

SUSTAINABLE DIVIDENDS VALUE FUND

QUARTERLY REPORT

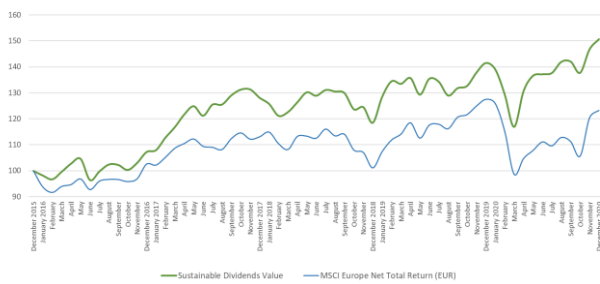
SUSTAINABLE
DIVIDENDS

FOURTH QUARTER 2020

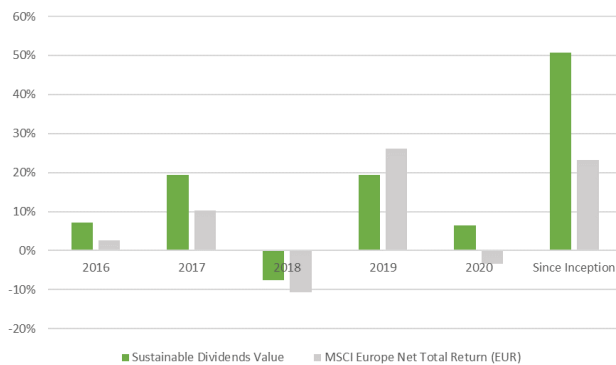
Fund data

Current price	117,62
Price last quarter	110,86
Result (net)	+6,1%
Result 2020	+6,5%
ISIN Code	NL0012907976
Initiation date	January 2016

Return (net %)



Annual return (net %)



Risk-Return Characteristics

Total Return	50,7%
Return Annualised	8,6%
Standaarddeviation Return	13,0%
Sharpe Ratio	0,66
Total 'Outperformance'	19,6%
Average annual 'Outperformance'	4,1%
Tracking Error	7,7%
Information Ratio	0,53
Correlation Coëfficiënt	0,85
Best Month (April 2020)	+11,7%
Worst Month (March 2020)	-9,6%
Maximum historical 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.

Fund Performance

The Sustainable Dividends Value Fund has had another good quarter. The investors in the fund achieved a return of 6.1% on their investment. This, incidentally, lagged somewhat behind the return of the MSCI Europe, which showed an increase of no less than 10.8% in the same period. If we look at the whole of 2020, the comparison is a lot more positive. Investors in the fund have achieved a positive return of 6.5% in the past year. The MSCI Europe, on the other hand, posted a negative return of -3.3% over the same period. From inception in 2016, the fund has made a 51% return, versus 23% for the MSCI Europe. 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 model as a result of the crisis. 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.

2020 in hindsight

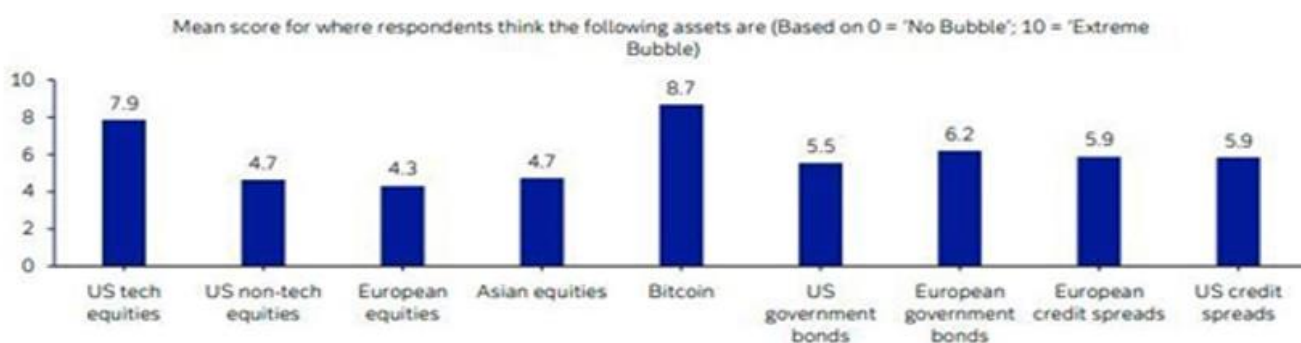
The main positive factor in the fourth quarter of 2020 was the development of several working corona vaccines. The financial markets reacted positively and showed good returns to this news. Logical, when you consider that this brings the desired return to "normal" closer and the economy can probably start running at full speed in the foreseeable future. Now that consumers and businesses have been kept afloat by government support, a significant spending impulse is expected to follow. However, it will take until after the summer before everyone is vaccinated and the phasing out of support packages by the authorities is something to keep an eye on. Furthermore, the outcome of the American elections played a major role this quarter. Joe Biden was elected and the peaceful transfer of the presidency is a fact last week. American society never seems to have been so divided before (OK, except for the Civil War) so there is a lot of work to be done when it comes to reunite the people. Something that Biden can be trusted with in our view. At the end of the year in Europe, there was some excitement regarding Brexit. Ultimately, a workable solution was reached in which the quarreling over fishing waters was an embarrassing final accord of the presence of the English in the EU.

