BL-Global Flexible EUR
a sub-fund of SICAV BL

BANQUE DE LUXEMBOURG INVESTMENTS

Fund Fact Sheet

29/10/2021

Asset Class

Mixed Asset Global Flexible

Fund Characteristics

AUM	€ 1791,1 mn
Launch date	06/04/2005
Oldest share class (B)	LU0211340665
Turnover (2020)[1]	57%
Reference currency	EUR
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 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
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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

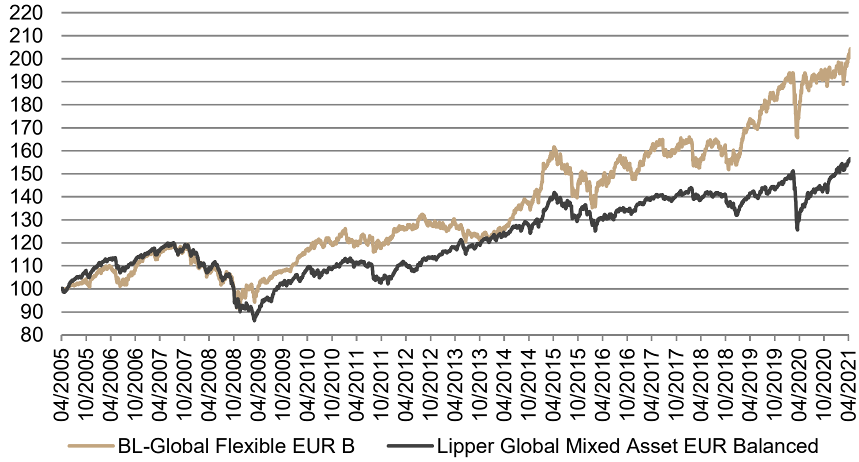
[1] min (purchases, sales) / average of net assets
[2] Luxembourg banking business day
[3] Lipper Global Mixed Asset Balanced

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	2020	2019	2018	2017	2016
Fund (B shares)	9,0%	1,9%	22,5%	-4,9%	8,2%	3,9%
Lipper Peergroup***	7,7%	1,8%	11,5%	-6,6%	3,7%	2,4%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	3,31%	0,2%	5,6%	12,3%	37,3%	38,8%	77,0%
Lipper Peergroup***	1,6%	1,2%	3,7%	14,1%	18,5%	20,7%	52,7%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	7,9%	6,5%	7,7%	9,5%	8,8%	8,4%
Lipper Peergroup***	3,5%	3,2%	4,2%	7,7%	6,5%	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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Current Portfolio

29/10/2021

Top Holdings Equity Portfolio	
Roche Holding	4,7%
Franco Nevada	3,5%
Nestle	3,5%
Alibaba Group	2,1%
Reckitt Benckiser	2,1%
# holdings equity portfolio	**78**

Top Holdings Bond Portfolio	
US 1,25% 15-5-2050	3,5%
US TIPS 15-02-2050	2,2%
US 2% 15-08-51	0,5%
# holdings bond portfolio	**3**

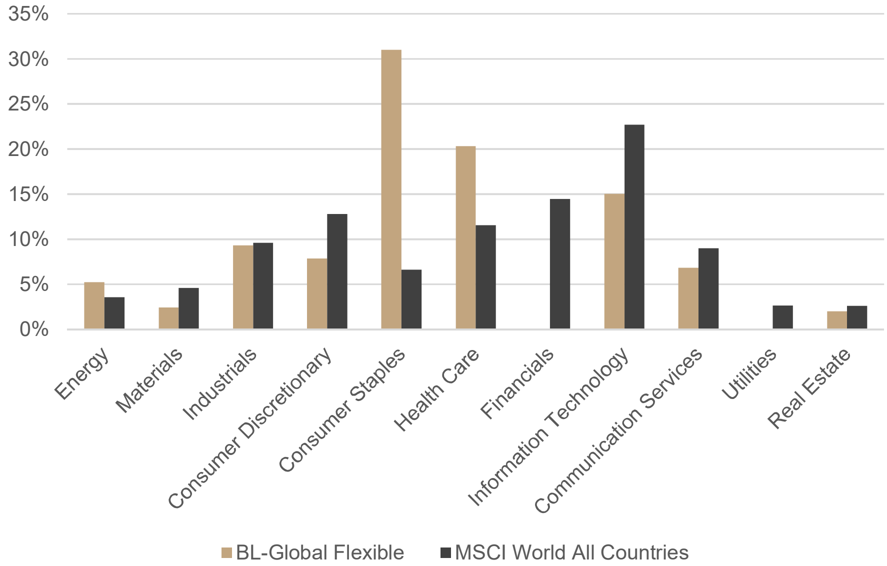
Bond Portfolio Technicals	
average modified duration	19,7
average maturity	28,6 years
average yield to maturity	1,1%

