

Fund Fact Sheet

31/07/2019

Asset Class

Equities US, Small & Mid Cap

Fund Characteristics

AUM	USD 267.2 mn
Launch date	13/11/2015
Oldest share class (B)	LU1305478775
Turnover (2018) *	33%
Reference currency	USD
Hedged share class available in	EUR
Legal structure	SICAV, UCITS
Domicile	Luxembourg
European Passport	Yes
Countries of registration	AT, BE, DK, FI, FR, DE, ES, IT, LU, NL, NO, SG, SE, CH, GB

Representative Market Index

MSCI US Small & Mid Cap NR USD

Fund Manager



Henrik Blohm has managed the fund since launch. He joined BLI in 2014.

Management Company

BLI - Banque de Luxembourg Investments S.A.
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L-2449 Luxembourg
Tel: (+352) 26 26 99 - 1

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	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	www.fundinfo.com

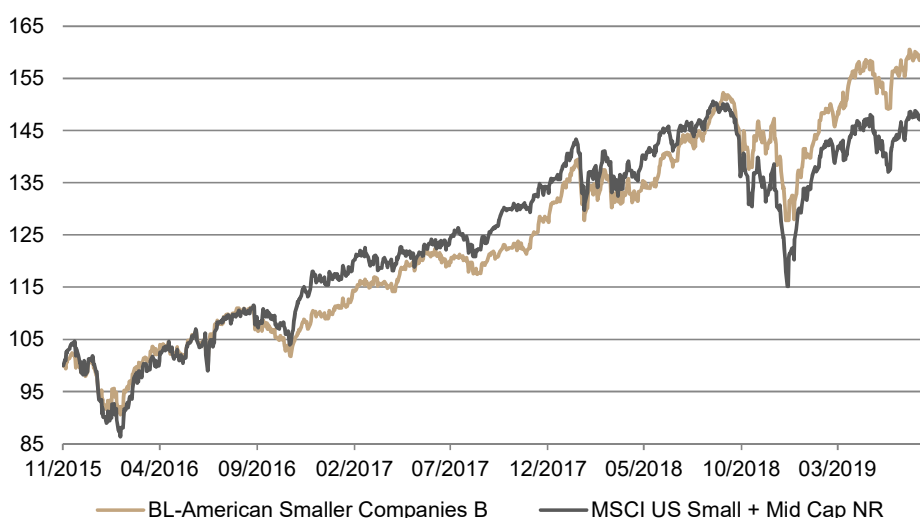
Investment Objective

The objective of BL-American Smaller Companies is to achieve long-term capital gains by predominantly investing in high-quality US small- and mid-cap companies 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

- Portfolio consisting of 40 to 60 companies quoted on US stock exchanges with a maximum market cap of USD 20 bn.
- Bottom-up portfolio construction process irrespective of the US equity market structure.
- North American small- and mid-cap equity portfolio of quality companies.
- Long only, fully invested.
- Low turnover.



Performance	YTD	2018	2017	2016
Fund (B shares)	19.3%	0.9%	20.6%	9.5%
MSCI US Small + Mid NR USD	21.3%	-9.7%	17.6%	15.2%

Performance	1 month	3 months	6 months	1 year	since launch***
Fund (B shares)	-0.2%	0.1%	11.4%	10.9%	58.2%
MSCI US Small + Mid NR USD	1.3%	0.9%	9.3%	2.3%	46.9%

Annualised Volatility	3 months	6 months	1 year	since launch***
Fund (B shares)	13.5%	11.3%	15.9%	11.9%
MSCI US Small + Mid NR USD	13.2%	11.4%	17.4%	14.1%

The market index (MSCI US Small & Mid 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.

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

** Luxembourg banking business day

*** since 16/11/2015

Current Portfolio

31/07/2019

Top Holdings

Resmed	3.7%
Lamb Weston Holdings	2.9%
Check Point Software Technologie	2.8%
Clorox	2.7%
Church + Dwight	2.7%
Cdw Corp	2.7%
Constellation Software	2.5%
Mccormick & Co	2.5%
Ulta	2.5%
Intl. Flavors + Fragrances	2.5%
Weight of Top 10	27.5%
Number of holdings	48

