Strategy Update – status as of 01/04

BLI manages its portfolios through an active and long-term oriented investment approach. Therefore, we usually do not comment on short-term performances. However, in the current market environment and exceptional situation, we think it is crucial to communicate on the performance of our strategies and the key drivers behind.

European equities strategies

BL-Equities Europe

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL Equities Europe B Cap	-16,7	-20,3
MSCI Europe NR EUR	-24,8	-27,8
Lipper Global Equity Europe	-23,8	-26,7

- Over the past week, i.e. from 25 March to 1 April, BL Equities Europe recorded a 0.88% increase in its NAV.
- This is slightly higher than the European market, which fell by 0.85%.

Market environment

- From March 25 to April 1, European markets moved in a jagged pattern, ending the week with a slight decline.
- Despite the temporary wave of optimism linked to the support measures announced globally (among others a USD 2,000 billion infrastructure spending plan in the US), this rebound seems to be more of a technical rebound linked to the sharp market downturn since mid-February and the usual or necessary quarterly rebalancing of portfolios (pension funds etc.).
- Indeed, the spread of Covid-19 continues on a global scale with containment measures now also applicable in the United States. The situation could be stabilising in Italy but not in the other European countries. Italy and Germany have announced an extension of the containment measures, with the same impact on the economic system. Other countries will probably shortly follow.
- European companies have more generally suspended their economic and financial objectives for the year 2020 because of the lack of visibility generated by the containment its economic, financial and social consequences.

Positives

- Generally, the Fund Manager's attention to selecting companies with a solid business model and quality balance sheet allows the portfolio to differentiate itself from the market in difficult times.
- This kind of companies should be able to strengthen, or at least resist, during the crisis.
- The main positions that have supported the portfolio this week have been companies whose product demand would be less or only slightly affected by the crisis, notably in the Health Care sector with *Novo Nordisk, Grifols* and *Roche* as well as *Reckitt Benckiser* and *Air Liquide*.

Negatives

- This week's main performance detractors were some of the companies most exposed to a one-off or even more prolonged slowdown in demand for their products or services, such as *EssilorLuxottica, LVMH, Beiersdorf, L'Oréal* and *Adidas*.

Portfolio positioning and recent changes

- During the week, the manager sold his remaining positions in *Danone* to strengthen *Roche*, *Fresenius and Grifols.*
- The sale of *Danone* is explained by the Fund Manager's wish to limit the number of positions in the portfolio, with 5 new companies entering the portfolio in 2020. Secondly, *Danone* is providing less defensive support than expected. *Roche* and *Grifols*, exhibiting good operational stability, will play more of this role.
- *Fresenius* is strengthened in a medium-term perspective in view of its attractive valuation. The group is experiencing a difficult situation in its hospital division, but the Fund Manager is not worried by the survival and financing capacities of the company.
- The portfolio management approach will remain cautious as a reduction in the spread of Covid-19 and a better appreciation of the economic, financial and social repercussions should be necessary to stabilise the markets.
- The Fund Manager pays particular attention to the financial situation of the companies included in the portfolio and the stability of their revenues.
- However, a company will not be excluded from the portfolio due to a lack of short-term visibility of its business if the structural quality of its profile is not called into question.
- The Fund Manager also remains attentive to opportunities that may arise to add new positions to the portfolio or strengthen existing positions if valuations justify it.

BANQUE DE LUXEMBOURG INVESTMENTS

BL-European Smaller Companies

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL European Smaller Companies B Cap	-23,0	-24,3
MSCI Europe Small Cap NR EUR	-30,7	-33,5
Lipper Global Equity Europe Sm&Mid Cap	-26,0	-28,6

- At fund level, last week was comparable to the market.
- Since the start of the market correction (February 19), the Fund is still significantly outperforming its universe as well as its peer group.

Market environment

- Since the last update (published on 26/03), the markets have slightly calmed down, the huge volatility (+10%/-10%) seems over now; nevertheless we are still experiencing fairly significant daily variations of around +/- 3%.
- The number of companies cancelling their forecasts for the year 2020 is constantly increasing.
- Similarly, many companies have either cancelled or reduced their dividend payments to shareholders. This decision is made to ensure the cash flow of the companies (and sometimes a condition for qualifying for state aid).
- Over the week, the European small caps index was a bear market.
- Over the observation period, the Health, Oil and Food sectors were the most defensive.
- In contrast, the Financial, Automotive and Travel & Leisure sectors lagged behind.
- The small caps have outperformed the large caps during the last week. Since the beginning of this correction (19/02), it was the opposite, with the small caps suffering more than the large caps.

Positives

- In absolute terms, the companies that performed best were primary consumer companies (*EBRO Foods, Viscofan, Ontex*) and healthcare companies (*Stratec. CompuGroup, Gerresheimer*).
- In relative, the main contributors over the week were *CompuGroup* (Germany, software for the healthcare sector), *Viscofan* (Spain, sausage skins), *Gerresheimer* (Germany, medical packaging), *Stratec* (Germany, laboratory analysis equipment) and *Royal Unibrew* (Denmark, brewery).

Negatives

- In absolute terms, the more cyclical stocks lagged.
- In relative terms, the following stocks penalised the Fund's weekly performance: *Carl Zeiss Meditec* (Germany, health care), *Rotork* (UK, valves/flow controls), *NIBE* (Sweden, HVAC equipment), *Amplifon* (Italy, hearing aid distributor with 20% of sales in Italy) and *Interroll* (Switzerland, industrial).

Portfolio positioning and recent changes (since last update)

- The Fund Manager increased its position in *Nemetschek* (position initiated last week). The company published excellent results for the year 2019. For the 2020 forecast, the company was "cautiously optimistic". Knowing that 50% of the revenues are recurrent, the company benefits from a certain visibility.

US equities strategies

BL-Equities America

	Performance YTD (USD) 31/12/2019 To 01/04/2020	Performance since 19/02 (USD) 19/02/2020 To 01/04/2020
BL Equities America B Cap	-19,7	-24,5
MSCI USA NR EUR	-23,4	-27,3
Lipper Global Equity US	-23,6	-26,8

- On a YTD basis and since the beginning of the market correction, the Fund outperforms the market and the universe of its main competitor funds (Lipper).
- The focus on quality companies capable of surviving a period of recession remains the cornerstone of the strategy implemented.

Market environment

- The first quarter of 2020 has not been easy for investors.
- While it was already clear that we were in the final stages of the economic cycle, no one could have predicted at the beginning of this year that large parts of the global economy would be abruptly halted by the Covid-19 pandemic.
- Unfortunately, the debate has now shifted from whether or not there will be a recession this year to the depth and duration of the recession.
- As markets have evolved to reflect this new reality, equities have fallen sharply, with the worst returns in March. The S&P500 index fell 20% during the quarter.

Positives

- Strong presence in the portfolio of low beta, high quality and profitable companies.
- Main individual contributors over the month were:
    - *Amazon.com* thanks to its online commerce and cloud offering through AWS.
    - *Gilead*, a biotech company with a promising product for the treatment of patients affected by Covid-19.
    - *Abbott Laboratories*, which is developing rapid tests to diagnose the virus.
    - *UPS*, the logistics company thanks to the importance of its transport activities within the United States.

Negatives

- The main detractors to the Fund's performance in March were:
    - *Mastercard*, the payment and credit card company whose activity is directly linked to the development of world GDP. In the long term, the company continues to benefit from the conversion of cash to electronic payment and e-commerce.
    - *Fiserv*, a provider of IT and data processing services for the financial sector in the United States.
    - *Lowe's*, a US distribution chain specialising in construction and gardening equipment for private individuals.

Portfolio changes (March)

- New positions in
  - *Adobe*. The company has all the quality features the Fund Manager is looking for, including a strong competitive advantage in digital media and dominates content creation software with its flagship applications Photoshop and Illustrator.
  - *IQVIA Holdings* is the undisputed leader in clinical research and health data management. The company's customers include nearly all major biotech and pharmaceutical companies who pay for access to IQVIA's databases. IQVIA's proprietary pharmaceutical research data and expertise in clinical studies give the company a very strong competitive advantage.
- Last week
  - The manager used the incoming flows to strengthen certain existing positions in which he has a strong conviction, including *Constellation Brands* (the world's most profitable brewer), *Fiserv* (provider of IT and data processing services for the financial sector in the United States), *Microsoft, Nike*, *Roper Technologies* and *TJX*.
  - The manager reduced its exposure in the following stocks: *Brown Forman* (Whisky producer, notably Jack Daniels) and *Oracle*.

BL-American Smaller Companies

	Performance YTD (USD) 31/12/2019 To 01/04/2020	Performance since 19/02 (USD) 19/02/2020 To 01/04/2020
BL American Smaller Companies B USD cap	-21,3	-23,9
MSCI USA Small Cap TR USD	-35,6	-36,8
MSCI USA Mid Cap NR	-30,0	-32,8
Lipper Global Equity US Sm&Mid Cap	-32,9	-34,3

- The Fund is clearly outperforming the market and its Lipper peer group since the beginning of the market correction.

Market environment

- Globally, on the US market, the sell-off has particularly affected high beta, low quality, low growth and lowly valued companies while low beta, high quality and high growth companies have better resisted.
- Coronavirus is the only major headline that matters right now as it is affecting every sector and industry in the US.
- The debate has moved on from whether or not there will be a recession this year, to how deep and long it will be.
- A very substantial fiscal stimulus package has been launched, worth about 10% of the US GDP that served as a trigger for a technical major market rebound of the US equities indices.

Positives

- Strong presence in the portfolio of low beta, high quality and profitable companies.
- Sector allocation favouring non-cyclical consumption companies classified in the “consistent earners” category that tend to reduce the volatility of the overall portfolio.

- Best contributors are to be found in the consumption sectors with two emblematic cases of the current situation with Coronavirus:
  - *Clorox*: the company produces cleaning and disinfection products for which the demand has risen sharply in recent weeks.
  - The same goes for *Campbell Soup* that produces canned food.
- Overweight of mid cap that, up to now, have been more resilient than the small-cap segment.

Negatives

- Companies related to the restaurant and retail sectors have been hit the hardest in the Fund since the market correction. This trend has been intensifying once governments started to shut down more and more restaurants, bars, shops around the world and of the fear that many could follow.
- Biggest detractors:
  - *Welbilt*: A global manufacturer of foodservice equipment. Major served markets include restaurants, travel & leisure, retail, and institutional.
  - *Ulta Beauty*: A leading U.S. retailer of beauty products, offering a uniquely broad range of mass, prestige, and salon brands.
  - *Burlington Stores*: An U.S. off-price retailer at prices ~20-70% below traditional retailers.
  - *Lamb Weston*: A manufacturer of branded and private-label frozen potatoes primarily for foodservice customers.
- Small-cap companies are the once underperforming the most, as the market fears that due to the magnitude of the crisis, many smaller cap companies could face liquidity issues.

Portfolio positioning and recent changes (March)

- The Fund Manager profited from the market sell-off to initiate three new high-quality companies into the fund.
  - *Verisk Analytics*: A leading provider of risk assessment solutions, fraud prevention tools, and analytics to the insurance, credit card, and energy industries.
  - *MSCI*: A leading provider of index data and licenses, financial analytics, and ESG ratings.
  - *Equifax*: A global information solutions company that uses unique data, analytics, technology and industry expertise to help clients make better decisions.
- On the other hand the Fund Manager sold three positions:
  - *Welbilt*: The outbreak of the coronavirus added more uncertainty to an already challenging end market. Due to a high debt level and this new environment, the fund manager decided to sell the company and add more exposure to higher quality names.
  - *IFF*: The fund manager decided to sell IFF during the market weakness, as it outperformed on a relative basis, and the announced DuPont's Nutrition and Biosciences transaction is creating a large cap conglomerate.
  - *Sally Beauty*: Management has not been able to turn around the business and got hit hard by the forced store closures caused by Covid-19. E-commerce will take even faster market share from retail stores during these unprecedented conditions and a future potential turnaround will get even harder.
- More details will follow in the monthly report of the fund manager.

SRI global equities

BL-Sustainable Horizon

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL Sustainable Horizon B Cap	-11,6	-15,3
MSCI World NR USD	-22,0	-27,4
MSCI AC World NR USD	-22,2	-27,2
Lipper Global Equity Global	-21,5	-25,4

- The Fund continued on the same path and clearly outperformed the market in the current market turmoil.

Positives
- Conservative profile with reduced equity exposure.
- Sector positioning (overweight of Consumer-related sectors and no exposure to Banks and Energy).

Negatives
- More cyclical companies tend to suffer more than the market.

Portfolio positioning and recent changes
- Taking into account the risk of recession, the Fund Manager maintains the defensive profile of the portfolio with:
  - A cash bucket of 17% (equity allocation at 83%).
  - The 5 biggest individual positions that represent 28% of the portfolio are all from the Consumer .Staples industry.
- Cash will be deployed to gain exposure to high quality companies once their valuation levels will be attractive enough which is not yet the case.

