

**Fund Fact Sheet**

31/01/2020

**Asset Class**

Global Equities

**Fund Characteristics**

AUM	€ 295,1 mn
Launch date	11/03/2000
Oldest share class (B)	LU0117287580
Turnover (2019) <sup>1</sup>	7%
Reference currency	EUR
Legal structure	SICAV, UCITS
Domicile	Luxembourg
European passport	Yes
Countries of registration	AT, BE, DK, FI, FR, DE, ES, IT, LU, NL, NO, SG, SE, CH, GB

**Fund Manager**

After nearly four years as financial analyst at Banque Générale du Luxembourg, **Joël Reuland** joined the Asset Management department of Banque de Luxembourg in 1999.

Joël graduated in Management from the Ecole de Commerce Solvay in Brussels in 1995, and in 2004, he earned the CFA (chartered financial analyst) charter.

**Management Company**

BLI - Banque de Luxembourg Investments S.A.  
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L-2449 Luxembourg  
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**Dealing & Administrator Details**

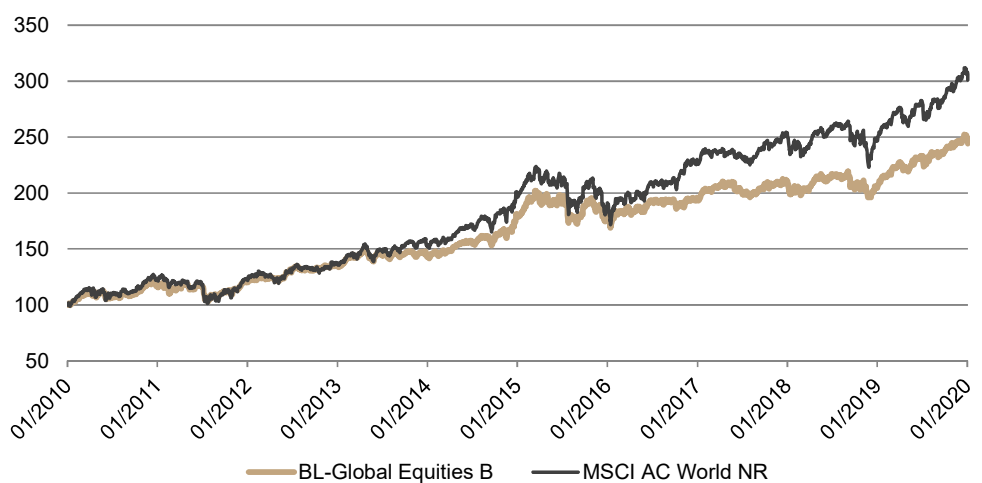
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily <sup>2</sup>
Cut-off time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily <sup>2</sup>
NAV publication	www.fundinfo.com

**Investment Objective**

BL-Global Equities is an international equity fund. The fund's objective is to grow capital over time by investing in a diversified global portfolio of high-quality companies posting a long-term competitive advantage. To reduce the potential downturn of the fund, the manager has the possibility of adjusting the exposure to equities (between 70% and 100%) by cash and/or hedging.

**Key Facts**

- Globally diversified portfolio of high-quality companies
- Exposure to equity markets may vary between 70% and 100%
- Particular importance placed on analysis of competitive advantage and valuation
- Derivatives may be used for hedging or portfolio optimisation



Performance	YTD	2019	2018	2017	2016	2015
Fund (B shares)	-0,1%	23,2%	-4,1%	7,5%	2,5%	12,7%
MSCI AC World NR	0,2%	28,9%	-4,8%	8,9%	11,1%	8,8%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-0,1%	2,6%	5,6%	18,0%	26,2%	36,3%	144,3%
MSCI AC World NR	0,2%	5,6%	7,9%	20,1%	33,5%	53,2%	201,0%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	8,1%	7,1%	7,5%	8,9%	10,7%	10,4%
MSCI AC World NR	9,6%	9,2%	9,9%	11,5%	13,8%	14,0%

The index (MSCI World AC) 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.

