

## Fund Fact Sheet

31/07/2019

### Asset Class

Sovereign Bonds Eurozone

### Fund Characteristics

AUM	€ 40.3 mn
Launch date	16/09/1988
Oldest share class (B)	LU0093570769
Turnover (2018) *	29%
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

Following his Master's degree in Business Engineering from the Louvain School of Management in Belgium, **Jean-Philippe Donge** joined Banque de Luxembourg's Asset Management department in 2001, which evolved into BLI-Banque de Luxembourg Investments in 2005.

After three years as a financial analyst, Jean-Philippe was promoted to the function of fund manager and took over the management of BL-Global Bond.

At present, he is responsible for the bond fund range of BL SICAV.

### Management Company

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

### Dealing & Administrator Details

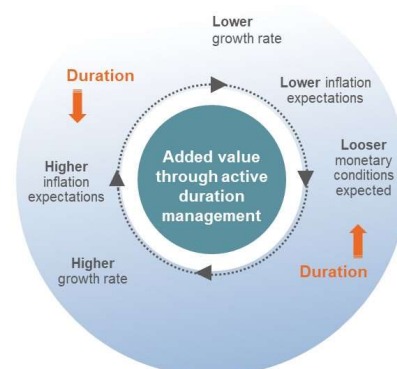
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

### Investment Objective

BL-Bond Euro seeks capital protection by investing in first safe haven Euro sovereign bonds, while providing a greater return than a money market investment in Euros.

### Strategy

The fund's investment strategy draws on macroeconomic factors such as inflation expectations and central bank monetary policy to define the portfolio's duration and positioning on the yield curve. The fund manager adheres to the concept of natural rate of interest to assess market yield levels: In equilibrium, the fair value yield of an issuer-risk-free bond is defined by the sum of the corresponding economy's potential growth, inflation expectations and the relevant maturity premium. If market yields exceed the derived fair value yield, the portfolio's duration will be above market duration. On the contrary, if market yields are below fair value yield, the portfolio's duration will be below market duration. Yield curve positioning is defined using relative value considerations.



### Key Facts

- Prime quality Eurozone government bonds only
- Added value through active duration management
- Positioning on the yield curve using relative value considerations
- Possibility to hedge duration using bond futures



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	2.7%	-0.5%	-1.7%	0.7%	-1.8%	5.0%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	0.7%	2.4%	2.5%	2.7%	-0.6%	0.6%	18.5%

		1 year	3 years	5 years	10 years
Annualised performance	Fund (B shares)	2.7%	-0.2%	0.1%	1.7%
Annualised Volatility	Fund (B shares)	1.5%	2.0%	1.8%	2.2%

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

\*\* Luxembourg banking business day

## Current Portfolio

31/07/2019

### Summary Statistics

Average Yield to Maturity	-0.6%
Modified Duration (before hedging)	6.4
Modified Duration (after hedging)	6.4
Average Maturity	6.6 years
Weight of Top 10 Holdings	53%
Number of holdings	12

### Top Holdings

Deutschland 1% 15-08-25	11.1%
Deutschland 1% 15-08-24	10.9%
Deutschland 1,5% 15-05-2023	10.8%
Deutschland 1,75% 04-07-2022	10.7%
Deutschland 1,5% 15-02-2023	9.5%

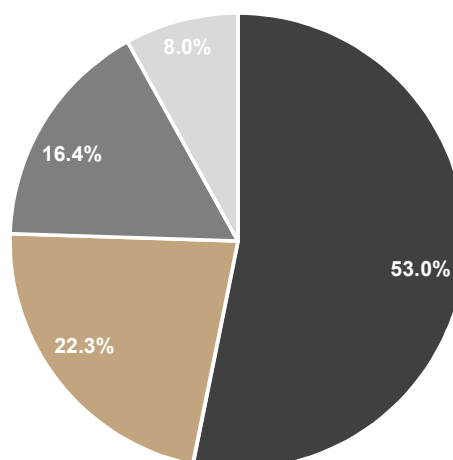
### New Investments in July

### Investments sold in July

### Maturity Breakdown

Cash	0.3%
<1 Years	0.0%
1-3 Years	10.7%
3-5 Years	27.1%
5-7 Years	31.1%
7-10 Years	23.3%
>10 Years	7.5%

Country Allocation



■ Germany ■ Finland ■ Netherlands ■ Luxembourg

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	0.60%	0.87%	2	LU0093570686	BLM4710 LX
Retail	No	No	B	EUR	No	Cap	0.60%	0.87%	2	LU0093570769	BLM4709 LX
Institutional	No	Yes	BI	EUR	No	Cap	0.30%	0.53%	2	LU0495660424	BLBDEUI LX

## Legal Information

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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 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. The present document may be distributed to Swiss qualified investors.

### **Specific Information for France:**

The present document may be distributed to French professional investors.

# BL FUND SELECTION - 0-50

a sub-fund of BL Fund Selection SICAV

## Fund Fact Sheet

31/07/2019

### Fund Information

ISIN Code	LU0430649086
Net assets (Mio Eur)	386,8
Launch date	09/06/2009
Reference currency	EUR
Management fee	0,60%
Performance fee	Yes
Legal structure	SICAV
Domicile	Luxembourg
European passport	Yes
Countries of registration	AT, BE, DE ES, FR, LU, NL, SE, SG

### Fund Managers



Fabrice Kremer  
has managed the fund since 2013  
He joined BLI in 2006



Fanny Nosetti  
has managed the fund since  
launch. She joined BLI in 2000

### Management Company

BLI - Banque de Luxembourg  
Investments S.A.  
16, boulevard Royal  
L-2449 Luxembourg  
Tél: (+352) 26 26 99 - 1

### Dealing & Administrator Details

European Fund Administration  
Tél: (+352) 48 48 80 582  
Fax: (+352) 48 65 61 8002

Dealing frequency: daily\*  
Cut-Off time: 12h  
NAV publication : [www.fundinfo.com](http://www.fundinfo.com)

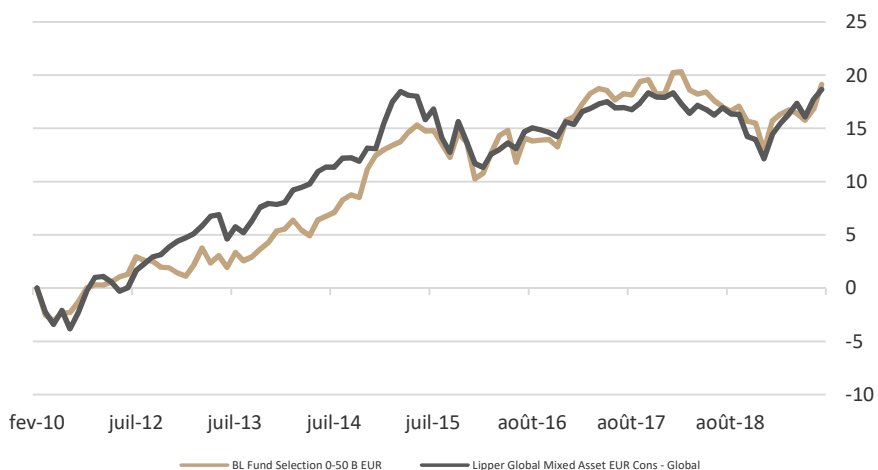
\* Luxembourg banking business day

\*\*Lipper Global Mixed Asset EUR Cons -  
Global

### Investment policy

The aim of this fund is long-term capital appreciation via a diversified portfolio of assets while targeting lower volatility than the equity markets. This flexible fund of funds has no geographical, sector or monetary restriction and invests mainly in UCITS and other UCIs. The proportion of investments in the various asset classes will depend on market circumstances. The maximum equity weighting permitted is 50%.

### 8-year performance



Performance	1 mth	Year to date	2018	2017	2016	2015	2014
BLFS 0 - 50	2,0	5,5	-4,5	2,2	1,8	2,2	6,7
Lipper average**	0,8	5,8	-4,9	2,0	1,6	1,5	4,9

Max. drawdown	Year to date	2018	2017	2016	2015	2014
BLFS 0 - 50	-1,3	-7,2	-2,1	-4,8	-3,2	-3,4
Lipper average**	-1,1	-5,9	-1,1	-4,0	-6,0	-2,3

Performance	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs
BLFS 0 - 50	2,3	3,0	1,8	4,4	12,3	-
Lipper average**	1,1	3,7	1,5	3,5	7,5	-

Annualised performance	1 yr	3 yrs	5 yrs	10 yrs
BLFS 0 - 50	1,8	1,5	2,4	-
Lipper average**	1,5	1,1	1,5	-

Annualised volatility	1 yr	3 yrs	5 yrs	10 yrs
BLFS 0 - 50	3,2	3,3	4,1	-

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## Management Report

31/07/2019

### MARKET REVIEW:

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%.

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.

The surprise announcement 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.

### PORTFOLIO REVIEW:

BL Fund Selection 0-50 gained 2.0% in July while the average for its peers was 0.8%. Since the start of the year, the fund has gained 5.5%.

In the equity segment and following on from June, the main performance driver was Bakersteel Global Precious Metal (+15.7% in euros), as gold mines benefited from the yellow metal's robustness and rise in value after several years of investor disinterest. Especially due to the fact that more and more bonds are offering negative yields, precious metals and their associated assets have become relatively more attractive. Among the absolute return strategies, some of the long/short funds continued their rebound (Schroder GAIA Egerton Equity, Polar UK Absolute Equity, JL Equity Market Neutral) or started to recover (Lazard European Alternative, Memnon European Market Neutral). In this vein, a new directional long/short equity fund was introduced into the portfolio: SEB PS Bodenholm Absolute Return, a low-volatility strategy focused on the themes of Scandinavia and European and American spin-offs. On the other hand, the position in Wells Fargo Absolute Return Global Equity was sold, the cost of foreign exchange hedging for this portfolio, largely invested in dollars, being prohibitive in relation to the potential for gains.

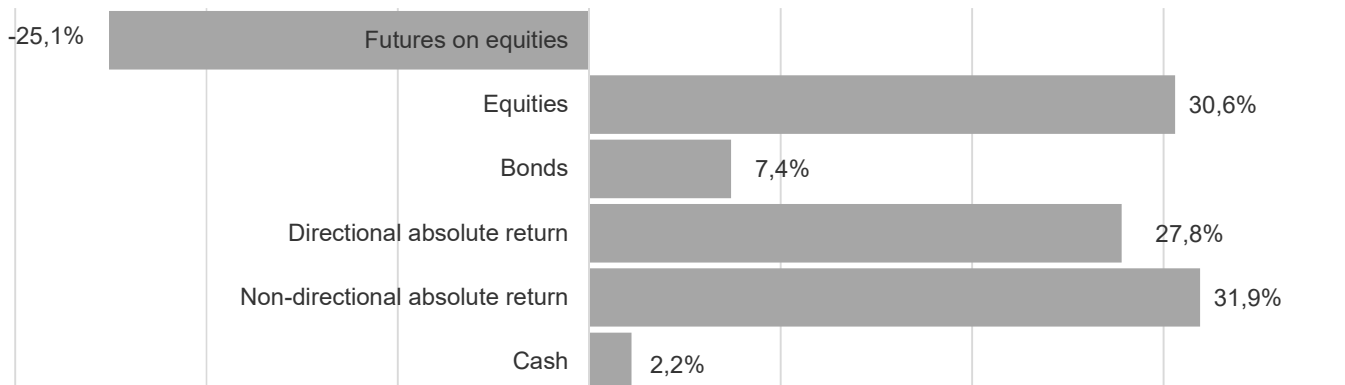
As the rally on the equity markets and risk assets more generally is, in our opinion, somewhat disconnected from the negative signals being sent out by the economy and is mainly driven by the actions of the central banks, the portfolio remains cautiously positioned.

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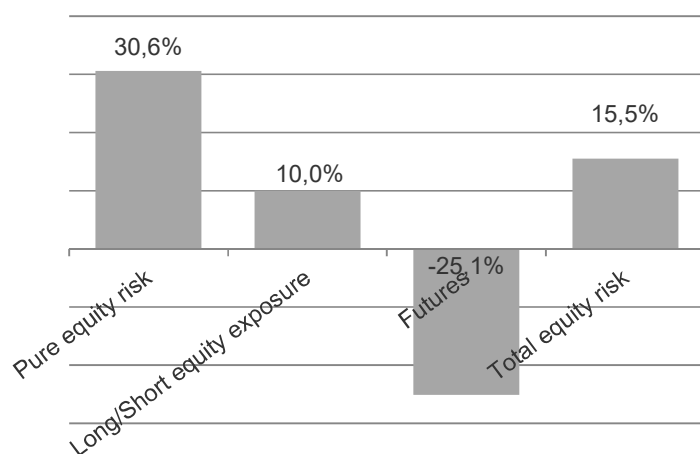
## Current Portfolio

31/07/2019

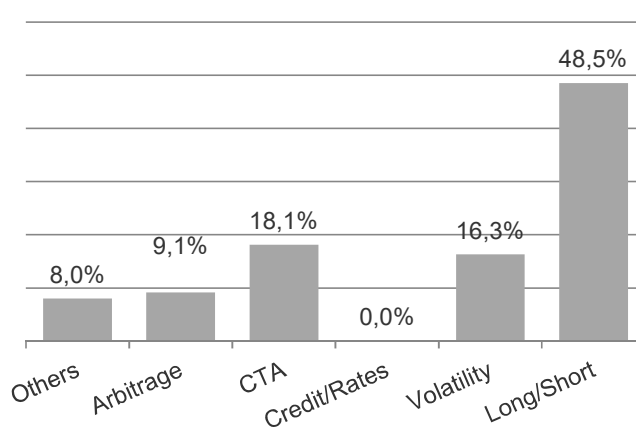
### Asset Allocation



### Equity Risk (base 100)



### Absolute performance segment (base 100)



### Top holdings

MEMNON EUROPEAN	6,5%
BAKERSTEEL GLOBAL PRECIOUS METALS	6,3%
LAZARD EUROPEAN ALTERNATIVE	5,3%
SCHRODER GAIA EGERTON EQUITY	5,2%
ASSENAGON ALPHA VOLATILITY	4,7%

### Performance attribution

Underlying funds	
Best underlying funds	juil-19
BAKERSTEEL GLOBAL PRECIOUS METALS	15,7%
JANUS HENDERSON JAPANESE SMALLER	5,6%
MEMNON EUROPEAN	4,0%
Worst underlying funds	juil-19
LIONTRUST EUROPEAN SMALLER COMP.	-4,6%
LIONTRUST EUROPEAN STRATEGIC EQU.	-1,6%
RAM L/S EMERGING MARKETS	-1,4%

All performances are denominated in EUR

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# BL FUND SELECTION - 50-100

a sub-fund of BL Fund Selection SICAV

BLI LUXEMBOURG

## Fund Fact Sheet

**BLI** BANQUE DE  
LUXEMBOURG  
INVESTMENTS

31/07/2019

### Fund Information

ISIN Code	LU0135981693
Net assets (Mio Eur)	106,3
Launch date	03/10/2001
Reference currency	EUR
Management fee	1,25%
Performance fee	Non
Legal structure	SICAV
Domicile	Luxembourg
European passport	Yes
Countries of registration	AT, BE, DE ES, FR, LU, NL, SE, SG

### Fund Managers



Fanny Nosetti  
has managed the fund since 2004  
She joined BLI in 2000



Fabrice Kremer  
has managed the fund since 2013.  
He joined BLI in 2006

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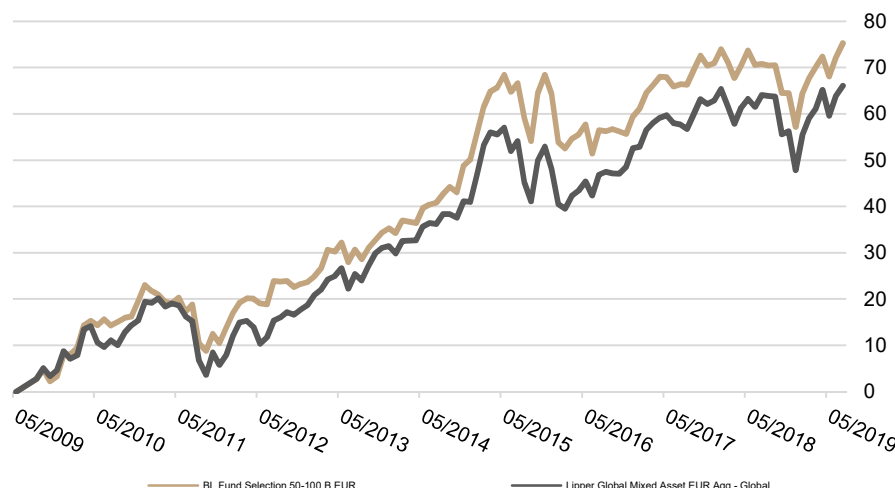
\* Luxembourg banking business day

\*\*Lipper Global Mixed Asset EUR Agg - Global

### Investment policy

This fund invests mainly in UCITS and other UCIs with no geographical, sector or currency restriction. The remaining assets may be invested in cash or any other type of transferable security that is listed or traded on regulated markets. The equity weighting can vary between 50% and 100% of net assets. The emphasis is on international diversification of investments and flexibility in terms of themes and sectors that may potentially be present within the fund.

### 10-year performance



Performance	2019 (1)	2018	2017	2016	2015	2014
BLFS 50-100 B CAP	11,5	-8,1	7,2	-2,9	9,4	9,9
Lipper average**	12,3	-9,2	6,8	3,0	5,0	7,2
(1) Year to date						

Performance	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs
BLFS 50-100 B CAP	1,8	1,7	6,6	2,7	12,0	24,4	73,6
Lipper average**	1,4	0,5	6,9	1,2	13,1	21,9	65,9

Annualised performance	1 yr	3 yrs	5 yrs	10 yrs
BLFS 50-100 B CAP	2,7	3,9	4,5	5,7
Lipper average**	1,2	4,2	4,0	5,2

Annualised volatility	1 yr	3 yrs	5 yrs	10 yrs
BLFS 50-100 B Cap	6,1	5,7	7,3	7,4

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The surprise announcement 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.

