

Fund Fact Sheet

31/07/2020

Asset Class

Equities Europe, all Caps

Fund Characteristics

AUM	€ 94,0 mn
Launch date	07/12/2016
Oldest share class (B)	LU1305479153
Turnover (2019) ¹	5%
Reference currency	EUR
Hedged share classes available in	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 Indices

MSCI Europe NR
MSCI Europe SMID NR

Fund Manager

Following two years as portfolio manager and investment advisor at Banque Degroof Luxembourg, Ivan Bouillot joined Banque de Luxembourg in 2000 as a financial analyst, and was appointed head of European equity investments for the Bank's fund range in 2004. Ivan has a degree in Business and Finance from the ICHEC University in Brussels. In 2000, he obtained his CEFA (Certified EFFAS Financial Analyst) diploma and he has been a CFA (chartered financial analyst) charter holder since 2006.

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 12:00 CET
Front-load fee max. 5%
Redemption fee none
NAV calculation daily²
NAV publication www.fundinfo.com

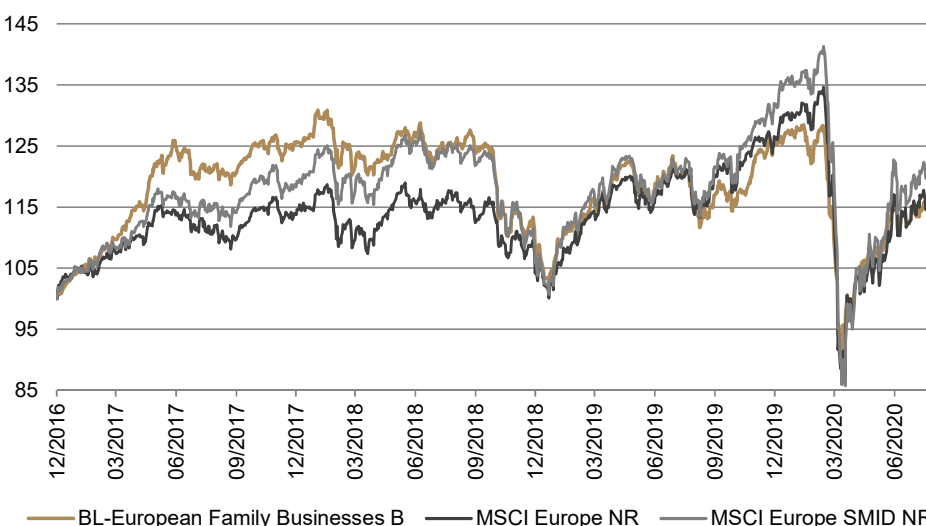
Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in quality European family businesses benefiting from a sustainable competitive advantage. It aims to outperform its relevant benchmark return while generating lower volatility.

The fund manager implements an active investment strategy based on strong convictions with a long term investment horizon.

Key Facts

- Investment in quality family businesses.
- Founder / heir generation / family acquirer with
 - > 25% of voting rights or
 - 20-25% of voting rights, but with controlling family providing CEO and Chairman
- Focus on "Familianness", owner mindset and corporate vision.
- Portfolio of ~ 80 companies.
- Fundamental stock picking methodology.
- Monitoring of company and average portfolio valuation.
- Portfolio with structural deviations from the relevant market index.
- Diversification according to the companies' underlying earnings drivers.
- Low turnover.



Performance	YTD	2019	2018	2017
Fund (B shares)	-9,5%	21,2%	-17,4%	22,3%
MSCI Europe NR	-14,0%	26,0%	-10,6%	10,2%
MSCI Europe SMID NR	-13,2%	30,6%	-14,3%	16,4%

Performance	1 month	3 months	6 months	1 year	since launch
Fund (B shares)	1,7%	7,0%	-5,9%	-3,1%	14,8%
MSCI Europe NR	-1,4%	4,7%	-12,9%	-7,1%	11,1%
MSCI Europe SMID NR	0,7%	7,7%	-12,1%	-2,8%	17,3%

