

Fund Fact Sheet

29/09/2023

Asset Class

Equities Europe, all Caps

Fund Characteristics

AUM	€ 106,0 mn
Launch date	07/12/2016
Oldest share class (B)	LU1305479153
Turnover (2022) ¹	3%
Reference currency	EUR
Hedged share classes available in	USD
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 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

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Dealing & Administrator Details

Ul efa S.A.	
Tel	+352 48 48 80 582
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Dealing frequency	daily ²
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily ²
NAV publication	www.fundinfo.com

Investment policy

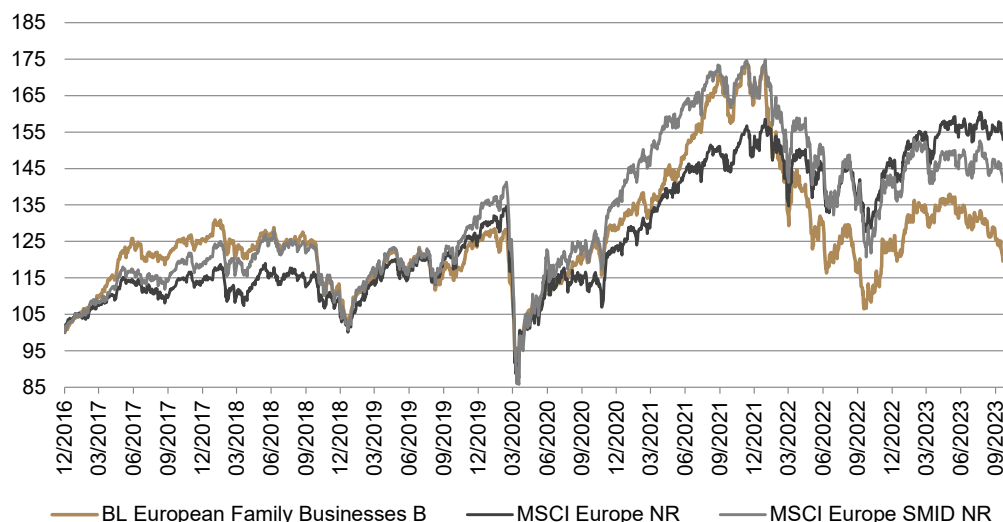
The fund's objective is to generate long-term capital gains by investing in high-quality European companies that have a sustainable competitive advantage and a strong family imprint (the family has partial control or direct or indirect representation on the Board). The fund may also invest in companies that are partially controlled by one or more entrepreneurs or foundations. It aims to generate higher risk-adjusted returns than its benchmark universe over a full market cycle.

A minimum of 30% of the fund's assets will be invested in sustainable assets.

The fund manager implements an active, long-term strategy based on solid convictions.

Key features

- An active, fundamental, conviction-based and purely bottom-up approach, oriented towards the long term;
- Investment in high quality family businesses:
 - Founder / heir generation / family acquirer with either more than 25% of the voting rights or between 20 and 25% of the voting rights and family control (general management and Chair of the Board);
 - Emphasis on the family dimension, owner's mindset and vision for the business;
- Constant attention is paid to the quality of the fundamentals and the valuation of the companies included in the portfolio;
- Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring of controversies, voting policy and engagement);
- Regular review of the valuation of each stock and the average valuation of the portfolio;
- Diversification according to the companies' underlying earnings drivers.
- Non-benchmarked strategy resulting in significant deviations from the initial investment universe;
- Low turnover.



Performance	YTD	2022	2021	2020	2019
Fund (B shares)	1,0%	-30,0%	30,6%	4,4%	21,2%
MSCI Europe NR	8,8%	-9,5%	25,1%	-3,3%	26,0%
MSCI Europe SMID NR	4,4%	-20,7%	22,6%	4,4%	30,6%

Performance	1 month	3 months	6 months	1 year	3 years	since launch
Fund (B shares)	-5,2%	-7,5%	-9,4%	12,1%	0,1%	22,2%
MSCI Europe NR	-1,6%	-2,1%	0,2%	19,2%	36,6%	54,0%
MSCI Europe SMID NR	-3,0%	-2,1%	-2,5%	15,8%	16,6%	43,2%

