

Fund Fact Sheet

30/06/2020

Asset Class

Global Equities - High Dividend Yield

Fund Characteristics

AUM	€ 469,2 mn
Launch date	30/10/2007
Oldest share class (B)	LU0309191657
Turnover (2019) ¹	17%
Reference currency	EUR
Hedged share classes	USD / CHF
Legal structure	SICAV, UCITS
Domicile	Luxembourg
European passport	Yes
Countries of registration	AT, BE, DK, FI, FR, DE, ES, IT, LU, NL, NO, SG, SE, CH, GB

Fund Managers



Jérémie Fastnacht
joined BLI in 2016. He has been the lead manager of the fund since November 2017.



Guy Wagner, Managing Director of BLI, is the co-manager of the fund. He joined BLI in 1986.

Management Company

BLI - Banque de Luxembourg Investments S.A.
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Dealing & Administrator Details

European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily ²
NAV publication	www.fundinfo.com

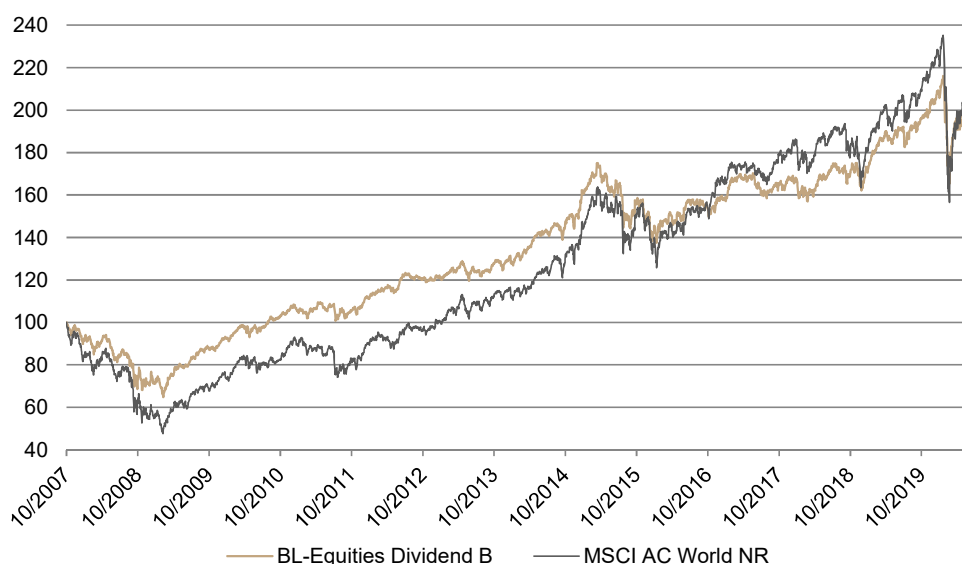
Investment Objective

BL-Equities Dividend aims to offer better risk-adjusted returns than the global equity markets over complete cycles, through investments in high-quality companies which offer attractive, sustainable and growing dividends. The fund invests with no geographic, monetary or sector limitation.

We look for companies with strong business models protected by sustainable barriers to entry / competitive advantages that allow them to grow while compounding their high cash flows at superior rates of return on capital employed. We then apply our strict dividend filters to pick those which offer attractive, sustainable and growing dividends.

Key Facts

- High-quality companies that offer attractive, sustainable and growing dividends.
- Pure bottom-up approach, no index hugging, no geographic, monetary or sector limitation.
- Long-term investment horizon.
- Conviction portfolio.
- Low turnover.



