BL-Global Flexible EUR

a sub-fund of SICAV BL

BANQUE DE LUXEMBOURG INVESTMENTS

Fund Fact Sheet

30/06/2020

Asset Class

Mixed Asset Global Flexible

Fund Characteristics

AUM	€ 1526,0 mn
Launch date	06/04/2005
Oldest share class (B)	LU0211340665
Turnover (2019) *	57%
Reference currency	EUR
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 Manager

Guy Wagner has been managing BL-Global Flexible EUR since launch.
An economics graduate from the Université Libre de Bruxelles, he joined Banque de Luxembourg in 1986 and headed the Financial Analysis and Asset Management departments. He was appointed Managing Director of BLI – Banque de Luxembourg Investments in 2005.

Management Company

BLI - Banque de Luxembourg Investments S.A.
16, boulevard Royal
L-2449 Luxembourg
Tel: (+352) 26 26 99 - 1
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**
Cut-off time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	www.fundinfo.com

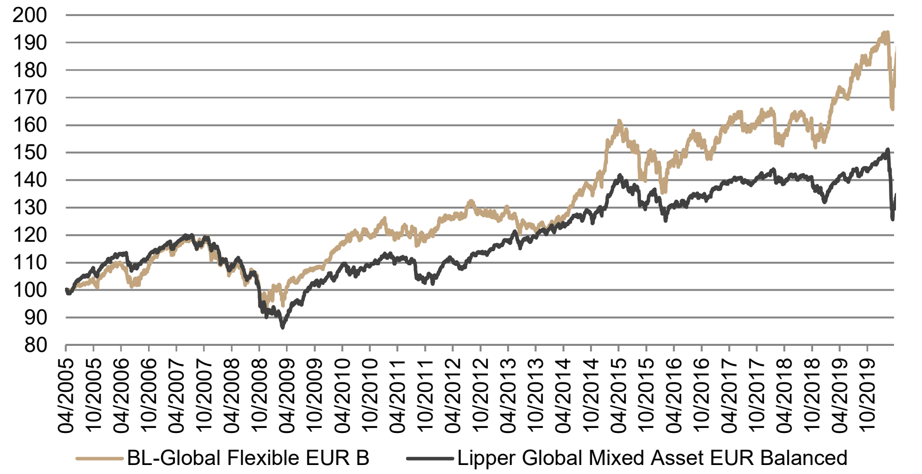
* min (purchases, sales) / average of net assets
** Luxembourg banking business day
*** Lipper Global Mixed Asset Balanced

Investment Objective

The fund aims to achieve positive returns from an actively managed portfolio of decorrelated asset classes, including equities, bonds, money market instruments and gold. The weighting of these asset classes depends on their valuations and the portfolio manager's view on their relative attractiveness in a given environment.
Pervading the investment objective is a fundamental philosophy of long-term capital preservation. There is however no guarantee that a positive return will be delivered over any one or a number of 12-month periods.

Key Facts

- Flexible balanced wealth management fund.
- Global equity portfolio of quality companies.
- Bond portfolio consisting essentially of government bonds.
- Exposure to gold through gold companies.



Performance	YTD	2019	2018	2017	2016	2015
Fund (B shares)	-0,5%	22,5%	-4,9%	8,2%	3,9%	1,5%
Lipper Peergroup***	-4,8%	11,5%	-6,6%	3,7%	2,4%	2,8%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-0,14%	8,8%	-0,5%	7,3%	18,5%	25,2%	55,8%
Lipper Peergroup***	1,2%	7,6%	-4,8%	-1,2%	0,9%	3,5%	32,4%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	9,6%	12,1%	9,5%	8,3%	9,0%	8,0%
Lipper Peergroup***	5,9%	14,1%	10,3%	7,0%	6,6%	6,0%

The index (Lipper Global Mixed Asset EUR Balanced) 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.

