

### Fund Fact Sheet

31/07/2020

#### Asset Class

Equities US, Small & Mid Cap

#### Fund Characteristics

AUM	USD 388,5 mn
Launch date	13/11/2015
Oldest share class (B)	LU1305478775
Turnover (2019) <sup>1</sup>	17%
Reference currency	USD
Hedged share class available in	EUR
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 US Small & Mid Cap NR USD

#### Fund Manager

**Henrik Blohm** joined BLI - Banque de Luxembourg Investments in 2014. He is responsible for U.S. small and mid-cap investments and launched the BL American Smaller Companies Fund in November 2015. He has a business studies degree from the University of Innsbruck and the San Diego State University, with a specialization in Banking and Finance. Following a two-year bank internship at a German bank in Luxembourg, Henrik started his professional career as a fund manager at BCEE Asset Management in November 2010.

#### 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 <sup>2</sup>
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily <sup>2</sup>
NAV publication	www.fundinfo.com

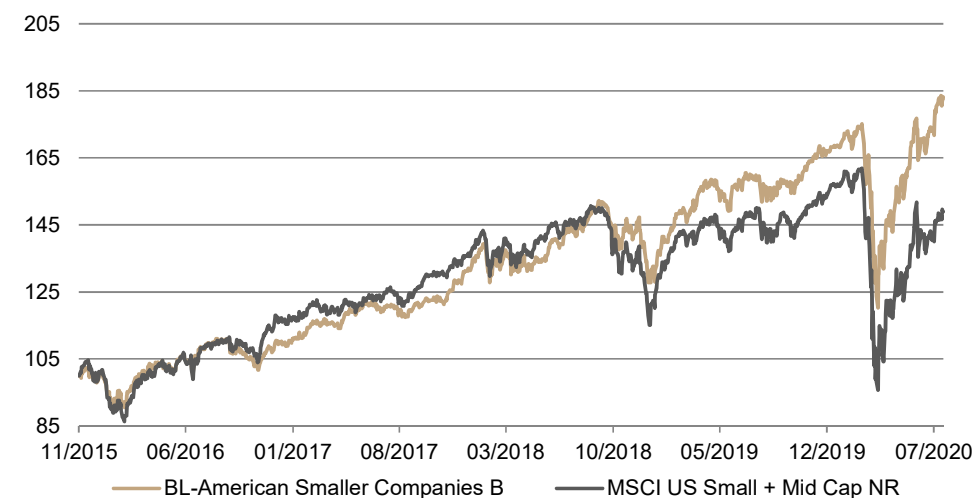
#### Investment Objective

The objective of BL-American Smaller Companies is to achieve long-term capital gains by predominantly investing in high-quality US small- and mid-cap companies benefiting from a sustainable competitive advantage.

The fund manager implements an active investment strategy based on strong convictions. Since the portfolio structure is the outcome of individual bottom-up investment opportunities, it may deviate significantly from its relevant market index in terms of sector and market-cap allocations.

#### Key Facts

- Portfolio consisting of 40 to 60 companies quoted on US stock exchanges with a maximum market cap of USD 20 bn.
- Bottom-up portfolio construction process irrespective of the US equity market structure.
- North American small- and mid-cap equity portfolio of quality companies.
- Long only, fully invested.
- Low turnover.



Performance	YTD	2019	2018	2017	2016
Fund (B shares)	8,7%	27,1%	0,9%	20,6%	9,5%
MSCI US Small + Mid NR USD	-5,1%	28,1%	-9,7%	17,6%	15,2%

Performance	1 month	3 months	6 months	1 year	since launch <sup>3</sup>
Fund (B shares)	6,6%	19,6%	9,2%	15,8%	83,1%
MSCI US Small + Mid NR USD	5,4%	16,1%	-3,8%	0,2%	47,2%

Annualised Volatility	3 months	6 months	1 year	since launch <sup>3</sup>	
Fund (B shares)		23,1%	39,7%	28,3%	17,2%
MSCI US Small + Mid NR USD		31,4%	54,8%	39,0%	22,1%

The market index (MSCI US Small & Mid Cap Net Return) 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.

