BL Global Flexible EUR
a sub-fund of SICAV BL

BANQUE DE LUXEMBOURG INVESTMENTS

Fund Fact Sheet

30/12/2022

Asset Class

Mixed Asset Global Flexible

Fund Characteristics

AUM	€ 1753,1 mn
Launch date	06/04/2005
Oldest share class (B)	LU0211340665
Turnover (2022)[1]	33%
Reference currency	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

Fund Manager

Guy Wagner has been managing BL Global Flexible EUR since launch.
An economics graduate from the Université Libre de Bruxelles, he joined Banque de Luxembourg in 1986 and headed the Financial Analysis and Asset Management departments. Director & CIO of BLI - Banque de Luxembourg Investments from 2005 to July 2022, he now focuses on his duties as CIO and manager.

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**
Cut-off time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	www.fundinfo.com

Label ISR · INVESTISSEMENT SOCIALEMENT RESPONSABLE · RÉPUBLIQUE FRANÇAISE

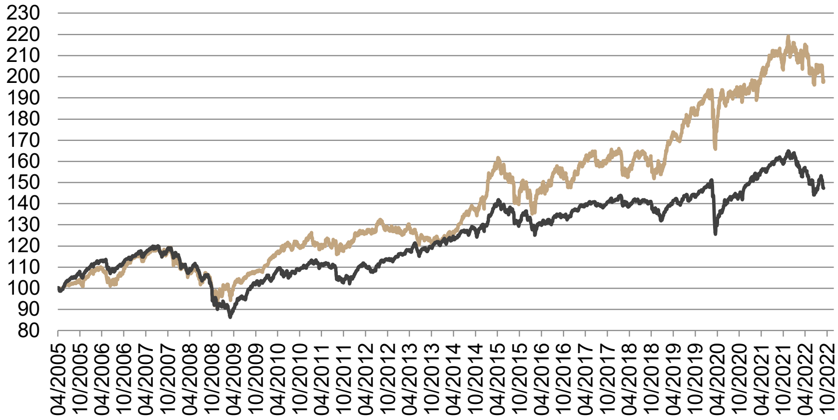
[1] min (purchases, sales) / average of net assets
[2] Luxembourg banking business day
[3] Lipper Global Mixed Asset Balanced

Investment policy

The fund's objective is to generate a positive real (inflation-adjusted) return in euros over the medium term through a flexible, global asset allocation strategy. The strategy combines different asset classes that are traditionally negatively correlated: primarily equities, bonds and money market instruments, precious metals and cash.
Investments in equities may vary between 25% and 100% of the net assets.
A minimum of 20% of the fund's assets will be invested in sustainable assets.
Alongside these financial goals, targets have been set in terms of the portfolio's ESG performance and these are regularly monitored.
The fund also aims to limit the decline during periods of stock market correction.

Key features

- An active, conviction-based, non-benchmarked approach;
- Flexible style of wealth management geared to limiting the downside risk during periods of stock market correction;
- Allocation combining asset classes that are often inversely correlated:
  - Equities as the main performance driver;
  - Bonds and precious metals as protection for the portfolio;
- Investments in equities according to strict quality and valuation criteria;
- Indirect exposure to gold through gold-mining companies;
- Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring of controversies, voting policy and engagement);
- Defined and quantifiable impact indicators on environmental, social, governance and human rights aspects;
- Low turnover.



Performance	YTD	2022	2021	2020	2019	2018
Fund (B shares)	0,0%	-10,0%	11,0%	1,9%	22,5%	-4,9%
Lipper Peergroup***	0,0%	-12,3%	9,0%	1,8%	11,5%	-6,6%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-2,67%	1,0%	-3,1%	-10,0%	1,8%	18,6%	53,0%
Lipper Peergroup***	-2,6%	1,6%	-0,9%	-12,3%	-2,7%	1,4%	25,0%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	11,2%	10,0%	9,6%	10,6%	9,5%	8,8%
Lipper Peergroup***	6,4%	7,8%	7,2%	8,5%	7,2%	6,2%

The index (Lipper Global Mixed Asset EUR Balanced) 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.