Annualised Volatility	3 months	6 months	1 year	3 years	since launch
Fund (B shares)	13,5%	12,6%	16,4%	17,7%	16,1%
MSCI Europe NR	13,3%	11,3%	13,2%	14,8%	16,3%
MSCI Europe SMID NR	13,4%	12,7%	15,9%	16,8%	18,2%

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

² Luxembourg banking business day

Current Portfolio

29/09/2023

Top Holdings

Virbac	4,4%
Bossard	4,3%
Sol	4,1%
Kinepolis	4,0%
LVMH	3,9%
Belimo Holding	3,6%
Interpump	3,5%
Warehouses De Pauw	3,4%
Stroer SE	3,4%
Brunello Cucinelli	3,1%

Summary Statistics

Weight of Top 10	37,7%
Number of holdings	39
Active Share vs MSCI Europe	94,2%

New Investments in September

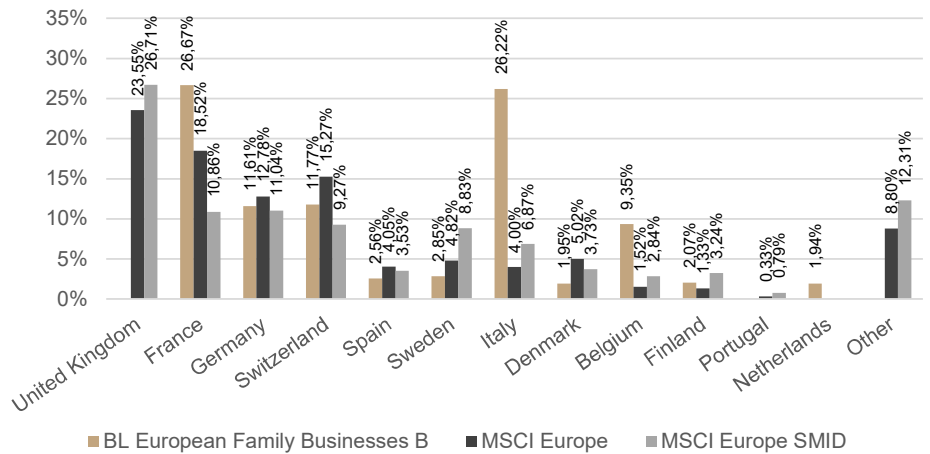
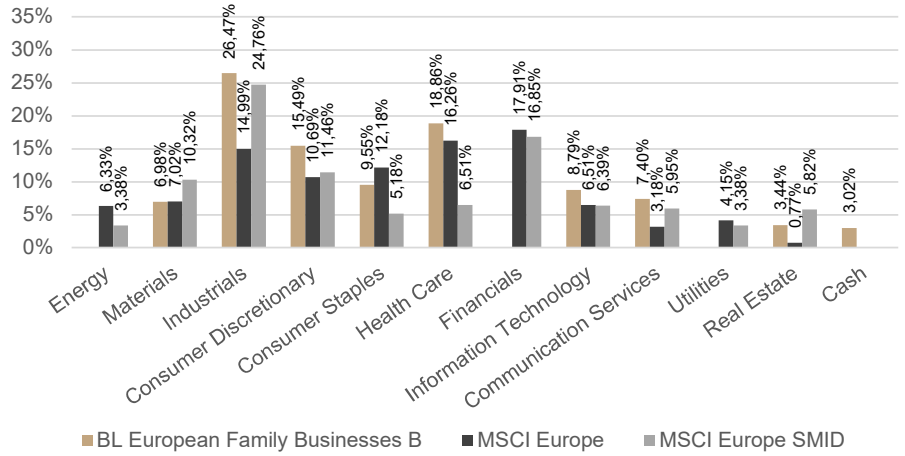
no transactions