**PORTFOLIO REVIEW:**

BL Fund Selection 50-100 gained 1.7% in July.

In the equity segment and following on from June, the main performance drivers were Bakersteel Global Precious Metal (+15.4%) and Merian Gold & Silver (+13.6%), as gold mines benefited from the yellow metal's robustness and rise in value after several years of investor disinterest. But it was especially due to the fact that more and more bonds are now offering negative yields that precious metals and their associated assets have become relatively more attractive. The equity conviction funds generally did well against their respective benchmark indices, headed by strong outperformance from Janus Alger US Small Cap Focus (+5.7% versus SP 500 NR +3.7%) and Memnon Europe Equity (+4.0% versus MSCI Europe NR +0.3%). Among the absolute return strategies, Schroder GAIA Egerton Equity (+1.3%) continued its rebound and Lazard European Alternative (+1.4%) started to recover. Finisterre Unconstrained Emerging Markets Fixed Income continued its rally (+4.1%). Lyxor Euro Stoxx Banks, purchased in June to hedge the portfolio against a rise in interest rates, following a significant fall in recent months, was sold in mid-July at a slight profit now that interest rates are not going up.

As the rally on the equity markets and risk assets more generally is, in our opinion, somewhat disconnected from the negative signals being sent out by the economy and is mainly driven by the actions of the central banks, the portfolio remains cautiously positioned. The portfolio's net equity weighting is around 61% (with around 4% in gold-mining stocks).

# BL FUND SELECTION - 50-100

a sub-fund of BL Fund Selection SICAV

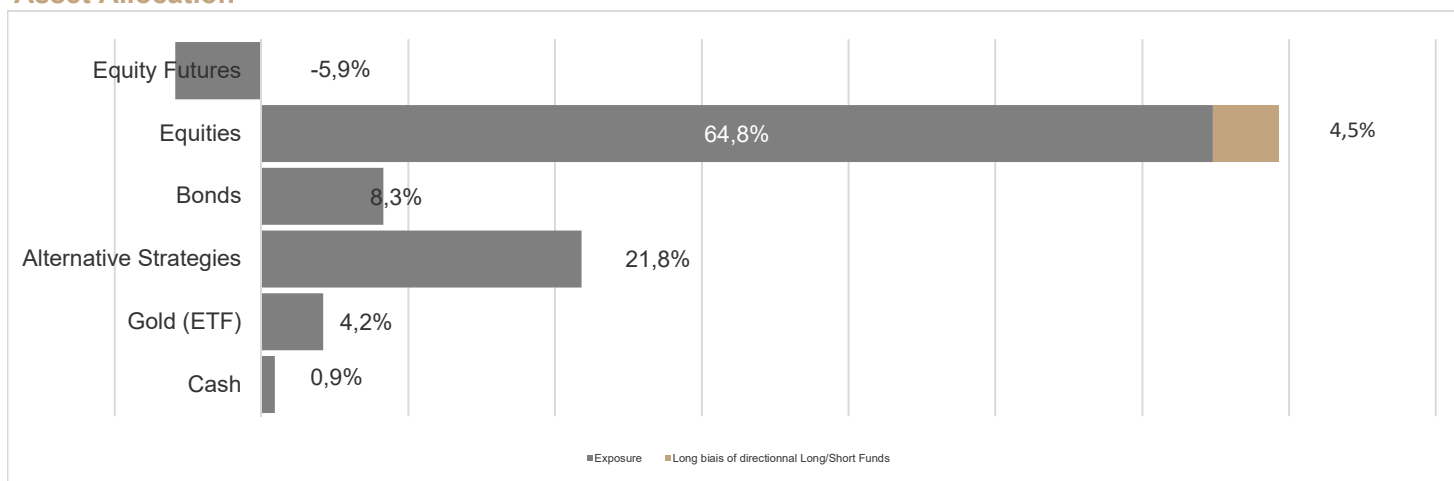
BLI LUXEMBOURG

## Current Portfolio

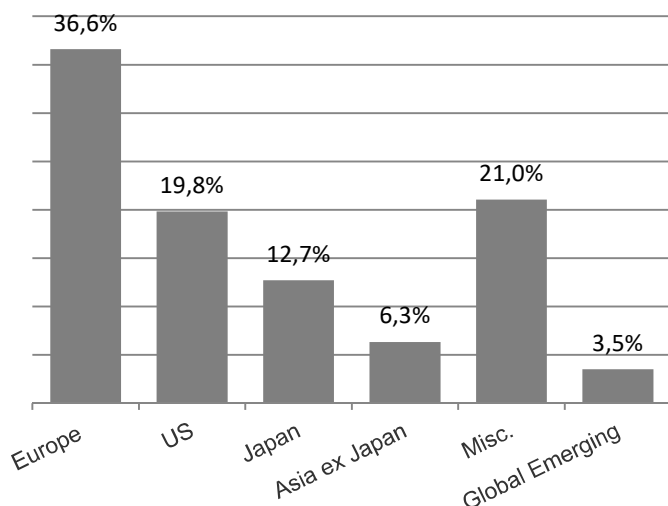
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31/07/2019

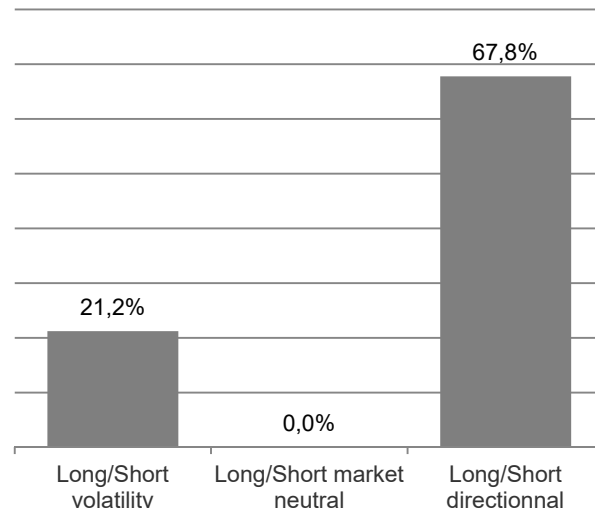
### Asset Allocation



### Equity geographical breakdown (base 100)



### Alternatives strategies breakdown (base 100)



### Top holdings

SCHRODER GAIA EGERTON	6,0%
VONTOBEL-US EQUITY-I	4,8%
MARSHALL WACE-TOP UCITS-A€	4,8%
CC JAPAN ALPHA FUND-I JPY	4,5%
ETFS PHYSICAL GOLD	4,2%

### Performance attribution

juil-19

#### Underlying funds

##### Best underlying funds

Bakersteel Global SICAV Precious Metals Fund I EUR	15,4
Merian Gold & Silver I USD	13,6
Janus Henderson HF Japanese Smr Cos I2 JPY	7,2

##### Worst underlying funds

Guinness Global Energy A Inst USD	-1,3
G FUND - Avenir Europe IC	-1,9
MainFirst - Top European Ideas R	-2,4

Performances are in euro

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## Fund Fact Sheet

31/07/2019

### Fund Information

ISIN Code	LU1526088379
Net assets (Mio Eur)	265,0
Launch date	12/12/2016
Reference currency	EUR
Management fee	0,70%
Performance fee	No
Legal structure	SICAV
Domicile	Luxembourg
European passport	Yes
Countries of registration	AT, BE, DE ES, FR, LU, NL, SE, SG

### Fund Managers



Fabrice Kremer  
has managed the fund since 2013  
He joined BLI in 2006



Maxime Hoss  
has managed the fund since  
2013. He joined BLI in 2013

### Management Company

BLI - Banque de Luxembourg  
Investments S.A.  
16, boulevard Royal  
L-2449 Luxembourg  
Tél: (+352) 26 26 99 - 1

### Dealing & Administrator Details

European Fund Administration  
Tél: (+352) 48 48 80 582  
Fax: (+352) 48 65 61 8002

Dealing frequency: daily\*

Cut-Off time: 12h

NAV publication : [www.fundinfo.com](http://www.fundinfo.com)

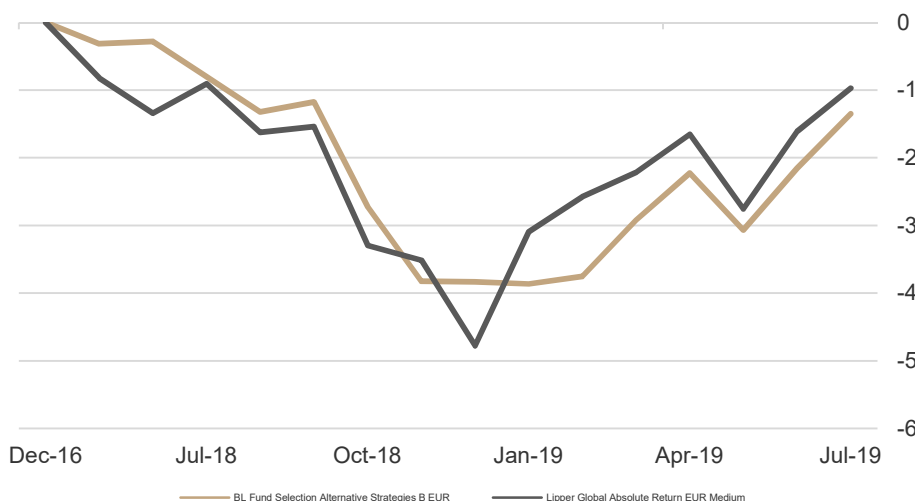
\* Luxembourg banking business day

\*\*Lipper Global Mixed Asset EUR Cons - Global

### Investment policy

The aim of this sub-fund is to achieve long-term capital growth. This flexible sub-fund invests a minimum of 51% of its net assets in investment funds investing in various asset classes. Most of these investment funds are specialised in investment strategies deemed "alternative". The underlying investment funds may adopt short positions when they are seeking to benefit from the sale of certain assets of which they are not the holder or through derivative products. The remaining assets may be invested in "c". The underlying investment funds may adopt short positions when they are seeking to benefit from the sale of certain assets of which they are not the holder or through derivative products.

### Performance since launch



Performance	1 mth	Year to date	2018	2017
BLFS Alternative Strategies	0,8	2,6	-3,6	1,4
Moyenne Lipper**	0,7	4,0	-5,6	1,5

Max. drawdown	Year to date	2018	2017
BLFS Alternative Strategies	-1,2	-5,6	-2,1
Moyenne Lipper**	-1,1	-6,6	-0,8

Performance	3 mths	6 mths	1 yr
BLFS Alternative Strategies	0,9	2,6	-0,6
Moyenne Lipper**	0,7	2,2	-0,1

Annualised performance	1 yr
BLFS Alternative Strategies	-0,6
Moyenne Lipper**	-0,1

Annualised volatility	1 yr
BLFS Alternative Strategies	2,3

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## MARKET REVIEW:

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%.

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.

The surprise announcement 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.

## PORTFOLIO REVIEW:

BL Fund Selection Alternative Strategies continued its good momentum and rebounded by 0.8% in July. It is up 2.6% since the start of the year. Maintaining the trend of recent months, the CTA (trend-following) category is continuing to ride the waves and notch up gains. Over the month, Lynx UCITS, Echiquier QME, Lyxor Epsilon Global Trend, FORT Global Contrarian and MLIS Millburn Diversified all posted gains of between 2% and 5.1%, thereby contributing significantly to the portfolio's good performance this month.

Among the long/short equity strategies, the best performances came from JL Equity Market Neutral (+2.4%), SEB PS Bodenholm Absolute Return (+2.2%) and DNB TMT Absolute Return (1.5%). Overall, apart from Exane Care (-2.1%) and Liontrust European Strategic Equity (-1.6%) the long/short segment boosted the portfolio's progress. In the Global Macro strategies, the divergent performances of H2O Allegro (+12.2%) and IPM Systematic Macro (-3.9%) balanced each other out given their respective weighting in the portfolio (3.2% and 7.3%). Lastly, in the satellite strategies, the most valuable contributions came from Boussard & Gavaudan Absolute Return (+1.7%) and Butler Credit Opportunities (+0.5%) while MLIS MLCX Commodity Alpha (-0.5%) and Satellite Event-Driven (0.3%) weighed on the month's performance.

Overall the portfolio's performance has been satisfactory although quite dependent recently on trend-following strategies. It will therefore be fairly sensitive to a trend reversal, especially on bond markets. However, the portfolio is extremely diversified and should benefit from better fortune in stock-picking in the long/short strategies, a factor which started to gain traction in the latest results reporting season.

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# BL FUND SELECTION ALTERNATIVE STRATEGIES

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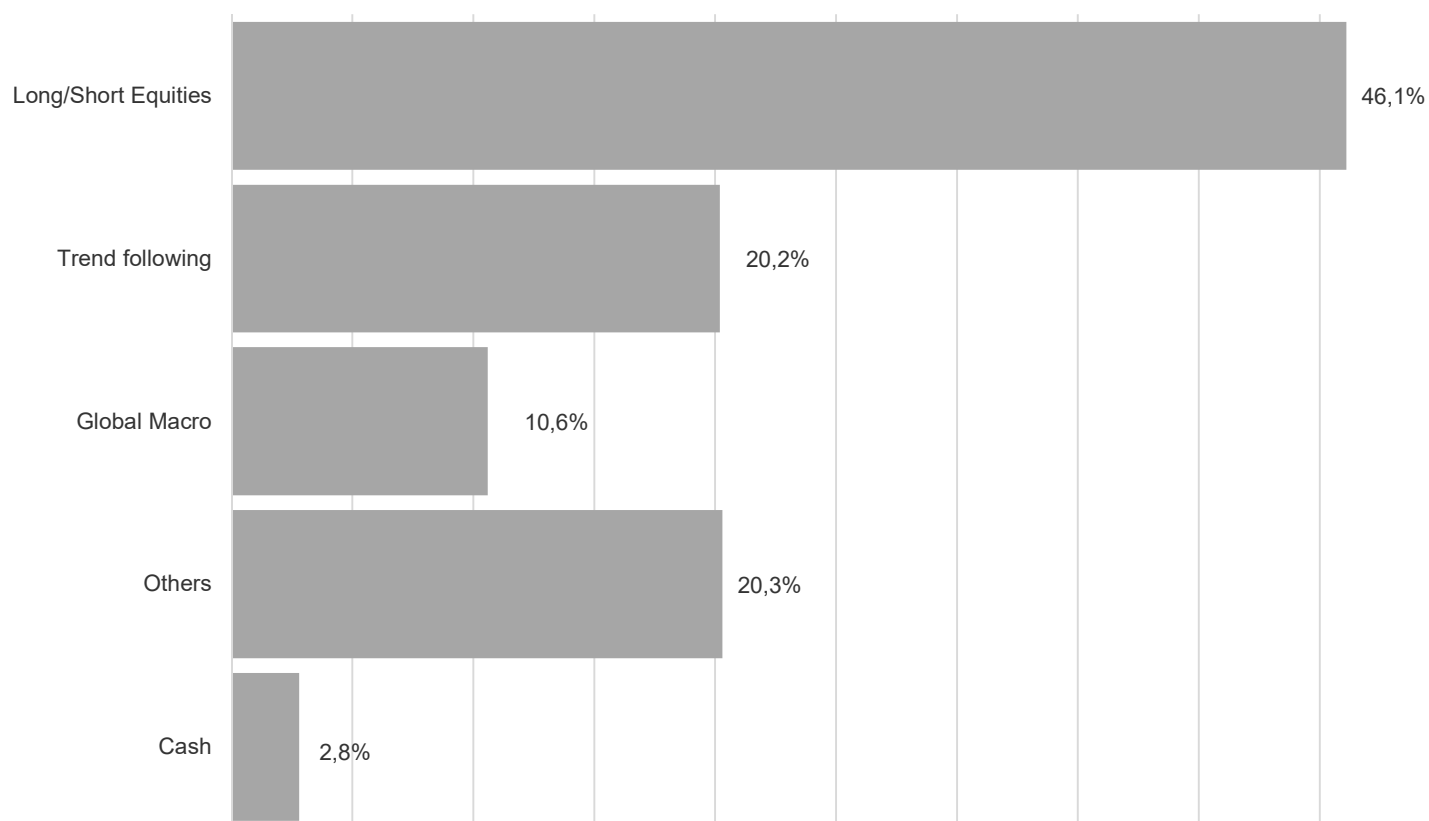
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## Current Portfolio

31/07/2019

INVESTMENTS

### Breakdown by type of strategy



### Top holdings

IPM SYSTEMATIC MACRO	7,3%
BOUSSARD&GAVAUDAN ABSOLUTE RETURN	5,4%
JL EQUITY MARKET NEUTRAL	5,1%
LAZARD EUROPEAN ALTERNATIVE	4,8%
FORT GLOBAL UCITS CONTRARIAN	4,8%
CIGOGNE UCITS M&A ARBITRAGE	4,6%
MLIS MILLBURN DIVERSIFIED	4,5%
POLAR UK ABSOLUTE EQUITY	4,2%
SEB PS BODENHOLM ABSOLUTE RETURN	4,2%
RAM LONG/SHORT EUROPEAN EQUITIES	4,0%

### Performance attribution

Underlying funds	
Best underlying funds	juil-19
H2O ALLEGRO	12,2%
LYNX UCITS	5,1%
ECHQUIER QME	3,5%
JL EQUITY MARKET NEUTRAL	2,4%
LYXOR EPSILON GLOBAL TREND	2,3%
Worst underlying funds	juil-19
IPM SYSTEMATIC MACRO	-3,9%
EXANE CARE	-2,1%
LIONTRUST EUROPEAN STRATEGIC EQU.	-1,6%
MLIS MLCX COMMODITY ALPHA	-0,5%
PHILEAS L/S EUROPE	-0,4%

All performances are denominated in EUR

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# BL FUND SELECTION - EQUITIES

a sub-fund of BL Fund Selection SICAV

**BLI** BANQUE DE  
LUXEMBOURG  
INVESTMENTS



## Fund Fact Sheet

31/07/2019

### Fund Information

ISIN Code	LU0135980968
Net assets (Mio Eur)	80,6
Launch date	03/10/2001
Reference currency	EUR
Management fee	1,25%
Performance fee	No
Legal structure	SICAV
Domicile	Luxembourg
European passport	Yes
Countries of registration	AT, BE, DE ES, FR, LU, NL, SE, SG

### Fund Managers



Maxime Hoss  
has managed the fund since  
2018. He joined BLI in 2013



Fanny Nosetti  
has managed the fund since 2004  
She joined BLI in 2000

### Management Company

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

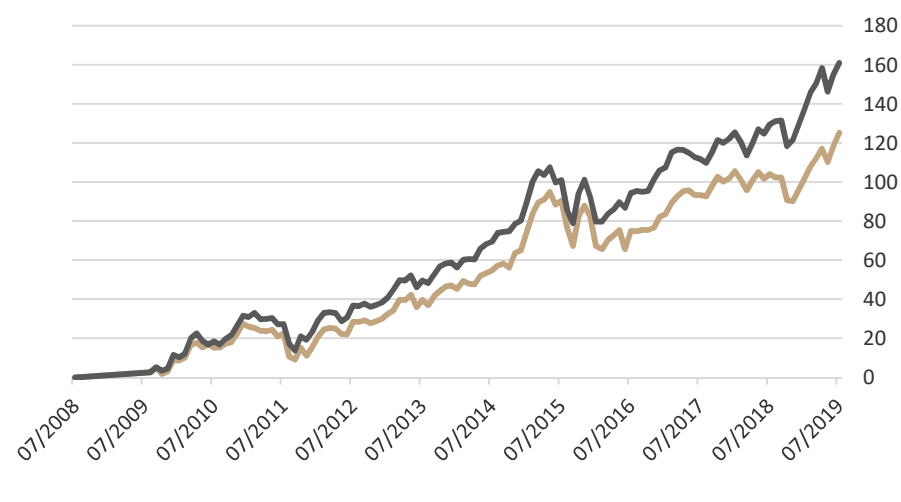
### Dealing & Administrator Details

European Fund Administration  
Tel: (+352) 48 48 80 582  
Fax: (+352) 48 65 61 8002  
Dealing frequency: daily\*  
Cut-Off time: 12h  
NAV publication : [www.fundinfo.com](http://www.fundinfo.com)

### Investment policy

This fund has a minimum net equity exposure of 75% and invests in UCITS and other UCIs with no geographical, sector or currency restriction. The remaining assets may be invested in bond funds, cash or any other type of transferable security that is listed or traded on regulated markets. The emphasis is on international diversification of investments and flexibility in terms of themes and sectors that may potentially be present within the fund.