Looking forward to 2021

On to "bigger and better things" now! At the end of the year, of course, the various investment gurus were concerned about the outlook for stocks and other markets (Bitcoin, Tesla anyone?). Equity valuations, particularly in the high-growth tech sector, have risen to highs not seen since the dotcom bubble in the late 1990s. But on the other side of this coin, the prices of equities are now discounted at historically low interest rates. Propped up even further by generous central bank policies and virtually non-existent inflation. All in all, food for heated discussions between the bear and the bull camp. We are not so concerned with this and are satisfied with our diversified portfolio of well-managed, profitable companies that are geared towards a sustainable future. They can pay us dividends from reliable cash flows and strong balance sheet ratios. In this respect, the coming years will also offer us excellent opportunities for good returns with manageable risks. Our companies are not dependent on government support or unsustainable financing with debt.

Valuations

Deutsche Bank has recently conducted research into the opinion of professional investors about the valuation of various types of investments. The graph below shows the results of this research. Since we fish in the European pond of equities, the chart may provide some comfort for those who think we may be in "bubble territory".

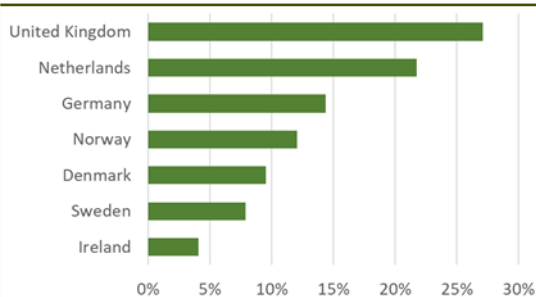


For those of you who wish to know more about our vision and its development, illustrated with examples from the portfolio, we can recommend our "outlook 2021" broadcast, which can be viewed via our LinkedIn channel. Following our LinkedIn channel is always recommended for those who find it interesting to receive regular updates. And of course it is also possible to ask us questions. We notice that our strategy is being followed by more and more people and that we are stimulated by the questions we receive about this. That way we can get even better at what we do and how we communicate our proposition to our audience. We also try to convey this input into projects that will benefit the fund even more over time. So thank you if you occasionally seek interaction with us, we are happy to do so. We wish you a very prosperous year 2021 and hopefully see you in "non-covid" times!

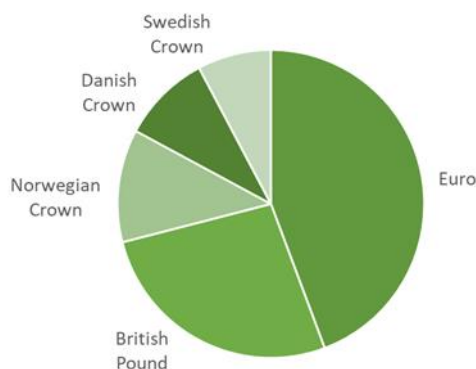
Sector Allocation



Geographical 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 / De Giro
Bank	ABN AMRO

Sustainable Dividends

Website: www.sustainabledividends.com
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Ascenders in the portfolio

The biggest ascender in the past quarter was the British publishing company Bloomsbury. The stock rose 48% after the company reported a 60% increase in profits for the first half of the fiscal year. Despite the fact that bookstores were closed for several months in some countries, significantly more books are sold. Bloomsbury knows how to take advantage of this. The share price of the Danish developer and operator of wind farms Ørsted rose by 42% in the past quarter. The company reported good quarterly figures and managed to convince investors with a promising list of new projects for the coming years. Many of these projects have long-term contracts at fixed prices with the consumers of the electricity. As a result, Ørsted is able to achieve predictable and growing cash flows for the investors in the company.

