SUSTAINABLE DIVIDENDS VALUE FUND

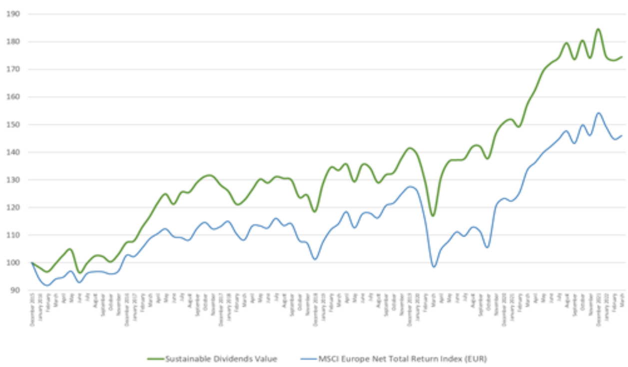
QUARTERLY REPORT

FIRST QUARTER - 2022

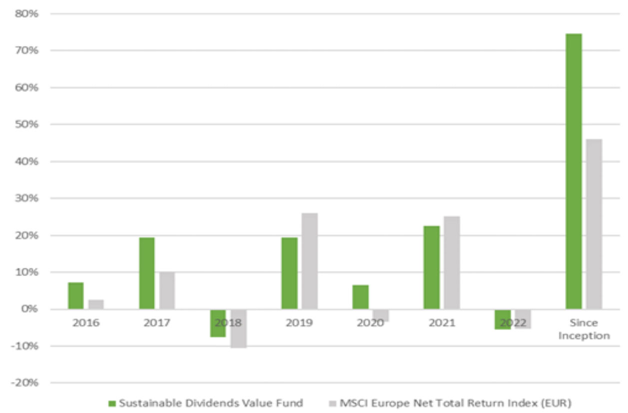
Main Data

Current price	136,19
Price last quarter	144,09
Result quarter (net)	-5,5%
Result since inception (net)	+74,5%
ISIN Code	NL0012907976
Inception date	January 2016

Return (net %)



Annual return (net %)



Risk-return characteristics

Total Return	74.6%
Average annual return	9.3%
Standarddeviation Return	12.7%
Sharpe Ratio	0.77
Total 'Outperformance'	19.5%
Average 'Outperformance' per year	2.9%
Tracking Error	7.3%
Information Ratio	0.40
Correlation Coëfficient	0.85
Best Month (April 2020)	+11.7%
Worts 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 economic cycle by 2 to 4% (after fees) annually. 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 MSCI Europe Index (Net Total Return) is used 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. In the fund 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 couples superior returns with lower risks.

Fund performance

A very good 2021 stock market was followed by a quarter of profit-taking at the start of the new year. The investors in the Sustainable Dividends Value Fund achieved a return of -5.5% on their investment. Influenced by the war in Ukraine and fears of rising interest rates, European stock markets fell by an average of 5.3%. The last weeks of the quarter showed a strong recovery in prices. These were mainly due to companies that are able to pass on the increased costs of materials and energy to their customers. Since its inception in 2016, the fund has delivered over 74% return, compared to 46% 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 in good times as well as in difficult times. Many of our investments have benefited from the economic recovery in the past year. In the past quarter we again welcomed several new investors to our fund. Our team will once again do everything it can to live up to the trust placed in us.

Focus stock: Airtel Africa

Like every quarter, we discuss one of the stocks in the fund in this newsletter. Today we want to put the London listed Airtel Africa in the spotlight. The company is a telecom and mobile banking leader in 14 African countries and a British subsidiary of Indian Bharti Airtel. With the help of the Indian parent company, a fast-growing telecom company has been built up in recent years. Airtel Africa is active in the field of mobile telecom and data. In addition, the company has banking licenses in most of the countries where it operates, enabling it to provide a range of financial services to people who are unable to open an account with a regular bank. Airtel Africa not only connect people, but also gives them the opportunity to develop themselves. In countries where the distances are long and the infrastructure is underdeveloped, the company offers the population an alternative to meet and grow the economy. It offers children the option of remote learning and their parents the option of transferring money or taking out a micro-credit. Because in many African countries still less than 60% of the population has a mobile phone, a lot of growth is still possible in the coming years. And the percentage of the population that uses mobile banking is in most cases even lower. Airtel Africa will continue to gain business there too.