### 10-year performance



Performance	2019 (1)	2018	2017	2016	2015	2014
BLFS Equities B EUR C	18,4	-11,1	10,8	-0,1	10,5	12,2
Lipper average**	17,9	-7,9	7,9	7,0	6,7	13,6

(1) Year to date

Performance	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs
BLFS Equities B EUR C	3,1	3,7	11,5	4,1	21,3	37,3	112,3
Lipper average**	2,4	1,0	9,9	5,1	24,1	42,4	141,3

Annualised performance	1 yr	3 yrs	5 yrs	10 yrs
BLFS Equities B EUR C	4,1	6,7	6,5	7,8
Lipper average**	5,1	7,5	7,3	9,2

Annualised volatility	1 yr	3 yrs	5 yrs	10 yrs
BLFS Equities B EUR C	8,7	7,7	9,8	9,6

\* Luxembourg banking business day

\*\*Lipper Global Mixed Asset EUR Agg - Global

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# BL FUND SELECTION - EQUITIES

a sub-fund of BL Fund Selection SICAV



**BLI** BANQUE DE  
LUXEMBOURG  
INVESTMENTS

31/07/2019

## MARKET REVIEW:

The global economy continues to be characterised by the divergence between a weak manufacturing sector and resilient services activities. 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%. 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 China, GDP grew 6.2% year-on-year in the second quarter, its slowest increase since quarterly data were first published in 1992.

As expected, the US Federal Reserve Open Market Committee (FOMC) cut interest rates, 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 2008. However, the Fed Chairman 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. In Europe, the ECB hinted that a new round of monetary expansion measures would be adopted in the near future; this is expected to be announced at its next meeting in September.

This prompted a further easing of yields to maturity on the bond markets. The 10-year government bond yield declined from -0.33% to -0.44% in Germany, from -0.01% to -0.19% in France, 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).

The euro-dollar exchange rate dipped from 1.13 to 1.11 in July.

## PORTFOLIO REVIEW:

The fund gained 3.1% over the month, outperforming its peer average despite its defensive positioning. Continuing on from June, this good relative performance was largely due to its allocation to gold-mining funds, which was particularly beneficial. Bakersteel Global Precious Metals and Merian Gold & Silver posted gains of 15.4% and 13.6% respectively. The other underlying funds also delivered decent performance, The equity conviction funds generally did well against their respective benchmark indices, headed by strong outperformance from Janus Henderson Japanese Smaller Companies (+7.2% versus +2.4 for the Topix - in euros), Memnon European (+4% versus +0.3% for the MSCI Europe NR) and Granahan US Focused Growth (+6.9% versus SP 500 NR +3.7%). With no transactions within the portfolio during the month, the fund is maintaining its cautious positioning, characterised by relatively big cash positions and a good dose of gold-mining funds.

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www.bli.lu

RCS Luxembourg B80479

# BL FUND SELECTION - EQUITIES

a sub-fund of BL Fund Selection SICAV

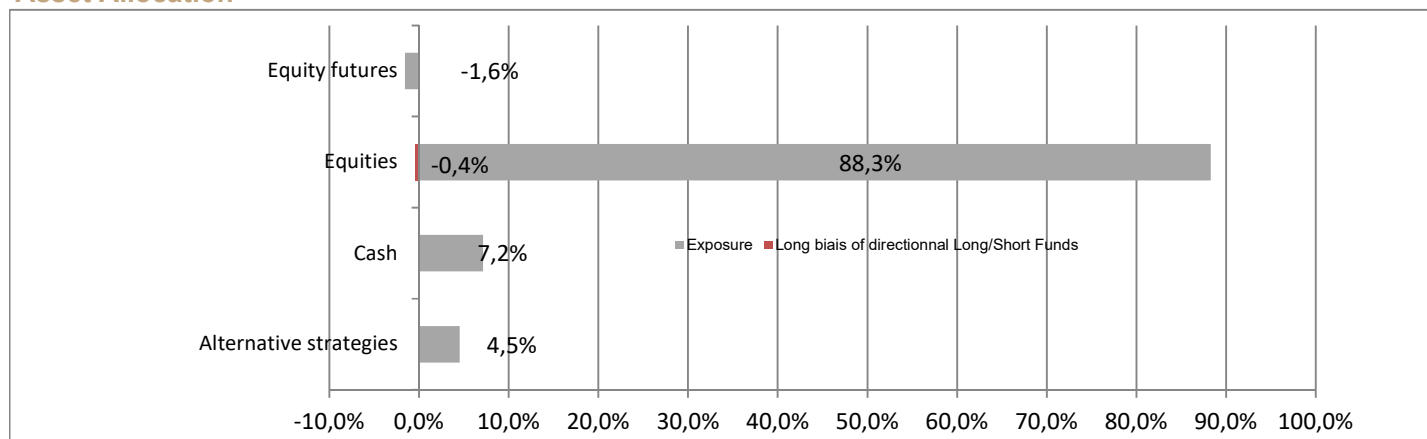
**LUXEMBOURG**

## Current Portfolio

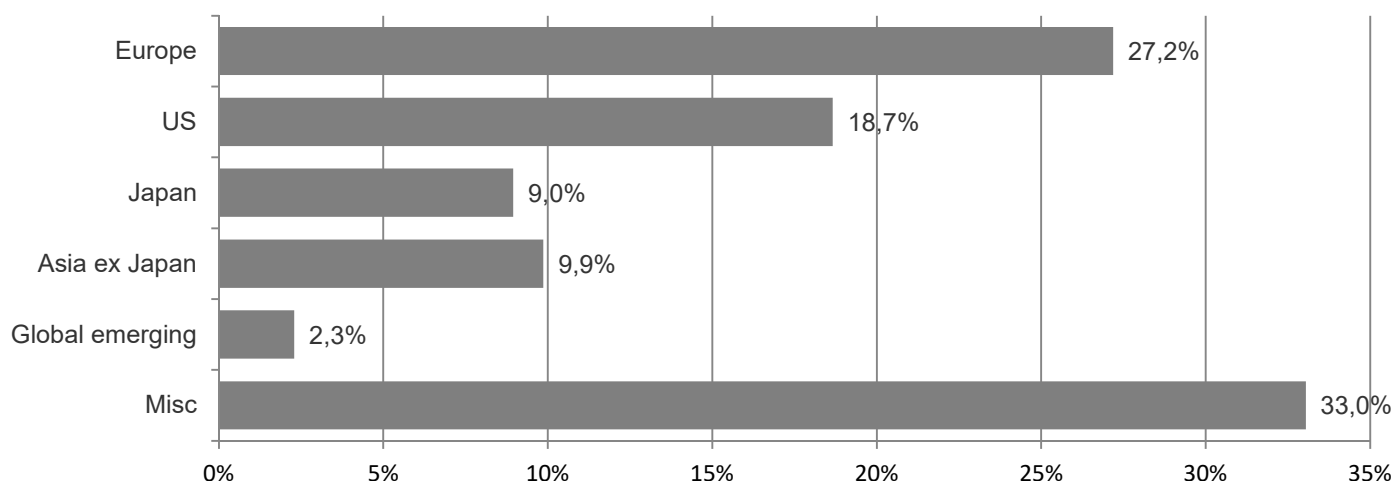
**BLI** BANQUE DE LUXEMBOURG INVESTMENTS

31/07/2019

### Asset Allocation



### Equity breakdown (base 100)



### Top holdings

Lindsell Train Global Equity	7,1%
Bakersteel Global Precious Metals	6,6%
Guardcap Global Equity	6,1%
Schroder Asian Total Return	5,3%
Threadneedle Global Focus	5,1%

### Performance attribution

Underlying funds

Best underlying funds	Jul-19
Bakersteel Global Precious Metals	15,4
Merian Gold & Silver	13,6
Janus Henderson Japanese Smaller Cies	7,2

Worst underlying funds	Jul-19
MainFirst Top European Ideas	-2,4
G FUND Avenir Europe	-1,9
HSBC Asia Ex Japan Smaller Cies	-0,4

All performances are denominated in EUR

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RCS Luxembourg B80479

## Fund Fact Sheet

31/07/2019

### Asset Class

Global Bonds

### Fund Characteristics

AUM	€ 399.5 mn
Launch date	03/05/1996
Oldest share class (B)	LU0093569837
Turnover (2018) *	58%
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

Following his Master's degree in Business Engineering from the Louvain School of Management in Belgium, **Jean-Philippe Donge** joined Banque de Luxembourg's Asset Management department in 2001, which evolved into BLI-Banque de Luxembourg Investments in 2005.

After three years as a financial analyst, Jean-Philippe was promoted to the function of fund manager and took over the management of BL-Global Bond.

At present, he is responsible for the bond fund range of BL SICAV.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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](http://www.fundinfo.com)

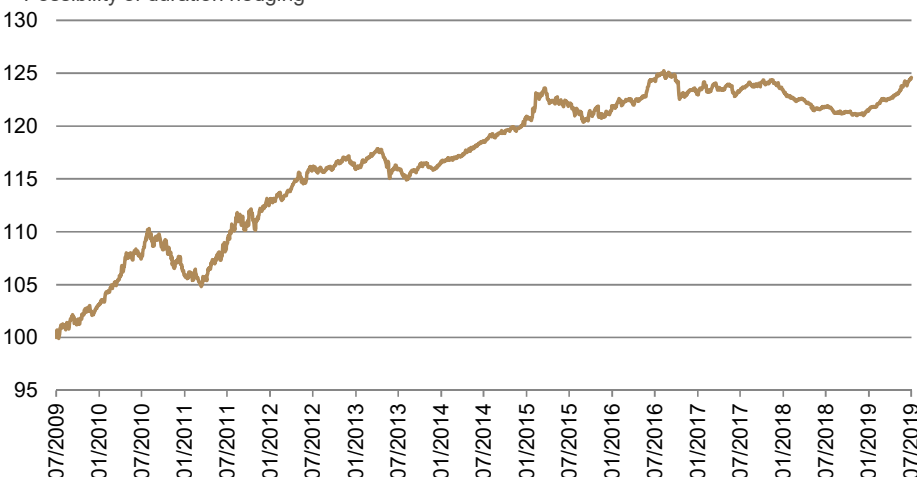
### Investment Objective

BL-Global Bond Opportunities seeks capital protection by investing primarily in bonds, while providing a greater return than a money market investment in euros.

The portfolio manager's fundamental analysis for the selection of bonds is based on different criteria depending on the issuer. For sovereign issuers, the manager takes into account technical criteria and criteria relating to sovereign risk, such as the balance of payments, macroeconomic data or the countries' observed momentum. He seeks to identify issuers and issues that are sufficiently liquid on the market to allow for investment under the best possible conditions. For investments in bonds from private issuers, the manager predominantly takes into account criteria such as liquidity, solvency or operational risk.

### Key Facts

- Portfolio managed from the perspective of Euro-based investors
- Flexible access to global fixed income opportunities:
  - Sovereign bonds
  - Emerging Markets
  - Corporate
  - High Yield
- Unconstrained portfolio
- Unhedged currency positions up to 25% of portfolio
- Possibility of duration hedging



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	2.9%	-2.2%	0.5%	2.0%	0.9%	3.4%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	0.6%	1.6%	2.5%	2.3%	0.2%	5.1%	24.6%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	2.3%	0.1%	1.0%	2.2%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	0.9%	1.3%	1.6%	2.1%

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

\*\* Luxembourg banking business day

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RCS Luxembourg B80479

## Current Portfolio

31/07/2019

### Summary Statistics

Average Yield to Maturity	0.3%
Modified Duration (before hedging)	4.0
Modified Duration (after hedging)	4.0
Average Maturity	4.3 years
Average Rating (BLI)	A
Weight of Top 10 Holdings	21.8%
Number of holdings	100

### Top Holdings

Russia 3,625% 16-09-2020	2.7%
Deutschland 0% 14-04-23	2.6%
Oesterreich 0% 15-07-23	2.6%
EFSF 0% 17-11-22	2.6%
Espana 0,05% 31-01-21	2.5%
Belgique 0,2% 22-10-23	2.1%
BMW 0,625% 20-04-22	1.8%
Romania 2,75% 29-10-2025	1.7%
Hutchison Whampoa 3,625% 06-06-2022	1.7%
Portugal 2,2% 17-10-22	1.7%

### New Investments in July

SIMA 5,35% 09-10-21	0.2%
SIMA 3,35% 09-10-21	0.2%

### Investments sold in July

Pemex 3,5% 30-01-23	0.3%
---------------------	------

### Asset Allocation

<b>Developed Countries Government Bonds</b>	<b>28.4%</b>
EMU	28.4%
<b>Emerging Markets Government Bonds</b>	<b>25.2%</b>
EEMEA	11.8%
Asia Pacific	7.7%
Latin America	5.7%
<b>Developed Countries Corporate Bonds</b>	<b>20.0%</b>
Financials	5.7%
Utilities	4.9%
Industrials	0.7%
Communications	3.7%
Materials	2.1%
Consumer Discretionary	3.0%
<b>Emerging Markets Corporate Bonds</b>	<b>17.0%</b>
Utilities	2.5%
Communications	3.1%
Materials	2.2%
Energy	4.3%
Consumer Discretionary	0.5%
Consumer Staples	4.3%
<b>Supranational Bonds</b>	<b>4.9%</b>
<b>Microfinance</b>	<b>1.1%</b>
<b>Cash</b>	<b>3.3%</b>

### Maturity Breakdown

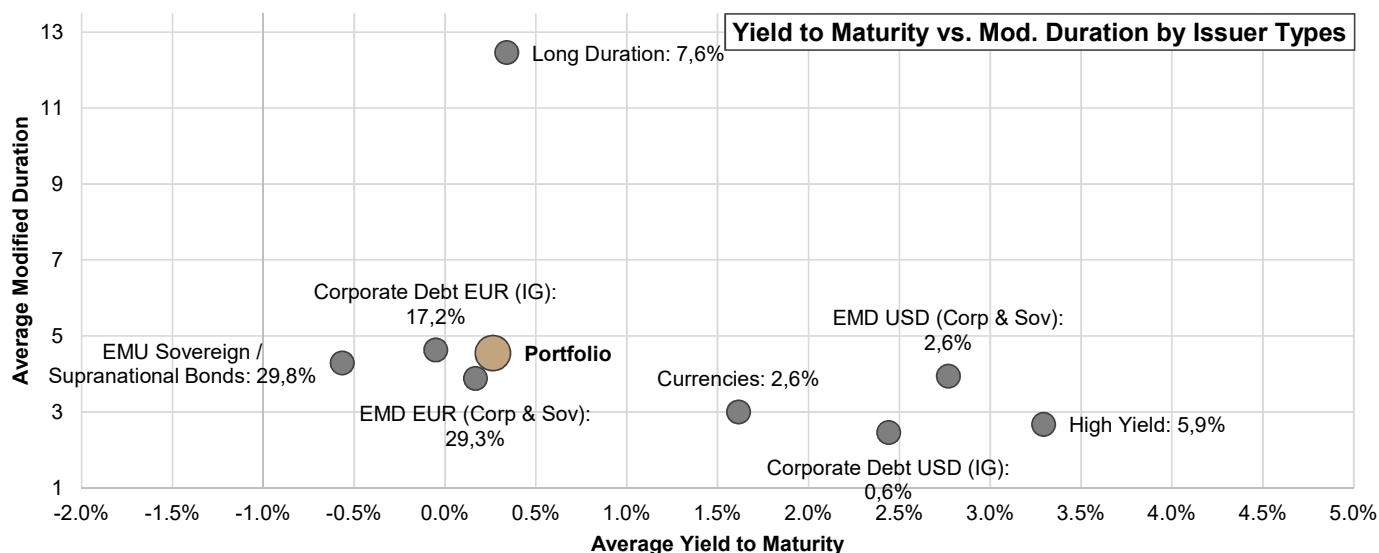
<1 Years	3.6%
1-3 Years	29.7%
3-5 Years	45.3%
5-7 Years	12.7%
7-10 Years	4.7%
>10 Years	4.0%

### Currency Breakdown

EUR	93.8%
USD	3.6%
PLN	2.6%

### Regional Allocation

EMU	38.3%
Europe ex EMU	4.9%
Supranational	4.9%
EEMEA	16.4%
North America	0.7%
Asia Pacific	19.6%
Latin America	9.4%
Japan	1.3%
Microfinance	1.1%
Cash	3.4%



The chart depicts the average modified duration and yield to maturity of each independently managed sub-portfolio of BL-Global Bond Opportunities. In addition, the chart contains information about the weight of each sub-portfolio in the overall portfolio.

