

**Fund Fact Sheet**

30/09/2016

<b>Asset Class</b>	
Equities Europe, all Caps	
<b>Fund Characteristics</b>	
AUM	€ 792,5 mn
Launch date	28/09/1990
Turnover (2015) *	31%
Reference currency	EUR
Hedged share classes available in	USD / CHF
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
<b>Representative Market Index</b>	
MSCI Europe NR	
<b>Team</b>	
	<b>Ivan Bouillot</b> has managed the fund since 2004. He joined BLI in 2000.
	<b>Tom Michels</b> joined BLI in 2014 as analyst for European equities.
<b>Management Company</b>	
BLI - Banque de Luxembourg Investments S.A. 7, boulevard Prince Henri L-1724 Luxembourg Tel: (+352) 26 26 99 - 1	
<b>Dealing &amp; Administrator Details</b>	
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

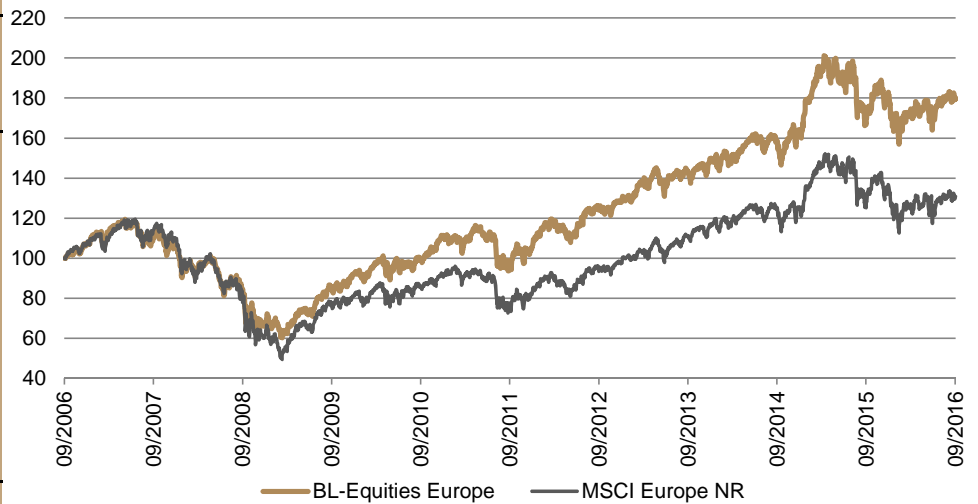
**Investment Objective**

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	2015	2014	2013	2012	2011
Fund (B shares)	-0,8%	10,7%	9,2%	17,0%	21,0%	-3,8%
MSCI Europe NR	-3,3%	8,2%	6,8%	19,8%	17,3%	-8,1%

Performance	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	3,5%	3,9%	5,4%	25,8%	82,9%	79,7%
MSCI Europe NR	4,2%	4,0%	1,8%	18,4%	71,1%	30,8%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	5,4%	8,0%	12,8%	6,0%
MSCI Europe NR	1,8%	5,8%	11,3%	2,7%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	15,9%	14,6%	13,8%	15,7%
MSCI Europe NR	18,6%	16,5%	15,9%	20,4%

The market index (STOXX Europe 600 total return (net)) 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.

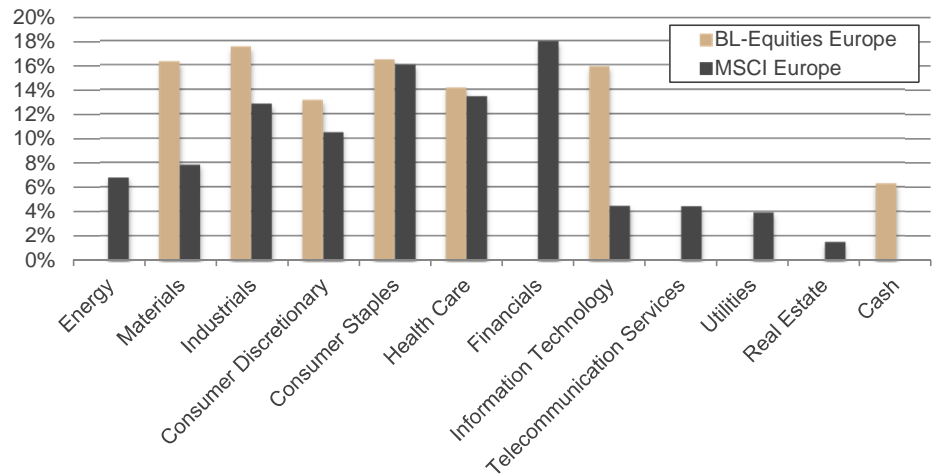
\* min (purchases, sales) / average of net assets

