BL-Global Flexible EUR

a sub-fund of SICAV BL

BANQUE DE LUXEMBOURG INVESTMENTS

Fund Fact Sheet

30/11/2021

Asset Class

Mixed Asset Global Flexible

Fund Characteristics

AUM	€ 1786,9 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

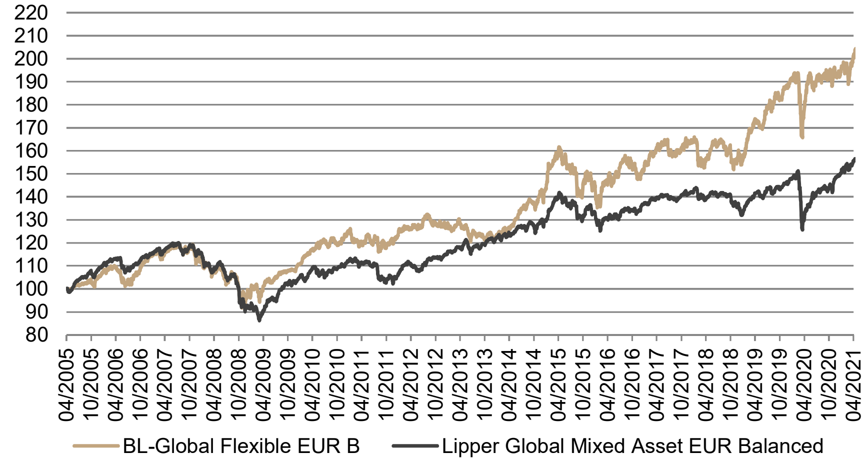
[1] min (purchases, sales) / average of net assets
[2] Luxembourg banking business day
[3] Lipper Global Mixed Asset Balanced

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)	8,1%	1,9%	22,5%	-4,9%	8,2%	3,9%
Lipper Peergroup***	7,6%	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)	-0,78%	-1,1%	2,4%	9,1%	32,6%	40,7%	73,8%
Lipper Peergroup***	-0,2%	0,0%	3,2%	8,8%	18,3%	20,4%	55,6%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	10,7%	8,3%	7,2%	8,0%	7,9%	8,0%
Lipper Peergroup***	5,1%	4,1%	3,8%	7,0%	6,0%	5,8%

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

30/11/2021

Top Holdings Equity Portfolio	
Roche Holding	4,8%
Franco Nevada	3,7%
Nestle	3,5%
Reckitt Benckiser	2,2%
GlaxosmithKline	2,1%
# holdings equity portfolio	**77**

Top Holdings Bond Portfolio	
US 1,25% 15-5-2050	3,7%
US 2% 15-08-51	0,5%
# holdings bond portfolio	**2**

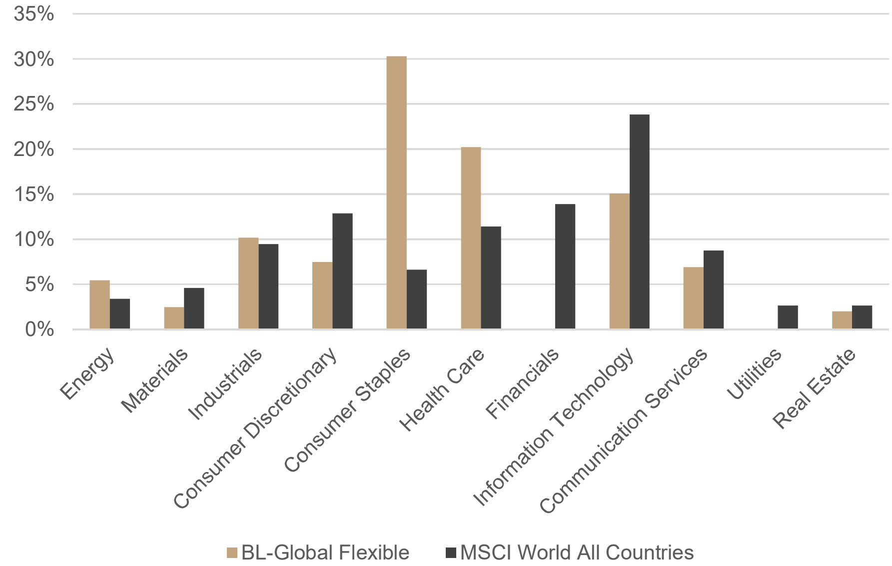
Bond Portfolio Technicals	
average modified duration	23,1
average maturity	28,6 years
average yield to maturity	1,8%

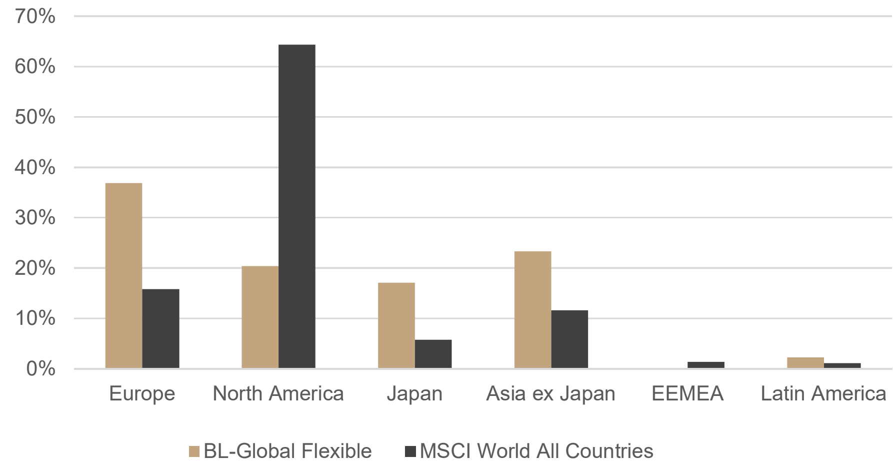
New Investments in November (Equities)

