

Fund Fact Sheet

31/07/2020

Asset Class

Equities Global Emerging Markets

Fund Characteristics

AUM	€ 435,2 mn
Launch date	31/10/2007
Oldest share class (B)	LU0309192036
Turnover (2019) ¹	6%
Reference currency	EUR
Share classes available in (unhedged)	USD
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

Representative Market Index

MSCI Emerging Markets NR (Eur)

Fund Manager

Marc Erpelding is a fund manager at BLI. After a degree in civil engineering at the Swiss Federal Institute of Technology in Zurich (ETH Zurich), Marc worked for a short time in industry in Zurich and New York. After his Master's degree in Management from King's College, London, Marc returned to Luxembourg in 2002 to join the Asset Management department of Banque de Luxembourg. Marc obtained his Certified International Investment Analyst (CIIA) diploma in 2005 and has been in charge of emerging market equities since 2007.

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 daily²
Cut-off time 17:00 CET
Front-load fee max. 5%
Redemption fee none
NAV calculation daily²
NAV publication www.fundinfo.com

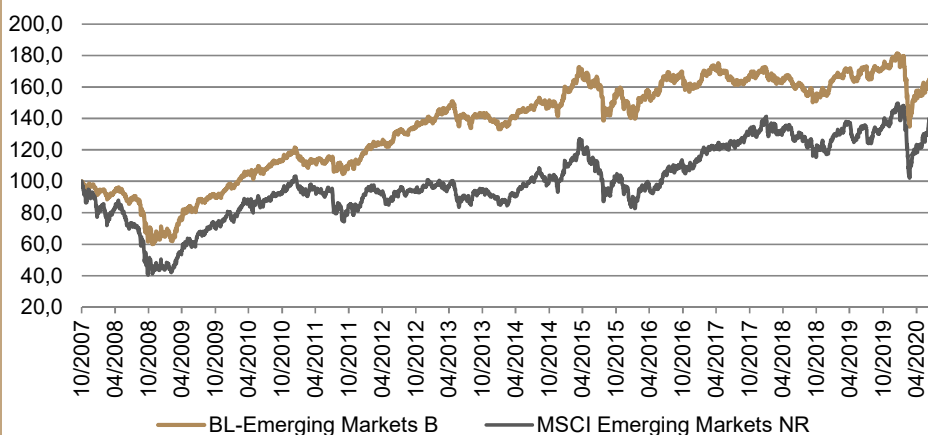
Investment Objective

The fund seeks long-term capital appreciation by investing in companies benefiting from a sustainable competitive advantage and located in Asia ex Japan, Latin America or the EEMEA region. The weight given to equities ranges between 60% and 100%, depending on the availability of attractively valued quality businesses. The balance is held in cash and emerging market government bonds.

Most companies included in the fund are either regional players that command a large and sometimes dominating market share in their respective sector or global players with the competitive advantages to prevail on a global scale.

Key Facts

- Equity investments are considered as a long-term stake in a business.
- Focus on companies with a strong and sustainable competitive advantage.
- Pure stock-picking. No top-down allocation.
- Equity weighting between 60% and 100% depending on the availability of attractively valued companies.
- The cash and fixed income weighting is the residual of the stock-picking and should act as a buffer during market corrections.
- Significant deviations from market structure in terms of regions, countries, sectors and market cap.
- Low turnover.



Performance	YTD	2019	2018	2017	2016	2015
Fund (B shares)	-10,4%	13,7%	-8,3%	6,2%	6,3%	0,9%
MSCI EM NR EUR	-6,7%	20,6%	-10,3%	20,6%	14,5%	-5,2%

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-0,4%	1,8%	-8,0%	-7,9%	-2,7%	-0,6%	48,2%
MSCI EM NR EUR	3,5%	9,2%	-3,4%	0,3%	8,4%	25,9%	52,9%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	-7,9%	-0,9%	-0,1%	4,0%
MSCI EM NR EUR	0,3%	2,7%	4,7%	4,3%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	15,9%	11,1%	11,9%	10,9%
MSCI EM NR EUR	21,4%	16,9%	17,9%	17,5%

The market index (MSCI Emerging Markets) 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

