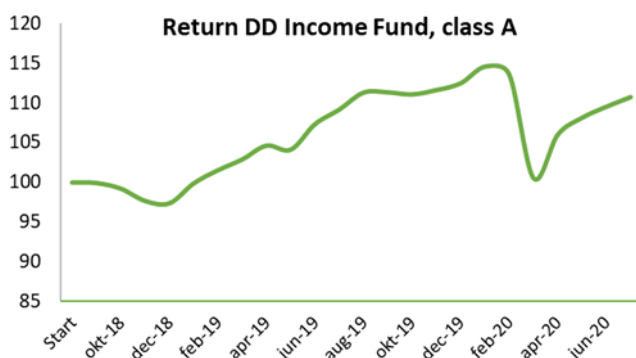


Profile

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 1,11% for July 2020, bringing the net asset value per participation to € 27.07. Since the fund was launched in September 2018, the return has been 10,74% (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	€ 60.0 mln
# shares outstanding A	1,423,399
# shares outstanding B	778,858
Net Asset Value A*	€ 27.07
Net Asset Value B*	€ 27.10
# of positions	102

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	2.00	1.29	1,11						-1.55

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Market developments

Bond markets continued to recover in July. Corporate bonds in particular benefited from support programs from governments and central banks and from positive sentiment in the financial markets. DD Income Fund benefited from this with a return of 1.1% for the month, reducing the loss for the year to 1.5%.

Bond markets benefited from a further fall in interest rates and a reduction in risk premiums. Both German and US 10-year interest rates fell by approximately 0.1% to -0.52% and + 0.53% respectively. Global bonds returned around 1%, but the risky high yield segment fared better. European high yield bonds, for example, rose in value by an average of 1.8%. DD Income Fund performed similarly, but suffered from the sharp fall in the dollar. The dollar had to give up 4.6% against the euro last month, which made a negative contribution to the result of around 1%.

The sharp fall of the dollar against the euro is partly due to a strong euro after European political leaders reached an agreement on an aid package of € 750 billion and proceeded to issue Eurobonds. Investors estimate that this will improve changes of the long-term survival of the euro, leading to an increase in value. But local perils in the US, including the further spread of the virus, political unrest and the smaller interest rate differential between the US and Europe, also contributed to the weakening of the dollar against the euro.

Our policy of not investing in negative interest-rate bonds forces us to take some currency risk. In recent months, we have managed to spread the currency risk by buying loans in Canadian and New Zealand dollars and Norwegian kroner.

The negative contribution to the result came mainly from government bonds denominated in dollars, while the positive contribution came mainly from more risky corporate bonds and emerging market government bonds denominated in euros. The average rating of the portfolio decreased slightly from BBB+ to BBB. This small decrease is not so much related to purchases and sales, but more to the appreciation of the more risky bonds in recent months, which has given them a heavier weight in the portfolio. The number of bonds in the portfolio rose to 102 from 86 different issuers. The yield on the portfolio is 3%.

Table: Main portfolio characteristics DDIF per month end*

# of positions	102
# of issuers	86
Overall credit rating	BBB
Euro exposure	72.6%
Cash	1.2%
Investment grade (incl cash)	76.0%
Expected return (yield-to-worst)	3.0%
Duration (Option Adjusted Duration in years)	7.7

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 a government bond from Spain and a government bond from Chile to the portfolio with yields of 1% and 1.5% respectively. We have sold a bond from Slovenia whose expected return had since fallen to zero.

Table: portfolio per building block

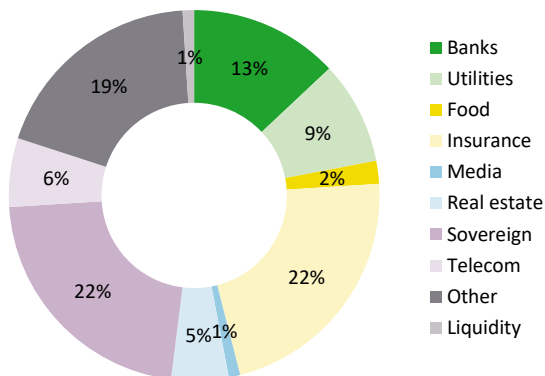
Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	15.5%	0.8%	7.1
Government bonds emerging markets	0-25%	8.9%	3.4%	15.0
Corporate bonds investment grade	10-50%	43.3%	2.7%	8.8
Corporate bonds high yield	0-25%	16.9%	3.7%	6.4
Microfinance	0-25%	2.3%	3.7%	3.0
Other	0-25%	11.9%	5.7%	6.9
Cash	0-25%	1.2%	-0.6%	0.0
Total		100%	3.0%	7.7

Source: DoubleDividend

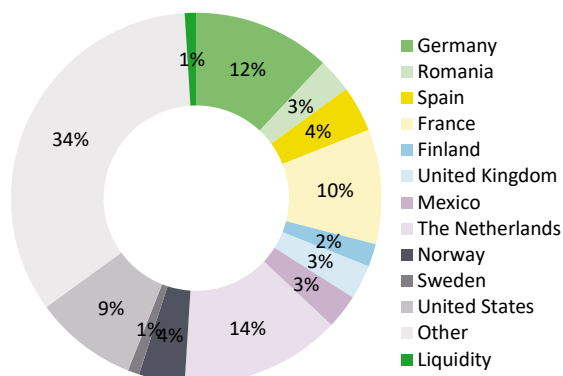
Team DoubleDividend

Appendix: portfolio characteristics

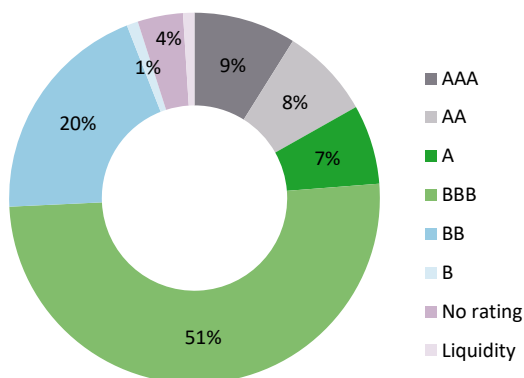
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency

