

DD INCOME FUND

Monthly report October 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 -0.61% in the month of October 2023, as a result of which the net asset value per unit A declined to € 22.93.

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	€ 81,01 mln
# shares A	2,279,712
# shares B	382,382
# shares C	876,100
NAV A*	€ 22.93
NAV B*	€ 23.06
NAV C*	€ 23.23
# positions	151

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

This information does not provide a sufficient basis for an investment decision. Therefore, read the key investor information and prospectus. These are available on the website of DoubleDividend Management B.V. (www.doubledividend.nl). DoubleDividend Management B.V. is manager of DD Income Fund and has a license as manager and is supervised by the Netherlands Authority for the Financial Markets. The net asset value has not been audited by an external auditor.

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	-0.61			1.29

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Market developments

Bond markets were also under some pressure due to the war between Israel and Hamas and the widening geopolitical tensions. But compared to stocks, bonds held up well. Corporate bonds in particular suffered from increasing risk premiums. Interest rates on US government bonds also rose slightly. Premiums rose the most in the high yield segment, resulting in price falls for some bonds. In the European high yield segment, for example, the risk premium for bonds increased from 4.3% to 4.8%.

In terms of policy, the markets had a relatively quiet month. The ECB kept interest rates unchanged. This probably puts an end to the series of interest rate increases. The ECB has increased interest rates in 10 steps from -0.5% to 4%. Partly as a result of this, inflation has fallen sharply from 10.6% a year ago to 2.9% last month. Inflation is now at its lowest level in 2 years, and illustrates weak economic growth in Europe. Over the past 3 months, the Eurozone economy shrank by 0.1%. Nevertheless an interest rate cut does not appear to be on the agenda for the time being. According to the ECB, inflation must fall further towards the desired level of approximately 2%. Until then, a status quo is the most likely scenario, which is expected to put European bond markets in calmer waters.

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

# of positions	151
# of issuers	110
Overall credit rating	BBB+
Euro exposure	76%
Cash	0.4%
Investment grade (incl cash)	75%
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%.

Portfolio changes

The current policy is to add high-quality bonds to the portfolio now that interest rates are significantly higher. In our opinion, bonds with an A rating or better offer an attractive risk-return profile. We mainly add bonds with a longer duration. This allows us to lock in the higher return for a longer period and benefit from a possible drop in interest rates in the future. We currently consider the risk of (significant) interest rate increases to be small.

Last month, Euro government bonds from Poland (A rating, 4.8% yield) and Lithuania (A+ rating 4.1% yield) and US dollar corporate bonds from Union Pacific (A- rating, 5.8% yield) and Amazon (AA rating, 5.8% yield) were added to the portfolio. Existing positions in loans from Nestle (AA- rating, USD 5.8% yield) and Thermo Fisher (A- rating, EUR 4.7% yield) have been expanded. All purchased bonds have a longer duration. The average duration of the portfolio is now 5.3 years.

Table: portfolio per building block

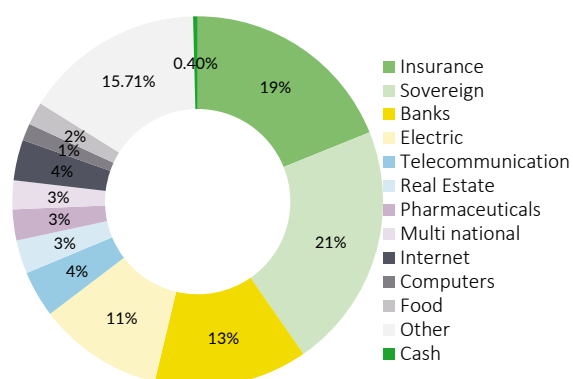
Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	18.3%	4.5%	3.4
Government bonds emerging markets	0-25%	7.6%	5.9%	10.2
Corporate bonds investment grade	0-50%	38.8%	6.7%	6.3
Corporate bonds high yield	0-25%	19.5%	9.8%	3.9
Microfinance & supranational bank	0-25%	2.9%	5.8%	3.6
Other	0-25%	12.5%	10.6%	4.5
Cash	0-25%	0.4%	0.3%	0.0
Total		100%	7.3%	5.3

Source: DoubleDividend

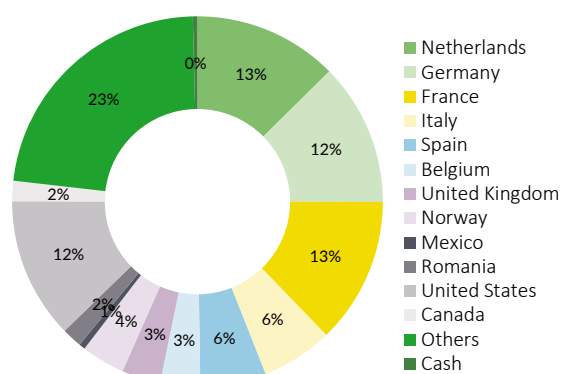
Team DoubleDividend

Appendix: portfolio characteristics

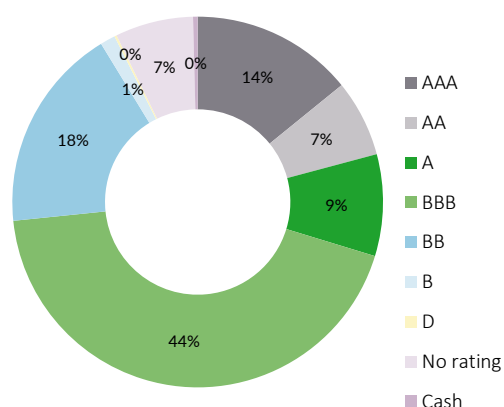
Distribution per sector (GICS)



Distribution per country of origin



Distribution per rating



Distribution per currency

