

BL-EQUITIES EUROPE

December 2013

Management Report

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Fund Manager



The manager sold the fund's investment in Oriflame. The strategy has just about reached its threshold of profitability. The Swedish cosmetic group's activity is hampered by a significant lack of visibility which, it seems could persist, contrary to the basis of our investment case. Initiatives taken to restore the dynamic in Russia and more broadly across all the CIS countries have not produced significant positive results. In addition, recent results from Avon, Oriflame's main competitor on this market, show that the economic climate and currency will continue to weigh on performance in these markets. The short-term potential on the Asian and Latin American markets is also likely to suffer from currency weakness. In this context, the generous dividend distribution could be called into question with pressure on margins and cash flow generation. Due to these constraints, the manager has decided to sell this small position, and wait and see.

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Current Portfolio

New Holdings

New Holdings	Additions to investments

Investments sold

Investments sold	Investments reduced
Oriflame Cosmetics SA	

Sector Allocation

Energy	0,0%
Materials	15,2%
Industrials	13,7%
Consumer Discretionary	8,2%
Consumer Staples	22,4%
Health Care	22,7%
Financials	4,4%
Information Technology	12,8%
Telecommunication Services	0,0%
Utilities	0,0%
Cash	0,7%

Market Capitalizations

Large Caps (> EUR 10 billion)	62,5%
Medium Caps (EUR 1-10 billion)	32,2%
Small Caps (< EUR 1 billion)	1,1%

Top Holdings

Sanofi SA	5,0%
SAP AG	4,9%
Novartis AG	4,8%
British American Tobacco PLC	4,5%
Deutsche Boerse AG	4,4%
Linde AG	4,1%
Reckitt Benckiser Group Plc	3,7%
Sage Group PLC	3,6%
Novo Nordisk AS B	3,6%
Schneider Electric SA	3,3%
Weight of Top 10	42,0%
Number of holdings	41

Geographic Allocation

United Kingdom	23,4%
Germany	23,9%
Switzerland	20,4%
France	13,1%
Sweden	9,4%
Denmark	3,6%
Netherlands	2,9%
Spain	1,0%
Other	1,6%
Cash	0,7%

Company Profiles

Consistent earners ¹	63,9%
Growing franchises ²	21,0%
Value opportunities ³	14,4%

Performance⁴

	2013	2012	2011	2010	2009
Fund (B shares)	17,0%	21,0%	-3,8%	19,5%	36,6%
DJ Stoxx Europe 600	20,8%	18,2%	-8,6%	11,6%	32,4%
Quartile	3	1	1	1	1

	1 month	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	1,9%	5,0%	10,3%	17,0%	36,1%	122,2%
DJ Stoxx Europe 600	1,0%	6,1%	16,0%	20,8%	30,5%	92,8%
Quartile	1	3	4	3	1	1

General Information

Total Assets (EUR)	EUR 705,9 mn
Turnover 2013*	41%
TER 2013 (class B shares)	1,10%
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	0,83
Beta	0,82	0,73
Information ratio	-0,67	0,19
Tracking Error*	4,75	9,70

*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