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Current Portfolio

30/12/2022

Top Holdings Equity Portfolio	
Roche Holding	5,5%
Franco Nevada	4,4%
Wheaton Precious Metals Corp	3,8%
Royal Gold	2,9%
Nestle	2,8%
# holdings equity portfolio	**68**

Top Holdings Bond Portfolio	
US 2% 15-08-51	3,6%
US 1,25% 15-5-2050	2,9%
US TIPS 15-02-2050	2,0%
US 1,875% 15-02-32	1,4%
# holdings bond portfolio	**4**

Bond Portfolio Technicals	
average modified duration	16,6
average maturity	25,2 years
average yield to maturity	3,6%

New Investments in December (Equities)

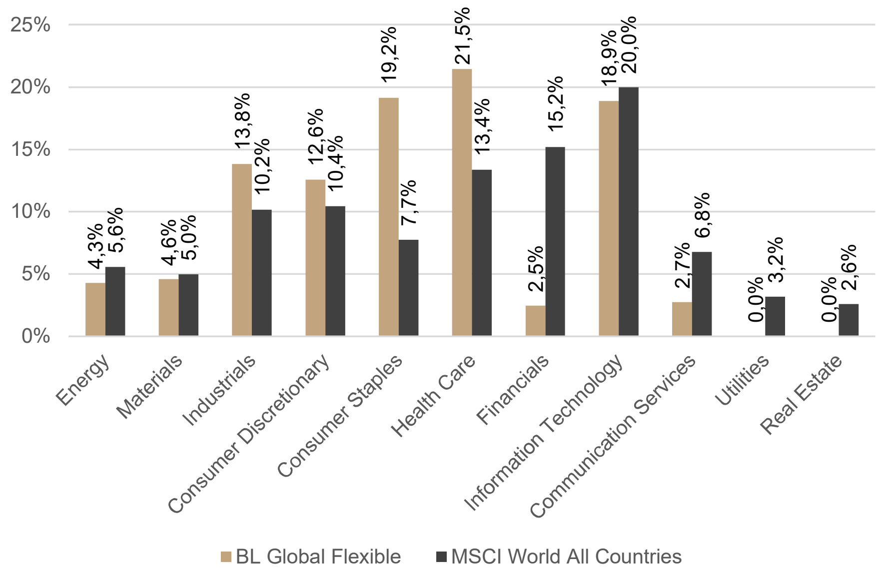
Sysmex

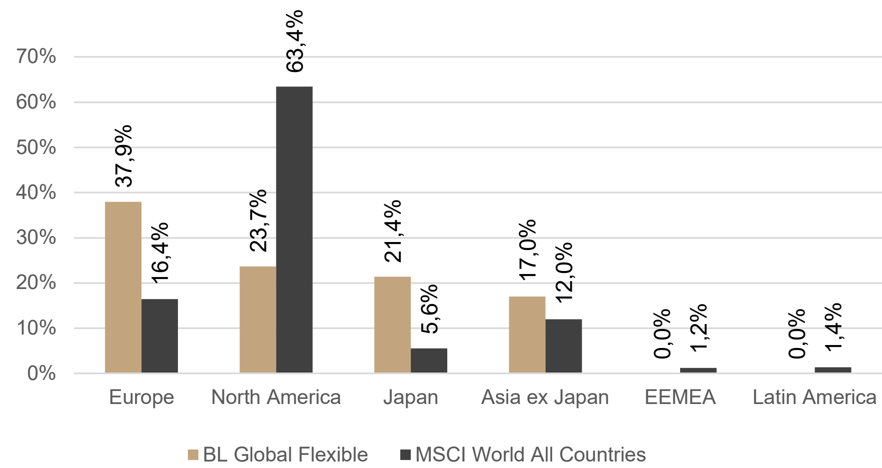
Investments sold in December (Equities)

Kao

LG Household + Health Care

Currency allocation	**before hedging**	**after hedging**
EUR	14,8%	32,9%
JPY	15,2%	15,2%
CAD	13,7%	13,7%
CHF	13,2%	13,2%
USD	27,6%	9,5%
HKD	4,4%	4,4%
KRW	2,6%	2,6%
GBp	1,8%	1,8%
DKK	1,8%	1,8%
SGD	1,4%	1,4%
TWD	1,2%	1,2%
VND	1,2%	1,2%
SEK	1,0%	1,0%





