

Fund Fact Sheet

30/06/2020

Asset Class

Equities Japan, all caps

Fund Characteristics

AUM (¥)	¥ 68'513 mn
AUM (€)	€ 565,1 mn
Launch date	27/06/2011
Oldest share class (B)	LU0578148453
Turnover (2019) ¹	48%
Reference currency	JPY
Hedged share classes available in	EUR / USD / CHF
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 Japan NR JPY

Fund Manager

Steve Glod joined Banque de Luxembourg's Financial Analysis and Asset Management department in 2001. Since 2011, he has been in charge of Japanese equity investments for the Bank's funds range. Between 2005 and 2010, he was co-manager of US equity investments for the Bank's funds range. Steve has a degree in Mechanical Engineering with a specialisation in business management, and a doctorate in technical sciences from the Swiss Federal Institute of Technology in Zurich (ETH Zurich). He obtained the CEFA (Certified EFFAS Financial Analyst) diploma in 2002.

Management Company

BLI - Banque de Luxembourg Investments S.A.
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Dealing & Administrator Details

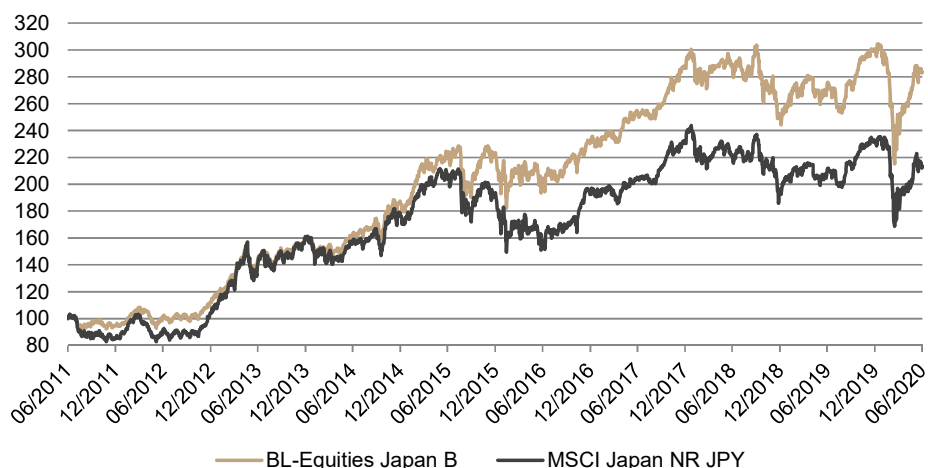
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily ²
NAV publication	www.fundinfo.com

Investment Objective

The objective of the fund is to achieve long-term capital gains and to outperform its relevant market index by investing in Japanese companies benefiting from a sustainable competitive advantage. In order to achieve this objective, the fund manager implements an active investment strategy based on strong convictions.

Key Facts

- Concentrated portfolio of Japanese companies (50-70 securities).
- Bottom-up investment approach with a focus on companies enjoying a strong competitive advantage.
- Significant deviations from its relevant market index in terms of sector and market cap allocations.
- Sound balance between export and domestic oriented companies.
- Low turnover.
- Lower volatility than the market.
- Fully invested.



Performance	YTD	2019	2018	2017	2016	2015
Fund (B shares)	-5,1%	19,6%	-12,7%	23,9%	3,4%	20,6%
MSCI Japan NR JPY	-7,8%	18,5%	-15,1%	19,7%	-0,7%	9,9%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	since launch ³
Fund (B shares)	1,0%	14,3%	-5,1%	5,1%	12,4%	28,5%	186,9%
MSCI Japan NR JPY	0,1%	11,5%	-7,8%	3,2%	4,8%	4,5%	118,4%

Annualised Performance	1 year	3 years	5 years	since launch ³
Fund (B shares)	5,1%	4,0%	5,1%	12,4%
MSCI Japan NR JPY	3,2%	1,6%	0,9%	9,1%

Annualised Volatility	1 year	3 years	5 years	since launch ³
Fund (B shares)	19,0%	15,6%	17,8%	16,9%
MSCI Japan NR JPY	20,7%	17,3%	19,7%	20,0%

The market index (MSCI Japan NR) 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 & Japan banking business day

