DD ALTERNATIVE FUND

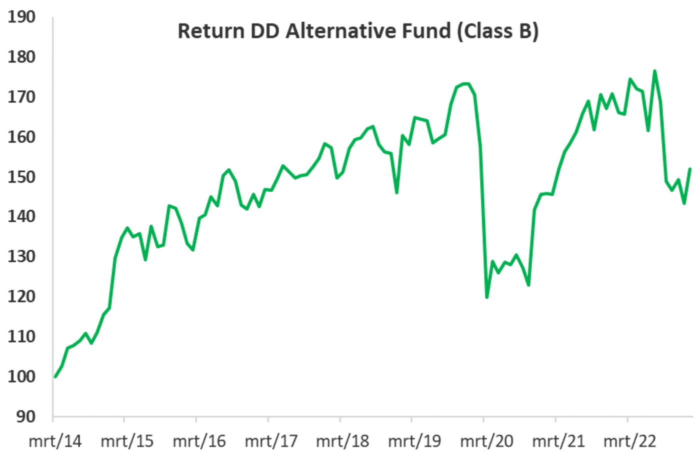
Monthly report January 2023

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 6.02% (Class B) for the month of January 2023. Net asset value per share rose to €30.23.



Fund information

Key facts

Fund size	€ 35.4 mln
# shares A	310,151
# shares B	622,099
# shares C	251,024
Net asset value A*	€ 28.95
Net asset value B*	€ 30.23
Net asset value C*	€ 30.41
# 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	1.80	-4.04	**-16.12**
2023	6.02												**6.02**

* 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

Better than expected inflation data and a drop in interest rates in Europe and the U.S. brightened the mood of global financial markets. Real estate shares also recovered somewhat from the sharp drop in 2022. The global EPRA index rose 6.8% in January, but European real estate shares rose as much as 8.9%. Renewable infrastructure did not yet manage to find its way up. The Eagle Renewable Index, a measure of the performance of all sustainable infrastructure companies worldwide, ended the month virtually unchanged (-0.1%). We couldn't find a good explanation for this, but what may play into it is that many companies in the sector ended last year in the plus. The DD Alternative Fund also had an excellent start to the year with a 6% return.

The earnings season does not really start until February, but Prologis and SL Green already announced their annual figures. Prologis announced a 24% jump in profits for 2022, the largest increase in the company's history. CEO Moghadam speaks of the best market for logistics real estate ever. Demand for warehouse space remains as high as ever, while vacancy rates are low. This results in increasing market rents. Prologis' rents are about 40% below market levels, so we can expect strong rental growth in the coming years. However, rising financing, personnel and development costs dampen profit growth in the coming years. On balance, profits are expected to increase by an average of 7% per year over the next three years.

SL Green also published its annual figures. Unlike the logistics sector, the office market is in a major slump, including in New York where SL Green operates. Since the Corona crisis, more and more people are working from home and, because of the high apartment prices, more and more people are seeking their fortune outside the Big Apple. Partly because of this, the office market is struggling with rising vacancy rates and falling rents. Add to that rising interest rates and it is clear that SL Green's management is facing some real challenges. By the way, SL Green's management is doing the right things, such as reducing debt by selling buildings. However, this also means that profits and dividends will fall, but the office market is expected to stabilize during 2023. By the way, SL Green shares were already up more than 21% (in euros) in January which shows that market is forward looking.

In Europe, Cellnex was in the news last month. The telecom tower investor announced in early January that CEO Tobias Martinez Gimeno will leave the company in June of this year. Martinez has been at the helm of Cellnex since its IPO in 2015 and was the driving force behind a series of major acquisitions. In this way, Cellnex grew from a local Spanish player to the largest investor in telecom towers in Europe within a few years. Cellnex financed these acquisitions through equity issues and debt. In 2022, however, the acquisition machine stopped as a result of sharply rising interest rates and a falling share price. As a result, the cost of capital became too high, causing Cellnex to miss out on a few large transactions. As a result of changing market conditions, the board shifted its focus from acquisitions to optimizing the existing portfolio and reducing debt. This, according to the board, calls for a different CEO profile.

On January 20, an article suddenly appeared on the Spanish website Okdiario that American Tower and Brookfield may be interested in an acquisition of Cellnex. Although no further details were known and all parties involved did not comment, the news did cause a big jump in the share price. In the end, Cellnex closed nearly 16% higher in January. Whether it will come to a takeover is highly questionable. Including debt, the deal size is over €40 billion, and given the dominant position that the new combination would gain, it is obvious that (large) parts of the portfolio would have to be divested from the regulators.

Grenergy Renovables also received a lot of attention in January. According to Spanish newspaper Expansion, Grenergy has begun the process of selling 49% in its Spanish development platform. This includes several projects, particularly solar parks, with a total generating capacity of 1.1GW. Proceeds are expected to be around €550 million, allowing Grenergy to reduce debt while leaving sufficient capital to finance other development projects. Grenery also announces that it has the environmental permit in for three new solar power projects in Spain (totalling 472 MW). The stock closed the month with a gain of nearly 20%, making it one of the biggest gainers in the portfolio, as was Cellnex.

