

SUSTAINABLE DIVIDENDS VALUE FUND

QUARTERLY REPORT

SUSTAINABLE
DIVIDENDS

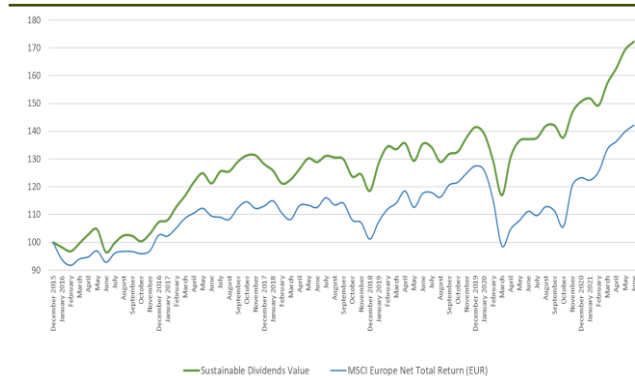


SECOND QUARTER 2021

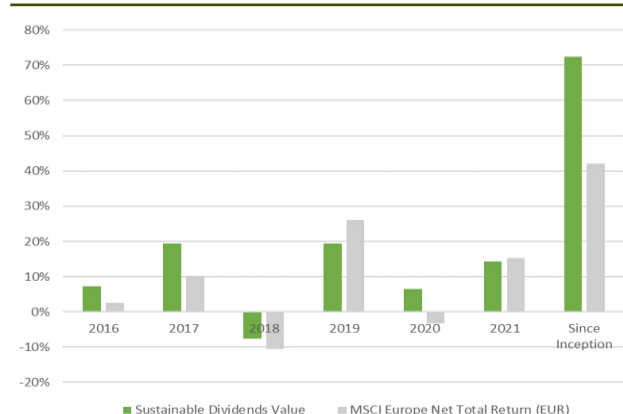
Main details

Current fund price	134,48
Last quarter price	122,83
Result (net)	+9,5%
Result 2021	+14,3%
ISIN Code	NL0012907976
Inception date	January 2016

Return (net %)



Annual return (net %)



Risk – Return characteristics

Total Return	72.3%
Average annual return	10.4%
Standaarddeviation Return	12.8%
Sharpe Ratio	0.81
Total 'Outperformance'	21.2%
Average annual 'Outperformance'	3.6%
Tracking Error	7.6%
Information Ratio	0.47
Correlation Coëfficient	0.84
Best Month (April 2020)	+11.7%
Worst Month (March 2020)	-9.6%
Maximum drawdown	-17.4%

Investment Goal

The investment goal of the fund is long term capital appreciation. Expectations are that the fund will outperform equity markets over a 5 to 7 year investment cycle. The fund manager is of the opinion that an evaluation of the fund performance should be done over the full economic cycle, as otherwise the evaluation period could be defined by rising or declining market circumstances only. The manager uses the MSCI Europe Index (Net Total Return) as a reference index for the fund.

Strategy

Sustainable Dividends invests in European companies, that demonstrate their engagement by making a positive contribution to the sustainability of our society. Stocks of these companies deliver value for both society and investors. They will see their cash flows grow faster and experience increasing interest from investors. We choose 15 to 25 stocks of companies with a predictable and profitable business model, a strong balance sheet, regular dividend payments, and a dedicated management team. We use a disciplined investment process that generates superior returns with below average risks for the investors in the fund.

Fund Performance

Investors in the Sustainable Dividends Value Fund have seen another strong quarter. They achieved a return of 9.5% on their investment. Most stocks in the portfolio reported a strong start of the year and many of them increased the full year outlook for 2021. The Fund outperformed the quarterly return of the MSCI Europe by 3%-point, as the index showed a return of 6,5%. From the start of the Fund in 2016 we have returned 72% versus 42% for the MSCI Europe Index. In this period our risk, as defined by standard deviation, was not higher, in fact it was significantly lower than the market average. It is clear that sustainable investing does not have to come at the expense of returns. Our strategy has proven itself during good, but also during difficult times. This is mainly because the fund does not hold shares of companies that suffered permanent, irreparable impairments to their business models as a result of the coronacrisis. We were again able to welcome several new clients in the past quarter. Our team will once more do everything we can to live up to the confidence they have placed in us.

