DD INCOME FUND

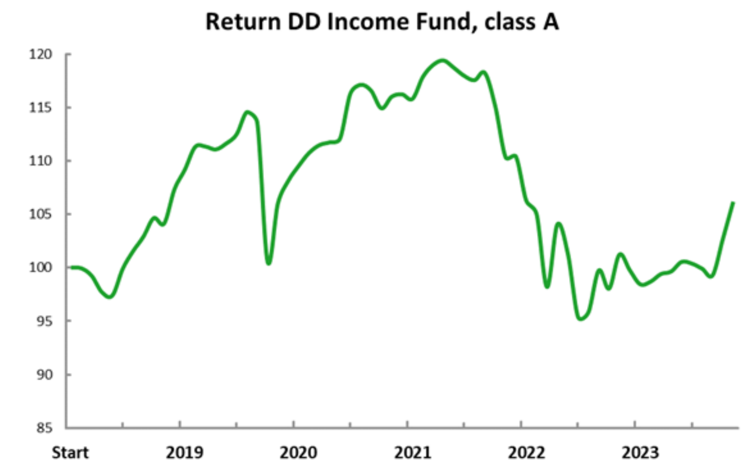
Monthly report December 2023

Profile

The DD Income Fund (DDIF) is an actively managed global 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 traded daily.

Return participation A*

DD Income Fund achieved a return of 3.4% in the month of December 2023, as a result of which the net asset value per unit A rose to € 24.52.



** 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	€ 89.2 mln
# shares A	2,2334,038
# shares B	413,319
# shares C	876,100
NAV A*	€ 24.52
NAV B*	€ 24.67
NAV C*	€ 24,85
# positions	153

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	-1.32	0.24	0.72	0.25	0.90	-0.16	-0.49	-0.61	3.45	3.38	**8.30**

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Market developments

The bond markets ended the year strong thanks to a sharp drop in longer dated interest rates since the end of October. The DDIF achieved a result of 3.38% in December, bringing the result for the year to 8,30%. The bond markets are closing an eventful year. In both Europe and the US, the policy interest rate has been raised sharply by the ECB and the FED respectively. In Europe, interest rates increased from 2% in December 2022 to 4% in September, the highest level ever. The FED even raised interest rates during the year to a level of 5.25-5.5%. Nevertheless, the bond markets managed to end the year with a positive return. First of all because of the higher coupon, but also because of a recovery in bond prices in the last months of the year. The market expects that central banks will cut interest rates significantly in 2024. This is due to the weaker economic outlook and falling inflation. In contrast to the policy interest rate, the interest rates with a duration of 5 and 10 years in Europe did not rise last year, but fell to approximately 2%. Herewith, the market has already made a significant advance on the expected interest rate cuts in 2024.

In the US, the 10-year rate ended the year with 3,9%, at the same level as the beginning of the year. However, a lot has happened in the meantime. In the spring, the 10 year rate fell to 3.2% due to problems at a number of regional banks in the US. In October, the interest rate had returned to 5%, the highest level in a long time, after which it fell again due to the expected rate cuts in 2024.

Outlook 2024

We are quite optimistic about the prospects for bonds. The risk-return profile of bonds has improved significantly recently. The cycle of interest rate increases appears to be over, which removes the risk of significant price falls. At the same time, bonds offer an attractive coupon rate. Any reduction in interest rates is an optional bonus. However, the market has already priced in a large number of interest rate cuts in November and December of 2023. If interest rate cuts do not take place or take place later than expected, bonds with a longer duration in particular may decline in value. The main risk for bonds in this context remains a rebound in inflation. A weaker economy is a risk for corporate bonds, because risk premiums can rise. However, government bonds are also not without risk due to high government debt levels. The expected return on the portfolio (yield-to-convention) is approximately 6%.

