DD ALTERNATIVE FUND

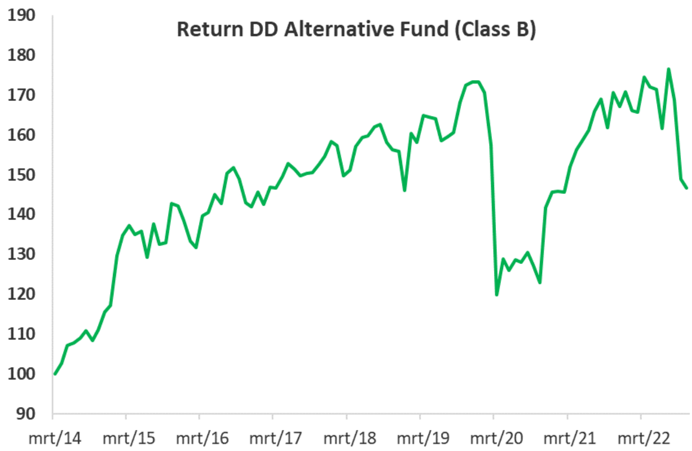
Monthly report October 2022

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 -1.4% (class B) for the month of October 2022. At the end of October 2022, the net asset value per share B amounted to € 29.53, bringing the return for 2022 to -14.1%.



Fund information

Key facts

Fund size	€ 35.4 mln
# shares A	318,967
# shares B	629,463
# shares C	262,764
Net asset value A*	€ 28.33
Net asset value B*	€ 29.53
Net asset value C*	€ 29.69
# positions	44

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	-0.32	-5.77	9.24	-4.36	-11.79	-1.43			-14.13

* 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.

Developments in the market and portfolio

It was another volatile month with European real estate stocks in particular recovering somewhat from the sharp losses in August and September. Most European sustainable infrastructure companies also ended the month with a plus, but in the rest of the world the sector faced some difficulties to gain ground. The DD Alternative Fund closed October with a loss of 1.4% despite a strong recovery in the last two weeks. October also marked the start of quarterly earnings season. The figures were generally in line or even slightly better than expectations, but only after November can we make the final assessment.

Last month we spoke with several CEOs of sustainable infrastructure companies about the outlook for the sector. In general, the companies were cautiously optimistic, despite higher interest rates, rising (construction) costs and the European price cap of €180/MWh for electricity generation. Energy prices are expected to remain high for the next few years. Partly because of this, the demand for long-term power purchase agreements (PPAs), has risen sharply. Both utilities and large companies want to secure their energy needs through PPAs. Rates in Europe are between €50 and €100 per MWh, depending on the country and generation technology. This is significantly lower than the price ceiling, but still profitable enough for the sector to continue to grow. Increasingly, the customer is taking the production risk in this regard, further reducing the risk for the power producer. This is beneficial when applying for project financing. After all, if less power is generated than anticipated, the producer does not have to buy energy on the open market with the risk that the price is high at that time. The biggest challenge is obtaining a permit to develop a new solar or wind farms. Besides bureaucratic issues, there are also structural problems: developing large projects takes time and social acceptance, especially of onshore wind farms, is a challenge. Everyone wants renewable energy, but preferably not in their own backyard. Besides the rising costs, higher interest rates and the volatility of energy prices, the biggest risk is further regulation of the sector that would further stall renewable energy production and put climate goals out of sight. However, the need to make energy supplies more sustainable due to climate change and become independent from Russia is so high that a solution to current challenges will be found no matter what.

We also met with directors of many real estate companies last month. Whereas until recently the focus was on growth, now all attention has shifted to keeping the balance sheet healthy because of sharply increased interest costs and expected property write-downs. The management of Target Healthcare which invests in care centers in the United Kingdom succinctly summed it up after the annual results, "There is a revaluation of financial assets underway in which commercial real estate is very likely to be hit hard, as evidenced by the recent falls in the sector's share price. The drop in the spread to zero (the difference between initial yields and the cost of financing) also affects us to invest available capital in assets that yield immediate profits. In light of broader market conditions, we maintain a conservative buffer of uninvested capital as protection against further market deterioration. Target's comments are indicative of the sector even though the company has absolutely nothing to worry about with a 22% debt ratio.

These are challenging market conditions for real estate but it is good that management teams are adapting to the new reality. When the bottom will be reached and share prices will recover in a sustainable way is unfortunately impossible to predict, but it is obvious that this will require interest rates to stabilize first and these in turn depend on inflation rates. The hope is that the recent rate hikes by both the Fed and the ECB will have an effect and inflation will start to fall in the coming months, but it is also quite possible that interest rates will continue to rise as inflation remains high, for example because of the wage-price spiral, geopolitical tensions or government measures to protect people from high energy bills. On the positive side, at least, both gas and electricity prices fell sharply last month. Also, business and economic figures show that the economy is cooling, which may mean that central banks will not have to raise interest rates as aggressively in the near future.

