

## Fund Fact Sheet

31/07/2019

### Asset Class

Global Equities, SRI

### Fund Characteristics

AUM	€ 41.3 mn
Launch date	06/03/1997
SRI since	01/01/2008
Oldest share class (B)	LU0093570173
Turnover (2018) *	4%
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



Joël Reuland has been responsible for the fund since 2005. He joined BLI in 1999. He is head of equities team that is in charge of managing the wealth management funds.

Joël graduated in Management from the Ecole de Commerce Solvay in Brussels in 1995. In 2004, he earned the CFA (chartered financial analyst) charter.

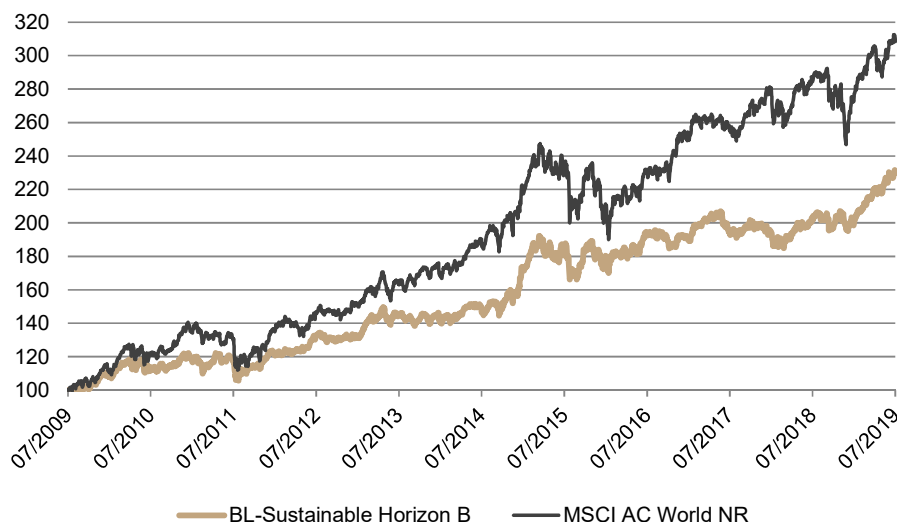
### Investment Objective

The fund invests a minimum of 75% of its net assets in global equities, without any geographical (including emerging countries), sectorial or monetary limitations. The selection process focuses in particular on environmental, social and governance (ESG) factors.

BL-Sustainable Horizon combines BLI's financial analysis with BLI's ESG policy that relies on data provided by MSCI. The investment universe of the fund consists of all companies in the MSCI ACWI index, meeting a set of E, S and G requirements. In addition, the portfolio features a thematic pocket of companies that contribute positively to the UN's Sustainable Development Goals, according to the fund manager's analysis independent of MSCI ESG research data.

### Key Facts

- Conviction-based portfolio management (between 20 and 60 holdings).
- Pure bottom-up approach, with no benchmark index.
- Excludes companies generating more than 5% of their revenues from: weapons, tobacco, alcohol, gambling, GMOs, nuclear & fossil energy.
- Particular importance placed on analysis of ESG factors, competitive advantage and valuation.
- Low portfolio turnover rate.
- Exposure to equity markets between 60% and 100%.
- Derivatives may be used for hedging or portfolio optimisation.



### 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	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	16.0%	0.9%	2.3%	5.2%	15.2%	9.7%
MSCI World NR	20.7%	-4.1%	7.5%	10.7%	10.4%	19.5%

Performance	3 months	6 months	1 year	3 years	5 years	since 01/01/2008
Fund (B shares)	4.1%	14.1%	13.4%	18.3%	55.6%	94.3%
MSCI World NR	1.6%	12.4%	8.9%	35.2%	69.0%	130.3%

Volatility	3 months	6 months	1 year	3 years	5 years	since 01/01/2008
Fund (B shares)	9.0%	7.2%	8.1%	7.3%	10.2%	10.5%
MSCI World NR	11.9%	9.4%	12.9%	11.1%	14.1%	15.7%

The index (MSCI World) 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

### Current Portfolio

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#### Top Holdings Equity Portfolio

Unilever	7.3%
Danone	7.3%
Kimberly-Clark	5.6%
Microsoft	4.9%
Adidas	4.4%
Henkel	4.0%
Becton Dickinson	4.0%
Smith + Nephew	3.9%
SAP	3.8%
Novo Nordisk	3.8%