Global Equities Dividend

BL-Equities Dividend

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL Equities Dividend B Cap	-11,3	-16,8
MSCI ACWI High Dividend Yield NR	-22,4	-24,3
MSCI AC World NR USD	-22,2	-27,2
Lipper Global Equity Global Income	-23,4	-26,1
Lipper Global Equity Global	-21,5	-25,4

- From 19/02/20 (YTD peak) to 01/04/20 (last available data), BL-Equities Dividend (retail accumulation share in euros, net of fees) was down 16.8%, outperforming the MSCI AC World Index (down -27.2%).
- We stick to our disciplined investment process focusing on high-quality companies protected by strong competitive advantages, with solid balance sheet and paying attractive, sustainable and growing dividends.
- Given the asymmetry between losses and gains and most people's risk aversion, we think that it is more important to resist better in difficult markets than to capture the entirety of the upside in periods of euphoria.

Positives
- The relative performance of BL-Equities Dividend versus this index can mainly be explained by stock selection and sector exposure.
- Stock selection added value in each sector and region.
- Sector exposure is also a major contributor thanks to over-exposure to Consumer Staples, and the absence of direct exposure to Financials and Energy.
- Best relative contributors since the peak:
    - *Gilead Sciences* (biotechnology)
    - *Reckitt Benckiser* (health, hygiene and nutrition products)
    - *Givaudan* (flavours and fragrances)
- Note: *Gilead* (biotechnology) and *Coloplast* (ostomy, incontinence, urology and wound care) both posted positive performances over the period.

Negatives
- Currency exposure had the main negative impact.
- The absence of exposure to Japan also penalised the Fund’s relative performance.
- Main detractors since the peak:
    - *Life Healthcare* (hospitals)
    - *Safran* (aerospace equipment) – This position was previously sold
    - *SATS* (catering, airport services) – This position was previously sold

Portfolio changes
- We sold our small position in Life Healthcare (hospitals, medical imaging) in order to concentrate the portfolio on better opportunities within our portfolio.
- Note: The fact that we are long-term investors (on average, companies currently in the fund are held for more than 5 years), does not mean we are not able adapt to exceptional situations.

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Japanese Equities

BL-Equities Japan

	Performance YTD (JPY) 31/12/2019 To 01/04/2020	Performance since 19/02 (JPY) 19/02/2020 To 01/04/2020
BL Equities Japan B Cap	-19,8	-15,7
MSCI Japan NR JPY	-20,3	-18,7
Lipper Global Equity Japan	-22,6	-20,1

- In the last few days, the Japanese stock market has given up some of the gains of the previous two weeks. This has been in favour of the Fund (relative to the indices).
- As a result, the relative performance since the start of the year has turned positive again and for the month of March the fund was only down by 3,7%, compared to 7,1% for the MSCI Japan NR.
- While we refrain from forecasting short-term market movements, we see the recent recovery as fragile and see the potential for heavy economic disruptions. In this environment, the Fund will keep higher individual weightings in defensives and less cyclical stocks and keep some cash on the side-line until we see more investment opportunities, especially among high growth stocks that have been resisting very well until now.

Positives
- Since the start of the market correction, defensive companies and companies in the Consumer Staples and Health Care sectors have been the best performers.
- No exposure to Financials and cash position of around 3.5% on average.

Negatives
- Since the start of the market correction, cyclical Industrials, Materials and Technology companies have been a drag on performance.
- No exposure to Communication Services and Utilities, the two best performing sectors since the start of the year.

Portfolio positioning
- The current working hypothesis is to consider the coronavirus outbreak as a significant event with the potential for severe economic consequences and a high probability for a continuation of the bear market.

Recent Portfolio changes
With the following guidelines in mind, since the start of the market correction, many positions have been sold and some new companies have been introduced into the portfolio:
- Focus on companies with potentially less impact from the current crisis.
    - Sold *United Arrows* (apparel retailer), *Pola Orbis* (cosmetics) and Persol Holdings (staffing company).
    - We keep an exposure to cosmetics through higher convictions names like *Kosé* and *Kao* and to the human resources and staffing segment through our higher quality investments in *Recruit* and *TechnoPro*.
    - Bought *GMO Internet* (internet infrastructure & payment) and *Square Enix* (video games).

