



© Copyright StructuredRetailProducts.com 2018

Bufferfund sees assets grow by 43% in six months

23 Aug 2018

Marc Wolterink

Fund linked to structured products reports €13m increase in assets in first half 2018



Bufferfund, a Dutch open-ended investment fund featuring bonus, capped bonus and discount certificates linked to the Eurostoxx 50 index, has reported assets of €43.2m at June 30, 2018, a 43% increase compared to end-December 2017 when €30.2m was invested in the fund.

Almost the entire growth was due to the influx of new and existing participants, according to Marcel Tak (*pictured*), fund manager at Bufferfund. "Taking the market conditions into account, we are satisfied with the achieved result over the first half of 2018, in which the fund outperformed the benchmark," said Tak.

The fund's objective - in the long-term, between three and five years - is to achieve a positive result, at least equal to that of the Eurostoxx 50, while at the same time the fund manager aims to reduce the risk in terms of volatility to half that of the benchmark.

In the first six months of 2018, the fund's price rose from €109.56 to €109.96: a net result of 0.37%. The return benefitted from the low volatility while the fund's benchmark, the Eurostoxx 50, registered a small negative return of -0.26% during the first half of 2018. "The volatility of 4.25 of Bufferfund compared to 11.75 of the Eurostoxx 50 (and the iShares index fund) is an excellent result in terms of the risk profile we pursued," said Tak.

Since the start of the fund, on August 18, 2016, Bufferfund has achieved a return of 9.96% (including all costs). Over the same period, the Eurostoxx 50 registered a return of 21.21% which is excluding costs and includes dividend tax yet to be settled. The iShares index fund on the Eurostoxx 50, which does include costs and dividend tax, achieved a return of 20.44% during that time.

"If we look at the return over the first half of 2018, little seems to have happened on the financial markets," said Tak. "That is somewhat deceiving. Initially, the equity markets started the new year on a positive note. Prices rose considerably, but by mid-January there was a change and prices started dropping sharply while the volatility also increased."

The Eurostoxx 50 fell by more than 10% in a few months, however, according to Tak, from the end of March there was a recovery, "so that on balance the return for the first half of 2018 can only be shown with mutations behind the decimal point".

Originally, the funds policy to achieve its objectives consisted of the purchase of (capped) bonus certificates (75%) and reverse capped bonus certificates (25%) but, due to the low volatility of the

stock markets, capped bonus certificates, and certainly reverse capped bonus certificates, became very expensive. For this reason, the positions in the latter were significantly reduced and discount certificates were bought instead.

"[Discount certificates] clearly provide a lower return than (capped) bonus certificates, but also have a much lower risk profile," said Tak. "The operational policy of the fund has been slightly adjusted because we now have two different types of certificates with bonus and discount certificates."

Tak also noted that the sale or replacement of bonus certificates is determined via dynamic risk management and dynamic profit management, as well as delta 10 management, according to Tak.

"The intention of delta 10 management is to manage the consequences of a sudden 10% decline of the price on the exchange. The starting point is that in such an event Bufferfund is only allowed to fall 3 to maximum 7%," said Tak noting that the exact percentage depends on the volatility and the direction of the financial markets.

As of August 31, 2018, the size of Bufferfund is €43.8m from 393.142,45 participations. An annual management charge of 0.96% applies. Currently the fund is invested in (capped) bonus certificates (43%), discount certificates (14%) and liquidity (43%).

Click the link to read the Bufferfund [interim report 2018](#) (Dutch) and the latest [factsheet](#).

Related stories:

[Dutch fund adds discounts to keep delta low](#)

[Bonus and capped bonus certificates dominate Dutch market as volatility increases](#)

[We do not have a vision on the market, we have a vision on volatility, Bufferfund](#)

SRP's Reprint Policy: Articles published by SRP can be sent (on a PDF format and displaying SRP's logo) to sources for reference and for internal use only (including intranet posting and internal distribution). If an article is to be shared with a third party or re-published on a public website (i.e. a location on the World Wide Web that is accessible by anyone with a web browser and access to the internet), SRP offers reprints, PDFs of articles or advertisements, and the licensing to republish any content published on the SRP website. Reprints and PDFs can be customised to include advertisements, company logo and/or company contact details, and can also be delivered on 170gsm matt paper. Minimum order for print: 50 copies. Prices vary depending on size, quantity and any additional requirements (e.g. editing, resizing, inclusion of logos, lamination, etc.) and range from £500 to £1,000 (+ VAT) for the authorisation to republish any Q&A, profile or feature published by SRP. For a full quote or for further details please contact info@StructuredRetailProducts.com.