DD INCOME FUND

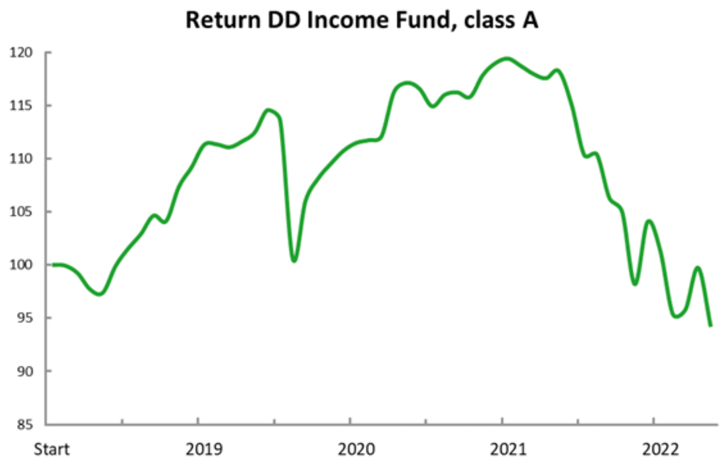
Monthly report December 2022

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 -1.7% in the month of December 2022, as a result of which the net asset value per unit A decreased to € 23.09.



** 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	€ 79,36 mln
# shares A	2,006,404
# shares B	526,906
# shares C	893,600
NAV A*	€ 23.09
NAV B*	€ 23.19
NAV C*	€ 23.30
# positions	142

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

doubledividend
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	4.09	-1.7	**-17.08**

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Market developments

Bond markets lost some ground last month after two positive months. In both Europe and the US, interest rates rose by different maturities compared to a month earlier. Interest rates rose sharply, especially in Europe. For example, the German 10-year interest rate rose from 1.93% to 2.57% in December, an unprecedented sharp increase. This was prompted by statements by both the FED and the ECB that further rate hikes are justified given the stubbornness of inflation.

This concludes a year with a historic interest rate movement. Interest rates in the US and Europe rose by approximately 4% and 2% respectively last year. For 2023, the financial markets are pricing in a further rise in interest rates, although this is expected to be less sharp than in the past year. The sharp increase is the result of a turnaround in central bank policy as a result of inflation that has gotten out of hand. Inflation has been underestimated for too long, which has forced the monetary authorities to slam on the brakes. Fighting inflation is now priority number one, two and three. The rest is secondary.

As a result of the rise in interest rates, bond prices came under considerable pressure across a broad front last year. Corporate bonds and emerging market bonds also suffered from rising risk premiums. Bonds therefore offered no protection in a mixed investment portfolio.

Central banks in both the US and Europe are expected to raise interest rates further in early 2023, but these hikes are likely to level off and possibly stop in the course of the year. It is crucial whether the fall in inflation that started at the end of 2022 continues in 2023, only then will the interest rate rise stop. Some economists are even counting on a fall in interest rates in the second half of the year, but as far as we are concerned, an interest rate cut is not yet on the agenda. Higher for longer is currently the mantra. Another important factor is the extent to which economic growth will weaken. A scenario in which inflation slows down and interest rates stabilize in combination with a mild recession could benefit bond markets.

In any case, bonds have become a much more attractive investment alternative over the past year. Thanks to the rise in interest rates, bonds once again offer a reasonable return expectation. In addition, thanks to the higher interest rates, bonds again offer better diversification in a mixed investment portfolio than in recent years.

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

# of positions	142
# of issuers	109
Overall credit rating	BBB+
Euro exposure	75%
Cash	1.4%
Investment grade (incl cash)	72%
Expected return (yield-to-convention*)	6.8%
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%.

Portfolio changes

Last month we bought a short-dated US government bond. The bond with a maturity of 4 months offers a yield of 4.3%. The expectation is that the share of government bonds in the portfolio will increase further with the rise in interest rates.

Table: portfolio per building block

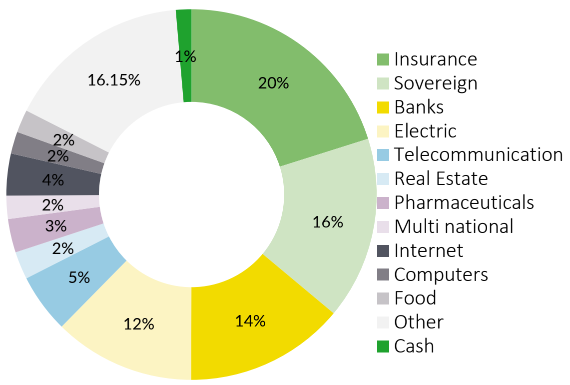
Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	12.4%	4.1%	5.8
Government bonds emerging markets	0-25%	7.9%	5.7%	11.4
Corporate bonds investment grade	0-50%	39.2%	6.1%	6.9
Corporate bonds high yield	0-25%	22.1%	9.4%	4.0
Microfinance & supranational bank	0-25%	3.4%	5.9%	4.3
Other	0-25%	13.6%	8.4%	5.0
Cash	0-25%	1.4%	-0.7%	0.0
Total		100%	6.8%	6.1

Source: DoubleDividend

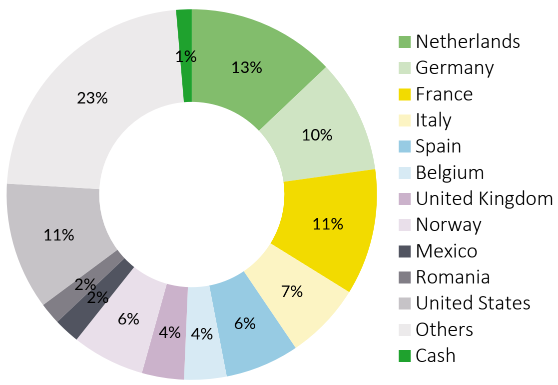
Team DoubleDividend

Appendix: portfolio characteristics

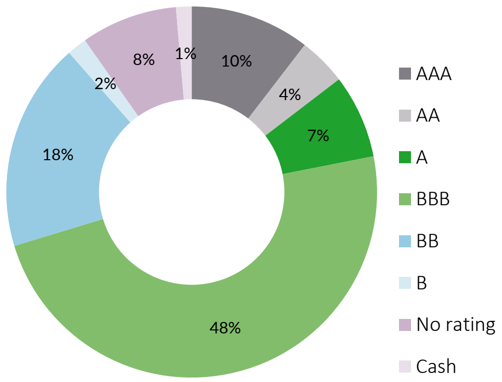
Distribution per sector (GICS)



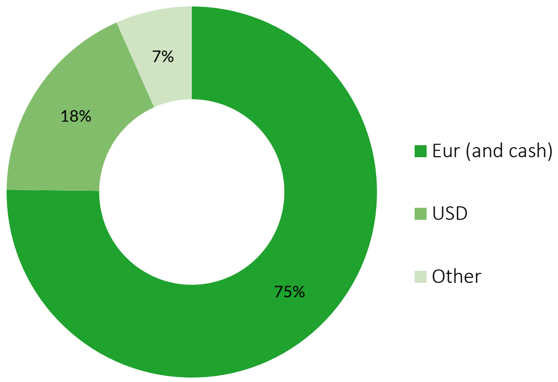
Distribution per country of origin



Distribution per rating



Distribution per currency



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