

## Fund Fact Sheet

28/02/2022

### Asset Class

Equities Europe, all Caps

### Fund Characteristics

|                                   |  |
|-----------------------------------|--|
| AUM                               | € 1624,9 mn  |
| Launch date                       | 28/09/1990   |
| Oldest share class (B)            | LU0093570330   |
| Turnover (2021) <sup>1</sup>      | 25%  |
| Reference currency                | EUR  |
| Hedged share classes available in | USD / CHF  |
| 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 |
| SFDR                              | Art. 8   |

### Representative Market Index

MSCI Europe NR (EUR)

### 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  
16, boulevard Royal  
L-2449 Luxembourg  
Tel: (+352) 26 26 99 - 1  
[www.bli.lu](http://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 <sup>2</sup>                                     |
| Cut-off time                       | 12:00 CET  |
| Front-load fee                     | max. 5%  |
| Redemption fee                     | none   |
| NAV calculation                    | daily <sup>2</sup>                                     |
| NAV publication                    | <a href="http://www.fundinfo.com">www.fundinfo.com</a> |

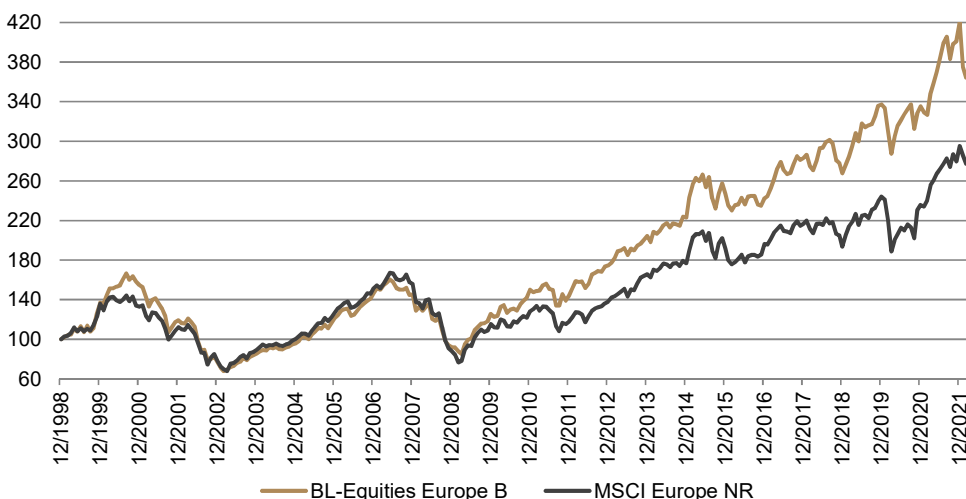
### Investment Objective

The fund's objective is to generate long-term capital gains by investing in high-quality European companies which have a sustainable competitive advantage and a sound ESG (environmental, social and governance) profile. It aims to achieve higher risk-adjusted returns than its benchmark universe over a full market cycle. Alongside these financial goals, impact targets have been set in terms of the portfolio's ESG performance and these are regularly monitored.

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

### Key Facts

- An active, fundamental, conviction-based approach (30 to 40 stocks), purely bottom-up and oriented towards the long term;
- As well as valuation, constant attention is paid to the financial and ESG quality of the companies in the portfolio;
- Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring);
- Regular review of the valuation of each stock and the average valuation of the portfolio;
- Non-benchmarked management resulting in significant deviations from the initial investment universe;
- Defined and quantifiable impact targets on environmental, social, governance and human rights aspects;
- Low turnover.



| Performance     | YTD    | 2021  | 2020  | 2019  | 2018   | 2017  |
|-----------------|--------|-------|-------|-------|--------|-------|
| Fund (B shares) | -13,5% | 25,5% | -0,6% | 25,9% | -5,4%  | 16,8% |
| MSCI Europe NR  | -6,1%  | 25,1% | -3,3% | 26,0% | -10,6% | 10,2% |

| Performance     | 1 month | 3 months | 6 months | 1 year | 3 years | 5 years | 10 years |
|-----------------|---------|----------|----------|--------|---------|---------|----------|
| Fund (B shares) | -2,9%   | -9,2%    | -10,2%   | 11,4%  | 28,0%   | 44,1%   | 129,4%   |
| MSCI Europe NR  | -3,0%   | -0,9%    | -1,9%    | 15,4%  | 29,4%   | 37,7%   | 117,8%   |

