

Fund Fact Sheet

28/02/2022

Asset Class

Equities Europe, Small- and Mid-Caps

Fund Characteristics

AUM € 265,6 mn
Launch date 30/11/2012
Oldest share class (B) LU0832875438
Turnover (2021)¹ 14%
Reference currency EUR
Hedged share class 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 Index

MSCI Europe SMID Cap NR EUR

Fund Manager

Tom Michels started his professional career in 2014 right after his studies at BLI - Banque de Luxembourg Investments as European equities analyst with a focus on smaller capitalizations. Tom holds a MSc in Accounting, Control and Finance from the HEC business school in Lausanne, Switzerland.

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 ²
Cut-off time 12:00 CET
Redemption fee none
NAV calculation daily ²
NAV publication www.fundinfo.com

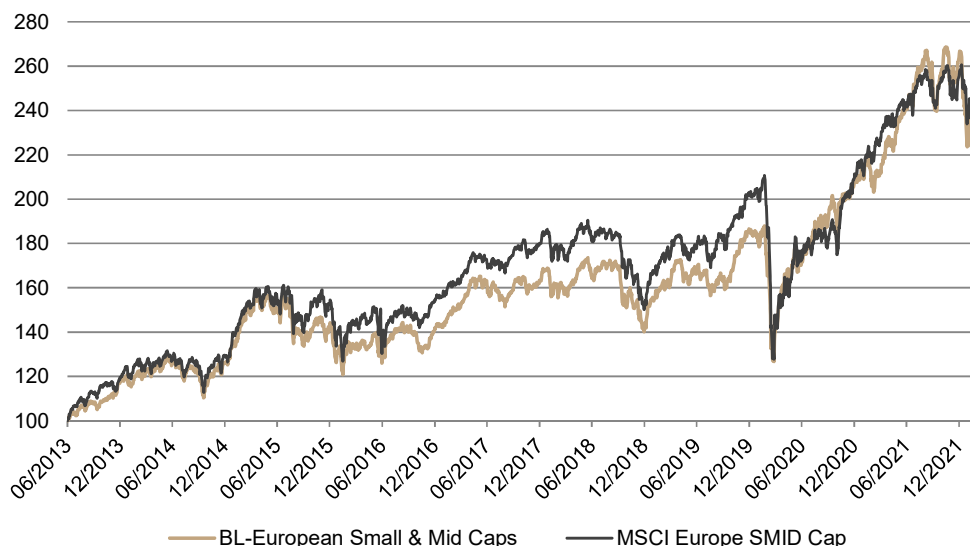
Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in high-quality European small- and mid-cap companies (market cap between € 300 mn. and ~ € 5 bn.) 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

- Concentrated portfolio of 40-50 European small- and mid-cap companies, selected on the basis of their fundamentals.
- Investments in quality business models.
- Monitoring of company-specific and average portfolio valuation.
- Portfolio with structural deviations from the relevant market index.
- Long only and fully invested.



Performance	YTD	2021	2020	2019	2018	2017
Fund (B shares)	-17,5%	28,2%	12,4%	28,3%	-11,8%	15,0%
MSCI Europe SMID Cap NR	-10,0%	22,6%	4,4%	30,6%	-14,3%	16,4%

Performance	1 month	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	-4,4%	-13,7%	-16,6%	6,7%	37,0%	47,0%
MSCI Europe Small Cap NR	-3,6%	-6,0%	-9,2%	7,3%	33,7%	44,1%
Volatility	3 months	6 months	1 year	3 years	5 years	
Fund (B shares)	9,5%	20,1%	21,5%	19,9%	17,3%	
MSCI Europe Small Cap NR	10,2%	17,3%	13,7%	19,5%	16,8%	

The market index (MSCI Europe Small 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.

