

Fund Fact Sheet

30/12/2021

Asset Class

Equities Japan, all caps

Fund Characteristics

AUM (¥)	¥ 96'018 mn
AUM (€)	€ 733,5 mn
Launch date	27/06/2011
Oldest share class (B)	LU0578148453
Turnover (2021) ¹	45%
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, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, SE, SG, PT

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

Dealing & Administrator Details

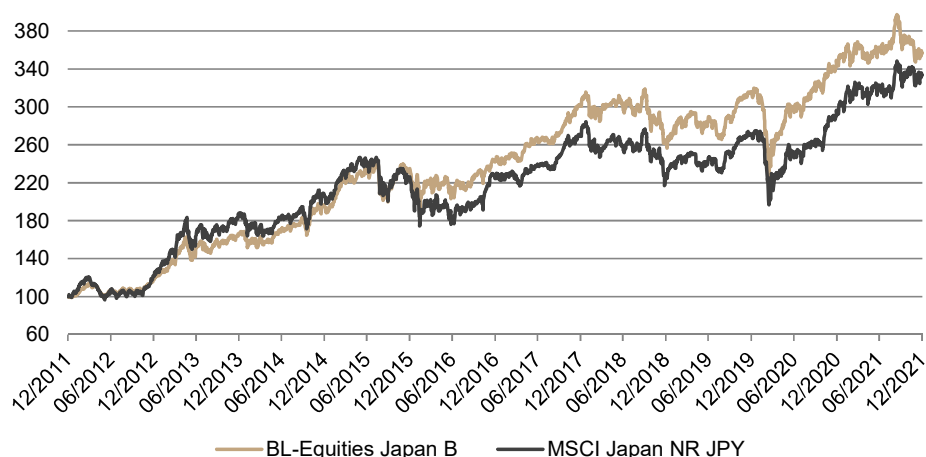
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily ²
NAV publication	www.fundinfo.com

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 (40-60 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	2021	2020	2019	2018	2017
Fund (B shares)	2,9%	10,3%	19,6%	-12,7%	23,9%
MSCI Japan NR JPY	13,4%	8,8%	18,5%	-15,1%	19,7%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	since launch ³
Fund (B shares)	2,1%	-5,2%	-1,1%	2,9%	35,8%	46,9%	243,3%
MSCI Japan NR JPY	3,3%	-0,9%	4,2%	13,4%	46,2%	48,5%	192,2%

Annualised Performance	1 year	3 years	5 years	since launch ³
Fund (B shares)	2,9%	10,7%	8,0%	12,4%
MSCI Japan NR JPY	13,4%	13,5%	8,2%	10,7%

Annualised Volatility	1 year	3 years	5 years	since launch ³
Fund (B shares)	13,4%	17,5%	16,3%	17,0%
MSCI Japan NR JPY	14,7%	19,9%	17,9%	19,5%

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

30/12/2021

Top Holdings

Asahi Intecc	3,0%
Obic	2,9%
Shin-Etsu Chemical	2,9%
Secom	2,8%
Kao	2,8%
Disco	2,8%
Nichirei Corp	2,8%
Shimano	2,7%
Komatsu	2,6%
Otsuka	2,6%
Weight of Top 10	27,9%
Number of holdings	51

Asset Allocation

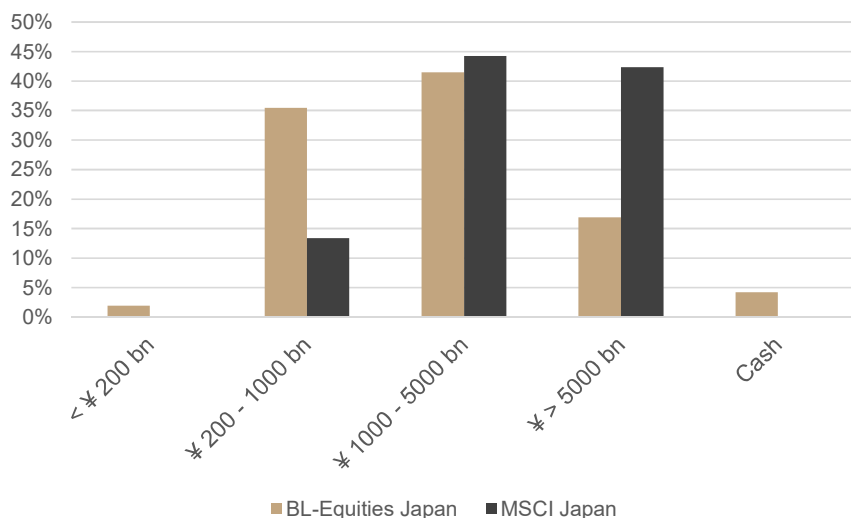
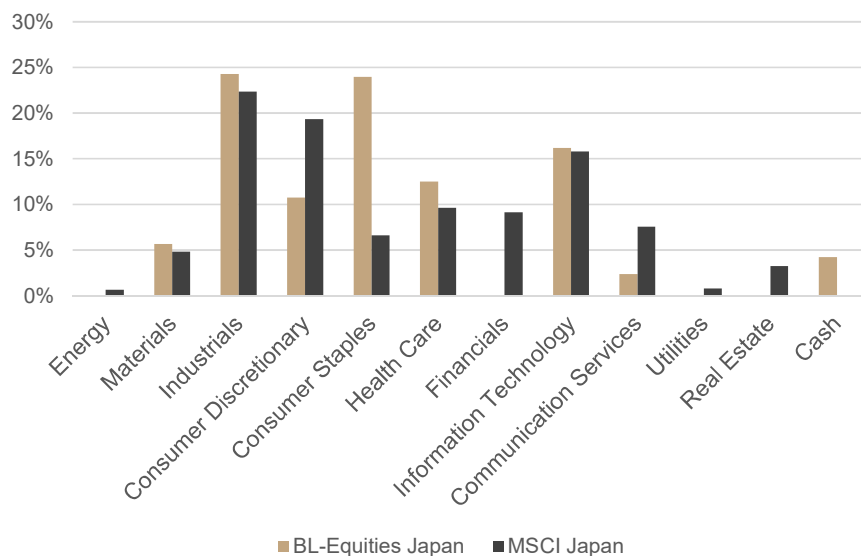
Japan	95,8%
Cash	4,2%