Asset Allocation

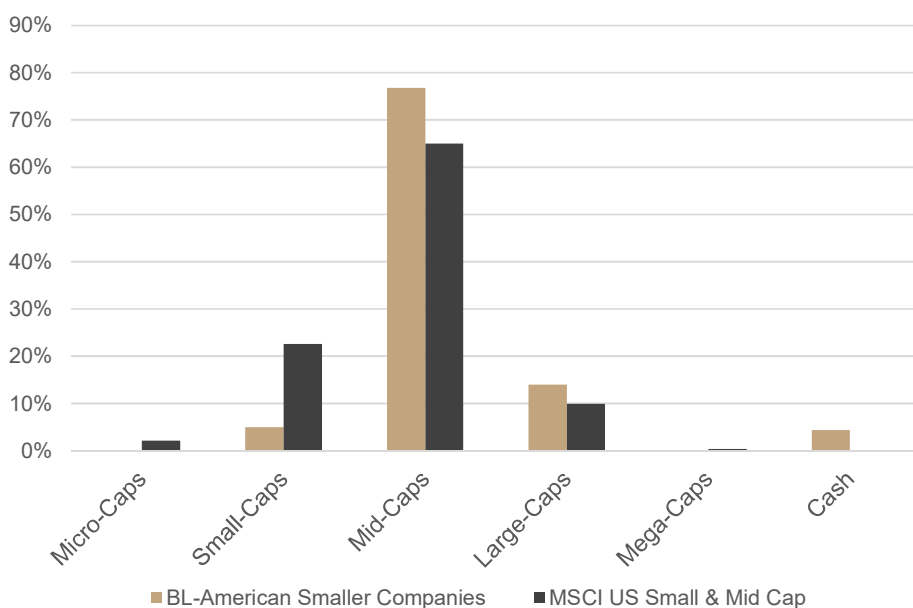
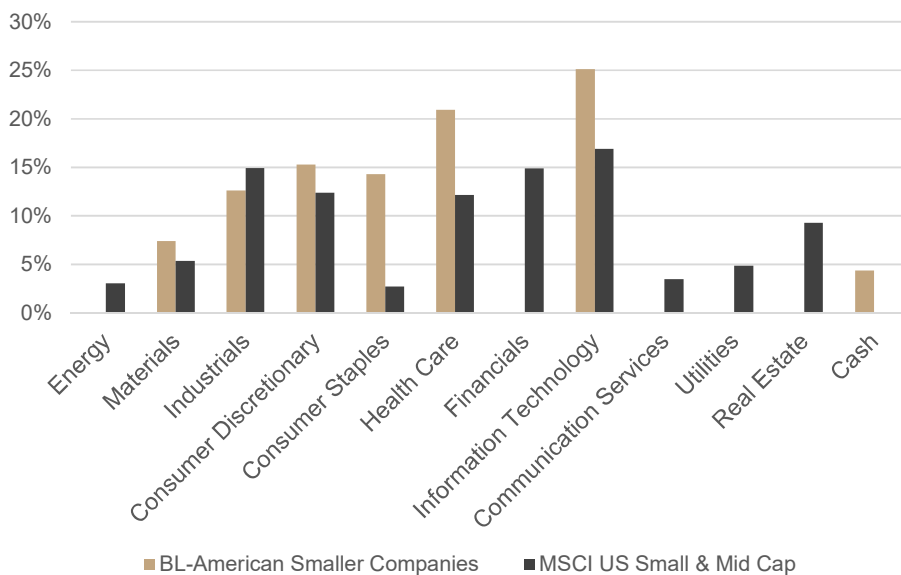
United States	93.1%
Canada	2.5%
Cash	4.4%

New Investments in July

no transactions

Investments sold in July

Healthcare Services Group



Market capitalisation classifies stocks based on their position in the cumulative capitalisation of their market region. Mega-cap stocks account for the top 40% of the market capitalisation of the market region, large-cap stocks represent the next 30%, mid-cap stocks the next 20%, small-cap stocks the next 7% and micro-cap stocks the remaining 3%.

Investor Type	Clean Share	Elegibility restrictions	Share class	Currency	Hedging	Income	Mgmt fees	On-going Charges	SRRI	ISIN	Bloomberg ticker
Retail	No	No	A	USD	No	Dis	1.25%	1.50%	5	LU1484763229	BLEFBAU LX
Retail	No	No	B	USD	No	Cap	1.25%	1.51%	5	LU1305478775	BLAMSCB LX
Retail	No	No	B Eur Hedged	EUR	Yes	Cap	1.25%	1.50%	5	LU1305478932	BLASBEH LX
Retail	Yes	Yes	AM	USD	No	Dis	0.85%	1.10%	5	LU1484763575	BLASCAM LX
Retail	Yes	Yes	BM	USD	No	Cap	0.85%	1.10%	5	LU1484763658	BLASCBM LX
Retail	Yes	Yes	BM Eur Hedged	EUR	Yes	Cap	0.85%	1.10%	5	LU1484763732	BLASBME LX
Inst.	No	Yes	BI	USD	No	Cap	0.60%	0.76%	5	LU1484763815	BLASCBI LX
Inst.	No	Yes	BI Eur Hedged	USD	Yes	Cap	0.60%	0.78%	5	LU1867116706	BLASBIH LX

