

BL-EQUITIES EUROPE

March 2014

Management Report

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Fund Manager



In March, the manager increased the fund's allocations in two existing positions: Air Liquide and Bayer. Air Liquide's slowing investment cycle at the same time as the operational start-up at eight new industrial sites should shore up the group's organic growth, and ultimately, boost its return on capital investment, which has been flagging for several years. The additional investment in Bayer is influenced by promising prospects for the German group's healthcare division: its investments in R&D over the last few years are bearing fruit and translating into new drugs with consequent revenue potential.

Conversely, we completed the sale of our investment in Deutsche Boerse. Some profits have also been taken on our positions in Aryzta and Novo Nordisk, following their good performance since the start of the year, and in Sanofi, given the lack of major growth drivers in the short term. Lastly, for valuation reasons, we substantially reduced our holding in Swedish medical technology group, Getinge.

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Current Portfolio

New Holdings

-	Air Liquide
	Bayer AG

Investments sold

Deutsche Boerse AG	Sanofi SA
	Aryzta AG
	Geringe AB B
	Novo Nordisk AS

Additions to investments

Investments reduced

Top Holdings

SAP AG	5,3%
British American Tobacco PLC	5,2%
Linde AG	4,7%
Novo Nordisk AS	4,2%
Schneider Electric SA	3,9%
Reckitt Benckiser Group Plc	3,9%
Sage Group PLC	3,8%
Air Liquide	3,7%
Syngenta AG	3,5%
Bayer AG	3,0%
Weight of Top 10	41,2%
Number of holdings	40

Sector Allocation

Energy	0,0%
Materials	18,4%
Industrials	16,4%
Consumer Discretionary	9,2%
Consumer Staples	22,0%
Health Care	19,4%
Financials	0,0%
Information Technology	13,8%
Telecommunication Services	0,0%
Utilities	0,0%
Cash	0,9%

Geographic Allocation

United Kingdom	25,4%
Germany	22,0%
Switzerland	18,9%
France	15,0%
Sweden	10,3%
Denmark	4,2%
Netherlands	2,4%
Spain	0,9%
Cash	0,9%

Market Capitalizations

Large Caps	(> EUR 10 billion)	65,0%
Medium Caps	(EUR 1-10 billion)	33,0%
Small Caps	(< EUR 1 billion)	1,1%

Performance⁴

	Since 31/12/2013	2013	2012	2011	2010	2009
Fund (B shares)	1,2%	17,0%	21,0%	-3,8%	19,5%	36,6%
DJ Stoxx Europe 600	2,4%	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)	-0,9%	1,2%	6,2%	9,3%	38,5%	142,9%
DJ Stoxx Europe 600	-0,8%	2,4%	8,7%	17,1%	32,9%	120,4%
Quartile	3	3	3	4	1	1

General Information

Total Assets (EUR)	EUR 560,5 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	0,93	0,79
Beta	0,85	0,67
Information ratio	-1,38	0,16
Tracking Error*	5,04	10,37

*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