<sup>1</sup> min (purchases, sales) / average of net assets

<sup>2</sup> Luxembourg banking business day

**Current Portfolio**

31/01/2020

**Top Holdings Equity Portfolio**

Unilever	3,2%
SAP	2,7%
Pernod Ricard	2,5%
TSMC	2,5%
EssilorLuxottica	2,4%
Microsoft	2,3%
Air Liquide	2,3%
LVMH	2,2%
Danone	2,2%
Novo Nordisk	2,0%

<b>Cash</b>	<b>5,9%</b>
<b>Weight of Top 10</b>	<b>24,3%</b>
<b>Number of holdings</b>	<b>129</b>

**New Investments in January**

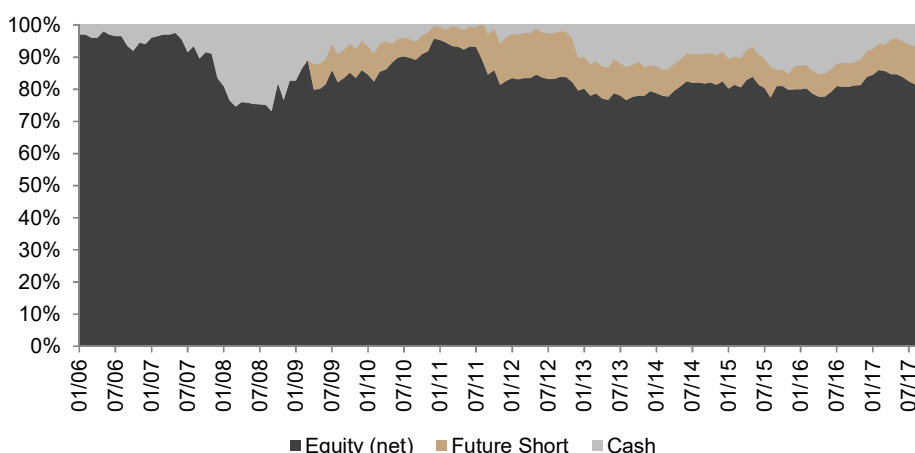
Air Water

**Investments sold in January**

no transactions

**Currency Allocation**

USD	34,5%
EUR	26,4%
JPY	13,4%
GBp	6,0%
CHF	3,6%
HKD	3,3%
KRW	2,8%
SEK	2,5%
SGD	2,1%
DKK	2,0%
BRL	1,7%
TWD	0,8%
MXN	0,5%
VND	0,2%
ZAR	0,2%
MYR	0,0%

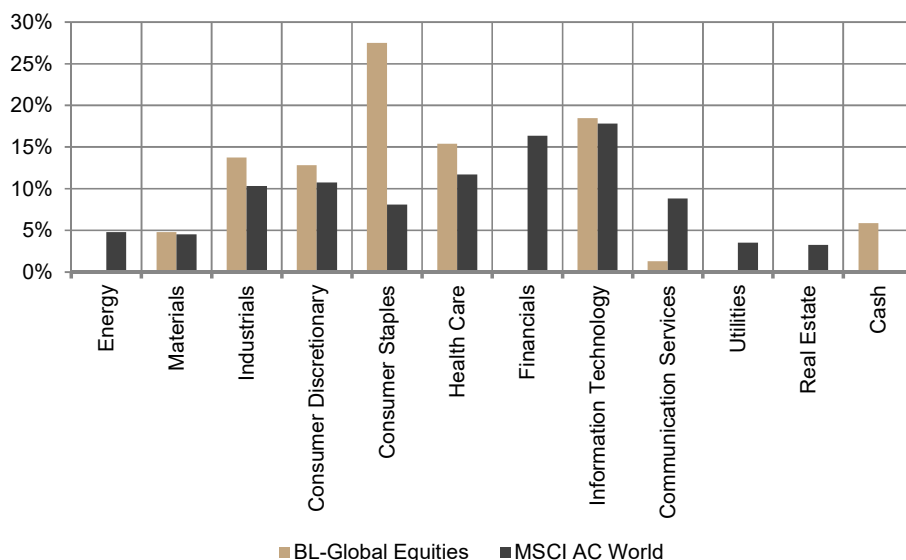


**Strategic**

**Allocation portfolio January 2020**

Strategic		Gross	Hedging	Net	MSCI World AC
Europe	35,0%	36,8%	-3,7%	33,1%	19,6%
US	30,0%	30,3%	-6,4%	23,9%	59,3%
Japan	10,0%	11,9%		11,9%	7,1%
Asia ex Japan	19,0%	12,1%		12,1%	12,1%
Latin America	6,0%	3,0%		3,0%	1,9%
<b>Total Equities</b>	<b>100,0%</b>	<b>94,1%</b>			
<b>Cash</b>		<b>5,9%</b>			
<b>Total</b>		<b>100,0%</b>			

