DD INCOME FUND

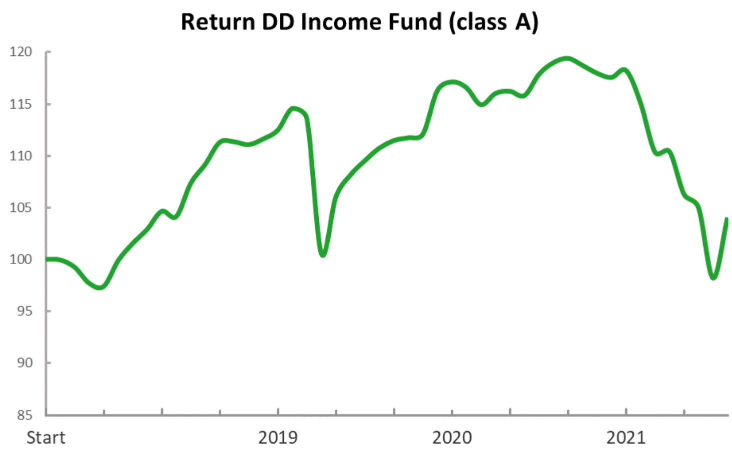
Monthly report July 2022

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 -5.96% in the month of July 2022, as a result of which the net asset value per unit A rose to € 24.70.



** 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	€ 85.14 mln
# shares A	2,018,887
# shares B	524,895
# shares C	893,600
NAV A*	€ 24.70
NAV B*	€ 24.80
NAV C*	€ 24.90
# positions	139

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						**-12.00**

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Market developments

Bond markets recovered strongly last month despite both the ECB and the FED raising interest rates sharply.

The ECB raised its interest rate for the first time in over 10 years, immediately by 0.50%, whereas the market had long expected an increase of 0.25%. The ECB is lagging far behind other central banks and the latest inflation figures left the central bank with little choice. In June, inflation was 8.6% compared to a year earlier. The FED even raised the interest rate for the second time in a row with 0.75%, which makes the official interest rate 2.25-2.50%. The difference between the FED and ECB interest rates (0-0.50%) has thus only widened this month. Partly because of this, the dollar remains strong against the euro. The weak euro is increasingly a problem in the fight against inflation. The weak euro causes imported inflation as dollar-denominated products (including oil) become more expensive.

Despite the interest rate hike by the ECB and the FED, interest rates with a maturity of more than 1 year fell in both Europe and the US. As a result, bond prices recovered last month. The global aggregate index rose 2.4% in euro terms, while the global high yield index rose 4.4%. The decline in long-term interest rates is the result of the change in expectations of investors with regard to future interest rate steps by the ECB and the FED. With weakening economic growth and the hope that inflation has reached its peak, investors estimate that central banks may raise interest rates less aggressively. As a result, long-term interest rates are falling while short-term interest rates are rising.

Whether this will end the era of rising interest rates is far from certain. Short-term interest rates will almost certainly continue to rise. Both the FED and the ECB have a number of increases in the pipeline. What long-term interest rates will do is more uncertain. It is now a fact that economic growth is slowing down, but whether inflation will also fall is less certain, so much will depend on that.

Nevertheless, the expected return on the portfolio of 5.7% offers much better protection against risks in the bond market than before. The expected yield-to-worst of 5.7% means that if all the bonds in the portfolio are held to maturity (the average maturity is 6.6 years) and all the companies and governments can meet their payment obligations, the annual return is 5.7% in local currency (74% of which is in euro).

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

# of positions	139
# of issuers	107
Overall credit rating	BBB+
Euro exposure	74%
Cash	2.2%
Investment grade (incl cash)	72%
Expected return (yield-to-worst*)	5.7%
Duration (Option Adjusted Duration* in years)	6.6

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

In recent months, the cash position in the portfolio had increased somewhat. This month, we took advantage of the attractive valuation and reduced it somewhat. Among others, euro loans from ING, Danone, GrandCity, Terna and a government bond from Croatia were added to the portfolio at an average yield of over 7%.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	11.3%	3.1%	7.2
Government bonds emerging markets	0-25%	8.0%	5.4%	12.0
Corporate bonds investment grade	0-50%	39.6%	5.2%	7.6
Corporate bonds high yield	0-25%	21.5%	7.6%	4.3
Microfinance & supranational bank	0-25%	4.1%	4.3%	3.9
Other	0-25%	13.4%	7.5%	5.7
Cash	0-25%	2.2%	-0.7%	0.0
Total		100%	5.7%	6.6

Source: DoubleDividend

Team DoubleDividend

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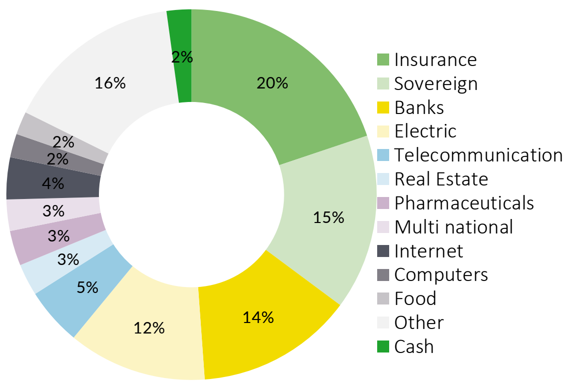
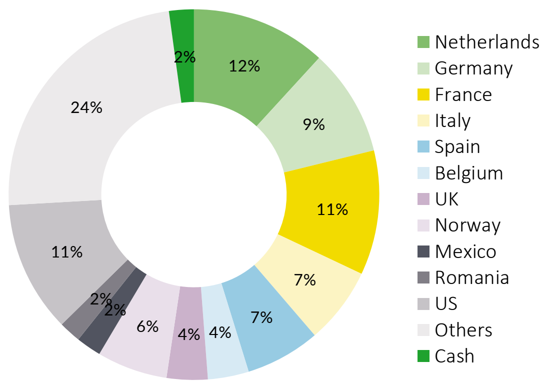
Appendix: portfolio characteristics

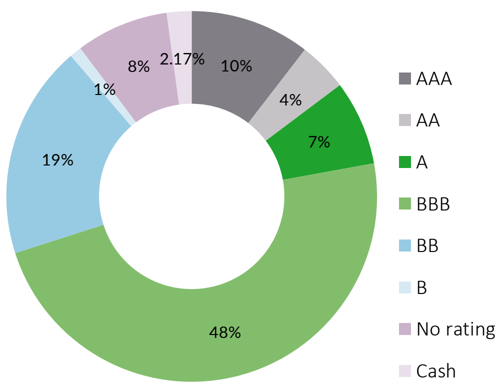
Distribution per sector (GICS)



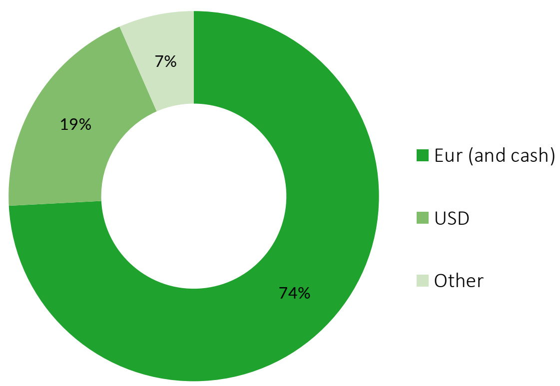
Distribution per country of origin



Distribution per rating



Distribution per currency



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