<sup>1</sup> min (purchases, sales) / average of net assets

<sup>2</sup> Luxembourg banking business day

<sup>3</sup> since 16/11/2015

### Current Portfolio

31/07/2020

#### Top Holdings

Church + Dwight	3,7%
Resmed	3,4%
Check Point Software Technologie	3,2%
Pool	2,7%
Verisk Analytics	2,6%
Tractor Supply	2,6%
Watsco	2,4%
Cognex	2,3%
Lamb Weston Holdings	2,3%
Siteone Landscape Supply	2,3%
<b>Weight of Top 10</b>	<b>27,5%</b>
<b>Number of holdings</b>	<b>50</b>

#### Asset Allocation

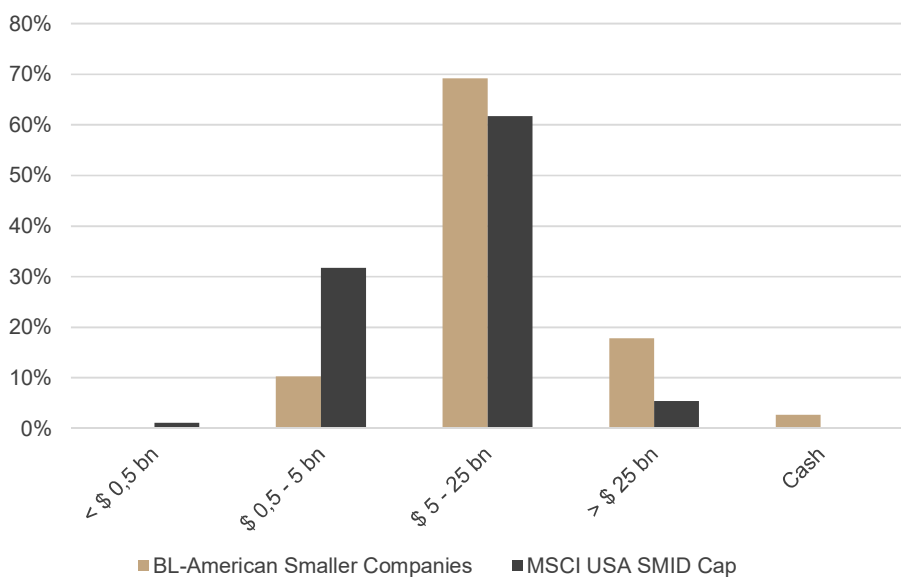
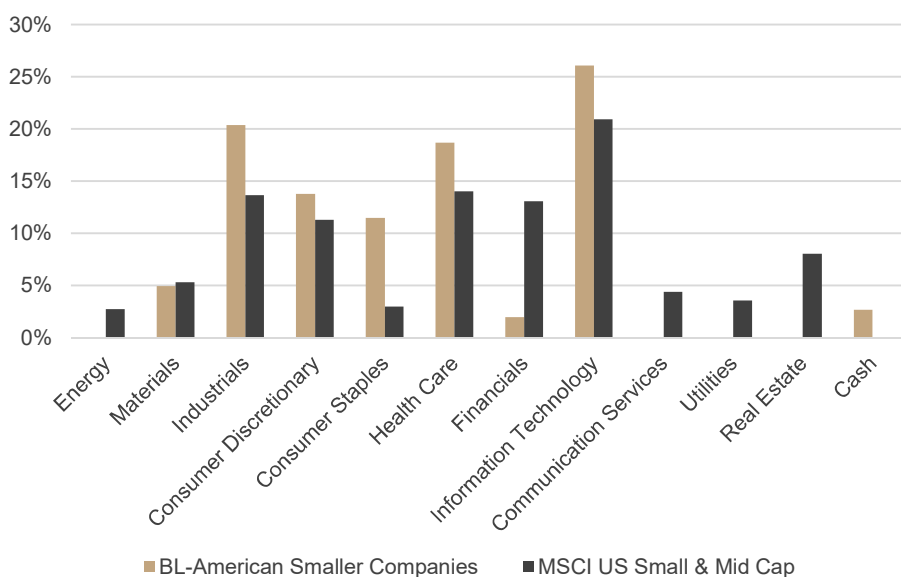
United States	95,5%
Canada	1,8%
Cash	2,7%