**Currency Allocation**



Investor Type	Clean Share	Eligibility Restrictions	Share Class	Currency	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg
Retail	No	No	<b>A</b>	EUR	Dis	1,25%	1,45%	5	LU0439764787	BLGLBEA LX
Retail	No	No	<b>B</b>	EUR	Cap	1,25%	1,44%	5	LU0117287580	BLGLBEQ LX
Retail	Yes	Yes	<b>AM</b>	EUR	Dis	0,85%	1,04%	5	LU1484140683	BLGLEAM LX
Retail	Yes	Yes	<b>BM</b>	EUR	Cap	0,85%	1,04%	5	LU1484140766	BLGLEBM LX
Institutional	No	Yes	<b>BI</b>	EUR	Cap	0,60%	0,75%	5	LU0439765164	BLGLBEI LX

## Management Report

31/01/2020

After starting the first fortnight of January with the same favourable momentum that had enabled equity markets to end 2019 on a strong note, they gave up their gains in the second half of the month. Fears of a possible proliferation of the coronavirus weighed on share prices. Over the month as a whole, the MSCI All Country World Index Net Total Return expressed in euros was virtually unchanged, rising by 0.2%. The US index, the S&P 500, the Stoxx Europe 600 and the Topix in Japan respectively shed 0.2% (in USD), 1.2% (in EUR) and 2.1% (in JPY). Emerging market equities amplified the downward trend, with the MSCI Emerging Markets index giving up 4.7% (in USD). Utilities and technology were the best performing sectors, while energy and materials brought up the rear.

In terms of transactions within the portfolio, a position was opened in Air Water. This Japanese company is the second biggest producer of industrial gases in Japan, a near-oligopolistic market. Due to the nature of long-term contracts and the possibility of passing on the costs of the raw materials directly to customers, Air Water has the capacity to deliver stable results even during periods of economic slowdown. The company uses cash flow generated by its main activity to finance acquisitions in various fields and then aims to increase their profitability by establishing synergies with other divisions within the group. The recent announcement of a new share issue to help finance acquisitions in India has not been well received by the market. We think that the resulting fall in the share price has been exaggerated and we have opened a position at a discount of over 20% in relation to our estimate of its fair value.

## Investment Approach

### Investment Principles

#### **Limit losses:**

The value of an investment that has lost 50% must double to recover incurred losses.

> *Avoiding losses is more important than realising extraordinary gains.*

#### **Master investment risks:**

Risks arise when the parameters of the investment are not properly understood.

> *We avoid investing in assets we do not fully understand.*

#### **Valuation / margin of safety:**

The price paid determines the return.

> *The objective is to invest with a safety margin to increase the potential return and limit the risk of loss.*

#### **Consideration of an entire business cycle:**

Foregoing part of potential gains in strongly rising markets pays dividends in falling markets.

> *Our objective is to outperform the relevant market indices over an entire business cycle by limiting the drawdown in challenging markets.*

#### **Active management:**

The market reference is solely used for performance measurement principles.

> *Owing to the active investment approach of our portfolio management, the portfolio structure may deviate strongly from that of market indices.*

### Equity investment approach: "Business-Like Investing" approach

We consider an equity investment as a long-term participation in a quality business. As a consequence, we need to make sure that the businesses we invest in are able to compete successfully within their line of business and remain profitable for the years to come.

#### **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 sustainable competitive advantage. A competitive advantage differentiates the company from its competitors and creates barriers to entry, adding value for its investors.

In the second step we analyse whether the competitive advantage translates into recurrent free cash-flow. We put a special emphasis on the analysis of the maintenance capex requirements of the targeted companies to make sure that the generated cash-flow is not absorbed by investment needs to sustain the company's current business operations.

In the third step, we analyse how the targeted company uses 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 comply with our bottom-up quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the relevant market indices.

#### **Valuation**

Even investments in quality companies may result in significant capital losses if the price that was paid for the investment proves too high. To avoid this pitfall, we determine 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.

#### **Portfolio structure**

BL-Global Equities has a diversified portfolio of around 150 companies. The default regional weighting of equities (35% for Europe, 40% for the United States, 10% for Japan, 11.5% for Asia excluding Japan and 3.5% for Latin America) is adjusted according to valuation levels and the manager's opinion on the relative attractiveness of each region. Given the diversified nature of the portfolio and the importance placed on the analysis of competitive advantage and valuation, the specific risk related to an unfavourable movement in an individual stock is contained.

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