

**Fund Fact Sheet**

29/10/2021

**Asset Class**

Equities Europe, all Caps

**Fund Characteristics**

AUM	€ 1614,2 mn
Launch date	28/09/1990
Oldest share class (B)	LU0093570330
Turnover (2020) <sup>1</sup>	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  
16, boulevard Royal  
L-2449 Luxembourg  
Tel: (+352) 26 26 99 - 1  
[www.bli.lu](http://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<sup>2</sup>  
Cut-off time 12:00 CET  
Front-load fee max. 5%  
Redemption fee none  
NAV calculation daily<sup>2</sup>  
NAV publication [www.fundinfo.com](http://www.fundinfo.com)

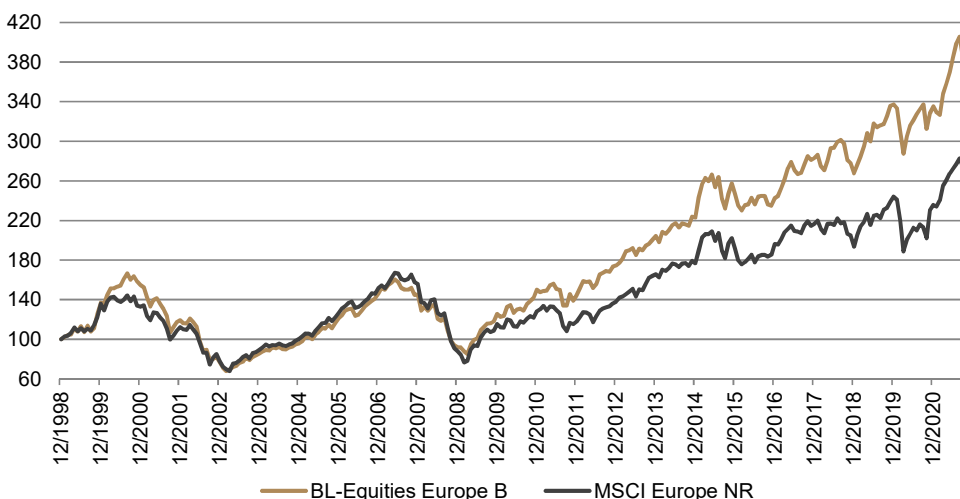
**Investment Objective**

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)	18,8%	-0,6%	25,9%	-5,4%	16,8%	-1,8%
MSCI Europe NR	21,6%	-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)	3,9%	-0,2%	11,1%	27,4%	41,7%	68,7%	173,6%
MSCI Europe NR	4,7%	3,5%	10,0%	41,9%	38,8%	56,3%	146,0%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	27,4%	12,3%	11,0%	10,6%
MSCI Europe NR	41,9%	11,5%	9,3%	9,4%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	11,1%	16,4%	14,6%	14,2%
MSCI Europe NR	10,8%	19,6%	16,7%	16,2%

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.



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

**Current Portfolio**

29/10/2021

**Top Holdings**

Sika	6,7%
SAP	5,9%
Novo Nordisk	5,3%
Essity	5,0%
EssilorLuxottica	4,9%
LVMH	4,5%
Assa Abloy	4,3%
Croda International	4,2%
Legrand	4,2%
Pernod Ricard	3,7%