³ since 28/06/2011

Current Portfolio

30/06/2020

Top Holdings

Shimano	3,0%
Kao	3,0%
Secom	2,9%
Nintendo	2,8%
Santen Pharmaceutical	2,7%
Ship Healthcare Holdings	2,6%
Meiji Holdings	2,5%
Obic	2,5%
Calbee	2,4%
Nihon M&A Center	2,3%
Weight of Top 10	26,8%
Number of holdings	53

Asset Allocation

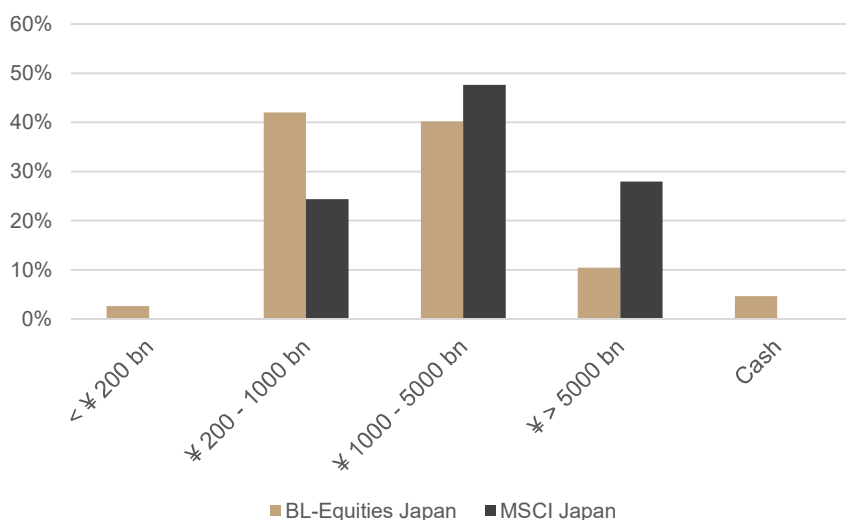
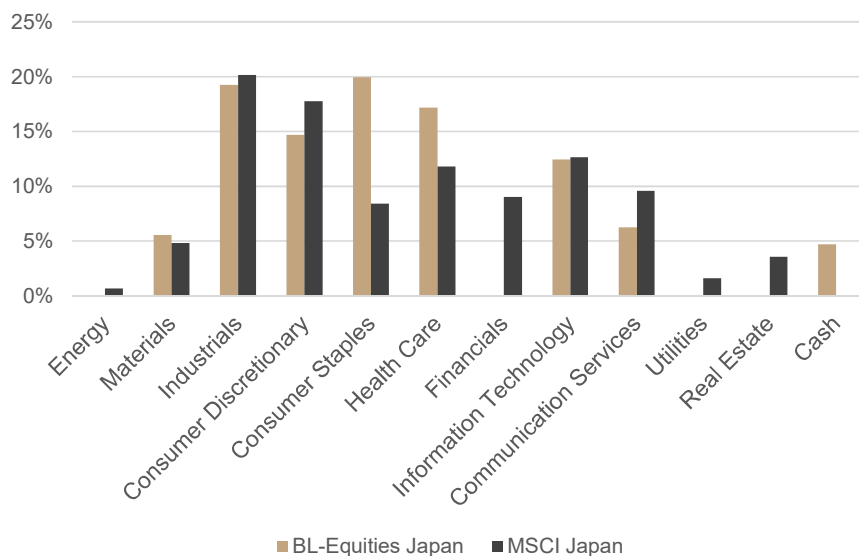
Japan	95,3%
Cash	4,7%

New Investments in June

no transactions

Investments sold in June

Misumi Group



Investor Type	Clean Share	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	JPY	No	Dis	1,25%	1,45%	6	LU0578147992	BLEJPBA LX
Retail	No	No	B	JPY	No	Cap	1,25%	1,45%	6	LU0578148453	BLEJPBC LX
Retail	No	No	B EUR Hedged	EUR	Yes	Cap	1,25%	1,45%	6	LU0887931292	BLEJHAE LX
Retail	No	No	B CHF Hedged	CHF	Yes	Cap	1,25%	1,41%	6	LU1305478007	BLEJBCH LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,45%	6	LU1008595644	BLEJPH2 LX
Retail	Yes	Yes	AM	JPY	No	Dis	0,85%	1,04%	6	LU1484141814	BLEJBAM LX
Retail	Yes	Yes	BM	JPY	No	Cap	0,85%	1,04%	6	LU1484141905	BLEJPBM LX
Retail	Yes	Yes	BM EUR Hedged	EUR	Yes	Cap	0,85%	1,05%	6	LU1484142036	BLEJBME LX
Retail	Yes	Yes	BM CHF Hedged	CHF	Yes	Cap	0,85%	1,03%	6	LU1484142200	BLEJBMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,04%	6	LU1484142119	BLEJBMU LX
Institutional	No	Yes	BI	JPY	No	Cap	0,60%	0,74%	6	LU0578148610	BLEQJAI LX
Institutional	No	Yes	BI EUR Hedged	EUR	Yes	Cap	0,60%	0,75%	6	LU1484142465	BLEJBIE LX
Institutional	No	Yes	BI CHF Hedged	CHF	Yes	Cap	0,60%	0,75%	6	LU1484142382	BLEJBIC LX

