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DD ALTERNATIVE FUND

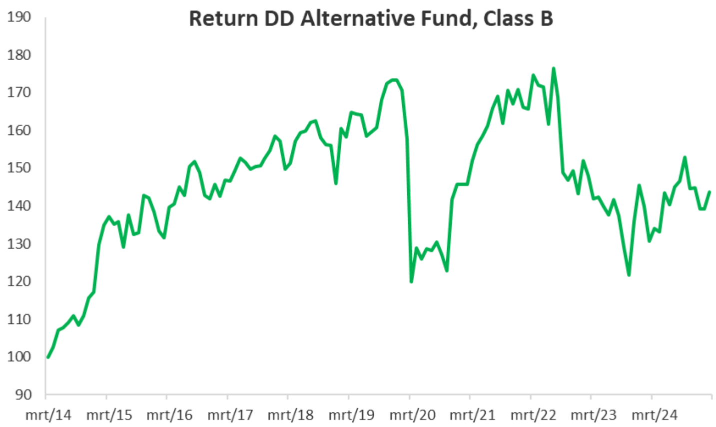
Monthly report February 2025

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 3.3% (class B) over the month of February 2025. This brings the net asset value per share to €26.94, and the return for the year to 3,3%.



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

Fund information

Key facts

Fund size	€ 28.9 mln
# shares A	206,244
# shares B	616,495
# shares C	257,931
Net asset value A*	€ 25.46
Net asset value B*	€ 26.94
Net asset value C*	€ 27.23
# positions	50

Costs

Management fee A	1.20%
Management fee B	0.70%
Management fee C	0.50%
Overige kosten**	0.43%
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	-3.90	**-4.32**
2025	-0.03	3.31											**3.28**

* 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 listed real estate market had a good month. The global EPRA Index closed 2.2% higher in February, which increased the profit for the year to 3.3%. European real estate companies lagged, but American real estate companies rose by 3.9% as a result of good figures and the lower interest rates. The American 10-year interest rate fell from 4.5% to 4.2%.

The Renewable Energy Producers Index closed the month with a gain of 1.1% (measured in euros), but the differences were significant. Most European companies focused on sustainable energy generation fell slightly as a result of somewhat poorer company figures, but the share prices of North American companies rose sharply as a result of a major takeover. Innergex, also in the DDAF portfolio, received a takeover bid from Caisse de Dépôt et Placement du Québec (CDPQ). Quebec-based Innergex has interests in 90 hydroelectric, wind, solar and energy storage facilities in Canada, the US, France and Chile. The company also has 17 projects under development. Shareholders will receive C$13.75 in cash per share, a premium of more than 80% over the average price in the 30 days prior to the offer. The transaction involves a whopping C$10 billion, which shows that there is still a lot of interest in sustainable energy companies. As we wrote in our monthly report of December last year, the valuation of the sector is low. And if the valuation remains low for a long time, companies automatically become takeover targets. For example, in 2024 KKR bought Encavis and Greenvolt for a total of €4.0 billion and Atlantica Sustainable and Neoen were delisted for €2.4 billion and €6.1 billion respectively. The share prices of sector peers Boralex and Northland Power also rose sharply. The DD Alternative Fund profited fully from the takeover of Innergex and closed the month of February with a return of 3.3%.

Company figures

Many companies published quarterly and annual figures in February. Among real estate companies, the strong rental growth was particularly noticeable, both in Europe and in the US. For example, the rents of Xior (student accommodation) and Klépierre (retail) increased by more than 6%, and Shurgard (mini-storage) also managed to impress with a rental growth of more than 5%. The rental growth at CTP, one of the largest listed investors in logistics centres in Europe, was more than 4% and at Aedifica (healthcare real estate) more than 3%. Vonovia and LEG will publish results in March, but here too, rental growth is expected to be around 4%. We see a similar picture in the US. For example, the rental growth of Digital Realty (data centres) was more than 4% and of sector peer Equinix even more than 7%. Even Hysan Development, the only investment in Asia, came up with better than expected figures. It looks like the Hong Kong property market is finally recovering after years of declining rents and rising vacancies. We are also seeing positive developments in portfolio values. Most property companies saw an increase in their intrinsic value per share. After a number of years of faltering as a result of the strong rise in interest rates, the future for the property sector looks brighter. The expectation of the management teams - and we agree - for 2025 is that rental growth will continue and that property values will (continue to) rise. And because the balance sheets are now strong again, growth opportunities can also be explored again.

The figures for sustainable infrastructure companies were not impressive. In general, energy production was somewhat disappointing, energy prices fell slightly and we are seeing a number of development projects being postponed or cancelled. But the second half of the year was generally better than the first six months. So there is improvement. And management teams are taking the right steps by putting risky projects on hold and, where possible, selling ongoing projects and paying off debts. And that is working out quite well. For example, The Renewable Infrastructure Group has already sold more than £200 million worth of projects at an average premium of 11% to book value. Management has indicated that it wants to sell another £300 million to pay off debt and buy back shares. EDP Renovavais has also taken action due to the changed market conditions and has reduced its investment budget for the coming years by about a quarter. A number of projects in the US in particular are having difficulty getting off the ground under Trump. This is of course less good news for future profitability, but it also means that the balance sheet does not need to be stretched as much. Brookfield Renewable Partners is also experiencing difficulties due to the new US administration, but states that a federal permit is required for less than 10% of the pipeline projects. Furthermore, the largest investor in sustainable energy in the world mainly sees opportunities for growth in the coming period through large acquisitions. Brookfield states that the current undervaluation of the sector is enormous, something we agree with. In this light, the acquisition of Innergex should therefore come as no surprise.

