DD ALTERNATIVE FUND

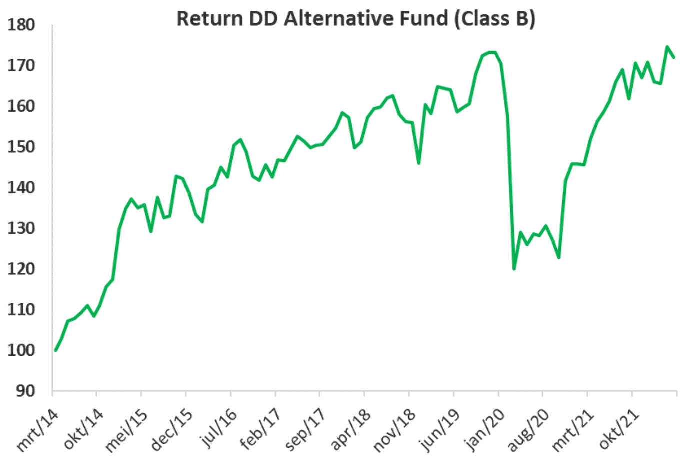
Monthly report April 2022

Profile

DD Alternative Fund N.V. (DDAF or DD Alternative Fund) is a global sustainable equity fund that invests in alternative investment categories, including in particular companies that invest in real estate and infrastructure. DDAF invests in at least twenty companies that meet our quality investment criteria. At DDAF, the analysis on sustainability and financial aspects is fully integrated. The fund aims for a net return of 7%* per year in the long term and has no benchmark. DDAF is listed on Euronext in Amsterdam and can be traded daily.

Return class B*

DD Alternative Fund achieved a return of -1.50% (class B) for the month of April 2022. At the end of April 2022, the net asset value per share B amounted to € 35.02, bringing the return for 2022 to 0,64%.



Fund information

Key facts

Fund size	€ 45.9 mln
# shares A	324,392
# shares B	691,944
# shares C	306,034
Net asset value A*	€ 33.69
Net asset value B*	€ 35.02
Net asset value C*	€ 35.17
# positions	47

Costs

Management fee A	1.20%
Management fee B	0.70%
Management fee C	0.50%
Overige kosten**	0.45%
Op- en afslag	0.25%

Other

Start date	Class A: May 2005
	Class B: January 2015
	Class C: January 2020
Manager	DoubleDividend Management B.V.
Status	Open-end, dagelijks
Exchange	Euronext Amsterdam
ISIN (A)	NL0009445915
ISIN (B)	NL0010949350
ISIN (C)	NL0014095119
Benchmark	None
Currency	Euro

Risk monitor

* per share

** estimated

doubledividend
FINANCIAL & SOCIAL RETURNS

Table: monthly total return in % (after costs. dividend included) *

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2012	1.53	2.02	4.59	-3.24	-2.34	1.51	3.09	-0.18	1.49	2.56	0.48	-0.02	11.81
2013	0.83	0.72	-1.41	4.38	1.39	-7.59	2.56	-1.31	3.14	2.61	-0.81	-0.67	3.35
2014	-0.47	5.76	-1.86	2.69	4.37	0.54	1.24	1.66	-2.20	2.36	4.13	1.48	21.18
2015	10.58	3.96	1.72	-1.51	0.52	-4.86	6.54	-3.70	0.32	7.37	-0.40	-2.56	18.13
2016	-3.76	-1.28	6.08	0.71	3.13	-1.62	5.37	1.01	-1.97	-4.02	-0.70	2.66	5.13
2017	-2.14	3.02	-0.13	2.01	2.08	-0.83	-1.11	0.45	0.11	1.32	1.34	2.44	8.74
2018	-0.74	-4.78	1.03	3.91	1.37	0.32	1.40	0.29	-2.75	-1.15	-0.21	-6.35	-7.82
2019	9.85	-1.37	4.20	-0.25	-0.27	-3.32	0.67	0.65	4.62	2.61	0.42	0.02	18.63
2020	-1.55	-7.63	-23.87	7.51	-2.27	2.09	-0.42	1.90	-2.56	-3.42	15.36	2.84	-15.88
2021	0.03	-0.08	4.41	2.80	1.41	1.66	2.96	1.82	-4.23	5.47	-2,10	2.28	17.27
2022	-2.82	-0.22	5.37	-1.50									0.64

* From 2015 Class B shares returns are used. The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future.