Annualised Volatility	3 months	6 months	1 year	since launch
Fund (B shares)	15,9%	28,7%	21,5%	14,9%
MSCI Europe NR	25,2%	39,5%	28,7%	17,6%
MSCI Europe SMID NR	27,1%	44,0%	31,8%	19,4%

The market index (MSCI Europe 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 banking business day

Current Portfolio

31/07/2020

Top Holdings

Groupe SEB	4,6%
Stroeer SE	3,8%
Warehouses De Pauw	3,5%
Belimo	3,3%
Bossard	3,3%
Robertet	3,2%
EssilorLuxottica	3,1%
SOMFY	3,1%
I.M.A.	3,1%
Virbac	3,1%

Summary Statistics

Weight of Top 10	34,1%
Number of holdings	46
Active Share vs MSCI Europe	92,6%

New Investments in July

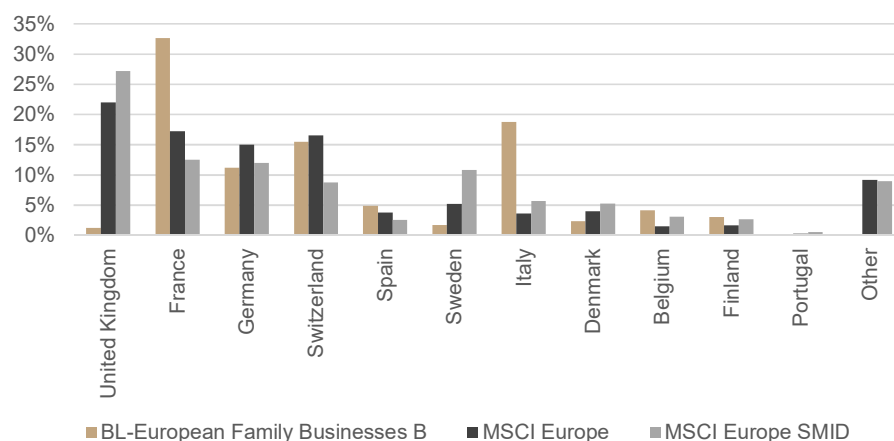
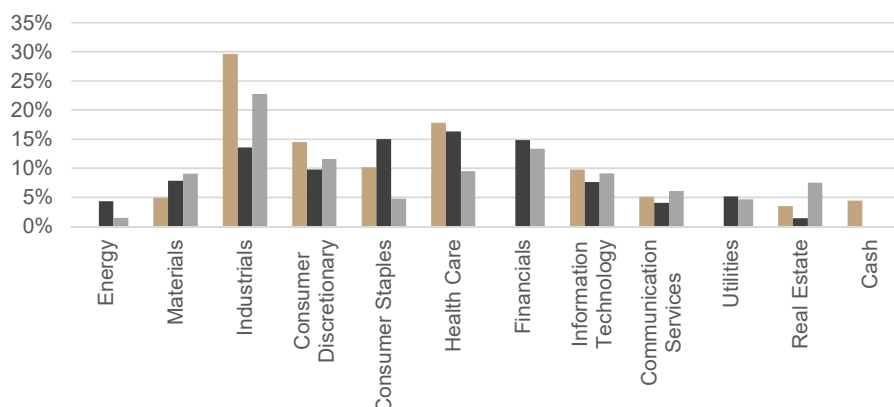
no transactions