Current Portfolio

31/07/2020

Top Equity Holdings

TSMC	4,6%
Tencent Holding	4,6%
Alibaba	2,7%
Natura & Co	2,5%
Sheng Siong	2,5%
Want Want China	2,4%
Kweichow Moutai	2,3%
Thai Beverage	2,2%
FEMSA	2,2%
Ambev	2,1%
Weight of Top 10	27,9%
Number of equity holdings	63

Asset Allocation

EM Equities	84,9%
Cash & Fixed Income	15,1%

Regional Allocation

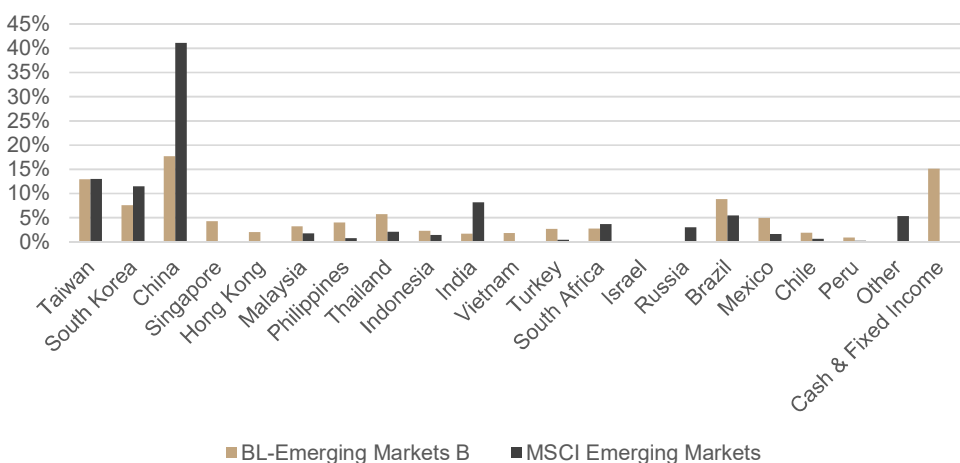
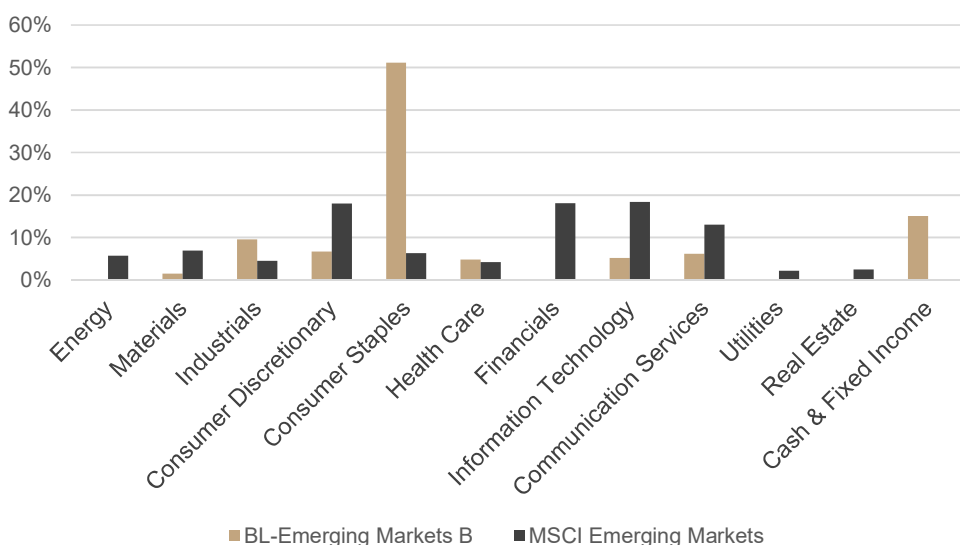
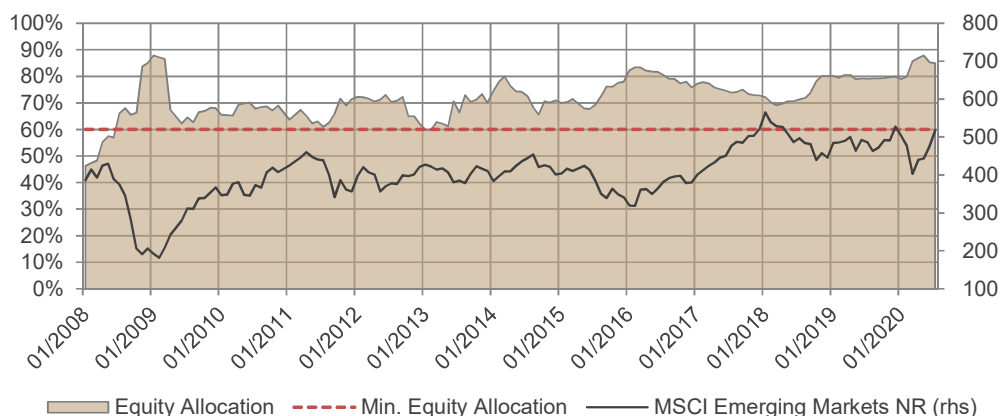
Asia ex Japan	63,0%
Latin America	16,5%
EEMEA	5,4%
Cash & Fixed Income	15,1%

