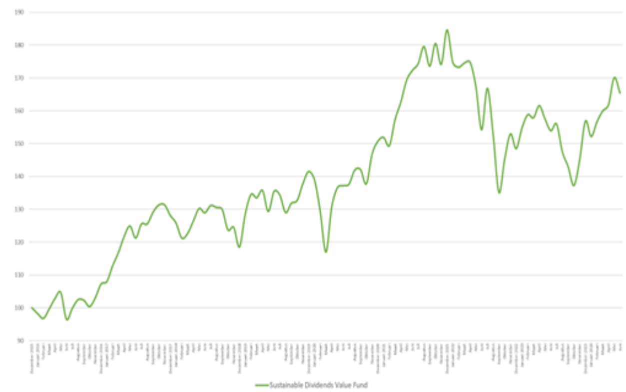
SUSTAINABLE DIVIDENDS VALUE FUND

QUARTERLY REPORT SECOND QUARTER-2024

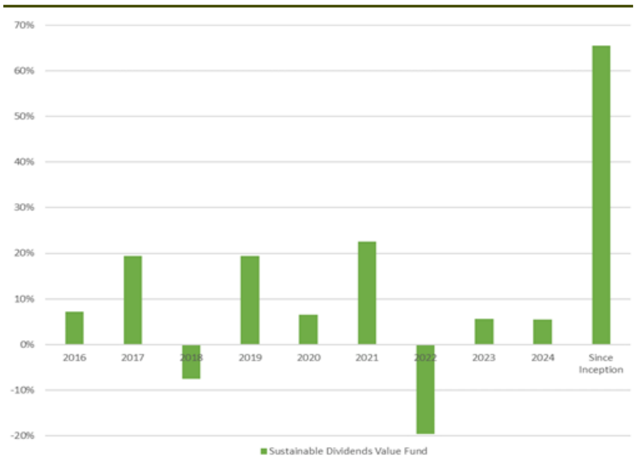
Main data

Current price	129.11
Price last quarter	124.82
Result quarter (net)	+3.4%
Result since inception (net)	+65.4%
ISIN Code	NL0012907976
Inception date	January 2016

Return (net %)



Annual return (net %)



Risk - Return characteristics

Total Return	65.4%
Average annual return	6.1%
Standarddeviation return	14.3%
Sharpe Ratio	0.36
Total 'Outperformance'	-6.2%
Average annual outperformance	-0.7%
Tracking Error	7.6%
Information Ratio	-0.10
Correlation Coëfficiënt	0.85
Best month (April 2020)	+11.7%
Worst month (September 2022)	-11.5%

Investment goal

The fund's objective is to grow capital over the long term. The fund is expected to outperform the market over an entire economic cycle, often a period of 5 to 7 years. For a good comparison, it is important to choose a period with both up and down markets.

Fund performance

Good quarterly results from several companies in our fund, together with increasing interest in small and mid-caps, resulted in an increase in the share price of the Sustainable Dividends Value Fund of 3.4% in the past quarter. Many investors' fears of a major downturn in results proved unfounded in most cases. It is true that companies are facing cost increases due to higher salaries, but in most cases these higher costs are sufficiently offset by the higher prices they charge their customers. We see that some companies have since revised upward the initially cautious expectations for 2024, and we expect that this will continue to happen. We expect that the growing optimism amongst the management of these companies will lead to an improvement in operating results during the year. In the coming quarters, we expect an increase in consumer spending as salaries generally rise faster than inflation. Businesses will benefit from lower interest rates during the year. All in all, we see enough ingredients for a positive outlook for stock markets.

Strategy

In the fund, we choose 20 to 25 stocks of companies with a predictable and profitable business model, committed management, regular dividend payments and a strong balance sheet. The selected companies strive to make a positive contribution to a more sustainable society. Since its inception in 2016, this strategy has generated over 65% return for its investors. Would you like to know more about the stock markets or our fund? We would be happy to engage with you!

Sustainable Dividends

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Focus stock: TKH – Innovations with many possible applications

As we do every quarter, we discuss one of the stocks in the fund in this newsletter. The Dutch company TKH, formerly Twentsche Kabel, has grown into a multifaceted company. TKH supplies numerous innovative products and services to, for example, the telecom sector, construction and industry. All products do have a link to the former cable activities. Examples include fiber optic networks, energy cables for wind farms, for example, video and security networks, tire building machines and cables for robots. In some of these niche markets, TKH has a leading position. For example, the company is the largest independent manufacturer of tire building machines. And as more and more tire manufacturers are no longer putting together their own machines, there is still a lot of market share to be gained for TKH. Also, in the field of robotization, for example, there will still be much growth possible for TKH in the coming years. The company supplies camera systems with many possible applications. For example, these systems are used for facial recognition, in parking garages, at industrial assembly lines and in hospitals.