Market developments

The European real estate securities market experienced its worst month since the outbreak of the corona virus sent prices plunging in March 2020. The FTSE EPRA Developed Europe Index lost 5.6% in April bringing its loss for the year to just over 10%. The Eagle Renewable Index also lost 5.9% in April, but due to the strong dollar, the loss in euros was only 1.1%. The DD Alternative Fund declined 1.5% last month. The fund was up all month but two days before the end of the month sentiment turned. Besides persistently high inflation, rising interest rates and war in Ukraine, it is mainly the fear of a recession that is keeping investors on the side-lines. In the first quarter, eurozone gross domestic product growth came in at just 0.2% compared to the last quarter of last year. Economists now fear a contraction in the next two quarters and thus a recession. Whether it will come to that remains to be seen, but at least the chances of it have increased. If the economy really does go into recession then the expectation is that inflation will soften and interest rates may fall a bit. We have no influence on the economy or stock market sentiment so instead we concentrate on portfolio companies. In that respect, there was plenty of positive news to report last month.

Merlin Properties, Spain's largest listed real estate company, confirmed the sale of its BBVA portfolio. The sale was not a surprise but the sale price, as much as 17% above the appraised value, was. Merlin will therefore pay a special dividend of around €0.67 per share (approximately 6.4%) in June. In addition, part of the proceeds will be reinvested in distribution centers and data centers at a yield of approximately 9%. Partly because of this, Merlin expects earnings per share to grow by an average of 8% per year over the next five years while the debt ratio will not exceed 35%.

Prologis came out with better-than-expected quarterly results. The San Francisco-based investor expects demand for logistics centers to continue and for rents to rise between 5% and 10% this year. Initially, the stock price reached an all-time high. However, on the last day of the month, the stock price fell more than 7% after Amazon came out with surprisingly poor quarterly earnings. Amazon is Prologis' main tenant with about 6% of turnover. Amazon management commented that labour and physical space are no longer a bottleneck and that the company is going to tighten its belt. Yet this seems to be mostly a matter of sentiment. Although Amazon is very important to the logistics market and Prologis in particular, more and more companies are indicating that they will continue to invest heavily in their supply chains in the coming years. This trend has only grown stronger in recent years. In addition, Amazon still plans to open more than 10 million square meter of new warehouses this year, similar to 2020 and 2021.

Greencoat UK Wind also came out with very strong quarterly results. Net asset value increased by almost 12% in the first three months of the new year due to higher energy prices and higher inflation expectations for 2022. Electricity production was in line with budget which is a boost as wind production in North West Europe was some 20% below budget last year. The outlook for Greencoat UK Wind remains good, but because of the sharply higher share price - the total return is already 15.5% this year - we have taken some profits. We invested the proceeds in sister company Greencoat Renewables, which raised €281 million in new capital for investment projects outside the UK.

Supermarket Income REIT (SUPR) raised GBP 300 million in new capital through the issue of new shares to fund the continued growth and sustainability of the portfolio. The DD Alternative Fund also increased its position somewhat due to the attractive valuation and good prospects for the sector. SUPR invests in omnichannel supermarkets: larger supermarkets where you can not only do your daily shopping, but which also serve as fulfilment centers for home delivery or where you can pick up goods ordered online (click & collect). The average term of the leases is approximately 15 years and the portfolio has no vacancy. Some 85% of the leases are also adjusted for inflation each year, although most have an annual cap of 4 to 5%.

Largest positive and negative contribution

The largest positive contribution came from Digital Realty after strong quarterly results. The demand for data centers remains as high as ever, despite high inflation and a sharp increase in energy prices. Greencoat UK Wind also came out with very strong figures for the first quarter, as mentioned above, which led to a further rise in the share. Vonovia provided the largest negative contribution. The company, like LEG, continues to suffer from a further rise in interest rates and political pressure not to let rents rise too much. CTP, the largest investor in logistics centers in Eastern Europe, also had a bad month, mainly due to fears that the war in Ukraine will spread to neighbouring countries.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
Digital Realty (US)	8.6%	0.3%	Vonovia (Ger)	-10.2%	-0.6%
Greencoat UK Wind (UK)	5.5%	0.1%	Innergex (Can)	-10.9%	-0.4%
Hysan Development (HK)	6.4%	0.1%	CTP (Neth)	-10.2%	-0.3%
Mitsui Fudosan (Jap)	3.5%	0.1%	Eurocomm. Prop. (Neth)	-6.7%	-0.2%
Greencoat Renew. (Ire)	3.1%	0.1%	Atlantica Sustainable (US)	-7.1%	-0.2%

Source: DoubleDividend/Bloomberg

Portfolio changes

The weighting of Aedifica, American Tower, Digital Realty, EnergieKontor, Eurocommercial Properties, Greencoat UK Wind, Grenery Renovables and Shurgard was reduced somewhat last month. The position in Germany's Adler Group has been sold off completely. The company's share price has been under pressure for some time due to allegations of fraud by short investor Viceroy Research and an investigation by regulator BaFin, among others. Based on this, we had already sharply reduced the weighting to only 0.25% of the portfolio at significantly higher prices last year. So now we have sold the entire position because we doubt the continuity of the company. KPMG research revealed that, as far as KPMG could judge, there had not been any systematic fraud, but there had been shortcomings in the documentation and handling of transactions. In addition, KPMG questions the valuation of a number of properties and development projects. The bigger problem, however, is that the bond prices are under pressure, making refinancing extremely expensive or even impossible. The only option for Adler therefore seems to be to continue selling the properties in its portfolio. However, the best parts of the portfolio were already sold last year and the question is whether Adler is on time to sell the riskier (and highly valued) development portfolio now that interest rates are rising sharply and fewer and fewer buyers are willing to take this risk.