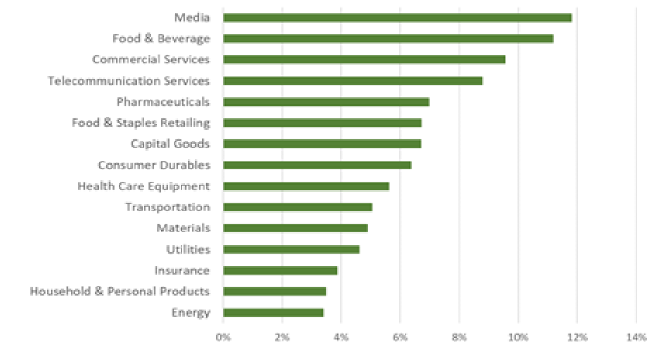
Dividend and sustainability

Airtel Africa has only been listed on the stock exchange since 2019. Before that, the company was wholly owned by the Bharti family and a number of private equity investors. At the time of the IPO, Airtel had substantial debt on its balance sheet, but this debt has been reduced quickly in recent years and the balance sheet is strong, especially compared to other telecom companies. Then the dividend policy. Dividends are paid by the company twice a year and management has announced that they want to grow the dividend every year in the coming years. Since the dividend is about one-third of earnings per share, and the company's revenue and cash flow is also expected to grow each year, this dividend policy appears to be a viable option. The stock's current dividend yield is approximately 3%. In terms of sustainability, the company fits well into the portfolio. Airtel's range of mobile services is particularly capable of helping the local population in Africa move forward by bridging the digital divide.

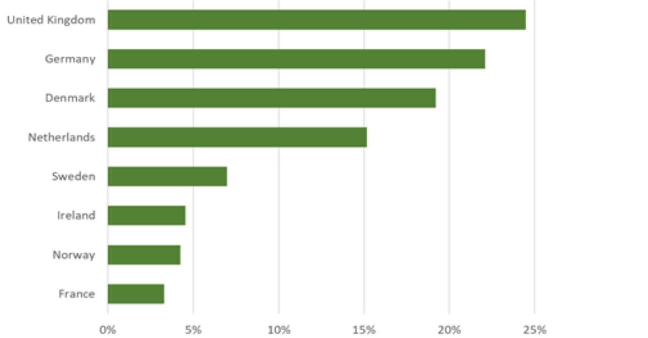
Risks and valuation

No investment case without looking at the risks. With Airtel Africa we also list what could go wrong. In general, we see in the telecom market that as growth opportunities diminish, competition between telecom companies increases. In Africa there is still a lot of potential for growth and competition seems to be a lot less fierce than in Europe or Asia, for example. In addition, there is political risk. Governments can make it quite difficult for telecom companies and due to a change of regime, the applicable rules for telecom companies can sometimes change quickly. However, in the markets where Airtel Africa operates, that risk appears to be limited at the moment. And the spread over fourteen countries ensures that the impact of a change in one country for the company as a whole is manageable. Finally, it is important to point out the currency risk that the company runs. Because telecom services are charged in local currencies and these are sometimes volatile against the British pound or the euro, you run a currency risk as an investor in Airtel Africa. Here again, the spread over many different countries is a factor that helps to limit the overall risk. Finally, we look at the valuation. At about three times the expected cash flow for the next fiscal year, the stock is extremely cheap. In the past, transactions in the telecom sector often amounted to six to ten times the cash flow. If we value Airtel Africa at the lower end of this range, a price target per share of GBP 3.70 follows. The stock is currently trading at around GBP 1.50. In the long run, this means a potential price increase of some 150%.

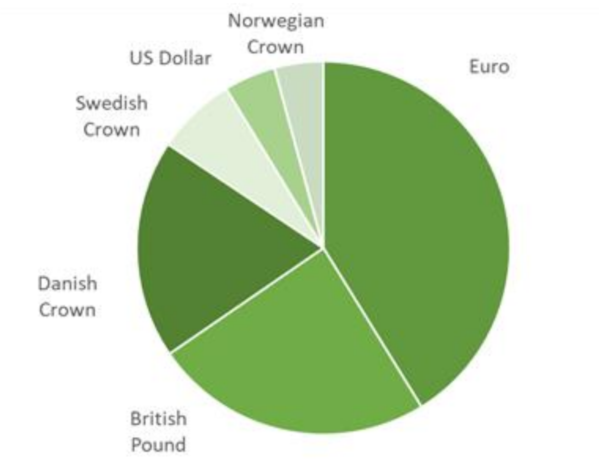
Sector allocation



Geographical allocation



Currency allocation



Fund information

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

Ascenders in the portfolio

Despite the overall decline in equity markets, a couple of stocks in the portfolio showed a significant price increase. The British Bloomsbury took the cake with a return of 18% in the first quarter. The publisher has twice announced through a trading update that the results in the 2021/2022 financial year will be higher than what the analysts had in mind in their expectations. The official publication of the annual figures is not until next month, but it is already clear that investors can expect a significant increase in turnover and profits. Bloomsbury's management will again ensure a nice increase in the dividend. Another ascender was the German Fresenius Medical Care, the focus share of last quarter. The price of the producer of kidney dialysis equipment rose by 6% after the annual figures showed that the company has grown again since the fourth quarter of last year. Our expectation is that the negative impact of COVID-19 is now largely behind us and Fresenius Medical Care will see revenue and profit increase again this year.