<b>Cash</b>	<b>17.2%</b>
<b>Weight of Top 10</b>	<b>49.0%</b>
<b>Number of holdings</b>	<b>24</b>

#### New Investments in July

Essity  
SGS

#### Investments sold in July

no transactions

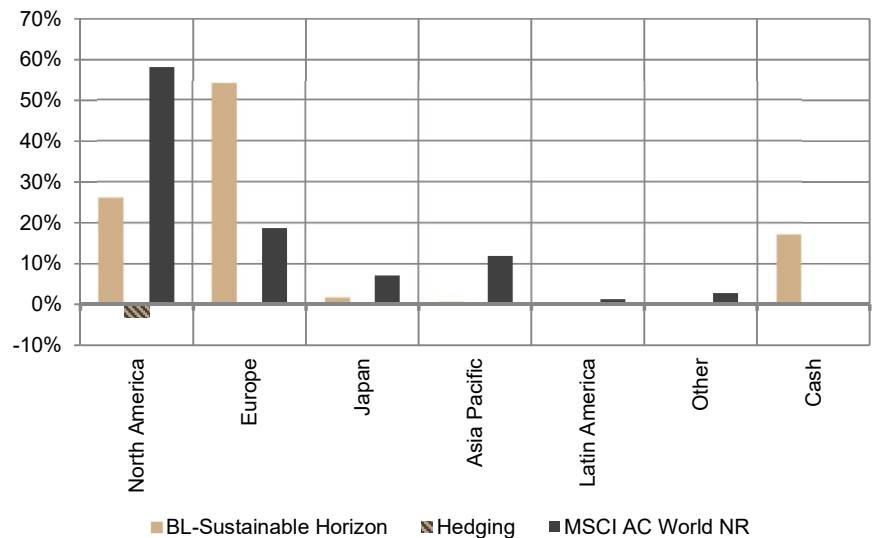
#### Currency Allocation

CAD	3.2%
CHF	5.3%
DKK	4.5%
EUR	44.2%
GBP	7.9%
HKD	0.7%
JPY	8.1%
SEK	2.6%
USD	23.5%

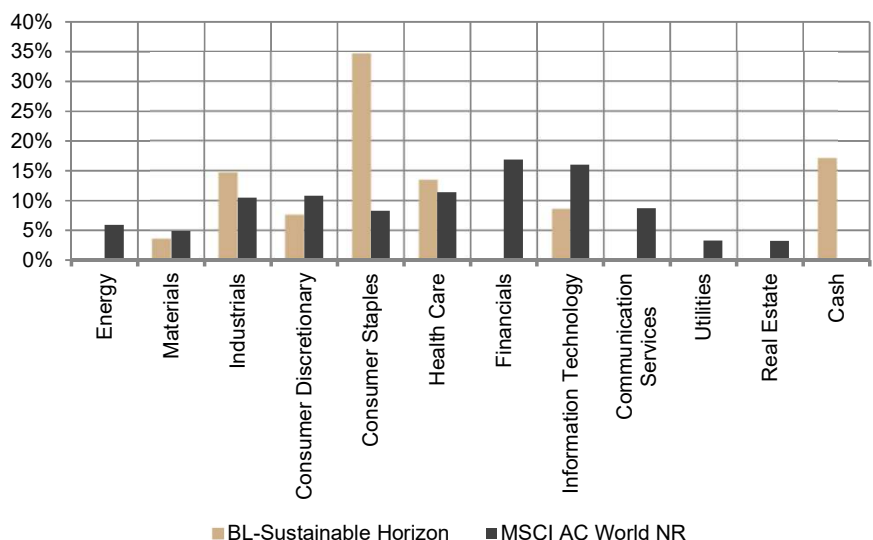
#### Asset Allocation

	Exposure	Hedging
Equity (gross)	82.8%	
Equity (net)	79.6%	3.2%
Cash	17.2%	

#### Regional Allocation



#### Sector Allocation



Investor Type	Clean Share	Eligibility Restrictions	Share Class	Currency	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	<b>A</b>	EUR	Dis	1.25%	1.80%	5	LU0439764860	BLEQHAD LX
Retail	No	No	<b>B</b>	EUR	Cap	1.25%	1.80%	5	LU0093570173	BLE4723 LX
Retail	Yes	Yes	<b>AM</b>	EUR	Dis	0.85%	1.40%	5	LU1484140840	BLEQHAM LX
Retail	Yes	Yes	<b>BM</b>	EUR	Cap	0.85%	1.40%	5	LU1484140923	BLEQHBM LX
Institutional	No	Yes	<b>BI</b>	EUR	Cap	0.60%	1.11%	5	LU0495657552	BLEQHBI LX

## Management Report

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In July, new positions were opened in Essity and SGS.

