

BL-EQUITIES EUROPE

June 2012

Management Report

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Fund Manager



We initiated a position in satellite operator **SES** to take advantage of its defensive profile and dividend yield. SES is one of the world's foremost satellite operators. It has a fleet of over 50 satellites providing communications solutions to TV and radio broadcasters, telecoms operators, businesses and governments. This gives it a market share of close to 25% in an oligopolistic sector with high entry barriers, ensuring steady profitability and a clear view of its business prospects through long-term contracts and low but regular growth (TV broadcasting, HD, Internet traffic).

When the markets dipped, we also seized some opportunities to increase our positions in certain companies: **Imtech, Wirecard, Assa Abloy, Domino Printing, SAP, SKF, Spirax Sarco, Getinge, Reckitt Benckiser** and **Sage**.

This was offset by reducing our holdings in **British American Tobacco, Pernod Ricard** and **Diageo**. All three have performed well, with Pernod Ricard and Diageo reaching high valuations.

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Current Portfolio

New Holdings

	Additions to investments	
SES	Assa Abloy	Sage
	Domino Printing	SAP
	Getinge	SKF
	Imtech	Spirax Sarco
	Reckitt Benckiser	Wirecard

Investments sold

	Investments reduced
	BAT
	Diageo
	Pernod Ricard

Sector Allocation

Energy	12,1%
Materials	16,8%
Industrials	13,6%
Consumer Discretionary	2,2%
Consumer Staples	22,8%
Health Care	12,0%
Financials	3,6%
Information Technology	10,8%
Telecommunication Services	0,0%
Utilities	0,0%
Cash	6,2%

Market Capitalizations

Large Caps	(> EUR 10 billion)	55,6%
Medium Caps	(EUR 1-10 billion)	35,2%
Small Caps	(< EUR 1 billion)	3,0%

Top Holdings

Total SA	6,1%
ENI SPA	6,1%
Novartis AG	5,3%
Reckitt Benckiser Group Plc	5,1%
British American Tobacco PLC	4,4%
Bayer AG Namen	4,2%
Unilever NV	4,1%
Sage Group PLC	3,6%
Deutsche Boerse AG	3,6%
Akzo Nobel NV	3,4%
Weight of Top 10	45,8%
Number of holdings	44

Geographic Allocation

England	20,2%
Switzerland	19,0%
Germany	20,0%
France	11,8%
Netherlands	10,0%
Italy	6,6%
Sweden	4,7%
Spain	0,9%
Belgium	0,4%
Cash	6,2%

Company Profiles

Consistent earners ¹	50,0%
Growing franchises ²	21,0%
Value opportunities ³	22,8%

Performance⁴

	Since 31/12/2011	2011	2010	2009	2008	2007
Fund (B shares)	7,9%	-3,8%	19,5%	36,6%	-36,6%	-0,9%
DJ Stoxx Europe 600	5,2%	-8,6%	11,6%	32,4%	-43,8%	2,4%
Quartile	1	1	1	1	1	3

	Since 31/12/2011	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	7,9%	-1,4%	7,9%	3,4%	54,6%	-1,3%
DJ Stoxx Europe 600	5,2%	-2,9%	5,2%	-4,8%	33,5%	-25,5%
Quartile	1	1	1	1	1	1

General Information

Total Assets (EUR)	EUR 471,5 mn
Turnover 2011*	33%
TER 2011 (B shares)	1,18%
ISIN Code (class B shares)	LU0093570330
ISIN Code (class I shares)	LU0439765321

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

Statistical Data⁴

	1 year	3 years
Correlation	0,92	0,88
Beta	0,91	0,84
Information ratio	1,10	0,69
Tracking Error*	7,49	7,05

*annualized

¹ Company is well-known and enjoys strong market share acquired over a long period through the expert management of its competitive advantage. It is very profitable, has a solid financial structure and low levels of debt. Shareholder payouts and/or maintaining a high level of ROE are important criteria in the management of the company.

² Company specialised in a market niche that it has either created or in which it has established itself as a key player. Its revenue growth is outpacing the market average. The structure of the income statement is still rather flexible, but the return on investments is starting to stabilise or exhibit a rising trend.

³ Company with strong assets embarking on restructuring to refocus the business or move up the value chain to achieve more structurally sound profitability. No significant financial imbalance.

⁴ Source : Lipper