Management Report

30/06/2020

The Japanese market closed the month of June virtually unchanged and the MSCI Japan NR rose by 0.1%. During the first part of the month, markets kept rising on ongoing optimism about the pandemic and the reopening of the Japanese economy. The second part of the month, markets fell back on renewed concerns about the pandemic and a strengthening yen, also bringing to an end the brief value rally that started towards the end of May. In terms of sector performance, no clear winners emerged.

The fund managed to perform better than the market and the BL-Equities Japan B Cap ended the month up by 1.2%, benefitting from its higher exposure to quality growth stocks. The three biggest contributors to performance were Nihon M&A Center (consulting services for Japanese SMEs), Z Holdings, the parent of internet media giant Yahoo Japan, and Nintendo. On the other end of the list, we find Asahi Intecc, a med tech company, Tsuruha (drugstores) and Fujifilm. These company's have had a good performance since the beginning of the year, so the underperformance can mainly be attributed to profit taking.

In terms of management transactions, no new positions were added to the portfolio. Misumi Group, a vendor of electronic products and mechanical components for the manufacturing industry was sold. While visibility for its operations is low in light of the economic situation, its stock price trades at a significant premium to our intrinsic value calculation.

Investment Approach

Investment Principles

Master Investment Risks

Risks arise when the parameters of an investment are not properly understood.

Focus on an entire business cycle

Only over the long term stock markets reflect underlying economic fundamentals

Focus on quality

We invest in companies enjoying a sustainable competitive advantage.

Focus on valuation

The price paid for an investment determines its potential return.

Focus on active management

Portfolio structure deviates significantly from its relevant market index .

Equity Investment Approach: Business-Like Investing

Rationale

We consider an equity investment as a long-term participation in a quality business. Our focus is on companies enjoying a tangible and sustainable competitive advantage ensuring high levels of profitability and strong free cash-flow generation.

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 makes it stand out and creates barriers to entry for competitors.

In the second step we analyse whether the competitive advantage translates into high profitability and high levels of free cash-flow. We put 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 high investment needs to sustain its current business operations.

In the third step, we analyse how the company uses its capital. Company management faces the following options: investment in current business activities, development of new activities, takeovers, dividend payments, stock buybacks or debt repayments. It is important that the company reinvests its cash flow in activities that offer a similar or better return potential than its current businesses.

Valuation

Even investments in quality companies may lead to significant capital losses if the price paid for the investment is 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 and serves as reference point for our buy and sell discipline.

We only initiate a position if the company's stock price offers a discount against its fair value.

Portfolio characteristics

BL-Equities Japan's investment portfolio consists of 40 to 60 stocks that meet our quality and valuation criteria.

Investments are concentrated in defensive sectors, such as health care or consumer goods as well as sectors in which Japanese companies benefit from significant competitive advantages (industrials, materials, technology). On the other hand there are sectors like financials, utilities or telecom where we find few - if any - companies that meet our criteria.

The portfolio of BL-Equities Japan tends to be geared towards mid-sized companies. In this market segment we find many candidates benefiting from competitive advantages in market niches. The large cap market segment of the Japanese stock market tends to be dominated by large industrial conglomerates, financial holdings and automobile companies that do not comply with our investment criteria.

While the portfolio structure (by sectors, market cap, ...) is purely the outcome of individual investment decisions, we differentiate between export-oriented and domestic companies. Since these two types of companies are influenced by different external factors, their market reactions also tend to be very different. In order to master the volatility level of the fund, we make sure to have a sound balance between the two types of companies.

We are convinced that our strategy to limit our investments to quality companies benefiting from a strong competitive advantage results in a superior risk - return profile compared to the benchmark over an entire market cycle.

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