BL-Global Flexible EUR

a sub-fund of SICAV BL

BANQUE DE LUXEMBOURG INVESTMENTS

Fund Fact Sheet

31/12/2021

Asset Class

Mixed Asset Global Flexible

Fund Characteristics

AUM	€ 1844,0 mn
Launch date	06/04/2005
Oldest share class (B)	LU0211340665
Turnover (2021)[1]	56%
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

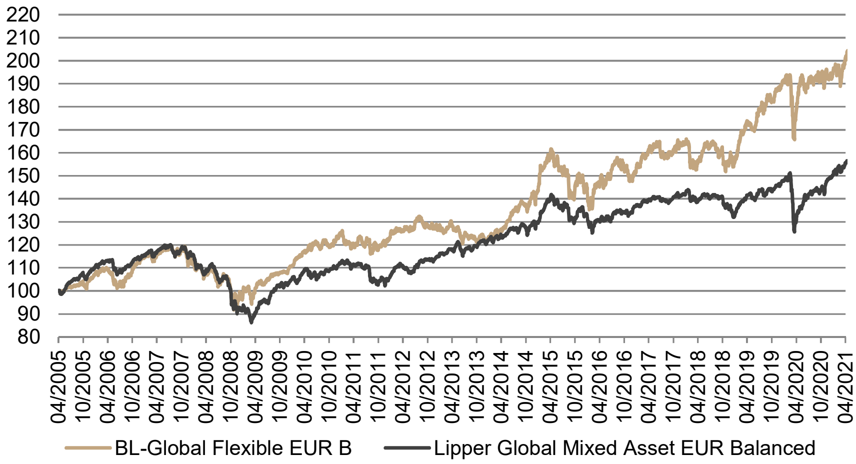
Guy Wagner has been managing BL-Global Flexible EUR since launch.
An economics graduate from the Université Libre de Bruxelles, he joined Banque de Luxembourg in 1986 and headed the Financial Analysis and Asset Management departments. He was appointed Managing Director of BLI – Banque de Luxembourg Investments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

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.



Management Company

BLI - Banque de Luxembourg Investments
16, boulevard Royal
L-2449 Luxembourg
Tel: (+352) 26 26 99 - 1
www.bli.lu

Performance	2021	2020	2019	2018	2017
Fund (B shares)	11,0%	1,9%	22,5%	-4,9%	8,2%
Lipper Peergroup***	9,0%	1,8%	11,5%	-6,6%	3,7%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	2,68%	5,2%	3,1%	11,0%	38,6%	42,6%	74,9%
Lipper Peergroup***	1,2%	2,8%	3,0%	9,0%	23,7%	19,7%	54,6%

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

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

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.

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

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BANQUE DE LUXEMBOURG INVESTMENTS

Current Portfolio

31/12/2021

Top Holdings Equity Portfolio	
Roche Holding	4,8%
Nestle	3,6%
Franco Nevada	3,6%
Agnico Eagle Mines	2,4%
Reckitt Benckiser	2,2%
# holdings equity portfolio	**77**

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

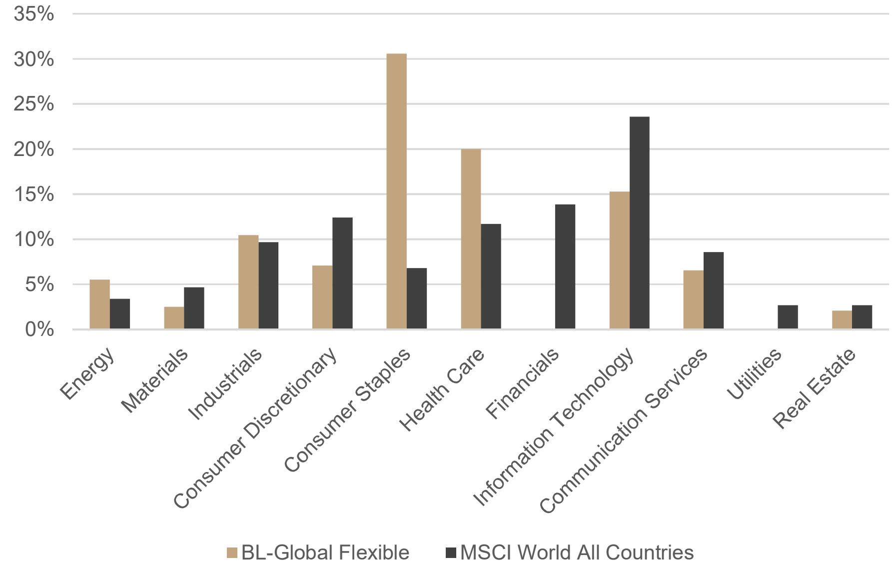
Bond Portfolio Technicals	
average modified duration	22,9
average maturity	28,5 years
average yield to maturity	1,9%

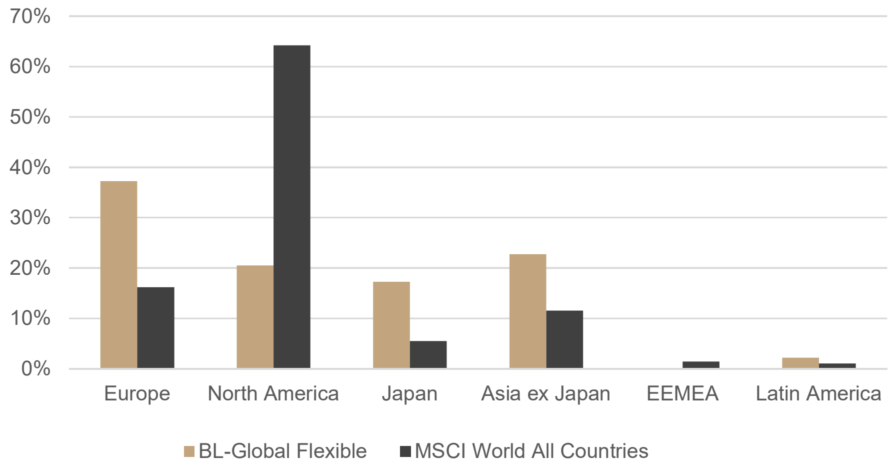
New Investments in December (Equities)

