DD INCOME FUND

Monthly report January 2023

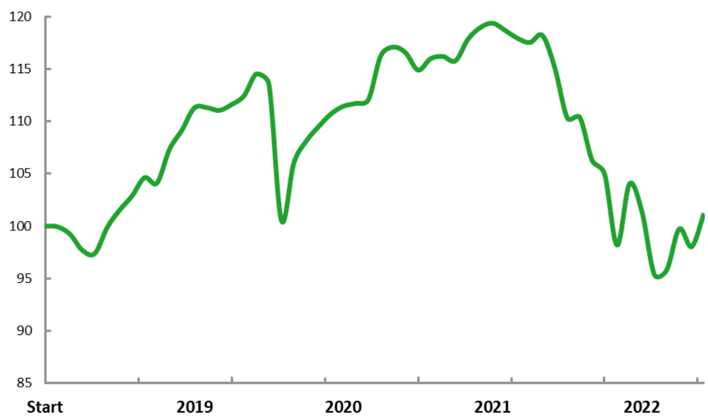
Profile

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 3.3% in the month of January 2023, as a result of which the net asset value per unit A rose to € 23.84.

Return DD Income Fund, class A



** 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	€ 82.43 mln
# shares A	2,044,311
# shares B	526,906
# shares C	876,100
NAV A*	€ 23.84
NAV B*	€ 23.95
NAV C*	€ 24.07
# positions	143

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**
2023	3.25												**3.25**

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Market developments

Bond markets have had a good start to the year. Inflation seems to have peaked. Recent figures in both the US and Europe have now shown inflation falling for several months in a row. The expectation is that the end of the cycle of interest rate hikes is also in sight. The last interest rate increase by the FED (early February) of 0.25% confirms this. The pace of interest rate hikes is falling rapidly and the FED confirms with this smaller increase that progress is being made in fighting inflation. With the latest interest rate increase, the policy rate is now 4.50-4.75% in the US. This is the highest level since 2007.

In both the US and Europe, interest rates are likely to peak sometime this summer. As a result, considerable movements in the interest rate markets are visible, with short-term and long-term interest rates currently moving in opposite directions. Short-term interest rates are still rising (because central banks are still raising rates), but longer-term interest rates are falling (because the market expects central banks to cut interest rates again in the future). The fall in longer dated interest rates is particularly visible in the US, but interest rates also seem to be stabilizing somewhat in Europe.

The fall in long-term interest rates means that markets expect interest rates to fall again in the future. Indeed, bond markets are already pricing in a fall in interest rates during the second half of this year. There is a risk that the markets are a little too optimistic. Although inflation is declining, it is still well above the desired level of around 2%. Both the FED and the ECB therefore maintain that interest rates can only be cut once inflation approaches the target of 2%.

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

# of positions	143
# of issuers	110
Overall credit rating	BBB+
Euro exposure	76%
Cash	1.7%
Investment grade (incl cash)	70%
Expected return (yield-to-convention*)	6.2%
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 added two new bonds to the portfolio. A bond from American medical technology company Edwards LifeSciences and a bond from Asian insurer AIA Group. The dollar loan from Edwards LifeSciences runs through 2028 and is expected to generate a return of 4.7%. The AIA Group loan in euros runs until 2033 and is expected to yield an annual return of 5.3%. The purchases are in line with the policy of further improving the quality of the portfolio with high-quality corporate and government bonds. Thanks to the rise in interest rates, these bonds again offer an attractive return at a low risk.

The loan from Scotiabank Peru has been sold because of the unsettled political situation in the country. The loan was sold at face value.

Table: portfolio per building block

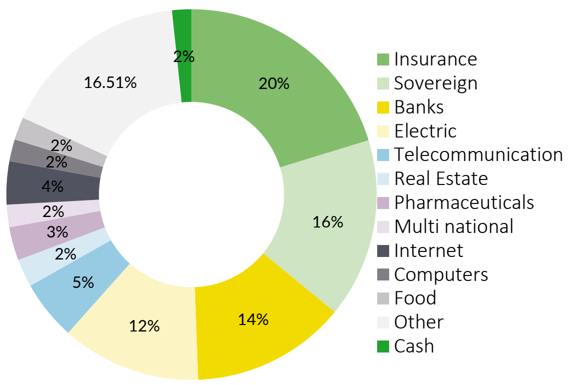
Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	12.1%	3.9%	5.8
Government bonds emerging markets	0-25%	7.8%	5.4%	11.6
Corporate bonds investment grade	0-50%	39.8%	5.6%	7.0
Corporate bonds high yield	0-25%	22.1%	8.5%	4.0
Microfinance & supranational bank	0-25%	2.8%	5.1%	5.0
Other	0-25%	13.6%	7.5%	5.0
Cash	0-25%	1.7%	0.3%	0.0
Total		100%	6.2%	6.1

Source: DoubleDividend

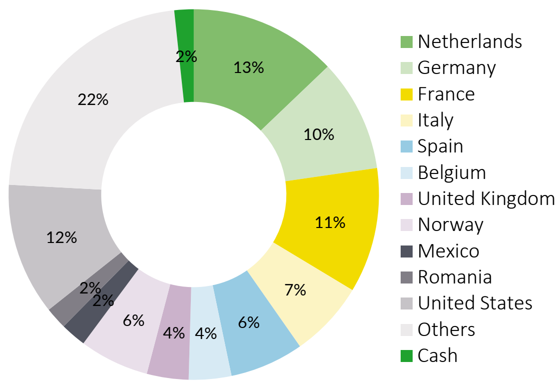
Team DoubleDividend

Appendix: portfolio characteristics

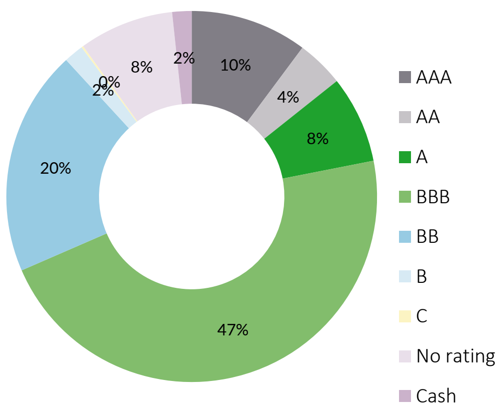
Distribution per sector (GICS)



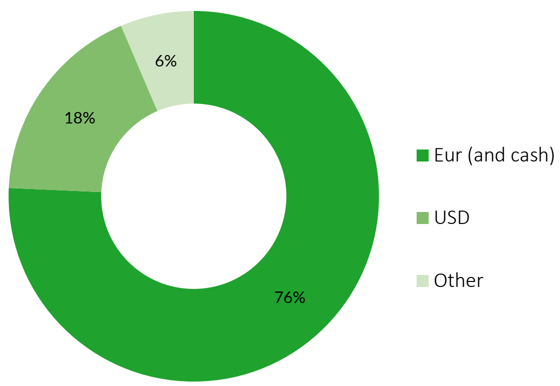
Distribution per country of origin



Distribution per rating



Distribution per currency



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