

Fund Fact Sheet

30/09/2021

Asset Class

Equities Europe, all Caps

Fund Characteristics

AUM	€ 1559,4 mn
Launch date	28/09/1990
Oldest share class (B)	LU0093570330
Turnover (2020) ¹	16%
Reference currency	EUR
Hedged share classes available in	USD / CHF
Legal structure	SICAV, UCITS
Domicile	Luxembourg
European Passport	Yes
Countries of registration	AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, SE, SG, PT
SFDR	Art. 8

Representative Market Index

MSCI Europe NR (EUR)

Fund Manager

Following two years as portfolio manager and investment advisor at Banque Degroof Luxembourg, **Ivan Bouillot** joined Banque de Luxembourg in 2000 as a financial analyst, and was appointed head of European equity investments for the Bank's fund range in 2004. Ivan has a degree in Business and Finance from the ICHEC University in Brussels. In 2000, he obtained his CEFA (Certified EFFAS Financial Analyst) diploma and he has been a CFA (chartered financial analyst) charter holder since 2006.

Management Company

BLI - Banque de Luxembourg Investments
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www.bli.lu

Dealing & Administrator Details

European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily ²
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily ²
NAV publication	www.fundinfo.com

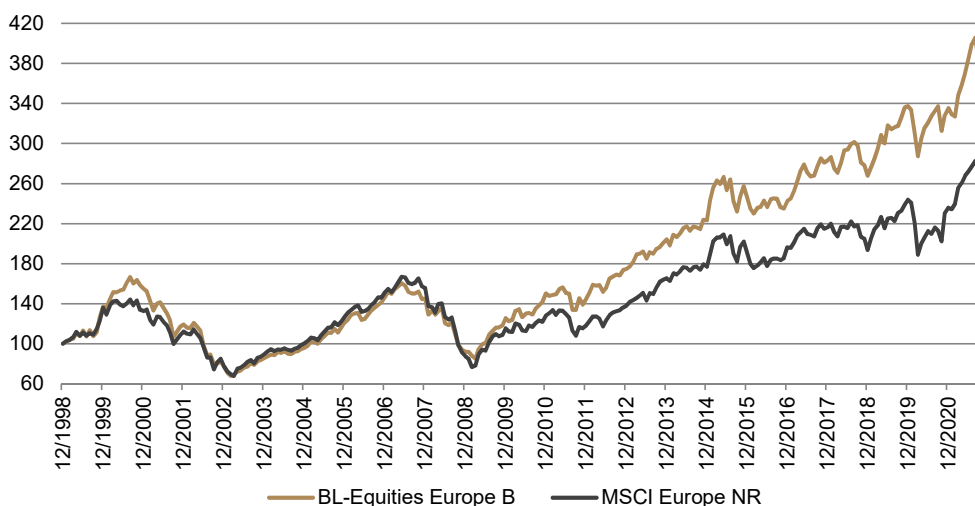
Investment Objective

The fund's objective is to generate long-term capital gains by investing in high-quality European companies which have a sustainable competitive advantage and a sound ESG (environmental, social and governance) profile. It aims to achieve higher risk-adjusted returns than its benchmark universe over a full market cycle. Alongside these financial goals, impact targets have been set in terms of the portfolio's ESG performance and these are regularly monitored.

The fund manager implements an active, long-term strategy based on solid convictions.

Key Facts

- An active, fundamental, conviction-based approach (30 to 40 stocks), purely bottom-up and oriented towards the long term;
- As well as valuation, constant attention is paid to the financial and ESG quality of the companies in the portfolio;
- Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring);
- Regular review of the valuation of each stock and the average valuation of the portfolio;
- Non-benchmarked management resulting in significant deviations from the initial investment universe;
- Defined and quantifiable impact targets on environmental, social, governance and human rights aspects;
- Low turnover.



Performance	YTD	2020	2019	2018	2017	2016
Fund (B shares)	14,3%	-0,6%	25,9%	-5,4%	16,8%	-1,8%
MSCI Europe NR	16,2%	-3,3%	26,0%	-10,6%	10,2%	2,6%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-5,5%	-0,4%	10,1%	13,6%	28,7%	56,6%	186,4%
MSCI Europe NR	-3,0%	0,7%	7,2%	28,8%	25,6%	48,2%	153,5%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	13,6%	8,8%	9,4%	11,1%
MSCI Europe NR	28,8%	7,9%	8,2%	9,7%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	12,7%	17,4%	14,9%	14,7%
MSCI Europe NR	12,7%	21,3%	17,5%	17,2%

The market index (MSCI Europe NR) is shown in the performance chart as well as in the performance tables above for performance measurement purposes only and it should under no circumstances be considered as an indication of a specific investment style or strategy.

Investors are also invited to consult the performance chart disclosed in the key investor information document of the sub-fund.



