

Fund Fact Sheet

31/07/2019

Asset Class

Mixed Asset Global Flexible

Fund Characteristics

AUM	€ 1230.4 mn
Launch date	06/04/2005
Oldest share class (B)	LU0211340665
Turnover (2018) *	36%
Reference currency	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

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. He was appointed Managing Director of BLI – Banque de Luxembourg Investments in 2005.

Management Company

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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

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

** Luxembourg banking business day

*** Lipper Global Mixed Asset Balanced

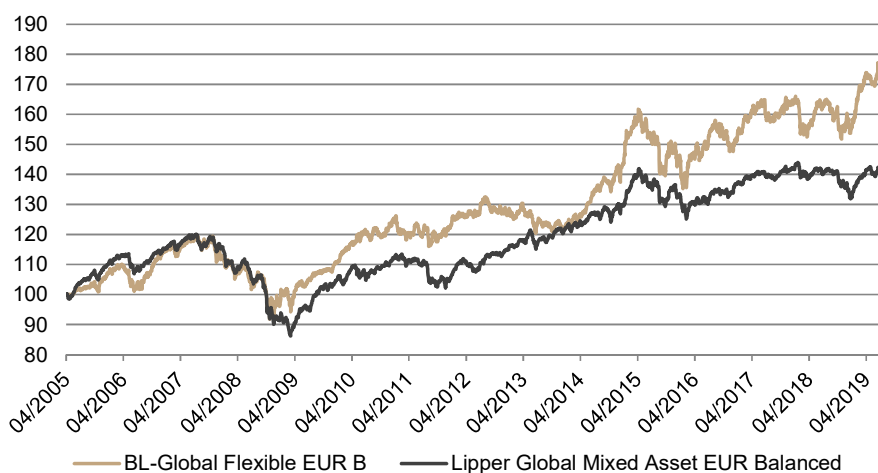
Investment Objective

The fund aims to achieve positive returns from an actively managed portfolio of decorrelated asset classes, including equities, bonds, money market instruments and gold. The weighting of these asset classes depends on their valuations and the portfolio manager's view on their relative attractiveness in a given environment.

Pervading the investment objective is a fundamental philosophy of long-term capital preservation. There is however no guarantee that a positive return will be delivered over any one or a number of 12-month periods.

Key Facts

- Flexible balanced wealth management fund.
- Global equity portfolio of quality companies.
- Bond portfolio consisting essentially of government bonds.
- Exposure to gold through gold companies.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	15.3%	-4.9%	8.2%	3.9%	1.5%	16.7%
Lipper Peergroup***	8.7%	-6.6%	3.7%	2.4%	2.8%	6.4%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	1.48%	3.9%	9.8%	9.5%	14.7%	32.5%	67.8%
Lipper Peergroup***	1.1%	0.9%	5.1%	1.5%	7.2%	13.4%	45.2%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	7.9%	6.6%	8.2%	7.7%	8.9%	7.6%
Lipper Peergroup***	4.5%	3.6%	4.7%	4.1%	5.4%	5.4%

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.

Current Portfolio

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Top Holdings Equity Portfolio

Franco Nevada	3.7%
Roche Holding	2.9%
Royal Gold	2.9%
Agnico Eagle Mines	2.5%
Newmont Mining	2.1%
# holdings equity portfolio	76

Top Holdings Bond Portfolio

US T-Notes 2,75% 15-11-47	1.1%
US Tsy Bonds 2,5% 15-02-46	1.1%
US Treasuries 3% 15-8-2048	1.0%
US Tsy Bonds 2,875% 15-05-2043	0.8%
US Tsy Bonds 2,5% 15-02-2045	0.7%
# holdings bond portfolio	5

Bond Portfolio Technicals

average modified duration	18.7
average maturity	26.9 years
average yield to maturity	2.5%

New Investments in July (Equities)

