

SUSTAINABLE DIVIDENDS VALUE FUND

QUARTERLY REPORT

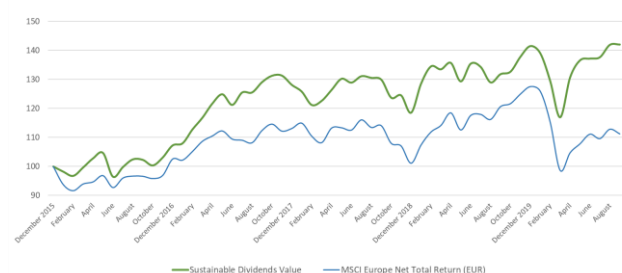
SUSTAINABLE
DIVIDENDS

THIRD QUARTER 2020

Fund Facts

NAV	110.86
NAV end second quarter	107.07
Return third quarter (net)	+3.5%
Return 2020 to date	+0.4%
ISIN Code	NL0012907976
Bloomberg Code	SUSDVDV NA
Inception Date	January 2016

Return (net %)



Annual Returns (net %)



Risk Characteristics

Total Return	42.1%
Average Annual Return	7.7%
Standard Deviation Returns	12.9%
Sharpe Ratio	0.59
Total Outperformance	26.3%
Average Annual Outperformance	5.0%
Tracking Error	7.0%
Information Ratio	0.72
Correlation Coefficient	0.86
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. The manager uses the MSCI Europe Index (Net Total Return) as the benchmark of 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. A disciplined investment process that generates superior returns with below average risks for the investors in the fund.

Investment Returns

The Sustainable Dividends Value Fund can look back on another good quarter. The investors in the fund achieved a return of 3.5% on their capital. The return of the MSCI Europe, which showed an increase of 0.1% in the same period, was far exceeded. Investors in the fund have so far achieved a positive return of 0.4% this year. The MSCI Europe has a negative return of -12.7% over the same period. Since its inception in 2016, the fund has made more than 42% return, compared to 11% for MSCI Europe. It is clear that sustainable investing does not have to come at the expense of returns. Our strategy remains intact, even in difficult times. Especially because the fund does not hold shares of companies that have suffered permanent, irreparable damage to their business model as a result of the crisis. We have also welcomed several new customers this quarter. Our team will again do everything it can to live up to the confidence they have put in us.

Looking ahead and looking back

Besides the fact that the financial markets worldwide have been on life support of central banks for years, we can now say that the global economy in a broad sense is on life support of governments. In the current crisis, it is no longer a question of whether employment in the economy is increasing or decreasing, but instead of whether governments will continue to be able to maintain 'fictitious' employment through subsidies and cheap loans to businesses. Let's take a look at the United States first. There we see that not much remains of the first - very generous - support package in the second round of state aid. In other words, the opposing parties in the US parliament are unable to agree on new bailout packages. If any agreement does not come quickly, the consequences of the lack of additional support are obvious. A rapid decline in purchasing power and consumer confidence will adversely affect the retail sector and banks. Perhaps the presidential elections can speed up the process here. An unclear result and a legal battle over Trump's succession are the darkest scenario in that regard. An obvious result in which either Trump or Biden congratulates his opponent on the victory shortly after the election is likely to be welcomed by the markets.

Infinite support?