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BANQUE DE LUXEMBOURG INVESTMENTS

Current Portfolio

30/06/2020

Top Holdings Equity Portfolio	
Roche Holding	3,7%
Franco Nevada	3,7%
Newmont Mining	2,3%
Agnico Eagle Mines	2,2%
Accenture	1,9%
# holdings equity portfolio	**93**

Top Holdings Bond Portfolio	
US 1,25% 15-5-2050	0,3%
# holdings bond portfolio	**1**

Bond Portfolio Technicals	
average modified duration	24,5
average maturity	29,9 years
average yield to maturity	1,4%

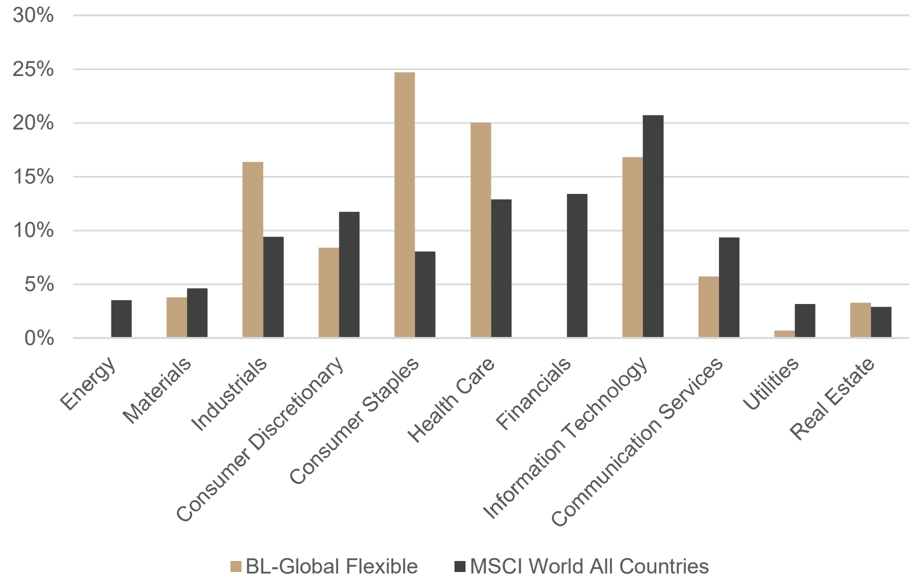
New Investments in June (Equities)

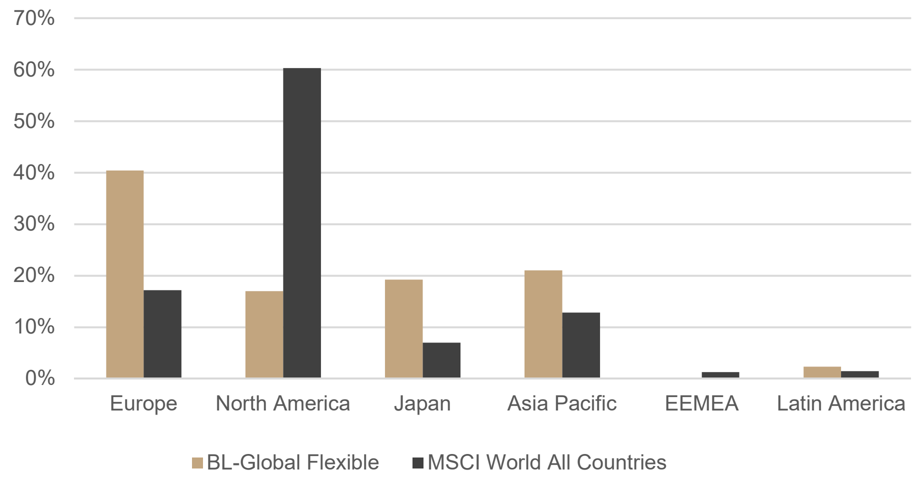
no transactions

Investments sold in June (Equities)

no transactions

Currency allocation	before hedging	after hedging
EUR	25,8%	36,9%
JPY	12,0%	12,0%
CAD	10,8%	10,8%
CHF	8,6%	8,6%
USD	18,8%	7,7%
HKD	5,0%	5,0%
NOK	4,9%	4,9%
GBp	3,9%	3,9%
DKK	2,4%	2,4%
SGD	1,6%	1,6%
TWD	1,6%	1,6%
KRW	1,1%	1,1%
MXN	1,1%	1,1%
VND	0,9%	0,9%
THB	0,7%	0,7%
SEK	0,5%	0,5%
CNY	0,4%	0,4%





Asset Allocation June 2020

	Gross	Hedging	Net
Equity	62,2%	21,2%	41,1%
Bonds	0,3%		0,3%
Precious Metals Related Stocks	13,8%		13,8%
Cash & Cash Equivalents	23,6%		23,6%
Total	**100,0%**		

