

BL-EQUITIES EUROPE

December 2012

Management Report

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Fund Manager



December saw two arbitrage actions.

The manager sold some of the ENI shares that had been bought in September 2011, following the share's collapse during the Libyan crisis. The position in the French oil major Total was also pared back.

Offsetting these two operations, the manager increased the fund's holdings in Linde and ABB.

For Linde, the combination of a solid order book and cost-control measures should enable the group to maintain solid performance, continue to expand its margins, and protect itself from the risk of a sluggish economy.

ABB's attraction lies in its valuation, the easing of competitive pressures and internal restructuring opportunities to boost the consolidated margin.

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Current Portfolio

New Holdings

-	ABB
	Linde

Additions to investments

Investments sold

-	ENI
	Total

Investments reduced

Top Holdings

British American Tobacco	6,1%
Novartis	6,1%
ENI	5,3%
Reckitt Benckiser	5,1%
Total	4,4%
Bayer	4,2%
Linde	4,1%
Deutsche Boerse	3,6%
Unilever	3,6%
Sage	3,4%
Weight of Top 10	45,8%
Number of holdings	45

Sector Allocation

Energy	10,1%
Materials	14,1%
Industrials	15,2%
Consumer Discretionary	3,1%
Consumer Staples	23,1%
Health Care	14,6%
Financials	4,0%
Information Technology	11,4%
Telecommunication Services	0,0%
Utilities	0,0%
Cash	0,0%

Geographic Allocation

Germany	22,1%
Switzerland	20,6%
England	20,4%
France	8,9%
Netherlands	7,3%
Sweden	6,5%
Italy	5,7%
Luxembourg	2,0%
Spain	1,7%
Belgium	0,5%

Market Capitalizations

Large Caps	(> EUR 10 billion)	58,1%
Medium Caps	(EUR 1-10 billion)	32,3%
Small Caps	(< EUR 1 billion)	3,1%

Company Profiles

Consistent earners ¹	54,2%
Growing franchises ²	21,9%
Value opportunities ³	19,5%

Performance⁴

	2012	2011	2010	2009	2008
Fund (B shares)	21,0%	-3,8%	19,5%	36,6%	-36,6%
DJ Stoxx Europe 600	18,2%	-8,6%	11,6%	32,4%	-43,8%
Quartile	1	1	1	1	1

	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	3,3%	12,1%	21,0%	39,0%	20,4%
DJ Stoxx Europe 600	4,5%	12,3%	18,2%	20,5%	-10,3%
Quartile	3	2	1	1	1

General Information

Total Assets (EUR)	EUR 541,7 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	0,90	0,86
Beta	0,82	0,86
Information ratio	0,49	0,68
Tracking Error*	4,78	6,97

*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