# BL Corporate Bond Opportunities
# B EUR Acc

## Fund Characteristics

| | |
|---|---|
| AUM | € 350.41 Mln |
| Fund Launch date | 19/03/1990 |
| Share Class Launch Date | 19/03/1990 |
| ISIN | LU0093571148 |
| Reference currency | EUR |
| Legal structure | UCIT |
| Domicile | LU |
| European Passport | Yes |
| Countries of registration | |
| AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, PT, SE, SG | |
| Risk Indicator (SRI) | 2 |
| SFDR Classification | 8 |

| Fund Manager | Deputy |
|---|---|
| Jean - Albert Carnevali | Jean - Philippe Donge |

## Management Company

BLI - Banque de Luxembourg Investments
16, Boulevard Royal
L-2449 Luxembourg
Tel: (+352) 26 26 99 - 1
www.bli.lu

## Dealing & Administrator Details

| | |
|---|---|
| UI efa S.A. | |
| Telephone | +352 48 48 80 582 |
| Fax | +352 48 65 61 8002 |
| Dealing frequency | daily[1] |
| Cut-off-time | 12:00 CET |
| Front-load fee | max. 5% |
| Redemption fee | none |
| NAV calculation | daily[1] |
| NAV publication | www.fundinfo.com |

[1] *Luxembourg banking business day*

## Investment Objective

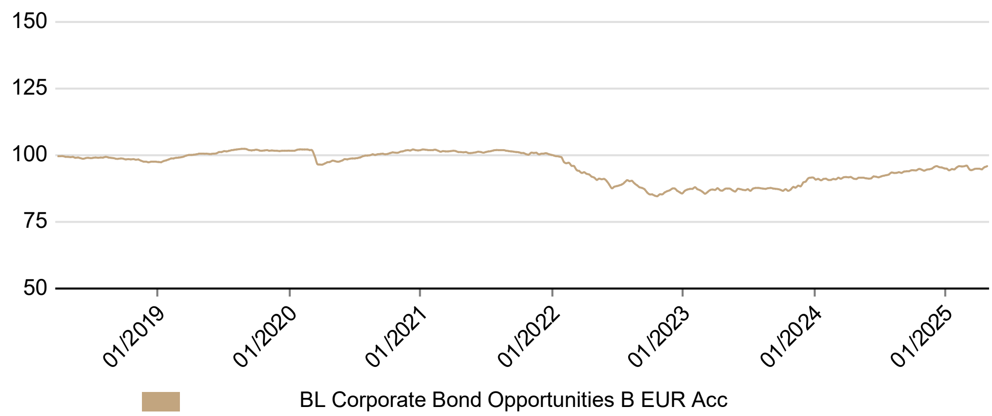
The fund aims to achieve capital appreciation with moderate volatility over a medium-term investment horizon.
Through active management, it is mainly invested in bonds, including high yield bonds, issued by private and quasi-sovereign issuers in developed and emerging countries. However, investment grade issues must represent at least 60% of the portfolio's net assets. Currency exposure is limited to the euro.
The fund's ESG strategy combines the integration of impact bonds with investments in traditional corporate bonds, for which the manager will carefully monitor environmental or social indicators with the aim of improving them over time.
The fund is committed to investing at least 20% of its assets in sustainable assets.

## Key Facts

- Low-risk core exposure to Investment Grade corporate bonds from industrialised and emerging countries, combined with opportunistic exposure to high-yield issues;
- A portfolio managed from the perspective of a euro investor;
- Investments in issuers with stable or improving credit quality;
- A strategy combining several approaches to sustainable and responsible investment:
    - Objective of reducing an E or S indicator over time;
    - Investments in impact bonds linked to the United Nations' Sustainable Development Goals (SDGs);
    - Incidental investments in microfinance also linked to the SDGs.
- Added value through active duration management
- Non-benchmarked management leading to significant deviations from the initial investment universe;
- Particular attention paid to reducing downside risk.

## Fund Performance

*Past performance does not predict future returns. Investors are also invited to consult the performance chart disclosed in the key information document of the shareclass.*




| Yearly Performance | YTD | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| B EUR Acc | 0.7% | 3.9% | 6.9% | -14.4% | -1.8% | 0.3% |

| Cumulative Performance | 1 Month | 1 year | 3 years | 5 years | 10 years | Since launch |
|---|---|---|---|---|---|---|
| B EUR Acc | 1.0% | 5.2% | 4.6% | -2.2% | 0.0% | -3.9% |

| Annualized Performance | 1 year | 3 years | 5 years | 10 years | Since launch |
|---|---|---|---|---|---|
| B EUR Acc | 5.2% | 1.5% | -0.4% | 0.0% | 27.0% |

| Annualized Volatility | 1 year | 3 years | 5 years | 10 years | Since launch |
|---|---|---|---|---|---|
| B EUR Acc | 3.0% | 4.2% | 3.6% | 0.0% | 4.0% |

