

DD Income Fund

Monthly report September 2020

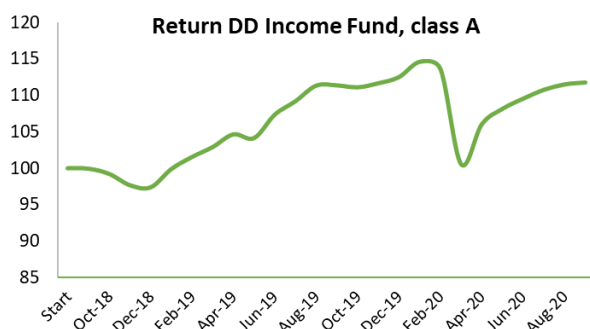


Profile

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 0.24% for the month of September 2020. This brings the return for 2020 to -0.66%.



* 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	€ 64.1 mln
# shares outstanding A	1,566,241
# shares outstanding B	797,758
Net Asset Value A*	€ 27.12
Net Asset Value B*	€ 27.15
# of positions	106

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	0.66	0.24				-0.66

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Market developments

The bond markets had a quiet month in September. The global Bloomberg Barclays Global Aggregate Index rose 0.3% in value. High yield bonds lost slightly in line with the equity markets and achieved a negative return of 1.6%. The DD Income Fund performed similar to the global index last month, posting a modest positive result of 0.24%. This brings the return for the year to -0.66%.

Table: Main portfolio characteristics DDIF per month end*

# of positions	106
# of issuers	92
Overall credit rating	BBB+
Euro exposure	75.3%
Cash	1.8%
Investment grade (incl cash)	73.3%
Expected return (yield-to-worst)	2.8%
Duration (Option Adjusted Duration in years)	8.0

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

Over the last month, we added two new bonds to the portfolio due to further growth in the fund assets. An Italian government bond with a long duration and a subordinated loan from housing fund Akelius were added, with a yield to maturity of 1.9% and 3.2% respectively. A dollar denominated bond of Banco National de Costa Rica was sold after the bank made an offer for all outstanding bonds. In addition, we expanded a number of existing positions, including two dollar denominated bonds from Visa and Nestle, and a Spanish government bond.

Under the current market conditions it is impossible to realize a positive return on bonds without taking a certain degree of risk. The fund's policy is to ensure that all individual positions in the portfolio have an expected positive result. This means that we do not invest in government bonds of countries such as the Netherlands, Germany and Switzerland, which offer negative interest rates. This forces us to take risks. However, we try to diversify these risks as much as possible by building a broad portfolio (currently 106 bonds) from a large number of issuers (now 92) active in different sectors and countries. In addition, we always make a trade-off between the expected return and the different types of risks: maturity risk, credit risk and currency risk.

A second consequence of our policy is that the correlation between stocks and bonds is, at least in the short term, greater than we might wish and greater than in the past. Many corporate bonds and more risky government bonds move with the stock markets. That brings a little more volatility to the portfolio. An important part of our investment philosophy is our view of risk. According to our investment philosophy, risk is mainly the permanent loss of capital given the investment horizon and not the volatility in the meantime. For bonds, we assume an investment horizon of at least two to three years. Investing in government bonds with an expected negative result is therefore not in line with our philosophy, the extra volatility is the price we are willing to pay for it.

Table: portfolio per building block

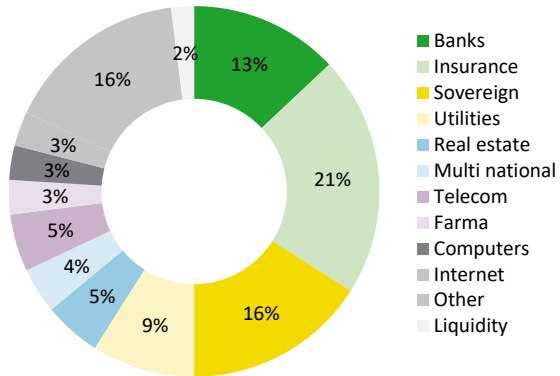
Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	10-50%	15.1%	0.8%	8.2
Government bonds emerging markets	0-25%	8.3%	3.3%	15.0
Corporate bonds investment grade	10-50%	40.7%	2.7%	8.9
Corporate bonds high yield	0-25%	19.7%	3.4%	6.1
Microfinance	0-25%	2.2%	3.2%	2.9
Other	0-25%	12.2%	4.9%	7.1
Cash	0-25%	1.8%	-0.6%	0.0
Total		100%	2.8%	8.0

Source: DoubleDividend

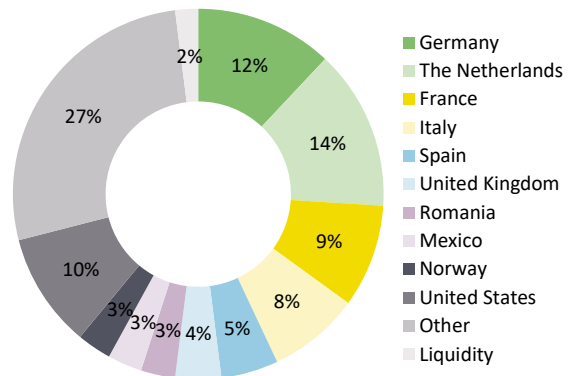
Team DoubleDividend

Appendix: portfolio characteristics

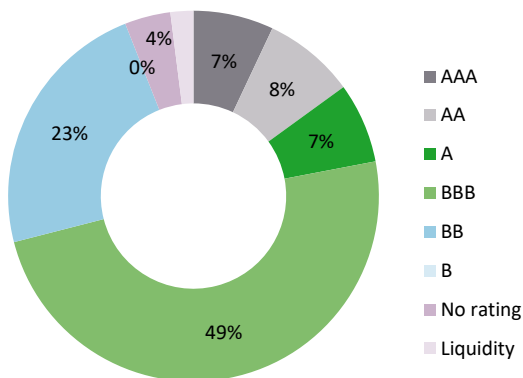
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency

