DD INCOME FUND

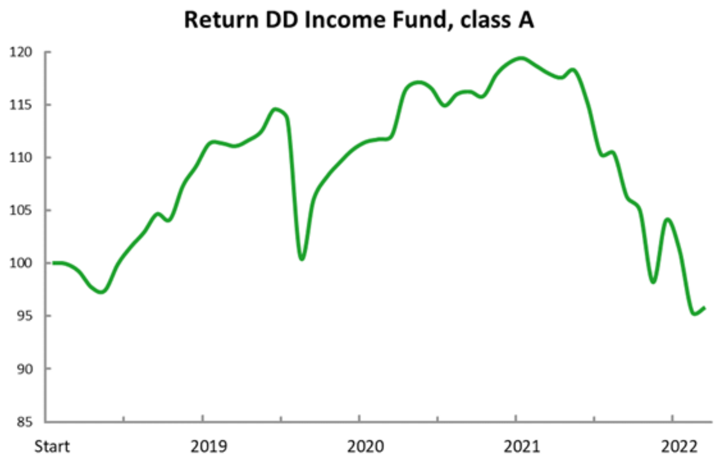
Monthly report October 2022

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 0.46% in the month of October 2022, as a result of which the net asset value per unit A rose to € 22.56.



** 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	€ 77.18 mln
# shares A	1,990,416
# shares B	526,870
# shares C	893,600
NAV A*	€ 22.56
NAV B*	€ 22.66
NAV C*	€ 24.76
# positions	138

Costs

Management fee A	0.65%
Management fee B	0.50%
Management fee C	0.25%
Other costs**	0.20%
Up/down swingfactor	0.25%

Other

Start date	Part. A: September 2018
	Part. B: January 2020
	Part. C: January 2021
Manager	DoubleDividend Management B.V.
Status	Open-end, daily
Exchange	Euronext Amsterdam
ISIN (A)	NL0013025539
ISIN (B)	NL0014095101
ISIN (C)	NL0015614595
Benchmark	None
Currency	Euro

Risk monitor

* per participation
** expect

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FINANCIAL & SOCIAL RETURNS

Table: monthly returns in %, participation 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	0.23	0.31	3.76	0.71	**4.14**
2021	-0.47	-1.42	0.95	0.18	-0.36	1.77	0.96	0.35	-0.57	-0.64	-0.34	0.57	**0.94**
2022	-2.65	-4.14	0.05	-3.74	-1.21	-6.47	5.96	-2.56	-5.93	0.46			**-18.97**

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Market developments

Global bond markets stabilized somewhat last month. Key market interest rates rose slightly, but not at the pace we have seen in recent months. Official inflation figures remained high last month. Inflation in the EU has risen to 10.7%. The highest level ever. Inflation in the US is still at a record high. Last month's figure came in at 8.2%, the highest level since 1982.

Due to high inflation, the ECB was forced to raise interest rates by 0.75% for the second time in a row. This was no surprise to the market. However, the ECB indicated that it was more concerned about economic developments. This change in tone could mean that the ECB will raise interest rates more slowly in the coming period. For the time being, the market is taking into account an increase in interest rates to 2.5% over the coming period from 1.5% now. The US FED is likely to move a lot further in the current cycle of rate hikes. Analysts are currently taking into account that interest rates could rise to around 5%. It is likely that after the rate hike of 75bps in November, the FED will slow down and raise interest rates in smaller increments.

Table: Characteristics of the DDIF portfolio at the end of the month

# of positions	138
# of issuers	106
Overall credit rating	BBB+
Euro exposure	75%
Cash	2.2%
Investment grade (incl cash)	72%
Expected return (yield-to-convention*)	7.9%
Duration (Option Adjusted Duration* in years)	6.1

Source: DoubleDividend/Bloomberg

* Yield-to-Convention 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%.

The expected return on the portfolio is now 7.9% based on the yield-to-convention. The expected return comes with a duration or average maturity of just over 6 years. It is therefore expected that this return will be achieved on average per year over the next 6 years. However, it is unlikely that this result will be achieved evenly over the years. This expected return is made up of the annual interest or coupon payment on the bond plus the difference between the market price and face value. At the moment, the average price of the bonds in the portfolio is 82% of the nominal value, which means that an extra result of 22% (18/82) is achieved on average when repaid at nominal. The final result may be different;

- When companies or institutions are unable to meet their obligations. This may have a negative effect on the result. This risk increases during a recession.
- Due to changes in interest rates. Given the rising interest rates, this will probably have a positive effect on the final result. Loans with a variable rate or short duration benefit from rising interest rates.
- Due to price changes in currency, the expected result may be lower or higher. Currently 75% of the bonds in the portfolio are denominated in euros, 18% in US dollars and 7% in other currencies, including the Canadian dollar and the Norwegian krone.