Performance	YTD	2019	2018	2017	2016	2015
Fund (B shares)	-2,5%	23,7%	-2,1%	6,5%	3,9%	0,3%
MSCI World AC NR	-6,3%	28,9%	-4,8%	8,9%	11,1%	8,8%

Performance	3 months	6 months	1 year	3 years	5 years	10 years	since launch
Fund (B shares)	8,4%	-2,5%	5,6%	20,0%	22,5%	103,8%	97,7%
MSCI World AC NR	16,5%	-6,3%	3,5%	21,4%	35,6%	161,9%	106,2%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years	since launch
Fund (B shares)	11,1%	18,6%	14,8%	11,0%	11,5%	10,0%	12,0%
MSCI World AC NR	16,1%	27,4%	20,8%	15,4%	15,9%	14,8%	16,6%

The index (MSCI World AC) 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

30/06/2020

Top Holdings

Unilever	7,3%
PepsiCo	6,0%
Reckitt Benckiser	5,7%
Colgate Palmolive	5,6%
Philip Morris International	5,4%
Nestle	4,9%
Swedish Match	4,6%
Givaudan	4,4%
National Grid	3,9%
SGS	3,7%
Weight of Top 10	51,4%
Number of holdings	32

New investments in June

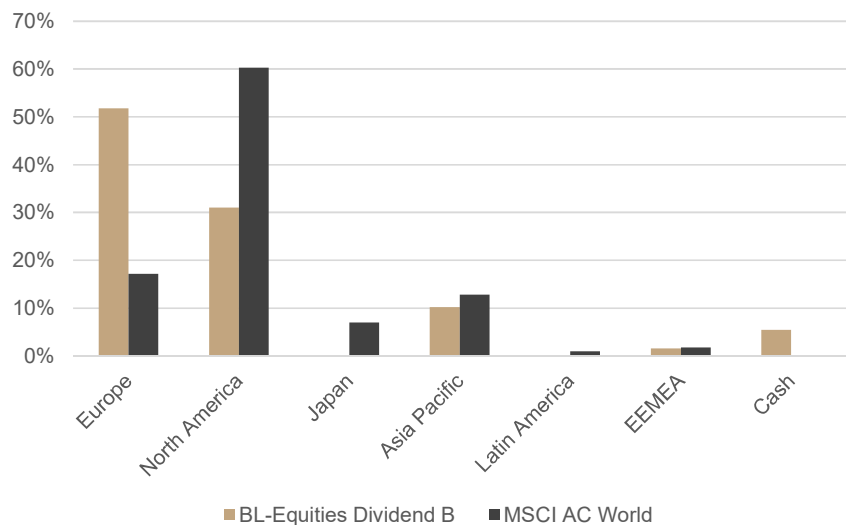
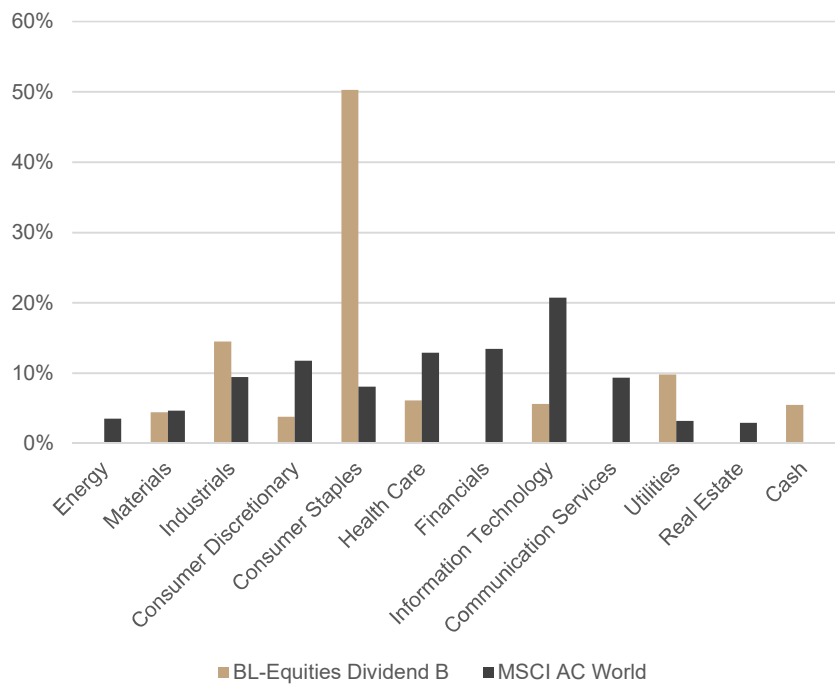
Paychex

