

BL-EQUITIES EUROPE

July 2014

Management Report

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Fund Manager



The fund manager opened four new positions in July. Firstly, Akzo Nobel, world leader on the paints and coatings markets, which is showing tangible signs that the measures introduced by its new CEO, M. Buchner, will enable the company to boost its margins and increase organic growth by in-depth restructuring of the business. These measures will generate value that has not been factored into Akzo Nobel's current valuation. After a near-30% fall in its share price since the highs of 2013, the manager opened a position in Croda. Croda's technological expertise and strong relationships with its clients should enable it to overcome this lean period and return to the organic growth it has seen in the past. Thirdly, a position was opened in Kering, the luxury group which owns Gucci and seems to offer an attractive valuation given the repositioning of its flagship brand and very good performance of some of its niche brands like Queelin and Bottega Veneta. Lastly, due to its attractive valuation, the manager opened a position in WPP.

At the same time, weaknesses in other stocks have been exploited – in the absence of any change in their investment case – to increase positions in LVMH, Domino Printing, Intertek and Spirax-Sarco.

Offsetting this, the manager sold Ebro Foods, Getinge and Sandvik. While valuation was the reason for divesting Ebro Foods, Sandvik was sold on expectations of better prospects for its activity and the potential of the restructuring measures undertaken by the group. Getinge was sold after the disappointment of three profit warnings.

The manager also started to reduce the fund's position in Shire after the launch of Abbvie's takeover bid. The slight premium of Abbvie's bid is offset by the risk linked to the cash-and-stock bid and opens up opportunities in terms of market volatility.

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Current Portfolio

New Holdings

Kering	LVMH
Croda International	Dufry
WPP	SAP
	Danone
	SKF
	Domino Printing

Investments sold

Sandvik	Shire
Getinge	Swedish Match
Ebro Foods	

Additions to investments

LVMH
Dufry
SAP
Danone
SKF
Domino Printing

Investments reduced

Shire
Swedish Match

Top Holdings

British American Tobacco	5,4%
SAP	5,3%
Linde	4,9%
Novo Nordisk	4,1%
Reckitt Benckiser	4,1%
Air Liquide	3,8%
Schneider Electric	3,6%
Sage Group	3,3%
Syngenta	3,3%
Bayer	3,0%
Weight of Top 10	40,8%
Number of holdings	41

Sector Allocation

Energy	0,0%
Materials	19,7%
Industrials	13,0%
Consumer Discretionary	11,7%
Consumer Staples	21,2%
Health Care	17,2%
Financials	0,0%
Information Technology	13,0%
Telecommunication Services	0,0%
Utilities	0,0%
Cash	4,3%

Geographic Allocation

United Kingdom	25,4%
Germany	22,0%
Switzerland	18,3%
France	16,9%
Sweden	6,1%
Denmark	4,1%
Netherlands	2,8%
Spain	0,0%
Cash	4,3%

Market Capitalizations

Large Caps (> EUR 10 billion)	64,0%
Medium Caps (EUR 1-10 billion)	30,0%
Small Caps (< EUR 1 billion)	1,7%

Performance¹

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

	1 month	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	-2,0%	1,3%	7,5%	11,2%	42,1%	95,1%
DJ Stoxx Europe 600	-1,6%	0,4%	6,2%	15,2%	38,6%	72,9%
Quartile	3	1	1	3	1	1

General Information

Total Assets (EUR)	EUR 594,6 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 Data¹

	1 year	3 years
Correlation	0,92	0,80
Beta	0,92	0,72
Information ratio	-0,71	-0,03
Tracking Error*	4,40	9,38

*annualized

¹ Source : Lipper