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**Summary Statistics**

| | |
|---|---|
| Yield To Maturity | 3.2% |
| Modified Duration | 4.3 |
| Average Maturity | 4.7 Years |
| Average Rating (BLI) | A- |
| Number Of Issuers | 94 |

**Top Holdings Bond Portfolio**

| | |
|---|---|
| Kfw 1.125% 31-3-2037 | 1.6% |
| Neder Waterschapsbank 0% 16-2-2037 | 1.6% |
| Neder Waterschapsbank 1.25% | 1.6% |
| Neder Waterschapsbank 0.25% | 1.6% |
| LKQ 4,125% 01-04-28 | 1.5% |
| **# holdings bond portfolio** | **119** |

**New investments**

Cie Financement Foncier 2.625% 5-3-2030
Danfoss Finance 0,375% 28-10-28
E& Ppf Telecom Group Bv 3.25% 29-9-2027
Kfw 0% 15-6-2029
Prysmian Spa 3.625% 28-11-2028
Signify 2,375% 11-05-27
Swedbank Ab 4.375% 5-9-2030

**Investments sold**

Coca-cola Co/the 0,8% 15-3-2040
Erg 1,875% 11-04-25
Huhtamaki Oyj 4.25% 9-6-2027
Iqvia Inc 2.875% 15-6-2028
Nestle Finance 1,75% 02-11-37
Norsk Hydro 1,125% 11-04-25
Novartis Finance Sa 1,7% 14-8-2038
Orange Perpetual
Procter & Gamble Co/the 1.875% 30-10-2038
Unilever Plc 1,5% 11-6-2039

**Asset Allocation**

| | |
|---|---|
| Corp Dev Eur IG Trad | 46.2% |
| Corp Dev Eur IG Green | 28.4% |
| Corp Dev Eur HY Trad | 9.5% |
| Corp Dev Eur HY Green | 6.2% |
| Sov Dev Eur IG Green | 1.9% |
| Corp EM Eur IG Trad | 0.4% |
| Cash | 7.4% |

**Asset Allocation**

| | |
|---|---|
| *Developed Markets Corporate Bonds* | *90.3%* |
| Basic Materials | 1.3% |
| Communications | 8.4% |
| Consumer Discretionary | 9.0% |
| Consumer Staples | 5.7% |
| Diversified | 0.5% |
| Energy | 1.4% |
| Financial | 33.3% |
| Industrial | 19.0% |
| Technology | 1.3% |
| Utilities | 10.5% |
| *Emerging Markets Corporate Bonds* | *0.4%* |
| Energy | 0.4% |
| *Supranational Bonds* | *1.9%* |
| *Cash* | *7.4%* |

**Maturity Breakdown**

| | |
|---|---|
| <1 years | 18.9% |
| 1-3 years | 15.9% |
| 3-5 years | 21.8% |
| 5-7 years | 20.2% |
| 7-10 years | 15.4% |
| >10 years | 7.7% |

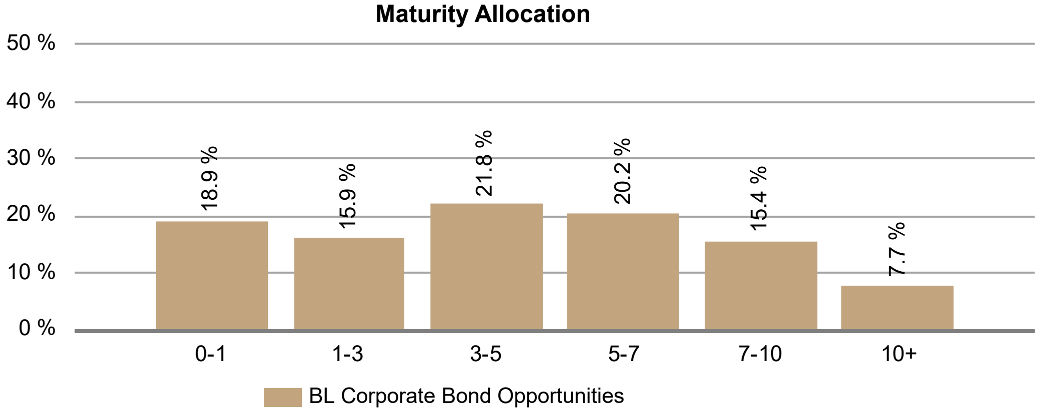
**Currency Breakdown**

| | |
|---|---|
| EUR | 100.0% |

**Regional Allocation**

| | |
|---|---|
| Europe | 79.3% |
| North America | 6.6% |
| EEMEA | 4.0% |
| Supranational | 1.9% |
| Oceania | 0.8% |
| Cash | 7.4% |

**Maturity Allocation**



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European bond yields rose significantly in the first quarter of 2025, stimulated by the increase in public budgets, particularly in the area of defence. The announcement by Friedrich Merz, the future German Chancellor, concerning lifting the debt brake that had been introduced in 2010, came as a real shock to the markets. This paradigm shift, in stark contrast to the German tradition of budgetary rigour, brought about a change in investors' expectations. The structural budget deficit ceiling, previously limited to 0.35% of GDP, was raised to 1.4%, with defence spending excluded from the calculation. This fiscal flexibility could provide a welcome boost to German and European growth as a result of an increased injection of public funds.