\*\* Luxembourg banking business day

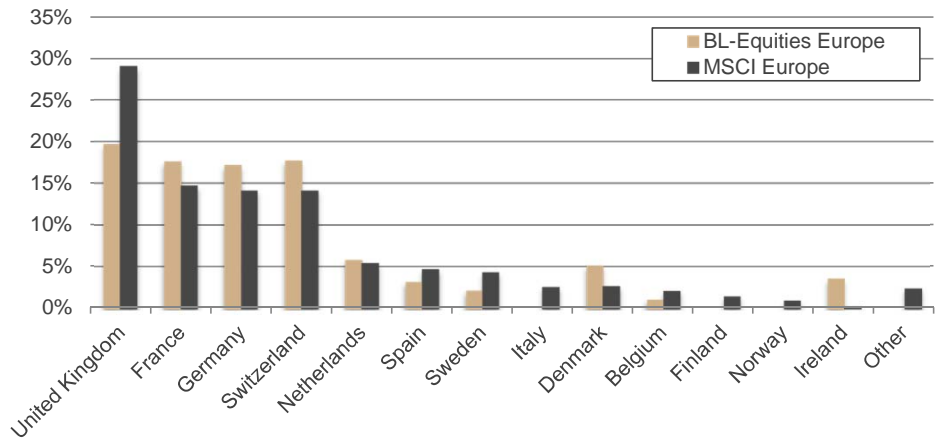
**Current Portfolio**

30/09/2016

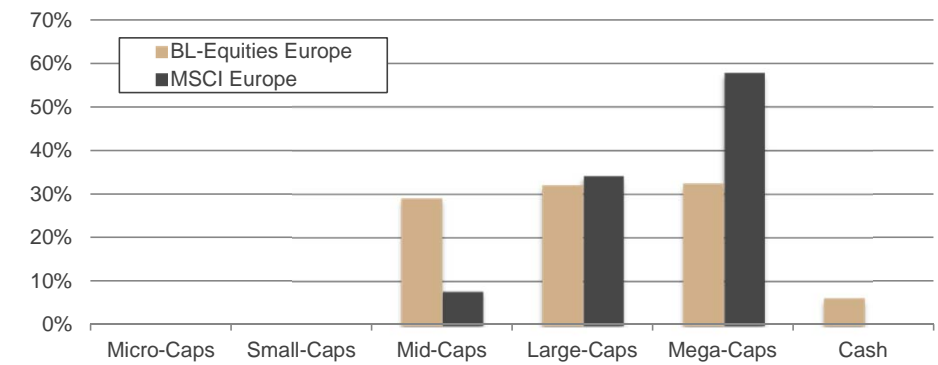
Top Holdings	
SAP	4,4%
Roche Holding	4,0%
Syngenta	3,9%
Dufry	3,7%
DCC	3,6%
Wirecard	3,6%
Henkel	3,4%
Pernod Ricard	3,4%
Grifols	3,3%
Legrand	3,2%
Weight of Top 10	36,6%
Number of holdings	37



New Investments in September	
no transactions	



Investments sold in September	
no transactions	



Market capitalisation classifies stocks based on their position in the cumulative capitalisation of their market region. Mega-cap stocks account for the top 40% of the market capitalisation of the market region, large-cap stocks represent the next 30%, mid-cap stocks the next 20%, small-cap stocks the next 7% and micro-cap stocks the remaining 3%.

