

**Fund Fact Sheet**

30/11/2021

**Asset Class**

Equities US, Small & Mid Cap

**Fund Characteristics**

AUM	USD 790,0 mn
Launch date	13/11/2015
Oldest share class (B)	LU1305478775
Turnover (2020) <sup>1</sup>	22%
Reference currency	USD
Hedged share class available in	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

**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  
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 <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

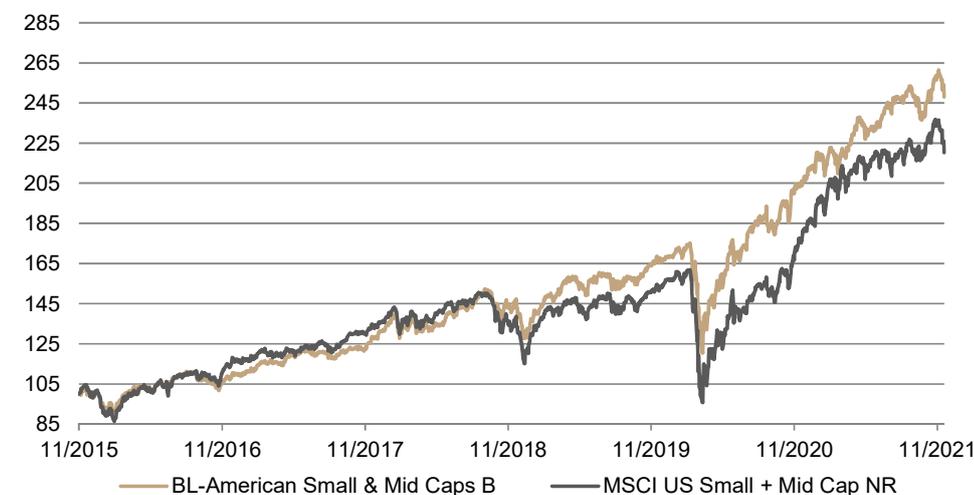
**Investment Objective**

The objective of BL-American Small & Mid Caps 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 25 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	2020	2019	2018	2016
Fund (B shares)	16,0%	26,9%	27,1%	0,9%	20,6%
MSCI US Small + Mid NR USD	18,1%	19,0%	28,1%	-9,7%	17,6%

Performance	1 month	3 months	6 months	1 year	since launch <sup>3</sup>
Fund (B shares)	-1,4%	-1,3%	6,4%	21,0%	148,1%
MSCI US Small + Mid NR USD	-3,6%	-1,8%	1,7%	25,6%	117,9%

Annualised Volatility	3 months	6 months	1 year	since launch <sup>3</sup>	
Fund (B shares)		13,4%	10,1%	10,3%	13,3%
MSCI US Small + Mid NR USD		14,7%	11,7%	13,7%	17,2%

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

30/11/2021

#### Top Holdings

Verisk Analytics	4,4%
Qualys	3,0%
Jack Henry + Associates	3,0%
Siteone Landscape Supply	2,7%
Church + Dwight	2,7%
Lamb Weston Holdings	2,6%
Masimo Corp	2,5%
Ulta	2,5%
Check Point Software Technologie	2,5%
Resmed	2,4%
<b>Weight of Top 10</b>	<b>28,4%</b>
<b>Number of holdings</b>	<b>49</b>

