SUSTAINABLE DIVIDENDS VALUE FUND

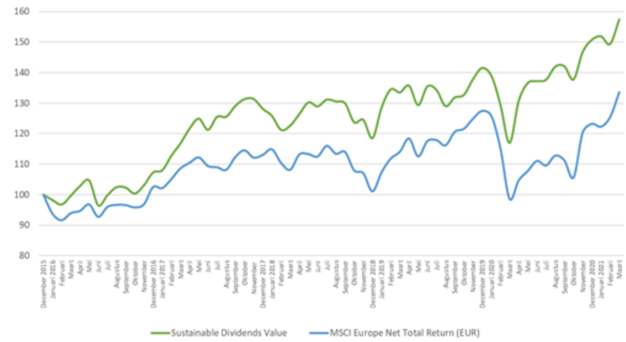
QUARTERLY REPORT

FIRST QUARTER 2021

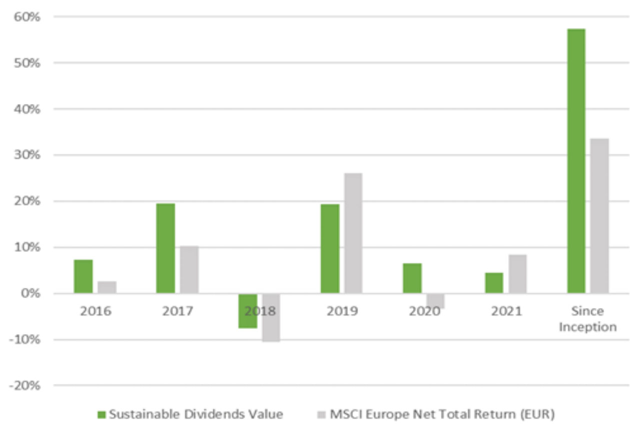
Main details

Current fund price	122,83
Last quarter price	117,62
Result (net)	+4,4%
Result 2021	+4,4%
ISIN Code	NL0012907976
Inception date	January 2016

Return (net %)



Annual return (net %)



Risk – Return characteristics

Total Return	57.4%
Average annual return	9.0%
Standaarddeviation Return	12.9%
Sharpe Ratio	0.70
Total 'Outperformance'	18.0%
Average annual 'Outperformance'	3.2%
Tracking Error	7.8%
Information Ratio	0.41
Correlation Coëfficient	0.83
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

The Sustainable Dividends Value Fund has had another good quarter. The investors in the fund achieved a return of 4.4% on their investment. This, incidentally, lagged somewhat behind the return of the MSCI Europe. This index rose due to increasing commodity prices and rising interest rates, thrusted by energy and mining stocks, aswell as banks and insurers. Thus, the market showed growth of 8.4% on average in the last quarter. From the start in 2016 our fund has returned 57%, compared to 34% 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 during good, but also during difficult times. This is mainly because the fund does not hold shares of companies that suffered permanent, irreparable impairments to their business models as a result of the coronacrisis. We were again able to welcome several new clients in the past quarter. Our team will once more do everything we can to live up to the confidence they have placed in us.

Sustainable investing

With the introduction of the Sustainable Finance Disclosure Regulation in March of this year, investment institutions have been forced by the legislator to show their true colors in the area of the extent to which sustainability plays a role in their strategy. In a broader sense too, interest in sustainability in our society is growing. We are increasingly being asked about the implementation of sustainability in our investment process. That is why we would like to explain to you our vision and how we approach this in our process.

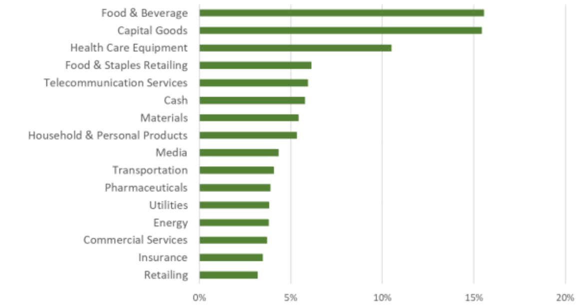
Sustainability lasts longer, both for our world and for our capital. We are aware of the vulnerability of the earth and the role that companies must play to keep our planet liveable. That is why we assess all our investments internally and externally on Environmental, Social and Governance ("ESG") factors. We do this in a clear manner and based as much as possible on clear facts and data. However, this is preceded by one important step, because prior to our decision to invest in a company, we ask these questions: What does the company actually do? Does their service or product play a role in achieving a more sustainable world? Does it help us as humanity forward by offering smart solutions?

