



© Copyright StructuredRetailProducts.com 2021

Dutch SP fund on the road to recovery, buffers play their part

Europe | Products

🕒 24 Aug 2021 by Marc Wolterink



The Dutch open-ended fund that invests in structured products listed in Germany continued its recovery from the March 2020 crash in H1 2021.

Bufferfund has achieved a positive return of 6.1% in the first half of 2021 following a semester of steady increase in value. The closing price on 30 June 2021, at €99.87, was only fractionally (0.7%) below the highest level reached in the first half of this year.

The fund continued its recovery from the Covid-19 crash of March 2020, when the fund's price reached a low of €77.05. Since then, it has risen by almost 30%.



We turned many certificates into positions with bonus payments that are equal to or even higher than the current price of the underlying index - *Marcel Tak*



The positive performance was achieved with significant buffers in the certificates held by the fund. At the end of H1 2021, the average size of the buffer was 42%

“During the last months of the first half of this year, we turned many certificates into positions with bonus payments that are equal to or even higher than the current price of the underlying index,” said Marcel Tak (*pictured*), statutory director and fund manager of Bufferfund.

“This has the advantage that in the event of market declines, there is no loss on these certificates on the maturity date.

“Of course, again with the important condition that the buffer of the certificate is not broken. The buffers on these certificates are slightly smaller than those on the certificates sold, but still very generous at 35-40%,” said Tak.

At the same time, the fund sold certificates with a bonus price that is far below the current price of the underlying index. “These certificates can potentially fall to the level of the much lower bonus price, even if the buffer is not breached,” said Tak.

The main objective of the fund is to provide a positive return in the long term, with a much lower risk than regular equity investments. To achieve this, it invests in (capped) bonus and discount certificates

linked to equity indices – mainly on the Eurostoxx 50, the fund’s benchmark – that are listed on the exchanges of Frankfurt and Stuttgart.

In addition to these certificates on equity indices, the fund has started to invest in certificates with individual shares as underlying values as part of [the adjusted investment policy](#).

“These certificates currently make up about 15% of the total portfolio,” said Tak, adding that this percentage will be increased further in the coming months.

“Especially if we start purchasing options in the second half of 2021 to further mitigate our market risks,” said Tak.

The options will be purchased from the fund’s new broker Lynx, whose account will become active early in the second half of the year.

As of 30 June 2021, the fund managed assets of €27.3m, down from €29.2m at the end of December. The decline in assets is the balance of a positive return and a net outflow in the first half of the year.

Bufferfund currently has positions in bonus certificates (42%), capped bonus certificates (18%), discount certificates (three percent), other (one percent), and cash (36%). The average maturity of these certificates is 2.11-years.

Click the link to read the Bufferfund [interim report H1 2021](#) (Dutch).

SRP’s Reprint Policy: *Articles published by SRP can be sent 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. Prices vary depending on size, quantity and any additional requirements. To request authorisation to republish any Q&A, profile or feature published by SRP, please contact info@structuredretailproducts.com.*