

Fund Fact Sheet

29/09/2023

Asset Class

Global Equities - High Dividend Yield

Fund Characteristics

AUM	€ 574,7 mn
Launch date	30/10/2007
Oldest share class (B)	LU0309191657
Turnover (2022) ¹	19%
Reference currency	EUR
Hedged share classes	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

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
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L-2449 Luxembourg
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www.bli.lu

Dealing & Administrator Details

UI efa S.A.	
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 policy

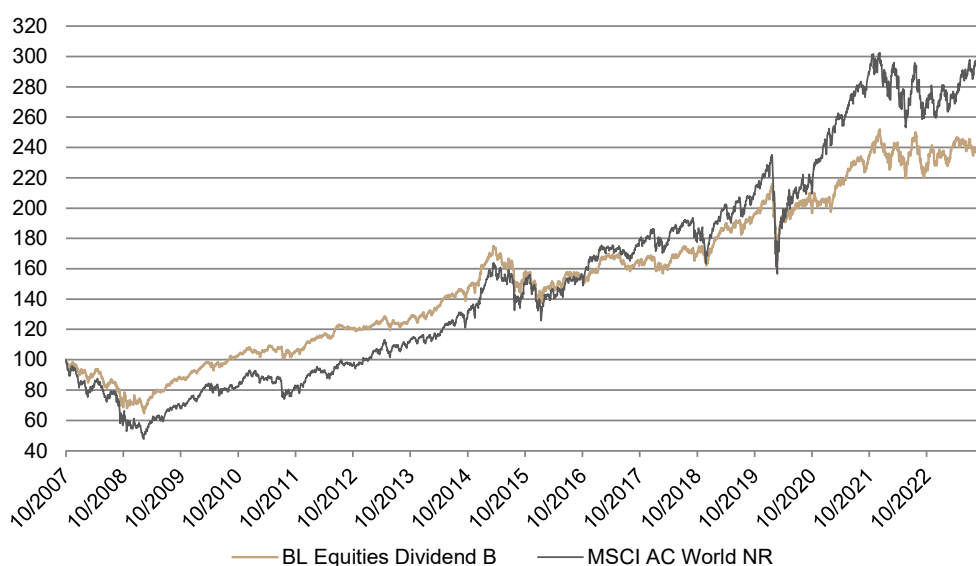
The fund's objective is to generate long-term capital gains by investing in high-quality companies listed on equity markets anywhere in the world. The selected companies have sustainable competitive advantages and offer attractive, sustainable and growing dividends. The fund aims to generate higher risk-adjusted returns than its benchmark universe over a full market cycle.

A minimum of 30% of the fund's assets will be invested in sustainable assets.

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

Key Facts

- An active, fundamental, conviction-based and purely bottom-up approach, oriented towards the long term;
- A concentrated portfolio composed solely of high-quality companies offering attractive, sustainable and growing dividends;
- A prudent risk profile to contain the downside during periods of market decline;
- Non-benchmarked management resulting in significant deviations from the initial investment universe;
- Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring of controversies, voting policy and engagement);
- Low turnover.



Performance	YTD	2022	2021	2020	2019	2018
Fund (B shares)	2,2%	-8,8%	21,6%	1,4%	23,7%	-2,1%
MSCI World AC NR	10,9%	-13,0%	27,5%	6,7%	28,9%	-4,8%

Performance	3 months	6 months	1 year	3 years	5 years	10 years	since launch
Fund (B shares)	-4,5%	-2,2%	4,6%	13,7%	34,5%	87,3%	133,1%
MSCI World AC NR	-0,5%	5,2%	11,8%	35,3%	50,0%	164,9%	188,9%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years	since launch
Fund (B shares)	11,0%	9,1%	10,4%	11,5%	12,4%	11,4%	11,3%
MSCI World AC NR	11,7%	9,7%	11,4%	13,5%	16,4%	15,1%	17,0%

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 document of the sub-fund.