| Annualised Performance | 1 year | 3 years | 5 years | 10 years |
|------------------------|--------|---------|---------|----------|
| Fund (B shares)        | 11,4%  | 8,6%    | 7,6%    | 8,7%     |
| MSCI Europe NR         | 15,4%  | 9,0%    | 6,6%    | 8,1%     |

| Annualised Volatility | 1 year | 3 years | 5 years | 10 years |
|-----------------------|--------|---------|---------|----------|
| Fund (B shares)       | 13,9%  | 16,7%   | 14,9%   | 14,9%    |
| MSCI Europe NR        | 12,6%  | 20,0%   | 16,9%   | 16,9%    |

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.

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

<sup>2</sup> Luxembourg banking business day



## Current Portfolio

28/02/2022

### Top Holdings

|                  |      |
|------------------|------|
| Sika             | 6,7% |
| Novo Nordisk     | 5,1% |
| SAP              | 4,8% |
| Teleperformance  | 4,5% |
| LVMH             | 4,4% |
| EssilorLuxottica | 4,3% |
| Air Liquide      | 4,1% |
| Assa Abloy       | 4,0% |
| Pernod Ricard    | 3,8% |
| Legrand          | 3,7% |

### Summary Statistics

|                             |       |
|-----------------------------|-------|
| Weight of Top 10            | 45,4% |
| Number of holdings          | 37    |
| Active Share vs MSCI Europe | 85,0% |

### New Investments in February

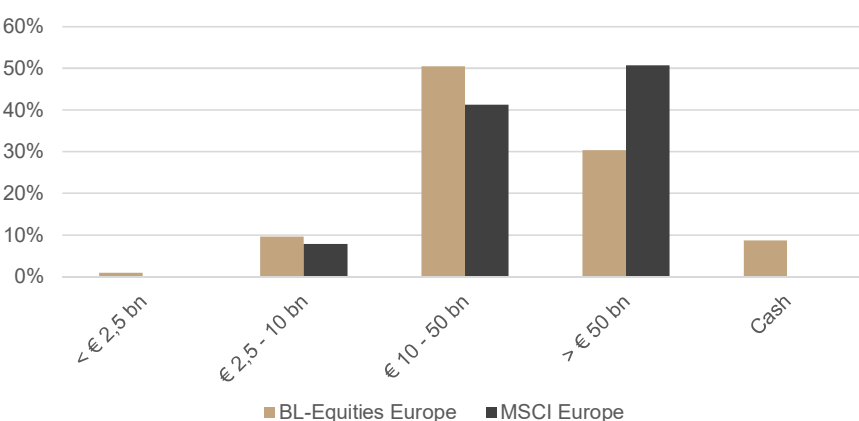
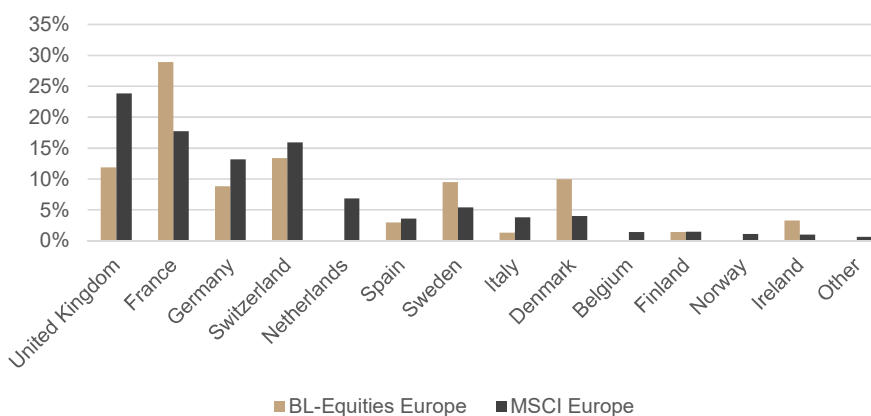
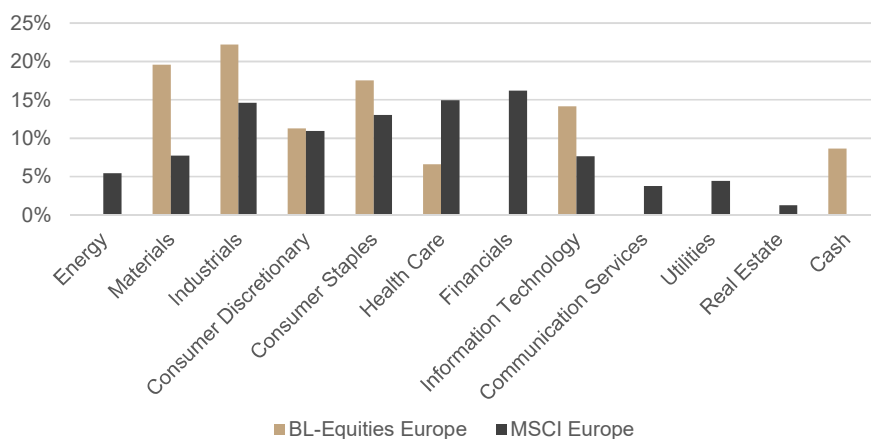
Nestle  
Unilever  
Experian

