

### Fund Fact Sheet

28/02/2023

**Asset Class**  
Equities Europe, All Caps

**Fund Characteristics**  
AUM € 89,9 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)

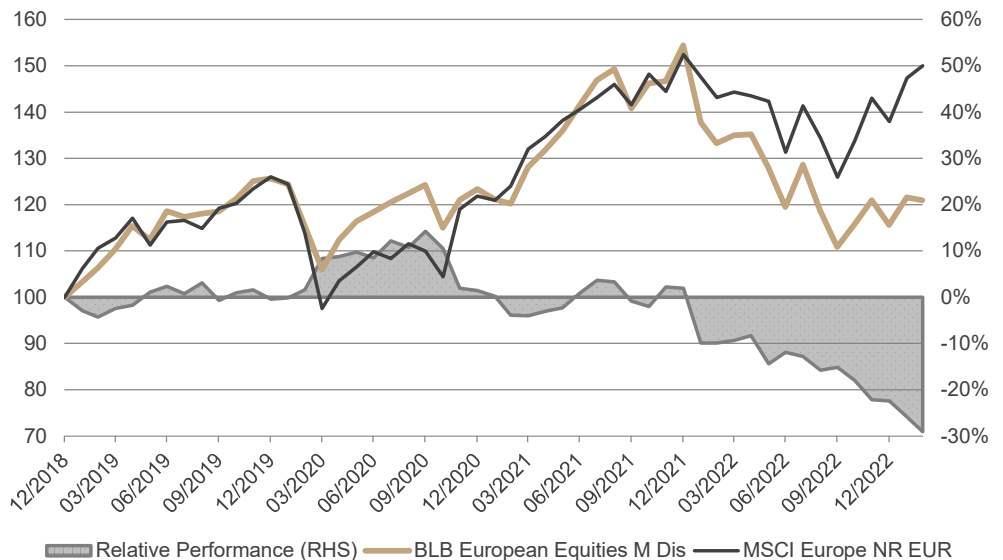
**Fund Manager**  
**Ivan Bouillot** joined Banque de Luxembourg in 2000 as a financial analyst, and was appointed head of European equity investments for BLI's fund range in 2004.  
Ivan has a degree in Business and Finance from the ICHEC University in Brussels. In 2000, he obtained his CEFA (Certified 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<sup>1</sup>  
Cut-off time 12:00 CET  
Front-load fee max. 5%  
Redemption fee none  
NAV calculation daily<sup>1</sup>  
NAV Publication www.beama.be

**Investment Objective**  
The fund's objective is to generate long-term capital gains by investing in high-quality European companies which have a sustainable competitive advantage. It aims to achieve higher risk-adjusted returns than its benchmark universe over a full market cycle.  
A minimum of 30% of the fund's assets will be invested in sustainable assets.  
The fund manager implements an active, long-term strategy based on solid convictions.

- Key Facts**
- An active, fundamental, conviction-based approach (30 to 40 stocks), purely bottom-up and oriented towards the long term;
  - As well as valuation, constant attention is paid to the financial and extra-financial quality of the companies in the portfolio;
  - Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring of controversies, voting policy and engagement);
  - Regular review of the valuation of each stock and the average valuation of the portfolio;
  - Non-benchmarked management resulting in significant deviations from the initial investment universe;
  - Low turnover.



Performance	YTD	2022	2021	2020
Fund (M shares)	4,6%	-25,1%	25,2%	-1,8%
MSCI Europe NR	8,7%	-9,5%	25,1%	-3,3%

Performance	1 month	3 months	6 months	1 year
Fund (M shares)	-0,5%	0,0%	1,9%	-9,3%
MSCI Europe NR	1,8%	4,9%	11,6%	4,8%

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.

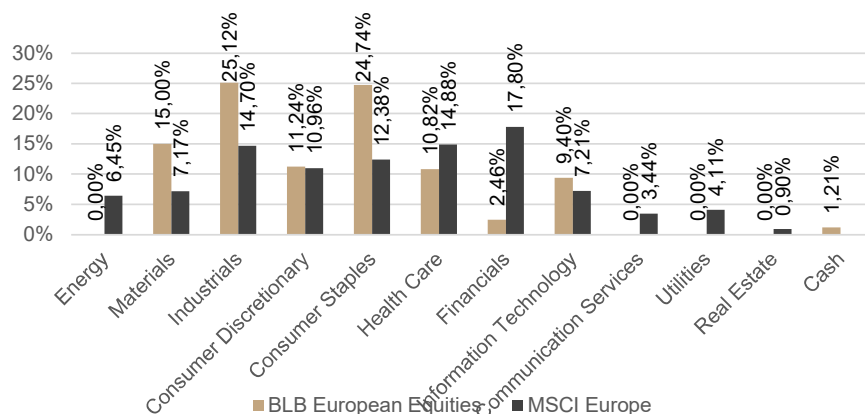
<sup>1</sup> Belgium banking business day

**Current Portfolio**

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**Top Holdings**

Nestle	4,8%
Air Liquide	4,7%
Reckitt Benckiser	4,4%
LVMH	4,4%
Roche Holding	4,3%
Novo Nordisk	4,3%
SAP	4,1%
SGS	4,1%
Assa Abloy	3,9%
Pernod Ricard	3,9%
<b>Weight of Top 10</b>	<b>43,0%</b>
<b>Number of holdings</b>	<b>39</b>