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

# of positions	153
# of issuers	113
Overall credit rating	BBB+
Euro exposure	76%
Cash	0.3%
Investment grade (incl cash)	74%
Expected return (yield-to-convention*)	6.0%
Duration (Option Adjusted Duration* in years)	5.4

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
Some short-term government bonds have been redeemed at face value. We also reduced positions in two riskier (high yield) bonds from Telecom Italia and European Energy. New additions to the portfolio included high-quality corporate bonds from ANZ Bank, HSBC, Stryker and Amazon. Short-term government bonds from The Netherlands, the US, the EU and Finland have also been added to the portfolio. The relatively large difference between short-term and long-term interest rates (the so-called inverse yield curve) makes bonds with a shorter duration currently more attractive.

Table: portfolio per building block

Building blocks	Range	Weight	Yield-to-worst	Duration
Government bonds developed markets	0-50%	18.5%	4.1%	3.7
Government bonds emerging markets	0-25%	7.6%	5.0%	10.6
Corporate bonds investment grade	0-50%	37,9%	5.4%	6.5
Corporate bonds high yield	0-25%	20.7%	7.9%	3.9
Microfinance & supranational bank	0-25%	2.7%	5.3%	3.7
Other	0-25%	12.4%	8.6%	4.7
Cash	0-25%	0.3%	0.3%	0.0
Total		100%	6.0%	5.4

Source: DoubleDividend

Team DoubleDividend

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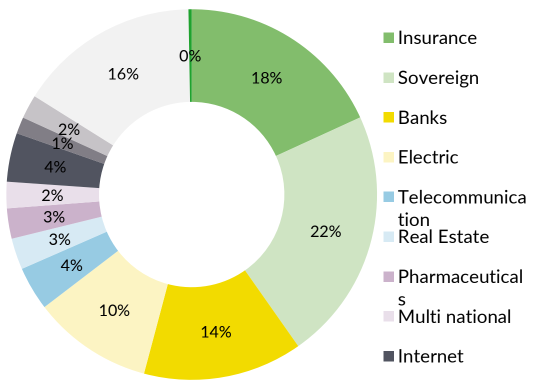
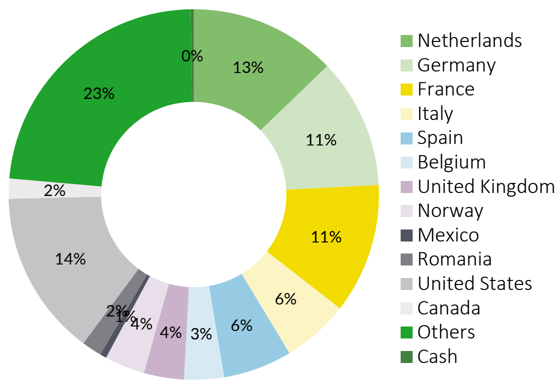
Appendix: portfolio characteristics

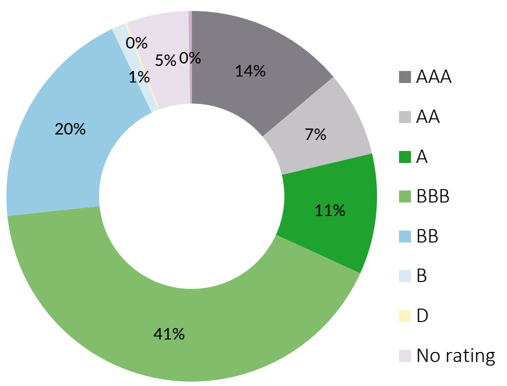
Distribution per sector (GICS)



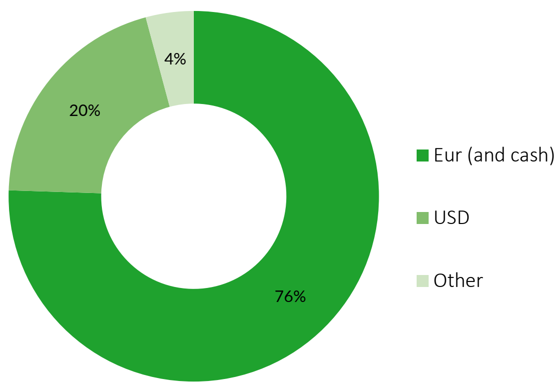
Distribution per country of origin



Distribution per rating



Distribution per currency



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