Sustainable Dividends Investor Event

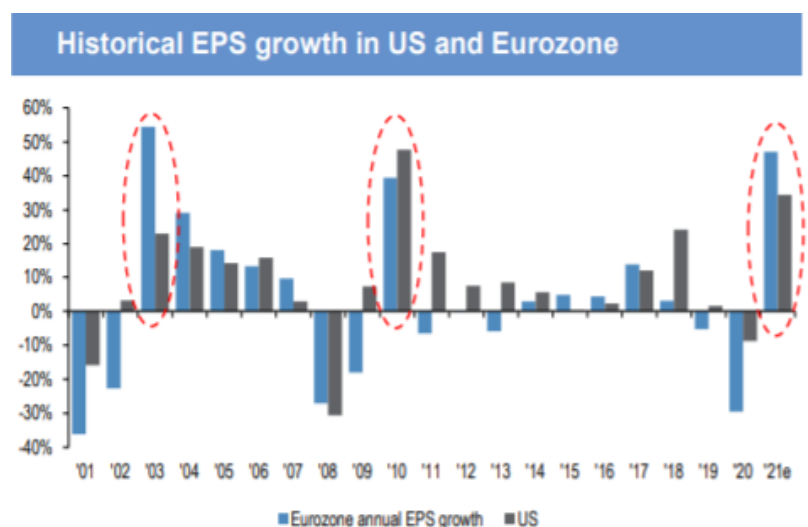
On July 7th, after a long wait due to covid, we were finally able to organize a face to face event with our investors and prospects. In the Cobra museum in Amstelveen the theme was "the art of investing". It was very nice to be able to look people in the eye again after all those screens and teams calls. Jasper did the introduction. The common thread was the parallels between painting and investing, in which choices have to be made in order to achieve a successful result. Art as an investment category was also discussed. And there



was a personal touch with some of his self-painted portraits, which he can now claim have become "museum fahig". Simon then gave an in-depth description of our investment process with concrete examples from the Villeroy & Boch investment case. This company was our focus stock in last year's fourth quarter reporting. The presentation also discussed determining the intrinsic value of an equity and determining the conviction factor. Our presentation can be viewed on our LinkedIn channel and, if requested, we can of course also email it. We received enthusiastic reactions, questions and even a number of new registrations in the fund, which we are of course very happy with. Then there was an interesting introduction to the beautiful exhibition in the Cobra museum, which we were able to view after the joint lunch.



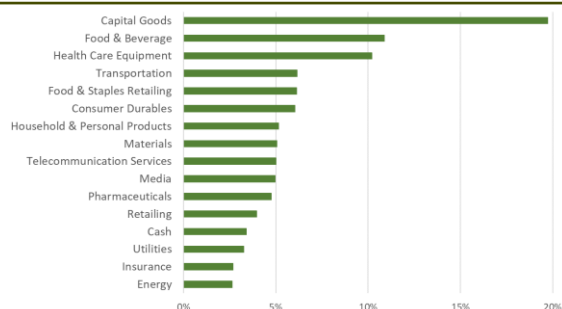
A question often asked on such a day is: Aren't we already "too late" now that stock prices are already "so high"? This is always difficult to answer in the short term. We invest in resilient, profitable, dividend-paying companies that are well-managed for a sustainable future. We also think they are undervalued at their current prices. We currently estimate the upside potential of our portfolio at over 40%. That will certainly not come out in one go in the short term, but it offers a lot of support for a long-term return in line with our history. In doing so, we spread risks and, of course, we actively keep our finger on the pulse. A collaborating argument can be found in this graph. This shows that the expected profit growth this year is historically high.



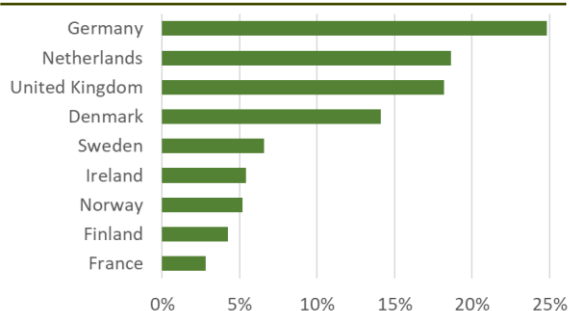
Source: IBES

Europe is doing even better than America. Valuations are not yet that high due to the sharp rise in profits. Finally, we expect our companies to be able to pass on more expensive raw material prices and other inflationary influences to their customers.

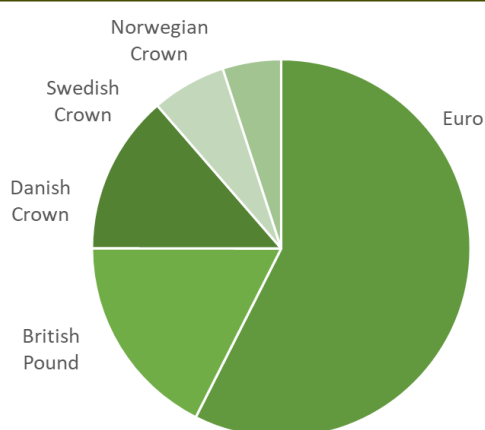
Sector Allocation



Country Allocation



Currency Allocation



Fund Information

NAV	Monthly
Minimal investment	€ 100.000
Management fee	1%
Administration fee	0,15%
Performance fee	10%
Manager	Sustainable Dividends
Administrator	Asset Care
Custodians	Interactive Brokers/Binckbank
Bank	ABN AMRO

Sustainable Dividends

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Ascenders in the portfolio

The price increases were broad-based in the past quarter. No fewer than 8 of the total 22 companies in the portfolio saw their stock market value increase by more than 20%. The biggest ascender was Swedish Biotage with a total return of 32%. This company has grown considerably in recent years and the increased market capitalization has ensured that it also receives more attention from analysts. The share price reacted positively to a recently issued buy recommendation and the expectation that the company will show good figures for the first half of the year. Finland's Uponor fared almost as well. The share price of the specialist in systems for heating, cooling and drinking water installations increased by 29% in the past quarter. The company is benefiting from the strong increase in construction activity and Uponor's management has now had to raise three times its expectations in terms of turnover and profits for this year.