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

² Luxembourg banking business day

Current Portfolio

28/02/2022

Top Holdings

Amplifon	6,0%
Carl Zeiss Meditec	5,7%
Nibe Industrier	5,2%
Virbac	4,7%
Sopra Steria Group	3,5%
De'Longhi	3,5%
Viscofan	3,4%
Interpump	3,3%
Krones	3,0%
Loomis	2,9%
Weight of Top 10	41,1%
Number of holdings	43

New Investments in February

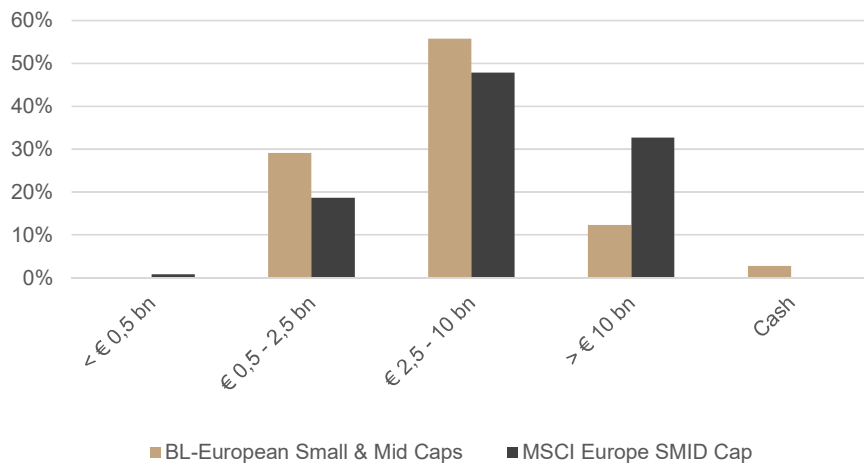
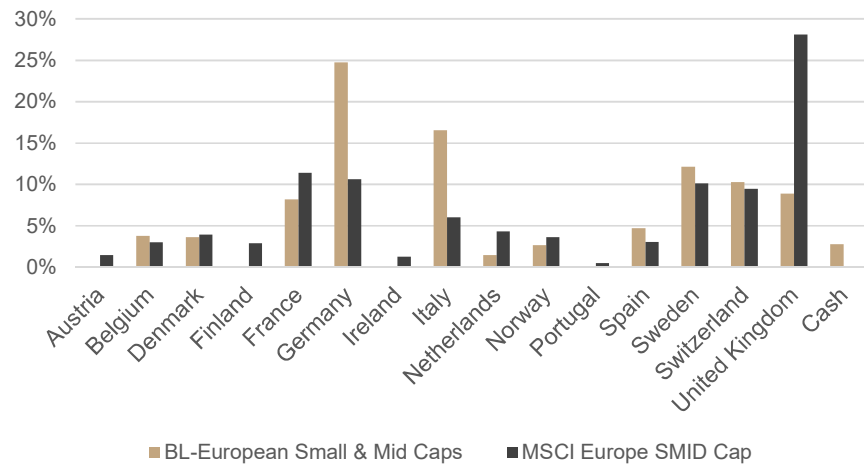
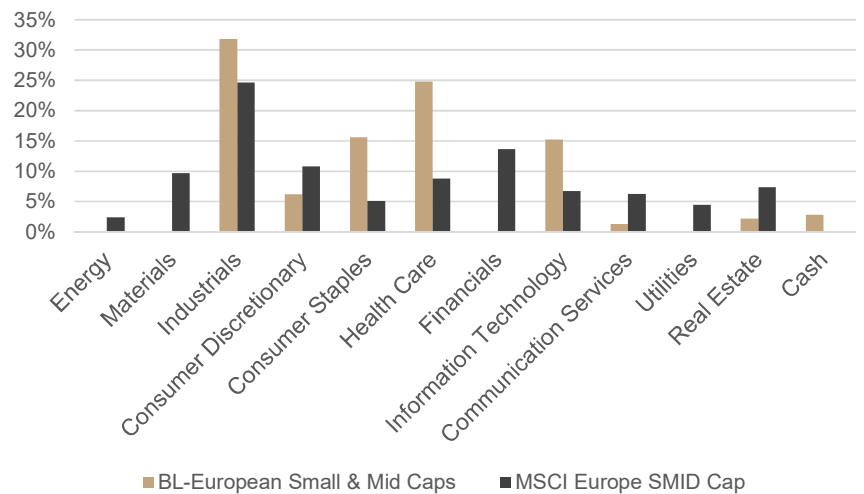
no transactions