#### New Investments in July

NIC

#### Investments sold in July

LabCorp Of America



Investor Type	Clean Share	Elegibility restrictions	Share class	Currency	Hedging	Income	Mgmt fees	On-going Charges	SRRI	ISIN	Bloomberg ticker
Retail	No	No	A	USD	No	Dis	1,25%	1,47%	5	LU1484763229	BLEFBAU LX
Retail	No	No	B	USD	No	Cap	1,25%	1,47%	5	LU1305478775	BLAMSCB LX
Retail	No	No	B Eur Hedged	EUR	Yes	Cap	1,25%	1,46%	5	LU1305478932	BLASBEH LX
Retail	Yes	Yes	AM	USD	No	Dis	0,85%	1,07%	5	LU1484763575	BLASCAM LX
Retail	Yes	Yes	BM	USD	No	Cap	0,85%	1,07%	5	LU1484763658	BLASCBM LX
Retail	Yes	Yes	BM Eur Hedged	EUR	Yes	Cap	0,85%	1,08%	5	LU1484763732	BLASBME LX
Inst.	No	Yes	BI	USD	No	Cap	0,60%	0,82%	5	LU1484763815	BLASCBI LX
Inst.	No	Yes	BI Eur Hedged	EUR	Yes	Cap	0,60%	0,78%	5	LU1867116706	BLASBIH LX

### Management Report

31/07/2020

July provided further evidence that economic activity has improved since lockdowns were lifted, but high-frequency data pointed to a pause in the recovery. The pace of increase in new infections rose from the start of July, but appeared to slow towards the end of the month. Hopes for a vaccine were boosted by positive early-stage trial results. The Federal Reserve took something of a back seat over the past month, having already flooded the market with liquidity and taken rates close to their lower bounds. Congress debated the extent to which unemployment benefits should be extended and whether further stimulus cheques should be provided, with a deal proving difficult to get over the line.

In this environment, the BL-American Smaller Companies Fund (retail share class capitalization net of fees in USD) outperformed its Benchmark, the MSCI US Small + Mid Cap NR USD Index, by 1,13%. In absolute terms, the fund showed a positive performance of 6,55%.

During the month of July, we initiated a new position in NIC Inc. The company is a leading provider of digital government solutions that enable government customers to provide a higher level of service to businesses and citizens. These solutions allow government partners to accelerate digital transformation in a much more cost-effective manner vs internal development.

On the other side, we sold the entire position of Laboratory Corp.

The top 5 contributors in the month were Church & Dwight, Watsco, Checkpoint Software, Rollins and Pool. The top 5 detractors were Albany International, Lamb Weston, Aspen Technology, ULTA Beauty and Burlington Stores.

## Investment Approach

### Investment Principles

#### **Avoid Losses**

Avoiding a big loss on an investment is more important than realising extraordinary gain.

#### **Focus on Quality**

We seek companies enjoying a sustainable competitive advantage.

#### **Valuation: the concept of margin of safety**

The price paid for an investment determines its potential return.

#### **Master Investment Risks**

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

#### **Active Management**

The market reference is solely used for the principle of performance measurement. The portfolio structure may deviate from that of its reference index.

### Equity Investment Approach: Business-Like Investing

#### **Rationale**

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 in their line of business, 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 sustainable competitive advantage. A competitive advantage makes it stand out and creates entry barriers for competitors.

In the second step we analyse whether the competitive advantage translates into recurrent 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 cash flow generated is not absorbed by investment needs to sustain the company's current business operations.

In the third step, we focus on the strength of the management team and analyse how the targeted company uses its capital and manages its balance sheet. Company management has to consider investment in current business activities, development of new activities, takeovers, dividend payments, stock buybacks or debt repayments.

Only companies that meet our investment criteria are considered for inclusion in our portfolios. This may lead to significant deviations from the relevant market index.

#### **Valuation**

Even investments in quality companies may result in significant capital losses if the price paid for the investment is too high. To avoid this pitfall, we determine 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.

#### **Portfolio characteristics**

BL-American Smaller Companies portfolio consists of 40 to 70 small- and mid-sized companies (maximum market cap USD 20bn) that have been selected on the basis of the quality of their fundamentals and their valuation.

The structure of the fund's market reference index does not play any role in the portfolio's construction: the portfolio structure is the outcome of the addition of individual bottom-up investment opportunities. The weight given to each security in the portfolio is a function of its valuation level, stock liquidity and our degree of conviction in the investment thesis.

Owing to our quality investment style, the fund's sector allocation is geared towards consumer discretionary, consumer staples, health care, industrials, technology and materials sectors. Conversely, in sectors like financials, utilities or telecoms, we find few - if any - companies that meet our investment criteria.

BL-American Smaller Companies is a pure equity fund: the fund manager does not time the market and the cash level within the portfolio is maintained at a minimum.

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