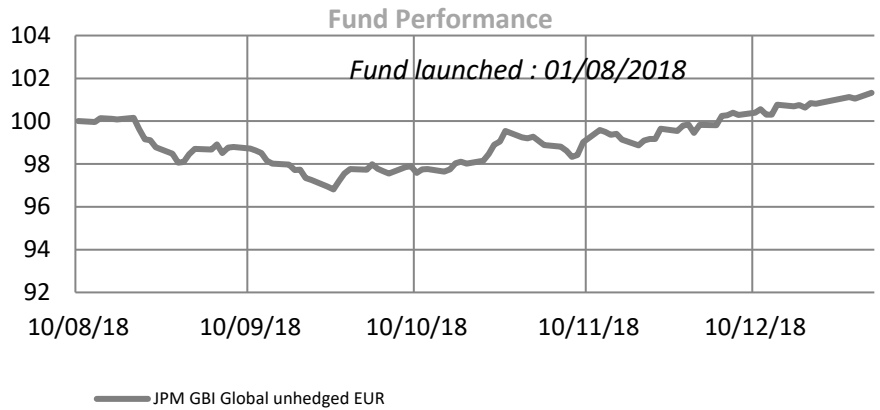


Investment Strategy

The goal of Ducal Income Fund is to achieve income and long-term capital growth. The fund seeks to achieve its objective through a global allocation to debt (emerging markets included). Debt securities may include investment grade as well as non-investment grade and unrated debt.

The fund will mainly invest in fixed and floating investment grade and non-investment grade bonds without sectoral, rating or geographical constraints. The fund may invest up to 33% of its net assets in non-investment grade bonds. However the fund does not invest in securities rated CCC+ or below by S&P (or equivalent). The average rating of the fund will never be below BBB+.

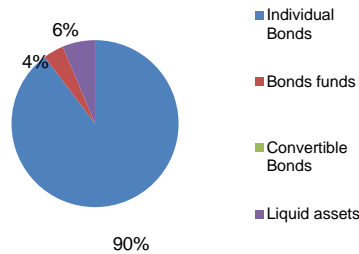
The fund is managed in an active and flexible manner compared to the benchmark on the basis of quantitative and qualitative analyses of the world economy and financial markets, especially interest rate markets and central banks policies. The fund may temporarily keep 100% of its assets in liquidities. It can invest directly in money market instruments or indirectly through a fund or it can have current or savings accounts in different currencies.



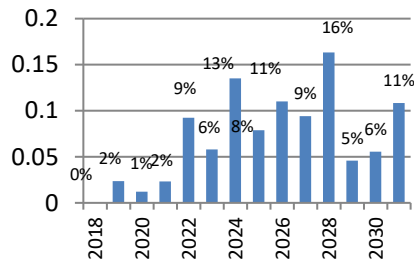
| | QTD | YTD | 1Y | 3Y | 5Y | 10Y |
|-----------------------------|-----|-----|-----|----|----|-----|
| Ducal Income Fund R EUR Acc | | | | | | |
| JPM GBI Global unhedged EUR | 3.6 | 4.4 | 4.4 | | | |

Fund holdings

Asset allocation



Maturity allocation



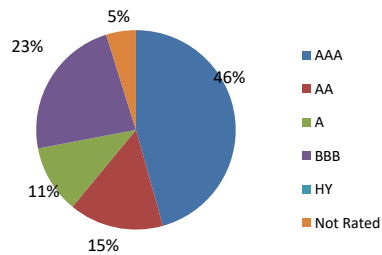
Top 5 Bonds

| | |
|-----------------------------|------|
| EUROPEAN INVEST 1.5% 2024 | 5.5% |
| EUROPEAN INVEST 1.375% 2028 | 4.9% |
| EUROPEAN INVEST 0.25% 2029 | 2.9% |
| NORWEGIAN GOVER 2% 2028 | 2.5% |
| ANHEUSER-BUSCH 2.75% 2036 | 2.5% |

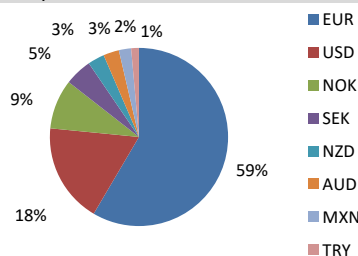
Characteristics

| | |
|---|---|
| Launch date | 10/08/2018 |
| NAV | 100.31 EUR |
| Total net assets (all share classes). in Mn | 8.23 |
| Legal structure | SICAV |
| Share class type | Accumulation |
| ISIN Code | LU1856981656 |
| Benchmark | JPM GBI Global Unhedged EUR |
| Entry charge | Max. 2 % |
| Exit charge | Max. 1 % |
| Frequency NAV | Daily |
| Ongoing charges | 1.98% |
| Annual Management charges | 1% |
| Performance fees | none |
| Minimum subscription | 1 unit |
| Relative risk profile | 1 2 3 4 5 6 7 |
| Depository bank | CACEIS Bank, Luxembourg |
| Management Company | Branch Crestbridge Management Company S.A |