Asset Allocation December 2022

	Gross	Hedging	Net
Equity	71,21%	-25,2%	45,99%
Bonds	9,82%		9,82%
Precious Metals Related Stocks	13,53%		13,53%
Cash & Cash Equivalents	5,43%		5,43%
Total	**100,0%**		

Investor Type	Clean Share	Elegibility restrictions	Share Class	Currency	Currency Hedging	Income	Mgmt Fees	On-going Charges	SRI	ISIN	Bloomberg Ticker
Retail	No	No	**A**	EUR	No	Dis	1,25%	1,40%	3	LU0211339816	BLGLFLX LX
Retail	No	No	**B**	EUR	No	Cap	1,25%	1,40%	3	LU0211340665	BLGLFLC LX
Retail	No	No	**B CHF Hedged**	CHF	Yes	Cap	1,25%	1,40%	3	LU1305478262	BLGLFBCH LX
Retail	Yes	Yes	**AM**	EUR	No	Dis	0,85%	1,00%	3	LU1484143513	BLGLFAM LX
Retail	Yes	Yes	**BM**	EUR	No	Cap	0,85%	1,00%	3	LU1484143604	BLGLFBM LX
Retail	Yes	Yes	**BM CHF Hedged**	CHF	Yes	Cap	0,85%	1,00%	3	LU1484143786	BLGFBMC LX
Institutional	No	Yes	**BI**	EUR	No	Cap	0,60%	0,71%	3	LU0379366346	BLGLFLI LX

Management Report

30/12/2022

Macroeconomic environment

Despite multiple headwinds, the global economy continues to show remarkable resilience, ending 2022 on a positive note. In the US, a robust labour market, excess savings from the pandemic and sustained wage growth are keeping consumer propensity to spend at a high level, with service activities continuing to benefit from a catch-up effect. Thanks in part to rising prices, corporate revenues and profits also remain robust, supporting investment spending. In the euro area, the outcome on whether growth was positive or negative in the fourth quarter is less obvious. Domestic consumption might prove sufficiently robust to offset the moderation in industrial activity. In China, the cessation of the zero-covid policy triggered a sharp increase in coronavirus infections, leading to a sharp slowdown in activity at the end of the year. However, the gradual normalisation of the health situation should ensure a cyclical recovery from the second quarter at the latest. In Japan, weakening external demand could slow export growth, the country's main economic driver.
In the United States, inflation recorded its fifth consecutive month of slowdown after peaking at 9.1% in June. The headline inflation rate fell from 7.7% in October to 7.1% in November. Excluding energy and food, inflation fell from 6.3% to 6.0%. The PCE (personal consumption expenditure) core price index, which is the Federal Reserve's favourite price indicator, fell from 5.0% to 4.7%. In the euro area, inflation slowed for the second time in a row after 16 consecutive months of increases. From November to December, headline inflation fell from 10.0% to 9.5%. Excluding energy and food, it remained unchanged at 5.0%.
In line with expectations, the US Federal Reserve's Monetary Committee continued to tighten monetary policy in December. The increase in the target range for the federal funds rate was not 75 basis points as in the previous four meetings, but, as pre-announced, 50 basis points. As a result, the effective federal funds rate is currently 4.25% to 4.50%. For 2023, the Monetary Committee expects further tightening of 75 basis points in successive 0.25% increments. In Europe, the Governing Council of the Central Bank also raised its key interest rates by 50 basis points, bringing its deposit rate to 2% and its refinancing rate to 2.5%. President Christine Lagarde struck a particularly hawkish tone, suggesting continued upward movements in 0.5% increments and announcing the start of quantitative tightening from March. In Japan, the central bank adjusted the upper limit of the 10-year rate from 0.25% to 0.50% as part of its yield curve control policy. According to President Kuroda, this move is not the beginning of a tightening cycle, but it results from the need to remedy the dysfunction observed in the government bond market.