Investments sold in June

No transactions

Currency Allocation

USD	27,7%
Gbp	19,4%
EUR	17,9%
CHF	14,4%
HKD	5,2%
SEK	4,6%
CAD	3,3%
AUD	2,5%
VND	1,6%
ZAR	1,5%
TWD	1,0%
DKK	0,9%



Investor type	Clean Share	Eligibility Restrictions	Share Class	Curr.	Income	Hedging	Mgmt fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	Dis	No	1,25%	1,46%	5	LU0309191491	BLEQDIA LX
Retail	No	No	B	EUR	Cap	No	1,25%	1,46%	5	LU0309191657	BLEQDIB LX
Retail	No	No	B CHF Hedged	CHF	Cap	Yes	1,25%	1,47%	5	LU1305477611	BLEQDH1 LX
Retail	No	No	B USD Hedged	USD	Cap	Yes	1,25%	1,46%	5	LU0751781666	BLEQDH1 LX
Retail	Yes	Yes	AM	EUR	Dis	No	0,85%	1,06%	5	LU1484142978	BLEQDAM LX
Retail	Yes	Yes	BM	EUR	Cap	No	0,85%	1,06%	5	LU1484143190	BLEQDBM LX
Retail	Yes	Yes	BM CHF Hedged	CHF	Cap	Yes	0,85%	1,06%	5	LU1484143356	BLEDPMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Cap	Yes	0,85%	1,08%	5	LU1484143430	BLEDPMU LX
Institutional	No	Yes	AI	EUR	Dis	No	0,60%	0,77%	5	LU0495663105	BLEQDAI LX
Institutional	No	Yes	BI	EUR	Cap	No	0,60%	0,77%	5	LU0439765594	BLEQDVI LX
Institutional	No	Yes	BI USD Hedged	USD	Cap	Yes	0,60%	0,77%	5	LU1191324448	BLEBIUH LX

Management Report

30/06/2020

Over the month of June 2020, BL Equities Dividend (retail accumulation share net of fees in euros) gained 0.60%. Since the start of the year, the fund is down 2.50%.

Specifically, Domino's Pizza Enterprises, National Grid (electricity and gas transmission) and Microsoft (software, cloud, operating systems) were the best contributors to the fund's performance this month. At the other end of the scale, Guangdong Investment (water supply concession), Philip Morris (tobacco derivatives) and Hengan (hygiene products) posted the poorest contributions.

During the month, we topped up our holdings in Guangdong Investment (water supply concession), Severn Trent (water distribution and treatment), United Utilities (water distribution and treatment) and Nestlé (food, soft drinks).

We also started to build a position in Paychex, the second new line this year following on from L'Oréal in February.

Founded five decades ago, Paychex is the niche leading provider of solutions for payroll processing, compliance, insurance, healthcare and pensions services and other benefits, time management and HR outsourcing for companies with fewer than 50 employees in the United States.

The group offers critical services at a modest cost (around \$800 to \$2,000) for small businesses which do not require a huge amount of service and prefer to have these complex tasks that are outside their core business handled by an agent. With its diversified base of around 670,000 clients, Paychex benefits from economies of scale (fixed costs spread, numerous experts available 24/7 for complex issues and statements, bargaining power for better benefits and insurance, the possibility of combining various services within a single solution, marketing, etc.). Moreover, clients also face switching costs (training time, company practices, sensitive data, critical tasks, offers bundled in a single solution); Paychex has an average client-retention rate of over 80%, which was maintained at 77% in 2008/2009 (although typically about half of the clients it loses are due to bankruptcies or M&As, and not leaked to a rival service).

