DD INCOME FUND

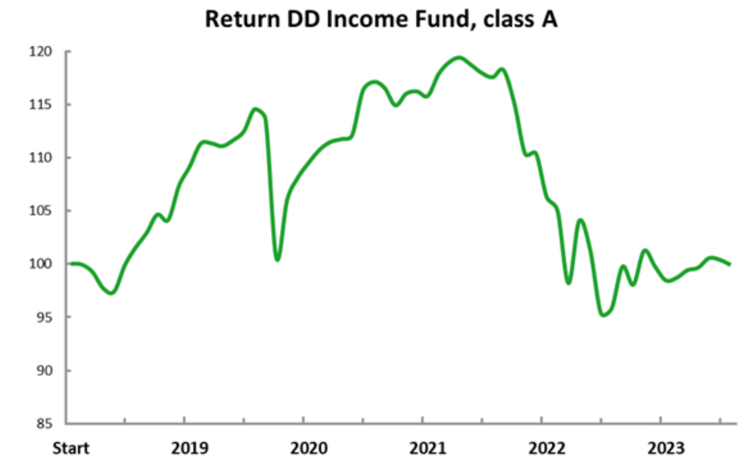
Monthly report September 2023

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 -0.49% in the month of September 2023, as a result of which the net asset value per unit A declined to € 23.07.



** 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	€ 81,55 mln
# shares A	2,291,322
# shares B	354,175
# shares C	876,100
NAV A*	€ 23.07
NAV B*	€ 23.20
NAV C*	€ 23.36
# positions	149

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	-1.45	-1.32	0.24	0.72	0.25	0.90	-0.16	-0.49				**1.89**

* The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future.

Market developments

Last month, global bond markets saw a further rise in interest rates. The ECB raised the interest rate for the tenth time in a row to 4%, while the FED left interest rates unchanged at 5.25%-5.50%. Whether the cycle of interest rate hikes has reached its peak is debatable, however it was mainly the longer-term interest rates that rose last month. The German 10 year interest rate rose from 2.47% to 2.84%. In the US, where interest rates are much higher, the 10 year interest rate rose from 4.11% to 4.57%. Last month we already talked about the reason for this. The new narrative is “higher for longer”: the cycle of interest rate increases has (almost) reached its peak, but interest rates will have to remain high for a longer period of time to further press inflation to the desired level for central banks. This means that an interest rate cut, which the market previously expected due to a potential economic downturn, is not probable for the time being.

The rise of interest rates is not only related to high inflation but also to the better than expected performance of the economy. The American FED last month increased economic growth expectations for 2023 from 1% to 2.1%. For 2024, the FED expects economic growth of 1.5%, while at the same time the FED does not see unemployment rising further than the modest level of 4.1% in the coming period. As for inflation, the FED expects a gradual decline to the desired level of 2%.

In the shorter term, most economists expect interest rates to stabilize at current levels for both the US and Europe. At the moment there is mainly uncertainty about the development of interest rates in the longer term. The FED provides some insight into this through the “Dot Plot”. The “Dot Plot” is a graph that shows the future interest rate expectations of the members of the FED. The FED members currently predict a first decrease in interest rates in the second half of 2024 and the FED expects that interest rates will ultimately fall again to the neutral level of 2.5% after 2026. If this actually happens, longer term bonds are likely to rise sharply. After all, the policy interest rate in the US is currently at a much higher level. However, there are also a number of FED members (and economists) who expect interest rates to stabilize at a higher level (of between 3 and 4%). They assume that inflation will be structurally higher and that this will also result in a structurally higher interest rate. The higher inflation is the result of a number of factors such as long-term higher wage growth and deglobalization.

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

# of positions	149
# of issuers	108
Overall credit rating	BBB+
Euro exposure	77%
Cash	0.4%
Investment grade (incl cash)	74%
Expected return (yield-to-convention*)	7.3%
Duration (Option Adjusted Duration* in years)	5.3

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%.

DoubleDividend Management B.V.
Herengracht 320
1016 CE Amsterdam
Tel. +31 (0)20 520 76 60
contact@doubledividend.nl
www.doubledividend.nl

The good news is that the bond markets are already (partially) taking into account structurally higher interest rates. This applies more to the US than to Europe. With a 10-year interest rate of 4.6% for the US, the market is currently a bit more cautious than the FED. In Europe, interest rates are traditionally somewhat lower than in the US.

Recent developments offer opportunities for the DDIF. Over the past period we have mainly added shorter term bonds to the portfolio. Now that interest rates on longer-term bonds have risen, it offers the opportunity to lock in this higher interest rate for a longer period of time and benefit from a possible price increase if interest rates do fall. We therefore expect to gradually add bonds with a slightly longer duration to the portfolio going forward, especially in the US.