New Equity Investments in July

No new holdings

Equity Investments sold in July

No transactions



Investor Type	Clean Share	Eligibility restrictions	Share class	Currency	Currency Hedging	Income	Mgmt fee	On-going Charges	SRRI	ISIN	Bloomberg ticker
Retail	No	No	A	EUR	No	Dis	1,25%	1,47%	5	LU0309191905	BLEMMKA LX
Retail	No	No	B	EUR	No	Cap	1,25%	1,47%	5	LU0309192036	BLEMMKB LX
Retail	No	No	BC	USD	No	Cap	1,25%	1,47%	4	LU0887931029	BLEMMTC LX
Retail	Yes	Yes	AM	EUR	No	Dis	0,85%	1,07%	5	LU1484144164	BLEMMAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0,85%	1,07%	5	LU1484144248	BLEMMBM LX
Retail	Yes	Yes	BCM	USD	No	Cap	0,85%	1,07%	4	LU1484144321	BLEMBCM LX
Institutional	No	Yes	BI	EUR	No	Cap	0,60%	0,78%	5	LU0439765677	BLEMMBI LX
Institutional	No	Yes	BCI	USD	No	Cap	0,60%	0,78%	4	LU1484144594	BLEMBCI LX

Management Report

31/07/2020

The emerging markets' equity index, the MSCI Emerging Markets NR, was up by 3.9% (in EUR) during the month of July. The fund (retail class B) was down by -0.4% (in EUR) over the same period.

On a sector level, the information technology sector was by far the best performing sector. One company stood out during the month. TSMC (Taiwan Semiconductor Manufacturing Company) released stellar second quarter results and gave a rather positive outlook for the year. The company is the largest independent chip manufacturer in the world. Shortly after, Intel in the US announced that they were falling behind in their high-end CPU manufacturing and that they might consider outsourcing some of their production as part of a contingency plan. TSMC is seen as a beneficiary of such a move.

In South Korea, the leading security company S-1 posted excellent results. Revenues were slightly up on an annual basis and their margins saw a very positive trend thanks to price hikes in contract renewals. During the Covid-19 pandemic, S-1 managed to add new subscribers and has proved the resilience of its business model.

Sheng Siong, a family-run groceries chain in Singapore, witnessed strong revenue growth and expanding margins. The company has been a direct beneficiary of the confinement measures imposed in Singapore in response to the Covid-19 pandemic.

In Brazil, WEG also released excellent quarterly results. WEG is the biggest manufacturer of electric motors in Latin America and one of the largest in the world. Their orders in the electricity generation, transmission and distribution does not seem to be impacted by the pandemic, at least not for now.

On the negative side, the Taiwanese company St. Shine Optical, a global original design manufacturer of contact lenses, is witnessing a difficult environment. Their sales have been declining by 20% due to increased competition and customer inventory built-up. Capacity utilization in their factories is currently very low with a negative impact on their margins.

The fund manager did not add a new company or sell an existing one. The equity allocation stood at 85% by the end of the month.

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.

Focus on quality

We seek companies with a sustainable competitive advantage.
As a long-term stakeholder in the company, we need conviction in the long-term viability and strength of its business model.

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.

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.

Active management

The relevant market index is solely used for performance measurement.
Owing to the active investment approach of our portfolio management, the portfolio structure may deviate strongly from that of the relevant market index

Equity Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a business. As a consequence, we need to ensure that the businesses 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 company's business model in order to identify its sustainable competitive advantage. A competitive advantage creates barriers to entry for competitors and adds value for its shareholders.

