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DD ALTERNATIVE FUND

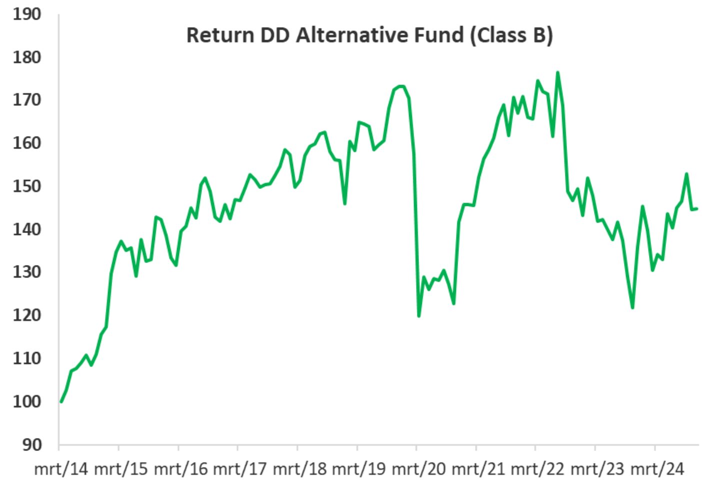
Monthly report November 2024

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 0.2% (class B) over the month of November 2024, including the dividend paid out of €0.39 per share. This brings the net asset value per share to €27.14 and the return for the year to -0.4%.



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

Fund information

Key facts

Fund size	€ 28,6 mln
# shares A	211,949
# shares B	600,908
# shares C	250,293
Net asset value A*	€ 25.68
Net asset value B*	€ 27.14
Net asset value C*	€ 27.42
# positions	49

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	2.67	-0.74	7.86	-2.19	3.25	1.12	4.35	-5.51	0.18		**-0.44**

* 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

The day after Trump's election victory, the share prices of renewable energy companies fell sharply, while fossil fuel stocks rose. The Renewable Energy Producers Index lost 5.6% on the day after the election and the loss increased further in the days that followed. However, the sector managed to recover in the last week, closing the month with a minus of 1.7% (measured in euros). It is expected that Trump will not simply abolish the subsidy package for renewable energy, otherwise he risks a deterioration of the American competitive position. He also does not want to lose his supporters. After all, the vast majority of the subsidies from the Inflation Reduction Act ended up in American states where the Republicans have a majority.

Trump does not seem to be against renewable energy per se, but mainly in favour of cheap energy as a driver of the American economy. It is expected that CO2 emissions will increase significantly under his administration. His statement ‘drill, baby, drill’ and the intended appointment of Chris Wright (CEO of Liberty Energy, the second largest fracking company in the US) as Minister of Energy do not bode well for the climate. The hope is that Europe will accelerate the green transition. Not only to protect the climate, but also to become more energy independent more quickly due to geopolitical developments. It could therefore be that the energy transition will accelerate, while CO2 emissions increase in the meantime.

The real estate sector had a relatively quiet month. The EPRA Index achieved a return of 1.2% in November. The DD Alternative Fund closed the month of November with a return of 0.2% (Class B).

Interest costs down

Although interest rates have risen on balance this year, this does not apply to the financing costs of companies. The yields on corporate bonds have actually fallen due to the improved outlook. JP Morgan conducted research into all outstanding bonds of European listed real estate companies and found that the average yield had fallen from 4.7% in February to 3.8% at the end of October. A good example of this is Vonovia, the largest listed real estate company in Europe. In November 2022, Vonovia issued an eight-year bond for €750 million at an interest rate of 5%. At the end of last year, the yield on this loan had already fallen to 3.8% due to the increased price of the bond and even to 3.1% at the end of November. This has everything to do with the greatly improved market conditions for real estate in general and German residential property in particular. Although this is a positive development, it does not mean that interest costs will fall in the near future. Most real estate companies still have to refinance at higher rates, but in combination with further increasing rental income, the future looks much brighter.

Outlook improved

As mentioned several times in the past monthly reports, the outlook for the real estate market has improved significantly and the sharp declines in value are behind us. Where companies initially had to sell real estate to strengthen their balance sheets, growth opportunities are now being explored to profit from the expected increases in value. For example, LEG Immobiliën purchased a 52.7% stake in the Israeli listed company Brack Capital for €219 million. Brack Capital has a portfolio of 9,100 apartments in Germany, mainly in the Ruhr area. LEG already has a 30.9% stake in Brack Capital and can take the company private through this transaction. The seller is the also listed company Adler, which is in financial difficulties, which is why LEG was able to negotiate a very good price.

