

## BL-EQUITIES EUROPE

February 2014

### Management Report

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Fund Manager



The manager opened a position in luxury goods group LVMH, following relatively favourable results, especially given the unfavourable economic and structural context surrounding the sector. This no longer justifies the price discount in relation to intrinsic value as LVMH, the biggest luxury group in the world, has shown considerable expertise in managing its brand portfolio in the current context. In addition, the repositioning of LV, initiated some 18 months ago, should soon feed through into the brand's results. Offsetting this, the position in SES was sold, and the investments in Deutsche Boerse, Unilever and Nestlé reduced.

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### Current Portfolio

#### New Holdings

LVMH Louis Vuitton Moët Hennessy

#### Additions to investments

Swedish Match AB

SKF

#### Top Holdings

|                              |       |
|------------------------------|-------|
| SAP AG                       | 5,1%  |
| British American Tobacco PLC | 5,0%  |
| Linde AG                     | 4,8%  |
| Novo Nordisk AS              | 4,5%  |
| Sage Group PLC               | 3,9%  |
| Schneider Electric SA        | 3,8%  |
| Reckitt Benckiser Group Plc  | 3,8%  |
| Syngenta AG                  | 3,2%  |
| Sanofi SA                    | 3,1%  |
| Shire PLC                    | 3,0%  |
| Weight of Top 10             | 40,1% |
| Number of holdings           | 41    |

#### Investments sold

SES SA

#### Investments reduced

Nestle SA Sanofi SA

Deutsche Boerse Unilever NV

Getinge AB B Novo Nordisk AS

Shire PLC Reckitt Benckiser

#### Sector Allocation

|                            |       |
|----------------------------|-------|
| Energy                     | 0,0%  |
| Materials                  | 16,8% |
| Industrials                | 15,9% |
| Consumer Discretionary     | 9,1%  |
| Consumer Staples           | 21,5% |
| Health Care                | 20,3% |
| Financials                 | 1,0%  |
| Information Technology     | 13,9% |
| Telecommunication Services | 0,0%  |
| Utilities                  | 0,0%  |
| Cash                       | 1,6%  |

#### Geographic Allocation

|                |        |
|----------------|--------|
| United Kingdom | 25,35% |
| Germany        | 22,31% |
| Switzerland    | 18,43% |
| France         | 14,23% |
| Sweden         | 10,55% |
| Denmark        | 4,48%  |
| Netherlands    | 2,25%  |
| Spain          | 0,85%  |
| Other          | 0,00%  |
| Cash           | 1,55%  |

#### Market Capitalizations

|             |                    |       |
|-------------|--------------------|-------|
| Large Caps  | (> EUR 10 billion) | 64,2% |
| Medium Caps | (EUR 1-10 billion) | 33,2% |
| Small Caps  | (< EUR 1 billion)  | 1,1%  |

#### Performance<sup>4</sup>

|                     | Since 31/12/2013 | 2013  | 2012  | 2011  | 2010  | 2009  |
|---------------------|------------------|-------|-------|-------|-------|-------|
| Fund (B shares)     | 2,1%             | 17,0% | 21,0% | -3,8% | 19,5% | 36,6% |
| DJ Stoxx Europe 600 | 3,3%             | 20,8% | 18,2% | -8,6% | 11,6% | 32,4% |
| Quartile            | 3                | 3     | 1     | 1     | 1     | 1     |

|                     | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years |
|---------------------|---------|----------|----------|--------|---------|---------|
| Fund (B shares)     | 5,3%    | 4,0%     | 9,9%     | 14,8%  | 40,3%   | 137,5%  |
| DJ Stoxx Europe 600 | 5,0%    | 4,3%     | 14,5%    | 19,9%  | 29,3%   | 127,3%  |
| Quartile            | 1       | 2        | 4        | 3      | 1       | 1       |

#### General Information

|                            |              |
|----------------------------|--------------|
| Total Assets (EUR)         | EUR 572,4 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 Data<sup>4</sup>

|                   | 1 year | 3 years |
|-------------------|--------|---------|
| Correlation       | 0,92   | 0,86    |
| Beta              | 0,82   | 0,73    |
| Information ratio | -0,96  | 0,22    |
| Tracking Error*   | 4,97   | 8,56    |

\*annualized

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Source : Lipper