Over the past month we have continued to increase positions in Atlantica Sustainable, Brookfield Renewables, Capreit, CTP, China Longyuan, Douglas Emmett, Empiric Student Property, Greencoat Renewables, Hysan and Supermarket Income REIT. Gore Street Energy and Voltalia were newly added to the Portfolio.

Core Street Energy invests in a diversified portfolio of 25 large energy storage projects with a total capacity of over 700MW. These battery storage systems are used to ensure the stability of the energy grid. On days when the sun is shining brightly and the wind is blowing, the energy price is low (or even negative) and is stored and then sold at a higher price. Batteries are also used to meet the demand for electricity during peak hours. For now, Core Street is only using lithium-ion batteries as this is a reliable technology and has a long warranty of 15 years. Most projects are located in the United Kingdom and (Northern) Ireland, but recently the company invested in Germany and the United States (Texas). To finance further growth, Core Street issued shares last month. The DD Alternative Fund took advantage of this to build up a position at an attractive price. The new capital will be used for further international growth.

Voltalia is a French developer of renewable energy projects founded in 2005. Approximately 73% is invested in wind farms and the rest in solar parks (23%) and hydroelectric plants (4%). Most of the wind farms are located in Brazil which makes revenues a bit more volatility due to the dependence of wind in one country and the fluctuations of the Brazilian real. The advantage is that revenue is automatically linked to Brazilian inflation and contracts run for more than 17 years on average. To become less dependent on Brazil, the company plans to invest more in solar projects in Europe and Africa. Total generation capacity was 1.7GW at the end of last year but the ambition is to grow at least to 2.6GW by 2023. This growth is mainly funded from cash flow as Voltalia does not pay dividends.

Table: top 10 positions in portfolio per end month

Company and weights			
Vonovia (Ger)	5.0%	Digital Realty (US)	2.9%
Greencoat Renewables (Ire)	3.3%	Innergex Renewable (Can)	2.9%
Eurocommercial Prop (Neth)	3.1%	Atlantica Sustainable (US)	2.9%
Mitsui Fudosan (Jap)	3.1%	I-RES (Ire)	2.8%
Aquila Renewables (UK)	3.0%	Boralex (Can)	2.7%

Source: DoubleDividend

Team DoubleDividend

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

Annex: portfolio characteristics

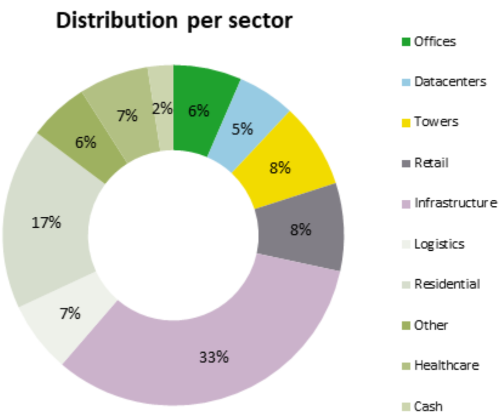
The table below shows the main characteristics of the portfolio. The cash flow yield shows the direct return (the rental income less costs) compared to the current price. Revaluations of the real estate are therefore not included. The price to net asset value indicates whether the portfolio is trading at a premium or a discount in relation to the value of the underlying real estate. If this value is lower than 100%. then there is a discount to net asset value and vice versa. The dividend yield is the dividend yield of the current year divided by the current price (closing price of the month).

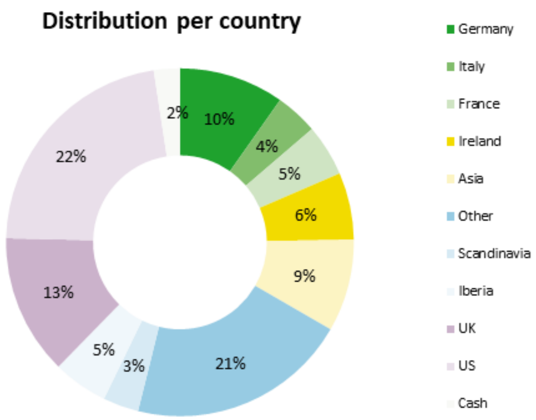
The debt ratio is the net debt to the market value of the property. The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	5.9%	VAR (Monte Carlo, 95%, 1-year)	22.2%
Dividend yield, current	3.5%	Standard deviation	15.3%

Source: DoubleDividend/Bloomberg





DoubleDividend Management B.V.
Herengracht 320
1016 CE Amsterdam

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