

Fund Fact Sheet

31/08/2022

Asset Class

Equities Europe, All Caps

Fund Characteristics

AUM	€ 91,5 mn
Launch date	19/12/2018
Oldest share class (M)	BE6309901518
Reference currency	EUR
Legal structure	SICAV, UCITS
Domicile	Belgium
European Passport	Yes
Country of registration	BE, LU

Representative Market Index

MSCI Europe NR (EUR)

Fund Manager

Ivan Bouillot joined Banque de Luxembourg in 2000 as a financial analyst, and was appointed head of European equity investments for BLI's fund range in 2004.

Ivan has a degree in Business and Finance from the ICHEC University in Brussels. In 2000, he obtained his CEFA (Certified EFFAS Financial Analyst) diploma and he has been a CFA (chartered financial analyst) charter holder since 2006.

Management Company

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Dealing & Administrator Details

RBC Investor Services Belgium S.A.	
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.beama.be

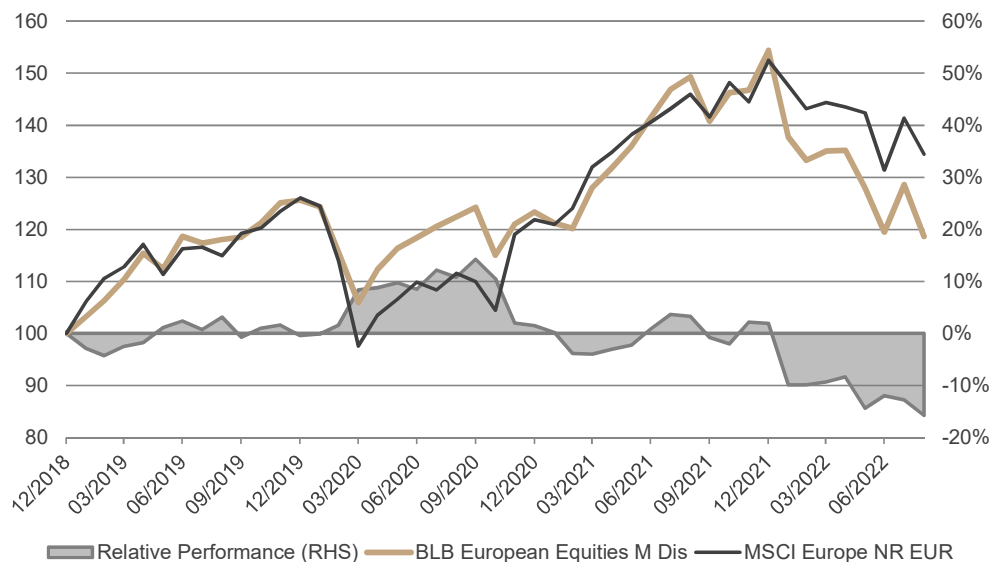
Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in high-quality European companies benefiting from a sustainable competitive advantage. It aims to outperform its relevant benchmark return with a lower volatility.

The fund manager implements an active investment strategy based on strong convictions with a long term investment horizon.

Key Facts

- Concentrated portfolio of 35 to 40 companies.
- Fundamental stock picking methodology.
- Investments in quality business models.
- Monitoring of company and average portfolio valuation.
- Portfolio with structural deviations from the relevant market index.
- Diversification according to the companies' underlying earnings drivers.
- Through the cycle perspective.
- Low turnover.



Performance

	YTD	2021
Fund (M shares)	-23,2%	25,2%
MSCI Europe NR	-11,8%	25,1%

Performance

	1 month	3 months	6 months	1 year
Fund (M shares)	-7,7%	-7,3%	-11,0%	-20,5%
MSCI Europe NR	-4,9%	-5,6%	-6,1%	-7,9%

The market index (MSCI Europe NR) is shown in the performance chart as well as in the performance tables above for performance measurement purposes only and it should under no circumstances be considered as an indication of a specific investment style or strategy.

Investors are also invited to consult the performance chart disclosed in the key investor information document of the sub-fund.

