SUSTAINABLE DIVIDENDS VALUE FUND

QUARTERLY REPORT

SUSTAINABLE DIVIDENDS

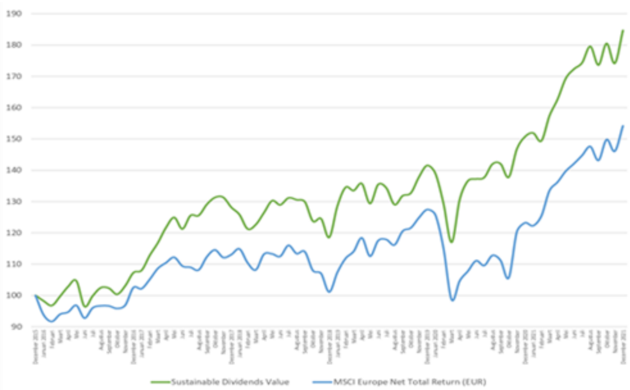
MORNINGSTAR ★★★★★

FOURTH QUARTER 2021

Main details

Current fund price	144.09
Last quarter price	135.49
Result forth quarter (net)	+6.8%
Result 2021 (net)	+22.5%
ISIN Code	NL0012907976
Inception date	January 2016

Return (net %)



Annual return (net %)

Risk – Return characteristics

Total Return	84.6%
Average annual return	10.8%
Standaarddeviation Return	12.7%
Sharpe Ratio	0.84
Total 'Outperformance'	19.7%
Average annual 'Outperformance'	3.3%
Tracking Error	7.4%
Information Ratio	0.41
Correlation Coëfficient	0.85
Best Month (April 2020)	+11.7%
Worst 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 investment cycle. 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 manager uses the MSCI Europe Index (Net Total Return) 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. 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 generates superior returns with below average risks for the investors in the fund.

Fund Performance

An excellent year for the stock market ended with a good fourth quarter. The participants in the Sustainable Dividends Value Fund achieved a return of 6.3% on their investment. Incidentally, we lagged slightly behind the MSCI Europe, as the index was up 7.7% in the past quarter. The vast majority of shares in the fund saw their share price rise this year, resulting in a total return of 22.5% in 2021. This made 2021 the best year in the fund's six-year existence so far and our investors achieved a positive return for the third consecutive year. Since its inception in 2016, the fund has now delivered 84% returns, compared to 54% for the MSCI Europe. Our singular annual outperformance is in line with our goal. 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 2021 we welcomed many new investors to our fund. Our team will do everything it can to live up to the trust placed in us.

Focus Stock: Fresenius Medical Care

As every quarter, we discuss one of the shares in the fund in this newsletter. Today we want to highlight the German Fresenius Medical Care. This company is the world's largest provider of renal dialysis services. In addition, they also produce the equipment required for dialysis. As more and more patients prefer to undergo dialysis at home if possible, Fresenius Medical Care acquired the company NxStage Medical a few years ago. This company specializes in the production of home dialysis machines. Fresenius Medical Care expects to be able to grow strongly in this segment. Home dialysis means more flexibility and a better quality of life for many patients

24 years of consecutive dividend growth

Fresenius Medical Care has been making progress for quite some years now. The company's growth has resulted in a steady increase in profits and dividends. Management has been able to increase the dividend for shareholders for 24 years in a row. In both 2020 and 2021, Fresenius Medical Care was affected by the corona crisis. A relatively large number of their patients have passed away in recent years. Due to the vaccinations and the slow but steady control of the virus, the number of patients will grow again this year. And in the long term, much more growth is expected. Due to the aging population, the growth in the number of diabetes patients and the worldwide accessibility of care, it is expected that the number of potential patients for Fresenius Medical Care in 2030 will be approximately 6 times higher than in 2000.

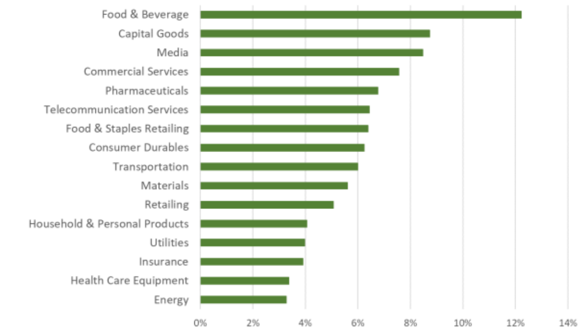
A positive contribution to society

Because 'only' 40% of the profit is paid out in the form of dividend, it is expected that the dividend will continue to grow in the coming years. In addition to the dividend, the company also chooses to regularly engage in share repurchase programs. Another criterion that a company must meet before being included in our fund is a strong balance sheet. Fresenius Medical Care has quite a bit of debt on its balance sheet, but given the company's stable earnings and low interest rates, this shouldn't be a problem. When we look at our sustainability criteria, there is no doubt that Fresenius Medical Care's activities and products make a positive contribution to society. Certainly if kidney dialysis can take place at home, this ensures a better quality of life for the patient.