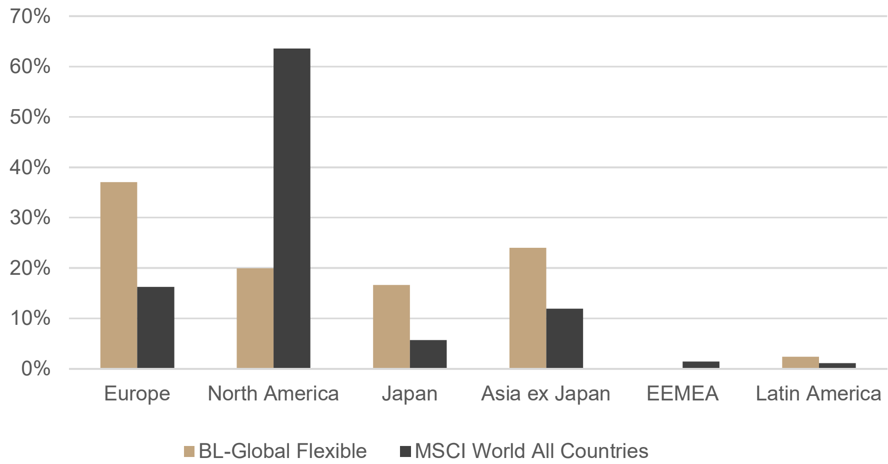
New Investments in October (Equities)

no transactions

Investments sold in October (Equities)

no transactions





Currency allocation	before hedging	after hedging
EUR	15,4%	32,0%
JPY	12,5%	12,5%
CAD	10,7%	10,7%
CHF	10,3%	10,3%
USD	24,8%	8,1%
HKD	7,7%	7,7%
GBp	4,7%	4,7%
KRW	2,5%	2,5%
DKK	2,2%	2,2%
SGD	2,0%	2,0%
SEK	2,0%	2,0%
MXN	1,7%	1,7%
VND	1,4%	1,4%
TWD	1,2%	1,2%
THB	0,9%	0,9%

Asset Allocation October 2021

	Gross	Hedging	Net
Equity	70,95%	0,0%	70,95%
Bonds	6,17%		6,17%
Precious Metals Related Stocks	13,99%		13,99%
Cash & Cash Equivalents	8,89%		8,89%
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%	1,40%	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%	1,00%	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%	1,00%	4	LU1484143786	BLGFBMC LX
Institutional	No	Yes	**BI**	EUR	No	Cap	0,60%	0,71%	4	LU0379366346	BLGLFLI LX

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BANQUE DE LUXEMBOURG INVESTMENTS

Management Report

29/10/2021

Macroeconomic environment

Signs of moderation in global economic growth that appeared during the summer months were confirmed with the publication of third-quarter growth figures. In the United States, real GDP grew by 2.0% (quarter-on-quarter, annualised) between July and September compared with 6.7% between April and June. In the eurozone, most countries are still enjoying a strong phase of economic recovery, which explains higher GDP growth of 2.2% (quarter-on-quarter, non-annualised) over the area as a whole in the third quarter. In China, GDP growth decelerated to 4.9% year-on-year due to a slowdown in real estate activity following the financial difficulties of the property developer Evergrande China, a resurgence of Covid-19 infections, and a power shortage. In Japan, supply difficulties in the automotive sector and the slowdown in Chinese demand began to show an adverse effect on exports in September. The rising cost of living following the spike in inflation, ongoing supply chain problems, and a possible resurgence of Covid-19 infections as winter approaches are the main uncertainties looming over the outlook for global economic growth in the fourth quarter.