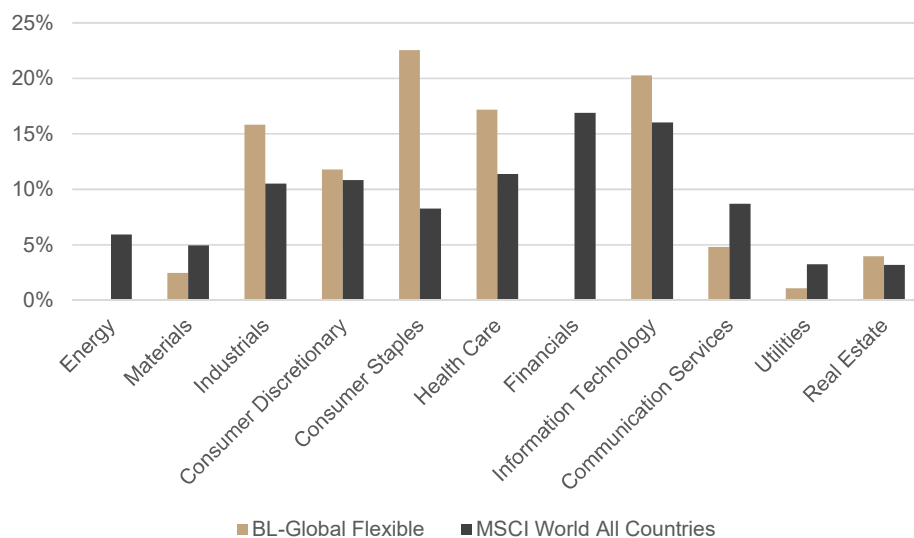
Silver Wheaton

Investments sold in July (Equities)

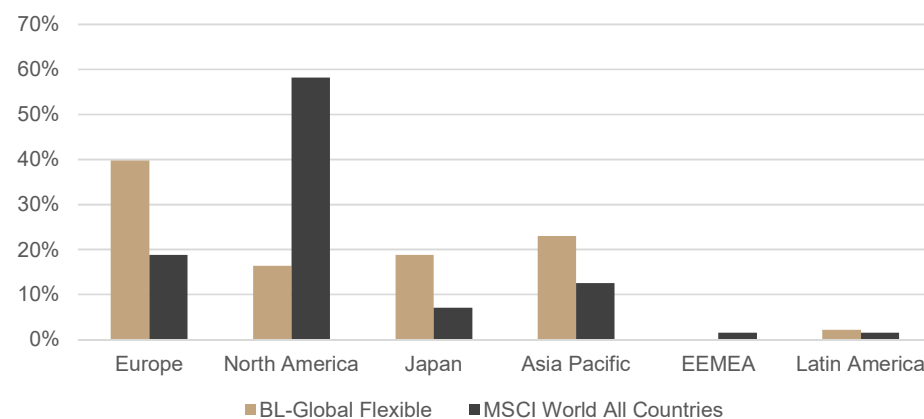
no transactions

Currency allocation	before hedging	after hedging
EUR	27.8%	37.3%
JPY	14.2%	14.2%
USD	20.3%	10.8%
CHF	9.6%	9.6%
CAD	9.5%	9.5%
HKD	4.1%	4.1%
GBP	2.7%	2.7%
SEK	2.0%	2.0%
TWD	1.9%	1.9%
NOK	1.7%	1.7%
DKK	1.5%	1.5%
SGD	1.5%	1.5%
MXN	1.1%	1.1%
CNY	0.7%	0.7%
KRW	0.6%	0.6%
VND	0.6%	0.6%
THB	0.5%	0.5%

Sector Allocation Equity Portfolio



Regional Allocation Equity Portfolio



Asset Allocation July 2019

	Gross	Hedging	Net
Equity	50.2%	0.0%	50.2%
Bonds	4.7%		4.7%
Precious Metals Related Stocks	14.5%		14.5%
Cash & Cash Equivalents	30.6%		30.6%
Total	100.0%		

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%	1.42%	4	LU0211339816	BLGLFLX LX
Retail	No	No	B	EUR	No	Cap	1.25%	1.41%	4	LU0211340665	BLGLFLC LX
Retail	No	No	B CHF hedged	CHF	Yes	Cap	1.25%	1.41%	4	LU1305478262	BLGLFBCH LX
Retail	Yes	Yes	AM	EUR	No	Dis	0.85%	1.00%	4	LU1484143513	BLGLFAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0.85%	1.01%	4	LU1484143604	BLGLFBM LX
Retail	Yes	Yes	BM CHF hedged	CHF	Yes	Cap	0.85%	1.01%	4	LU1484143786	BLGFBMC LX
Institutional	No	Yes	BI	EUR	No	Cap	0.60%	0.72%	4	LU0379366346	BLGLFLI LX

Management Report

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Macroeconomic environment

The global economy continues to be characterised by the divergence between a weak manufacturing sector and resilient services activities. The gulf between the secondary and tertiary sectors has led to economic slowdown in most countries, without resulting in negative growth rates. For example, in the United States, real GDP grew at an annualised rate of 2.1% in the second quarter compared to the first three months of the year, which represents a deceleration against its previous increase of 3.1%. The main contributors to growth were consumer spending (up 4.3%) and public expenditure, while exports and business investment had no impact. In the eurozone, economic growth was much more moderate, with GDP up 0.2% in the second quarter compared to the January to March period. In Japan, the government has just revised downwards its estimate for GDP growth in fiscal 2019 due to weak exports. In China, GDP grew 6.2% year-on-year in the second quarter, its slowest increase since quarterly data were first published in 1992. However, this increase is still within the Beijing government's official target range of 6.0% to 6.5%.