no transactions

Investments sold in December (Equities)

no transactions





Currency allocation	before hedging	after hedging
EUR	15,2%	31,6%
JPY	12,6%	12,6%
CAD	11,5%	11,5%
CHF	11,4%	11,4%
HKD	7,3%	7,3%
USD	23,2%	6,7%
GBp	4,9%	4,9%
KRW	2,7%	2,7%
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	0,8%	0,8%

Asset Allocation December 2021

	Gross	Hedging	Net
Equity	72,88%	0,0%	72,88%
Bonds	3,95%		3,95%
Precious Metals Related Stocks	12,46%		12,46%
Cash & Cash Equivalents	10,72%		10,72%
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

Management Report

31/12/2021

Macroeconomic environment

Despite the emergence of the new variant of the coronavirus, Omicron, global economic growth remained robust at the year-end. The United States was the main economic driver, fuelled by ongoing strong domestic consumption and vigorous business investment. In the eurozone, growth momentum weakened slightly, with the services Purchasing Managers' Index recording a slight decline in December. In China, the slowdown in real estate activity and a zero-tolerance policy towards new coronavirus infections are hampering growth, which is mainly underpinned by the strength of exports and the resilience of business investment. In Japan, exports are holding up thanks to early signs of the normalisation of automobile production and robust demand for capital goods. The likely increase in the number of coronavirus infections and tighter lockdown measures due to the spread of the Omicron variant are expected to slow – but not derail – global economic growth in the first quarter of the new year.

Although already high levels, inflation rates are continuing to accelerate. In the United States, headline inflation rose from 6.2% in October to 6.8% in November. Excluding energy and food, inflation rose from 4.6% to 4.9%. The Federal Reserve's preferred inflation indicator, the PCE (personal consumption expenditures) deflator excluding energy and food, increased from 4.1% to 4.7%, its highest level since February 1989. In the eurozone, inflationary pressures are also persistent. With December inflation rates yet to be published, headline inflation and inflation excluding energy and food are expected to remain virtually unchanged from November's high levels (4.9% and 2.6% respectively).

At its December meeting, the FOMC, the Federal Reserve's monetary policy committee, changed its strategy in the context of rising inflation. The notion of transitory inflation was abandoned, the pace of asset purchase tapering was doubled, and the interest rate forecasts expressed by the members of the FOMC point to a gradual rise in interest rates from the spring onwards, with three rate hikes signalled in 2022 and three more in 2023. On this side of the Atlantic, the European Central Bank has announced the gradual reduction of its pandemic emergency purchase programme. However, to avert a brutal transition when the PEPP ends in March, the ECB will start increasing the conventional asset-purchase programme that was already in place before the pandemic. In contrast to its US counterpart, the ECB considers an interest rate hike in 2022 highly unlikely.

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 December

The less virulent nature of the new Omicron variant compared to its predecessor Delta erased November's general decline in government bond yields. The yield on the 10-year US Treasury note rose from 1.44% to 1.51% in December. In the eurozone, the benchmark 10-year government bond yield climbed from -0.35% to -0.18% in Germany, from 0.01% to 0.20% in France, from 0.97% to 1.17% in Italy, and from 0.40% to 0.56% in Spain.

In December, global equity markets resumed their year-long upward trend after the short-lived scare prompted by Omicron the previous month. This was reflected in the MSCI All Country World Index Net Total Return expressed in euros gaining 2.9%. Regionally, the S&P 500 in the United States, the Stoxx Europe 600, the Topix in Japan and the MSCI Emerging Markets gained 4.4% (in USD), 5.4% (in EUR), 3.3% (in JPY) and 1.6% (in USD) respectively. Over 2021 as a whole, the MSCI All Country World Index Net Total Return expressed in euros rallied strongly, up 27.5%. The US was once again the best performing region, followed by Europe and Japan. The Chinese authorities' regulatory tightening weighed heavily on share prices in Shanghai and Hong Kong, even generating a slight decline in the MSCI Emerging Markets index. In terms of sectors, energy, technology and financials posted the strongest gains in 2021.

The dollar did not benefit from the Federal Reserve's change in strategy in December, with the euro-dollar exchange rate rising from 1.13 to 1.14. The dollar appears to have consolidated the gains accrued in previous months. Overall in 2021, the dollar appreciated by 7.4% against the euro. In precious metals, the gold price rose by 3.1%, from $1,775 per ounce in November to $1,829 in December. Silver appreciated by 2.1%, up from $22.8 to $23.3 per ounce. Following their strong rise in 2020, precious metals had a less favourable run in 2021, with the full-year price per ounce of gold falling by 3.6% and per ounce of silver by 11.7%.

No new position was established during the month.

BL Global Flexible EUR's Japanese, European and U.S. equity holdings as well as its gold holdings contributed positively to the performance in December, whilst the bond holdings and the currency allocation had a negative impact. Within the equity portfolio, the main positive contributors were Roche Holding, Nestle, Accenture, CK Asset Holdings and Glaxosmithkline, the main negative contributors Alibaba, Adobe, Netease, Kimberly Clark de Mexico and Santen Pharmaceutical.

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.

BANQUE DE LUXEMBOURG INVESTMENTS

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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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