DD INCOME FUND

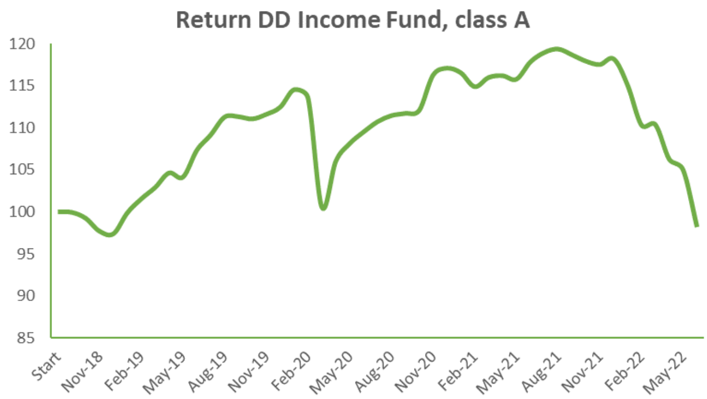
Monthly report June 2022

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 -6.47% in the month of June 2022, as a result of which the net asset value per unit A declined to € 23.31.



** 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	€ 80.21 mln
# shares A	2,013,364
# shares B	524,895
# shares C	893,600
NAV A*	€ 23.31
NAV B*	€ 23.40
NAV C*	€ 23.49
# positions	137

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							**-16.95**

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Market developments

Global bond markets have entered a perfect storm. Interest rates are rising due to high inflation and the changing policy of central banks. In addition, the risk premiums are rising as a result of the increasing fear of a recession. As a result, both safe government bonds and corporate bonds are under pressure. There are currently little or no places to hide in the bond markets. The reason that the bond market is under pressure also has to do with limited liquidity. Many large investment funds have to deal with outflows of capital, which means that the underlying bonds have to be sold.

Global central banks have now made fighting high inflation their number one priority. The ECB is on the cusp of a series of rate hikes, while most other central banks started some time ago. The US FED even raised interest rates by 0.75% last month, so that the key rate is now 1.5-1.75%. The Fed is currently expected to raise interest rates to 3-4% this cycle, but much is dependent on inflation. The latest inflation figures do not give much hope yet. Inflation in both the US and Europe last month came in at around 8.5%, higher than analysts' expectations. The fall in some commodity prices does offer some hope of a decline in inflation in the future, but inflation is expected to remain at a structurally higher level for a longer period of time than in recent years.

The ECB is in a difficult situation. Not only is the ECB lagging behind the rest of the world (official interest rates are still negative!), the possibilities to raise interest rates and curb inflation are severely limited by the high debt burden in Southern Europe. A sharp rise in interest rates makes these debts unaffordable, threatening a new euro crisis. The ECB had already had an emergency meeting this month to reassure the markets after bond yields from, among others, had risen sharply especially Italian bond.

Over the past month, the tone of central banks has changed. Previously, it assumed that the economy would be strong enough to absorb the interest rate hike. Now it is increasingly assuming that the economy will be damaged by the rise in interest rates, and a recession is therefore more and more likely. For the bond markets, this means that the risk premium on, among other things, corporate bonds is rising. A completely different dynamic is emerging for government bonds. Interest rates are being pushed up by inflation and the policy reversal of the central banks, but they are being weighed down again by fears of a recession. In the US in particular, this has led to a fall in the 10-year interest rate from 3.5% to approximately 3% in the last 2 weeks.

In recent years we have been negative about the risk/return ratio for bonds. The recent fall in the bond market price calls for an adjustment of this view. The expected return on the portfolio has risen to above 6% with an average term of more than 6 years. This has brought a better balance between risk and return. This applies in particular to corporate bonds and government bonds outside Europe. The outlook for high-quality European government bonds remains bleak due to low interest rates and the situation the ECB finds itself in. The development of inflation in particular remains a major risk for the entire market.

