DD ALTERNATIVE FUND

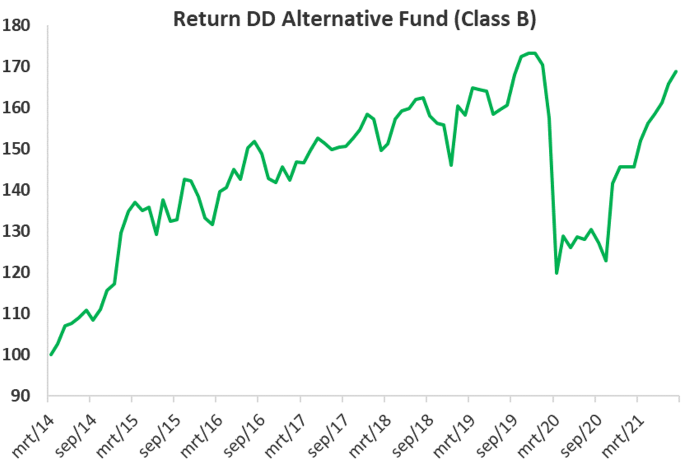
Monthly report August 2021

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 1.82% (class B) for the month of July 2021. At the end of July 2021, the net asset value per share B amounted to € 34.75. This brings the return for 2021 to 15.95%.



Fund information

Key facts

Fund size	€ 44.2 mln
# shares A	361,114
# shares B	612,239
# shares C	309,584
Net asset value A*	€ 33.58
Net asset value B*	€ 34.75
Net asset value C*	€ 34.88
# 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

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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
2009	-0.93	-4.09	-1.62	6.58	4.56	-4.94	1.52	9.69	1.91	-1.53	-1.03	0.32	**9.87**
2010	1.46	-0.29	4.57	-1.62	-6.72	1.07	5.14	1.00	5.21	2.46	-3,26	4.08	**12.75**
2011	2.08	2.75	-0.17	1.75	3.52	-2.20	-2.90	-8.16	-4.90	3.69	-5.90	1.26	**-9.62**
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					**15.95**

* 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

Both real estate and sustainable infrastructure had an excellent month. All real estate sectors were higher at the end of the month, but logistics and self-storage in particular stood out positively. For sustainable infrastructure the picture was more mixed but on balance the Eagle Renewable Index rose by more than 4%. The DD Alternative Fund closed the month with a return of 1.8% and therefore stands at a result of almost 16% for the year.

Last month many companies presented quarterly results. In general, the figures were in line with expectations, but there were a few notable exceptions. Shurgard, the largest investor in mini-storage in Europe came out with very strong figures. Shurgard was able to achieve strong rental growth and reduce vacancy rates once again. For all of 2021, the company raised its sales growth forecast from 4-6% to 8-10%. The stock closed more than 12% higher this month, bringing its total return for the year to nearly 45%. Despite the good outlook, we reduced the position because of the increased valuation.

Adler Group provided other notable news. The share price of the German housing player has been under considerable pressure for some time, mainly due to the lack of transparency. However, the management seems to have taken the criticism to heart and came up with an extensive presentation with detailed information about, among other things, the profit on sales and the expected investments. The company also announced very good half-year figures. Net asset value increased by just over 11%, mainly due to strong rental growth and slightly lower initial yields. It also revised its revenue forecast for 2021 upwards. At least last month it provided a nice 10% increase in the share price, but for the year Adler still stands at a loss of almost 21%.

CTP, one of the largest developers and investors in logistics and distribution centers in Europe, also came out with strong figures. More striking, however, was the announcement that it had bought the Amsterdam Logistic Cityhub (ALC), which is under construction, for €307 million. It is the first step for CTP in the Netherlands. ALC, a logistics center of 120,000 m2 (with expansion possibilities up to 200,000 m2) in the Western Port Area, is unique in its kind. ALC meets the high demand for storage and last mile distribution space a short distance from the city center, suitable for emission free delivery and supply of the city center via both land and water. Construction is being carried out to the highest sustainability standards and with electricity generation via solar panels and wind turbines, ALC is self-sufficient. The building is expected to be fully operational in the fall of 2022. In addition to the logistics space, the complex will have 11,000 m² of office space, 1,700 parking spaces, 200 loading docks and its own 180-meter quay.

The quarterly results of sustainable infrastructure companies were slightly disappointing. Canadian players Northland Power, Boralex and Innergex could not meet expectations, mainly due to lower production. There was less wind as well as sun, which meant that output was below budget. The same was true for Germany's EnergieKontor, but management says it will still meet revenue expectations for 2021.

Renewable energy production is weather-dependent and can therefore vary from year to year. In the longer term, however, deviations from budget are limited.