**Summary Statistics**

Weight of Top 10	48,6%
Number of holdings	35
Active Share vs MSCI Europe	85,0%

**New Investments in October**

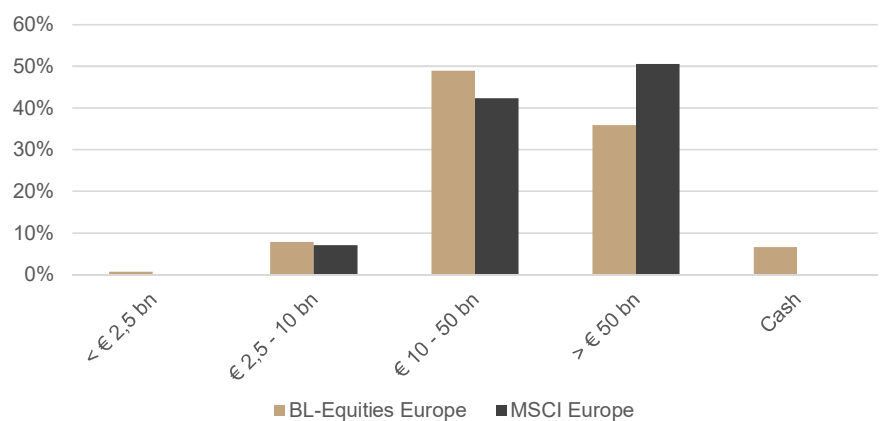
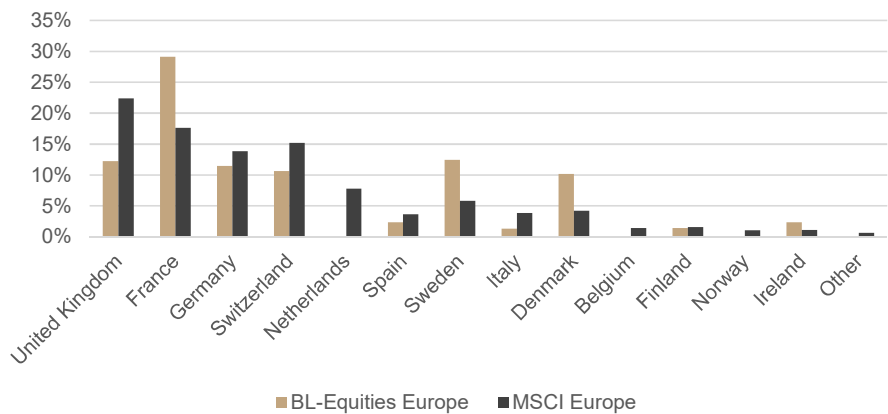
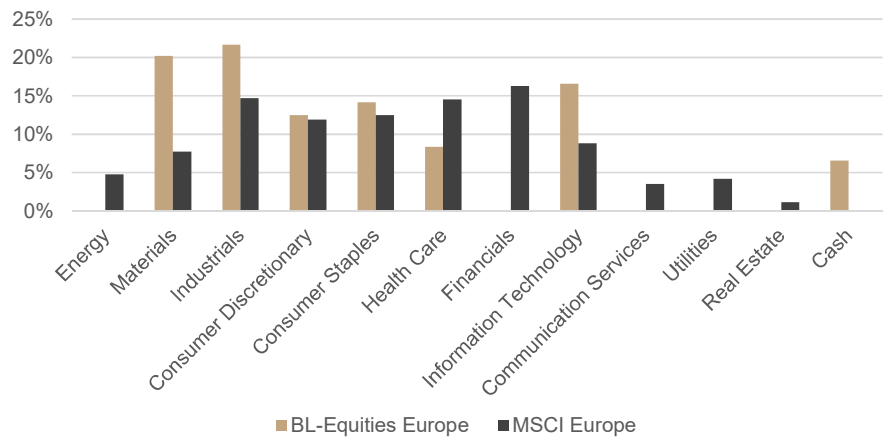
no transactions

**Investments sold in October**

no transactions

**Currency Allocation**

EUR	47,9%
SEK	12,4%
GBP	12,3%
CHF	10,6%
DKK	10,2%
Cash	6,6%



Investor Type	Clean Share	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt fee	On-going Charges	SRRI	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

29/10/2021

The European markets were back on the road to growth in October. Suspended between different macroeconomic and plausible monetary policy scenarios, it was ultimately the corporate earnings season releases that set the pace for the market during the month. They reflect a continuing upturn in the global economy and flattening of the yield curve, which overrode the evident inflationary pressures on corporate margins and the effects of supply chain disruptions. The MSCI Europe Net Total Return index gained 4.66%. The market rebounded across a diverse range of sectors, mainly technology, healthcare, automotive, banking and financials.