The company's growth vectors lie in its capacity to raise its prices, opportunities to sell additional services to its many existing clients, and trends such as constantly evolving federal, state and municipal legislation, increased regulatory reporting, outsourcing and digitalisation.

Exposure to healthcare for American SMEs is a double-edged sword.

The group is uncompromising on costs and prices, has a healthy balance sheet, requires limited investment and generates very high ROCE and FCF margin (over 30%).

Paychex has increased its dividend every year since its first dividend payment in 1988, except in 2009/2010 when the dividend was still maintained. At the time of our first investment in the company, its gross dividend yield was 3.4%.

At the end of the period, BL Equities Dividend offered a gross weighted average dividend yield of 3.0% (cash included). The companies currently held in the fund posted an average compound annual growth rate of their gross dividend per share of 8% over the last five years.

Investment Approach

Investment Principles

Limit 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.*

Master investment risks

Risks arise when the parameters of an investment are not properly understood.

> *We avoid investing in assets we do not fully understand.*

Valuation / margin of safety

The price paid for an investment determines its potential return.

> *The objective is to invest with a safety margin to increase the potential return and limit the risk of loss.*

Consideration of an entire business cycle

Our circumspect approach may lead us to forego part of potential performance in soaring markets, but will pay off in falling markets.

> *Our objective is to outperform the relevant markets indices over an entire business cycle, with lower volatility and by limiting the drawdown in challenging markets.*

Active Management

The market reference is solely used for performance measurement principles.

> *Owing to the active investment approach of our portfolio management, the portfolio structure may deviate strongly from that of market indices.*

Equity selection: “Business-Like Investing” approach

We consider an equity investment as a long-term participation in a quality business. As a consequence, we need to make sure that the businesses we invest in are able to compete successfully within their lines of business and remain profitable for the years to come.

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 sustainable competitive advantages. A competitive advantage differentiates the company from its competitors and creates barriers to entry, adding value for its investors. Secondly, we analyse whether the competitive advantage translates into high return on capital employed and recurrent free cash flows. We put a special emphasis on the analysis of the maintenance capex requirements of the targeted companies to make sure that the cash flow generated is not absorbed by investment needs to sustain the company's current business operations.

Thirdly, we analyse if the targeted company uses its capital wisely. The company's management faces the following options: investment in current business, development of new activities, takeovers, dividend payments, stock buybacks or debt repayments.

Only companies that comply with our bottom-up quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the relevant market indices.

Valuation

Even investments in quality companies may result in significant capital losses if the price that was paid for the investment proves too high. To avoid this pitfall, we determine 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.

Dividends

In the long term, a significant proportion of the total return from equities comes from dividends. Moreover, empirical studies show that over the long term, the shares of companies with an efficient dividend policy have outperformed the equity markets, with lower volatility. This is even more significant when dividends are reinvested. Also, unlike declared profits dividends represent actual expenses for a company and cannot be manipulated. Dividends can also be an indicator of a company's future performance, and tend to offer protection against inflation.

In the current environment (historically low interest rates, unconventional monetary policies, generally quite high valuations) the dividend strategy is more attractive than ever.

Furthermore, in the future, shares of companies that pay generous dividends will be more sought after, buoyed by the demand of an ageing global population (as they offer income without the need to sell off capital, and tend to be less volatile).

BLI specifics

First, we select high-quality value-creating companies, then we apply our strict dividend filter to pick those which offer attractive and sustainable yields.

In our view, a portfolio with a shrewd combination of “dividend growers” and “dividend payers” can offer a higher risk-adjusted return than the equity markets.

The term “dividend growers” relates to companies offering a moderate dividend yield but strong potential to increase their dividend. Historically, shares of companies in a position to “grow” their dividend have outperformed those of companies content with a high payout.

“Dividend payers” are companies offering less potential to increase their dividend but a high (and sustainable) yield that could constitute a cushion in hard times.

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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. The present document may be distributed to Swiss qualified investors.

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