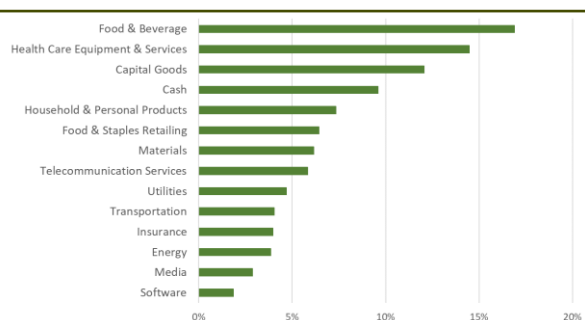
In Europe, several countries seem to want to cautiously reduce support. In some cases this is because the economy is recovering somewhat. In other cases, it is simply because the bottom of the treasury threatens to come into view very quickly. All budget rules agreed to in a European context seem to have been thrown overboard. The ECB's continued and generous buy-back program does not penalize even the European governments with the highest debt ratios in the bond markets. In fact, the extremely low interest rates in, for example, a country like Italy, show that there is still some room in the European debt burden. The greatest danger to the financial markets therefore does not lie in too much debt of the governments, but in reducing subsidies for businesses too quickly. In some sectors you can be certain that one support round will not be enough. In aviation, for example, round one will be smoothly followed by rounds two and three. Each of these bailout packages will become more difficult to digest politically. And with increasing uncertainty about the *coûte que coûte* maintaining for the time being unprofitable business models, turmoil on the financial markets will also increase. Seen in this way, a gradual victory over the coronavirus, and an accompanying withdrawal of European governments, could well be negative for the stock markets. This is one more reason for us to maintain our preference for companies with a crisis-resistant business model and favorable balance sheet ratios.



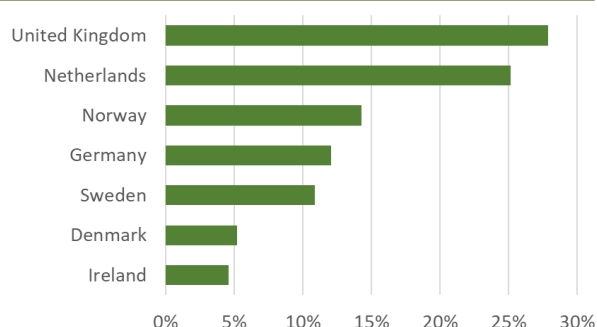
China stands out positively

This year, China is one of the few countries that will see their economy grow, although for them this is at an unprecedented slow pace. Naturally, the starting points at the start of the year were a lot brighter for China than for the rest of the world. But when the corona virus manifested itself more and more emphatically in China in January, the country seemed to be facing a very difficult year. Nothing could be further from the truth though. Since the Chinese did not shy away from the most rigorous measures, hardly any new infections were counted in the immense country after the first wave. If the country is affected at all, it will be in exports to Western countries, where corona has and will have much more impact on the economy. Possibly this will reduce the demand for Chinese exports. The trade dispute between the United States and China also has the necessary influence on the volume of Chinese exports. A clear victory for Biden in the upcoming elections would be the best recipe for some relaxation in the trade relationship between the two superpowers, and thus a boost for the Chinese economy in the coming years.

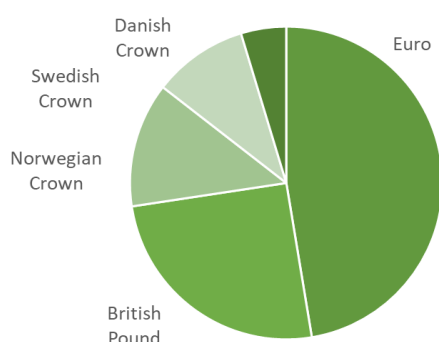
Sector allocation



Geographical allocation



Currency allocation



Fund information

NAV	Monthly
Minimum Investment	€ 100.000
Management fee	1%
Administrative fee	0,15%
Performance fee	10%
Manager	Sustainable Dividends
Administrator	Asset Care
Custodians	Interactive Brokers / De Giro
Bank	ABN AMRO

Sustainable Dividends

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Ascending in the portfolio

Biotage, the Swedish manufacturer of laboratory equipment, was once again one of the best-performing stocks in the fund with a price increase of 27% in the past quarter. When reporting the figures for the first half of the year, management was cautious though about the consequences of the crisis. Biotage is also seeing a sales decline now. For us, the combination of cautious management comments and new all-time highs on the stock market was a reason to sharply reduce our stake in the stock. Treatt, the British producer of natural fragrances and flavors, saw its share price rise by 21% in the third quarter. The company has doubled production capacity at their US facility and will be opening a new large UK facility early next year. Because there is a high demand for natural ingredients for food, management expects to realize further growth in sales and profit this year and in the coming years.