Detractors in the portfolio

Like every quarter, there are a few stocks with disappointing returns. One notable decliner was Philips. The share price fell 14% after the company announced it would make a provision following the recall of some products due to potential health risks to users. The share price of Danish Ørsted also fell by 14%, despite the announcement of new growth targets for the company during the Capital Markets Day. By 2030, Ørsted now expects to have 50 GigaWatt of capacity for generating green energy. This is considerably more than the aforementioned 30 GigaWatt. Given the expectations of strong, predictable growth and rising dividends, we find the stock attractively valued.

What does the fund currently look like?

At present, the Fund is invested - with the exception of a limited cash position - in companies that are expected to generate growing profits and rising dividends in the coming years. The assets are divided into 22 different stocks in 9 European countries. By choosing companies in 15 different sectors, a sufficient degree of risk diversification has been ensured. There is a clear preference for sectors that provide stable cash flows. A large number of companies in our portfolio are able to profit well from the recovery of the economy after the crisis. A number of sectors are deliberately not included in the fund, or only to a limited extent. For example, banks are bothered by low interest rates and ever-increasing regulations, which are generally not in their favor. Certainly after the price increases of the past twelve months, technology companies have very high valuations, and therefore often a very low dividend yield. Not much margin for error there. Needless to say, unsustainable companies are naturally excluded from our selection process.

Outlook

With an average return of about 8% per annum over the past 3 years (MSCI Europe Index), European equities have not fared badly in absolute terms, but they have still lagged well behind the US markets in particular. Due to the significantly lower valuation of European equities, investors may prefer Europe in the coming quarters. The European economy is expected to pick up considerably this year and next. In our portfolio we choose companies that can benefit from this. However, our preference remains for companies with a strong balance sheet. This has clearly helped us in 2020 and it will certainly help us in a possible next crisis.

FOCUS STOCK – BLOOMSBURY – ACADEMIC PUBLISHER OF THE YEAR

As every quarter, we discuss one of the shares in the fund in this newsletter. The British Bloomsbury has been known since 1997 as the publisher of the Harry Potter series. But Bloomsbury has more irons in the fire, such as the popular 'fantasy' books by Sarah Maas. Or Tom Kerridge's best-selling cookbooks. In addition, there is a division that publishes academic literature, and Bloomsbury is active in textbooks. More and more the books are published digitally. More than 20% of the sales in academic literature is now achieved with digital publications. Through the digital platform, customers can access various specialist databases in the field of books, photography and music, among other things. The company plans to grow this digital platform considerably in the coming years. That they are on the right track is evidenced by the fact that Bloomsbury has been named 'Academic Publisher of the Year'. At present, almost two-thirds of Bloomsbury's sales are generated outside the UK. The United States is a large market for the company, but Australia and India are also important. China is a country where the market for English-language books is growing rapidly, and where Bloomsbury has signed contracts with a number of local publishers.

In the recently published annual figures for the broken fiscal year 2020/2021, Bloomsbury showed a nice increase in turnover and profit. The best performing part was the aforementioned digital



platform. Sales here increased by almost 50%, while profits quadrupled. Management is confident in the future, as evidenced by the proposed 10% increase in the normal dividend. In addition, the company pays a special dividend of almost 10 pence, or about 3% of the current price. This brings Bloomsbury's total dividend yield over the past year to about 6%. Incidentally, this dividend increase comes as no surprise. Bloomsbury belongs to a select group of ten Dividend Kings, British companies that have increased their dividend every year for at least 20 years. Over the past seven years, the average increase in the dividend has been more than 6%. In addition to the dividend policy, the financial health of the company is also very important. Bloomsbury has no debt on its balance sheet and is a rock solid company financially.

No investment case is to be made without also looking at the risks. First of all, book sales to consumers are cyclical, and this can have a significant impact on Bloomsbury's profitability during recessions. The sale of academic literature is generally much less volatile, thus providing a stable source of income even in times of economic downturn. Finally, the currency risk is important, because the Bloomsbury stock is quoted in British pounds. At the same time, it is important to realize that most of the turnover is generated in other currencies, such as the US and Australian dollars. Then the valuation. Other listed publishers quote at least ten, but sometimes more than fifteen times the cash flow. Bloomsbury is currently trading at less than eight times expected cash flow, so the stock has a significantly lower valuation. Part of the undervaluation can be explained by the limited analyst attention for this company. Right now, there are only three analysts tracking Bloomsbury. Our expectation is that this number will increase as the company continues to grow in the coming years.

**Attention! This investment falls outside AFM supervision.
No license and no prospectus required for this activity.**