Inflation rates remain at high levels. In the United States, headline inflation edged up from 5.3% in August to 5.4% in September. Excluding energy and food, inflation was stable at 4.0%. The Federal Reserve's preferred inflation indicator, the PCE (personal consumption expenditures) deflator excluding energy and food, was unchanged at 3.6%, its highest level since December 1991. In the eurozone, inflation is still on a rising trend. From September to October, the headline inflation rate rose from 3.4% to 4.1%, the highest since July 2008. Excluding energy and food, it increased from 1.9% to 2.1%.

At the FOMC monetary policy meeting scheduled for 3 November, Fed Chair Jerome Powell is expected to announce it will begin tapering its asset purchases. The current $120 billion of government bond and mortgage purchases would be successively reduced by $15 billion each month and end by mid-2022. In Europe, the Governing Council of the ECB kept monetary policy unchanged at the end of its October meeting. Although ECB President Christine Lagarde acknowledged that the high price level is more persistent than previously estimated, she still expects inflation to fall during 2022. More precise indications on the future direction of European monetary policy are expected at the Governing Council's final meeting of the year in December.

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 October

Government bond yields rose slightly in October, reflecting investors' doubts about the transitory nature of current inflationary pressures. The yield on the 10-year US Treasury note rose from 1.49% to 1.55% over the month. In the eurozone, yield spreads between core and peripheral countries widened slightly, reflecting uncertainties over future ECB government bond purchases in the run-up to the likely end of the emergency pandemic purchase programme in March 2022. The benchmark 10-year government bond yield rose from -0.20% to -0.11% in Germany, from 0.15% to 0.27% in France, from 0.86% to 1.17% in Italy, and from 0.46% to 0.61% in Spain.

After the correction in September, equity markets resumed their bullish trend in October. The weakness in September is characteristic of the consolidation that often happens in the autumn before share prices begin to rally at the end of the year. It remains to be seen to what extent the persistent nature of current inflationary pressures could disrupt the equity markets' traditional year-end flurry. The MSCI All Country World Index Net Total Return expressed in euros posted a new record high at the end of October, with a rise of 5.3%. The S&P 500 in the United States, the Stoxx 600 in Europe, and the MSCI Emerging Markets gained 6.9% (in USD), 4.6% (in EUR), and 0.9% (in USD) respectively. After rising against the tide the previous month, Japan's Topix was alone in falling, by 1.4% (in JPY). In terms of sectors, consumer discretionary, technology, energy and financials performed best, while less cyclical activities such as communication services and consumer staples recorded more modest gains.

On the foreign exchange markets, the euro/dollar rate was unchanged at 1.16. Precious metals appreciated slightly after weaker prices in the previous month. The gold price added 1.5%, from $1,757 per ounce to $1,783 Silver appreciated more sharply, with the price per ounce gaining 7.8%, from $22.2 to $23.9.

No new position was established in the equity portfolio during the month.

BL-Global Flexible's Emerging Markets, European and U.S. equity holdings as well as its bond and gold holdings and its currency allocation contributed positively to the performance in October, whilst the Japanese equity holdings had a negative impact. Within the equity portfolio, the main positive contributors were Nestle, Roche, Alibaba, Microsoft and Glaxosmithkline, the main negative contributors Gilead Sciences, Grifols, LG Household + Health Care, Nintendo and Samsung Electronics.

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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The present document may be distributed to Swiss qualified investors.

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