Descenders in the portfolio

Like every quarter, there are a few stocks with disappointing returns. The biggest ascender in the third quarter was in the fourth quarter a significant descender. The share price of the Swedish Biotage fell by 22% after disappointing figures for the third quarter. In the previous six months, however, the company's share price had more than doubled. During the summer months, we largely sold our position in the stock because of the sharply increased valuation. Another disappointing stock was Essity, also Swedish. The hygiene product manufacturer reported a decline in sales in the third quarter. The closure of the catering industry, among others, means that for now, there is less demand for Essity's products and this is only partially offset by increased consumer demand.

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 over 23 different stocks in eight 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. It now seems 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 bothered 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 nine months, and therefore often a very low dividend yield. Needless to say, unsustainable companies are naturally excluded from our selection process in advance.

Outlook

With an average return of less than 3% per year over the past 3 years (MSCI Europe Index), European equities have lagged considerably behind the markets in the United States in particular. Investors may prefer Europe in 2021 due to the significantly lower valuations of European equities. 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 has clearly helped us in the past year. The forthcoming annual figures for 2020 will again show how much of a burden companies are experiencing from the crisis and also how some companies are able to benefit from it.

FOCUS STOCK – VILLEROY & BOCH – QUALITY FOR A LOW PRICE

As in every quarter, we discuss one of the shares in the fund in this newsletter. Today we want to put the German Villeroy & Boch in the spotlight. Villeroy & Boch (since 1748) is a well-known brand when it comes to all kinds of ceramic products. The offering of the German company can be divided into two categories, namely bathroom furniture and table services. The company is known for the high quality and long life of its products. Typically German reliability in combination with continuous innovation. Villeroy & Boch mainly sells its bathroom products to architects and designers of the furnishing of hotels, offices and houses. Its tableware, crystal and cutlery are sold worldwide to hotels and restaurants, but are also served at the homes of private individuals via specialist stores, department stores and the company's webshop.



Villeroy & Boch has no debt and instead has a net cash position of more than 70 million euros, or more than 15% of the market capitalization. This provides a solid buffer for future growth or additional dividend payments to shareholders. In any case, the dividend policy is already favorable for the shareholders, because every year half of the profit is paid out in the form of a dividend. Over the past six years, the company managed to increase the dividend five times. And right now the dividend yield is about 5%. The favorable policy for the shareholders is partly due to the fact that descendants of the founders (especially the Boch family) still own half of the shares of the company. This gives us confidence that the company will continue to be managed for the benefit of shareholders. In terms of sustainability, Villeroy & Boch does everything it can to make the service life of its products as long as possible. In addition, they ensure that less and less water is used. And production is done as energy-efficiently as possible. For example, 1800 solar panels were installed in the factory in Roden, which resulted in a significant CO2 reduction. In addition, the company also sets a high standard for issues such as social equality and good corporate governance.

Villeroy & Boch suffered from the crisis in the first half of 2020, as both the business to business and consumer markets postponed new purchases and renovations. As a result, the company had to report a limited loss for the first six months of the year. How different the second half of the year was. Already at the publication of the half-year figures, management expressed the expectation that the loss of the first half of the year would be made up for in the last six months. And then management had to adjust this expectation upwards twice. These are the kind of (positive) profit warnings that we get excited about! Taking into account continued growth - as the company has experienced in the second half of 2020 - the stock is trading at approximately four times the expected cash flow for the current year. In the past, the market often paid at least ten times the cash flow for companies in the sector. And somewhat comparable companies such as Geberit and Uponor both trade on significantly higher valuations. All in all, a promising perspective for our investment in this equity.

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