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	0.60%	0.77%	2	LU0093569837	BLM4746 LX
Retail	No	No	B	EUR	No	Cap	0.60%	0.77%	2	LU0093569910	BLM4745 LX
Institutional	No	Yes	BI	EUR	No	Cap	0.30%	0.45%	2	LU0495650037	BLM47EI LX

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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.

### **Specific Information for France:**

The present document may be distributed to French professional investors.

### 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.  
16, boulevard Royal  
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](http://www.fundinfo.com)

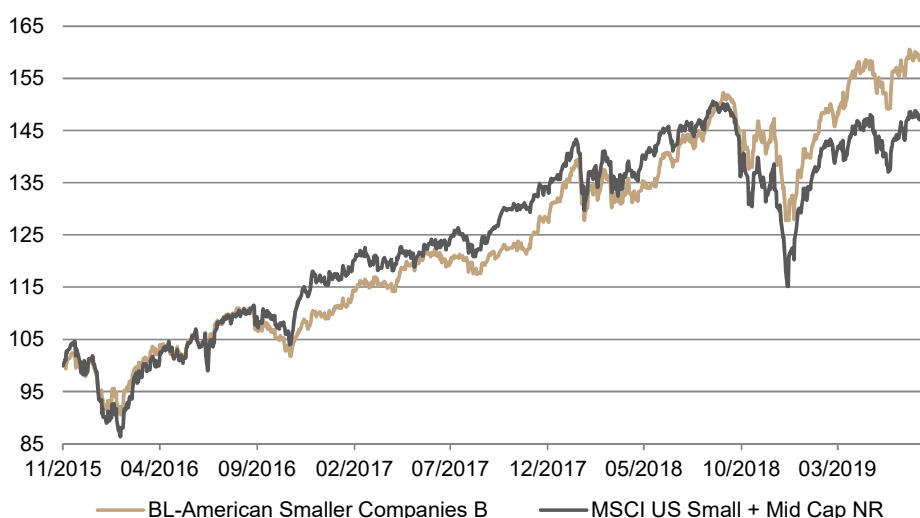
#### Investment Objective

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%
<b>Weight of Top 10</b>	<b>27.5%</b>
<b>Number of holdings</b>	<b>48</b>

### Asset Allocation

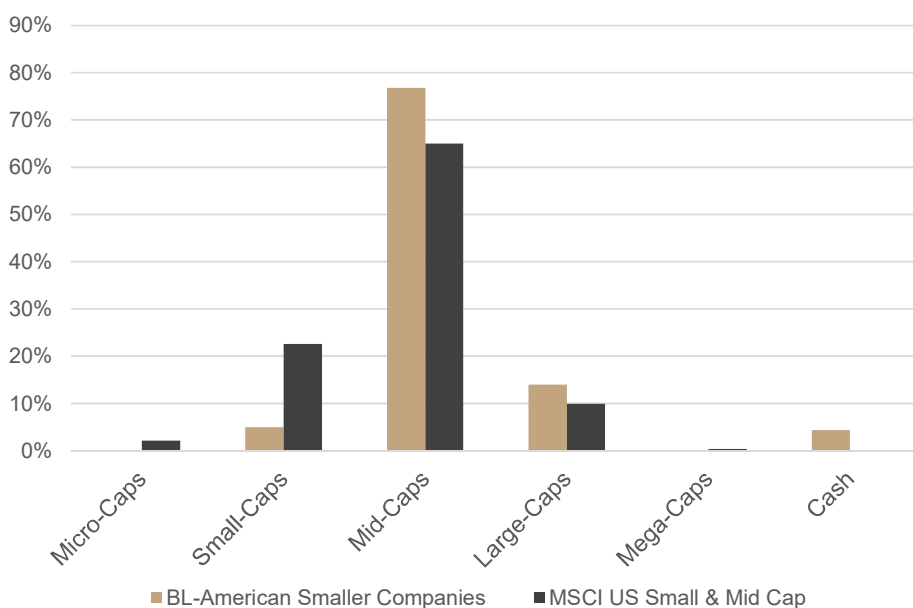
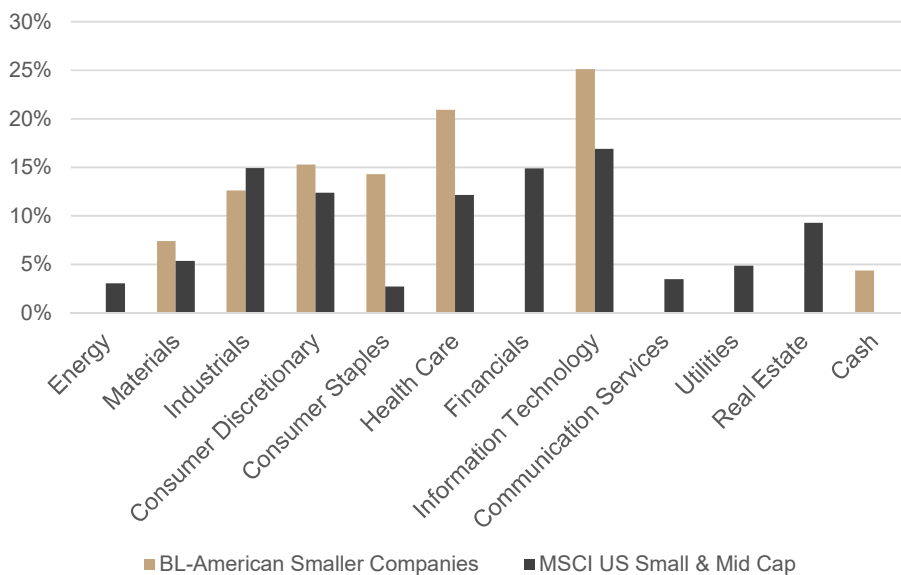
United States	93.1%
Canada	2.5%
Cash	4.4%

### 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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# BLI

## Fund Fact Sheet

31/07/2019

### Asset Class

US Government Bonds

### Fund Characteristics

AUM	\$ 175.7 mn
Launch date	16/09/1988
Oldest share class (B)	LU0093570926
Turnover (2018) *	34%
Reference currency	USD
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

Following his Master's degree in Business Engineering from the Louvain School of Management in Belgium, **Jean-Philippe Donge** joined Banque de Luxembourg's Asset Management department in 2001, which evolved into BLI-Banque de Luxembourg Investments in 2005.

After three years as a financial analyst, Jean-Philippe was promoted to the function of fund manager and took over the management of BL-Global Bond.

At present, he is responsible for the bond fund range of BL SICAV.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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](http://www.fundinfo.com)

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

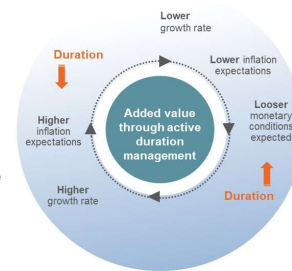
\*\* Luxembourg banking business day

### Investment Objective

BL-Bond Dollar seeks capital protection by investing in US Treasuries and US TIPS, while providing a greater return than a money market investment in US Dollars.

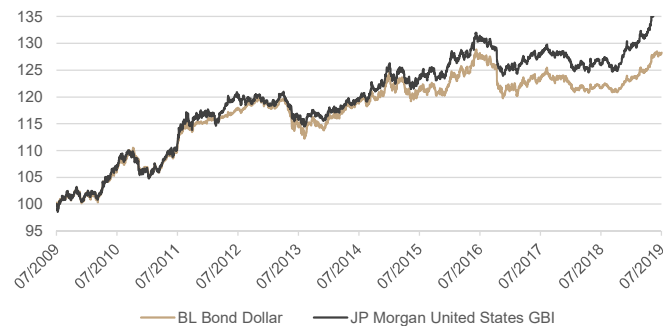
### Strategy

The fund's investment strategy draws on macroeconomic factors such as inflation expectations and central bank monetary policy to define the portfolio's duration and positioning on the yield curve. The fund manager adheres to the concept of natural rate of interest to assess market yield levels: In equilibrium, the fair value yield of an issuer-risk-free bond is defined by the sum of the corresponding economy's potential growth, inflation expectations and the relevant maturity premium. If market yields exceed the derived fair value yield, the portfolio's duration will be above market duration. On the contrary, if market yields are below fair value yield, the portfolio's duration will be below market duration. Yield curve positioning is defined using relative value considerations.



### Key Facts

- US Treasury only strategy
- Added value through active duration management
- Positioning on the yield curve using relative value considerations
- Opportunistic addition of US TIPS depending on inflation expectations
- Possibility to hedge duration using treasury futures



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	4.0%	-0.5%	2.3%	0.5%	-0.3%	6.2%
JPM USA GBI	5.3%	0.8%	2.5%	1.1%	0.9%	6.1%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	0.0%	2.5%	3.6%	5.3%	0.1%	8.0%	28.2%
JPM USA GBI	-0.1%	3.4%	4.8%	7.9%	3.6%	14.2%	36.1%

		1 year	3 years	5 years	10 years
Annualised Performance**	Fund (B shares)	5.3%	0.0%	1.6%	2.5%
	JPM USA GBI	7.9%	1.2%	2.7%	3.1%
Annualised Volatility**	Fund (B shares)	2.3%	3.1%	3.6%	3.5%
	JPM USA GBI	3.2%	3.3%	3.7%	3.7%

The market index (JP Morgan United States GBI) 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.

# BLI

## Current Portfolio

31/07/2019

### Summary Statistics

Average Yield to Maturity	1.8%
Modified Duration (before hedging)	4.5
Modified Duration (after hedging)	no hedging
Average Maturity	4.5 years
Weight of Top 10 Holdings	47.6%
Number of holdings	32

### Top Holdings

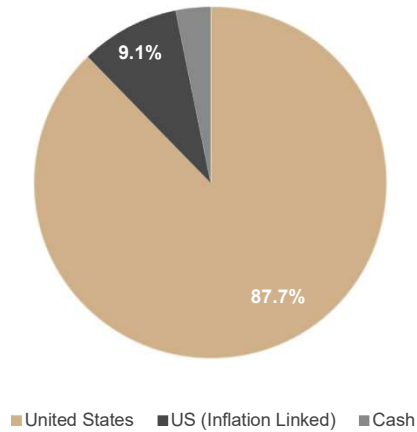
US Tsy Bonds 3,5% 15-02-2039	5.1%
US Treasuries 2,875% 15-8-2028	4.9%
US T-Notes 2,125% 30-09-2021	4.9%
US T-Notes 2,125% 31-08-2020	4.9%
US T-Notes 1,75% 30-09-2019	4.9%
US T-Notes 2% 31.05.21	4.9%
US T-Notes 1,75% 28-02-2022	4.9%
US T-Notes 1,75% 31-10-2020	4.8%
US T-Notes 1,25% 29-02-2020	4.8%
US T-Notes 2,25% 29-02-20	3.4%

### New Investments in July

### Investments sold in July

### Maturity Breakdown

Cash	3.2%
<1 Years	18.0%
1-3 Years	32.4%
3-5 Years	10.7%
5-7 Years	8.7%
7-10 Years	10.4%
>10 Years	16.7%



Investor Type	Clean Share	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt fee	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	<b>A</b>	USD	No	Dis	0.60%	0.80%	3	LU0093570843	BLM4708 LX
Retail	No	No	<b>B</b>	USD	No	Cap	0.60%	0.81%	3	LU0093570926	BLM4707 LX
Institutional	No	Yes	<b>BI</b>	USD	No	Cap	0.30%	0.47%	3	LU0495661315	BLBODBI LX

# BL

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## Fund Fact Sheet

31/07/2019

### Asset Class

Bonds Emerging Markets Hard Currencies

### Fund Characteristics

AUM	\$ 48.4 mn
Launch date	16/11/2015
Oldest share class (B)	LU1305479401
Turnover (2018) *	20%
Reference currency	USD
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

Following his Master's degree in Business Engineering from the Louvain School of Management in Belgium, **Jean-Philippe Donge** joined Banque de Luxembourg's Asset Management department in 2001, which evolved into BLI-Banque de Luxembourg Investments in 2005.

After three years as a financial analyst, Jean-Philippe was promoted to the function of fund manager and took over the management of BL-Global Bond.

At present, he is responsible for the bond fund range of BL SICAV.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

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

\*\* Luxembourg banking business day

\*\*\* "B" Shares

### Investment Objective

BL-Bond Emerging Markets Dollar seeks to achieve income and capital gain with moderate volatility. The fund invests primarily in bonds with a fixed or variable interest rate of sovereign, quasi-sovereign and parastatal issuers in emerging countries. To a lesser extent, the fund invests in bonds of corporate issuers in emerging countries.

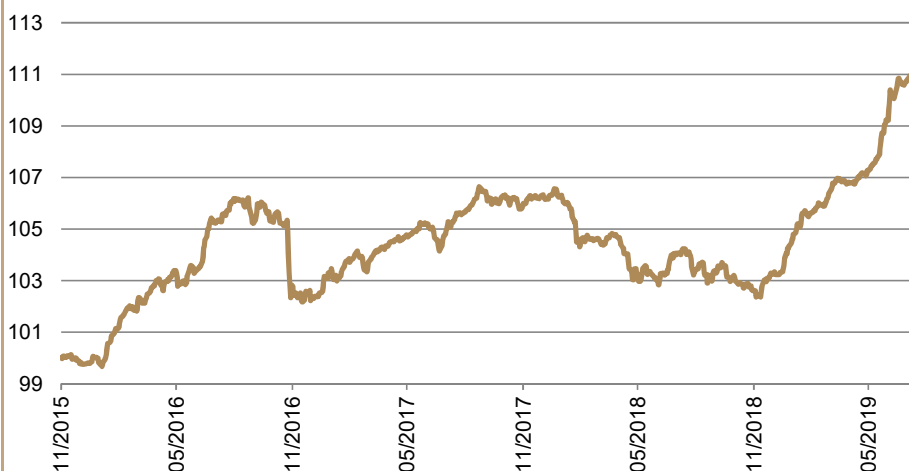
The portfolio manager's fundamental analysis for the selection of bonds is based on different criteria depending on the issuer. For sovereign issuers, the manager takes into account technical criteria and criteria relating to sovereign risk, such as the balance of payments, macroeconomic data or the countries' observed momentum. For investments in bonds from private issuers, the manager predominantly takes into account criteria such as liquidity, solvency or operational risk. For both investment categories, the fund manager integrates ESG factors using a scoring system.

The fund seeks to generate a direct impact through investments in green bonds and microfinance issues.

The overarching principle of the fund's investment strategy is to seek issuers with good or improving credit quality and to avoid issuers with deteriorating credit metrics.

### Key Facts

- Low- $\beta$  exposure to EMD
- Portfolio managed from the perspective of US Dollar-based investors
- Portfolio consisting of 40 to 60 bonds
  - Sovereign, Supranational & Corporate Issuers
  - Predominantly issued in USD with opportunistic investments in other currencies
- Portfolio composition independent of any benchmark
- Medium to long-term investment horizon
- Use of futures possible to optimize portfolio duration and credit risks.
- Integration of ESG factors in sovereign and corporate credit research



Performance	YTD	2018	2017	2016
Fund (B shares)	7.5%	-2.8%	3.7%	2.7%

Performance	1 month	3 months	6 months	1 year	3 years
Fund (B shares)	0.8%	3.9%	5.3%	6.6%	5.3%

Quantitative Analysis***	1 year	3 years
Annualised Performance	6.6%	1.7%
Annualised Volatility	2.2%	2.4%
$\alpha$ vs JPM EMBI GD	0.5%	-1.6%
$\beta$ vs JPM EMBI GD	0.50	0.50
$R^2$ vs JPM EMBI GD	90.9%	89.7%

## Current Portfolio

31/07/2019

### Summary Statistics

Average Yield to Maturity	3.8%
Modified Duration	4.8
Average Maturity	5.9 years
Average Rating (BLI)	BBB-
Weight of Top 10 Holdings	27.0%
Number of holdings	62

### Top Holdings

Republic Of Panama 9,375% 1-4-2029	4.0%
Mexico 3,625% 15-03-22	3.2%
Uruguay VAR 15-01-33	3.0%
Ghana 7,875% 07-08-23	2.9%
Hungary 5,375% 25-03-24	2.6%
Senegal 8,75% 13-05-2021	2.3%
Vietnam 4,8% 19-11-2024	2.3%
Uruguay 4,5% 14-08-24	2.3%
Philippines 4,2% 21-01-2024	2.2%
Costa Rica 7,158% 12-03-45	2.2%

### New Investments in July

SIMA 3,35% 09-10-21	0.6%
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### Asset Allocation

<b>Emerging Markets Government Bonds</b>	<b>90.7%</b>
EEMEA	30.5%
Central Asia	3.2%
Asia Pacific	17.0%
Latin America	40.0%
<b>Emerging Markets Corporate Bonds</b>	<b>5.3%</b>
Utilities	3.2%
<b>Supranational Bonds</b>	<b>0.0%</b>
<b>Microfinance</b>	<b>1.1%</b>
<b>Cash</b>	<b>2.9%</b>
<b>Bond Types</b>	
<b>Traditional Bonds</b>	<b>89.1%</b>
Government Bonds	89.1%
Corporate Bonds	0.0%
<b>Green Bonds</b>	<b>6.9%</b>
Government Bonds	1.6%
Corporate Bonds	5.3%
<b>Microfinance</b>	<b>1.1%</b>
<b>Cash</b>	<b>2.9%</b>

### Maturity Breakdown

Cash	2.9%
<1 Years	2.9%
1-3 Years	31.0%
3-5 Years	24.1%
5-7 Years	20.0%
7-10 Years	6.4%
>10 Years	12.7%

### Currency Breakdown

USD	100.0%
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### Regional Allocation

EEMEA	32.1%
Central Asia	3.2%
Asia Pacific	20.7%
Latin America	40.0%
Microfinance	1.1%
Cash	2.9%

### Investments sold in July

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	USD	No	Dis	0.60%	0.99%	3	LU1305479310	BLBEMAU LX
Retail	No	No	B	USD	No	Cap	0.60%	0.99%	3	LU1305479401	BLBEMDB LX
Institutional	No	Yes	BI	USD	No	Cap	0.30%	0.65%	3	LU1484145211	BLBEMBI LX



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## Fund Fact Sheet

31/07/2019

### Asset Class

Bonds Emerging Markets Hard Currencies

### Fund Characteristics

AUM	€ 234.4 mn
Launch date	31/03/2014
Oldest share class (B)	LU1008595214
Turnover (2018) *	49%
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

Following his Master's degree in Business Engineering from the Louvain School of Management in Belgium, **Jean-Philippe Donge** joined Banque de Luxembourg's Asset Management department in 2001, which evolved into BLI-Banque de Luxembourg Investments in 2005.

