

Fund Fact Sheet

29/10/2021

Asset Class

Equities Europe, all Caps

Fund Characteristics

AUM	€ 165,4 mn
Launch date	07/12/2016
Oldest share class (B)	LU1305479153
Turnover (2020) ¹	21%
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

European Fund Administration (EFA)
Tel +352 48 48 80 582
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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

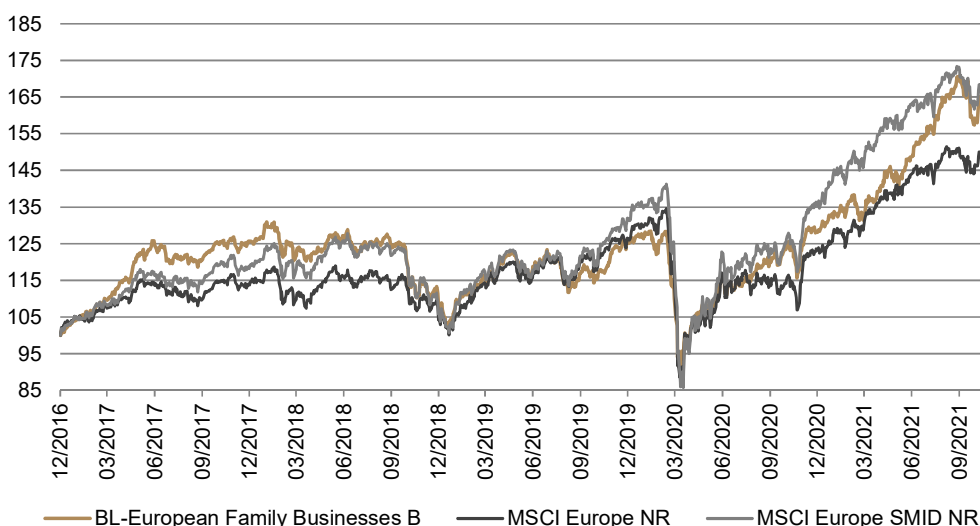
Investment Objective

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	2020	2019	2018	2017
Fund (B shares)	26,7%	4,4%	21,2%	-17,4%	22,3%
MSCI Europe NR	21,6%	-3,3%	26,0%	-10,6%	10,2%
MSCI Europe SMID NR	20,4%	4,4%	30,6%	-14,3%	16,4%

Performance	1 month	3 months	6 months	1 year	3 years	since launch
Fund (B shares)	4,9%	4,0%	17,4%	43,4%	48,1%	67,7%
MSCI Europe NR	4,7%	3,5%	10,0%	41,9%	38,8%	51,9%
MSCI Europe SMID NR	3,6%	1,5%	7,7%	44,0%	49,3%	69,9%

Annualised Volatility	3 months	6 months	1 year	3 years	since launch
Fund (B shares)	15,1%	11,4%	11,8%	16,2%	14,5%
MSCI Europe NR	9,7%	8,2%	10,8%	19,6%	16,7%
MSCI Europe SMID NR	11,2%	9,7%	11,6%	21,6%	18,2%

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

29/10/2021

Top Holdings

Virbac	4,7%
Bossard	4,4%
Stroeer SE	3,5%
Warehouses De Pauw	3,4%
EssilorLuxottica	3,4%
SOMFY	3,3%
Reply	3,3%
Belimo Holding	3,0%
Interpump	3,0%
Eurofins Scientific	2,9%

Summary Statistics

Weight of Top 10	34,9%
Number of holdings	43
Active Share vs MSCI Europe	92,5%

New Investments in October

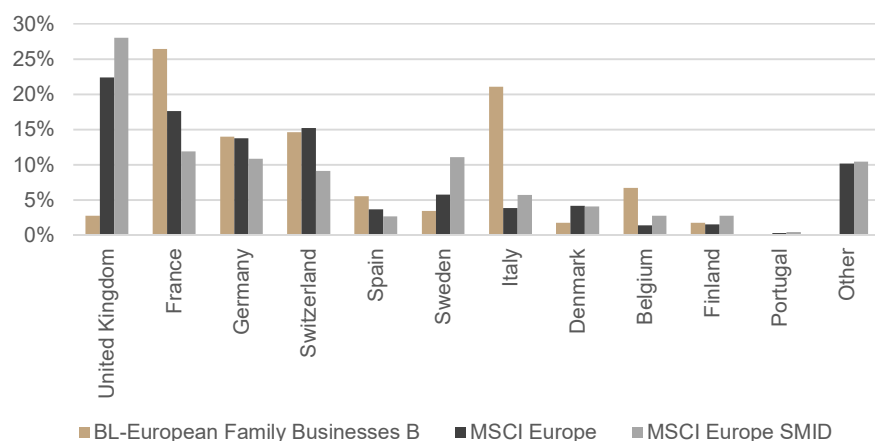
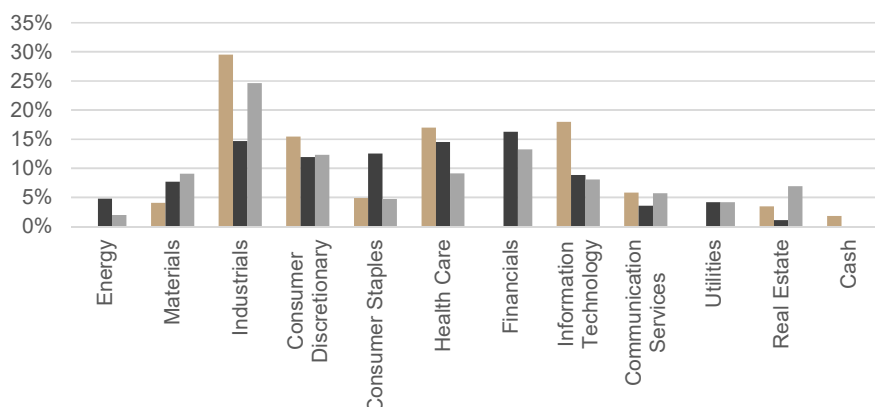
no transactions

