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DD ALTERNATIVE FUND

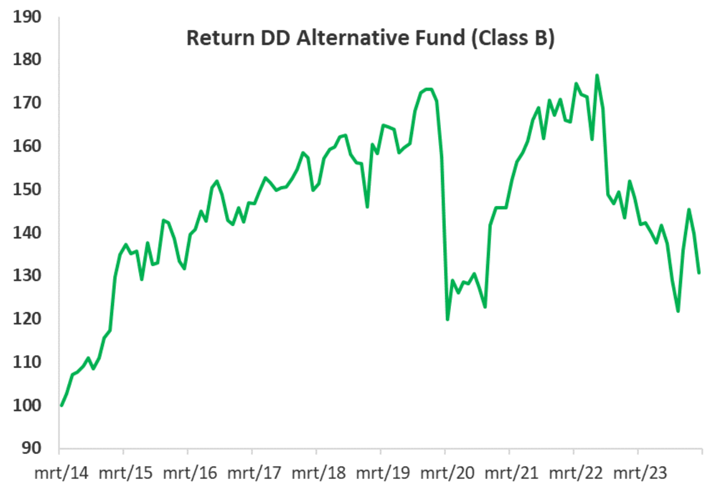
Monthly report February 2024

Profile

DD Alternative Fund N.V. (DDAF or DD Alternative Fund) is an actively managed global 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. The fund is traded daily.

Return class B*

DD Alternative Fund achieved a return of -6.62% (Class B) for the month of February 2024. As a result, the net asset value per share declined to € 25.24. This brings the return for 2024 to -10.21%.



* The value of your investment may fluctuate. Past performance is no guarantee for future results

Fund information

Key facts

Fund size	€ 26.8 mln
# shares A	243,413
# shares B	576,403
# shares C	249,929
Net asset value A*	€ 24.01
Net asset value B*	€ 25.24
Net asset value C*	€ 25.45
# positions	46

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
ISIN (A)	NL0009445915
ISIN (B)	NL0010949350
ISIN (C)	NL0014095119
Benchmark	None
Currency	Euro

Risk monitor

* per share

** estimated

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	-6.18	-5.63	11.63	7.02	**1.47**
2024	-3.85	-6.62											**-10.21**

* The fund was repositioned in 2020 and has since invested in both real estate and (sustainable) infrastructure. 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. As a result, you may lose all or part of your investment. You can read more about the risks in the Fund's Key Information Document and prospectus.

Developments in the market and portfolio

Share prices of both real estate and sustainable infrastructure companies fell further in February as a result of rising interest rates in both Europe and the US. Interest rates with longer maturities in particular rose considerably. The yield on the German 10-year government bond rose from 2.17% at the end of January to 2.41% at the end of February and the 10-year yield in the US rose by 0.34% to 4.25% in a month. As we reported in the January monthly bulletin, investors should not expect central banks to reduce policy rates soon. Although inflation is decreasing, it is still above the 2% target used by both the ECB and the FED. On the positive side, the economy continues to perform well, mainly due to the increase in real wages and expansionary policies of governments. Interest rates are still expected to go down this year, with a possible first cut around the summer. We expect that with an interest rate cut, sentiment towards capital-intensive sectors such as real estate and infrastructure will improve.

The EPRA Index (real estate) ended the month 7.7% lower, causing the loss for the year to increase to 10.4%. The operating results of most real estate companies were good, but sentiment has turned again after the sharp price increases at the end of last year. Investors fear that the results of real estate companies will decline the longer it takes for interest rates to drop because the costs of refinancing will be higher. Refinancing commercial real estate is becoming an increasing balancing act for both real estate companies and financiers. According to the MBA (the Mortgage Bankers Association), there is a total of approximately 4,700 billion in commercial real estate loans outstanding in the US, of which 929 billion must be repaid and/or refinanced this year. Many properties have fallen sharply in value over the past two years, sometimes by more than 30%, putting not only the owner but also the financier at risk. Regional and community banks in the US in particular have a lot of commercial real estate debt on their balance sheets. The question is whether the provisions at these banks are sufficient given the increasing payment arrears on real estate loans. This is mainly a risk for smaller banks. We also see that provisions for bad real estate loans are increasing at large banks as well, but overall the exposure to real estate is generally limited. FED Chairman Powell recently also called commercial real estate a major problem, but not a systemic risk. However, the listed sector is not expected to get into trouble so quickly as the quality of real estate is much higher and the debt ratio is lower. But it is clear that the reporting about the possible problems at the regional banks does not help.