Investments sold in February

no transactions

Currencies

EUR	62,3%
SEK	12,2%
CHF	10,3%
GBP	8,9%
DKK	3,6%
NOK	2,7%



Investor Type	Clean Share	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	No	Dis	1,25%	1,47%	6	LU0832875354	BLEUSCB LX
Retail	No	No	B	EUR	No	Cap	1,25%	1,47%	6	LU0832875438	BLEUSCB LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1,25%	1,47%	6	LU1273297298	BLESBUH LX
Retail	Yes	Yes	AM	EUR	No	Dis	0,85%	1,07%	6	LU1484144834	BLEUSAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0,85%	1,07%	6	LU1484145054	BLEUSBM LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0,85%	1,07%	6	LU1484145138	BLESBMU LX
Institutional	No	Yes	BI	EUR	No	Cap	0,60%	0,78%	6	LU1484144917	BLEUSBI LX

Management Report

28/02/2022

Equity markets had a difficult month in February as concerns over Russia's invasion of Ukraine took centre stage. In the first half of the month, expectations rapidly escalated over the number of interest rate hikes likely to be made by the central banks. Investors feared that the central banks would stifle growth in their efforts to control inflation. In the second half of the month, investors focused all their attention on the conflict in Ukraine. This brought expectations for interest rate hikes down from their mid-month peak, and also dealt a further blow to growth expectations. In addition, inflationary fears intensified as the price of gas and oil, along with other commodities (wheat, fertilisers, etc.) continue to rise due to the war in Ukraine. Economists expect consumer purchasing power to decrease. Over the month, small and mid cap stocks fell by 3.61% (MSCI Europe SMID Cap Net Return EUR), while the BL European Small & Mid Caps fund fell by 4.4%. The best-performing sectors over the month were the more defensive utilities, materials and healthcare. The worst performers were finance, consumer discretionary and technology.

The share prices of Loomis (Sweden), Amplifon (Italy), Virbac (France), Emmi (Switzerland) and Sopra Steria (France) were the main contributors supporting the fund's NAV. In the case of Loomis, Virbac and Sopra Steria, the markets were buoyed by the release of full-year results. Amplifon and Emmi benefited from their more defensive profile. In contrast, investments in Gerresheimer (Germany), Compugroup (Germany), Interpump (Italy), Interroll (Switzerland) and Rational (Germany) weighed on the NAV. Gerresheimer and Compugroup reported earnings below expectations, while Interpump and Interroll were out of favour in February as the market shunned higher valued stocks. For Rational, uncertainty surrounding the lifting of health restrictions and supply difficulties were a drag on the share price.

No transactions were conducted within the portfolio 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

Master 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

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

Consideration of an entire market cycle

- >Foregoing part of potential gains in strongly rising markets pays dividends in falling markets
- >Our objective is to outperform the relevant benchmark through an entire market cycle.

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.

Equity Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a business. We focus on companies benefiting from a sustainable competitive advantage, enabling them to generate consistent free cash-flows and to deliver an attractive return profile.

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 an attractive margin of safety, taking into account its development prospects.

Portfolio characteristics

BL-European Smaller Companies invests in a focused selection of small to mid-sized European companies. Targeted companies are typically among the market leaders and offer favourable development prospects. We construct a concentrated portfolio of approximately 40-50 positions, which allows us to have a good handle of each individual investment, to express our convictions and to minimise errors. 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.

Our investment choices lead to significant and structural deviations from the fund's relevant market (MSCI Europe Small Cap). We do not invest in all sectors that are represented in the market index. Most investment opportunities we single out are in the consumer, industrial, health care, 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. Our investment strategy has a mid- to long-term orientation: our investment cases are constructed with a 2 to 5-year investment horizon. When implementing our bottom-up investment strategy, we do not consider any short term macroeconomic views. 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 portfolio construction rests on two main pillars: a stable core portfolio consisting of well-established companies, often being one of the leaders in niche markets. The second part of the portfolio consists of companies benefiting from growth prospects. 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 a function of their valuation level, stock liquidity and our level of conviction in the investment thesis.

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

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 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.