As a fund manager, we answer these questions with a qualitative assessment of the company. This is reflected in a rating that we give on a scale from 1 to 10. To be eligible for an investment, a stock must score at least a 7 rating.

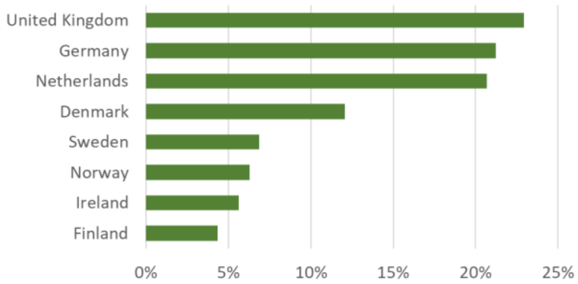
Our ESG assessment comes into play in the second instance. The scoring method is identical and the input is more data-driven. Sources for this are our research and the interviews with the stocks we are considering for inclusion in the portfolio. These companies are assessed on: "Environmental" criteria (the "E", with 50% weighting) such as: CO_2 emissions, water and energy use, recycling and material use, distribution methods and contributions to more circularity. Positive impact on the transition process towards clean energy weighs heavily. "Social" criteria (the "S", with 25% weighting) include, for example, safe working conditions, equal opportunities for all, fair incomes and gender equality. Finally, "Governance" (the "G") also weighs 25%. This involves looking at the ability of companies to properly weigh and serve all the interests of stakeholders in the company. Certainly not easy, but we want our companies to operate transparently and fairly. We are prepared to ask difficult questions about this to our companies and to make our voices heard. When in doubt, we stay out.

Ultimately, minimum scores of 7 on a scale from 1 to 10 must also be achieved for all three ESG criteria. Otherwise, a company is not eligible for investment. Finally, we test our findings against the judgment of external ESG rating agencies. We have access to their reports via databases and we will investigate further in case of any conflicting conclusions. In this way we safeguard this process and take joint responsibility here. If you would like to discuss further about this subject, or about something else, we encourage you to contact us.

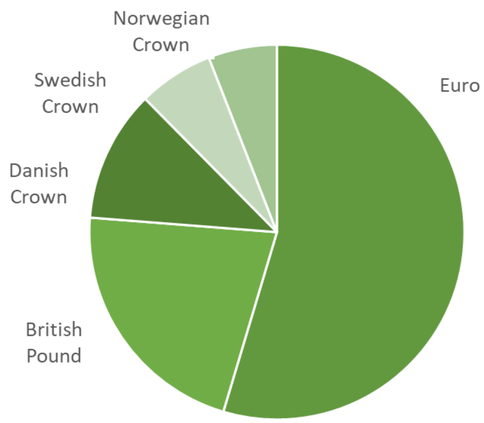
Sector Allocation



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 / De Giro
Bank	ABN AMRO

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Ascenders in the portfolio

By far the biggest ascender in the past quarter was the Irish company Total Produce. The stock rose by 50% after the company announced a merger with the American competitor Dole, in which Total Produce already has a minority stake. Together they will become the number one in fruit and vegetables worldwide. In the long term, this not only results in cost savings, but also in a good negotiating position with suppliers and customers.

The British company Treatt was a good number two. The shares of the producer of natural fragrances and flavors increased by 16% after management reported significantly better than expected results in a trading update covering the first three months of the financial year. We expect that the high demand for the company's products, combined with a significant expansion of production capacity, will ensure that 2021 will be another record year for the company.

