

Fund Fact Sheet

31/10/2021

Asset Class

Equities Europe, All Caps

Fund Characteristics

AUM	€ 97,5 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

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

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

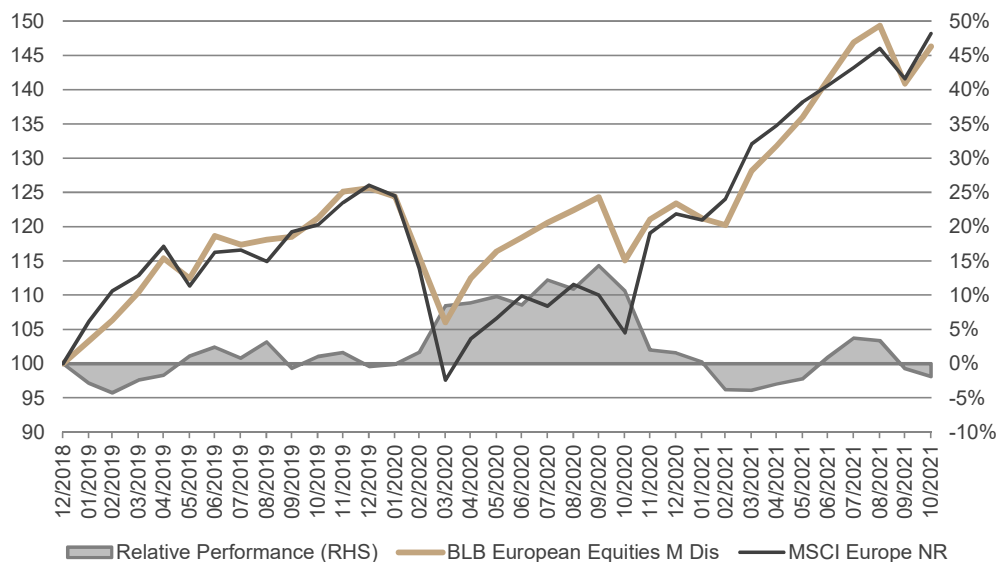
Investment Objective

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	2020
Fund (M shares)	18,5%	-1,8%
MSCI Europe NR	21,6%	-3,3%

Performance

	1 month	3 months	6 months	1 year
Fund (M shares)	3,8%	-0,4%	11,0%	27,1%
MSCI Europe NR	4,7%	3,5%	10,0%	41,9%

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

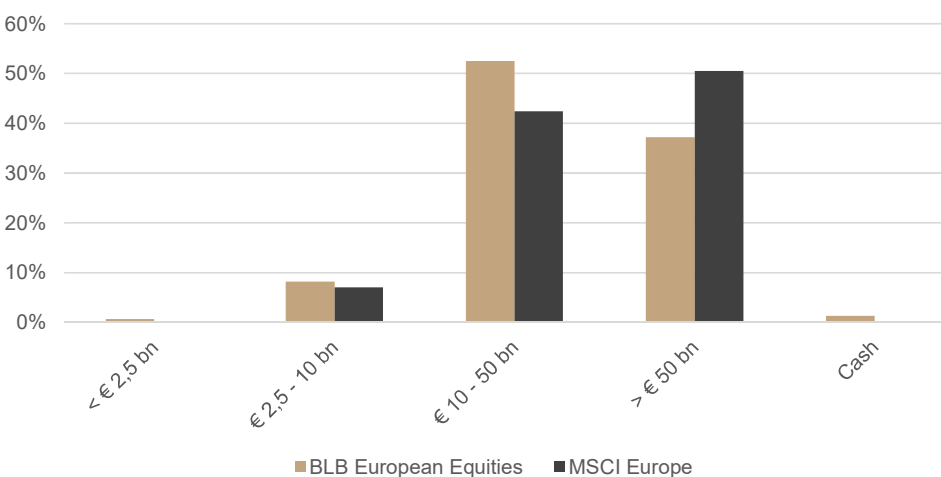
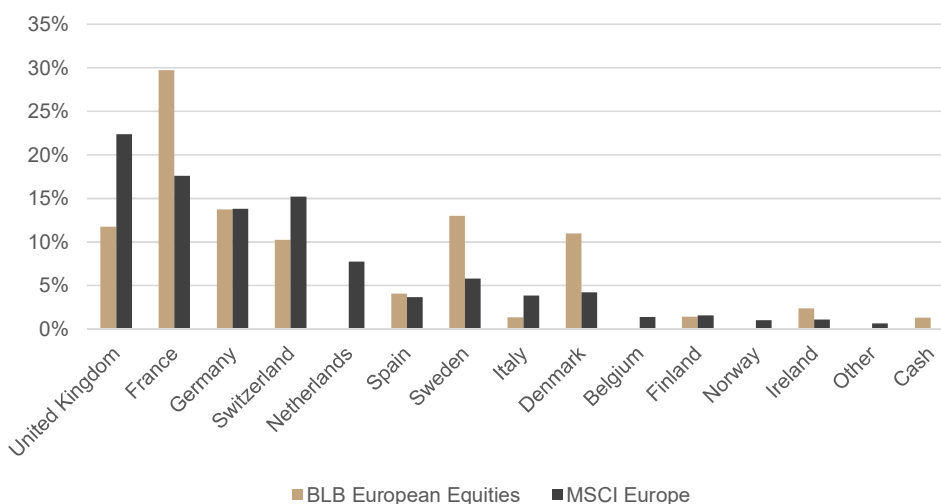
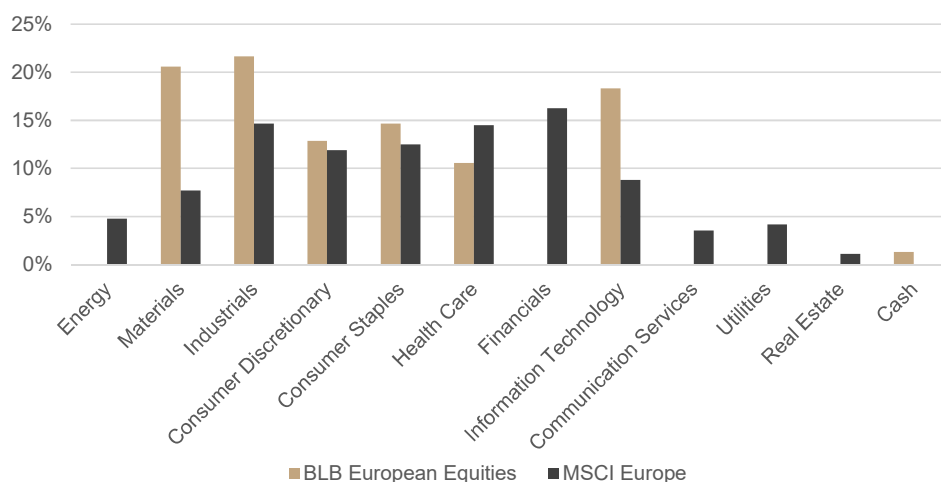
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Top Holdings