¹ Belgium banking business day

Current Portfolio

31/08/2022

Top Holdings

Novo Nordisk	6,1%
Sika	5,1%
SAP	5,1%
LVMH	5,0%
EssilorLuxottica	4,8%
Air Liquide	4,8%
Teleperformance	4,8%
Pernod Ricard	4,5%
Assa Abloy	4,2%
Legrand	4,1%
Weight of Top 10	48,6%
Number of holdings	39

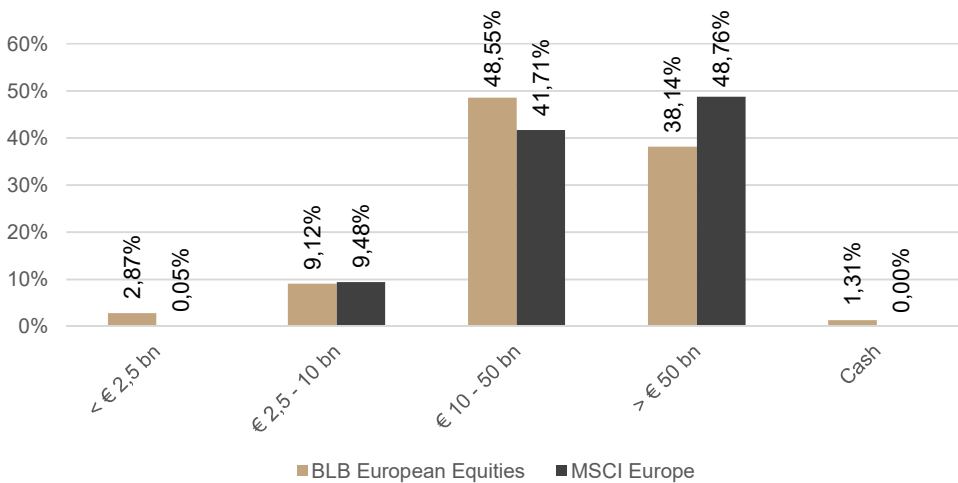
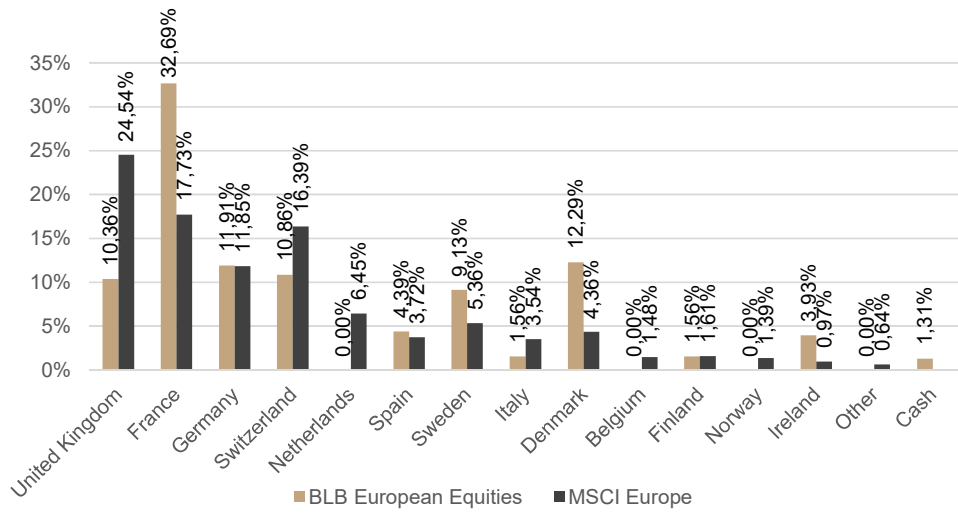
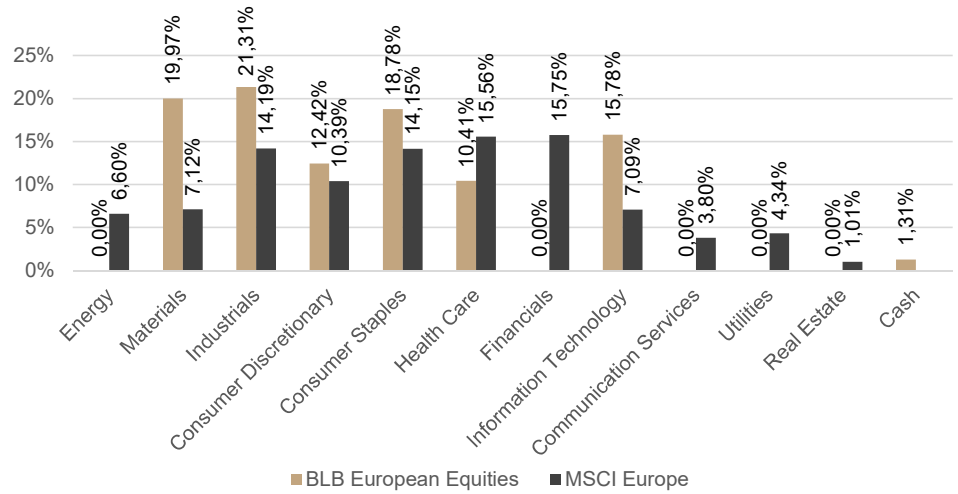
Currency Allocation

