DD INCOME FUND

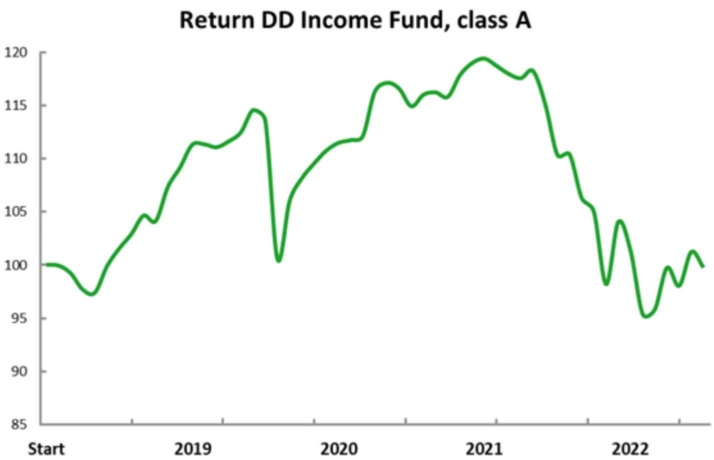
Monthly report February 2023

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 -1,45% in the month of February 2023, as a result of which the net asset value per unit A declined to € 23.29.



** 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	€ 80.91 mln
# shares A	2,096.195
# shares B	490.405
# shares C	876,100
NAV A*	€ 23.29
NAV B*	€ 23.40
NAV C*	€ 24.53
# positions	145

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	4.09	-1.7	**-17.08**
2023	3.25	-1.45											1.76

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Market developments

After a positive start in January, bond markets had to take a step back in February. High inflation continues to hurt bonds. Recent inflation figures in the US and Europe and statements by the FED and the ECB caused interest rates to rise again this month. German 10-year interest rates rose from 2.28% to 2.65% last month. In the US, interest rates with the same term also rose sharply from 3.50% to 3.92%.

At the same time, the economy continues to perform reasonably well. Unemployment remains low and consumer spending remains reasonably stable. As a result, the need to lower interest rates in the short term to stimulate the economy is also small. In fact, low unemployment and rising wages are now major contributors to inflation. Workers are demanding compensation for the high inflation of the past period due to high energy prices and frictions in supply chains. This threatens a wage-price spiral. This makes a rapid fall in inflation to a level of around 2% less likely in the short term. A higher interest rate for a longer period is a scenario that is increasingly likely, while a scenario of a rate cut later this year (which the market hoped for) is increasingly less likely.

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

# of positions	145
# of issuers	111
Overall credit rating	BBB+
Euro exposure	76%
Cash	0.8%
Investment grade (incl cash)	70%
Expected return (yield-to-convention*)	6.6%
Duration (Option Adjusted Duration* in years)	5.9

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 short-term government bonds from the Netherlands and Germany to the portfolio. We have been increasing the weight of government bonds in the portfolio for some time now that interest rates have risen. Because the interest on short-term bonds is higher than the interest on longer-term bonds, there are now attractive opportunities in the short duration side of the market. The short paper of the Netherlands and Germany (also known as treasury bills) yields an interest of 2.5-3% and is virtually risk-free.

A Polish government bond has also been added to the portfolio. The loan has a somewhat longer term until 2043, but offers a fixed attractive interest rate of 4.25%. Although Poland is (still) an emerging country, it still has a high A rating.

We have started to reduce our position in Mexico. Government bonds are assessed from a sustainability point of view on democracy, corruption and environmental policy. Mexico has now scored too low on democracy for the second year in a row, according to The Economist's Democracy Index. The index divides countries into 4 categories; full democracy, flawed democracy, hybrid regimes and authoritarian regimes. The assessment is based on, among other things, democratic freedoms, the electoral process, civil rights, freedom of the press and the functioning of the government. The DDIF does not buy bonds from hybrid and authoritarian regimes. Mexico has been classified as a hybrid regime for the second year in a row, after having been a flawed democracy since 2006. The democratic decline in Mexico has taken place under President López Obrador, partly as a result of restrictions in the functioning of democracy, restrictions on and attacks on press freedom and the role of the military rulers in daily life and the economy. Given the further deterioration of the situation in the past year and the lack of prospects that the situation will improve in the short term, we have decided to reduce our exposure to Mexican government bonds.