Sustainability

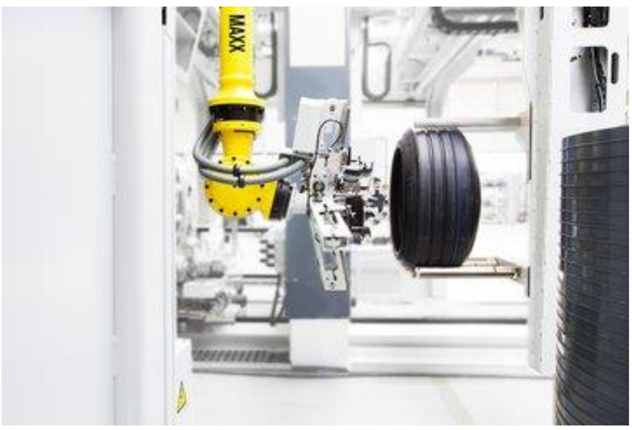
TKH has a strong focus on sustainability and now achieves 70% of its turnover from products that contribute to one of the Sustainable Development Goals of the United Nations. Examples include cables for the energy transition, especially for offshore wind farms. In addition, TKH's camera technology contributes to improved traffic safety, the company produces energy-saving lighting for airports and TKH has smart technology to reduce waste in production processes. These activities contribute to a safe, sustainable world. At the same time, TKH is also trying to make its own processes more sustainable. Important goals here are to reduce CO_2 emissions, produce less waste and encourage the reuse of materials.

Dividend

TKH has an attractive dividend policy. Considering necessary investments, 40-70% of the profit is distributed to shareholders. Over the past six years, TKH's dividend has grown by 50% and we expect that the company will be able to grow the dividend further in the coming years. TKH has a strong balance sheet with net debt well below the target of no more than twice annual cash flows. The strong balance sheet ensures a high score in our analysis when it comes to the company's financial health.

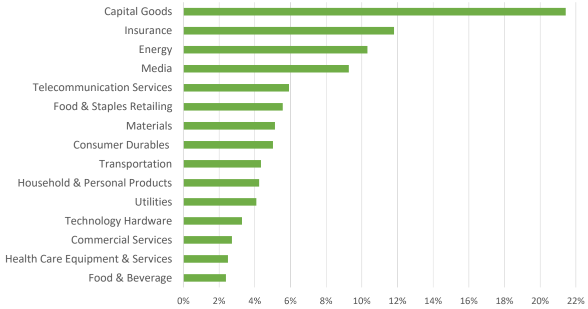
Risks and valuation

No investment case without also looking at the risks of an investment. First, it is worth remembering that TKH is a cyclical company. Demand for the company's products increases sharply when investments in construction and industry are high. This can, of course, decrease again when we enter a period of stagnant economic growth. Despite the recent slowdown in the realization of offshore wind farms, with the current large investments in the energy transition, an extended period of strong growth seems to have arrived for TKH. In addition, there is the risk that competitors of TKH bring products on the market, which better meet customer requirements. This could eventually lead to a decline in market share, but this certainly does not seem to be the case at the moment. TKH shares are now traded at less than 7 times expected cash flow for 2025, which is a very modest valuation. The expected further growth in turnover, profit and dividend in the coming years ensures that there is still sufficient room for further increase in the share price.