Investor Type	Min. Invest.	Share class	Currency	Hedging	Income	Mgmt fee	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	None	A	EUR	No	Dis	1,0%	1,22%	6	LU0439765081	BLEQUA LX
Retail	None	B	EUR	No	Cap	1,0%	1,21%	6	LU0093570330	BLE4725 LX
Retail	None	B CHF Hedged	CHF	Yes	Cap	1,0%	1,21%	6	LU1305477884	BLEQBCH LX
Retail	None	B USD Hedged	USD	Yes	Cap	1,0%	1,21%	6	LU1273297371	BLEEBUH LX
Retail	None	AR	EUR	No	Dis	1,5%	1,71%	6	LU0495662123	BLEQEAR LX
Retail	None	BR	EUR	No	Cap	1,5%	1,70%	6	LU0495662396	BLEQEBR LX
Retail	None	BR CHF Hedged	CHF	Yes	Cap	1,5%	1,71%	6	LU1305477967	BLEEBCH LX
Institutional	€1 mn.	BI	EUR	No	Cap	0,5%	0,67%	6	LU0439765321	BLEQEIC LX

---

## 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

BL-Equities Europe 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 (DJ Stoxx Europe 600). 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.

---

## Legal Information

---

This document is issued by Banque de Luxembourg Investments S.A. ("BLI"), with the greatest of care and to the best of its knowledge and belief. However, no guarantee is provided with regard to its content and completeness and BLI does not accept any liability for any losses which might arise from making use of the information contained herein. The opinions expressed in this document are those of BLI at the time of writing and are subject to change at any time without notice. If nothing is indicated to the contrary, all figures are unaudited.

The product description contained herein is for information purposes only and is for the exclusive use of the recipient. Nothing in this document should be construed as an offer and is therefore not a recommendation to purchase or sell shares. It does not release the recipient from exercising his own judgement. This description is solely aimed at institutional investors.

The securities and financial instruments described in this document may generate considerable losses and are not therefore suitable for all investors. Among other risks, these include market risks, currency fluctuation risks, credit or payment default risks, liquidity risks and interest rate risks. BLI cannot guarantee that the securities and financial instruments will achieve the intended investment objectives. Each investor must ensure that he is aware of the risks and the consequent legal, tax, accounting and commercial aspects related to these securities and financial instruments.

The accuracy of the data, the evaluation, opinions and estimates of which are included in this document, has been very carefully checked. Any statements made in this document may be subject to change without prior warning.

References to past performances of financial instruments should not be interpreted as a guarantee of future returns.

The recipient is recommended in particular to check that the information provided is in line with his own circumstances with regard to any legal, regulatory, tax or other consequences, if necessary with the help of a professional adviser. It is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. Neither this document nor any copy thereof may be sent, taken into or distributed in the United States or to any U.S. person as defined in the fund's prospectus. This material is not for distribution to the general public. It is intended for the recipient personally, and it may be used solely by the person to whom it was presented. It does not constitute and may not be used for or in connection with a public offer in Luxembourg of the products referred to herein.

The prospectus, the articles of incorporation, the annual and semi-annual reports of BL as well as the key investor information document (KIID) of the sub-fund are available on [www.bli.lu](http://www.bli.lu) or upon request from BLI. The KIIDs are available in French, English and in any other official language of registration of BL.

This document may not be reproduced either in part or in full without the prior written consent of BLI.

### **Specific Information concerning MSCI Data:**

All MSCI data is provided "as is". Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the result to be obtained by the use thereof) and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

### **Specific Information concerning GICS Data:**

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed to use by Banque de Luxembourg S.A.. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if noticed of the possibility of such damages.

### **Legal Information for Switzerland:**

Legal documentation of the fund may be obtained, free of charge, at the offices of the Swiss representative, CACEIS (Switzerland) S.A., 7-9, Chemin de Précossy, CH-1260 Nyon, Switzerland, in accordance with the provisions of the Swiss Collective Investment Schemes Act of 23 June 2006 ("CISA").

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