### Investments sold in February

no transactions

### Currency Allocation

|      |       |
|------|-------|
| EUR  | 46,9% |
| CHF  | 13,4% |
| GBP  | 11,7% |
| DKK  | 10,0% |
| SEK  | 9,5%  |
| Cash | 8,7%  |



| 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%    | 1,41%            | 5    | LU0439765081 | BLEQEUA LX       |
| Retail        | No          | No                       | B             | EUR      | No               | Cap    | 1,25%    | 1,41%            | 5    | LU0093570330 | BLE4725 LX       |
| Retail        | No          | No                       | B CHF Hedged  | CHF      | Yes              | Cap    | 1,25%    | 1,40%            | 5    | LU1305477884 | BLEQBCH LX       |
| Retail        | No          | No                       | B USD Hedged  | USD      | Yes              | Cap    | 1,25%    | 1,40%            | 5    | LU1273297371 | BLEQEUC LX       |
| Retail        | Yes         | Yes                      | AM            | EUR      | No               | Dis    | 0,85%    | 1,01%            | 5    | LU1484141491 | BLEQAMD LX       |
| Retail        | Yes         | Yes                      | BM            | EUR      | No               | Cap    | 0,85%    | 1,01%            | 5    | LU1484141574 | BLEQEBM LX       |
| Retail        | Yes         | Yes                      | BM CHF Hedged | CHF      | Yes              | Cap    | 0,85%    | 1,00%            | 5    | LU1484141657 | BLEQBMC LX       |
| Retail        | Yes         | Yes                      | BM USD Hedged | USD      | Yes              | Cap    | 0,85%    | 1,00%            | 5    | LU1484141731 | BLEQBMU LX       |
| Institutional | No          | Yes                      | BI            | EUR      | No               | Cap    | 0,60%    | 0,72%            | 5    | LU0439765321 | BLEQEIC LX       |

## **Management Report**

**28/02/2022**

Equity and bond markets had another difficult month in February, with the MSCI Europe Net Total Return down 3.01%.

During the first half of the month, expectations rapidly escalated over the number of interest rate hikes likely to be made by the US Federal Reserve (Fed), the Bank of England and the European Central Bank (ECB). 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. Over the month, growth stocks were again hit hard, falling by 3.5%. Value stocks outperformed growth stocks, but still fell by 1.6%.

Earnings reports proved better than initial consensus expectations, with EPS surprises of +6% and +7% in the US and Europe respectively. The economic recovery helped cyclical companies in Europe to post better earnings growth than defensive companies.

BL Equities Europe fell 2.92% over the month. Value-type stocks were the best performers, such as TeamViewer and Grifols, along with defensive stocks, such as Reckitt Benckiser, Novo Nordisk and Pernod Ricard. Adidas, Boozt, Spirax Sarco, Netcompany and Rotork were the worst performers.

The position in Essity was reduced due to its limited capacity to mitigate the effects of inflation on its margins. The positions in Kerry Group and Reckitt Benckiser were increased. New positions were opened in Nestlé (defensive nature, good resistance to inflation) and Unilever (activist investor building a stake is a catalyst).

