

BL-EQUITIES EUROPE

January 2016

Management Report

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The European markets fell by 6.37% in January. The downward trend was due to weak macroeconomic prospects and the slump in commodity prices. The earnings reporting season failed to reverse the trend. Despite figures generally being in line with the consensus, earnings forecasts for 2016 remain under pressure. This is an unusual situation, with cyclical stocks offering little in the way of certainty while quality and growth stocks are fairly inexpensive. Cyclical, financial and healthcare sectors weighed particularly heavily on the indices, while defensive consumer sectors performed rather better.

BL-Equities Europe was down 4.86% over the month. While the portfolio was buoyed by our investments in the technology and consumer sector, it was dented by the weakness of pharmaceutical stocks. The various share performances within the portfolio are mostly explained by companies' quarterly results, with Pandora and Unilever among the best. Pandora reported a steady increase in sales while Unilever continues to benefit from the dynamics of internal restructuring and market positioning instigated by its CEO, Paul Polman. In technology, the structural supports driving the growth of SAP, Sage and Wirecard were confirmed. In particular, SAP's new platform continued to gain commercial traction. In our view, this marks the start of a new product cycle, even though the transition from the invoicing model is eroding the company's margins in the short term. On the other hand, Novartis and Roche reported muted results. At Novartis, the Alcon blockage continues while for Roche the impact of foreign exchange and heavier taxation in the United States diluted the reported profits.

Concerning our other investments, the announcement of the departure of Henkel's CEO, Kasper Rorsted, who is taking over at the helm of Adidas. Despite his key role at Henkel, his departure does not undermine our investment case.

Within the portfolio, the position in SAP was increased. A few minor purchases were made in Akzo Nobel, Linde, Legrand and Rotork. The investment in DCC was slightly reduced.

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Current Portfolio

New Holdings

New Holdings	Additions to investments
no transactions	SAP
	Rotork
	Akzo Nobel
	Legrand
	Linde
	Publicis

Investments sold

Investments sold	Investments reduced
no transactions	DCC

Sector Allocation

Energy	0,0%
Materials	18,3%
Industrials	17,5%
Consumer Discretionary	17,4%
Consumer Staples	8,1%
Health Care	17,9%
Financials	0,0%
Information Technology	15,4%
Telecommunication Services	0,0%
Utilities	0,0%
Cash	5,4%

Market Capitalizations

Large Caps	(> EUR 10 billion)	56,5%
Medium Caps	(EUR 1-10 billion)	38,1%
Small Caps	(< EUR 1 billion)	0,0%

Top Holdings

Roche Holding	4,5%
Dufry	4,0%
Bayer	4,0%
SAP	3,7%
Gemalto	3,4%
Syngenta	3,4%
Novo Nordisk	3,4%
DCC	3,4%
Grifols	3,2%
LVMH	3,2%
Weight of Top 10	36,1%
Number of holdings	36

Geographic Allocation

United Kingdom	17,2%
Germany	21,0%
Switzerland	18,7%
France	11,5%
Netherlands	8,9%
Denmark	6,4%
Sweden	4,5%
Ireland	3,4%
Spain	3,2%
Cash	5,4%

Performance¹

	Since 31/12/2015	2015	2014	2013	2012	2011
Fund (B shares)	-4,9%	10,7%	9,2%	17,0%	21,0%	-3,8%
DJ Stoxx Europe 600	-6,4%	9,6%	7,2%	20,8%	18,2%	-8,6%
Quartile	1	2	1	3	1	1

	1 month	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	-4,9%	-4,9%	-11,0%	-3,4%	32,5%	59,2%
DJ Stoxx Europe 600	-6,4%	-8,6%	-13,0%	-4,3%	29,2%	41,2%
Quartile	1	1	2	2	1	1

General Information

Total Assets (EUR)	EUR 731,8 mn
Turnover 2014*	19%
TER 2014 (class B shares)	1,09%
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	0,97	0,95
Beta	0,90	0,86
Information ratio	0,51	0,16
Tracking Error*	4,31	4,77

*annualized

¹ Source : Lipper