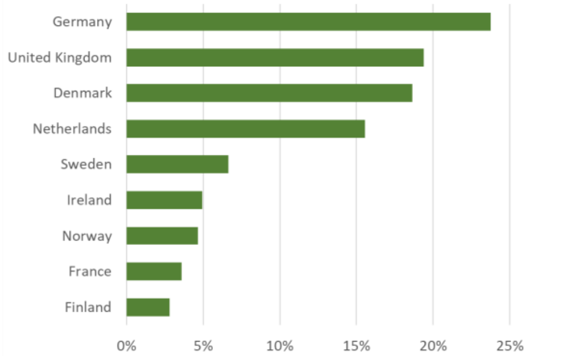
Risk and valuation

No investment case without looking at the risks. At Fresenius Medical Care we also look at what could go wrong. Technological innovations from competitors could make Fresenius' products less attractive to customers. In addition, government regulation to limit the costs of care is a risk for the company. There is also a risk that Fresenius patents are not sufficiently protected in all countries. Finally, we look at the valuation of the company. The Fresenius Medical Care share can be called cheap at about 7 times the expected cash flow for next year. Due to a recently announced reorganization, the company will no longer report sales and profits on a regional basis, but on a product basis. This makes it more clear how much Fresenius earns from the care and how much from making the equipment. In particular, the shares of manufacturers of medical equipment generally trade at a much higher valuation on the stock exchange.

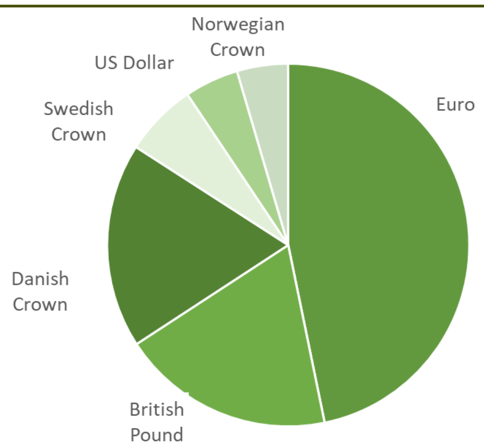
Sector Allocation



Country 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/Binckbank
Bank	ABN AMRO

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Ascenders in the portfolio

A number of stocks in the portfolio showed significant price increases. In most cases, this price increase was the result of the reporting of good business results. Good preliminary quarterly figures at the Danish Solar, for example, caused the share price of the distributor of parts for the construction sector to rise by no less than 26%. Management surprised the market and raised its profit forecast for the whole of 2021 for the third time this year. Another strong increase was the British Treatt. This producer of flavors and fragrances on a natural basis for the food industry presented excellent annual figures for the 2020/2021 bookyear. Partly because of this, the share price rose by 27% in the past quarter. Due to the commissioning of a new production facility in the second half of last year, we can expect rapid further growth of the company in the coming years.

Detractors in the last quarter

As in every other quarter we do have a few holdings with a negative return. Irish Dole was certainly one of them. The share price of the stock fell by 22% after the publication of disappointing third quarter results. Dole has been impacted by a strong increase in the costs for logistics since the Summer. Looking ahead things will turn for the better in 2022, as most of these cost increases will be compensated for by higher prices, as soon as contracts get renewed. Amsterdam listed Vopak was another stock that disappointed. After the CEO of the company had been replaced not that long ago, Vopak now also announced a new CFO. Investors reacted negatively on this news and the share price dropped some 9%. As the new management has already been working for the company for many years, we do not expect any big changes in the strategy. The transition towards a more sustainable company active in gas, chemicals and hydrogen will be continued.

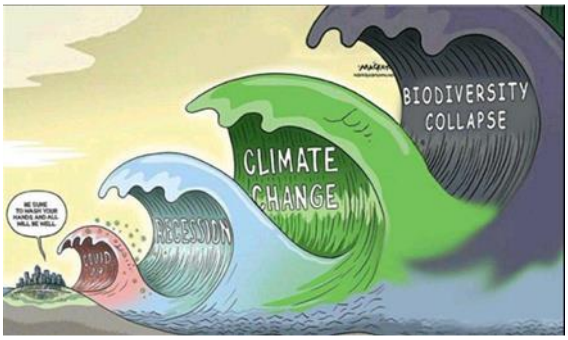
What does the fund currently look like?

At present, the Fund is invested - except for a limited cash position - in companies that are expected to provide growing profits and increasing dividends in the coming years. The assets are spread over 21 different stocks in 9 European countries. By opting for companies in 16 different sectors, a sufficient degree of risk spreading has been ensured. There is a clear preference for sectors that provide stable cash flows. A large 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 low interest rates and ever-increasing regulations, which are generally not in their favour. Technology companies have a very high valuation, especially after the price increase of the past 18 months, 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 bright futures. This means that we, as value investors, by definition stay away from hypes. With more than 7,000 European companies, we have a lot to choose from and 20 good companies to invest in is enough for us. We have been doing this for six years now and that has yielded an average of 10.8%, after fees which is more than 3% better than the average for European equities. These yielded 7.5%, before costs. In line with longer term history, this is a decent return, but not a sign of excessive speculation. If we look at the valuations and price potential of our portfolio, we find no indications for prices that are too high. In the longer term, we believe that we can perform in line with our historical characteristics.

Investor Event



On November 5, we held an event in Amsterdam for investors in our fund and other interested parties. The common thread was sustainable investment and given the large turnout, we can say that there is a lot of interest in this. The meeting was kicked off with a presentation by Erik Breen, member of our Advisory Board. Erik is a pioneer in the field of sustainable investing in the Netherlands and captivated the audience with his presentation. He pressed us with the - unfortunately- not too positive facts. We simply can no longer afford to shrug at the environmental problems caused by human activities. Fortunately, there are also solutions available and we can invest in them. Our companies are involved in a large number of these solutions and the good news is that in our fund you can help make the sustainable transition possible with your capital. The figure below shows the nine sustainable investment themes as identified by the World Business Council, the importance of these themes in our fund and photos of some examples of companies that are making the transition possible.

Spread the word!

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

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