Investments sold in July

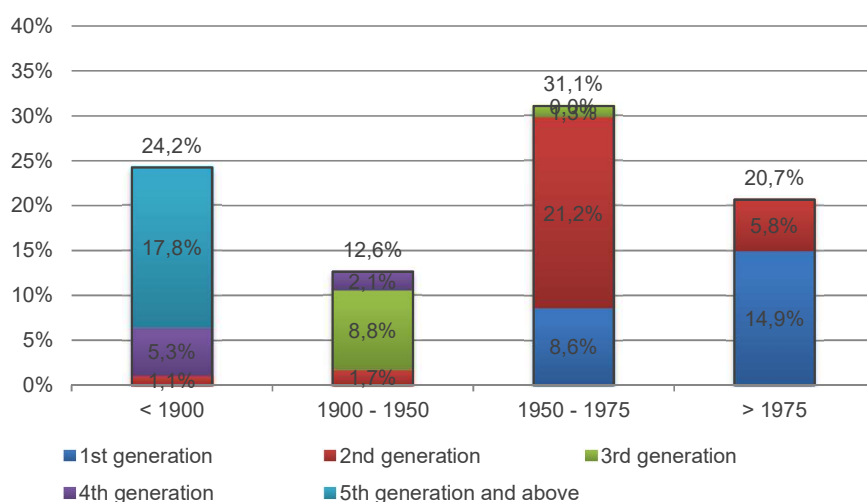
no transactions

Family Dimension

Family provides Chairman	68,1%
Family provides CEO	54,1%
Family provides Chairman & CEO	47,4%
Family control of voting rights	#N/A



Family dimension / company creation



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%	1,54%	6	LU1305479070	BLEFBAE LX
Retail	No	No	B	EUR	No	Cap	1,25%	1,54%	6	LU1305479153	BLEFBBE LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,54%	6	LU1305479237	BLEFBBU LX
Retail	Yes	Yes	AM	EUR	No	Dis	0,85%	1,14%	6	LU1484145302	BLEFBAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0,85%	1,14%	6	LU1484145484	BLEFBME LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,11%	6	LU1484145567	BLEFBBM LX
Inst.	No	Yes	BI	EUR	No	Cap	0,60%	0,84%	6	LU1484145641	BLEFBBI LX

BL-European Family Businesses

a sub-fund of SICAV BL

Management Report

31/07/2020

European equity markets paused in July, with the MSCI Europe SMID Index gaining 0.65% after a 17.64% rise in the second quarter. The month began with the publication of much better-than-expected European and American PMI indices, confirming an improvement in activity, production and consumption. The markets were also boosted by the announcement of a European agreement on the fiscal stimulus plan. Subsequently, however, worsening geopolitical tensions between China and the United States, the publication of disappointing US statistics, and the deteriorating health situation which really put the brakes on the recovery, triggered a fresh bout of risk aversion. During the month, sector rotation continued, this time benefiting materials, utilities and information technology stocks, which outperformed the index, while energy and telecoms tumbled.

Against this backdrop, BL European Family Businesses outperformed its benchmark index with a rise of 1.72% (B share). In terms of sectors, the fund was chiefly helped by its absence in finance and energy, which fell by 3.47% and 8.87%. On the other hand, its overweight position in healthcare, down 2.65%, and underweighting in utilities, up 2.13%, were slightly unfavourable.

The portfolio was helped by IMA, WDP, Somfy, Fluidra and Kone. IMA, (Vacchi family), which manufactures packaging machines for the food, pharmaceutical and cosmetics industries, benefited from positive analyst ratings which highlighted its improved outlook. In addition, its share price rose following the takeover bid by BC Partners. Warehouses de Pauw (Jos de Pauw family), which offers smart warehouse solutions, progressed after it announced the signing of a loan agreement by the EBRD to support its development projects in Romania. Somfy (Despature family), which manufactures shutters, blinds, garage doors and electric gates, rebounded following the publication of better-than-expected first-half results. Fluidra, a specialist in swimming pools and wellness, which was founded by four Catalan families, Planes, Serra, Corbera and Garrigó, continued to rebound on the back of its resilient maintenance activities. Kone (Herlin family), which specialises in the manufacture, installation and maintenance of lifts, escalators and electric doors, also benefited from the defensive profile of its maintenance activities within a cyclical sector.

The main detractors from the month's performance were: Grifols, SEB, STEF, Virbac and LVMH. Grifols has been suffering since April due to a drop in plasma donations as a result of Covid-related restrictions. SEB stabilised after a sharp increase in June, falling slightly after FFP's sale of 1% of the capital. The share price of STEF, a specialist in transport and logistics for temperature-controlled food products and passenger transport between France and Corsica, has been directly impacted since March by the closure of the out-of-home catering business. It fell slightly in July after publication of its second-quarter results. Virbac is one of the stocks that has rebounded since March. However, it has been impacted by the announcement of the finalisation of the sale of its dog antiparasitic products, Sentinel Flavor Tabs and Sentinel Spectrum, due to fears of a poor second quarter. The LVMH share price fell at the end of July due to worse-than-expected results for the first half, with three divisions recording operating losses.

