DD ALTERNATIVE FUND

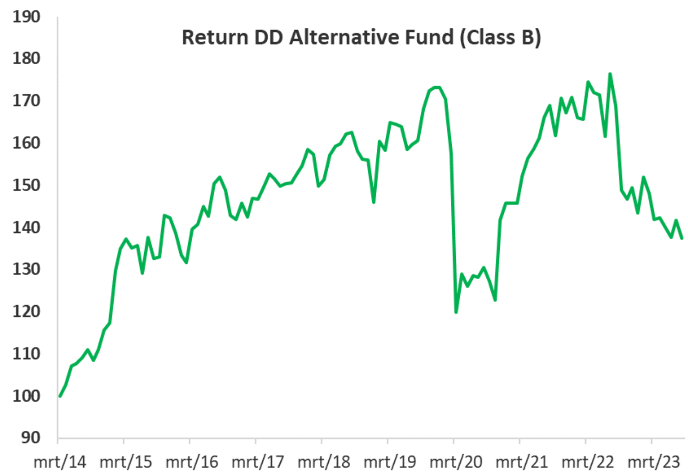
Monthly report August 2023

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 -2.99% (Class B) for the month of August 2023. As a result, the net asset value per share fell to €27.78. This brings the return for 2023 to -4.06%.



Fund information

Key facts

Fund size	€ 30.4 mln
# shares A	277,254
# shares B	630,547
# shares C	230,647
Net asset value A*	€ 25.72
Net asset value B*	€ 26.95
Net asset value C*	€ 27.15
# positions	45

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

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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	-2,63	-4.17	0.34	-1.64	-1.61	2.95	-2.99					**-4.06**

* 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

Last month investors looked anxiously forward to Jackson Hole, the annual congress for central bankers was held August 24-26. In the weeks leading up to the conference, stock prices were under considerable pressure, mainly due to rising longer-term inflation expectations that may result in more central bank intervention. However, Fed Chairman Powell delivered a balanced speech that allowed markets to regain some composure. Although U.S. interest rates are more likely to go up than down as the economy continues to perform well and inflation remains too high, the Fed will proceed cautiously. The chances of a US interest rate hike in the near term are slim.

For the ECB, the situation is a whole lot trickier. Both inflation and core inflation are still far too high at over 5%. This is partly due to the fact that the ECB waited so long before the first interest rate hike and, moreover, only took small steps. In addition, the economy in Europe, with superpower Germany in the lead, is under a lot of pressure this year. It will be interesting to see whether the ECB will raise interest rates again on September 14 or whether it will take a break like the Fed.

The DD Alternative Fund closed the month of August with a 3% loss. The renewable infrastructure sector in particular was under pressure. The Renewable Energy Producers Index, a good measure of the performance of sustainable infrastructure companies worldwide, lost 7.5% in August, bringing the loss for the year to 16.3% (measured in euros). A number of developers in particular are struggling because of changing market conditions. For example, the share price of Denmark's Ørsted, the world's largest developer of offshore wind farms, plunged more than 25% last month. Although we do not hold this stock in our portfolio, the company is an important benchmark for the sector. Ørsted may have to write down sharply on three large U.S. wind farms under development. In addition to higher financing costs and component delivery issues, the Danish company has yet to clarify certain tax benefits. All this could cost the company more than €2 billion. Although Ørsted's problems are partly company-specific, it shows that the disruptions in the industry due to higher financing costs and incurred material costs for cables, foundations, turbines and plants, among others, can hit the industry hard. Ørsted otherwise remains positive on the long-term outlook. Within our portfolio, only Northland Power (NPI) has substantial exposure to offshore wind farm development. NPI's largest project is Hai Long, a park of more than 1GW off the coast of Taiwan. For now, there is no slowdown in the project, which will begin delivering renewable energy in 2026. In fact, the stock closed last month with a small gain of 1.5%.

Besides Jackson Hole, August was dominated by quarterly earnings. Most companies presented slightly better than expected figures. The figures of Klépierre and Eurocommercial Properties (ECMPA) made it clear that, despite the often negative media coverage, the retail market is performing very well. Klépierre's rental growth was 7.3% and ECMPA's as high as 8.2%. Retail sales are also on the rise and are back above pre-pandemic levels. Of course, the question is whether retail sales will hold up, but for now the outlook is reasonably good.