Due to the slowdown in the global economy, inflationary pressures remain low. In the United States, headline inflation fell from 1.8% to 1.6% in June; excluding energy and food, the inflation rate was up very slightly, from 2.0% to 2.1%. The Federal Reserve's preferred indicator, the PCE (personal consumption expenditures) deflator excluding energy and food, was also 0.1% higher, up from 1.5% to 1.6%. In the eurozone, headline inflation fell from 1.3% to 1.1% in July, still well below the ECB's target of 2.0%. Excluding energy and food, inflation declined from 1.1% to 0.9%.

As expected, the US Federal Reserve Open Market Committee (FOMC) cut interest rates by a quarter of a percentage point at its July meeting, dropping the target range to 2.00% to 2.25% from the previous 2.25% to 2.50%. This was the first interest rate cut since the 2008 financial crisis. However, the Fed Chairman, Jerome Powell, made it clear that the interest rate reduction should be viewed as a mid-cycle adjustment rather than the beginning of a long series of rate cuts. The Fed also decided, two months earlier than expected, to stop shrinking its balance sheet. In Europe, ECB President Mario Draghi hinted at a new round of monetary expansion measures in the near future. Specifically, he confirmed at the July meeting that interest rates would remain at current levels, or even lower, at least until mid-2020. A whole series of expansionary measures is likely to be announced at the next meeting in September.

Financial markets

The main outcome of unconventional monetary policy has been the inflation of financial and real estate assets.

Notwithstanding the contraction in multiples in 2018, the valuation of most markets remains high overall, especially as company profit margins are well above average. Two factors have marked the upturn in equity prices since 2009. First, the rise in equity prices has been much higher than the increase in earnings, generating an expansion in valuation multiples. Second, the increase in earnings has itself been considerably higher than the increase in sales revenues, reflecting an increase in company profit margins.

Even though valuations are quite high, the low level of interest rates and decent corporate earnings growth continue 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 led to an increase in multiples over the last decades are in the process of reversing: the potential for interest rates to increase 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 multiples therefore have a strong chance of declining and it will be all the more difficult to generate high returns from equities.

Even in difficult markets, it is nevertheless possible to invest intelligently in equities, provided one has a rigorous stock selection process. This obviously needs an active approach.

Low bond yields mean that quality debt can no longer play its shock-absorbing role in a diversified portfolio. However, long-term US government debt still offers some useful appreciation potential if economic activity in the United States should slow.

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 July

The surprise announcement in July of a new wave of monetary expansion measures in the eurozone led to further easing of bond market yields to maturity. The 10-year government bond yield fell from -0.33% to -0.44% in Germany, from -0.01% to -0.19% in France, from 0.39% to 0.28% in Spain, and from 2.10% to 1.54% in Italy. The yield on the US 10-year Treasury note was virtually unchanged, rising marginally from 2.01% to 2.02%.

The MSCI All Country World Index Net Total Return expressed in euros reached a new all-time high in July, after gaining 2.6% over the month. The flagship index for global equities benefited from the favourable performance of the US equity market, with the S&P 500 up 1.3% (in USD), topping 3,000 points for the first time in its history. The Stoxx 600 in Europe and the Topix in Japan gained 0.2% (in EUR) and 0.9% (in JPY) respectively, while the MSCI Emerging Markets gave up 1.7% (in USD).

Despite the Federal Reserve's interest rate cut, the euro reached a new low against the greenback since the start of the year, with the euro/dollar exchange rate dropping from 1.13 to 1.11 in July. Mario Draghi's announcement that the ECB would launch a new wave of monetary stimulus measures in the near future was a considerable drag on the value of the single currency.

1 new position was established during the month: Wheaton Precious Metals (Canada).

Wheaton Precious Metals is a precious metals streaming company. WPM purchases by-product silver and gold from gold and/or base metal operations. Significant streams include Newmont Goldcorp's Penasquito mine, First Majestic's San Dimas mine in Mexico, Glencore's Yauliyacu mine in Peru, and the HudBay and Vale streams.

BL-Global Flexible's US and European equity and gold holdings as well as its currency allocation contributed positively to the performance in July, while the Japanese equity holdings had a slightly negative impact. Within the equity portfolio, the major positive contributors were Burberry, Alphabet and Taiwan Semiconductor, the major negative contributors Unilever, Amorepacific and Roche.

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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