Nabtesco

Investments sold in November (Equities)

Pretium Resources
Meiji Holdings





Currency allocation	before hedging	after hedging
EUR	14,7%	31,8%
JPY	12,2%	12,2%
CAD	10,9%	10,9%
CHF	10,5%	10,5%
USD	25,7%	8,7%
HKD	7,4%	7,4%
GBp	4,8%	4,8%
KRW	2,5%	2,5%
DKK	2,2%	2,2%
SEK	2,0%	2,0%
SGD	1,9%	1,9%
MXN	1,6%	1,6%
VND	1,4%	1,4%
TWD	1,3%	1,3%
THB	0,9%	0,9%

Asset Allocation November 2021

	Gross	Hedging	Net
Equity	71,29%	0,0%	71,29%
Bonds	4,22%		4,22%
Precious Metals Related Stocks	12,40%		12,40%
Cash & Cash Equivalents	12,09%		12,09%
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

BANQUE DE LUXEMBOURG INVESTMENTS

Management Report

30/11/2021

Macroeconomic environment

Although the global economy has been progressing at a slightly slower pace since early summer, its growth trajectory continues to be robust. In the United States, activity even seems to be accelerating due to the sharp rise in household consumption, with retail sales up 16.3% year-on-year in October despite a non-depressed basis of comparison from twelve months ago. In Europe, the situation is a little less rosy due to supply difficulties in the industrial sector and the resurgence of Covid-19 infections, although the purchasing managers' indices have so far held up at a high level. In China, the zero-tolerance policy to new coronavirus infections and the slowdown in the property market are reining in the growth of both domestic consumption and industrial activity. In Japan, third-quarter GDP fell by 0.8% compared to the previous three months, with the widespread decline in activity due to an increase in infections over the summer and supply chain disruptions. The emergence of a new Covid-19 variant, named Omicron, provided a fresh wave of uncertainty at the end of the month. Its impact on global growth will depend on the degree of contagion, effectiveness of the vaccines, and severity of the symptoms it causes.
Despite already high levels, inflation rates are continuing to accelerate. In the United States, headline inflation climbed from 5.4% in September to 6.2% in October. Excluding energy and food, inflation rose from 4.0% to 4.6%. The Federal Reserve’s preferred inflation indicator, the PCE (personal consumption expenditures) deflator excluding energy and food, increased from 3.6% to 4.1%, its highest level since January 1991. In the eurozone, inflationary pressures are also intensifying. From October to November, the headline inflation rate rose from 4.1% to 4.9%, its highest level since the introduction of the euro. Excluding energy and food, it increased from 2.0% to 2.6%.
As expected, at the Federal Reserve's monetary policy committee (FOMC) meeting on 3 November, Chairman Jerome Powell announced that the Fed would start tapering its asset purchases. In a speech to the Senate Banking Committee at the end of the month, he said that the pace of asset-purchase reductions would be further discussed at the next FOMC meeting on 15 December. Given the high level of inflation and robust economic growth, it seems highly likely that the FOMC will ramp up the pace of its tapering. In Europe, the ECB’s Governing Council did not meet in November. More precise indications on the future direction of European monetary policy are expected at its final meeting of the year on 16 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 November

The emergence of the new South African Covid-19 variant at the end of November prompted a general decline in government bond yields due to potential economic uncertainties. The yield on the 10-year US Treasury note dropped from 1.55% to 1.44% over the month. In the eurozone, the benchmark 10-year government bond yield fell from -0.11% to -0.35% in Germany, from 0.27% to 0.01% in France, from 1.17% to 0.97% in Italy, and from 0.61% to 0.40% in Spain.
After a favourable start to November, stock markets were caught off guard at the end of the month by the emergence of the new Covid-19 variant. The prospect of the bond-buying taper being speeded up, as suggested by Federal Reserve Chairman Jerome Powell in his Senate Banking Committee speech at the end of the month, also weighed on share prices during the final trading day of November. Over the month, the US equity market was once again the most resilient, with the S&P 500 index only shedding 0.8%. The Stoxx 600 in Europe, the Topix in Japan and the MSCI Emerging Markets posted falls of 2.6% (in EUR), 3.6% (in JPY) and 4.1% (in USD) respectively. The slightly positive performance of the MSCI All Country World Index Net Total Return in EUR (+0.3%) was mainly due to the euro's decline against most other major world currencies. In terms of sectors, only technology posted a strong gain, while finance and energy were the most affected by the threats to economic growth posed by the new variant.
On the currency markets, the dollar strengthened against the euro, with the euro/dollar exchange rate dropping from 1.16 to 1.13. Against the backdrop of the Federal Reserve's asset-purchase tapering, the dollar was supported by the absence of any sign that the ECB was about to moderate its ultra-accommodative monetary policy measures. In precious metals, the gold price fell 0.5%, from $1,783 per ounce to $1,775. Silver depreciated more sharply, with the price per ounce falling 4.5%, from $23.9 to $22.8.
No new position was established in the equity portfolio during the month. In the gold portfolio, the position of Pretium Resources was sold following the takeover offer of Newcrest Mining.
BL-Global Flexible’s bond and gold holdings as well as its currency allocation contributed positively to the performance in November, whilst the equity holdings had a negative impact. Within the equity portfolio, the main positive contributors were Gilead Sciences, Roche, Reckitt Benckiser, Sony and NetEase, the main negative contributors Alibaba, Grifols, SAP, Kao and Pigeon.

BANQUE DE LUXEMBOURG INVESTMENTS

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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