Industrial real estate also continues to perform strongly. CTP not only managed to increase rents by 7.5%, but also expects construction costs to fall by nearly 10% this year, further increasing profits on the development pipeline. The more than 7% increase in net asset value per share was also better than expected.

A few companies such as Douglas Emmett (offices) and Healthcare Realty (healthcare sector) came in with slightly weaker numbers, but the deviations were limited.

Largest positive and negative contribution

Digital Realty was among the best performing companies in portfolio for the third month in a row. The share price was under considerable pressure in 2022, but this year the stock shows a significant recovery. Investments in data centers are currently increasing sharply, partly as a result of the developments surrounding artificial intelligence. The supply demand dynamics for data centers are favourable, resulting in strong rental growth for the first time in years. Just like Equinix, Digital Realty has a very strong market position because, in addition to data center capacity for companies, they also provide interconnection services to providers. As in July, Vonovia and LEG were also among the best performing companies in the portfolio.

China Longyuan, with a decline of 16.2% in August, made the largest negative contribution to the result. In addition to the general sentiment around sustainable infrastructure, the company is also affected by the negative news surrounding China. Many investors are turning their backs on the country due to tensions with the US and lower-than-expected economic growth. However, the company continues to perform strongly operationally and we see no reason to reconsider our position.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
Digital Realty (US)	7.4%	0.2%	China Longyuan (Chi)	-16.2%	-0.4%
I-RES (Ire)	5.1%	0.2%	Gore Street Energy (UK)	-16.7%	-0.4%
Vonovia (Ger)	4.1%	0.1%	7C Solarparken (Ger)	-12.2%	-0.3%
LEG (Ger)	3.5%	0.1%	Brookfield Renewable (US)	-8.2%	-0.3%
Mitsui Fudosan (Jap)	8.4%	0.1%	Cellnex (Spa)	-5.0%	-0.2%

Source: DoubleDividend/Bloomberg

Portfolio changes

Over the past month, we slightly increased the weighting of Supermarket Income REIT. No sales were made.

Table: top 10 positions in portfolio per end month

Company and weights			
Cellnex (Spa)	3.9%	LEG (Ger)	3.1%
Digital Realty (US)	3.4%	I-RES (Ire)	2.9%
Greencoat Renewables (Ire)	3.3%	Voltaia (Fra)	2.9%
Eurocommercial Prop. (Neth)	3.1%	Atlantica Sustainable (US)	2.9%
Grenergy Renovables (Spa)	3.1%	Vonovia (Ger)	2.9%

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

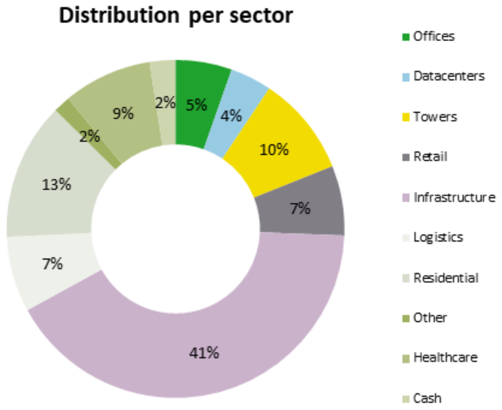
The table below shows the main characteristics of the portfolio. The cash flow yield indicates how much cash a company generates per share, expressed as a percentage. The dividend yield is the dividend yield of the current year divided by the current price (closing price of the month).

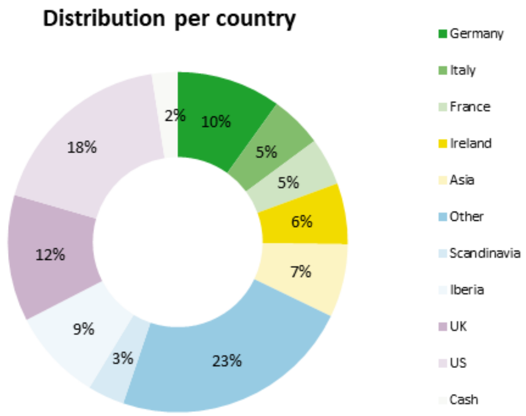
The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	11.0%	VAR (Monte Carlo, 95%, 1-year)	27.2%
Dividend yield, current	5.2%	Standard deviation	17.0%

Source: DoubleDividend/Bloomberg





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