Largest positive and negative contribution

Eurocommercial Properties provided the highest contribution in October with a return of just over 9%. For the year as a whole, the Amsterdam-listed company also leads the rankings with a return of more than 26%. October was a good month for the troubled European real estate sector. On the other hand, a number of companies focused on sustainable infrastructure made the biggest negative contribution. Canadian companies Innergex and Boralex shed more than 12%. The re-election of Xi Jinping and shifts in the party leadership of the Chinese Communist Party also caused a stir, causing sharp declines for companies like Hysan Development and China Longyuan.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
Eurocomm. Prop (Neth)	9.3%	0.3%	Innergex (Can)	-13.9%	-0.5%
Land Securities (UK)	11.8%	0.3%	Hysan Development (HK)	-14.2%	-0.4%
Prologis (US)	8.1%	0.2%	Boralex (Can)	-12.1%	-0.3%
LEG Immobilien (Ger)	7.8%	0.2%	China Longyuan (Chi)	-9.7%	-0.3%
Merlin Properties (Spa)	8.4%	0.2%	Aberdeen Logistics (UK)	-9.8%	-0.3%

Source: DoubleDividend/Bloomberg

Portfolio changes

Last month we increased the weighting of Xior a bit and reduced the position in Mitsui Fudosan. The positions in Hufvudstaden and Store Capital were sold completely. The upside for Hufvudstaden was very limited after we adjusted our model to reflect the changed market conditions. Store Capital received an offer of approximately $14 billion in cash as described in the previous monthly report. Store Capital's management had four weeks to find another party willing to come forward with a higher offer. As expected, it failed to do so. Since the share price is only fractionally below the offer price, we decided to sell the entire position as the transaction will not be completed until the first quarter of 2023. No new positions were added to the portfolio. Cash positions were 8% at the end of October, leaving room to capitalize on opportunities in the market.

Table: top 10 positions in portfolio per end month

Company and weights			
Vonovia (Ger)	3.8%	Digital Realty (US)	3.1%
Greencoat Renewables (Ire)	3.6%	Prologis (US)	2.8%
Eurocommercial Prop (Neth)	3.5%	Innergex (Can)	2.8%
Cellnex (Spa)	3.2%	I-RES (Ire)	2.8%
Atlantica Sustainable (US)	3.2%	Equinix (US)	2.8%

Source: DoubleDividend

Team DoubleDividend

Annex: portfolio characteristics

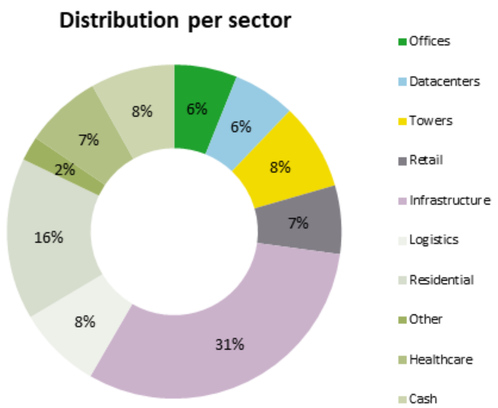
The table below shows the main characteristics of the portfolio. The cash flow yield shows the direct return (the rental income less costs) compared to the current price. Revaluations of the real estate are therefore not included. The price to net asset value indicates whether the portfolio is trading 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).

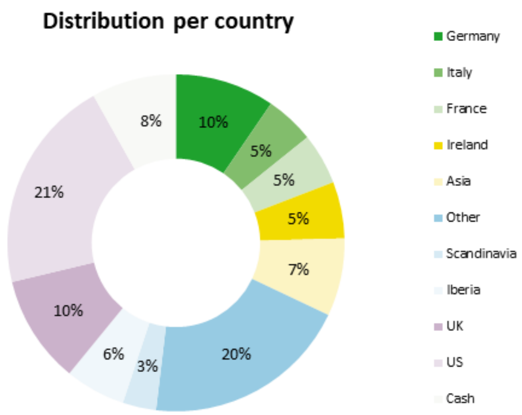
The debt ratio is the net debt to the market value of the property. The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	8.7%	VAR (Monte Carlo, 95%, 1-year)	25.7%
Dividend yield, current	5.3%	Standard deviation	17.6%

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