Investments sold in September

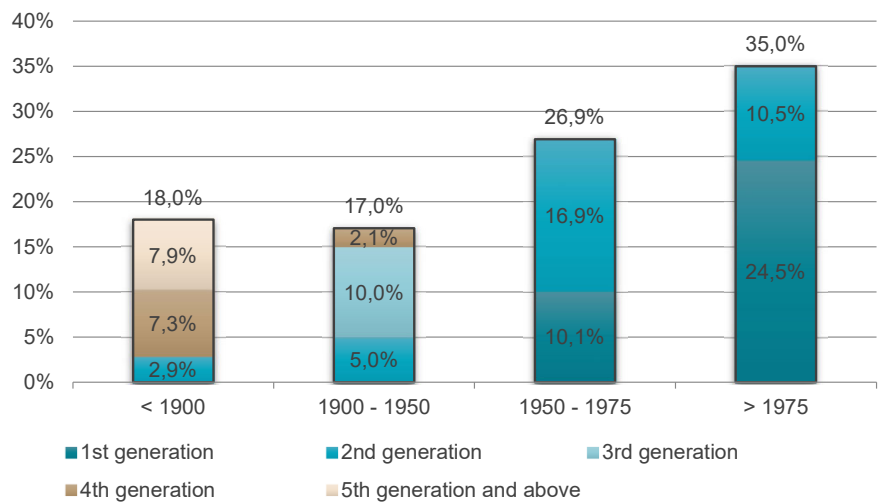
no transactions

Family Dimension

Family provides Chairman	76,6%
Family provides CEO	48,5%
Family provides Chairman & CEO	41,6%
Family control of voting rights	45,2%



Family dimension / company creation



Investor Type	Clean Share	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt fee	On-going Charges	SRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	No	Dis	1,25%	1,53%	4	LU1305479070	BLEFBAE LX
Retail	No	No	B	EUR	No	Cap	1,25%	1,53%	4	LU1305479153	BLEFBBE LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,53%	4	LU1305479237	BLEFBBU LX
Retail	Yes	Yes	AM	EUR	No	Dis	0,85%	1,13%	4	LU1484145302	BLEFBAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0,85%	1,13%	4	LU1484145484	BLEFBME LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,13%	4	LU1484145567	BLEFBMM LX
Inst.	No	Yes	BI	EUR	No	Cap	0,60%	0,81%	4	LU1484145641	BLEFBBI LX

BL European Family Businesses

a sub-fund of SICAV BL

Management Report

29/09/2023

September has been the weakest month of the year for global equities. A multitude of headwinds, including a new wave of inflation fears due to rising oil prices, relatively cautious central banks reiterating their 'higher for longer' stance on interest rates, sharply higher bond yields and persistent tensions in the Chinese property sector, drove the MSCI AC World down by 4.3% over the month.

Fears of stagflation in Europe continue. Stagflation looks increasingly likely for the European economy, as growth data for the region are deteriorating while inflation remains high. Several recent data releases in Europe point to the economy's continuing slowdown. For example, the manufacturing and services PMIs for September came in below 50 (43.4 and 48.4 respectively), suggesting that the economy is contracting. As regards inflation, although September's headline CPI fell by 70 basis points, from 5.2% to 4.5%, CPI is still well above ECB interest rates (4%), while rising oil and gas prices are causing additional problems in the region.

The MSCI Europe SMID Cap Net Return index fell for the second month running, down 2.98%. Buffeted by the global economy and the renewed rise in long-term interest rates, particularly as real interest rates broke through to fresh highs, BL European Family Businesses gave up 5.24%. The portfolio's underperformance over the month meant that it now lags the benchmark index for the year to date.

The main detractors from the month's performance included De'Longhi, Warehouses De Pauw, LVMH, Virbac and SEB. De'Longhi (Italy, small domestic appliances), SEB (France, small domestic appliances) and LVMH (France, luxury goods) suffered from fears of a slowdown in the Chinese economy. Warehouses De Pauw (Belgium, logistics) was impacted by the rise in interest rates. Virbac (France, veterinary medicine) was affected by concerns over the consequences of a cyberattack that targeted the company. Kinopolis (Belgium, cinema), SOL (Italy industrial gas), Systemair (Sweden HVAC), Lotus Bakeries (Belgium, foods) and ID Logistics (France, logistics) were the main contributors to the month's performance. SOL was boosted by good results, especially due to the market's better-than-expected resilience to the group's higher prices and continued double-digit growth in its residential solutions division.

The position in EssilorLuxottica was reduced during the month.

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 weight given to each security in the portfolio is dictated by visibility on corporate fundamentals, stock liquidity, the valuation level and the portfolio manager's sentiment about the company. We are mindful of a sound diversification of the portfolio in terms of the earnings drivers of each company.

We don't implement market or currency hedging strategies in the portfolio and the portfolio is fully invested.

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The SICAV has appointed Banque CIC (Suisse) SA, Marktplatz 13, CH-4001 Bâle, Switzerland to act as paying agent for Switzerland.

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