- Focus on defensive quality and balance sheet strength ("recession-proof" companies).
  - Sold *Toray Industries* (weak balance sheet, exposure to aviation industry) and *Nidec* (automotive exposure and high valuation).
  - Bought *Tsumura* (traditional Chinese medicine) and *Astellas Pharma* (pharmaceutical company).
- Look for opportunities in quality cyclicals due to depressed valuations.
  - Bought *Shin-Etsu Chemical* (global leader for PVC and silicon wafers).
- Sell stocks in the Established Value category that, on top of the general situation, face negative company specific developments.
  - Sold *Alps Alpine*, *Fujitec* and *Konica Minolta*.

Emerging equities

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL Emerging Markets B Cap	-19,4	-20,4
MSCI EM (Emerging Markets) NR USD	-23,4	-25,7
Lipper Global Equity Emerging Mkts Global	-24,9	-26,7

- Flexible strategy allocating from 60% to 100% of the net assets to equities.
- Outperformance of the strategy compared to the MSCI Emerging Markets since launch in 2007. This trend is still valid in the current market correction.
- In the recent correction:
  - Consumer companies involved in in-house/online activities resisted better than out-of-home consumption related stocks. As a result, some Consumer Staples names like breweries, that usually tend to show defensive characteristics during corrections, were heavily hit.
  - Large caps resisted better than smaller market capitalisations (mega caps and index heavyweights like *Tencent*, *Alibaba* or *TSMC* outperformed the index by more than 10%)
  - Worst sectors were Energy, Materials and Financials.
  - Best sectors were Communications Services, Health Care and Consumer Staples.
  - From a regional perspective, Latin America suffered the most (also due to their currency weakness). Latin America corrected by more than twice as much as Asia ex Japan. The EEMEA region performed in-between.

Positives
- Cash allocation. Not being fully invested (equity allocation stood at 79.1% as of 19/02/2020).
- Underweight in Energy, Materials and Financials.

Negatives
- Overweight in Latin America.
- Structural bias towards small- and medium-sized companies.

Portfolio positioning and recent changes

- The Fund Manager has taken advantage of the market correction to further increase its exposure to equity markets (from 79.1% at the beginning of the correction to 86% as of 31/03/2020) by re-allocating cash into existing holdings. It is the second highest equity allocation since launch of the fund in October 2007. The highest recorded equity allocation was 88% in January 2009, at the height of the global financial crisis.
- The Fund Manager sold two positions:
    - *Hy-Lok* (South Korea): the company produces industrial equipment for a large number of clients across a broad spectrum of industries – such as oil, aeronautics, semi-conductors, shipbuilding, construction, nuclear and rail. The company produces high-added-value instruments such as tube fittings, valves and a variety of fluid and gas control systems. The fund manager sold the position, as the company's client base will suffer. Furthermore, the position has become relatively illiquid.
    - *Embotelladora Andina* is the Coca Cola's main bottler in Chile. The position was very small and the liquidity limited.
- Two new positions entered the portfolio:
    - *Osotspa* (Thailand): OSP is a non-alcohol beverage and personal care manufacturer. It leads the domestic energy drink market with a total market share of more than 50%, with its flagship M-150 brand holding more than 35% share.
    - *Godrej Consumer Products*: largest home-grown home and personal care company in India. The company is present in 3 segments namely hair care (32% of revenues), household insecticides (29%) and personal wash (27%).
- Going forward, should markets continue to correct, so will the equity allocation gradually move up. The fund manager has been managing the fund this way since 2007 and will stick to that approach as valuations become more attractive.

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Flexible strategies

BL-Global Flexible EUR

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL Global Flexible EUR B Cap	-8,6	-10,2
Lipper Global Mixed Asset EUR Flex - Global	-12,8	-14,9

- On a YTD Basis, the strategy declined by -8.6%, holding up compared to Global equity markets.

Working assumptions (unchanged):
We avoid to be dogmatic and might change these assumptions on a short notice according to how the situation evolves.

- Bear market is not over.
- End-of-quarter rebalancing of asset allocators might give some support during the end of the quarter.
- Market sell-offs end when the problems that caused the sell-off are under control. That is not yet the case.
- Bear market more advanced in some areas than in others
- Sharp rallies possible, especially in oversold cyclicals.
- Recession will be severe; question is about the longevity of that recession. Nobody has a clue about that.
- Solvency and liquidity risks.