Table: portfolio per building block

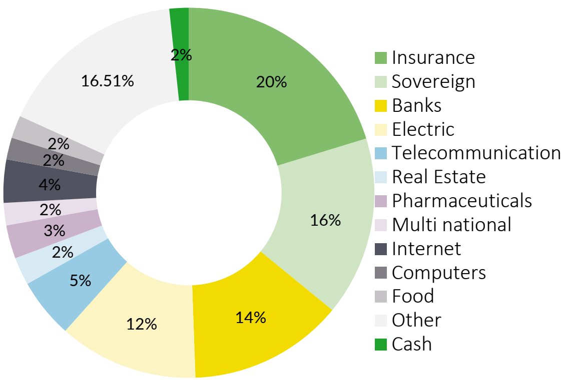
Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	13.2%	4.2%	5.3
Government bonds emerging markets	0-25%	7.8%	5.8%	11.2
Corporate bonds investment grade	0-50%	39.7%	6.0%	6.8
Corporate bonds high yield	0-25%	21.9%	8.9%	3.8
Microfinance & supranational bank	0-25%	2.9%	5.6%	4.9
Other	0-25%	13.7%	8.2%	4.9
Cash	0-25%	0.8%	0.3%	0.0
Total		100%	6.6%	5.9

Source: DoubleDividend

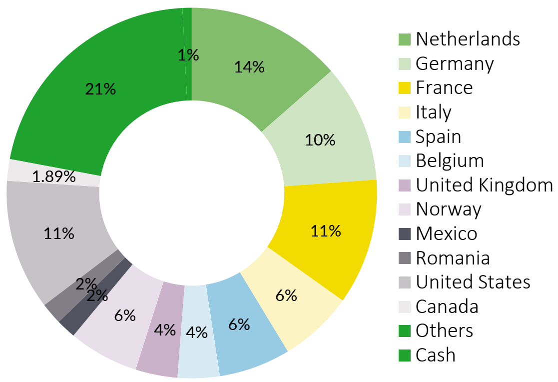
Team DoubleDividend

Appendix: portfolio characteristics

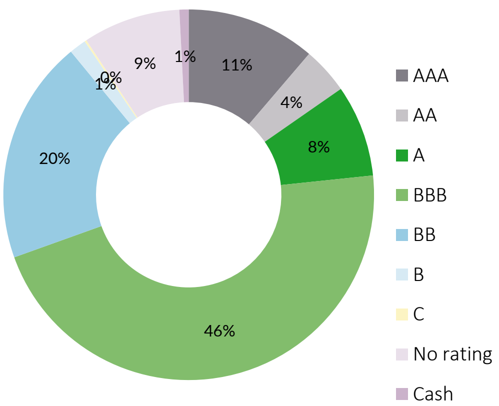
Distribution per sector (GICS)



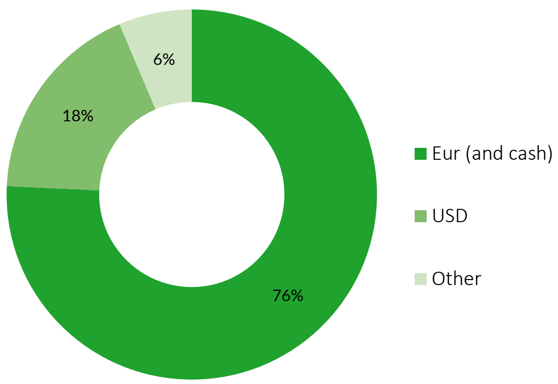
Distribution per country of origin



Distribution per rating



Distribution per currency



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