

BL FUND SELECTION – Equities SRI

A fund of BL FUND SELECTION, SICAV • Catégorie SFDR : Article 8

Summary

The fund aims to increase the value of its investments over the long term.

Due to the manager's bottom-up approach to stock selection, the fund does not promote any particular environmental and/or social characteristics, but a combination of them.

The environmental and/or social characteristics promoted by the fund are a result of the investment strategy of the fund manager who promotes sustainability through the selection of funds categorised under article 8 which target sustainable investments or under article 9 of SFDR.

No sustainable investment objective

This fund promotes E/S characteristics, but does not have as its objective sustainable investment.

“No significant harm” principle

The fund manager relies on an analysis of the principal adverse impact methodology implemented by each underlying fund manager to ensure that any investment contributing to one area of sustainability does not cause significant detriment in others.

Main indicator for measuring impact on sustainability

The manager integrates sustainability factors into his buying and selling decisions. Thus, the balance of the buy/sell discipline is shifted in favour of underlying funds with a favourable sustainability profile.

E/S characteristics

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Investment strategy

Objective(s) Long-term capital appreciation while maintaining a lower level of volatility than the equity markets.

Benchmark(s) The Fund is managed without reference to an index.

Portfolio investments The fund invests mainly in UCITS and other UCIs investing in different asset classes, i.e. equities, bonds, money market instruments or other transferable securities in accordance with article 41(1) of the law of 17 December 2010.

Derivatives and techniques The fund may use derivatives to reduce risk (hedging) and portfolio management costs, but not to achieve a higher return by increasing its investment exposure.

SUSTAINABILITY APPROACH By incorporating extra-financial analysis into its investment decisions, the manager favours funds with a high environmental, social and governance (ESG) profile and disfavours those with a low ESG profile.

Base currency EUR

E/S methodologies

The fund manager shall realise a minimum of 75% of the assets invested in funds categorised under Article 8 which target sustainable investments or under Article 9 of Regulation (EU) 2019/2088 ("SFDR"). These funds will also have to meet strict criteria in terms of sustainability profile.

An internal ESG rating is established for each fund analysed and composing this pocket. This rating takes into account various criteria such as the ESG or SRI process followed by the fund manager of the target fund, the impact objectives of the target fund, the presence and/or quality of ESG/ SRI reports in place for the target fund and whether the target fund has a recognised label for socially responsible investment.

The fund manager will then complement its analysis of the target funds with the analysis of the managers of the target funds. For these managers, an assessment of the integration of sustainable and responsible investment within the entity is carried out by analysing the initiatives implemented by the said manager in terms of SRI. The sub-fund manager will analyse whether the manager of the targeted fund is a signatory of the UNPRI or other responsible investment charters, whether it has implemented SRI/ESG policies (CSR policy, SRI policy, engagement and voting policy), whether resources are dedicated to SRI, as well as the proportion of the manager's assets that are managed in compliance with an ESG policy.

The fund manager will select funds with an internal ESG rating above a defined minimum. It will also ensure that the fund manager of the selected funds displays a sufficient level of integration of sustainable and responsible investment, by completing a minimum number of SRI initiatives.

This rating and assessment is reviewed on an annual basis to compare the sustainability profile of each selected fund and to make informed investment decisions.

Asset allocation

	% of assets
Investments aligned with the fund's E/S characteristics	Min. 30%
Qualifying as sustainable investments	Min. 30%
- under the EU Taxonomy ¹	—
- with a social objective	—
- Not qualifying as sustainable investments but having other E/S characteristics	—
Other investments	Min. 0%

¹ Cannot yet be calculated due to the lack of issuer data and incomplete EU Taxonomy criteria.

² Includes derivatives and cash positions (which are not measured as to E/S characteristics) as well as securities of issuers that are neither aligned with the fund's E/S characteristics nor qualify as sustainable, but do meet the E/S safeguards of the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Monitoring of E/S characteristics

The fund manager monitors ESG controversies and regularly reviews his analysis on the funds in the portfolio with an eye to potential ESG issues and a focus on issuers with low ESG performance.

Data sources and processing

Data sources include: analyst reports, MSCI ESG research, issuer-provided data, data purchased from data providers, and data generated internally by fund management team.

Data is processed and analysed by external sources (such as MSCI and data providers) and internal sources.

Limitations of methodologies and data

Since ESG data is a comparatively new concept, there is little historical data available, and data methodologies as well as actual data are still being developed.

Data provided by any source, in particular companies themselves, may be incomplete, biased or incorrect. Data comparisons can often identify such situations, but in some cases little data is available to make comparisons. In some cases, metrics that appear to be comparable may have been derived using non-comparable measurements. Any of these issues could leave the fund potentially vulnerable to data flaws.

Due diligence

The management team evaluates and continually monitors both actual and potential investments using widely accepted standards and a variety of internal and external data sources, including major financial industry providers.

Engagement policies

► See E/S methodologies

Reference benchmark (ESG)

The fund does not use a benchmark to evaluate its overall ESG profile.

Terms to understand

E/S Environmental and/or social.

ESG Environmental, social and governance.

ESG risk, sustainability risk An ESG event or trend that may bring reputational or financial harm to a corporate or sovereign issuer.

ESG score A measure of an issuer's exposure to ESG/sustainability risks, typically based on data and developed through the investment team's analysis and scoring method.

EU Taxonomy The EU's official classification of economic activities that contribute to an environmental objective (such as climate change mitigation, water protection, circular economy, pollution prevention or biodiversity protection). In future the taxonomy will include activities with a social objective.

issuer A company, government, government agency, government-sponsored organisation, or supranational or public international entity that registers and sells securities.

reference benchmark An index or combination of indices used by the fund to attain or compare its E/S characteristics.

SFDR Regulation (EU) 2019/2088 on sustainability-related disclosures for financial products.

sustainable investment An investment in economic activities, undertaken by companies that follow good governance practices, that contribute to an E/S objective without significantly harming other E/S objectives.

UN Global Compact A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

BL FUND SELECTION – 50-100 SRI

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