Overall strategy (unchanged):
- Stick with quality, ‘recession-proof’ companies.
- Add to certain positions on days when markets are very weak (through orders with price limits).
- Increase equity hedge on days when markets rally.

Portfolio activity in March:
- On March 4, 5 and 11 we sold futures on the Euro Stoxx 50 index, the SMI index and the S&P 500 index. We further sold additional futures on March 27 and April, 1. As of April 1, some 20.5% of the equity exposure of the Fund was hedged.
- At the same time, we took advantage of the increase in volatility to raise our gross equity exposure during days of extreme weakness. As of April 1, the gross equity exposure of the Fund stood at 66.5%. BL-Global Flexible EUR is not invested in Utilities, Energy, Financials, Auto producers, Airlines and other sectors who have suffered the most from the crisis.
- Balance sheet strength of the companies that we are invested is very high.
- Gold companies have not acted as a hedge against the equity risk in this environment. The gold price is down YTD but the main reason for the weakness in gold companies seems to be heavy flows out of leveraged ETFs and commodity funds. At the same time, the long-term investment case for gold has only gotten stronger. We have slightly added to our gold positions during days when the golds sector was very weak. As of April 1, the gold position stood at 13.1%.

- The remaining positions in long-dated US Treasuries were sold on March 6 and 9. The Fund currently holds no longer any bonds.
- As of April 1, the cash position (including short-term bonds) stood at 20%. We thus still have a lot of ammunition to increase our equity exposure (as long as we do not get a lot of outflows).

Changes since last update:

- Equity hedging has been increased (As of April 1, some 20.5% of the equity exposure of the Fund was hedged).

Performance contribution (March)

- In terms of asset allocation
    - Positive contribution: Bonds
    - Negative contribution: Equities/Gold/Currency allocation
- Best individual performers are:
    - *Roche*
    - *Gilead Sciences*
    - *Nintendo*
    - *Sysmex*
    - *Reckitt Benckiser*
    - *KAO*
    - *Unicharm*
    - *Logitech*
    - *Santen Pharmaceuticals*
    - *SECOM*
- Worst individual performers are:
    - *Jardine Strategic* (position increased)
    - *Fresenius* (position increased)
    - *CK Hutchison* (position increased)
    - *Lowe's* (position sold)
    - *JC Decaux* (position increased)
    - *Toray Industries* (position sold)
    - *CK Assets* (position increased)
    - *Recruit Holdings* (position increased)
    - *Rockwell Automation* (position increased)
    - *Alphabet (position increased)*

FFG Global Flexible Sustainable

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
FFG Global Flexible Sustainable S Acc	-7,9	-9,8
Lipper Global Mixed Asset EUR Flex - Global	-12,8	-14,9

- The strategy combines a flexible asset allocation between equities, fixed income, gold and cash, an ESG investment policy and an impact generation through Funds for Good Foundation.
- On a YTD Basis, the strategy declined by -7.9%.

Working assumptions (unchanged):
We avoid to be dogmatic and might change these assumptions on a short notice according to how the situation evolves.

- Bear market is not over.
- End-of-quarter rebalancing of asset allocators might give some support during the end of the quarter.
- Market sell-offs end when the problems that caused the sell-off are under control. That is not yet the case.
- Bear market more advanced in some areas than in others
- Sharp rallies possible, especially in oversold cyclicals.
- Recession will be severe; question is about the longevity of that recession. Nobody has a clue about that.
- Solvency and liquidity risks.

Overall strategy (unchanged):
- Stick with quality, 'recession-proof' companies.
- Add to certain positions on days when markets are very weak (through orders with price limits).
- Increase equity hedge on days when markets rally.

Portfolio activity in March:
- On March 4, 5 and 11 and 27, we sold futures on the Euro Stoxx 50 index, the SMI index and the S&P 500 index. As of April 1, some 14% of the equity exposure of the Fund was hedged.
- At the same time, we took advantage of the increase in volatility to raise our gross equity exposure during days of extreme weakness. As of April 1, the gross equity exposure of the Fund stood at 63.5 %. FFG - Global Flexible Sustainable is not invested in Utilities, Energy, Financials, Auto producers, Airlines and other sectors who have suffered the most from the crisis.
- Balance sheet strength of the companies that we are invested is very high.
- Gold companies have not acted as a hedge against the equity risk in this environment. The gold price is down YTD but the main reason for the weakness in gold companies seems to be heavy flows out of leveraged ETFs and commodity funds. At the same time, the long-term investment case for gold has only gotten stronger. We have slightly added to our gold positions during days when the golds sector was very weak. As of April 1, the gold position stood at 13.5%.
- As of April 1, the position in long-dated US Treasuries stood at 6%.