We took advantage of corrections to strengthen positions in Grifols, Teleperformance, Reply and NetCompany. The decline in Experian's valuation offered an opportunity to open a position. Experian is one of the leading credit reporting agencies in North America and the UK, providing information to consumers about their credit status. The company also provides decision analysis, marketing data and direct-to-consumer credit products.

## ESG

28/02/2022

|   | BL-Equities Europe | MSCI Europe      |
|---|--------------------|------------------|
| <b>ESG Score</b>  | <b>5,3</b>         | <b>5,1</b>       |
| <b>Environmental</b>  | <b>6,6</b>         | <b>6,1</b>       |
| Carbon Emissions Intensity<br>(t / EUR mn sales)            | 37,7<br>(99%)      | 131,6<br>(100%)  |
| Total Water Withdrawal Intensity<br>(m3/ EUR million sales) | 791,0<br>(29%)     | 42337,0<br>(38%) |
| Climate Change Theme Score                                  | 8,9<br>(99%)       | 0,1<br>(100%)    |
| <b>Social</b>   | <b>5,1</b>         | <b>5,0</b>       |
| Human Capital Theme Score                                   | 4,4<br>(99%)       | 4,4<br>(100%)    |
| Severe Labor Management Controversies                       | 26,90%<br>(99%)    | 26,40%<br>(100%) |
| <b>Governance</b>   | <b>4,8</b>         | <b>4,9</b>       |
| Corporate Governance Theme Score                            | 6,0<br>(99%)       | 6,0<br>(100%)    |
| <b>Global Norms</b>   |                    |                  |
| UN Global Compact Signatories                               | 36%<br>(99%)       | 28%<br>(99%)     |
| UN Global Compact Watchlist                                 | 15,9%<br>(100%)    | 15,9%<br>(100%)  |
| UN Global Compact Fail                                      | 0,00%<br>(100%)    | 0,20%<br>(100%)  |

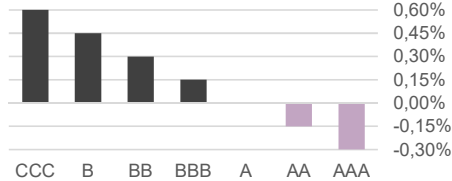
Scores / 10

(%): 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  | Intra Investment  | Post Investment   |
|---|---|---|
| <b>Exclusions</b><br><p>All companies active in the production of controversial weapons.<br/>Companies with an ESG rating below BBB, which reduces the investment universe by at least 20%.<br/>The remaining companies offer a superior ESG profile.</p> | <b>ESG Integration</b><br><p>The rating bands define the ESG adjustment factor that is applied to the actualisation factors used in BLI's valuation model.</p>  <p>A company with a superior ESG profile enjoys lower cost of equity, which leads to a higher fair value, while a company lagging in terms of ESG faces higher cost of equity, which leads to a lower fair value.</p> | <b>Engagement &amp; Voting</b><br><p>BLI initiates an active engagement policy with invested companies. Focus is on defined impact factors as well as wider ESG topics.</p> <p>As an active investor, BLI votes at the annual meetings of invested companies.</p> |
| <b>Controversies screening</b><br><p>Investment candidates and investments are monitored on an ongoing basis to identify substantial ESG events that could affect a company's business model, reputation and thus potentially BLI's investment case.</p>  |   | <b>Controversies follow-up</b><br><p>Ongoing monitoring of analysed controversies to assess realised progress.</p>  |

## 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*

#### **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. 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 needed 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-Equities Europe invests in a focused selection of European companies. Targeted companies are typically among the top-3 in their respective markets and offer favourable development prospects. We construct a concentrated portfolio of approximately 35 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 NR). We do not invest in all sectors that are represented in the market index. We identify most investment opportunities 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. The fund's geographical focus is biased towards Switzerland, Germany, France, Sweden, Denmark and the UK. In terms of market capitalisations, 3/4 of the portfolio are usually invested in companies with a market cap between € 2 and 50 bn.

Our investment strategy has a long-term orientation: our investment cases are constructed with a 3 to 5-year investment horizon. 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: 25% annual turnover rate is to be expected on average. 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.

Portfolio construction rests on three main pillars: the stable core portfolio consists of well-established companies. It is complemented by pockets consisting of growth franchises (focus on growth prospects) and of special situations (focus on turnaround of fundamentals). 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

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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.

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