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- If the (expected) loan term changes or due to other changes in the conditions. This is especially true for perpetual bonds, hybrid bonds and coco's (contigent convertible bond).

We would like to show how the latter factor is taken into account by means of an example of a loan from Rabobank.

Issuer: Rabobank
Issue year: 2019 in euros
Term: perpetual, with option to repay in December 2026
Interest: 3.25% of face value until December 2026, then 5 years interest +3.7%
Rating: A+ Bank, BBB loan
Loan price: 82.5

The expected yield (yield-to convention) is 8.3% on redemption in December 2026. This is the sum of 3.25% interest plus repayment of principal at 100 in 2026. This is the most likely scenario as it is common for issuers to repay the loan on the first repayment option. However, Rabobank may decide to postpone the repayment due to, for example, market conditions. If Rabobank does not repay, the interest on the loan after 2026 will rise to the interest with a term of 5 years that applies at that time plus a surcharge of 3.7%. At the moment that would mean an interest rate of 6.6% on the face value. Based on the current price of 82.5, this means a running return of 8.0% on an annual basis (6.6/82.5). The repayment normally takes place at a later stage at 100. The actual return may be lower if Rabobank can no longer meet its obligations or if it falls through a certain level of the guaranteed capital. This is of course possible, but given the high A+ rating of the bank behind us, the chance of that happening is not very great.

Portfolio changes

No changes in portfolio

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	11.5%	4.3%	6.7
Government bonds emerging markets	0-25%	7.8%	6.7%	11.1
Corporate bonds investment grade	0-50%	39.4%	7.4%	7.0
Corporate bonds high yield	0-25%	22.1%	9.6%	4.0
Microfinance & supranational bank	0-25%	3.6%	6.4%	4.4
Other	0-25%	13.5%	11.9%	5.1
Cash	0-25%	2.2%	-0.7%	0.0
Total		100%	7.9%	6.1

Source: DoubleDividend

Team DoubleDividend

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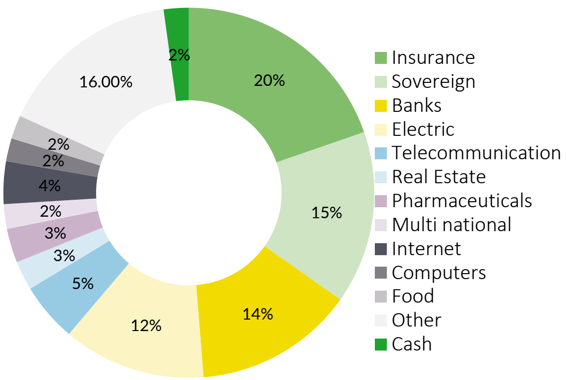
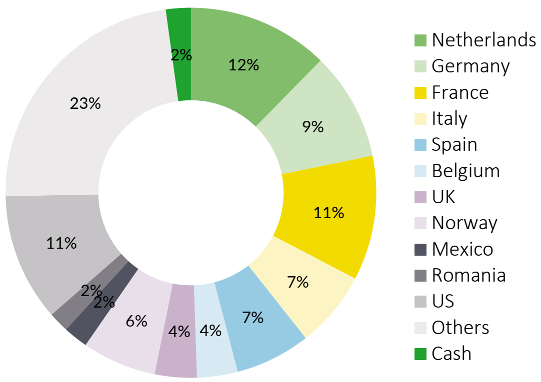
Appendix: portfolio characteristics

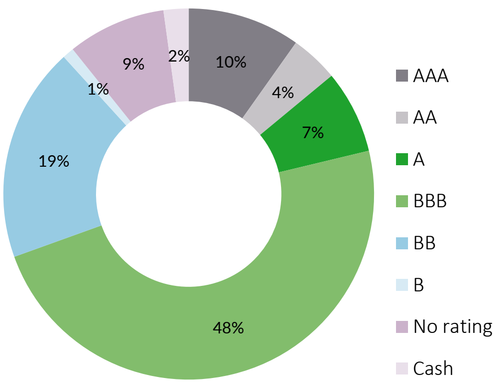
Distribution per sector (GICS)



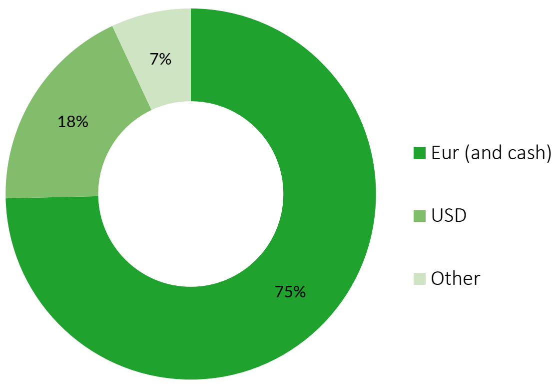
Distribution per country of origin



Distribution per rating



Distribution per currency



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