- The cash position (including short-term bonds) stood at 17%. We thus still have a lot of ammunition to increase our equity exposure (as long as we do not get many outflows).

Changes since last update:

- No major changes in the asset allocation.

- **Performance contribution (March)**

- In terms of asset allocation
  - Positive contribution: Bonds
  - Negative contribution: Equities/Gold/Currency allocation
- Best individual performers are:
  - *Nintendo*
  - *Sysmex*
  - *Unicharm*
  - *Roche*
  - *Reckitt Benckiser*
  - *SECOM*
  - *Santen Pharmaceutical*
  - *Gilead Sciences*
  - *Wheaton Precious*
  - *Coloplast*
- Worst individual performers are:
  - *SSR Mining* (position increased)
  - *Agnico Eagle Mines* (position increased)
  - *JC Decaux* (position increased)
  - *Lowe's* (position sold)
  - *Pretium Resources* (position increased)
  - *SATS* (position increased)
  - *Analog Devices* (position increased)
  - *DCC* (position sold)
  - *Berkeley Group* (position increased)
  - *Taiwan Semiconductor* (position increased)

BANQUE DE LUXEMBOURG INVESTMENTS

BL-Global Flexible USD

	Performance YTD (USD) 31/12/2019 To 01/04/2020	Performance since 19/02 (USD) 19/02/2020 To 01/04/2020
BL Global Flexible USD B Cap	-8,1	-11,0
Lipper Global Mixed Asset USD Flex - Global	-14,1	-15,0

- In March, the Fund showed a good resilience in the current market correction.

Portfolio contribution by asset class (March)

ASSET	PORTFOLIO WEIGHT	CONTRIBUTION
EQUITIES	82.25%	-6.66%
EQUITY FUTURES	-26.52%	+2.06%
BONDS (US TREASURIES)	12.72%	+0.58%
CASH	5,03%	0%
	Portfolio (gross) Return	**-4.02%**

Positives
- Net exposure to equities.
- Part of the US exposure being hedged through futures on indices
- Fixed income segment also played its role of portfolio stabilisation

Negatives
- Equity pocket despite its defensive profile contributed negatively on an absolute basis.

Portfolio positioning (early April) and recent changes
- Current asset allocation is as follows
  - Equity investments: 54% with a net exposure of 51%
  - Fixed Income: 13%
  - Cash: 3%
- Following the market weakness, the Fund Manager initiated a new position in Adobe.
- Similarly, the weightings in *Apple, Fiserv, Lowes, Mastercard, PepsiCo, UnitedHealth Group, Verisk Analytics* and *Visa* have been increased by reducing the cash level in the portfolio.

Profiled strategies

	Performance YTD (EUR) 31/12/2019 To 01/04/2020	Performance since 19/02 (EUR) 19/02/2020 To 01/04/2020
BL Global 75 B Cap	-8,0	-12,6
Lipper Global Mixed Asset EUR Agg - Global	-16,2	-19,0
BL Global 50 B Cap	-4,7	-8,7
Lipper Global Mixed Asset EUR Bal - Global	-11,7	-13,9
BL Global 30 B Cap	-1,6	-4,8
Lipper Global Mixed Asset EUR Cons - Global	-8,1	-9,6

BL-Global 30/50/75

Those 3 strategies proved to be resilient in the market downturn in line with their conservative profile.

Positives

- Exposure to Gold. If gold did not appreciate but it resisted well.
- Underweight exposure to equities compared to reference allocation.
- Overweight of Food & Beverages and no exposure to Financials and oil-related companies.
- Within the Bond segment, the German government bonds played their role of protection and enabled a stabilisation of the portfolio.

Portfolio positioning and recent changes

- The Fund Manager slightly increased the hedging in place in the three funds following the recent market rebound
- At end of March, the current allocation of the 3 funds are very similar to the ones that were effective at the end of February.
    - Equity exposure is at 19.3% in Global 30, 37.6% in Global 50 and 58.5% in Global 75.
    - Gold exposure is at 20.2% in Global 30, 21.50% in Global 50 and 19% in Global 75 (18/03)

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