Largest positive and negative contribution

The largest positive contribution came - for no immediate reason – from Falck Renewables, which rose more than 20% in value. Shurgard and CTP also did well. Innergex saw the biggest fall last month as a result of somewhat disappointing figures.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
Falck Renewables (Ita)	20.6%	0.4%	Innergex (Can)	-8.3%	-0.2%
Shurgard (Bel)	12.4%	0.4%	Hysan Development (HK)	-8.1%	-0.2%
CTP (Neth)	15.5%	0.2%	SL Green (US)	-5.1%	-0.2%
Digital Realty (US)	6.8%	0.2%	Greencoat UK Wind (UK)	-4.0%	-0.1%
Cellnex (Spa)	5.6%	0.2%	Atlantica Sustainable (US)	-3.9%	-0.1%

Source: DoubleDividend/Bloomberg

Portfolio changes

Over the past month we have further increased positions in Boralex, Digital Realty, Douglas Emmett, EnergieKontor, Greencoat UK wind, Grenery Renovables, Innergex, Inwit, and Northland Power. We reduced the weightings of Aedifica, Empiric Student Property, Falck Renewables, Hibernia, Kojamo, Merlin, Red Electrica and Shurgard somewhat. We completely sold the position in Hufvudstaden because the price target had been met. We also added two new positions to the portfolio in August: Aberdeen Standard European Logistics and 7C Solarparks (a detailed description can be found below). On balance, we invested slightly more in sustainable infrastructure at the expense of real estate. The weighting of sustainable infrastructure was around 31% at the end of the month.

Aberdeen Standard European Logistics (ASLI) is a listed investment fund managed by Aberdeen Standard but with an independent board. The portfolio consists of 15 logistics centers in five European countries: Netherlands (45%), Poland (18%), France (17%), Germany (14%) and Spain (6%). These are mainly new buildings that meet the highest sustainability standards and most of the roofs have solar panels. Management is working on a plan to make all properties even 100% climate-neutral in the near future. The average lease term is 11 years and all leases are adjusted annually for inflation. The outlook for logistics is very good and the market has hardly any vacancies because demand has exceeded supply for many years. The expectation is that rents will rise sharply in the coming years due to large shortages of good logistics centers. The management therefore wants to grow the portfolio in the coming years, but the challenge is to find suitable premises. For this reason, it has recently started working with large developers such as Panattoni Europe. Currently, the loan to value is only 30%, which is very conservative compared to other players. The valuation is also attractive compared to other players.

The German 7C Solarparken has been developing and managing smaller to medium-sized solar parks and solar roofs in Germany (93%) and Belgium (7%) since 2008. 7C Solarparken is still taking full advantage of subsidies (the average term of the current contracts is still about 13 years), but these will be further reduced in the coming years due to the falling price of solar energy. Despite the lower subsidy, the management still sees plenty of growth opportunities in the coming years, especially in Belgium since the country needs to invest heavily in the coming years to meet the EU requirements. Last month 7C Solarparken made a small capital increase to secure the financing of its plans through 2023. This created a good entry moment.

Table: top 10 positions in portfolio per end month

Company and weights			
Vonovia (Ger)	5.4%	Mitsui Fudosan (Jap)	3.1%
Eurocommercial Prop. (Neth)	4.0%	Boralex (Can)	3.0%
IRES (Ire)	3.8%	Atlantica Sustainable (US)	3.0%
Greencoat UK Wind (UK)	3.2%	Innergex (Can)	2.9%
Cellnex (Spa)	3.1%	Digital Realty (US)	2.8%

Source: DoubleDividend

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Annex: portfolio characteristics

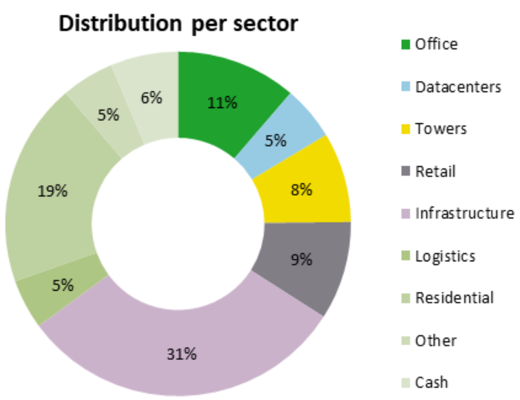
The table below shows the main characteristics of the portfolio. The cash flow yield shows the direct return (the rental income less costs) compared to the current price. Revaluations of the real estate are therefore not included. The price to net asset value indicates whether the portfolio is trading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

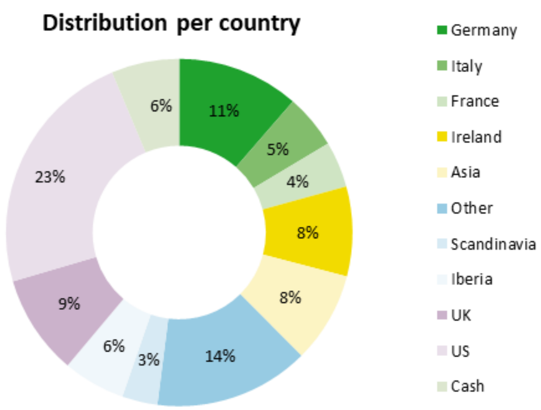
The debt ratio is the net debt to the market value of the property. The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	6.2%	VAR (Monte Carlo, 95%, 1-year)	24.9%
Dividend yield, current	3.1%	Standard deviation	19.1%

Source: DoubleDividend/Bloomberg





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