SUSTAINABLE DIVIDENDS VALUE FUND

MONTHLY REPORT

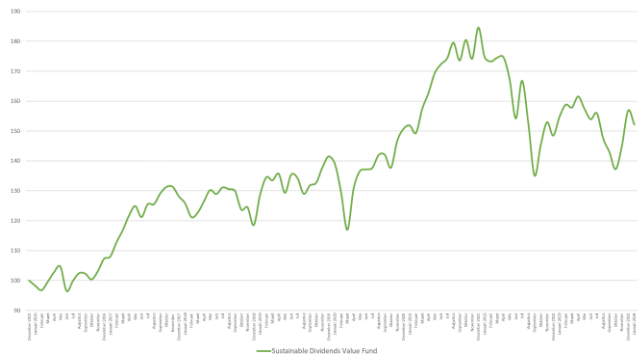
MORNINGSTAR ★★ | Neutral

JANUARY 2024

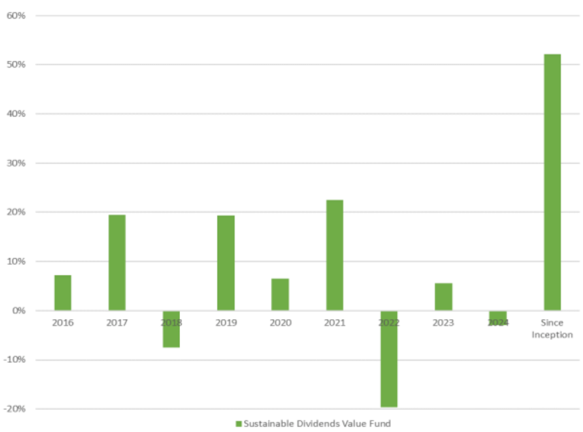
Core facts

Fund price	118.75
Price last month	122.40
Monthly return (net)	-3.0%
MSCI Europe month	1.6%
Return since inception (2016)	52.2%
MSCI Europe since 2016	64.2%

Return (net %)



Annual returns (net after fees %)



Fund performance

After two months of significant price increases at the end of last year, the stock prices in our fund saw an average decrease of 3% in January. Uncertainty about the timing of the first interest rate cut by central banks and the expectation of lower economic growth in 2024 were contributing factors. The technology, particularly the chip sector, managed to largely avoid this trend. Investor enthusiasm for this sector led to a price increase of over 10%, resulting in the MSCI Europe Index ending with a slight gain, while the European small and mid-cap indices closed the month negatively. So, do we have no exposure to technology companies at all? Fortunately, we do! Examples of high-quality technology companies in our fund include Swedish companies Alfa Laval and SKF, Norwegian medical technology company Medistim, or the Dutch company TKH with its 'vision' and 'connectivity' technology. These stocks trade at modest multiples, making them attractive investments for our fund. Since the fund's inception in 2016, we have achieved a return of over 52%.

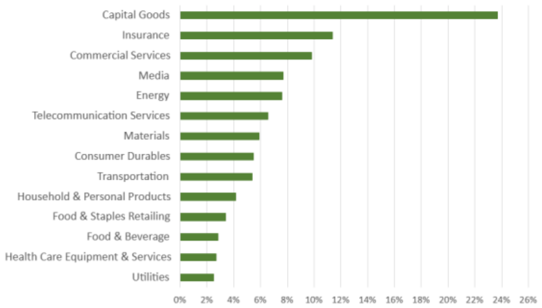
Strategy

Our fund selects companies with a predictable and profitable business model. Due to the strong focus on sustainability, companies that play an important role in, for example, the energy transition, recycling or the use of sustainable materials, will see their sales and earnings grow. At the same time, we expect these companies will receive more attention from investors resulting in higher share prices in the future. Other selection criteria for inclusion in our fund are engaged management, a strong balance sheet, and regular, preferably growing, dividend payments to shareholders. For the upcoming quarters, we anticipate further recovery in stock prices. For investors, there are now many opportunities to buy truly good companies at attractive levels.