Financial markets

Continued central bank intervention has made the financial system increasingly fragile.
After their strong increase in 2020, valuation multiples have come back somewhat in 2021, a year where equity prices have risen less than company earnings. Multiples remain high in absolute terms, however. The low level of interest rates, high corporate profitability and decent corporate earnings growth continue nevertheless to speak in favor of equities. The weakness of corporate spending also enables companies to devote a significant portion of their cash flow to buying back their shares and increasing their dividend. It also stimulates M&A activity which gives a further boost to stock prices.
The factors that have been so favorable to equity markets over the last decades could slowly begin to revert: the potential for interest rates to decline seems exhausted, the return to policies promoting the national interest over international cooperation is introducing economic and geopolitical risks, and the demographic structure of the population has reached a stage where it threatens to negatively impact available savings. Over the long term, valuation mul¬tiples therefore have a strong chance of declining and it will be all the more difficult to generate attractive returns from equities by simply adopting a passive approach. Even in difficult markets, it is nevertheless possible to invest intelligently in equities, provided one has a rigorous stock selection process.
The risk/return ratio for bonds has deteriorated sharply over the past decade: yields have fallen and duration has increased. There is little chance that high-quality (Investment Grade) bonds can still offer a positive inflation-adjusted return over the medium term. Low bond yields also mean that government bonds might lose their diversification capacity in a balanced portfolio.
The investment case for precious metals remains valid. Gold is an investment in monetary and financial disorder as well as a hedge against inflation. Gold-mining companies offer significant leverage to the gold price.

Monthly comment December

Continued monetary tightening by central banks led to a rise in long term interest rates. As a result, the 10-year government bond yield in the US rose from 3.61% to 3.87%. The rise in bond yields was particularly pronounced in Europe due to the prospect of additional key interest rate hikes in 50 basis point increments by the ECB. The benchmark 10-year rate rose from 1.93% to 2.57% in Germany, from 2.40% to 3.11% in France, from 3.87% to 4.70% in Italy and from 2.94% to 3.65% in Spain. For the full year 2022, the JP Morgan EMU Government Bond Index was down a sharp 17.9%.
In December, equity markets weakened significantly, leading most stock market indices to record significant losses for the full year. The decline in stock prices is the result of the monetary tightening by central banks, which led to a reduction in valuation multiples, primarily affecting so-called growth stocks in almost all regions. Thus, the MSCI All Country World Index Net Total Return expressed in euro fell by 7.3% over the month and by 13.0% over the full year 2022. The year-on-year decline in the index would have been even larger had it not been mitigated by the strength of the dollar against the European currency. At the regional level, the S&P 500 in the US fell by 5.9% (in USD) over the month, the Stoxx 600 in Europe by 3.4% (in EUR), the Topix in Japan by 4.7% (in JPY) and the MSCI Emerging Markets Index by 1.6% (in USD). At the sector level, utilities, healthcare and consumer staples held up best during the month, while communication services, consumer discretionary and technology declined the most. For the full year 2022, energy was the only sector (according to the GICS sector classification) to post a big positive performance, while all other sectors were down on the year.

Boosted by the hawkish comments of European monetary policymakers, the euro continued to rebound against the dollar, rising from 1.04 to 1.07 during the month. The dollar's decline in December had a positive impact on precious metal prices. The price of an ounce of gold rose for the second consecutive month, from USD 1769 to USD 1824, an increase of 3.1%. The price of an ounce of silver rose from USD 22.2 to USD 24.0, an increase of 7.9%.

No position was added to the portfolio during the month and no position was sold.

BL-Global Flexible’s Asian ex. Japan equity holdings and the equity hedge contributed positively to the performance in December, whilst the European, Japanese and U.S. equity holdings, the bond holdings and the currency allocation had a negative impact. Within the equity portfolio, the main positive contributors were Hong Kong Exchanges, Alibaba, Travelsky Technology, Thai Beverage and Shiseido, the main negative contributors Roche, TC Energy, Shimano, SECOM and Samsung Electronics.