¹ min (purchases, sales) / average of net assets
² Luxembourg banking business day

Current Portfolio

30/09/2021

Top Holdings

Sika	6,5%
SAP	5,7%
Essity	4,9%
Novo Nordisk	4,8%
EssilorLuxottica	4,7%
Assa Abloy	4,4%
LVMH	4,3%
Legrand	4,2%
Croda International	3,8%
Pernod Ricard	3,7%

Summary Statistics

Weight of Top 10	47,2%
Number of holdings	35
Active Share vs MSCI Europe	85,0%

New Investments in September

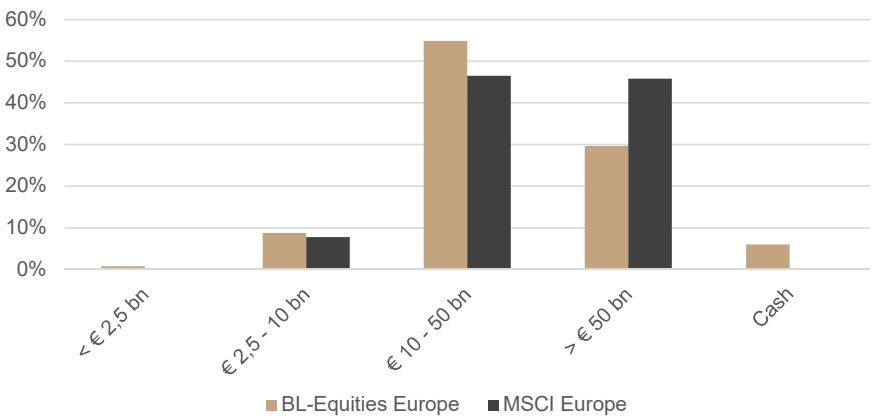
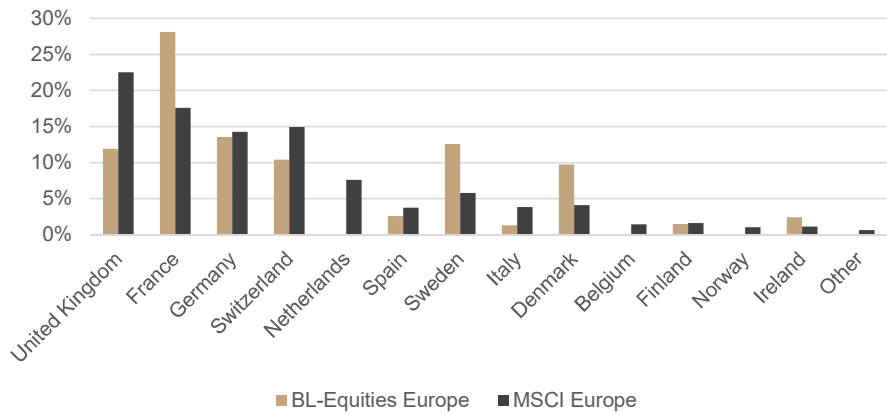
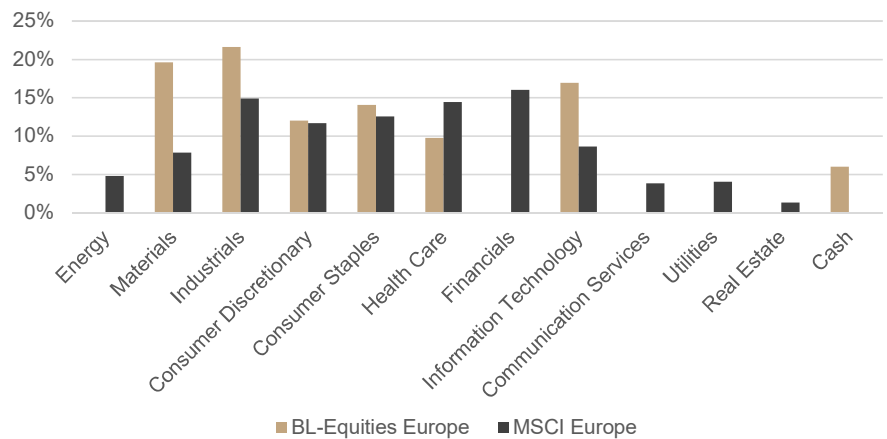
no transactions