After three years as a financial analyst, Jean-Philippe was promoted to the function of fund manager and took over the management of BL-Global Bond.

At present, he is responsible for the bond fund range of BL SICAV.

### Management Company

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16, boulevard Royal  
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	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

### Investment Objective

BL-Bond Emerging Markets Euro seeks to achieve income and capital gain with moderate volatility. The fund invests primarily in bonds with a fixed or variable interest rate of sovereign, quasi-sovereign and parastatal issuers in emerging countries. To a lesser extent, the fund invests in bonds of corporate issuers in emerging countries.

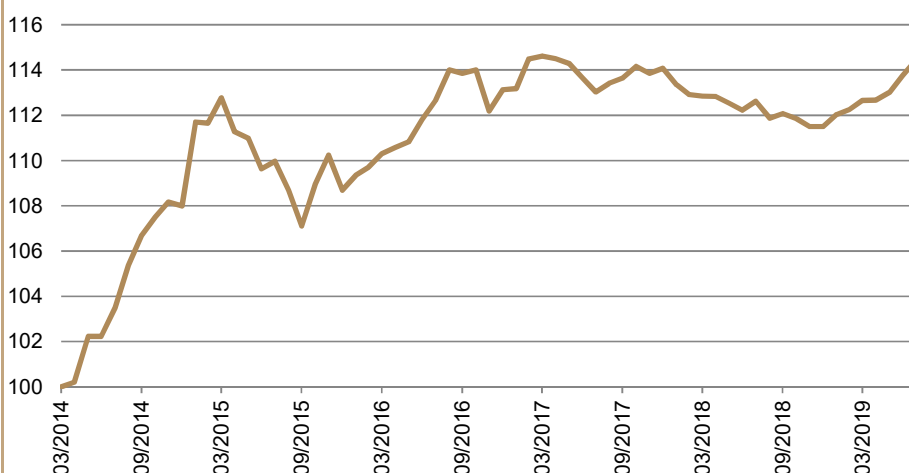
The portfolio manager's fundamental analysis for the selection of bonds is based on different criteria depending on the issuer. For sovereign issuers, the manager takes into account technical criteria and criteria relating to sovereign risk, such as the balance of payments, macroeconomic data or the countries' observed momentum.

For investments in bonds from private issuers, the manager predominantly takes into account criteria such as liquidity, solvency or operational risk.

The overarching principle of the fund's investment strategy is to seek issuers with good or improving credit quality and to avoid issuers with deteriorating credit metrics.

### Key Facts

- Portfolio managed from the perspective of Euro-based investors
- Portfolio consisting of 50 to 70 bonds
  - Sovereign, Supranational & Corporate Issuers
  - predominantly issued in Euro with opportunistic investments in USD and local currencies
- Portfolio composition independent of any benchmark
- Medium to long-term investment horizon
- Use of futures possible to optimize portfolio duration and credit risks.
- FX risks against the fund reference currency (EUR) are systematically neutralised.



Performance	YTD	2018	2017	2016	2015
Fund (B shares)	2.6%	-2.3%	0.8%	4.1%	0.6%

Performance	1 month	3 months	6 months	1 year	3 years
Fund (B shares)	0.6%	1.6%	2.2%	1.6%	1.6%

	1 year	3 years
Annualised Performance***	1.6%	0.5%
Annualised Volatility ***	0.9%	1.7%

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

\*\* Luxembourg banking business day

\*\*\* "B" Shares

## Current Portfolio

31/07/2019

### Summary Statistics

Average Yield to Maturity	0.9%
Modified Duration	4.7
Average Maturity	5.3 years
Average Rating (BLI)	BBB
Weight of Top 10 Holdings	23.4%
Number of holdings	75

### Top Holdings

Morocco 4,5% 05-10-2020	3.7%
Peru 2,75% 30-01-2026	2.5%
South Africa 3,75% 24-07-26	2.3%
Corp Nacl Del Cobre De Chile 2,25% 09-07	2.3%
Peru 3,75% 01-03-2030	2.2%
CNRC Capital 1,871% 07-12-21	2.2%
Sinopec 1% 28-04-22	2.2%
Petrobras 4,25% 02-10-23	2.0%
Morocco 3,5% 19-06-2024	2.0%
Hutchison Whampoa 3,625% 06-06-2022	1.9%

### New Investments in July

Lettonie 2,25% 15-02-47	1.6%
Bulgaria 3% 21-03-28	1.6%
Croatia 2,7% 15-06-28	1.5%
CEZ 4,875% 16-04-25	1.1%
Poland 2% 25-10-46	1.0%

### Investments sold in July

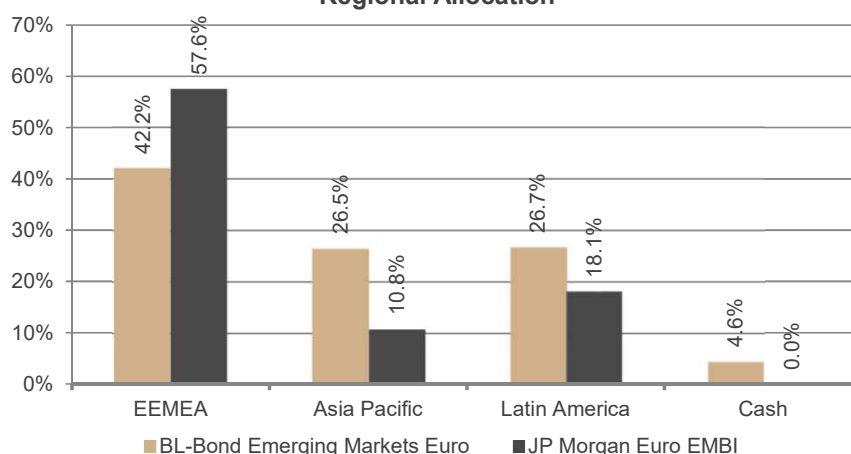
Bulgaria 2% 26-03-22	1.4%
Romania 4,625% 18-09-2020	1.0%

Currency allocation	before hedging	after hedging
EUR	94.1%	100.4%
USD	5.9%	-0.4%

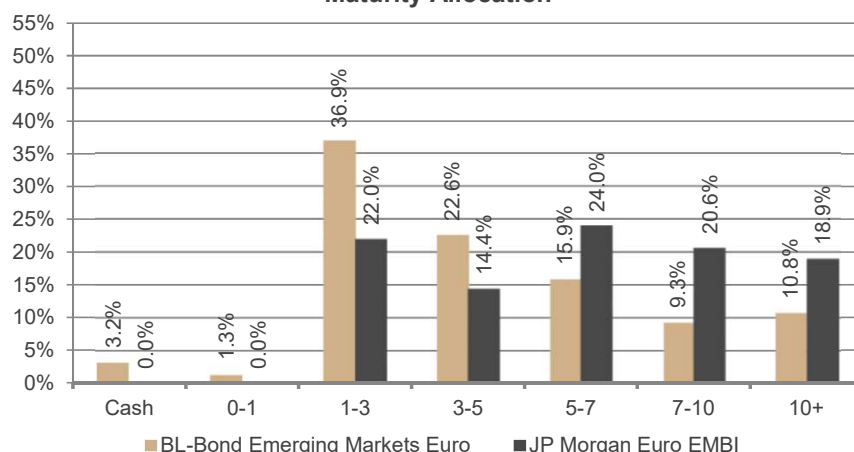
### Asset Allocation

EM Sovereigns; IG; EUR	36.0%
EM Sovereigns; IG; USD	2.1%
Green Bonds EM Sovereigns; IG; Eur	0.0%
EM Sovereigns; HY; EUR	11.7%
EM Sovereigns; HY; USD	3.3%
EM Government Agency; IG; EUR	6.1%
EM Government Agency; HY; USD	0.9%
EM Corporates; IG; EUR	30.1%
EM Corporates; IG; USD	0.4%
EM Corporates; HY; EUR	6.2%
EM Corporates; HY; USD	0.0%
Cash	3.2%

### Regional Allocation



### Maturity Allocation



The market index (JP Morgan Euro EMBI) is shown in the allocation charts for illustration 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.

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	0.60%	0.81%	3	LU1008595057	BLEMDAE LX
Retail	No	No	B	EUR	No	Cap	0.60%	0.82%	3	LU1008595214	BLEMDBE LX
Institutional	No	Yes	BI	EUR	No	Cap	0.30%	0.47%	3	LU1484144750	BLEMBI LX

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### Fund Fact Sheet

31/07/2019

#### Asset Class

Equities Global Emerging Markets

#### Fund Characteristics

AUM	€ 468.3 mn
Launch date	31/10/2007
Oldest share class (B)	LU0309192036
Turnover (2018) *	8%
Reference currency	EUR
Share classes available in (unhedged)	USD
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 Emerging Markets NR (Eur)

#### Fund Manager



Marc Erpelding has managed the fund since launch. He joined BLI in 2002.

#### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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	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>

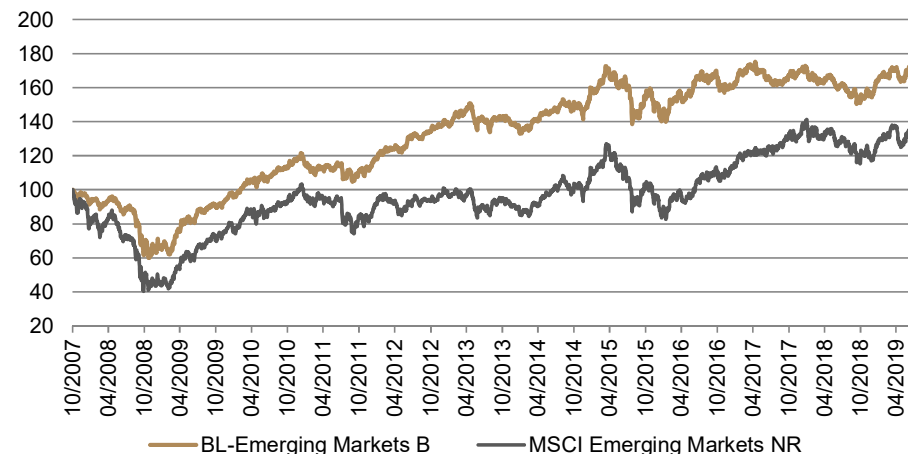
#### Investment Objective

The fund seeks long-term capital appreciation by investing in companies benefiting from a sustainable competitive advantage and located in Asia ex Japan, Latin America or the EEMEA region. The weight given to equities ranges between 60% and 100%, depending on the availability of attractively valued quality businesses. The balance is held in cash and emerging market government bonds.

Most companies included in the fund are either regional players that command a large and sometimes dominating market share in their respective sector or global players with the competitive advantages to prevail on a global scale.

#### Key Facts

- Equity investments are considered as a long-term stake in a business.
- Focus on companies with a strong and sustainable competitive advantage.
- Pure stock-picking. No top-down allocation.
- Equity weighting between 60% and 100% depending on the availability of attractively valued companies.
- The cash and fixed income weighting is the residual of the stock-picking and should act as a buffer during market corrections.
- Significant deviations from market structure in terms of regions, countries, sectors and market cap.
- Low turnover.



Performance	YTD	2018	2017	2016	2015	2014	2013
Fund (B shares)	10.7%	-8.3%	6.2%	6.3%	0.9%	7.4%	0.5%
MSCI EM NR EUR	12.2%	-10.3%	20.6%	14.5%	-5.2%	11.4%	-6.8%

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	2.7%	0.9%	4.5%	6.9%	4.4%	17.4%	95.2%
MSCI EM NR EUR	1.0%	-2.0%	3.5%	2.8%	28.0%	31.7%	98.8%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	6.9%	1.4%	3.3%	6.9%
MSCI EM NR EUR	2.8%	8.6%	5.7%	7.1%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	8.4%	8.1%	10.6%	10.1%
MSCI EM NR EUR	13.2%	13.0%	16.5%	16.8%

The market index (MSCI Emerging Markets) 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

\*\*\* 31/10/2007

### Current Portfolio

31/07/2019

#### Top Equity Holdings

Tencent Holding	2.9%
Thai Beverage	2.8%
TSMC	2.6%
Ambev	2.6%
CCU	2.4%
Want Want China	2.3%
Natura Cosmeticos	2.2%
Odontoprev	2.1%
FEMSA	2.1%
Sands China	1.9%

**Weight of Top 10** 23.8%

**Number of equity holdings** 63

#### Asset Allocation

EM Equities	79.1%
Cash & Fixed Income	20.9%

#### Regional Allocation

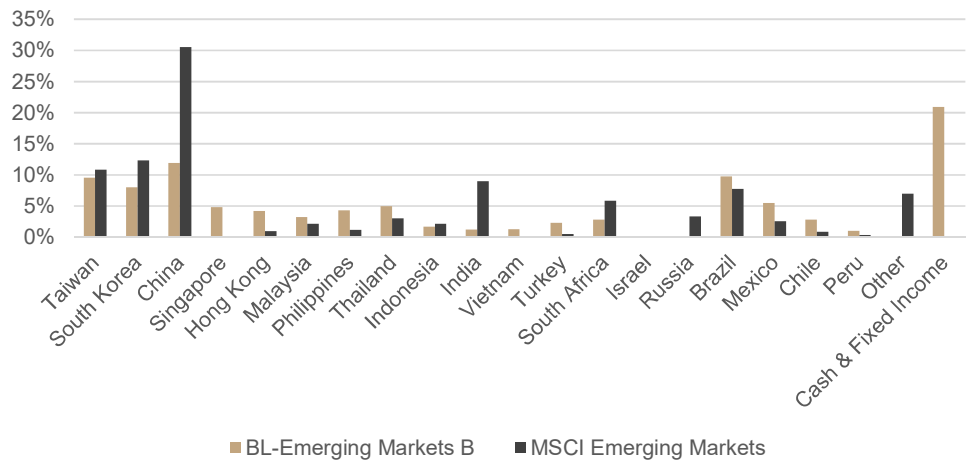
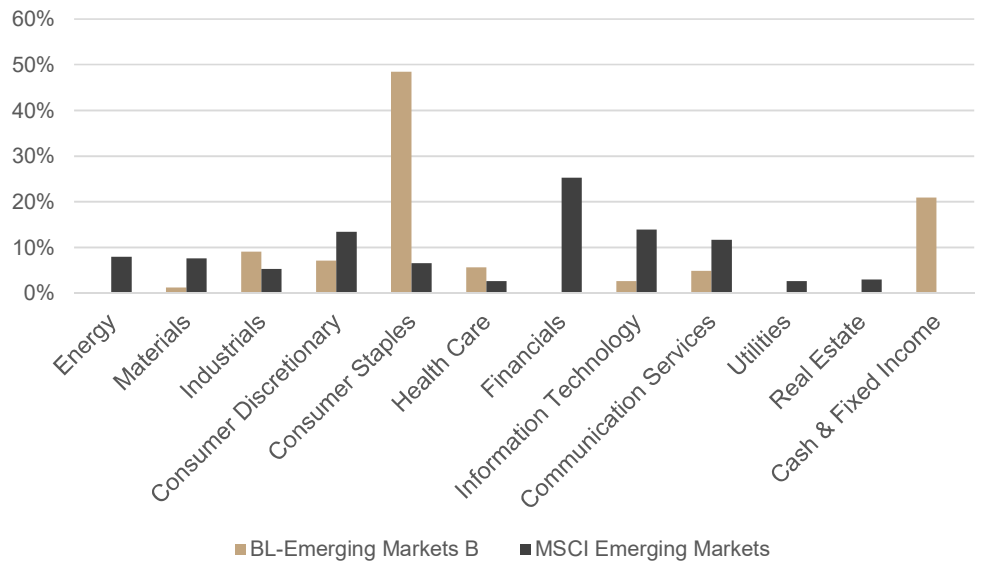
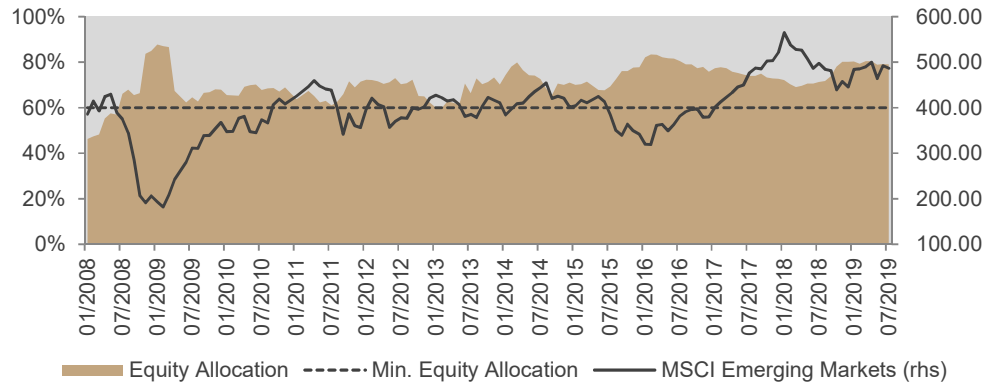
Asia Pacific	54.9%
Latin America	19.1%
EEMEA	5.1%
Cash & Fixed Income	20.9%

#### New Equity Investments in July

no transactions

#### Equity Investments sold in July

no transactions



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%	1.49%	5	LU0309191905	BLEMKA LX
Retail	No	No	B	EUR	No	Cap	1.25%	1.49%	5	LU0309192036	BLEMKB LX
Retail	No	No	BC	USD	No	Cap	1.25%	1.49%	4	LU0887931029	BLEMTC LX
Retail	Yes	Yes	AM	EUR	No	Dis	0.85%	1.08%	5	LU1484144164	BLEMAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0.85%	1.08%	5	LU1484144248	BLEMAM LX
Retail	Yes	Yes	BCM	USD	No	Cap	0.85%	1.08%	4	LU1484144321	BLEMBCM LX
Institutional	No	Yes	BI	EUR	No	Cap	0.60%	0.80%	5	LU0439765677	BLEMBI LX
Institutional	No	Yes	BCI	USD	No	Cap	0.60%	0.80%	4	LU1484144594	BLEMBCI LX

## **Management Report**

**31/07/2019**

The emerging markets' equity index, the MSCI Emerging Markets NR, was up by +0.8% (in EUR) during the month of July. The fund (retail class B) was up by +2.7% (in EUR) over the same period.