In the second step, we analyse whether the competitive advantage translates into recurrent free cash-flow. We place 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 quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the market indices.

Valuation

Even quality investments may lead to significant capital losses if the price 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 based on the company's normalised free cash-flow (i.e. after maintenance capex) and serves as reference point for our buy and sell discipline.

Portfolio characteristics

BL-Emerging Markets' investment portfolio consists of 50 to 70 stocks that meet our quality and valuation criteria. The portfolio structure in terms of regions, countries, sectors and market caps is not linked to a market index, but derives from the addition of individual investment opportunities. The fund manager seeks companies with a sustainable competitive advantage ensuring high levels of profitability and strong free cash-flow generation.

Applying our bottom-up investment approach to emerging markets results in some sectors being structurally higher weighted (consumer goods and services, healthcare, industrials and information technology) in the portfolio than others (financials and insurance, commodities, utilities and telecom).

The equity portfolio will have no constraints with respect to market capitalisation, although each stocks' trading liquidity is closely monitored. The average market cap of the portfolio will likely be lower compared to the market, as Emerging Markets tend to be dominated by large financial holdings and natural resource companies.

Most companies included in the fund are either local or regional players that command a large and sometimes dominating market share in their respective sector or global players with the competitive advantages to prevail on a global scale.

The fund's flexible equity structure (60% – 100%) allows the fund manager to react to over- and undervaluations of quality companies. The resulting cash and fixed income (government bonds from emerging markets or supranational debt) component has the aim to protect the portfolio during market sell-offs. This part is mainly invested in hard currency investment grade bonds (EUR and USD).

The fund's strategy to focus its investments on attractively valued quality companies enjoying a strong competitive advantage is expected to result in a superior risk-return profile compared to the MSCI Emerging Markets over an entire market cycle.

Legal Information

This document is issued by Banque de Luxembourg Investments S.A. ("BLI"), with the greatest care and to the best of its knowledge and belief. However, no guarantee is provided with regard to its content and completeness and BLI does not accept any liability for any losses which might arise from making use of the information contained herein. The opinions expressed in this document are those of BLI at the time of writing and are subject to change at any time without notice. If nothing is indicated to the contrary, all figures are unaudited.

The product description contained herein is for information purposes only and is for the exclusive use of the recipient. Nothing in this document should be construed as an offer and is therefore not a recommendation to purchase or sell shares. It does not release the recipient from exercising his own judgement. Unless specifically indicated, this description is solely aimed at institutional investors according to the Luxembourgish law of 17 december 2010.

The securities and financial instruments described in this document may generate considerable losses and are not therefore suitable for all investors. Among other risks, these include market risks, currency fluctuation risks, credit or payment default risks, liquidity risks and interest rate risks. BLI cannot guarantee that the securities and financial instruments will achieve the intended investment objectives. Each investor must ensure that he is aware of the risks and the consequent legal, tax, accounting and commercial aspects related to these securities and financial instruments.

The accuracy of the data, the evaluation, opinions and estimates of which are included in this document, has been very carefully checked. Any statements made in this document may be subject to change without prior warning.

References to past performances of financial instruments should not be interpreted as a guarantee of future returns.

The recipient is recommended in particular to check that the information provided is in line with his own circumstances with regard to any legal, regulatory, tax or other consequences, if necessary with the help of a professional adviser. It is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. Neither this document nor any copy thereof may be sent, taken into or distributed in the United States or to any U.S. person as defined in the fund's prospectus. This material is not for distribution to the general public. It is intended for the recipient personally, and it may be used solely by the person to whom it was presented. It does not constitute and may not be used for or in connection with a public offer in Luxembourg of the products referred to herein.

The prospectus, the articles of incorporation, the annual and semi-annual reports of BL as well as the key investor information document (KIID) of the sub-fund are available on www.bli.lu or upon request from BLI. The KIIDs are available in French, English and in any other official language of registration of BL.

This document may not be reproduced either in part or in full without the prior written consent of BLI.

Specific Information concerning MSCI Data:

All MSCI data is provided "as is". Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the result to be obtained by the use thereof) and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

Specific Information concerning GICS Data:

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard and Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed to use by Banque de Luxembourg S.A.. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classification have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if noticed of the possibility of such damages.

Specific Information for Switzerland:

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.