Investments sold in September

no transactions

Currency Allocation

EUR	49,4%
SEK	12,6%
GBP	11,9%
CHF	10,4%
DKK	9,7%
Cash	6,0%



Investor Type	Clean Share	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt fee	On-going Charges	SRR1	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	No	Dis	1,25%	1,40%	5	LU0439765081	BLEQEUA LX
Retail	No	No	B	EUR	No	Cap	1,25%	1,40%	5	LU0093570330	BLE4725 LX
Retail	No	No	B CHF Hedged	CHF	Yes	Cap	1,25%	1,37%	5	LU1305477884	BLEQBCH LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,41%	5	LU1273297371	BLEQEUC LX
Retail	Yes	Yes	AM	EUR	No	Dis	0,85%	1,01%	5	LU1484141491	BLEQAMD LX
Retail	Yes	Yes	BM	EUR	No	Cap	0,85%	1,00%	5	LU1484141574	BLEQEBM LX
Retail	Yes	Yes	BM CHF Hedged	CHF	Yes	Cap	0,85%	0,10%	5	LU1484141657	BLEQBMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,00%	5	LU1484141731	BLEQBMU LX
Institutional	No	Yes	BI	EUR	No	Cap	0,60%	0,71%	5	LU0439765321	BLEQEIC LX

Management Report

30/09/2021

The trend on European markets was reversed in September. After seven months of uninterrupted gains fuelled by the economic recovery and improving corporate earnings prospects, equity markets were rattled by the recent hike in bond yields and rising inflation. The MSCI Europe Net Total Return fell 3.01% over the month. Conditions were aligned for a sector rotation, with energy, banking and automotive stocks rising, while technology, industrials, construction and commodities weighed heavily on the markets.

In this environment, the portfolio suffered from its structural sector exposures and the NAV of BL Equities Europe fell by 5.52%. Boozt and TeamViewer were particularly hard hit amid the fallout from the slump in the technology sector. Enzyme producer Novozymes was also weak after communicating medium-term targets at its investor day that highlighted attractive growth potential but at the expense of lower than expected profitability. Kone fell sharply in the wake of the slowdown in the Chinese property market and Chinese developer Evergrande's potential default. Sika, the Swiss specialty chemicals group for the construction industry, was also hit by profit-taking.

The portfolio was supported by its more defensive stocks that are less sensitive to the sector rotation, and was also helped by positive news for individual stocks. Pernod Ricard stood out, thanks to good results and its ability to withstand an inflationary context. Reckitt Benckiser benefited from the good impression made by the new management team at its investor day. Rotork rose in sympathy with rising oil and gas prices, which may result in fresh capital expenditure. Grifols was supported by the announcement of its acquisition of Biotest, one of its rivals. The timing of the deal is not ideal given the operational constraints Grifols is facing, but it was an opportunity not to be missed.

There were no major transactions in the portfolio during the month.

	BL-Equities Europe	MSCI Europe
ESG Score	5,9	5,7
Environmental	6,3	6,4
Carbon Emissions Intensity (t / EUR mn sales)	76,8 (100%)	127,2 (100%)
Total Water Withdrawal Intensity (m3/ EUR million sales)	1263,6 (54%)	259610,5 (52%)
Climate Change Theme Score	9,2 (100%)	8,8 (100%)
Social	5,5	5,4
Human Capital Theme Score	5,4 (100%)	5,5 (100%)
Severe Labor Management Controversies	8,02% (89%)	5,29% (100%)
Governance	5,9	5,6
Corporate Governance Theme Score	6,7 (100%)	6,8 (100%)
Global Norms		
UN Global Compact Signatories	69% (89%)	80% (99%)
UN Global Compact Watchlist	2,4% (100%)	14,6% (100%)
UN Global Compact Fail	0,00% (100%)	2,61% (100%)

Scores / 10

(%): Data Coverage

The fund excludes the 20% worst performing companies in terms of ESG from its investment universe

The objectives in terms of impact indicators are to outperform the relevant market index over the long term.

ESG Methodology

Pre Investment	Intra Investment	Post Investment																
Exclusions	ESG Integration	Engagement & Voting																
All companies active in the production of controversial weapons. Companies with an ESG rating below BBB, which reduces the investment universe by at least 20%. The remaining companies offer a superior ESG profile.	The rating bands define the ESG adjustment factor that is applied to the actualisation factors used in BLI's valuation model. <table border="1"> <caption>ESG Adjustment Factors by Rating Band</caption> <thead> <tr> <th>Rating Band</th> <th>Adjustment Factor</th> </tr> </thead> <tbody> <tr> <td>CCC</td> <td>0,60%</td> </tr> <tr> <td>B</td> <td>0,45%</td> </tr> <tr> <td>BB</td> <td>0,30%</td> </tr> <tr> <td>BBB</td> <td>0,15%</td> </tr> <tr> <td>A</td> <td>0,00%</td> </tr> <tr> <td>AA</td> <td>-0,15%</td> </tr> <tr> <td>AAA</td> <td>-0,30%</td> </tr> </tbody> </table>	Rating Band	Adjustment Factor	CCC	0,60%	B	0,45%	BB	0,30%	BBB	0,15%	A	0,00%	AA	-0,15%	AAA	-0,30%	BLI initiates an active engagement policy with invested companies. Focus is on defined impact factors as well as wider ESG topics. As an active investor, BLI votes at the annual meetings of invested companies.
Rating Band	Adjustment Factor																	
CCC	0,60%																	
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BB	0,30%																	
BBB	0,15%																	
A	0,00%																	
AA	-0,15%																	
AAA	-0,30%																	
Controversies screening	A company with a superior ESG profile enjoys lower cost of equity, which leads to a higher fair value, while a company lagging in terms of ESG faces higher cost of equity, which leads to a lower fair value.	Controversies follow-up																
Investment candidates and investments are monitored on an ongoing basis to identify substantial ESG events that could affect a company's business model, reputation and thus potentially BLI's investment case.		Ongoing monitoring of analysed controversies to assess realised progress.																