Descenders in the last quarter

As every quarter, there are a few stocks with disappointing returns. A striking descender was the Swedish maker of barings, SKF. The share price fell by 25% due to disappointing figures for the fourth quarter. SKF is experiencing a sharp increase in costs for materials and energy. Management expects to offset this cost increase in 2022 by higher prices, which may allow margins to rise again. The share price of Essity, also Swedish, fell by 23%. Here too, a delayed transmission of increased costs in higher prices is the cause of a temporarily lower margin. Essity already raised many prices at the end of last year, but will undoubtedly do so again in the course of 2022 to bring the margins back to the right level.

What does the fund currently look like?

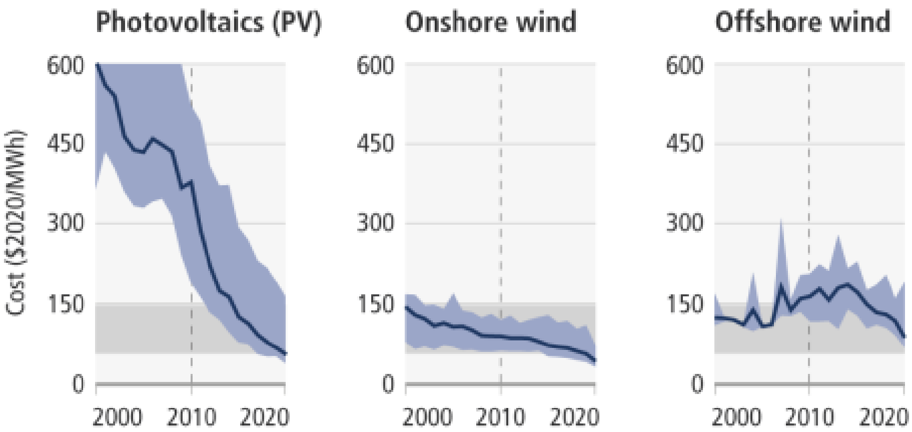
At present, the Fund is invested - except for a limited cash position - in companies that are expected to provide growing profits and soaring dividends in the coming years. The assets are spread over 20 different stocks in 8 European countries. By choosing companies in 16 different sectors, a sufficient degree of risk diversification has been ensured. There is a clear preference for sectors that provide stable cash flows. A considerable 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, or only limited, included in the fund. For example, banks are suffering from the still low interest rates and increasing regulatory pressure. Technology companies still have a high valuation, and therefore often a very low dividend yield. It is perhaps needless to say, but non-sustainable companies are of course excluded in advance in our selection process.

Outlook

We invest in reasonably valued companies that are well managed. Profitable dividend payers who have a role to play in the sustainable transition. Relevant companies with a bright future. With more than 7,000 European companies, we have a lot to choose from and 20 good companies are enough for us to invest in. We have been doing this for over six years now and that has yielded an average of more than 9% per year, after costs almost 3% better than the average of European equities. These yielded more than 6%, less costs. If we look at the valuations and price potential of our portfolio, we mainly see very attractive price levels. Due to the increased uncertainty, our stocks are being valued as if they were not showing any growth. That is far from reality and promises a lot of potential in the longer term.

Annual investor meeting at June 2nd

The IPCC, the climate panel of the United Nations, released the latest version of its report on the state of climate change earlier this week. The panel does not conduct any research itself, but describes the most recent scientific insights on climate change in its reports. The latest report of course states that much still needs to be improved in terms of sustainability in order to limit further global warming. The companies in our fund help with this in many ways. The positive news is that the possibilities for sustainability are increasing rapidly and that this can now be done in an economically effective way. As you can see in the graphs opposite, the cost of energy generated by solar panels and wind turbines (the blue line) has fallen rapidly in recent years and is now competitive with the cost of energy based on fossil fuels (the gray bar). In the past year, the price we pay for our energy from fossil fuels has risen sharply, which means that investing in wind and solar energy has now become much more attractive. And the companies in our portfolio benefit from this.



On Thursday June 2nd, we are organizing a meeting for investors in our fund from 10 a.m. to 2 p.m. in the Louwman Museum in The Hague. During this meeting we would like to discuss the energy transition in more detail. We would like to introduce you to our portfolio and also let a few guest speakers speak. Several companies introduce themselves and we explain our investment cases on these holdings. In addition to the investors in the fund, there is also room for a few prospects. Of course, lunch and access to the museum are also provided and we will make it a pleasant day. An official invitation with an extensive program will follow, but please reserve 2 June in the agenda.

Spread the word!

Our fund has grown strongly over the past year, thanks to the trust our customers place in us. But we are far from fully grown. If you know of anyone who might be interested in our strategy, please let us know. We are happy to start the conversation!