Investments sold in October

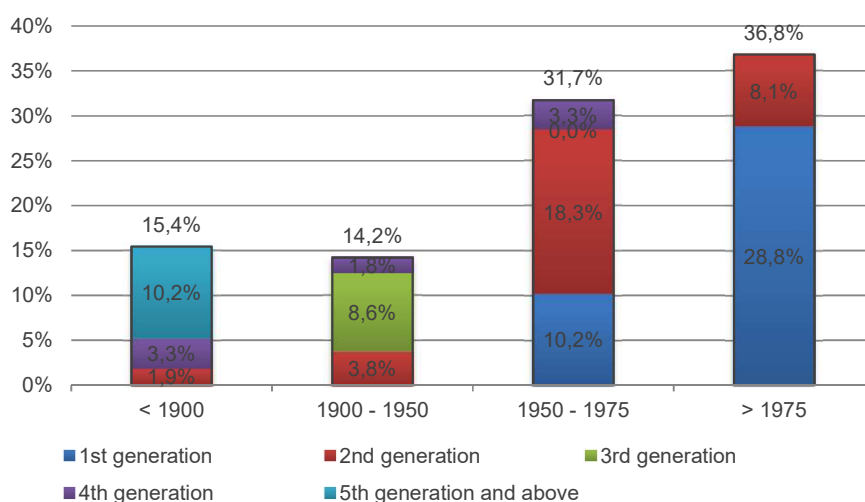
no transactions

Family Dimension

Family provides Chairman	76,4%
Family provides CEO	46,8%
Family provides Chairman & CEO	39,9%
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	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	No	Dis	1,25%	1,57%	5	LU1305479070	BLEFBAE LX
Retail	No	No	B	EUR	No	Cap	1,25%	1,58%	5	LU1305479153	BLEFBBE LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,59%	5	LU1305479237	BLEFBBU LX
Retail	Yes	Yes	AM	EUR	No	Dis	0,85%	1,17%	5	LU1484145302	BLEFBAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0,85%	1,18%	5	LU1484145484	BLEFBME LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,19%	5	LU1484145567	BLEFBBM LX
Inst.	No	Yes	BI	EUR	No	Cap	0,60%	0,90%	5	LU1484145641	BLEFBBI LX

BL-European Family Businesses

a sub-fund of SICAV BL

Management Report

29/10/2021

The European markets were back on the road to growth in October. Suspended between different macroeconomic and plausible monetary policy scenarios, it was ultimately the corporate earnings season releases that set the pace for the market during the month. They reflect a continuing upturn in the global economy and flattening of the yield curve, which overrode the evident inflationary pressures on corporate margins and the effects of supply chain disruptions. The MSCI Europe SMID Cap Net Total Return gained 3.58%. The market rebounded across a diverse range of sectors, mainly technology, healthcare, automotive, banking and financials.

BL European Family Businesses followed the trend, slightly ahead of the market. Its net asset value increased by 4.85% over the month.

Our positions in Virbac, Bossard, ID Logistics, Hermès and Interpump posted the biggest increases. Virbac, the world's tenth-largest veterinary laboratory, continues to enjoy excellent momentum in the US, thanks to the quality of its treatments and its specialisation in certain markets. Bossard, market leader in the distribution and management of fastening technologies, and Interpump in the hydraulic pump markets, are benefiting from the recovery in industrial demand. The French company ID Logistics was driven by strong growth in its international activities. Despite constraints on its supply chain, Hermès delivered very strong performances, particularly in the USA, Asia and in its leather division.

On the other hand, the portfolio was dented by weaker performances from Datalogic, Eurofins, Technogym, Grifols and Robertet. The market remained cautious on barcode-reader specialist Datalogic, as the shortage of semiconductors could affect its production capacity. Eurofins, which conducts certification and inspection tests, is experiencing a slowdown in the growth of business exposed to Covid 19. This is within the norm and the share price has corrected from its highs. Technogym and Robertet also weakened due to the lack of new catalysts. Grifols, a world leader in plasma derivatives, has been affected by low volumes of blood collection due to lockdowns and/or other Covid-related constraints. The combination of this, with its impact on sales and profitability, and the fact that the company is continuing to invest, has put it out of favour with the market.

The positions in Kinépolis and CEWE were strengthened 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

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