Investment Approach

Investment Principles

Limit investment losses

The value of an investment that has lost 50% must double to recover incurred losses
Avoiding losses is more important than generating extraordinary gains

Control company specific risk

Risks arise when the parameters of an investment are not properly understood
We avoid investing in companies we do not fully understand

Valuation monitoring

The price paid for an investment determines its potential return
We monitor the margin of safety to minimize the likelihood of suffering losses on our investments

Consideration of an entire market cycle

Foregoing part of potential gains in strongly rising markets pays dividends in falling markets
Our objective is to outperform the relevant benchmark through an entire market cycle.

Benchmark agnostic

The market reference is solely used for performance measurement principles
Owing to the active investment approach of our portfolio management, the portfolio structure deviates strongly from that of the benchmark.

Equity Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a business. The companies we target enjoy a sustainable competitive advantage that differentiates them from their competitors. They need to show an attractive return profile and generate high and consistent levels of free cash-flow.

Quality

In the first step of our investment process, we perform an in-depth review of the targeted company's business model in order to identify its competitive advantage. Differentiation through a competitive advantage creates entry barriers against competitors and enables a company to better execute its strategy. In the second step we analyse whether the competitive advantage translates into high ROCE and whether the company generates consistent cash-flow. We analyse the maintenance capex requirements of the targeted companies to make sure that the generated cash-flow is not absorbed by investments needs to sustain its current business operations. We emphasize the analysis of the balance sheet and look for companies with a low level of gearing through the cycle. In the third step, we analyse how the targeted company has used and will use its capital. The company's management faces the following options: investment in current business activities, development of new activities, takeovers, dividend payments, stock buybacks or debt repayments. Only companies that meet our investment criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the market benchmarks.

Valuation

Investments may lead to important capital losses if the price paid for the investment is too high. To avoid this pitfall, we derive a fair value for each targeted company prior to investing. This fair value is based on the company's normalised free cash-flow and serves as reference point for our buy and sell discipline. We invest in a company, when its stock price offers the most attractive margin of safety, taking into account its development prospects.

Portfolio characteristics

BL-Equities Europe invests in a focused selection of European companies. Targeted companies are typically among the top-3 in their respective markets and offer favourable development prospects. We construct a concentrated portfolio of approximately 35 positions, which allows us to have a good handle of each individual investment, to express our convictions and to minimise errors. Our investment process singles out companies that stand out against their competitors - through an added value product or service, through a good corporate strategy and production process, which underscores high levels of profitability and a healthy financial situation. Portfolio candidates need to enjoy favourable sales growth and / or margin progression prospects.

Our investment choices lead to significant and structural deviations from the fund's relevant market (MSCI Europe NR). We do not invest in all sectors that are represented in the market index. We identify most investment opportunities in the consumer, industrial, health care, chemical and technology sectors. Conversely, there are sectors like financials, utilities or telecom, where we find few - if any - companies that meet our investment criteria. The fund's geographical focus is biased towards Switzerland, Germany, France, Sweden, Denmark and the UK. In terms of market capitalisations, 3/4 of the portfolio are usually invested in companies with a market cap between € 2 and 50 bn.

Our investment strategy has a long-term orientation: our investment cases are constructed with a 3 to 5-year investment horizon. When implementing our bottom-up investment strategy, we do not consider any short term macroeconomic views. Owing to this approach, portfolio turnover rate is low: 25% annual turnover rate is to be expected on average. When making an investment, we are wary of valuation levels of each individual company: at investment, the market price needs to offer a discount against the company's fair value (margin of safety). The average valuation level of the portfolio is also closely monitored.

Portfolio construction rests on three main pillars: the stable core portfolio consists of well-established companies. It is complemented by pockets consisting of growth franchises (focus on growth prospects) and of special situations (focus on turnaround of fundamentals). The portfolio structure is the outcome of individual bottom-up investment opportunities without consideration of the fund's relevant benchmark structure. The weight given to each security in the portfolio is a function of their valuation level, stock liquidity and our level of conviction in the investment thesis. We are mindful of a sound diversification of the

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