Rating breakdown (Composite)



Currency breakdown



Commentary of the manager

The latest releases of leading indicators point to a further economic slowdown. The trade war between the US (president Trump) and most notably China is having negative repercussions globally. The US central bank raised the Fed target rate for a fourth time with a quarter percent in December to 2.5%. The Fed's balance sheet is shrinking. The probability of further rate increases is diminishing giving the surge in markets volatility and a slowdown in growth and inflation pressures. In the US analysts still forecast 2.6% GDP growth for 2019 next year and CPI to be stable at 2.2%. The US 10 year bond yield sunk last quarter to 2.68% from 3.06%. The yield curve is very flat and some shorter rate maturities show already a slight inversion of the rate curve. Credit spreads increased.

The concern about the current economic environment and outlook is still growing in Europe. The announced end of QE by the ECB, the trade issues, the (unrealistic) Italian budget promises, the "gillet jaune" movement in France and Belgium and the bad Brexit soap will restrain growth which is forecast by analysts to come out at 1.6% in 2019. We believe average analysts' forecasts may turn out to be too optimistic. The last quarter the price of US WTI oil crashed from around 77\$ to 45\$. Also other commodities are suffering except the precious metals (gold +7.7% in USD qqq) which often do well in times of big uncertainty. The core inflation in Euroland is 1% and the headline rate estimation for December is 1.6%. We think CPI can fall abruptly. We don't believe that the ECB can raise rates in the autumn of 2019. The 10 year German bund yield decreased last quarter from 0.47% to 0.24% and the curve continued flattening. The flight to quality pushed spreads to German bunds up in the Eurozone. Italian spreads recovered given their adjustment to the budgetary outlook which saved them for now from being penalized. The USD ended at 1.147 against the EUR (+1.2% qoq and +4.7% yoy). The JPY ended at 125.83 against the EUR (+4.8% qoq +7.5% yoy). Other winners during the last quarter were emerging market currencies TRY (+15.9%) BRL (+5.8%) and INR (+4.9%). On the losing side we have RUB (-4.9%), NOK (-4.5%), CAD (-4.2%) and MXN (-3.6%).

Since the launch of the fund in August 2018 we invested 94% of the available liquidities in mainly investment grade debt. The average credit rating is AA-. We invested more in the longer end of the maturity spectrum given our economic outlook and the steepness of the yield curve. We try to profit from further flattening of the curve in euro. We have bought high rated bonds (often government, government related or supranational debt) in EUR (representing 53% of portfolio now), USD (18%), NOK (9%), SEK (5%), NZD (3%), AUD (3%), MXN (2%, new position after currency weakness) and TRY (1%) and CAD (0.6%).

Disclaimer

Source (unless otherwise stated): Ducal Investment Fund S.A.. Period under consideration (unless otherwise stated): month prior to the date of publication of this document. Performance calculated NAV to NAV (net of fees and Luxembourg taxes) gross income and dividends reinvested, in the base currency of the respective sub-fund, excluding initial and exit charges at the date of this document. Initial and exit charges could affect the value of the performance. The performance represented is historical; past performance is not a reliable indicator of future results and investors may not recover the full amount invested. The value of shares can greatly fluctuate as a result of the sub-funds investment policy and cannot be ensured. If the base currency of the respective sub-fund differs from the currency of the country where the investor resides the represented performance might vary due to currency fluctuations. The sub-funds mentioned are part of Ducal Investment Fund, SICAV, an open-ended Luxembourg-based investments company (Société d'Investissement à Capital Variable), validly formed and existing in accordance with laws of Luxembourg and European Council Directive 2009/65/EC of 13 July 2009. This document is advertising material and does not disclose all relevant information concerning the presented sub-funds. Any investment decision in the sub-funds should be made on the basis of the current prospectus, which is available, along with the Key Investor Information Document, the current annual and semi-annual reports, electronically in English and in the local language of the market where the mentioned SICAV is authorised for distribution, without charge upon request from Ducal Investment Fund S.A., 5, Allée Scheffer, L-2520 Luxembourg, from the local representatives or information agents, or from our distributors. Investments in derivative and foreign exchange transactions may be subject to significant fluctuations which may affect the value of an investment. Investments in Emerging Markets involve a higher element of risk. The value of shares can greatly fluctuate as a result of the sub-funds investment policy and cannot be ensured. For further details of investment risks associated with these sub-funds, please refer to the relevant Key Investor Information Document, available as described above. Ducal Investment Fund S.A. only publishes product-related information and does not make any investment recommendations. Published by Ducal Investment Fund S.A., which is authorized by the Commission de Surveillance du Secteur Financier in Luxembourg. Further information can be obtained from your financial advisor. He/she can advise you independently of Ducal Investment Fund.