EUR	56,5%
DKK	12,3%
CHF	10,9%
GBP	9,9%
SEK	9,1%
Cash	1,3%

Redemption of Ventilation on

31/08/2022

BE6309902524	100,0%
BE6309901518	100,0%
BE6309900502	100,0%
BE6309899498	100,0%



Investor Type	Share class	Eligibility Restrictions	Clean Share	Minimum Investment	Currency	Income	Mgmt fee	On-going Charges	SRRI	ISIN
Retail	R	Yes	No	None	EUR	Dis	1,25%	1,24%	6	BE6309902524
Retail	M	Yes	Yes	None	EUR	Dis	0,85%	1,12%	6	BE6309901518
Institutional	I	Yes	No	None	EUR	Dis	0,85%	1,10%	6	BE6309900502
Institutional	P	Yes	No	EUR 10 mn.	EUR	Dis	0,70%	0,88%	6	BE6309899498

Management Report

31/08/2022

The central banks' commitment to keeping inflation under control, despite the inherent risks to the outlook for growth, shook the equity and bond markets in August. Over the summer, most economic data indicators continued to point to a slowdown in the global economy, as illustrated by the composite global purchasing managers' index (PMI) falling to 50.8 (a 22-month low) in July. In Europe, the risks of recession remain high, as evidenced by the weakness of the euro, which fell to parity with the US dollar, and the Flash composite PMI for the eurozone, which dropped further into contractionary territory, to 49.2 in August.

Overall, the level of uncertainty over the global economic outlook remains high. It is particularly marked in Europe where, after six months of war in Ukraine, there is no sign of a ceasefire and the region's energy crisis continues to intensify. In this uncertain global economic environment, equity markets around the world came under downward pressure in August, following their strong rally in July. The MSCI Europe Net Total Return fell 4.91% over the month, driven down by technology, industrial and retail stocks.

The net asset value of BLB European Equities fell by 7.72% over the period. Netcompany, Grifols, Boozt, Spirax-Sarco and Sweco posted the biggest falls. Netcompany, the Danish IT consultancy, reported a weaker-than-expected trading update, due to a periodically high absenteeism rate, adjustments to Norwegian contracts and a rising cost base. Grifols, one of the world's leading plasma derivatives companies, is continuing to recover from the Covid crisis, but has a long way to go to strengthen its margins and balance sheet. Despite good results, Boozt, the Swedish online clothing retailer, suffered from investors' caution on consumer stocks. Kerry, Teamviewer, Reckitt Benckiser, EssilorLuxottica and LVMH cushioned the decline thanks to their currently less risky profile and less high valuations. Specifically, Kerry was supported by the publication of very good results at the end of July, driven largely by volumes, along with a 10% increase in its dividend. The same was true for Reckitt Benckiser, which reported volume and price growth of around 6% and a solid operating margin. Reckitt is benefiting from the turnaround plan implemented by management over the past three years. EssilorLuxottica reported good results, supported by innovation and synergies from their recent merger and the integration of GrandVision.