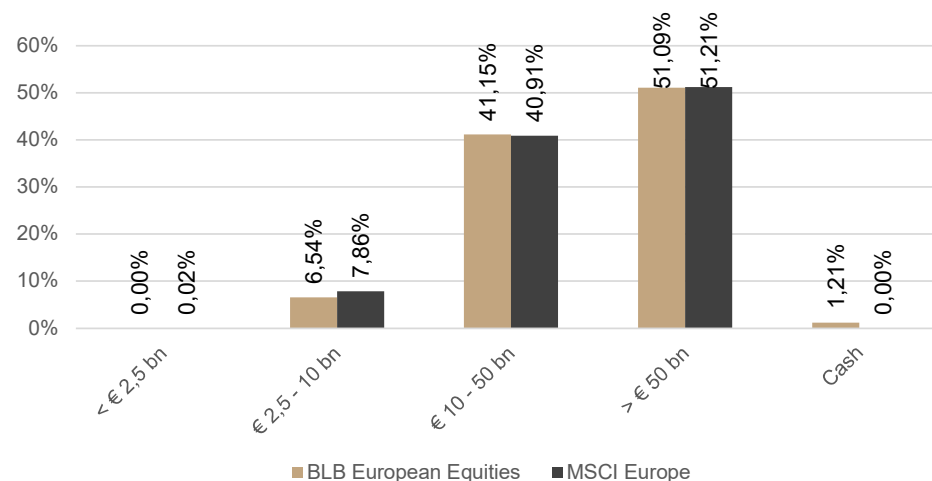
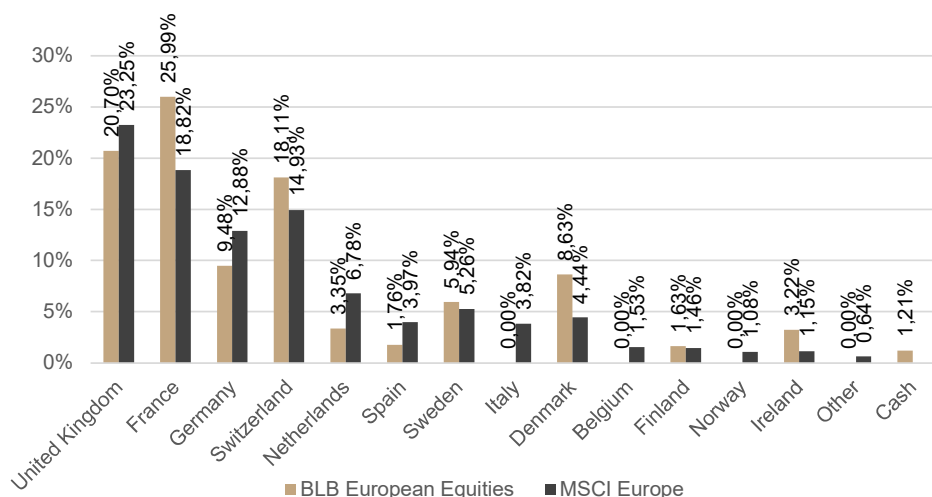
**Currency Allocation**

EUR	47,6%
GBP	18,6%
CHF	18,1%
DKK	8,6%
SEK	5,9%
Cash	1,2%

**Redemption of Ventilation on**

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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	SRI	ISIN
Retail	R	Yes	No	None	EUR	Dis	1,25%	1,75%	4	BE6309902524
Retail	M	Yes	Yes	None	EUR	Dis	0,85%	1,08%	4	BE6309901518
Institutional	I	Yes	No	None	EUR	Dis	0,85%	1,02%	4	BE6309900502
Institutional	P	Yes	No	EUR 10 mn.	EUR	Dis	0,70%	0,84%	4	BE6309899498

## Management Report

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Despite persistent inflation and a tight monetary policy, the economic data showed continued resilience in global economic activity. Corporate earnings releases for 2022 were also respectable, although they indicated a slight decline in fundamentals. The number of companies reporting better-than-expected results returned to its historical average, illustrating a continued trend reversal from the past two years. Against this backdrop, the European markets fared well in February, gaining 1.77%. Hopes concerning the reopening of the Chinese economy and good performance from the market's value segments were supporting factors. The banking, energy, telecoms and automotive sectors continued their rebound and drove the markets higher. Technology declined and consumer sectors stagnated.

BLB European Equities rose by 0.17% in February. The activity reports issued by companies in the portfolio during the month were good. Overall, however, this was not enough to boost valuations given the prospect of interest rates remaining high. The main positions shoring up the portfolio were Legrand, Assa Abloy, Pernod Ricard and Air Liquide following good quality earnings releases. Novo Nordisk, also among the main supporters of monthly performance, continued to benefit from its momentum in the obesity drugs market. Nestlé, Roche, SGS, Croda and EssilorLuxottica were the main detractors from performance during the month.

Two positions were initiated in February: AstraZeneca and Atlas Copco. AstraZeneca has a distinctive profile in the European healthcare sector, with a rejuvenated drug portfolio, particularly in oncology, capable of generating attractive growth and return on investment. Atlas Copco is a Swedish industrial group, leader in many niche markets (compressors, vacuum technology), with almost 60% of its profits coming from recurring activities and a structurally high return on capital.

The positions in Givaudan, Coloplast, ASML and Deutsche Boerse were strengthened. These purchases were financed by reducing the investments in Sika, Novo Nordisk, LVMH, Assa Abloy, SAP, Legrand and Air Liquide.

## 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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The SICAV has appointed Banque CIC (Suisse) SA, Marktplatz 13, CH-4001 Bâle, Switzerland to act as paying agent for Switzerland.

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