Investor Type	Clean Share	Elegibility restrictions	Share Class	Currency	Currency Hedging	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	**A**	EUR	No	Dis	1,25%	1,41%	4	LU0211339816	BLGLFLX LX
Retail	No	No	**B**	EUR	No	Cap	1,25%	1,40%	4	LU0211340665	BLGLFLC LX
Retail	No	No	**B CHF Hedged**	CHF	Yes	Cap	1,25%	1,40%	4	LU1305478262	BLGLFBCH LX
Retail	Yes	Yes	**AM**	EUR	No	Dis	0,85%	1,01%	4	LU1484143513	BLGLFAM LX
Retail	Yes	Yes	**BM**	EUR	No	Cap	0,85%	1,00%	4	LU1484143604	BLGLFBM LX
Retail	Yes	Yes	**BM CHF Hedged**	CHF	Yes	Cap	0,85%	1,02%	4	LU1484143786	BLGFBMC LX
Institutional	No	Yes	**BI**	EUR	No	Cap	0,60%	0,71%	4	LU0379366346	BLGLFLI LX

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Management Report

30/06/2020

Macroeconomic environment

After starting to improve in May, the global economic recovery gathered pace in June. Contrary to expectations, economic activity responded more favourably than expected to the easing of lockdown measures and government support programmes. In June, the composite purchasing managers' indices (measuring the level of activity in the services and manufacturing sectors) improved in all regions, climbing to 46.8 in the United States, 47.5 in the eurozone and 37.9 in Japan. In China, the composite index even crossed the threshold of 50, which demarcates expansion of activity from contraction, to reach 54.5. However, the strong month-on-month improvement in a number of economic statistics cannot conceal the fact that activity is still well down from pre-health-crisis levels. In addition, the expiration of some US public assistance programmes at the end of July, the risk of a second wave of infections (signs of this are already apparent in the United States and Brazil), the cautious behaviour of a disconcerted populace leading to a general increase in the savings rate, and the explosion in public debt and deficit levels are all factors of uncertainty that could jeopardise the sustainability of the current recovery.

The weakness of the economy is keeping inflation low. In the United States, headline inflation fell from 0.3% to 0.1% in May; excluding energy and food, inflation dropped from 1.4% to 1.2%. The Federal Reserve's preferred inflation indicator, the PCE (personal consumption expenditures) deflator excluding energy and food, remained unchanged at 1.0%. In the eurozone, headline inflation increased from 0.1% to 0.3% in June, while inflation excluding energy and food fell slightly, from 0.9% to 0.8%.

After numerous monetary expansion measures during the last few months, there was no change to the US Federal Reserve's policy in June. Following the FOMC meeting, Chairman Jerome Powell said that yield curve control was an additional monetary policy measure currently under consideration. As expected, at the beginning of June, the ECB increased the envelope for the pandemic emergency purchase programme (PEPP) by €600 billion, taking it to a total of €1,350 billion. The PEPP will run to at least the end of June 2021.

Financial markets

The main outcome of unconventional monetary policy has been the inflation of financial and real estate assets.

After the renewed increase in mul¬tiples in 2019, the valuation of most mar¬kets is high, especially as company profit margins are well above average. Two factors have marked the upturn in equity prices since 2009. First, the rise in equity prices has been much higher than the increase in earnings, gen¬erating an expansion in valuation multiples. Second, the increase in earnings has itself been considerably higher than the increase in sales revenues, reflecting an increase in company profit margins.
Even though valuations are quite high, the low level of interest rates, high corporate profitability and decent corporate earnings growth continue to speak in favor of equities. The weakness of corporate spending also enables companies to devote a significant portion of their cash flow to buying back their shares and increasing their dividend. It also stimulates M&A activity which gives a further boost to stock prices.
The factors that led to an increase in multiples over the last decades could slowly begin to revert: the potential for interest rates to increase seems exhausted, the return to policies promoting the national interest over international cooperation is introducing economic and geopolitical risks, and the demographic structure of the population has reached a stage where it threatens to negatively impact available savings. Over the long term, valuation mul¬tiples therefore have a strong chance of declining and it will be all the more difficult to generate high returns from equities.
Even in difficult markets, it is nevertheless possible to invest intelligently in equities, provided one has a rigorous stock selection process. This obviously needs an active approach.