Largest positive and negative contribution

CTP, the largest investor in logistics real estate in Eastern Europe, made the largest contribution to earnings with a 20.1% return. Vonovia and LEG also had an excellent start to the new year with returns of more than 17%. The largest negative contribution came from Boralex which, like a number of other sustainable infrastructure companies such as Aquila, Northland Power and Innergex, was unable to benefit from the buoyant stock market.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
CTP (Neth)	20.1%	0.6%	Boralex (Can)	-7.2%	-0.2%
Vonovia (Ger)	17.5%	0.6%	Aquila (UK)	-4.6%	-0.1%
Cellnex (Spa)	15.8%	0.5%	Northland Power (Can)	-3.7%	-0.1%
Grenergy (Spa)	19.6%	0.5%	Innergex (Can)	-2.5%	-0.1%
LEG (Ger)	17.6%	0.5%	Care Property (Bel)	0.9%	0.0%

Source: DoubleDividend/Bloomberg

Portfolio changes

Last month we further increased the weighting of Atlantica Sustainable, Boralex and Xior. We slightly reduced positions in Capreit, Equinix, Hysan Development, Prologis and Vonovia. The Renewable Infrastructure Group was added to the portfolio (again).

The Renewable Infrastructure Group (TRIG) has a portfolio of 85 renewable energy projects in the United Kingdom and five other European countries. Approximately 52% in invested in onshore wind farms and 33% in offshore wind farms. Another 15% is invested in solar farms. Most of the parks have only been operational for a few years or will soon be completed and can last another 30 years or so. The production capacity is sufficient to supply power to approximately 1.4 million households. The large portfolio spread of approximately €4 billion ensures that TRIG is less dependent on a particular energy market (with specific regulatory frameworks) or local weather patterns. Approximately 60% of the power TRIG generates is at fixed prices, with the remainder dependent on market prices which avoids excessive revenue fluctuations. TRIG is not a developer, but only takes interests in projects that are already fully operational or soon to be delivered. TRIG's debt is repaid in full during the contract period so there is virtually no interest rate risk. As a result, TRIG has a significantly lower risk profile than many other players in the market.

Table: top 10 positions in portfolio per end month

Company and weights			
Cellnex (Spa)	3.4%	Atlantica Sustainable (US)	3.1%
CTP (Neth)	3.4%	Land Securities (UK)	2.9%
Digital Realty (US)	3.3%	Vonovia (Ger)	2.9%
Greencoat Renewables (Ire)	3.2%	I-RES (Ire)	2.9%
Brookfield Renewables (Can)	3.1%	Hysan Development (HK)	2.8%

Source: DoubleDividend

Annex: portfolio characteristics

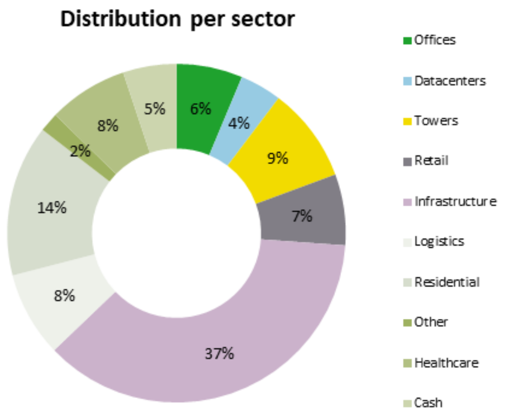
The table below shows the main characteristics of the portfolio. The cash flow yield shows the direct return (the rental income less costs) compared to the current price. Revaluations of the real estate are therefore not included. The price to net asset value indicates whether the portfolio is trading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

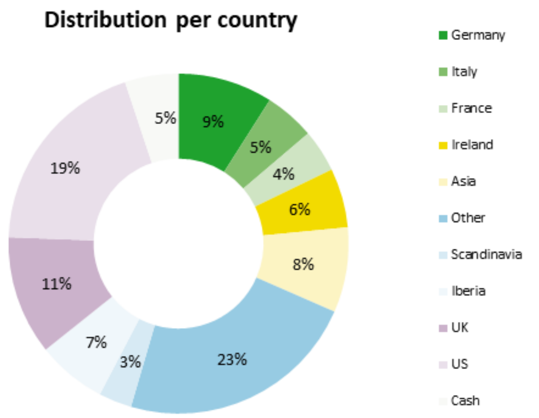
The debt ratio is the net debt to the market value of the property. The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	9.4%	VAR (Monte Carlo, 95%, 1-year)	25.2%
Dividend yield, current	5.0%	Standard deviation	16.4%

Source: DoubleDividend/Bloomberg





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