¹ min (purchases, sales) / average of net assets

² Luxembourg banking business day

Current Portfolio

29/09/2023

Top Holdings

Unilever	5,7%
Reckitt Benckiser	4,8%
Nestle	4,7%
Givaudan	4,6%
Union Pacific	4,3%
SGS SA	4,3%
Canadian National Railway Co	4,2%
Colgate Palmolive	4,0%
Accenture	4,0%
National Grid	3,7%
Weight of Top 10	44,2%
Number of holdings	30

New investments in September

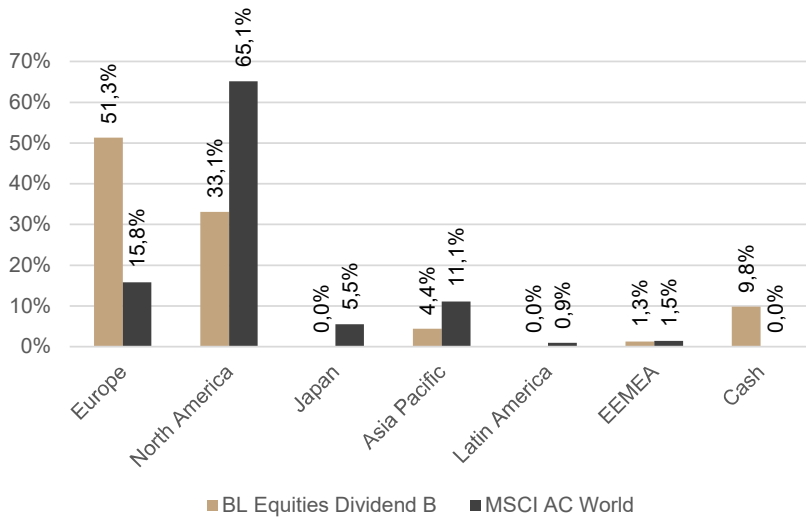
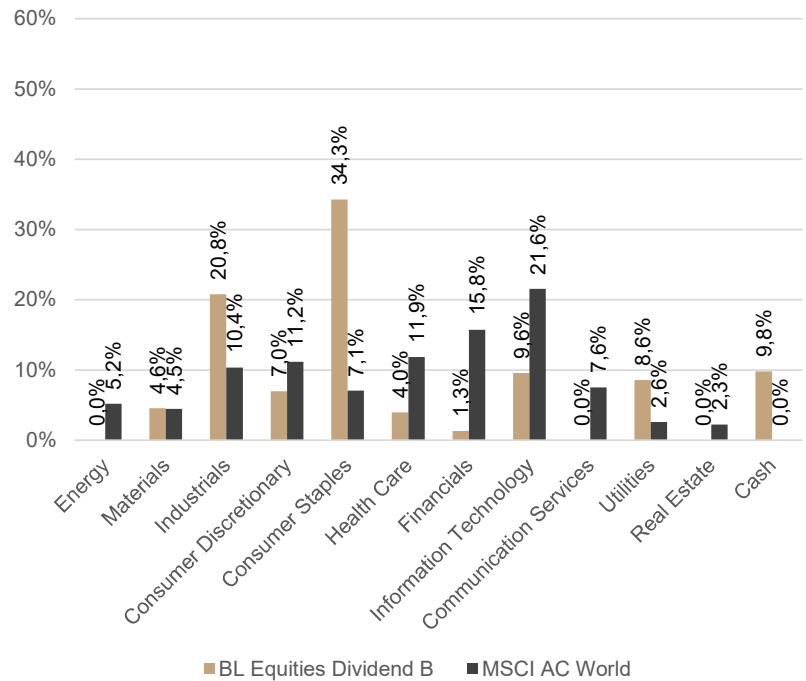
Resmed