There were no major transactions in the portfolio during the month. We continue to focus on financially sound, stable, high-quality companies that offer real growth potential.

Investment Approach

Investment Principles

Limit investment 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

Control company specific risk

Risks arise when the parameters of an investment are not properly understood
We avoid investing in companies we do not fully understand

Long-term thinking

Over the long term market prices reflect economic fundamentals.
Anticipating the market's short-term variations is a vain exercise.

Valuation monitoring

The price paid for an investment determines its potential return
We monitor the margin of safety to minimize the likelihood of suffering losses on our investments

Benchmark agnostic

The market reference is solely used for performance measurement principles
Owing to the active investment approach of our portfolio management, the portfolio structure deviates strongly from that of the benchmark.

Family Businesses

Family Businesses represent the predominant business form of European companies. 70 to 80% of European businesses (17 million companies) are family businesses meeting the definition of the European Commission. They account for 40-60% of jobs, representing 100 million employees.

As opposed to preconceived ideas (creeping decline after the first two generations, corporate governance issues, lack of dynamics), high quality family businesses recurrently deliver high profitability and displayed strong resilience in recent crises. Their "familiness" – the set of resources arising from the interactions between the family, the family members and the business – may be the source of a stable competitive advantage.

Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a business. The companies we target enjoy a sustainable competitive advantage that differentiates them from their competitors. They need to show an attractive return profile and generate high and consistent levels of free cash-flow.

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 competitive advantage. Differentiation through a competitive advantage creates entry barriers against competitors and enables a company to better execute its strategy. In the second step we analyse whether the competitive advantage translates into high ROCE and whether the company generates consistent cash-flow. We analyse the maintenance capex requirements of the targeted companies to make sure that the generated cash-flow is not absorbed by investments needs to sustain its current business operations. We emphasize the analysis of the balance sheet and look for companies with a low level of gearing through the cycle.

In the third step, we analyse how the targeted company has used and will use its capital. 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 meet our investment criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the market benchmarks.

Valuation

Investments may lead to important 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 invest in a company when its stock price offers the most attractive margin of safety, taking into account its development prospects.

Portfolio characteristics

BL-European Family Businesses invests in a thoroughly selected portfolio of European family companies developing an operational activity. In targeted companies, the founder / the heir generation or a family acquirer either hold at least 25% of voting rights or provide the CEO and chairman.

We construct a diversified portfolio of approximately 80 holdings, which we select according to our Business-Like Investment approach. Our investment process singles out companies that stand out against their competitors - through an added value product or service, through a good corporate strategy and production process, which underscores high levels of profitability and a healthy financial situation. Portfolio candidates need to enjoy favourable sales growth and / or margin progression prospects. In addition to purely financial criteria, we consider "soft" criteria concerning the "familiness" of targeted companies - the set of resources arising from the interactions between the family, the family members and the business can constitute a competitive advantage.

Our investment choices lead to significant and structural deviations from the fund's relevant market (MSCI Europe NR). We do not invest in all sectors that are represented in the market index. We identify most attractive investment opportunities in the consumer, industrial, health care, distribution, media, chemical and technology sectors. Conversely, there are sectors like financials, utilities or telecom, where we find few – if any – companies that meet our investment criteria. The fund's geographical focus is biased towards France, Belgium, Germany, Switzerland, Italy, Spain and Sweden. There are few or no candidates in the UK, the Netherlands, Norway or Portugal. The portfolio has no restrictions in terms of market capitalisation.

Our investment strategy is to be invested for the long term and participate in the development of the business. When implementing our bottom-up investment strategy, we do not consider any short term macroeconomic views. Owing to this approach, portfolio turnover rate is low: on average, annual turnover rate is expected to be below 25%. When making an investment, we are wary of valuation levels of each individual company: at investment, the market price needs to offer a discount against the company's fair value (margin of safety). The average valuation level of the portfolio is also closely monitored.

The portfolio structure is the outcome of individual bottom-up investment opportunities without consideration of the fund's relevant benchmark structure. The

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 Précoissy, 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.