Quarterly figures

In the meantime, the company figures continue to surprise positively, especially in the real estate sector. A number of companies including Cellnex, Douglas Emmett, Eurocommercial Properties, Land Securities, LEG and Vonovia raised their expectations slightly. Within sustainable infrastructure, the results are somewhat more mixed. Brookfield Renewable came up with good figures. The company has already managed to sell $2.3 billion worth of assets this year, on which a profit of $1 billion was booked. Partly because of this, the profit per share increased by 11% compared to last year. However, the figures of the Canadian Innergex were disappointing. Energy production was only 87% of the long-term average, mainly due to fewer hours of sunshine in both the US and Chile and lower production from the hydroelectric power stations in Quebec. Innergex expects energy production to normalize again and assumes that two development projects will soon deliver the first energy, which will improve the results again.

Largest positive and negative contribution

The US companies in the portfolio were among the winners in November, not least because of the sharply increased dollar. The dollar gained 2.9% against the euro last month. The largest positive contribution came from CSX Corp, which rose 12% in value. It is expected that CSX will benefit from Trump's plans to cut taxes and further stimulate the US economy. Healthcare Realty benefited from the fact that Starboard Value Fund, an activist shareholder, has taken a stake of almost 6%. Brookfield Renewable initially fell sharply after Trump's victory, but recovered strongly after the announcement of the figures and the positive outlook.

Many European companies, on the other hand, were under pressure. Grenergy Renovables was almost at €40 in September, the highest price ever, but closed below €29 at the end of November. There was no reason for the sharp drop. Sector peer EDP Renovavais (EDPR) has also been under pressure since September. Now the quarterly figures were slightly below expectations due to delays of a number of development projects and slightly lower energy prices, but it is striking that EDPR is under pressure as the Portuguese developer of sustainable energy projects has large interests in the US. EDPR sees the demand for (renewable) energy in the US increasing enormously as a result of the growth in the number of data centers and is optimistic that it can successfully complete its development projects. We have increased the position in both shares somewhat last month.

Table: top 5 contribution to result (in €)

Top 5 highest contribution			Top 5 lowest contribution		
CSX Corp (US)	12.0%	0.3%	Grenergy (Spa)	-11.7%	-0.3%
Healthcare Realty (US)	11.5%	0.3%	EDP (Por)	-10.5%	-0.2%
Brookfield Renewable (US)	8.3%	0.2%	Boralex (Can)	-7.4%	-0.2%
Equinix (US)	11.6%	0.2%	Gore Street (UK)	-11.4%	-0.2%
Equity Residential (US)	12.0%	0.2%	Inwit (Ita)	-5.8%	-0.2%

Source: DoubleDividend/Bloomberg

Portfolio changes

The weightings of EDP Renovavais, ERG, Grenergy, Inwit, Legrand and LEG have been increased somewhat. The positions in Douglas Emmett, Equinix, Healthcare Realty and Target Healthcare have been reduced somewhat. No new positions have been added to the portfolio.

Table: top 10 positions in portfolio per end month

Company and weights			
Cellnex (Spa)	4.1%	Vonovia (Ger)	2.9%
Greencoat Renewables (Ire)	3.5%	I-RES (Ire)	2.7%
Eurocommercial Prop (Neth)	3.3%	CSX (US)	2.6%
Inwit (Ita)	3.0%	Northland Power (Can)	2.6%
Shurgard (Bel)	2.9%	LEG Immobiliën (Ger)	2.5%

Source: DoubleDividend

Team DoubleDividend

Annex: portfolio characteristics

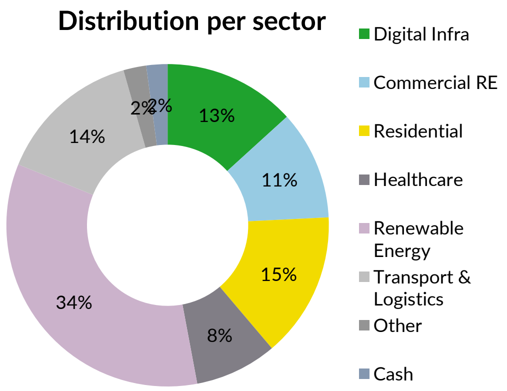
The table below shows the main characteristics of the portfolio. The cash flow yield indicates how much cash a company generates per share, expressed as a percentage. The dividend yield is the dividend yield of the current year divided by the current price (closing price of the month).

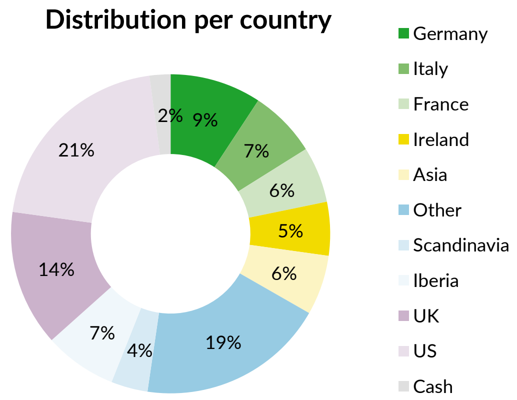
The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	7.9%	VAR (Monte Carlo, 95%, 1-year)	23.3%
Dividend yield, current	4.4%	Standard deviation	14.1%

Source: DoubleDividend/Bloomberg





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