Low bond yields mean that quality debt can no longer play its shock-absorbing role in a diversified portfolio. However, long-term US government debt still offers some useful appreciation potential if economic activity in the United States should slow.
The investment case for precious metals remains valid. Gold is an investment in monetary and financial disorder as well as a hedge against inflation. Gold-mining companies offer significant leverage to the gold price.

Monthly comment June

The bond markets were very calm in June. The yield on the US 10-year Treasury note was virtually unchanged, up from 0.65% to 0.66%. Likewise, there was little movement in the eurozone core countries, with the 10-year government bond yield dipping from -0.45% to -0.46% in Germany and from -0.08% to -0.11% in France. In the periphery countries, the ramping up of the ECB's asset purchase programme led to a further slight reduction in financing costs in Italy and Spain, with the 10-year yield respectively falling from 1.47% to 1.26% and 0.56% to 0.46% over the past month.

Equity markets rebounded for the third month in a row, clawing back most of the decline seen in the first quarter. The stronger-than-expected improvement in economic activity and the central banks' massive asset purchase programmes helped stock markets make gains despite the many pandemic-related uncertainties. The MSCI All Country World Index Net Total Return expressed in euros gained 2.2% during the month, limiting its year-to-date decline to -6.3%. In the United States, the S&P 500 continued its spectacular rally (+1.8% in USD), rebounding by 20% in the second quarter after its 20% slump in the first three months of the year. The Stoxx Europe 600 and the MSCI Emerging Markets rose by 2.8% (in EUR) and 7% (in USD) respectively in June, while the Topix in Japan fell slightly (-0.3% in JPY). In terms of sectors, technology led the field once again, while the defensive consumer staples and healthcare sectors brought up the rear. The scale of the rebound has led to high equity valuations, reducing the potential for future returns and increasing the risk of a correction.

The dollar fell slightly against the euro, with the euro/dollar exchange rate edging up from 1.11 to 1.12 during the month. The gold price continued its upward trend, with the price per ounce rising from $1,730 at the end of May to $1,781 at the end of June.

BL-Global Flexible's equity holdings contributed positively to the performance in June, whilst the equity hedging and the currency allocation had a negative impact. Within the equity portfolio, the main positive contributors were Tencent, CK Asset Holdings, Accenture, SAP and Analog Devices, the major negative contributors JC Decaux, Guangdong Investment and Travelsky Technology.

Investment Approach

Investment Principles

Avoid 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 companies we do not fully understand .*

Valuation / margin of safety
The price paid for an investment determines its potential return.
> *We invest with a margin of safety in order to minimize the likelihood of suffering losses on our investments.*

Consideration of an entire business cycle
Foregoing part of potential gains in strongly rising markets pays dividends in falling markets.
> *Our objective is to outperform the relevant benchmarks over an entire business cycle 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 the benchmark.*

Asset Allocation

The weighting of the different asset classes depends on the portfolio manager's view on the relative attractiveness of these asset classes in a given environment. The fund may use derivatives for hedging purposes.

Equity Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a quality business. As a consequence, we need to make sure that the companies we invest in are able to compete successfully within their line 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 tangible competitive advantage. A competitive advantage differentiates the company from its competitors and creates barriers to entry, adding value for its investors.
In the **second step** we analyse whether the competitive advantage translates into recurrent cash-flow. We place a special emphasis on the analysis of the maintenance capex requirements of the targeted companies to make sure that the generated cash-flow is not absorbed by excessive investment needs to remain in business. This is an issue in capital-intensive business models.
How the targeted company uses its capital is analysed in the **third step** of our investment process. 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 comply with our bottom-up quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the traditional equity benchmarks.

Valuation
Even quality investments may lead to significant capital losses if the price that was paid for the investment proves too high. To avoid this pitfall, we derive a fair value for each targeted company prior to investing. This fair value is derived from the company's normalised free cash-flow (i.e. after maintenance capex) and gives us a reference point for our buy and sell discipline.

Bond Investment Approach

The bond portfolio invests essentially in bonds issued by governments or supranational entities from developed and emerging countries. The objective of the bond portfolio is to stabilise the portfolio in difficult market phases.
Key investment decisions in the bond portfolio concern the duration positioning and the allocation to EM bonds.

Gold

In order to hedge against various risks, the fund may hold between 10% and 15% in gold.

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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.

Specific Information for France:
The present document may be distributed to French professional investors.