New Investments in December

no transactions

Investments sold in December

no transactions



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%	1,43%	5	LU0578147992	BLEJPBA LX
Retail	No	No	B	JPY	No	Cap	1,25%	1,43%	5	LU0578148453	BLEJPBC LX
Retail	No	No	B EUR Hedged	EUR	Yes	Cap	1,25%	1,42%	5	LU0887931292	BLEJHAE LX
Retail	No	No	B CHF Hedged	CHF	Yes	Cap	1,25%	1,43%	5	LU1305478007	BLEJBCH LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,44%	5	LU1008595644	BLEJPH2 LX
Retail	Yes	Yes	AM	JPY	No	Dis	0,85%	1,03%	5	LU1484141814	BLEJBAM LX
Retail	Yes	Yes	BM	JPY	No	Cap	0,85%	1,03%	5	LU1484141905	BLEJPBM LX
Retail	Yes	Yes	BM EUR Hedged	EUR	Yes	Cap	0,85%	1,00%	5	LU1484142036	BLEJBME LX
Retail	Yes	Yes	BM CHF Hedged	CHF	Yes	Cap	0,85%	1,02%	5	LU1484142200	BLEJBMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,03%	5	LU1484142119	BLEJBMU LX
Institutional	No	Yes	BI	JPY	No	Cap	0,60%	0,74%	5	LU0578148610	BLEQJAI LX
Institutional	No	Yes	BI EUR Hedged	EUR	Yes	Cap	0,60%	0,74%	5	LU1484142465	BLEJBIE LX
Institutional	No	Yes	BI CHF Hedged	CHF	Yes	Cap	0,60%	0,74%	5	LU1484142382	BLEJBIC LX

Management Report

30/12/2021

During the month of December, the BL-Equities Japan (retail share class B Cap in JPY) returned 2.1%, while the MSCI Japan NR returned 3.3%. The market rebounded on reassuring initial news on the severity of the Omicron virus variant, the publication of solid economic data in the US and a weaker Yen. On the back of this positive mood and expectations for higher rates and inflation, investors were seen chasing cyclical sectors, financials and some exporters. The shipping, steel, mining and trading sectors were among the best performers, while banks and insurances were also doing relatively well, as they are seen as beneficiaries of higher global rates and a recovering global economy. Among laggards, there were mostly domestic and defensive sectors and companies that would be negatively impacted by higher oil prices. In that context the relative underperformance of the portfolio was not surprising. The three biggest contributors to performance were Disco (manufacturer of cutting tools for semiconductor production), TechnoPro (provider of engineering staffing) and Otsuka (supplier of domestic IT solutions). The three biggest performance detractors were Sansan (cloud based contact management tools and software), Nihon M&A Center (consulting services for domestic M&A) and Nihon Kohden (medical equipment provider).

Over the whole calendar year, the performance of the portfolio has been disappointing, in relative and absolute terms. The momentum shifting from growth to value stocks especially impacted the performance during the first part of the year, while during the last months of the year, the portfolio's higher weighting in mid-caps, defensives and companies with high domestic exposure, negatively impacted relative performance. Some stock specific issues came on top of that, as companies in already out-of-favour defensive and growth sectors could not afford any missteps and were accordingly punished twice. This was especially the case for Pigeon (manufacturer of baby bottles), which suffered from low visibility on its China business. Shares of Asahi Intecc (medical equipment), which announced a capital raise to finance acquisitions and continued to see results negatively impacted from the Covid situation and Kao (consumer goods and cosmetics), which announced a major restructuring plan and saw weak cosmetics sales due to the pandemic, were also under pressure. On the other hand, the transactions carried out during the year contributed rather positively to performance and the largest overall contribution to performance came from Kobe Bussan, a discount supermarket, which was only added to the portfolio in March.

As for the portfolio activities for this month, transactions were limited to a few upward adjustments to holdings that have been underperforming recently and some profit taking on recent winners.

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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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.

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