From a regional perspective within emerging markets, Latin America performed best during the month. Holdings in Brazilian companies like Ambev, Weg, Raíadrogasil or Natura performed strongly, to some extent helped by the appreciation of the Brazilian real. At the sector level, information technology and consumer staples performed best, whereas industrials and materials corrected the most.

No new company entered or exited the portfolio during the month of July

Regarding the equity allocation, the fund remained close to 79% during the month.



## Investment Approach

### 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 generating extraordinary gains.*

#### **Focus on quality**

We seek companies with a sustainable competitive advantage.

*As a long-term stakeholder in the company, we need conviction in the long-term viability and strength of its business model.*

#### **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.*

#### **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.*

#### **Active management**

The relevant market index is solely used for performance measurement.

*Owing to the active investment approach of our portfolio management, the portfolio structure may deviate strongly from that of the relevant market index*

### Equity Investment Approach: Business-Like Investing

We consider an equity investment as a long-term participation in a business. As a consequence, we need to ensure 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 company's business model in order to identify its sustainable competitive advantage. A competitive advantage creates barriers to entry for competitors and adds value for its shareholders.

In the second step, we analyse whether the competitive advantage translates into recurrent free cash-flow. We place 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 quality criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the market indices.

#### **Valuation**

Even quality investments may lead to significant capital losses if the price 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 based on the company's normalised free cash-flow (i.e. after maintenance capex) and serves as reference point for our buy and sell discipline.

### Portfolio characteristics

BL-Emerging Markets' investment portfolio consists of 50 to 70 stocks that meet our quality and valuation criteria. The portfolio structure in terms of regions, countries, sectors and market caps is not linked to a market index, but derives from the addition of individual investment opportunities. The fund manager seeks companies with a sustainable competitive advantage ensuring high levels of profitability and strong free cash-flow generation.

Applying our bottom-up investment approach to emerging markets results in some sectors being structurally higher weighted (consumer goods and services, healthcare, industrials and information technology) in the portfolio than others (financials and insurance, commodities, utilities and telecom).

The equity portfolio will have no constraints with respect to market capitalisation, although each stocks' trading liquidity is closely monitored. The average market cap of the portfolio will likely be lower compared to the market, as Emerging Markets tend to be dominated by large financial holdings and natural resource companies.

Most companies included in the fund are either local or regional players that command a large and sometimes dominating market share in their respective sector or global players with the competitive advantages to prevail on a global scale.

The fund's flexible equity structure (60% – 100%) allows the fund manager to react to over- and undervaluations of quality companies. The resulting cash and fixed income (government bonds from emerging markets or supranational debt) component has the aim to protect the portfolio during market sell-offs. This part is mainly invested in hard currency investment grade bonds (EUR and USD).

The fund's strategy to focus its investments on attractively valued quality companies enjoying a strong competitive advantage is expected to result in a superior risk-return profile compared to the MSCI Emerging Markets over an entire market cycle.

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## BL-EQUITIES AMERICA

July 2019

### Management Report

Luc Bauler  
Fund Manager



After a very strong first half, US equity markets posted more modest gains in July. Meanwhile, the Federal Reserve reduced interest rates for the first time in 11 years. The Federal funds rate was cut by 0.25% and now stands at 2.25%.

The S&P 500 gained 1.3% over the month. Boosted by the publication of very strong quarterly results, tech stocks drove the Nasdaq 2.1% higher.

BL Equities America posted performance of 2.04% in July.

Within the portfolio, no major transactions were made during the month.

The main contributors to performance in July were fintech company Fiserv, tech giant Alphabet, logistics company UPS, iPhone developer Apple and payment company Mastercard.

Among the main detractors were medical equipment supplier Thermo Fisher Scientific, pharmaceutical conglomerate Johnson&Johnson, payment company Paypal, online retailer Amazon.com and consumer company Pepsico.

## BL-EQUITIES AMERICA

July 2019

### Current Portfolio

#### New Holdings

Name	% of portfolio
no transactions	

#### Investments sold

Name	% of portfolio
no transactions	

#### Sector Allocation

Energy	0,4%
Materials	0,9%
Industrials	18,7%
Consumer Discretionary	16,8%
Consumer Staples	15,6%
Health Care	18,0%
Financials	0,0%
Information Technology	26,0%
Communication Services	2,6%
Utilities	0,0%
Cash	1,1%

#### Market Capitalizations

Large Caps	(> USD 10 billion)	97,0%
Medium Caps	(USD 1-10 billion)	1,9%
Small Caps	(< USD 1 billion)	0,0%
Cash		1,1%

#### Performance (USD)<sup>1</sup>

	Since 31/12/2018	2018	2017	2016	2015	2014
Fund (B shares)	23,4%	-3,7%	23,3%	4,3%	1,9%	9,4%
S&P 500	20,2%	-5,0%	21,2%	10,9%	0,7%	12,7%
Quartile	1	1	1	4	1	3

	Since 31/12/2018	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	23,4%	1,6%	14,3%	10,2%	43,6%	65,0%
S&P 500	20,2%	1,7%	11,1%	7,4%	43,2%	65,3%
Quartile	1	2	1	1	1	1

#### General Information

Total Assets (USD)	USD 1035,1 mio
Turnover 2018*	4%
TER 2018 (class B shares)	1,41%
ISIN Code (class A shares)	LU0439764944
ISIN Code (class B shares)	LU0093570256

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

<sup>1</sup> Source : Lipper

#### Top Holdings

Microsoft	6,58%
MasterCard	5,26%
Visa	5,16%
Constellation Brands	3,99%
Amazon.com	3,79%
Becton Dickinson	3,66%
Nike	3,53%
Honeywell International	3,17%
Fiserv	3,06%
Medtronic	2,95%
<b>Weight of Top 10</b>	<b>41,2%</b>
<b>Number of holdings</b>	<b>43</b>

#### Geographic Allocation

United States	98,9%
Cash	1,1%

## BL-EQUITIES AMERICA

July 2019

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The present document may be distributed to French professional investors.

## Fund Fact Sheet

31/07/2019

### Asset Class

Equities Asia ex Japan, all cap

### Fund Characteristics

AUM	USD 460.7 mn
Launch date	31/01/2014
Oldest share class (B)	LU1008593946
Turnover (2018) *	7%
Reference currency	USD
Available currencies (unhedged)	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 Asia ex Japan NR (USD)

### Team



**Marc Erpelding** took over the management in April 2019. He joined BLI in 2002.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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	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>

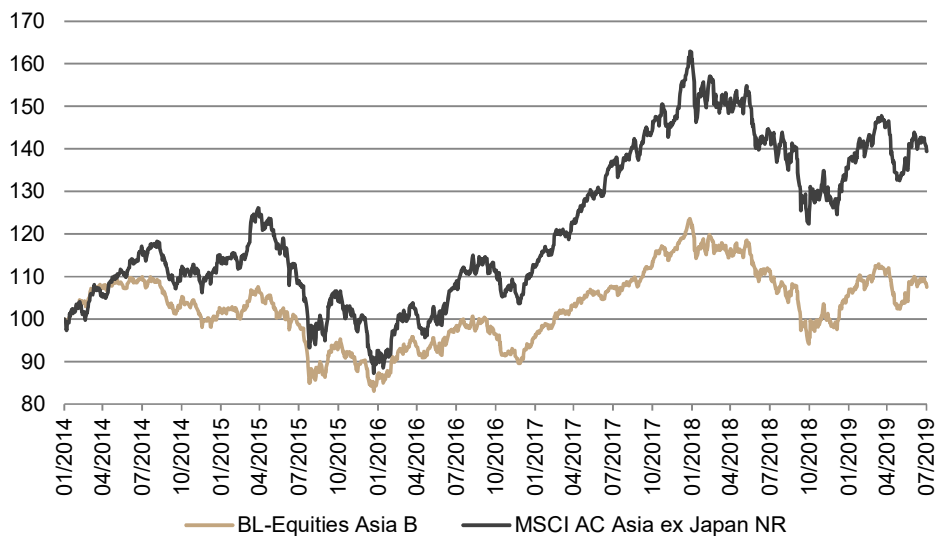
### Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in high-quality Asian companies (excluding Japan) benefiting from a sustainable competitive advantage.

The fund manager implements an active investment strategy based on strong convictions. The portfolio structure in terms of countries, sectors and market caps is not linked to a market index, but derives from the addition of individual investment opportunities selected by virtue of their quality and their valuation levels.

### Key Facts

- Portfolio of 60-70 investments.
- Bottom-up portfolio construction process without consideration of relevant market structure.
- Significant deviations from relevant market given no candidates meeting our requirements in some heavily weighted sectors within the market.
- Focus on quality companies with a healthy balance sheet and delivering high returns on equity.
- Focus on valuation: for initial investment, we invest with a margin of safety against the company's fair value.
- Long only, fully invested.
- Low turnover.



Performance	YTD	2018	2017	2016	2014***
Fund (B shares)	8.3%	-15.7%	29.8%	0.5%	0.3%
MSCI AC Asia ex Japan NR (USD)	10.8%	-13.9%	37.0%	6.8%	8.3%

Performance	1 month	3 months	6 months	1 year	3 years	since launch***
Fund (B shares)	-1.0%	-3.5%	0.7%	-3.2%	9.9%	7.5%
MSCI AC Asia ex Japan NR	-1.3%	-2.4%	3.2%	-1.6%	29.0%	36.9%

Annualised Performance	1 year	3 years	since launch***
Fund (B shares)	-3.2%	3.2%	1.3%
MSCI AC Asia ex Japan NR (USD)	-1.6%	8.9%	5.9%

Annualised Volatility	1 year	3 years	since launch***
Fund (B shares)	13.0%	11.1%	11.5%
MSCI AC Asia ex Japan NR (USD)	14.2%	13.2%	14.4%

The market index (MSCI AC Asia ex Japan 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.

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

\*\* Luxembourg banking business day

\*\*\* 31/1/2014

[www.bli.lu](http://www.bli.lu)

RCS Luxembourg B80479

## Current Portfolio

31/07/2019

### Top Holdings

Tencent Holding	5.1%
Samsung Electronics	5.0%
TSMC	4.3%
Thai Beverage	3.9%
Alibaba	3.8%
Techtronic Industries	2.9%
CP All	2.9%
Jardine Strategic Holdings	2.6%
Sands China	2.4%
LG Household + Health Care	2.3%
<b>Weight of Top 10</b>	<b>35.2%</b>
<b>Number of holdings</b>	<b>56</b>

### New Investments in July

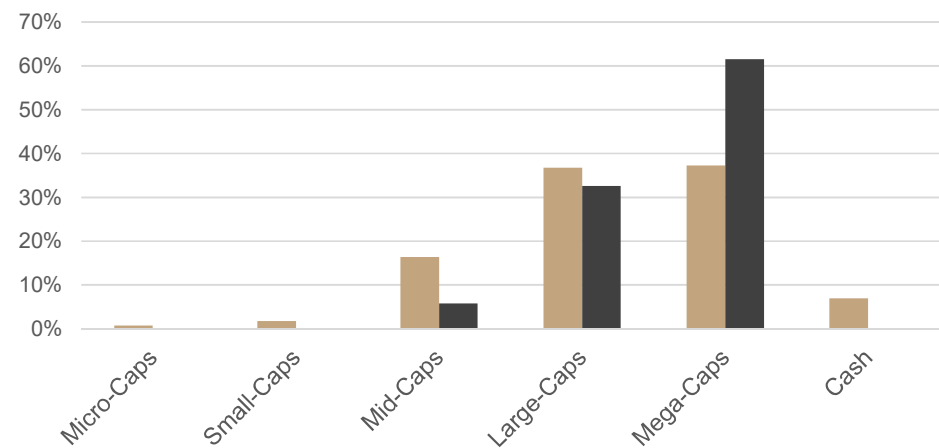
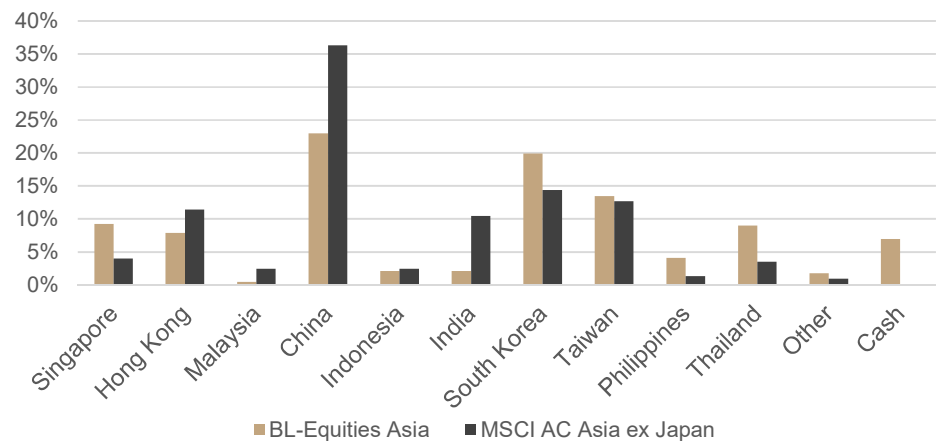
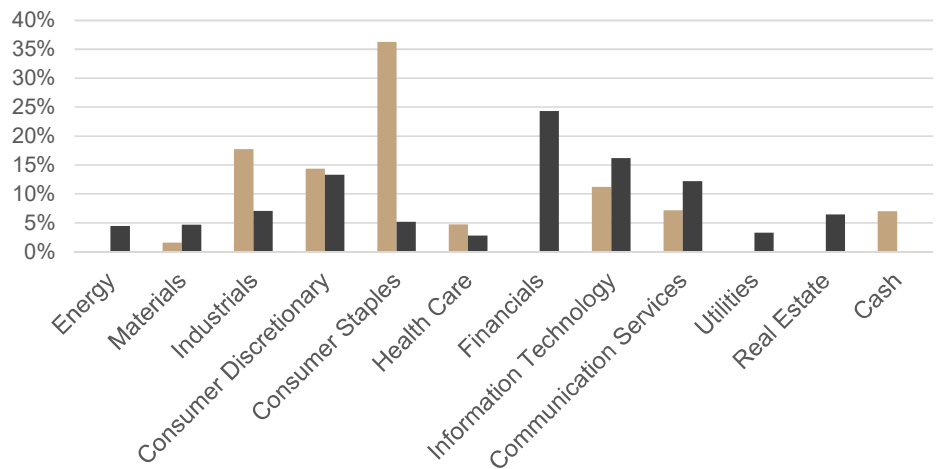
no transactions

### Investments sold in July

no transactions

### Currencies

HKD	21.6%
KRW	19.9%
TWD	13.5%
USD	11.1%
SGD	6.9%
THB	5.1%
CNY	4.5%
PHP	4.1%
IDR	2.1%
INR	2.1%
VND	1.8%
MYR	0.5%
Cash	7.0%



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	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt fee	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	<b>A</b>	USD	No	Dis	1.25%	1.50%	5	LU1008593862	BLEQAIU LX
Retail	No	No	<b>B</b>	USD	No	Cap	1.25%	1.51%	5	LU1008593946	BLEQBAU LX
Retail	No	No	<b>BC</b>	EUR	No	Cap	1.25%	1.52%	5	LU1008594084	BLEQCAE LX
Retail	Yes	Yes	<b>AM</b>	USD	No	Dis	0.85%	1.10%	5	LU1484142549	BLEQAMU LX
Retail	Yes	Yes	<b>BM</b>	USD	No	Cap	0.85%	1.10%	5	LU1484142622	BLEQBMA LX
Retail	Yes	Yes	<b>BCM</b>	EUR	No	Cap	0.85%	1.12%	5	LU1484142895	BLEQBME LX
Institutional	No	Yes	<b>BI</b>	USD	No	Cap	0.60%	0.82%	5	LU1008594837	BLEQAIA LX



## **Management Report**

**31/07/2019**

The Asian equity index, the MSCI AC Asia ex Japan Net Total Return, was down by -1.8% (in USD) during the month of July. The fund (retail class B) was down by -1.0% (in USD) over the same period.

Asian markets traded sideways for most of the month. The best performing sector with a positive performance in USD was information technology. All other sectors ended the month in negative territory, the worst being materials, real estate and energy.