Sika	6,5%
SAP	6,0%
Novo Nordisk	5,6%
Essity	5,4%
EssilorLuxottica	5,0%
LVMH	4,6%
Assa Abloy	4,3%
Legrand	4,1%
Croda International	4,0%
Pernod Ricard	3,9%
Weight of Top 10	49,3%
Number of holdings	36

Currency Allocation

EUR	52,7%
SEK	13,0%
GBP	11,8%
DKK	11,0%
CHF	10,2%
Cash	1,3%



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

31/10/2021

The European markets were back on the road to growth in October. Suspended between different macroeconomic and plausible monetary policy scenarios, it was ultimately the corporate earnings season releases that set the pace for the market during the month. They reflect a continuing upturn in the global economy and flattening of the yield curve, which overrode the evident inflationary pressures on corporate margins and the effects of supply chain disruptions. The MSCI Europe Net Total Return index gained 4.66%. The market rebounded across a diverse range of sectors, mainly technology, healthcare, automotive, banking and financials.

BLB European Equities followed the trend but slightly lagged the market. Its net asset value increased by 3.84% over the month. Novo Nordisk, Croda, Dassault Systèmes, L'Oréal and LVMH recorded the biggest gains. Novo Nordisk benefited from encouraging comments on its drug pipeline and on the positive impact of digitalisation and automation on its R&D productivity, and from confirmation that it is intensifying its activity in the obesity drugs market. Croda, a supplier of specialty ingredients for healthcare and consumer products, reported robust demand across all its divisions, notably healthcare with its exposure to the mRNA vaccine, and it has been able to pass on cost increases thanks to good pricing power. Despite its high valuation, Dassault Systèmes was boosted by continuing strong growth and higher profitability (once again ahead of expectations), and by a return to signing major contracts along with market interest in its cloud solutions. LVMH and L'Oréal also benefited from very good results: in L'Oréal's case, mainly in North America with notable market share gains.

On the other hand, the portfolio was dented by poorer performances from TeamViewer, Grifols, Fresenius, Kone and Chr. Hansen. TeamViewer, a new investment we made this year, fortunately a small one, has been a disappointment.

TeamViewer is a software provider for secure remote computer connectivity. After failing to meet its own growth and strategy expectations, the company has significantly revised its business outlook. The position is on our watch list. Chr. Hansen, the natural enzyme developer, is suffering from weak performance in its historical businesses as well as pressure on margins and investment needs. Grifols, a world leader in plasma derivatives, has been affected by low volumes of blood collection due to lockdowns and/or other covid-related constraints. The combination of this, with its impact on sales and profitability, and the fact that the company is continuing to invest, has put it out of favour with the market.

During the month, a position was opened in Amadeus, the Spanish provider of transaction processing systems for the travel industry. Our underlying expectation is that travel and tourism have bottomed out this year and should normalise over time.

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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