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

# of positions	137
# of issuers	106
Overall credit rating	BBB+
Euro exposure	74%
Cash	3.8%
Investment grade (incl cash)	72%
Expected return (yield-to-worst*)	6.4%
Duration (Option Adjusted Duration* in years)	6.4

Source: DoubleDividend/Bloomberg

* Yield-to-Worst 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

No changes in the portfolio this month. The cash position increased to 3.8%.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	11.4%	3.5%	7.2
Government bonds emerging markets	0-25%	7.5%	6.0%	12.0
Corporate bonds investment grade	0-50%	38.1%	6.2%	7.6
Corporate bonds high yield	0-25%	21.7%	8.5%	4.3
Microfinance & supranational bank	0-25%	4.2%	4.2%	4.0
Other	0-25%	13.3%	9.0%	5.4
Cash	0-25%	3.8%	-0.7%	0.0
Total		100%	6.4%	6.4

Source: DoubleDividend

Team DoubleDividend

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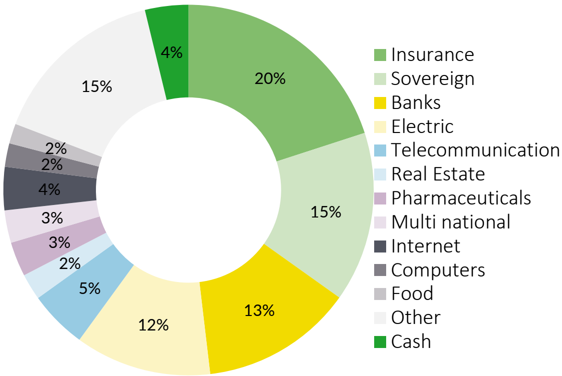
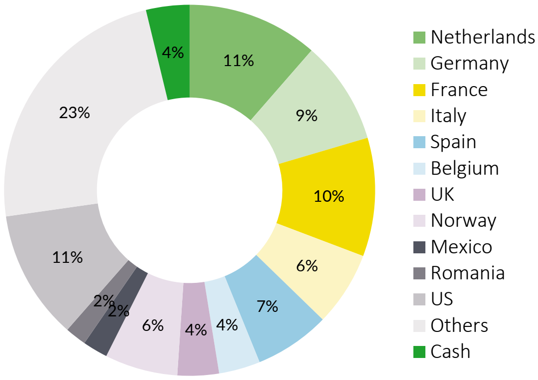
Appendix: portfolio characteristics

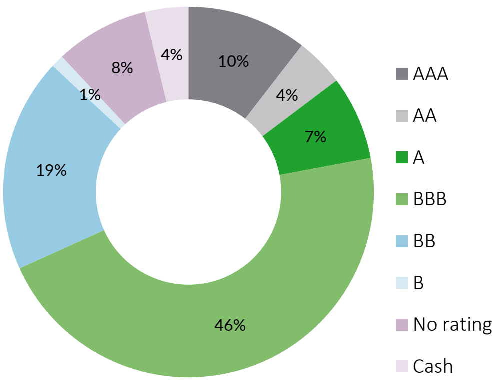
Distribution per sector (GICS)



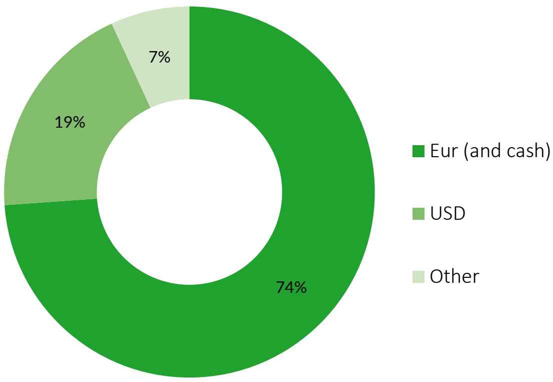
Distribution per country of origin



Distribution per rating



Distribution per currency



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