No new company entered or exited the portfolio during the month.

## Investment Approach

### Investment Principles

#### **Investment**

Equity investments are considered as a long-term participation in a business.

#### **Focus on Quality**

We seek companies with a sustainable competitive advantage.

#### **Invest with a margin of safety in terms of valuation**

The price paid for an investment determines its potential return.

#### **Investment Risks**

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

#### **Active Management**

The portfolio structure results from the addition of individual investment opportunities.

### Equity Investment Approach: Business-Like Investing

#### **Rationale**

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. This should be translated into higher profitability and high generation of free cash-flow. Typically these businesses pay also good dividends.

#### **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. A competitive advantage differentiates the company from its competitors and creates barriers to entry for competitors, adding value for its investors.

In the second step we analyse whether the competitive advantage translates into recurrent free cash-flow & high ROCE. 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 its current business operations.

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.. We favour companies with good track record in terms of capital allocation and those that are run in shareholders' best interest. Treatment of minorities is also critical.

Only companies that meet our investment criteria are considered for inclusion into our portfolios, which may lead to significant deviations from the market indices.

#### **Valuation**

Any investment may lead to permanent 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 (including depreciation and amortisation, after maintenance capex) and serves as reference point for our buy and sell discipline.

We initiate an investment only if the company's stock price offers a discount against its fair value.

### Portfolio characteristics

BL-Equities Asia's investment portfolio consists of 60 to 70 stocks from Asian companies (excluding Japan) that meet our quality and valuation criteria.

Investments are mostly concentrated in defensive sectors such as health care, consumer goods or industrials. On the other hand there are sectors like energy, financials, utilities or telecom where we find few - if any - companies that meet our criteria.

When implementing our bottom-up investment strategy we are able to identify more candidates in the mid- and small cap market segments benefiting from a competitive advantage than in the large cap segment. In Asia, the latter is dominated by large financial holdings or resource companies with few meeting our investment criteria. Many of the companies held in the portfolio are local or regional players with dominant market position.

The portfolio structure is purely the outcome of individual bottom-up investment opportunities. We do not rely on any top-down considerations in terms of countries, sectors, market cap to manage the portfolio allocations.

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References to past performances of financial instruments should not be interpreted as a guarantee of future returns.

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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](http://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 France:**

The present document may be distributed to French professional investors.

## Fund Fact Sheet

31/07/2019

### Asset Class

Global Equities - High Dividend Yield

### Fund Characteristics

AUM	€ 445.8 mn
Launch date	30/10/2007
Oldest share class (B)	LU0309191657
Turnover (2018) *	12%
Reference currency	EUR
Hedged share classes	USD / CHF
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 Managers



Jérémie Fastnacht joined BLI in 2016. He has been the lead manager of the fund since November 2017.



Guy Wagner, Managing Director of BLI, is the co-fund manager of the fund. He joined BLI in 1986.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
L-2449 Luxembourg  
Tel: (+352) 26 26 99 - 1  
www.bli.lu  
www.blinvestmentsblog.com

### 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>

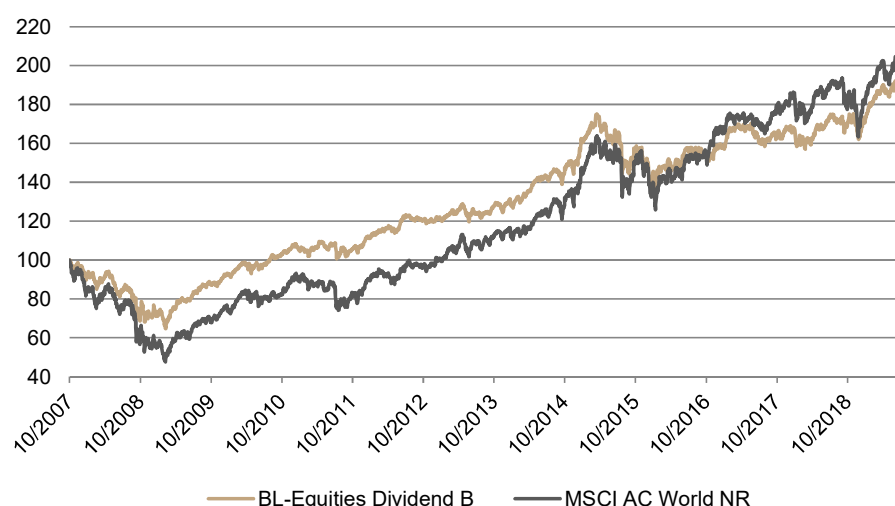
### Investment Objective

BL-Equities Dividend aims to offer better risk-adjusted returns than the global equity markets over complete cycles, through investments in high-quality companies which offer attractive, sustainable and growing dividends. The fund invests with no geographic, monetary or sector limitation.

We look for companies with strong business models protected by sustainable barriers to entry / competitive advantages that allow them to grow while compounding their high cash flows at superior rates of return on capital employed. We then apply our strict dividend filters to pick those which offer attractive, sustainable and growing dividends.

### Key Facts

- High-quality companies that offer attractive, sustainable and growing dividends.
- Pure bottom-up approach, no index hugging, no geographic, monetary or sector limitation.
- Long-term investment horizon.
- Conviction portfolio.
- Low turnover.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	15.4%	-2.1%	6.5%	3.9%	0.3%	16.8%
MSCI World AC NR	19.7%	-4.8%	8.9%	11.1%	8.8%	18.6%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	1.1%	-0.4%	9.1%	9.0%	21.0%	32.7%	126.4%
MSCI World AC NR	2.6%	1.2%	11.3%	8.2%	34.3%	64.5%	208.5%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	9.1%	7.6%	9.0%	8.1%	10.5%	9.3%
MSCI World AC NR	11.7%	9.3%	12.6%	11.0%	14.0%	13.8%

The index (MSCI World AC) 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

31/07/2019

### Top Holdings

Unilever	7.8%
Philip Morris International	4.9%
PepsiCo	4.7%
Colgate Palmolive	4.4%
Givaudan	3.9%
Reckitt Benckiser	3.3%
SGS	3.3%
National Grid	3.2%
Gilead Sciences	3.2%
Hengan	2.9%
<b>Weight of Top 10</b>	<b>41.7%</b>
<b>Number of holdings</b>	<b>39</b>

### New investments in July

No transactions

### Investments sold in July

No transactions

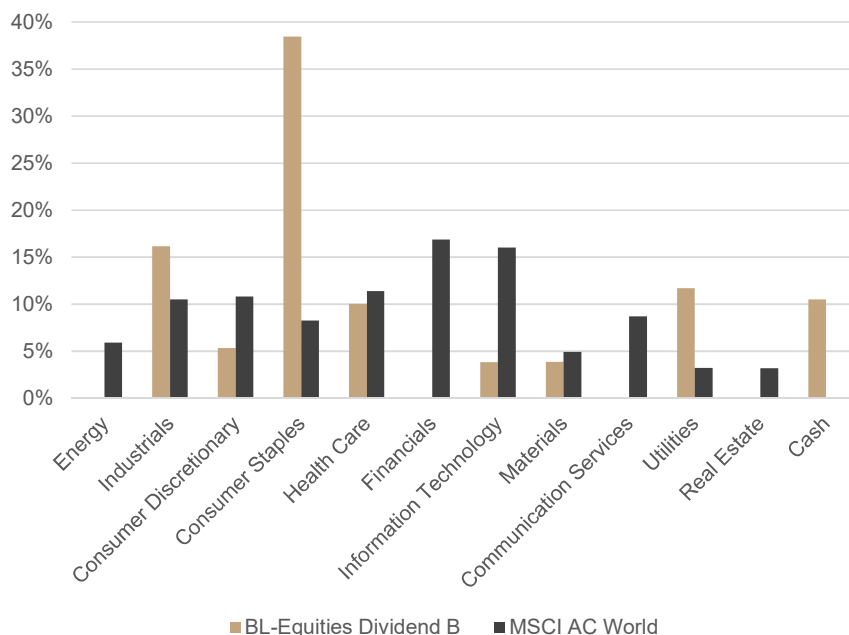
### Currency Allocation

USD	30.9%
GBP	18.2%
EUR	15.9%
CHF	11.7%
HKD	8.2%
ZAR	3.8%
SGD	2.5%
CLP	1.7%
VND	1.6%
CAD	1.6%
DKK	1.5%
AUD	1.5%
TWD	0.9%

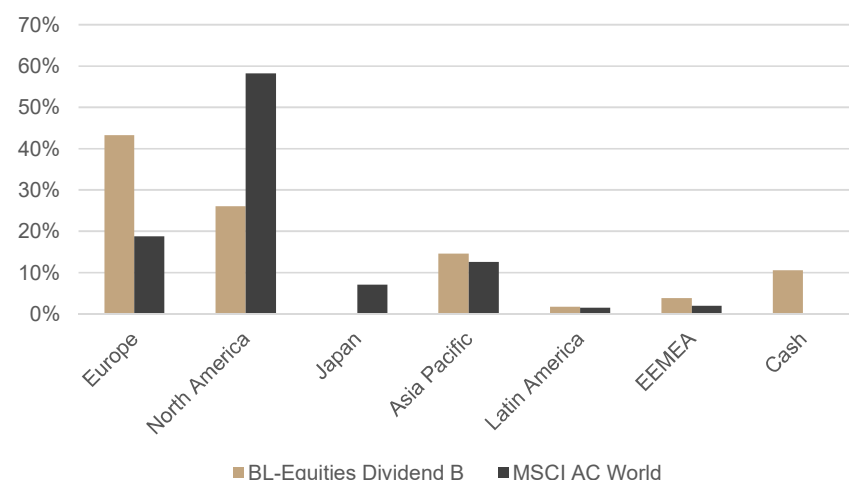
### Company Types

Dividend Payers	30.4%
Dividend Growers	69.6%

### Sector Allocation



### Geographic Allocation



Investor type	Clean Share	Eligibility Restrictions	Share Class	Curr.	Income	Hedging	Mgmt fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	<b>A</b>	EUR	Dis	No	1.25%	1.46%	5	LU0309191491	BLEQDIA LX
Retail	No	No	<b>B</b>	EUR	Cap	No	1.25%	1.46%	5	LU0309191657	BLEQDIB LX
Retail	No	No	<b>B CHF Hedged</b>	CHF	Cap	Yes	1.25%	1.47%	5	LU1305477611	BLEDDBCH LX
Retail	No	No	<b>B USD Hedged</b>	USD	Cap	Yes	1.25%	1.46%	5	LU0751781666	BLEQDH1 LX
Retail	Yes	Yes	<b>AM</b>	EUR	Dis	No	0.85%	1.06%	5	LU1484142978	BLEQDAM LX
Retail	Yes	Yes	<b>BM</b>	EUR	Cap	No	0.85%	1.05%	5	LU1484143190	BLEQDBM LX
Retail	Yes	Yes	<b>BM CHF Hedged</b>	CHF	Cap	Yes	0.85%	1.07%	5	LU1484143356	BLEDDBMC LX
Retail	Yes	Yes	<b>BM USD Hedged</b>	USD	Cap	Yes	0.85%	1.12%	5	LU1484143430	BLEDDBMU LX
Institutional	No	Yes	<b>AI</b>	EUR	Dis	No	0.60%	0.77%	5	LU0495663105	BLEQDAI LX
Institutional	No	Yes	<b>BI</b>	EUR	Cap	No	0.60%	0.76%	5	LU0439765594	BLEQDVI LX
Institutional	No	Yes	<b>BI USD Hedged</b>	USD	Cap	Yes	0.60%	0.77%	5	LU1191324448	BLEBIUH LX

## Management Report

**31/07/2019**

In July 2019, BL Equities Dividend gained 1.08% (retail accumulation share in euros, net of fees).

Specifically, Philip Morris (tobacco derivatives), Guangdong Investment (water supply concession) and GlaxoSmithKline (pharmaceuticals) were the major positive drivers for the fund's performance. In contrast, Domino's Pizza Group PLC, Givaudan (flavours and fragrances) and SATS (catering, airport services) headed the poorest contributors.

During the month, we reduced our positions in Givaudan, Coloplast (ostomy care, incontinence, urology and wound care), Kimberly-Clark (hygiene products), Thai Beverage (spirits, brewing, soft drinks) and Colgate-Palmolive (dental health, home and personal care products, pet foods).

Meanwhile, we strengthened various positions:

- Unilever, world leader in personal care products (Dove, Axe, Rexona, Lux, Sunsilk, Vaseline, Signal, Lifebuoy, Dollar Shave Club, etc.), home care products (Skip, Cif, Omo, Domestos, etc.), and food (Cornetto, Magnum, Miko, Ben & Jerry's, Knorr, Hellmann's, Lipton, etc.);
- PepsiCo, world leader in snacks (Lay's, Doritos, Tostitos, Cheetos, Quaker Oats, etc.) and soft drinks (Pepsi, 7UP, Mountain Dew, Gatorade, Tropicana, Naked, Pure Leaf, Aquafina, SodaStream, etc);
- SGS, a world leader in the TIC (test, inspection, certification) sector;
- Rockwell Automation, a world leader in industrial automation with a focus on the 'connected enterprise'.

The fund currently holds positions in 39 companies.

At the end of the period, BL Equities Dividend offered a gross weighted average dividend yield of 3.1% (cash included).

## Investment Approach

### 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 generating extraordinary gains.*

#### **Master investment risks**

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

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

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

The price paid for an investment determines its potential 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**

Our circumspect approach may lead us to forego part of potential performance in soaring markets, but will pay off in falling markets.

> *Our objective is to outperform the relevant markets indices over an entire business cycle, with lower volatility and 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 selection: “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 lines 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 advantages. A competitive advantage differentiates the company from its competitors and creates barriers to entry, adding value for its investors. Secondly, we analyse whether the competitive advantage translates into high return on capital employed and recurrent free cash flows. 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.

Thirdly, we analyse if the targeted company uses its capital wisely. The company's management faces the following options: investment in current business, 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.

### Dividends

In the long term, a significant proportion of the total return from equities comes from dividends. Moreover, empirical studies show that over the long term, the shares of companies with an efficient dividend policy have outperformed the equity markets, with lower volatility. This is even more significant when dividends are reinvested. Also, unlike declared profits dividends represent actual expenses for a company and cannot be manipulated. Dividends can also be an indicator of a company's future performance, and tend to offer protection against inflation.

In the current environment (historically low interest rates, unconventional monetary policies, generally quite high valuations) the dividend strategy is more attractive than ever.

Furthermore, in the future, shares of companies that pay generous dividends will be more sought after, buoyed by the demand of an ageing global population (as they offer income without the need to sell off capital, and tend to be less volatile).

#### **BLI specifics**

First, we select high-quality value-creating companies, then we apply our strict dividend filter to pick those which offer attractive and sustainable yields.

In our view, a portfolio with a shrewd combination of “dividend growers” and “dividend payers” can offer a higher risk-adjusted return than the equity markets.

The term “dividend growers” relates to companies offering a moderate dividend yield but strong potential to increase their dividend. Historically, shares of companies in a position to “grow” their dividend have outperformed those of companies content with a high payout.

“Dividend payers” are companies offering less potential to increase their dividend but a high (and sustainable) yield that could constitute a cushion in hard times.



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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 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. The present document may be distributed to Swiss qualified investors.

### **Specific Information for France:**

The present document may be distributed to French professional investors.

## Fund Fact Sheet

31/07/2019

### Asset Class

Equities Europe, all Caps

### Fund Characteristics

AUM	€ 1217.3 mn
Launch date	28/09/1990
Oldest share class (B)	LU0093570330
Turnover (2018) *	9%
Reference currency	EUR
Hedged share classes available in	USD / CHF
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 Europe NR (EUR)

### Fund Manager

Ivan joined Banque de Luxembourg in 2000 as a financial analyst, and was appointed head of European equity investments for BLI'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 S.A.  
16, boulevard Royal  
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](http://www.fundinfo.com)

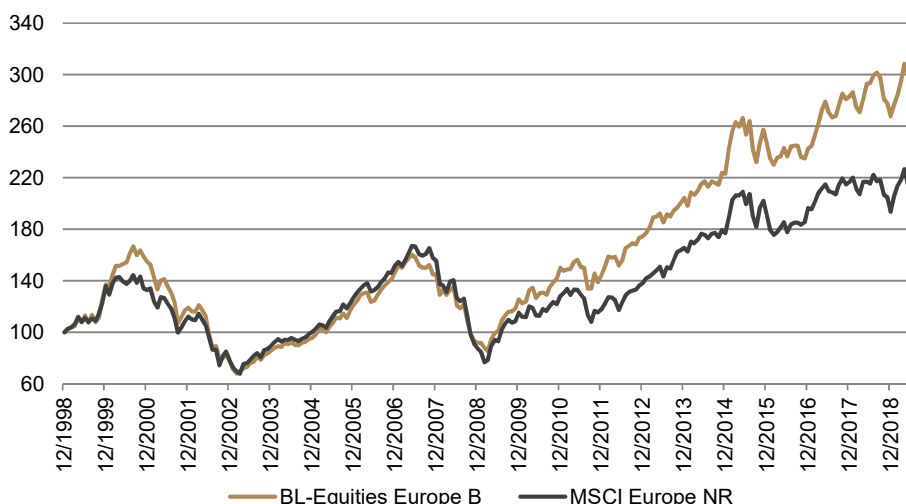
### Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in high-quality European companies benefiting from a sustainable competitive advantage. It aims to outperform its relevant benchmark return with a lower volatility.

The fund manager implements an active investment strategy based on strong convictions with a long term investment horizon.