The Renewable Energy Producers Index, a good benchmark for the performance of all sustainable infrastructure companies, is also down 11.5% this year (measured in euros). In addition to higher interest costs, the sector is also suffering from lower energy prices. Although we do not deny that this puts pressure on profitability, sentiment also plays a major role here. The majority of energy contracts, just like the loans, are fixed for a longer period of time. In fact, most loans are repaid over the life of the project and do not need to be refinanced. We assume that sentiment will return once the upward pressure on interest rates stops.

Largest positive and negative contribution

The DD Alternative Fund closed the month of February with a loss of 6.6%. China Longyuan provided the largest positive contribution last month with a price increase of 18.4% as a result of the improved sentiment around Chinese shares. The share price movement of China Longyuan has seemed to be disconnected from reality for some time now. Although profitability has remained stable in recent years, the price has nosedived since the beginning of 2022. As a result, the valuation is at its lowest point ever. The price/earnings ratio still fluctuated around 19 times in 2021, while it is now less than 6x. China Tower also benefited from the improved sentiment.

Grenergy Renovables made the largest negative contribution last month. The company was the best performer last year, but has suffered a significant decline this year. The share, like all sector peers such as Acciona and Brookfield Renewables, is suffering from lower energy prices in combination with rising financing costs.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
China Longyuan (Chi)	18.4%	0.3%	Grenergy Renovables (Spa)	-23.3%	-0.8%
ABRDN Logistics (UK)	9.1%	0.2%	I-RES (Ire)	-16.1%	-0.6%
China Tower (Chi)	9.4%	0.1%	Acciona Energias (Spa)	-20.8%	-0.5%
Prologis (US)	5.6%	0.1%	Brookfield Renewable (US)	-13.9%	-0.5%
SL Green (US)	8.8%	0.1%	LEG Immobiliën (Ger)	-12.2%	-0.3%

Source: DoubleDividend/Bloomberg

Portfolio changes

Over the past month we have slightly increased the weighting of American Tower and EDP Renovavais. There were no sales this month. The cash position at the end of February was almost 3%.

Table: top 10 positions in portfolio per end month

Company and weights			
Cellnex (Spa)	4.2%	Brookfield Renewables (US)	3.0%
Greencoat Renewables (Ire)	3.6%	Boralex (Can)	2.9%
I-RES (Ire)	3.3%	Inwit (Ita)	2.9%
Northland Power (Can)	3.2%	Greencoat UK Wind (UK)	2.7%
Eurocommercial Prop (Neth)	3.1%	Care Property Invest (Bel)	2.7%

Source: DoubleDividend

Team DoubleDividend

Annex: portfolio characteristics

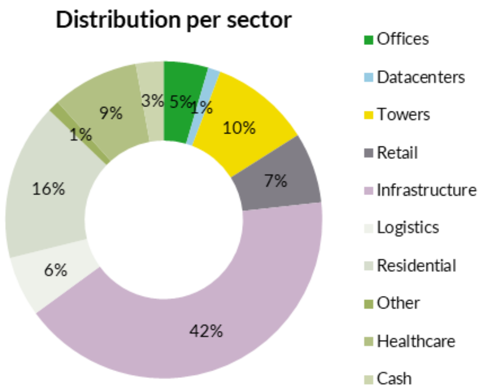
The table below shows the main characteristics of the portfolio. The cash flow yield indicates how much cash a company generates per share, expressed as a percentage. The dividend yield is the dividend yield of the current year divided by the current price (closing price of the month).

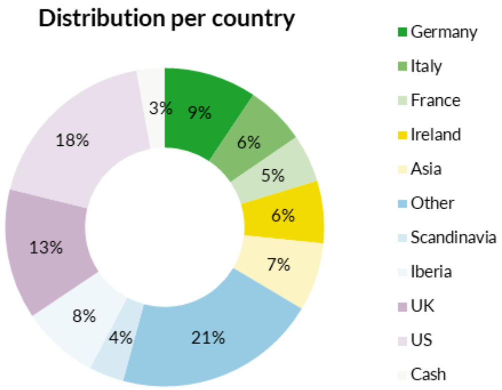
The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	12.6%	VAR (Monte Carlo, 95%, 1-year)	27.7%
Dividend yield, current	5.6%	Standard deviation	17.2%

Source: DoubleDividend/Bloomberg





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