Management Report

31/07/2019

After an exceptionally strong start to the year, financial markets paused for breath in July, with most asset classes delivering muted returns. The Federal Reserve lowered US interest rates for the first time in 11 years, and the European Central Bank (ECB) gave strong hints that an easing package is on the way.

In this environment, the BL-American Smaller Companies Fund (retail share class capitalization net of fees in USD) underperformed its Benchmark, the MSCI US Small + Mid Cap NR USD Index, by 1,5%. In absolute terms, the fund showed a negative performance of 0,18%.

During the month, we sold our entire position in Healthcare Services Group. The company once more published results that came in below our expectations. In the second quarter, there were an unusually high number of new facility operators, with whom the company were unable to come to agreeable terms and ultimately exited. This contrasts with previous management comments that current customer issues are consistent with cycles and costs and margins are expected to return to historical levels in 2019. Similarly, management alluded to operator transition and retention as current priority versus new business growth. We think 2019 will be a year of retrenchment for Healthcare Services Group. In our view, there is more operational issues to be corrected and it's likely to continue at some level throughout at least the rest of the year. Some relief could emerge with new Medicare reimbursement model being implemented this fall, though unlikely to see quick "snap back" with broader market challenges still an overhang on company growth potential (and profitability). Absent improved customer visibility, we remain cautious, as lower growth expectations likely trigger continued multiple reset.

On the other hand, we didn't sell an entire position. We added some exposure to Lamb Weston, Jack Henry, Littelfuse, Lancaster Colony, Align Technology, Checkpoint Software and LKQ.

The top 5 contributors in the month were Manhattan Associates, Chemed, Resmed, Clorox and Lamb Weston. The top 5 detractors were Align Technology, Healthcare Services Group, IPG Photonics, Dominos Pizza and Cognex.

Investment Approach

Investment Principles

Avoid Losses

Avoiding a big loss on an investment is more important than realising extraordinary gain.

Focus on Quality

We seek companies enjoying a sustainable competitive advantage.

Valuation: the concept of margin of safety

The price paid for an investment determines its potential return.

Master Investment Risks

Risks arise when the parameters of an investment are not properly understood.

Active Management

The market reference is solely used for the principle of performance measurement. The portfolio structure may deviate from that of its reference index.

Equity Investment Approach: Business-Like Investing

Rationale

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 in their line of business, ensuring high levels of profitability and strong free cash-flow generation.

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 sustainable competitive advantage. A competitive advantage makes it stand out and creates entry barriers for competitors.

In the second step we analyse whether the competitive advantage translates into recurrent free cash flow. We put a special emphasis on the analysis of the maintenance capex requirements of the targeted companies to make sure that the cash flow generated is not absorbed by investment needs to sustain the company's current business operations.

In the third step, we focus on the strength of the management team and analyse how the targeted company uses its capital and manages its balance sheet. Company management has to consider 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 in our portfolios. This may lead to significant deviations from the relevant market index.

Valuation

Even investments in quality companies may result in significant capital losses if the price paid for the investment is too high. To avoid this pitfall, we determine 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.

Portfolio characteristics

BL-American Smaller Companies portfolio consists of 40 to 70 small- and mid-sized companies (maximum market cap USD 20bn) that have been selected on the basis of the quality of their fundamentals and their valuation.

The structure of the fund's market reference index does not play any role in the portfolio's construction: the portfolio structure is the outcome of the addition of individual bottom-up investment opportunities. The weight given to each security in the portfolio is a function of its valuation level, stock liquidity and our degree of conviction in the investment thesis.

Owing to our quality investment style, the fund's sector allocation is geared towards consumer discretionary, consumer staples, health care, industrials, technology and materials sectors. Conversely, in sectors like financials, utilities or telecoms, we find few - if any - companies that meet our investment criteria.

BL-American Smaller Companies is a pure equity fund: the fund manager does not time the market and the cash level within the portfolio is maintained at a minimum.

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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.

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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 Précossy, 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.

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