Detractors in the portfolio

As every quarter, there are a few stocks with a disappointing return. The biggest ascender in the fourth quarter of 2020 was in the first quarter of 2021 a significant detractor. The share price of the Danish Ørsted, a major producer of green energy, fell by 18% despite excellent annual figures for 2020. Since the share had risen by no less than 80% in 2020, this is not very much out of the ordinary. The company is expected to continue to grow revenue and profits in the coming years.

Another disappointing share was the German Dr. Hönle. The share price fell 13% after the company reported an increase in profit for the first quarter of their broken fiscal year, but at the same time saw a significant increase in costs. Here, too, costs take precedence over income, as management expects to realize a strong increase in sales for the rest of the year.

What does the fund currently look like?

At present, the Fund is invested - with the exception of a limited cash position - in companies that are expected to generate growing profits and rising dividends in the coming years. The assets are divided into 22 different stocks in eight European countries. By opting for companies in 15 different sectors, a sufficient degree of risk diversification has been ensured. There is a clear preference for sectors that ensure stable cash flows. It now seems that many companies in our portfolio are not too affected by the corona crisis. And some will even be able to take advantage of this.

A number of sectors are deliberately not included in the fund, or only to a limited extent. For example, banks are bothered by low interest rates and ever-increasing regulations, which are generally not in their favor. Certainly after the price increases of the past twelve months, technology companies have very high valuations, and therefore often a very low dividend yield. Not much margin for error there. Needless to say, unsustainable companies are naturally excluded from our selection process.

Outlook

With an average return of about 7% per year over the past 3 years (MSCI Europe Index), European equities have not performed badly in absolute terms, but have nevertheless lagged considerably behind the markets in the United States in particular. Investors may prefer Europe in 2021 due to the significantly lower valuations of European equities. The European economy is expected to pick up considerably this year and next year. In our portfolio, we choose companies that can benefit from this. However, our preference remains for companies with a strong balance sheet. This clearly helped us in 2020 and will certainly help us in a possible next crisis as well. Better safe than sorry and please be reminded that this is our pension capital as well.

FOCUS STOCK – SOLAR – DIGITIZATION AND SUSTAINABILITY

As we do every quarter, we discuss one of the stocks in the fund in this newsletter. Today we want to put the Danish Solar in the spotlight. Two of the greatest challenges of our current society are digitization and sustainability. Solar is a company where both these trends come together in a beautiful way. The company supplies components such as electricity, heating and ventilation. Consider, for example, energy-efficient lighting, heat pumps for environmentally friendly energy production, alarm systems and solar panels. Solar does not sell its products directly to consumers, but to professional installers.

What is special, however, is that more than 60% of sales are made online. Solar is way ahead of the competition on this point. And because the logistics at Solar are highly automated, the company is able to derive significant cost benefits from this. The combination of highly sought-after products in the field of sustainability with a cost-efficient business model offers great opportunities for further profitable growth. Solar is currently active in Scandinavia, the Netherlands and Poland, but it is expected that the company will also grow further in other European countries in the coming years.

Good prospects are nice, but a number of other criteria are also important for a successful investment case. For example, it is important that the companies in which we invest are financially healthy. Solar has hardly any debt on the balance sheet and in that respect fits perfectly into our strategy. The company's dividend policy is attractive. At least 35% of the profit is paid to shareholders, but if there are no attractive investment opportunities in a given year, that percentage is significantly increased. Over the past six years, the dividend h was raised by an average of 23% per year. The expected dividend yield is high at 7%. The management of the company already owned more than 2% of the shares and recently made substantial additional purchases after publication of the annual figures. This ownership is a positive sign, as it shows that they have great confidence in the future.

No investment case is to be made without also looking at the risks of an investment. At Solar, unexpected IT problems, causing the logistics system to come to a standstill seem to be the greatest risk. This could endanger the fast delivery that the company is known for. Of course, the management does everything it can to prevent these kinds of problems, but you can never rule it out completely. In addition, an overall economic downturn and an associated reduction in construction activities is also a risk for the company. Then the valuation. The extensive automation has greatly increased the company's profitability. These higher margins mean that the Solar share is now trading at less than five times the expected cash flow of the current financial year. That is also a very low relative valuation for this sector. Just the way we like it. All in all, a promising perspective for our investment in this stock.