Portfolio changes

Last month, two bonds were redeemed at face value (Erste Bank, European Energy) and one bond was sold (Banco Mercantil del Norte). The proceeds have been reinvested in a subordinated loan from BNP Paribas. BNP Paribas is the second largest bank in Europe and has a high A+ credit rating. The subordinated loan has a BBB rating, a duration of 5 years and an expected return of 7.9%. In addition, an existing World Bank loan that was already in the portfolio has been expanded. The dollar loan has an AAA rating and pays a variable interest rate of 5.8%.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	18.4%	4.5%	3.5
Government bonds emerging markets	0-25%	7.2%	5.9%	10.2
Corporate bonds investment grade	0-50%	38.3%	6.6%	6.2
Corporate bonds high yield	0-25%	20.3%	9.8%	4.1
Microfinance & supranational bank	0-25%	3.0%	5.7%	3.7
Other	0-25%	12.5%	10.5%	4.6
Cash	0-25%	0.4%	0.3%	0.0
Total		100%	7.3%	5.3

Source: DoubleDividend

Termination of Euronext listing

From 2 October 2023, the DD Income Fund's A shares, will no longer be listed on Euronext Amsterdam and, like the DD Income Fund's B and C shares, these shares will be tradable through the DD Income Fund's register.

The ISIN in question is as follows:

- DD Income Fund - A: NL0013025539

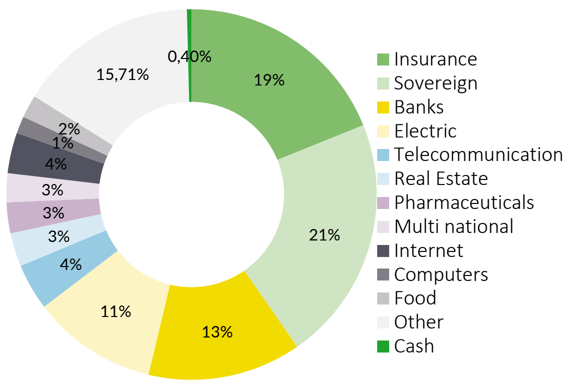
There will remain daily tradability, only the connection between the distributor (banks and financial companies) will no longer be through Euroclear Netherlands (the platform used by Euronext Amsterdam), but through other distribution channels. The distribution channel (the administrative connection) differs per distributor.

Reasons for the delisting are the rising costs of maintaining a listing on Euronext Amsterdam and the increased regulatory framework. In addition, the fact that most distributors (banks and financial companies) have an infrastructure to trade unlisted investment funds, made DoubleDividend Management B.V. decide to delist the DD Income Fund from Euronext Amsterdam and transfer the entire distribution for all types of shares through the register with the transfer agent (CACEIS Bank, Netherlands Branch). The prospectus was amended to this effect with effect from 2 October 2023.

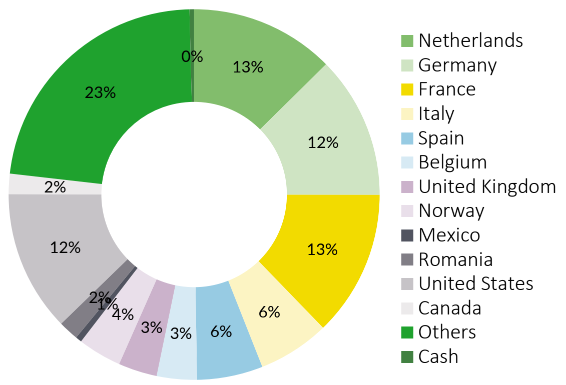
Team DoubleDividend

Appendix: portfolio characteristics

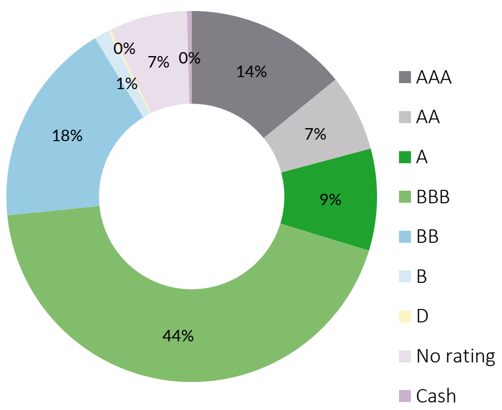
Distribution per sector (GICS)



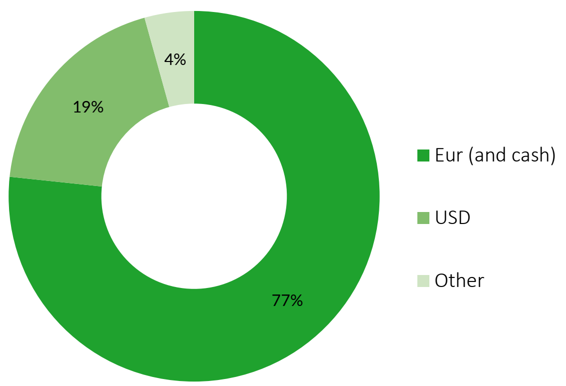
Distribution per country of origin



Distribution per rating



Distribution per currency



DoubleDividend Management B.V.
Herengracht 320
1016 CE Amsterdam

Tel. +31 (0)20 520 76 60
contact@doubledividend.nl
www.doubledividend.nl