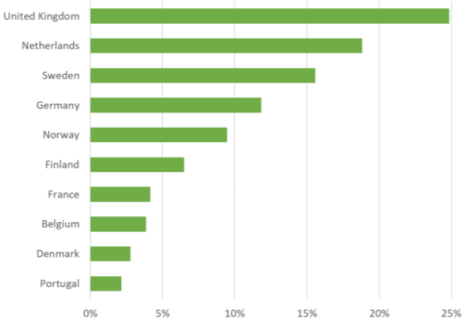


SUSTAINABLE DIVIDENDS
value fund

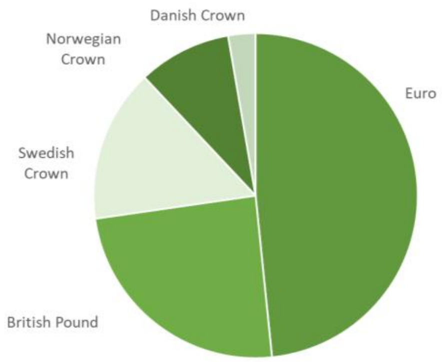
Sector allocation



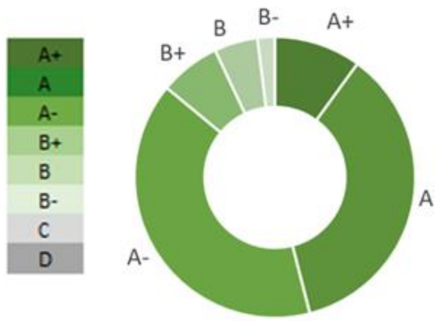
Geographical allocation



Currency allocation



ESG ratings allocation



Fondsinformatie

NAV	Monthly
Minimale investering	€ 100.000
Management fee	1%
Administration fee	0,15%
Performance fee	10%
Manager	Sustainable Dividends
Administrator	AssetCare
Custodian	Interactive Brokers/Saxo Bank
Bank	ABN AMRO

Ascenders in the portfolio

Belgian chemical company Solvay was the fund's biggest gainer in the quarter. The share price of the producer of raw materials for not only glass windows and solar panels, but also microchips and batteries for electric cars rose 37%. Solvay published better than expected quarterly figures and the recently published annual report for 2023 once again shows the potential of this world market leader. Despite the sharp rise in the share price, the stock is still cheap. The British publisher Bloomsbury was also a strong gainer with a 19% increase in the share price. The company published very strong figures for the 2023/2024 fiscal year, that ended at the end of February. In addition, Bloomsbury announced the acquisition of the academic titles of U.S. publisher Rowman & Littlefield. The company is expected to continue to show further growth in sales and profits in the coming years. Management has been able to grow the dividend for over 25 years, and over the past year by as much as 25%.

Descenders in the quarter

Tomra's share price, the biggest gainer in the first quarter, fell 24%. Sales figures for the first quarter were disappointing for the division that makes sorting machines for the food and recycling sectors. In contrast, substantial growth was reported in the production of deposit machines. In the coming years, at least 10 countries and regions will introduce deposit systems, for which Tomra will supply the systems. This will allow the company to grow its business even more. British insurer Admiral's share price fell 5% after it was announced that insurance premiums fell by an average of 5% in the first quarter. Despite this slight decrease in premiums in the first months of the year, premiums are still on average more than 40% higher than a year earlier. This ensures that for the first half of the year Admiral is likely to report a substantial increase in sales and profits.

What does the fund currently look like?

Currently, the fund is invested - apart from a limited cash position - in companies, which are expected to provide growing profits and rising dividends in the coming years. The assets are spread across 23 different stocks in ten 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 number of sectors are deliberately not, or hardly, included in the fund. For instance, banks are suffering from stricter capital requirements, an increasing regulatory burden and fears of write-downs have increased as the likelihood of a recession increases. Technology companies are often overvalued, especially after the rapid rise in share prices last year. Finally, unsustainable companies drop out a priori in our selection process. With an average valuation of less than 7 times cash flow and an expected dividend yield of 4%, the shares in our fund are currently very attractively valued!

SUSTAINABLE DIVIDENDS
value fund

Sustainable Dividends Events

On Thursday, June 13, we organized our annual Investor Day at the Cobra Museum in Amstelveen. We were delighted to have our two guest speakers on the day: Tamsin Garrity of British publisher Bloomsbury and Catrien van Buttingha Wichers of Dutch company Fugro. Bloomsbury has been a fixture in our fund for many years and has been an attractive stock with a growing dividend all along. Fugro's inclusion in the fund is more recent. We think this company makes a valuable contribution to a safe and liveable world, making it a great addition to our fund.

Invitation Investor Lunch

In September, we will again host a lunch meeting for investors in the Sustainable Dividends Value Fund and other interested parties at our office at Spaces Westerpark in Amsterdam. During the meeting we will elaborate on one of the companies in our fund.

In order to register please send an e-mail to: info@sustainabledividends.com

Interested investors in the fund are cordially invited to attend this meeting - with introducer. The date of the meeting will be announced as soon as possible. If you want to know more about dividend investing in general or our Sustainable Dividends Value Fund in particular, please register for one of our meetings. Looking forward to see you there!