Largest positive and negative contribution last month

Innergex contributed the most to the result with a return of 87.7% as a result of the proposed takeover by CDPQ. We sold the entire position because the transaction is not expected to be completed until the fourth quarter, while the price is only 1% away from the offer price and the dividend in the meantime amounts to only 2%. Of course, there is a chance that a higher bid will come, but there is also a chance that the bid will not be honoured. And if a higher bid comes, that will be favourable for the valuation of the entire sector.

The share price of Prysmian Group made a rare dive after the announcement of the annual figures and the forecast for 2025. Prysmian is the market leader in the field of energy and telecom cable systems and has grown strongly in recent years, which has also caused the share price to rise considerably. If growth is then slightly disappointing, such a company is immediately punished. However, the somewhat lower than expected increase in profit seems more a matter of timing than of changed market conditions. Management is also known to issue somewhat conservative profit forecasts. We therefore took the opportunity to buy back the shares we sold in January at €70.53 at €57.18.

Table: top 5 contribution to result (in €) in 2024

Top 5 highest contribution			Top 5 lowest contribution		
Innergex (Can)	87.7%	1.7%	Prysmian (Ita)	-15.3%	-0.2%
Northland Power (Can)	17.9%	0.4%	Xior (Bel)	-8.6%	-0.2%
Hysan Development (HK)	19.2%	0.3%	ERG (Ita)	-6.7%	-0.1%
Boralex (Can)	16.0%	0.3%	Inwit (Ita)	-3.5%	-0.1%
Cellnex (Spa)	6.3%	0.3%	EDP Renovavais (Por)	-5.0%	-0.1%

Source: DoubleDividend/Bloomberg

Portfolio changes

We have slightly increased the weightings of Assa Abloy, Ashtead, Advanced Drainage Systems, Digital Realty, EDP Renovavais, ERG, Greencoat UK Wind, Prysmian, Shurgard and The Renewable Infrastructure Group. As mentioned, the share Innergex has been sold completely due to the limited upside following the takeover bid.

Table: top 10 positions in portfolio per end month

Company and weights			
Cellnex (Spa)	4.6%	Grenergy Renovables (Spa)	3.0%
Eurocommercial Prop (NL)	3.5%	Vonovia (Dui)	2.8%
Greencoat Renewables (Ire)	3.2%	Shurgard (Bel)	2.7%
Inwit (Ita)	3.1%	LEG (Dui)	2.7%
I-RES (Ire)	3.0%	CSX Corp (US)	2.5%

Source: DoubleDividend

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Annex: portfolio characteristics

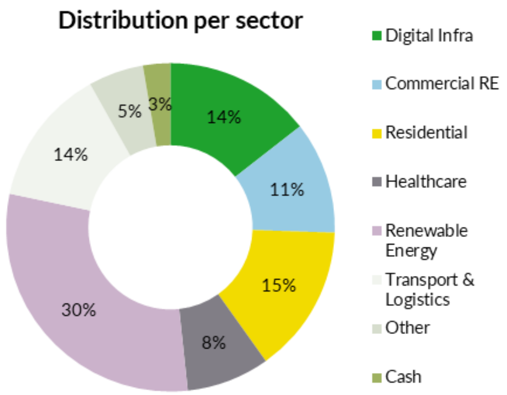
The table below shows the main characteristics of the portfolio. The cash flow yield indicates how much cash a company generates per share, expressed as a percentage. The dividend yield is the dividend yield of the current year divided by the current price (closing price of the month).

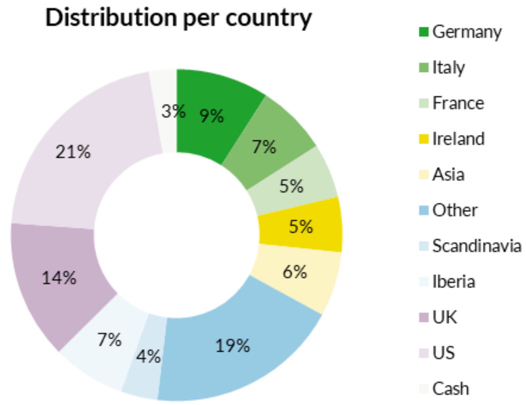
The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

Table: Characteristics DDAF per month end

Valuation		Risk	
Cashflow yield, current	8.3%	VAR (Monte Carlo, 95%, 1-year)	22.1%
Dividend yield, current	5.1%	Standard deviation	13.5%

Source: DoubleDividend/Bloomberg





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