Investment Approach

Investment Principles

Limit investment losses

The value of an investment that has lost 50% must double to recover incurred losses
Avoiding losses is more important than generating extraordinary gains

Control company specific risk

Risks arise when the parameters of an investment are not properly understood
We avoid investing in companies we do not fully understand

Valuation monitoring

The price paid for an investment determines its potential return
We monitor the margin of safety to minimize the likelihood of suffering losses on our investments

Consideration of an entire market cycle

Foregoing part of potential gains in strongly rising markets pays dividends in falling markets
Our objective is to outperform the relevant benchmark through an entire market cycle.

Benchmark agnostic

The market reference is solely used for performance measurement principles
Owing to the active investment approach of our portfolio management, the portfolio structure deviates strongly from that of the benchmark.

Equity Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a business. The companies we target enjoy a sustainable competitive advantage that differentiates them from their competitors. They need to show an attractive return profile and generate high and consistent levels of free cash-flow.

Quality

In the first step of our investment process, we perform an in-depth review of the targeted company's business model in order to identify its competitive advantage. Differentiation through a competitive advantage creates entry barriers against competitors and enables a company to better execute its strategy. In the second step we analyse whether the competitive advantage translates into high ROCE and whether the company generates consistent cash-flow. We analyse the maintenance capex requirements of the targeted companies to make sure that the generated cash-flow is not absorbed by investments needs to sustain its current business operations. We emphasize the analysis of the balance sheet and look for companies with a low level of gearing through the cycle. In the third step, we analyse how the targeted company has used and will use its capital. The company's management faces the following options: investment in current business activities, development of new activities, takeovers, dividend payments, stock buybacks or debt repayments. Only companies that meet our investment criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the market benchmarks.

Valuation

Investments may lead to important capital losses if the price paid for the investment is too high. To avoid this pitfall, we derive a fair value for each targeted company prior to investing. This fair value is based on the company's normalised free cash-flow and serves as reference point for our buy and sell discipline. We invest in a company, when its stock price offers the most attractive margin of safety, taking into account its development prospects.

Portfolio characteristics

BLB European Equities invests in a focused selection of European companies. Targeted companies are typically among the top-3 in their respective markets and offer favourable development prospects. We construct a concentrated portfolio of approximately 35 positions, which allows us to have a good handle of each individual investment, to express our convictions and to minimise errors. Our investment process singles out companies that stand out against their competitors - through an added value product or service, through a good corporate strategy and production process, which underscores high levels of profitability and a healthy financial situation. Portfolio candidates need to enjoy favourable sales growth and / or margin progression prospects. Our investment choices lead to significant and structural deviations from the fund's relevant market (MSCI Europe NR). We do not invest in all sectors that are represented in the market index. We identify most investment opportunities in the consumer, industrial, health care, chemical and technology sectors. Conversely, there are sectors like financials, utilities or telecom, where we find few - if any - companies that meet our investment criteria. The fund's geographical focus is biased towards Switzerland, Germany, France, Sweden, Denmark and the UK. In terms of market capitalisations, 3/4 of the portfolio are usually invested in companies with a market cap between € 2 and 50 bn. Our investment strategy has a long-term orientation: our investment cases are constructed with a 3 to 5-year investment horizon. When implementing our bottom-up investment strategy, we do not consider any short term macroeconomic views. Owing to this approach, portfolio turnover rate is low: 25% annual turnover rate is to be expected on average. When making an investment, we are wary of valuation levels of each individual company: at investment, the market price needs to offer a discount against the company's fair value (margin of safety). The average valuation level of the portfolio is also closely monitored. Portfolio construction rests on three main pillars: the stable core portfolio consists of well-established companies. It is complemented by pockets consisting of growth franchises (focus on growth prospects) and of special situations (focus on turnaround of fundamentals). The portfolio structure is the outcome of individual bottom-up investment opportunities without consideration of the fund's relevant benchmark structure. The weight given to each security in the portfolio is a function of their valuation level, stock liquidity and our level of conviction in the investment thesis. We are mindful of a sound diversification of the portfolio in terms of the earnings drivers of each company. We don't implement market or currency hedging strategies in the portfolio and the portfolio is fully invested.

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