#### Asset Allocation

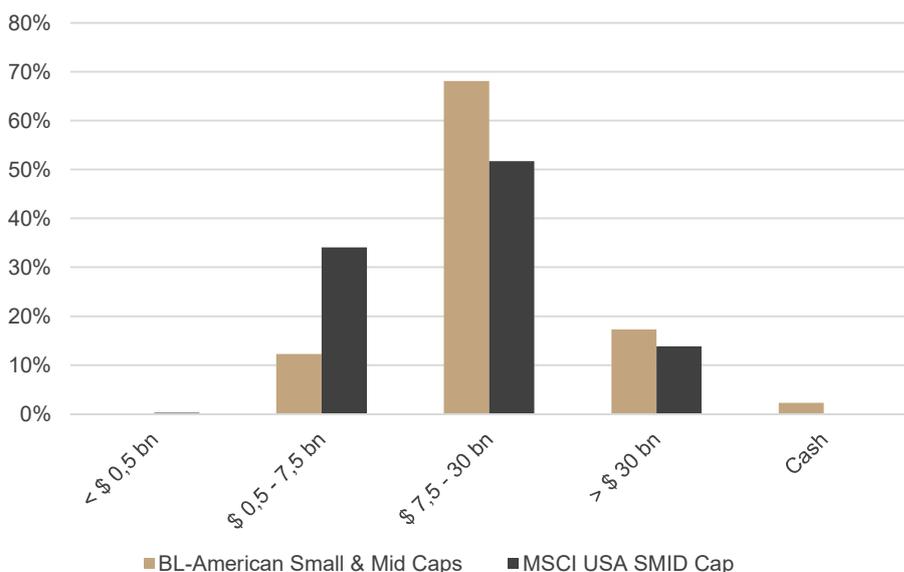
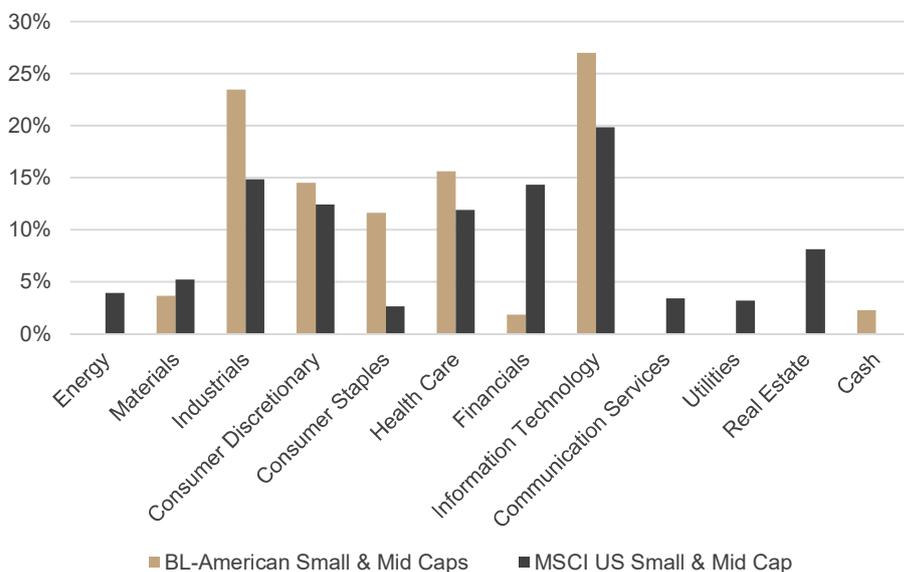
United States	97,7%
Canada	0,0%
Cash	2,3%

#### New Investments in November

no transactions

#### Investments sold in November

no transactions



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%	1,46%	6	LU1484763229	BLEFBAU LX
Retail	No	No	B	USD	No	Cap	1,25%	1,44%	6	LU1305478775	BLAMSCB LX
Retail	No	No	B Eur Hedged	EUR	Yes	Cap	1,25%	1,46%	6	LU1305478932	BLASBEH LX
Retail	Yes	Yes	AM	USD	No	Dis	0,85%	1,05%	6	LU1484763575	BLASCAM LX
Retail	Yes	Yes	BM	USD	No	Cap	0,85%	1,05%	6	LU1484763658	BLASCBM LX
Retail	Yes	Yes	BM Eur Hedged	EUR	Yes	Cap	0,85%	1,04%	6	LU1484763732	BLASBME LX
Inst.	No	Yes	BI	USD	No	Cap	0,60%	0,75%	6	LU1484763815	BLASCBI LX
Inst.	No	Yes	BI Eur Hedged	EUR	Yes	Cap	0,60%	0,78%	5	LU1867116706	BLASBIH LX

## Management Report

30/11/2021

For markets, November was dominated by rising Covid hospitalisations in parts of Europe and concerns about the new Omicron variant. Having started the month well, all major US indices ended the month in negative territory.

So far, nobody knows whether the mutations in the Omicron variant will significantly reduce the effectiveness of existing vaccines in preventing hospitalisations. This is clearly the key issue to monitor over the coming weeks. Even in the worst case scenario that vaccine efficacy is significantly reduced, drug companies seem confident that they could produce new vaccines within about three months. New antiviral pills could still also help to reduce hospitalisations, once they are available within a few months. So it's unlikely that, even in the worst case scenario, equities would experience the same degree of declines that were seen at the start of the pandemic when nobody knew whether vaccines would ever be available.

On the policy front, Jay Powell was reappointed for a four-year term as Federal Reserve Chairman. The current plan is for monthly bond purchases to be reduced from \$120 billion to zero by the end of June 2022. Several Fed members, including Powell, have talked about speeding up the pace of tapering but uncertainty around Omicron could now make that less likely in the near term. Finally, Biden signed a long awaited \$550 billion bipartisan infrastructure bill in order to upgrade America's roads, bridges and railways and deploy electric vehicle charging stations across the country.

In this environment, the BL-American Small & Mid Caps Fund (retail share class capitalization net of fees in USD) outperformed its Benchmark, the MSCI US Small + Mid Cap NR USD Index, by 2,19%. In absolute terms, the fund showed a negative performance of 1,41%.

There were no outright sales or purchases of holdings made in the month.

The top 5 contributors in the month were Verisk, Pool, Zebra Technologies, A.O. Smith and Verisign. The top 5 detractors were Blackline, Jack Henry, Globus Medical, Manhattan Associates and Lamb Weston.

## 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.

## Legal Information

This document is issued by Banque de Luxembourg Investments ("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](http://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.