Essity is a Swedish hygiene and health company created in June 2017 from the spin-off of the hygiene businesses of Svenska Cellulosa Aktiebolaget (SCA). The company has three areas of activity: personal care (38% of sales), consumer tissue (38%) and professional hygiene (24%). Essity's products cover the categories of baby care, feminine care, toilet paper, tissues, wet wipes, as well as soap, hand sanitisers and dispensers for institutional clients. Its most well-known brands include Tork, Lotus, Libresse, Zewa, Tempo, Demak'Up and Tena. Essity generates the majority of its revenues in Europe. Its main growth area is in emerging markets (37% of sales).

Essity has been awarded excellent ratings by MSCI for corporate social responsibility. Regarding environmental performance, its cellulose supply sources are almost entirely traceable and FSC and PEFC certified. Around 40% of all fibres used in the company's tissue products come from recycled paper and it is working towards 100%-recyclable packaging with 85% created from recycled materials by 2025. It regularly beats its water-reduction targets and tries to ensure that the waste produced can be reused (especially in construction). The recovery rate was 60% in 2018 and the target is 100% by 2030. Essity scores highly as an employer. 63% of its workforce are members of a trade union. In emerging markets, the company organises training to raise people's awareness about hygiene products.

The Swiss company SGS is one of the oldest and largest companies in the testing, inspection and certification sector. Its main business is testing products and materials, inspecting industrial sites and equipment, and certifying products and systems to guarantee compliance with international standards. SGS operates in numerous industries, including agriculture, food, life sciences, chemicals, construction, automotive, oil, logistics and the public sector. The company was first listed in 1981 and has over 96,000 employees worldwide.

SGS is favourably rated by MSCI for corporate social responsibility. Given the nature of its business, its environmental impact is minimal. The company is aiming to use 100% renewable energy by 2020. SGS relies on high-calibre staff and offers valued financial rewards and training.

At the end of July, the fund was 83% invested in equities and 17% in cash. The sale of S&P 500 index futures totalling 3.5% of the value of the portfolio took net exposure to equities to 79.5%. The breakdown by currency was as follows: 44% in EUR, 23.5% in USD, 8% in JPY, 8% in GBP, 5% in CHF, 4.5% in DKK, 3.5% in CAD, 2.5% in SEK and 1% in HKD.

## Investment Approach

### ESG Investment Policy

BLI predominantly relies on MSCI's ESG Manager for non-financial research on considered companies. The data is used to identify companies showing an above average ESG performance. In order to be eligible for BL-Sustainable Horizon, a company has to meet the following 2 criteria:

- An average MSCI ESG score ( =  $\frac{1}{3} \times E \text{ score} + \frac{1}{3} \times S \text{ score} + \frac{1}{3} \times G \text{ score}$ ) above 5.
- Neither the E, nor the S nor the G score should be below 4.

In addition, the fund incorporates an exclusion list, excluding companies generating more than 5% of their revenues in the following activities: Weapons, Tobacco, Alcohol, Gambling, GMOs, Nuclear & Fossil Energy.

The fund further features a fund manager thematic pocket, consisting of companies contributing directly or indirectly to the UN Sustainable Development Goals. These companies are exempt from the strict scoring rule.

### Investment Principles

#### **Limit losses:**

The value of an investment that has lost 50% must double to recover incurred losses.

*> Avoiding losses is more important than realising extraordinary gains.*

#### **Master investment risks :**

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

*> We avoid investing in assets we do not fully understand.*

#### **Valuation / margin of safety:**

The price paid determines the return.

*> The objective is to invest with a safety margin to increase the potential return and limit the risk of loss.*

#### **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 market indices 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 market indices.*

### Equity investment approach: “Business-Like Investing” approach

We consider an equity investment as a long-term participation in a quality business. As a consequence, we need to make sure that the businesses 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 sustainable 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 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 generated cash-flow is not absorbed by investment needs to sustain the company's current business operations.

In the third step, we analyse how the targeted company uses 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 comply with our bottom-up quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the relevant market indices.

#### **Valuation**

Even investments in quality companies may result in significant capital losses if the price that was paid for the investment proves 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.

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