Investments sold in September

No transactions

Currency Allocation

USD	28,8%
EUR	27,7%
GBP	16,9%
CHF	13,5%
CAD	4,2%
DKK	3,0%
TWD	2,3%
ZAR	1,3%
VND	1,3%
AUD	0,9%



Investor type	Clean Share	Eligibility Restrictions	Share Class	Curr.	Income	Hedging	Mgmt fees	On-going Charges	SRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	Dis	No	1,25%	1,44%	4	LU0309191491	BLEQDIA LX
Retail	No	No	B	EUR	Cap	No	1,25%	1,44%	4	LU0309191657	BLEQDIB LX
Retail	No	No	B CHF Hedged	CHF	Cap	Yes	1,25%	1,44%	4	LU1305477611	BLEDDBCH LX
Retail	No	No	B USD Hedged	USD	Cap	Yes	1,25%	1,44%	4	LU0751781666	BLEQDH1 LX
Retail	Yes	Yes	AM	EUR	Dis	No	0,85%	1,04%	4	LU1484142978	BLEQDAM LX
Retail	Yes	Yes	BM	EUR	Cap	No	0,85%	1,04%	4	LU1484143190	BLEQDBM LX
Retail	Yes	Yes	BM CHF Hedged	CHF	Cap	Yes	0,85%	1,04%	4	LU1484143356	BLEDDBMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Cap	Yes	0,85%	1,04%	4	LU1484143430	BLEDDBMU LX
Institutional	No	Yes	AI	EUR	Dis	No	0,60%	0,75%	4	LU0495663105	BLEQDAI LX
Institutional	No	Yes	BI	EUR	Cap	No	0,60%	0,75%	4	LU0439765594	BLEQDVI LX
Institutional	No	Yes	BI USD Hedged	USD	Cap	Yes	0,60%	0,75%	4	LU1191324448	BLEBIUH LX

Management Report

29/09/2023

Over the month of September 2023, the NAV of BL Equities Dividend (retail accumulation share net of fees in euros) was down 2.40%.

During the month, we opened a new investment in ResMed (listed in New York). When it was founded in Sydney in 1989 by Peter Farrell (father of the current CEO), ResCare (its original name) had just one prototype and a single nurse comprising its sales force. Three decades later, this pioneer is the established and dominant leader controlling around two-thirds of the global market for connected equipment, masks and continuous positive airway pressure (CPAP) accessories for the diagnosis and treatment of obstructive sleep apnoea (OSA), comfortably ahead of the number-two player Philips, which has been facing a serious product recall since 2021.

Although a large volume of medical research demonstrates the association of OSA with numerous problems (obesity, heart failure, hypertension, coronary heart disease, type 2 diabetes, stroke, Alzheimer's disease, drowsiness, fatigue, reduced cognitive capacity, irritability, depression, male sexual dysfunction, etc.), currently, in the 'developed countries' alone, under 20% of people affected are aware of it.

ResMed's business is protected by a number of competitive advantages and entry barriers: a clear technological lead (more than a billion dollars invested in R&D over the last 5 years and over 8,000 patents) in comfortable, high-performance and reliable connected equipment, appreciated by healthcare professionals and patients alike (around 90% adherence to treatment) ensure its premium positioning. To reinforce its solid relationships and proprietary lock-in, ResMed is creating – organically and via acquisitions – a whole ecosystem of medical applications and software between patients, medical organisations, distributors and healthcare professionals (data generation and analysis, individualised advice and support, documentation, payment and reimbursement, etc.), which already accounts for 12% of the group's turnover. In addition, with machines needing to be replaced every 3 to 5 years, and masks and other accessories (higher margins) consumed several times a year, the business offers attractive visibility.

There is no shortage of growth drivers: a general increase in awareness, the post-Covid catch-up in screening, the opening up of new reimbursed markets, the extension of treatments to other chronic obstructive pulmonary diseases (COPD) and other chronic respiratory diseases, a mix effect thanks to innovation, an ageing population, and growing access to healthcare in emerging countries.

ResMed offers strong profitability and cash generation (gross margin of 57%, normalised FCF margin of just under 20%, ROCE (including goodwill) of 17%) with low leverage.

At the time of our initial investment, the stock offered a gross dividend yield of 1.2%, which still allows strong potential for appreciation, given that normalised FCF represents more than twice the amount of dividends paid.

It is worth noting that this opportunity has arisen (after years of patience) following the sharp fall in the company's share price, probably due to disappointing quarterly results, and the effect of the "GLP-1 obesity remedy" (whose large-scale impact on ResMed's target population seems to us to be overestimated in view of the various remaining obstacles such as high cost, therapeutic adherence, side-effects, awareness and value).

The fund is currently invested in 30 high-quality companies, held for an average of around seven years.

At the end of the period, BL Equities Dividend offered a gross weighted average dividend yield of 2.7% (cash included). The companies currently held in the fund post an average compound annual growth rate of their gross dividend per share of 6% over the last five years.

(Data source: Bloomberg, company reports)

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.

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