BL Equities Europe followed the trend but slightly lagged the market. Its net asset value increased by 3.90% over the month. Novo Nordisk, Croda, Dassault Systèmes, L'Oréal and LVMH recorded the biggest gains. Novo Nordisk benefited from encouraging comments on its drug pipeline and on the positive impact of digitalisation and automation on its R&D productivity, and from confirmation that it is intensifying its activity in the obesity drugs market. Croda, a supplier of specialty ingredients for healthcare and consumer products, reported robust demand across all its divisions, notably healthcare with its exposure to the mRNA vaccine, and it has been able to pass on cost increases thanks to good pricing power. Despite its high valuation, Dassault Systèmes was boosted by continuing strong growth and higher profitability (once again ahead of expectations), and by a return to signing major contracts along with market interest in its cloud solutions. LVMH and L'Oréal also benefited from very good results: in L'Oréal's case, mainly in North America with notable market share gains.

On the other hand, the portfolio was dented by poorer performances from TeamViewer, Grifols, Fresenius, Kone and Chr. Hansen. TeamViewer, a new investment we made this year, fortunately a small one, has been a disappointment. TeamViewer is a software provider for secure remote computer connectivity. After failing to meet its own growth and strategy expectations, the company has significantly revised its business outlook. The position is on our watch list. Chr. Hansen, the natural enzyme developer, is suffering from weak performance in its historical businesses as well as pressure on margins and investment needs. Grifols, a world leader in plasma derivatives, has been affected by low volumes of blood collection due to lockdowns and/or other covid-related constraints. The combination of this, with its impact on sales and profitability, and the fact that the company is continuing to invest, has put it out of favour with the market.

During the month, the position in Fresenius was substantially reduced in favour of strengthening the position in Teleperformance and opening a new position in Amadeus, the Spanish provider of transaction processing systems for the travel industry. Our underlying expectation is that travel and tourism have bottomed out this year and should normalise over time.

**ESG**

29/10/2021

	BL-Equities Europe	MSCI Europe
<b>ESG Score</b>	<b>5,9</b>	<b>5,8</b>
<b>Environmental</b>	<b>6,3</b>	<b>6,4</b>
Carbon Emissions Intensity (t / EUR mn sales)	76,2 (100%)	128,0 (100%)
Total Water Withdrawal Intensity (m3/ EUR million sales)	1251,5 (56%)	266570,1 (55%)
Climate Change Theme Score	9,3 (100%)	8,8 (100%)
<b>Social</b>	<b>5,5</b>	<b>5,5</b>
Human Capital Theme Score	5,5 (100%)	5,6 (100%)
Severe Labor Management Controversies	8,52% (89%)	5,32% (100%)
<b>Governance</b>	<b>6,0</b>	<b>5,7</b>
Corporate Governance Theme Score	6,8 (100%)	6,8 (100%)
<b>Global Norms</b>		
UN Global Compact Signatories	69% (89%)	80% (99%)
UN Global Compact Watchlist	0,8% (100%)	14,6% (100%)
UN Global Compact Fail	0,00% (100%)	2,60% (100%)

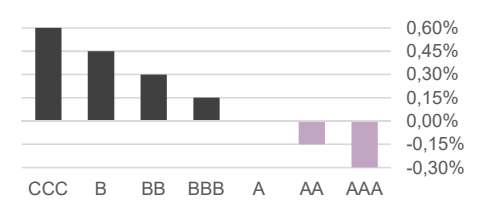
Scores / 10

(%): 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																
<b>Exclusions</b>	<b>ESG Integration</b>	<b>Engagement &amp; Voting</b>																
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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A	0,00%																	
AA	-0,15%																	
AAA	-0,30%																	
<b>Controversies screening</b>		<b>Controversies follow-up</b>																
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.	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.	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 needed 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

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Legal documentation of the fund may be obtained, free of charge, at the offices of the Swiss representative, CACEIS (Switzerland) S.A., 7-9, Chemin de Précossy, CH-1260 Nyon, Switzerland, in accordance with the provisions of the Swiss Collective Investment Schemes Act of 23 June 2006 ("CISA").

The SICAV has appointed Banque CIC (Suisse) SA, Marktplatz 13, CH-4001 Bâle, Switzerland to act as paying agent for Switzerland.

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