# SUSTAINABLE DIVIDENDS VALUE FUND





# MONTHLY REPORT

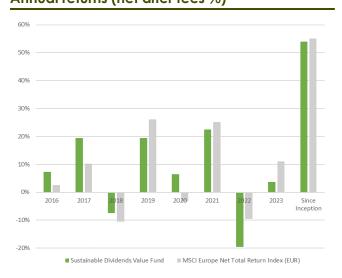
#### **Core facts**

Fund price	120.13
Price last month	122.90
Monthly return (net)	-2.3%
MSCI Europe month	2.4%
Return since inception (2016)	53.9%
MSCI Europe since 2016	55.1%

#### Return (net %)



### Annual returns (net after fees %)



#### **Fund Performance**

Sometimes you have a month in which just too many individual stocks in our concentrated portfolio have to give way at the same time. June 2023 was such a month. There is a clear cause for some shares. For example, DSM and Stora Enso unexpectedly announced a reorganization, in which, as usual, the short term costs outweigh the long term benefits. In addition, there are companies – mostly small caps or less well-known companies - that come under pressure in troubled times due to interest rate hikes and recession fears, without there being a clearly demonstrable reason. Examples in our portfolio are SMS and Airtel Africa. All in all, this resulted in a price drop of the fund by 2.3%, while markets on average rose (MSCI Europe Index +2.4%, the Mid Cap Index +0.9% and the Small Cap Europe Index +0.8%). Is there any positive news to report? Certainly! For example, the new financial targets of the Danish company Ørsted were well received by the market and the share price rose by 6%. Bloomsbury, the British publisher and data supplier for schools and universities, was also rewarded (also +6%) for good results in the recently closed financial year.

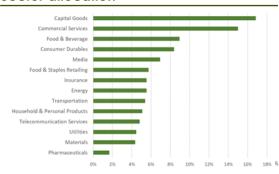
#### Strategy

We choose 15 to 25 stocks in the fund from companies with a predictable and profitable business model, committed management and regular dividend payments. The balance sheet ratios of the companies in our fund are strong. Most companies have only modest debt and some even have a net cash position. They therefore have little to fear from higher interest rates. Valuations of the shares in our fund are still extremely low. Currently, the market averages only seven times the expected cash flow paid for our businesses, and the average headroom to our price target is now well over 60%. The low valuation of the shares in our fund gives room for price recovery as soon as confidence in the economy returns.

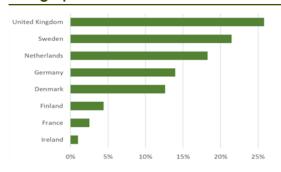
#### Monthly returns (net after fees)

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	Jan	Feb	Mrt	Apr	Mei	Jun	Jul	Aug	Sep	Okt	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%							3.7%

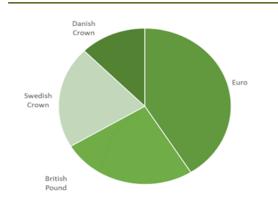
#### Sector allocation



## Geographical allocation



#### **Currency allocation**



#### **Risk-Return Characteristics**

Total return	53.9%
Average annual return	5.9%
Standarddeviation Return	14.3%
Sharpe Ratio	0.45
Total Outperformance	-0.7%
Average annual outperformance	-0.1%
Tracking Error	7.5%
Information Ratio	-0.01
Correlation Coëfficiënt	0.86
Best Month (April 2020)	+11.7%
Worst Month (September 2022)	-11.5%
Maximum drawdown	-26.8%

#### Sustainable Dividends

Website: <a href="www.sustainabledividends.com">www.sustainabledividends.com</a>
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#### Ascenders in the portfolio

The Swedish SKF was the biggest ascender in the portfolio. The share price rose by 10% as the second quarter figures are due to be published shortly. When announcing the first quarter results, management raised its growth forecast for both the second quarter and the remainder of the year. We expect that this growth will actually become visible in the results in the coming quarters. Ahold was another standout in the portfolio. The share price of the decent supermarket group rose by 8%. The company's predictable cash flows and stable margins are attractive to investors in troubled times. This is once again proven in times of the current recession fears.

#### Descenders in the portfolio

Stora Enso announced the closure of three factories in Sweden, the Netherlands and Poland. In the short term, this entails the necessary reorganization costs. In the slightly longer term, the closure of loss-making factories actually leads to a significant increase in profit and, on average, higher margins for the entire organization. Despite this, the share price fell 11% in June. We expect that the higher margins will eventually generate more interest from investors and thus lead to higher prices for Stora Enso. The British SMS, installer of smart electricity meters, charging stations for electric cars and large batteries to stabilize the electricity network, was the biggest descender of the past month. The price fell by 13% and the share is now quoted more than 30% below the price at which an issue was made a while ago to finance the rapid growth in the battery branch. For us, this was an attractive time to increase exposure to the stock.

#### Outlook

Currently, the fund is almost entirely invested in low-valued and well-run companies with strong balance sheets. These companies are expected to generate growing profits and rising dividends in the coming years. The assets are divided over 21 stocks of companies in 14 different sectors and 10 different countries. This ensures a sufficient degree of risk diversification. We believe that the stocks in our fund currently offer a very high potential for attractive returns for equity investors with a long horizon.

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