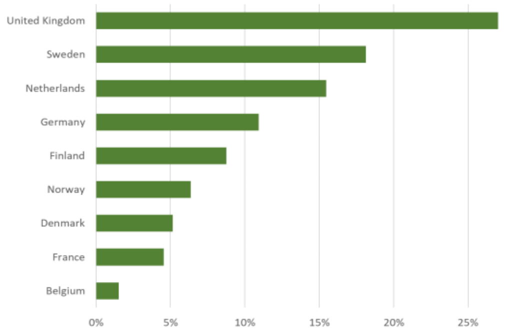
Monthly returns

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-1.8%	-1.5%	3.0%	3.2%	1.8%	-7.8%	3.4%	2.7%	-0.1%	-1.9%	2.7%	4.1%	**7.3%**
2017	0.7%	4.4%	3.6%	4.2%	2.6%	-2.9%	3.5%	0.0%	2.8%	1.7%	0.0%	-2.4%	**19.5%**
2018	-1.8%	-3.6%	1.2%	3.1%	3.0%	-1.0%	1.7%	-0.4%	-0.5%	-4.8%	0.6%	-4.8%	**-7.5%**
2019	8.4%	4.7%	-0.7%	1.7%	-4.7%	4.7%	-0.8%	-4.0%	2.2%	0.7%	3.9%	2.7%	**19.4%**
2020	-1.8%	-6.9%	-9.6%	11.7%	4.5%	0.4%	0.3%	3.1%	0.1%	-3.0%	6.5%	2.7%	**6.5%**
2021	0.8%	-1.7%	5.4%	3.4%	4.1%	1.8%	1.2%	3.0%	-3.3%	4.0%	-3.5%	6.0%	**22.5%**
2022	-5.4%	-0.8%	0.7%	0.2%	-4.2%	-7.9%	8.2%	-8.5%	-11.5%	7.5%	5.3%	-2.9%	**-19.6%**
2023	4.2%	2.6%	-0.6%	2.3%	-2.5%	-2.3%	1.3%	-5.4%	-3.1%	-4.0%	5.6%	8.2%	**5.6%**
2024	-3.0%												**-3.0%**

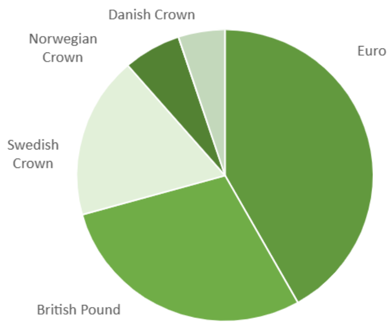
Sector allocation



Geographical allocation



Currency allocation



Risk-Return characteristics

Total return	52.2%
Average annual return	5.3%
Standard deviation return	14.5%
Sharpe ratio	0.3
Total out-performance	-7.3%
Average annual out-performance	-0.9%
Tracking error	7.7%
Information ratio	-0.12
Correlation coefficient	0.85
Worst month (April 2020)	+11.7%
Worst month (September 2022)	-11.5%
Maximum draw-down	-26.8%

Sustainable Dividends

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SUSTAINABLE DIVIDENDS value fund

Ascenders in the portfolio

The French company Veolia was the biggest gainer in the portfolio. The share price of the water purification and waste management company increased by 6% after several analysts raised their price targets ahead of the Capital Markets Day at the end of February. It is expected that Veolia will announce new ambitious growth objectives for the company in the coming years on that day. More clarity in this regard could help reduce the current undervaluation of the stock. Another gainer in the fund was the Swedish company SKF. The share price of the producer of ball bearings for industrial applications and the automotive sector rose after the publication of better-than-expected annual figures. The company's revenue increased in 2023, and due to the focus on high-margin activities, profit rose by 30% last year. Management announced a 7% increase in dividends.

Descenders in the portfolio

This month also saw some stocks in the fund decline. For instance, the share price of London-listed Airtel Africa fell by 14% ahead of the quarterly earnings release. We now know that the figures published on February 1st were better than expected, with the company witnessing a 9% increase in the number of customers and a 10% growth in revenue per customer compared to the previous year. Setbacks were observed due to developments in local African currencies. Similarly, Norwegian company Tomra also declined by 14% after seeing a 40% increase in its share price over the previous two months. The reason for the decline was an analyst report factoring in higher-than-expected restructuring costs for the division producing food sorting machines. We will undoubtedly gain more clarity on this matter with the release of the annual figures later this month.

Outlook

At this moment, the fund is almost entirely invested in undervalued and well-managed companies with strong balance sheets. The expectation is that these companies will generate growing profits and increasing dividends for their shareholders in the coming years. To ensure adequate risk diversification, the assets are distributed across 25 stocks from companies in 14 different sectors and 9 different countries. We believe that our fund offers a significant opportunity for attractive returns to equity investors with a long-term horizon.

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