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BANQUE DE LUXEMBOURG INVESTMENTS

ESG (*)

30/12/2022

	BL Global Flexible Eur	MSCI ACWI
ESG Quality Score	**8,43**	**8,21**
Environmental		
Carbon Emissions Intensity	68,8 (97%)	161,3 (100%)
Environmental Controversy Score	9,18 (99%)	8,83 (100%)
Social		
Social Controversy Score	5,82 (99%)	4,52 (100%)
Governance		
Corporate Governance Theme Score	7,82 (99%)	6,88 (100%)
Global Norms		
UN Global Compact Signatories	67,6% (89%)	42,8% (99%)
UN Global Compact Compliant	92,1% (0%)	83,1% (100%)
UN Global Compact Watchlist	7,9% (97%)	16,1% (100%)
UN Global Compact Fail	0,0% (97%)	0,8% (100%)

(*) Analysis methodology only for equity investments (including gold stocks) in the portfolio.
Scores / 10
(%): Data Coverage
The fund excludes the 20% worst performing companies in terms of ESG from its investment universe
The objectives in terms of impact indicators are to outperform the relevant market index over the long term.

ESG Methodology

PRE INVESTMENT

Exclusions (BLI's general policy):

→ Companies
- Active in the production of **controversial weapons**
- Included in the **Global Coal Exit List**

→ Companies not complying with the Principles of the **UN Global Compact** (*)

→ Companies involved in **highly severe controversies** (red flag) (*)

Reduction of the universe by 20%: minimum ESG rating for inclusion

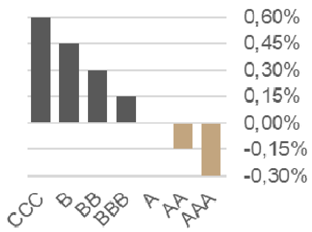
→ Equities: BB *

→ Gold stocks and Government Bonds: BBB *

INTRA INVESTMENT

ESG Integration

→ Equities: **Integration of ESG factors in the valuation process**
- Increase / Reduction of Cost of equity depending on ESG rating (*)



POST INVESTMENT

Voting policy

→ As an active investor, BLI votes at the annual meetings of invested companies

Engagement policy

→ BLI initiates an active engagement policy with invested companies.

→ Focus is on defined impact factors as well as wider ESG topics.

Controversies follow-up: Ongoing monitoring of analysed controversies to assess realised progress

monthly and annual **monitoring of impact indicators** on E, S and G factors and on respect for human rights (UN GC)

(*) ESG ratings and data are sourced from the specialised MSCI ESG Manager database

Investment Approach

Investment Principles

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

Valuation / margin of safety
The price paid for an investment determines its potential return.
> *We invest with a margin of safety in order to minimize the likelihood of suffering losses on our investments.*

Consideration of an entire business cycle
Foregoing part of potential gains in strongly rising markets pays dividends in falling markets.
> *Our objective is to outperform the relevant benchmarks over an entire business cycle by limiting the drawdown in challenging markets.*

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

Asset Allocation

The weighting of the different asset classes depends on the portfolio manager’s view on the relative attractiveness of these asset classes in a given environment. The fund may use derivatives for hedging purposes.

Equity Investment Approach: Business-Like Investing

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 within their line of business and remain profitable for the years to come.

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 tangible competitive advantage. A competitive advantage differentiates the company from its competitors and creates barriers to entry, adding value for its investors.
In the **second step** we analyse whether the competitive advantage translates into recurrent cash-flow. We place a special emphasis on the analysis of the maintenance capex requirements of the targeted companies to make sure that the generated cash-flow is not absorbed by excessive investment needs to remain in business. This is an issue in capital-intensive business models.
How the targeted company uses its capital is analysed in the **third step** of our investment process. 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 comply with our bottom-up quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the traditional equity benchmarks.

Valuation
Even quality investments may lead to significant capital losses if the price that was paid for the investment proves too high. To avoid this pitfall, we derive a fair value for each targeted company prior to investing. This fair value is derived from the company's normalised free cash-flow (i.e. after maintenance capex) and gives us a reference point for our buy and sell discipline.

Bond Investment Approach

The bond portfolio invests essentially in bonds issued by governments or supranational entities from developed and emerging countries. The objective of the bond portfolio is to stabilise the portfolio in difficult market phases.
Key investment decisions in the bond portfolio concern the duration positioning and the allocation to EM bonds.

Gold

In order to hedge against various risks, the fund may hold between 10% and 15% in gold.

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