An immediate consequence of these announcements was that the interest rate on Germany 10-year bonds jumped from 2.4% to 2.9% in the space of a few days, before falling back to 2.6% at the end of the quarter. This decline can be explained by President Trump's threat to impose tariffs from 2 April 2025 on imports from countries that have trade surpluses with the United States.

Despite these economic tensions, the Composite PMI, a leading indicator of activity, rose thanks to recovery in the manufacturing sector. At the same time, inflation continued to slow, amounting to 2.2% in the eurozone at the end of March, while underlying inflation reached 2.4%. This trend allowed the ECB to maintain its cycle of easing its key interest rates, with two 25 basis point cuts during the quarter.

On the euro-denominated corporate debt market, the yield spread on investment grade bonds narrowed to below 100 basis points. In contrast, the spreads on high-yield bonds rated BB and B widened by 20 basis points to 280 basis points at the end of the quarter. This trend owes much to the financial strength of companies, with average net leverage of less than three times EBITDA at the end of 2024 (data from listed European companies represented in the MSCI Europe), well below the historical average of more than five times. However, there is still considerable divergence between different companies, justifying a case-by-case approach. Meanwhile, the risk premium on risky bond assets is struggling to compensate for the high volatility caused by economic and political uncertainties – of which there are currently a great many.

In Europe, default rates on high-yield bonds fell in the first quarter. They are now around 3% compared to a peak of over 4% at the end of 2024, returning closer to their historical average. However, the downgrades in the ratings of high-yield companies far outweighs the upgrades, signalling a weakening of the market. Across the Atlantic, there are also signs of deterioration, with default rates on leveraged loans nudging 8%, among the highest on record. Credit risk valuation is thus becoming questionable, especially as the announcement of US tariffs has added another factor of uncertainty. Globalised and cyclical sectors such as automotive and materials are likely to be the most affected, unlike more domestic industries such as services and leisure. The impact of tariffs will vary according to the individual company's business model.

Within the portfolio, two issuers have had their ratings downgraded without any improvement being recorded. Orsted saw its hybrid bonds downgraded from BBB- to BB+, due to a reduction in its investments and a downward revaluation of its US assets. As a result, exposure to its 3019 hybrid bond was reduced from 1.2% to 0.8% of the portfolio. Forvia was also downgraded, from BB to BB- due to the slowdown in the automotive sector complicating its debt reduction. Despite this, Forvia's short-dated bonds have been retained in the portfolio. In March 2025, a new bond issue enabled Forvia to refinance its maturing debt, thereby reducing the refinancing risk.

Two new positions were opened in unrated bonds: Valmet 2029 and Kesko 2030, strengthening the portfolio's conviction segment. Valmet, a Finnish industrial company, designs machinery and software for the paper industry. Its very conservative debt history, with net leverage close to zero and solid interest cover, makes it a strategic choice. Kesko, a major retailer in Finland with nearly 2,000 shops in Northern Europe, also has a strong balance sheet and prudent solvency management.

As regards portfolio characteristics, modified duration decreased slightly from 4.3 to 4.2. The level of liquidity has been increased in anticipation of widening spreads, while maintaining a duration close to that of the market. The maturity of the Volvo, PPF Telecom and Traton bonds increased liquidity by more than 3%. In addition, a gradual reduction in credit risk has been implemented through the partial disposal of high-yield bonds with longer maturities (2028 and beyond). The portfolio is thus geared towards an appropriate allocation to respond to the expected widening of bond spreads.

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| Investor Type | Clean Share | Share class | Curr. | Income | Mgmt Fees | On-going charges | ISIN | Bloomberg Ticker |
|---|---|---|---|---|---|---|---|---|
| Institutional | No | BI | EUR | Acc | 0.30% | 0.42% | LU1761736294 | BLCBOBI LX |
| Retail | No | A | EUR | Dis | 0.40% | 0.63% | LU0093571064 | BLM4734 LX |
| Retail | No | B | EUR | Acc | 0.40% | 0.56% | LU0093571148 | BLM4733 LX |

| Opportunities | Risks |
|---|---|
| • **Low-risk core exposure to Investment Grade corporate bonds** from industrialised and emerging countries, combined with opportunistic exposure to high-yield issues;<br>• Investments in **issuers with stable of improving credit quality**;<br>• **Active** management of portfolio's **duration** positioning;<br>• Close attention paid to **reducing downside risk**. | • **Currency risk.** The fund's currency may differ from your reference currency, in which case the final return will depend on the exchange rate between the two currencies. This risk is not taken into account in the indicators shown above;<br>• The sub-fund is also exposed to **the following major risks**, which are not included in the summary risk indicator: none. Other risk factors may exist**;**<br>• As this product provides **no protection against market fluctuations**, you could lose your entire investment. |

1 **2** 3 4 5 6 7

Lower risk — Higher risk

*The risk indicator assumes you keep the product for 10 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.*

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