Descenders in the passed quarter

Like every quarter, there were a few stocks with a disappointing return. The biggest ascender in the second quarter took a significant fall in the third quarter. The share price of RM, the UK supplier of teaching materials and exams for schools fell by 23%. The company continues to suffer from the effects of the partial closure of schools in England. Yet, the crisis also offers opportunities for this company. Particularly in the field of educational software and on-line teaching methods, RM can grow considerably. Another disappointing stock was John Laing. The UK infrastructure project developer was down 10%. Management indicated that their solar parks were inflicted by low electricity prices. In addition, there is less toll revenue on two highways in the US and the UK.

What does the fund look like now

At present, the Fund is invested - except for its cash position - in companies that are expected to generate growing profits and rising dividends in the coming years. The assets are divided over 20 different equities in seven European countries. By choosing companies in 14 different sectors, a sufficient degree of risk diversification has been ensured. We have a clear preference for sectors that ensure stable cash flows. It now appears that many companies in our portfolio are not too affected by the corona crisis. And some will even benefit from this. A number of sectors are deliberately not included in the fund, or only to a limited extent. For example, banks are affected by low interest rates and ever-increasing regulations, which are generally not in their favor. Pharmaceutical companies are very dependent on the difficult to predict development of new medicines. And technology companies have a very high valuation, especially after the price increase of the past six months, and therefore often a very low dividend yield. Needless to say, unsustainable companies are of course excluded from our selection process in advance.

Outlook Statement

With an average return of less than 0% per year over the past 3 years (MSCI Europe Index), European equities have lagged significantly behind the markets in the United States in particular. Due to uncertainty surrounding next month's US presidential election, investors may now prefer Europe. In our portfolio, we choose companies that are not affected or only slightly affected by the corona crisis. Our preference for companies with a strong balance sheet clearly helped us this year. The forthcoming figures for the third quarter will again show how much of a burden companies are experiencing from the crisis and also how some companies are able to benefit.

FOCUS STOCK – DR. HÖNLE – SPECIALIST IN UV-LIGHT

Like we do every quarter, we discuss one of the stocks in the fund in this newsletter. Today we would like to put the company Dr. Höhle into the limelight. In the fight against the spread of the coronavirus, the University of Frankfurt reported good news a few months ago. In May, the result of scientific research came out, which proved that UV light is able to kill the corona virus within seconds. This could help prevent further spreading of the virus. Since UV light is also harmful to humans and animals, we cannot just hang UV lamps everywhere. What is possible though is the installation of UV lamps in air ventilation systems. In that case, air that flows through the system is not only cooled, but also cleaned of any virus particles. In principle, this system could be used in all public spaces. The air in airplanes and buses could also be purified in this way. This could prevent a rapid further spread of the corona virus.



Dr Höhle is a German company that has been active in the field of applications for UV light for many years. You should not only think of the lamps and the corresponding fixtures. For example, Dr Höhle also earns money on measuring equipment for UV light. But also for - again with the help of UV lamps - fast-drying adhesives, which are used in the production of smartphones, among other things. So there are many applications for Dr Höhle's products. The management is very confident and indicates that it sees excellent growth opportunities for the coming years. They also address the food sector. They are increasingly using UV lamps to disinfect their products. Our expectation is that Dr Höhle will show strong growth in the order book and sales. This will ultimately also lead to an increase in profit and dividend for shareholders.

No investment case is made without also looking at the risks. In the case of Dr Höhle, it should be mentioned that this is a cyclical company. A significant cooling of the economy, as we are now experiencing, could therefore have a negative impact on the company's results. In addition, innovations from other companies can make Dr Höhle's products less attractive to clients. At the moment, however, the reverse seems to be the case. The new products in the field of disinfection by means of UV lamps seem to be able to generate good profit and growth in sales. Then the valuation. Taking into account some growth due to the new products from next year, the stock is now trading at less than eight times the expected cash flow for 2021. For a company of this quality, we consider this to be cheap.

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