### Key Facts

- Concentrated portfolio of 35 to 40 companies.
- Fundamental stock picking methodology.
- Investments in quality business models.
- Monitoring of company and average portfolio valuation.
- Portfolio with structural deviations from the relevant market index.
- Diversification according to the companies' underlying earnings drivers.
- Through the cycle perspective.
- Low turnover.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	17.4%	-5.4%	16.8%	-1.8%	10.7%	9.2%
MSCI Europe NR	16.6%	-10.6%	10.2%	2.6%	8.2%	6.8%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-1.2%	1.9%	13.7%	4.9%	28.7%	47.6%	187.9%
MSCI Europe NR	0.3%	-0.4%	9.8%	1.6%	22.8%	30.4%	122.1%

Annualised Performance	1 year	3 years	5 years	10 years
Fund (B shares)	4.9%	8.8%	8.1%	11.1%
MSCI Europe NR	1.6%	7.1%	5.5%	8.3%

Annualised Volatility	1 year	3 years	5 years	10 years
Fund (B shares)	12.4%	10.8%	14.2%	14.3%
MSCI Europe NR	11.6%	10.1%	15.6%	15.9%

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.

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

\*\* Luxembourg banking business day

## Current Portfolio

31/07/2019

### Top Holdings

SAP	6.2%
Unilever	5.6%
Danone	5.0%
LVMH	4.9%
Sika	4.8%
Essity	4.4%
Air Liquide	4.0%
Pernod Ricard	3.8%
Grifols	3.8%
Henkel	3.8%
<b>Weight of Top 10</b>	<b>46.1%</b>
<b>Number of holdings</b>	<b>33</b>

### New Investments in July

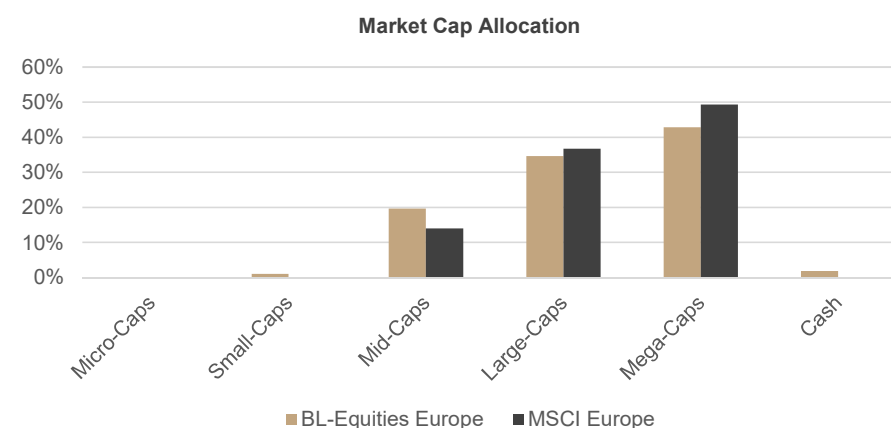
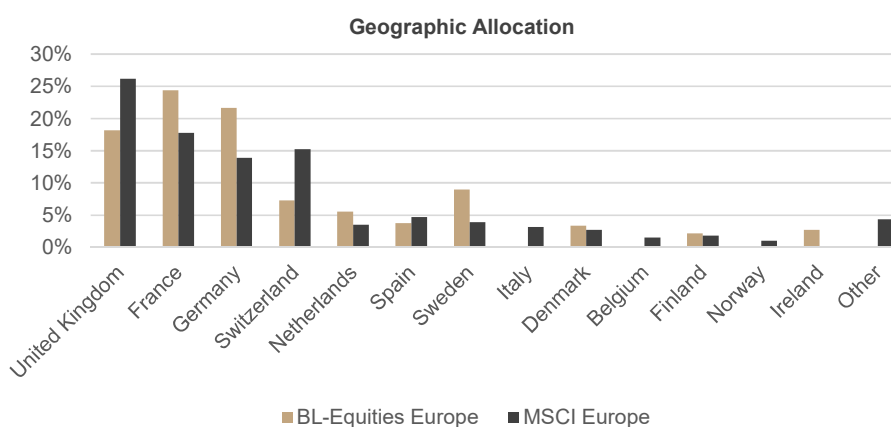
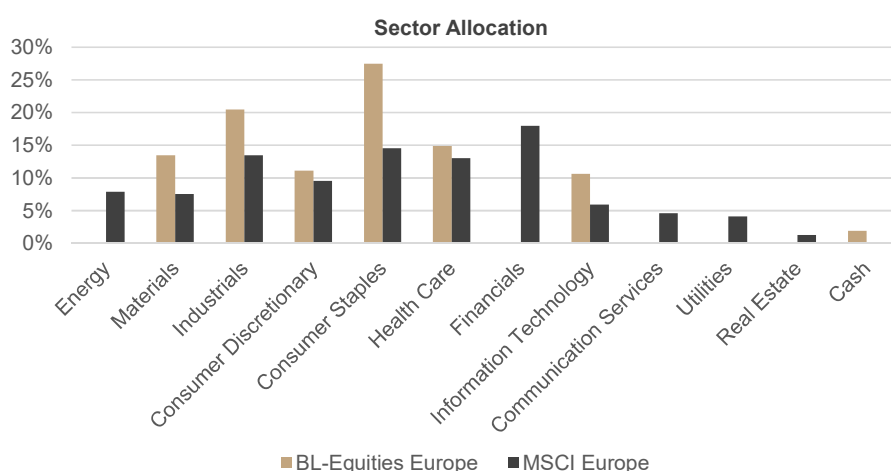
no transactions

### Investments sold in July

no transactions

### Currency Allocation

EUR	57.6%
GBP	20.9%
SEK	9.0%
CHF	7.3%
DKK	3.4%
Cash	1.9%



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	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%	1.42%	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%	1.41%	5	LU1305477884	BLEQBCH LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1.25%	1.41%	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%	1.01%	5	LU1484141657	BLEQBMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0.85%	1.01%	5	LU1484141731	BLEQBMU LX
Institutional	No	Yes	BI	EUR	No	Cap	0.60%	0.72%	5	LU0439765321	BLEQEIC LX

## Management Report

31/07/2019

European markets consolidated in July. Weaker economic indicators were the main reasons while the only factors shoring up the markets were statements from the central banks. The ECB and the Fed both confirmed they would be continuing their expansionary monetary policy. The best-performing sectors over the month were consumer staples, healthcare and consumer discretionary. The poorest performers were commodities, energy and financials. The benchmark index (MSCI Europe Net TR EUR) gained 0.25% over the month. BL Equities Europe (retail accumulation share in euros, net of fees) was down 0.34%.

The main contributors to the month's performance were Grifols (AMBAR study results for the treatment of Alzheimer's continue to produce reassuring results and endorse the company's investment in the project), Henkel (investor day confirmed the strength and prospects for the adhesives division, a market in which Henkel is the world leader), Danone (good results), EssilorLuxottica (results in line with expectations and acquisition of optician Grandvision), Smith & Nephew (positive broker reports).

In contrast, the following stocks weighed on the portfolio's performance in July: Sika (results generally in line with forecasts, insufficient to support the increase in the share price), SAP (rather weak results, possibly linked to some clients' prudence in the context of international trade tensions), Sage (results affected by one-off weaknesses in certain divisions), Croda (results affected by reduced demand in the consumer division in US and Asian markets), Kion (impacted by the poor results of its rival Jungheinrich).

There were no transactions within the portfolio during the month.

## 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 needs 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 portfolio is a function of their valuation level, stock liquidity and our level of conviction in the investment thesis. We are mindful of a sound diversification of the portfolio in terms of the earnings drivers of each company.

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### **Specific Information for France:**

The present document may be distributed to French professional investors.



## Fund Fact Sheet

31/07/2019

### Asset Class

Equities Japan, all caps

### Fund Characteristics

AUM (¥)	¥ 65'855 mn
AUM (€)	€ 546.6 mn
Launch date	27/06/2011
Oldest share class (B)	LU0578148453
Turnover (2018) *	20%
Reference currency	JPY
Hedged share classes available in	EUR / USD / CHF
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 Japan NR JPY

### Fund Manager



Steve Glod has managed the fund since launch. He joined BLI in 2001.

### Management Company

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

### Dealing & Administrator Details

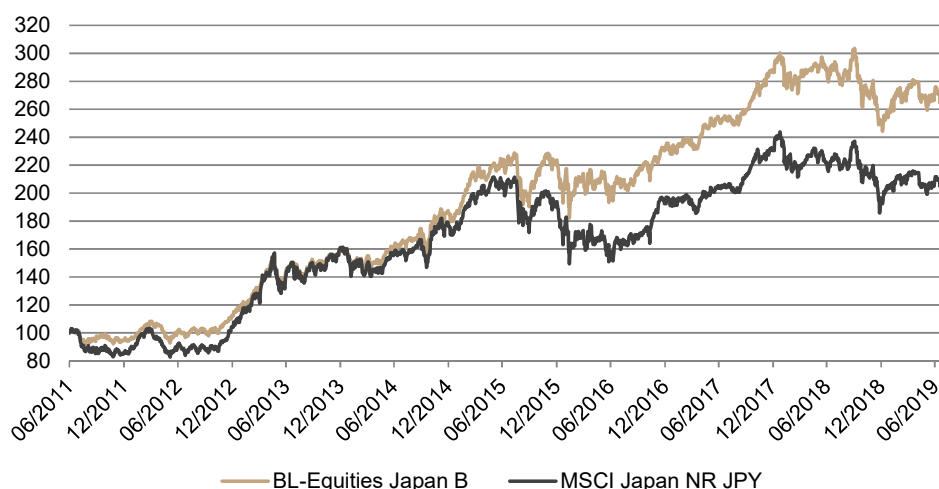
European Fund Administration (EFA)  
Tel +352 48 48 80 582  
Fax +352 48 65 61 8002  
Dealing frequency daily\*\*  
Cut-off time 12:00 CET  
Front-load fee max. 5%  
Redemption fee none  
NAV calculation daily\*\*  
NAV publication [www.fundinfo.com](http://www.fundinfo.com)

### Investment Objective

The objective of the fund is to achieve long-term capital gains and to outperform its relevant market index by investing in Japanese companies benefiting from a sustainable competitive advantage. In order to achieve this objective, the fund manager implements an active investment strategy based on strong convictions.

### Key Facts

- Concentrated portfolio of Japanese companies (50-70 securities).
- Bottom-up investment approach with a focus on companies enjoying a strong competitive advantage.
- Significant deviations from its relevant market index in terms of sector and market cap allocations.
- Sound balance between export and domestic oriented companies.
- Low turnover.
- Lower volatility than the market.
- Fully invested.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	7.6%	-12.7%	23.9%	3.4%	20.6%	16.7%
MSCI Japan NR JPY	6.8%	-15.1%	19.7%	-0.7%	9.9%	9.5%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	since launch***
Fund (B shares)	-0.4%	-3.7%	3.2%	-7.6%	28.3%	62.1%	172.0%
MSCI Japan NR JPY	0.9%	-2.7%	1.5%	-7.3%	25.7%	30.8%	113.4%

Annualised Performance	1 year	3 years	5 years	since launch***
Fund (B shares)	-7.6%	8.7%	10.1%	13.2%
MSCI Japan NR JPY	-7.3%	7.9%	5.5%	9.8%

Annualised Volatility	1 year	3 years	5 years	since launch***
Fund (B shares)	13.7%	12.4%	15.8%	15.8%
MSCI Japan NR JPY	15.0%	14.9%	18.3%	19.6%

The market index (MSCI Japan 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.

\* min (purchases, sales) / average of net assets  
\*\* Luxembourg & Japan banking business day  
\*\*\* since 28/06/2011



## Current Portfolio

31/07/2019

### Top Holdings

Secom	2.6%
Bridgestone	2.5%
Sysmex	2.4%
Shimano	2.3%
Obic	2.3%
Murata Manufacturing	2.2%
Asahi Group Holdings	2.2%
Kao	2.1%
Nihon M&A Center	2.1%
Hoya	2.0%
<b>Weight of Top 10</b>	<b>22.8%</b>
<b>Number of holdings</b>	<b>62</b>

### Asset Allocation

Japan	98.3%
Cash	1.7%

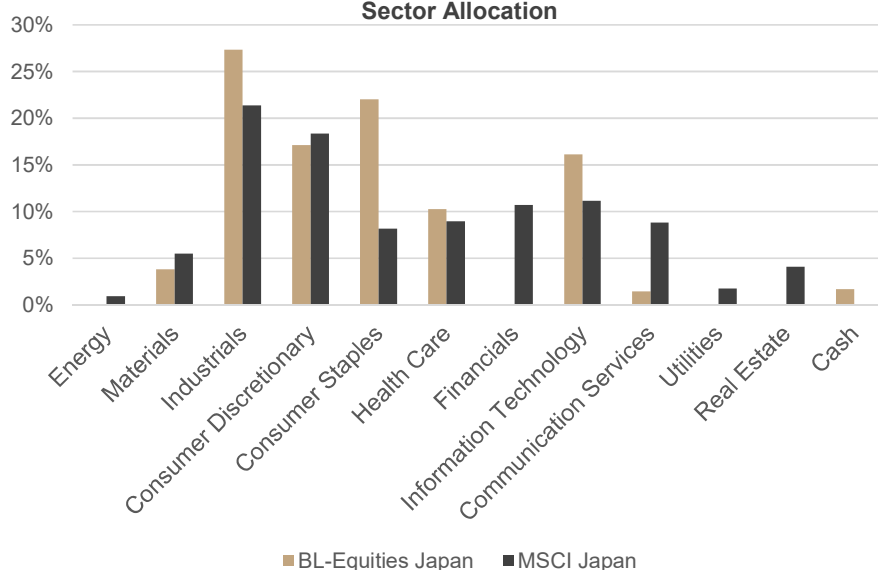
### New Investments in July

Rohto Pharmaceutical

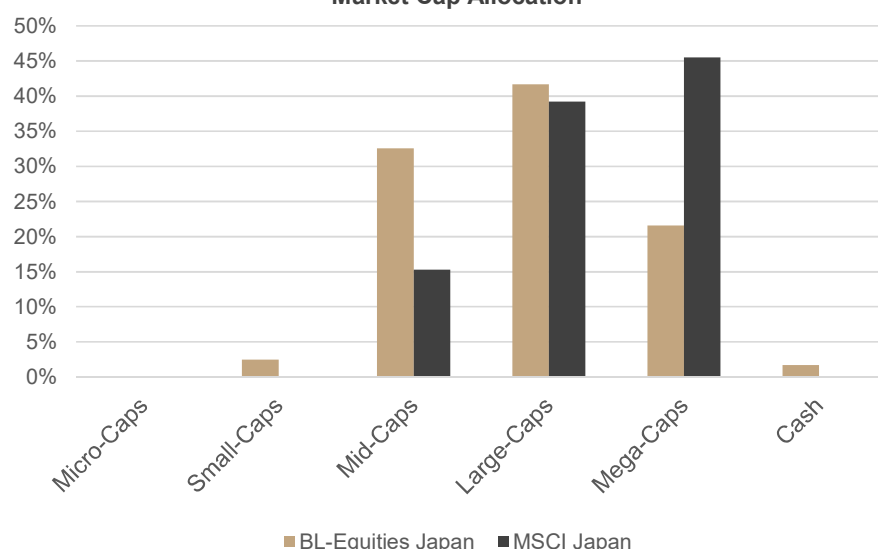
### Investments sold in July

no transactions

### Sector Allocation



### Market Cap Allocation



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	Eligibility Restrictions	Share class	Currency	Currency Hedging	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	JPY	No	Dis	1.25%	1.46%	6	LU0578147992	BLEJPBA LX
Retail	No	No	B	JPY	No	Cap	1.25%	1.46%	6	LU0578148453	BLEJPBC LX
Retail	No	No	B EUR Hedged	EUR	Yes	Cap	1.25%	1.46%	6	LU0887931292	BLEJHAE LX
Retail	No	No	B CHF Hedged	CHF	Yes	Cap	1.25%	1.46%	6	LU1305478007	BLEJBCH LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1.25%	1.47%	6	LU1008595644	BLEJPH2 LX
Retail	Yes	Yes	AM	JPY	No	Dis	0.85%	1.06%	6	LU1484141814	BLEJBAM LX
Retail	Yes	Yes	BM	JPY	No	Cap	0.85%	1.06%	6	LU1484141905	BLEJPBM LX
Retail	Yes	Yes	BM EUR Hedged	EUR	Yes	Cap	0.85%	1.06%	6	LU1484142036	BLEJBME LX
Retail	Yes	Yes	BM CHF Hedged	CHF	Yes	Cap	0.85%	1.06%	6	LU1484142200	BLEJBMC LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0.85%	1.05%	6	LU1484142119	BLEJBMU LX
Institutional	No	Yes	BI	JPY	No	Cap	0.60%	0.77%	6	LU0578148610	BLEQJAI LX
Institutional	No	Yes	BI EUR Hedged	EUR	Yes	Cap	0.60%	0.76%	6	LU1484142465	BLEJBIE LX
Institutional	No	Yes	BI CHF Hedged	CHF	Yes	Cap	0.60%	0.77%	6	LU1484142382	BLEJBIC LX

## Management Report

31/07/2019

During the month of July, the Japanese market traded in a narrow range and the MSCI Japan NR rose by 0.9%, with transaction volume being very low. The absence of major news flow and the publication of economic data showing no clear trend, led to this rather uninspired mood on the stock market. In terms of sector performance, communication services and utilities enjoyed the best performance while the more cyclical sectors, like materials or industrials were underperforming. The sole exceptions in these sectors were semiconductor related names that benefited from good results from TSMC and Texas Instruments. Aggressive growth stocks also performed very well during most part of the month.

The fund had a slightly negative performance in July and the BL-Equities Japan B Cap fell by 0.4%, thus lagging the main market indexes. While the absence of communication and utilities stocks clearly did not help, weak performances from several individual stocks were the main cause for the underperformance. Among the companies that fell after the publication of quarterly results is Konica Minolta, a global technology company that offers office services, medical solutions and industrial products. Our thesis on Konica Minolta is based on the potential for reorganisation and improvement in overall profitability. As such it is ranked into the "Established Value" category. While we are aware that the road to recovery for these types of companies can be rocky and short term visibility is low, the potential reward over the long-term justifies the investment. In terms of positive contributors to return, Nihon M&A Center, specialized in offering consulting and arranging deals for companies that are struggling to find a successor, and Disco, a provider of cutting tools for the semiconductor industry lead the table. As for the market, aggressive growth stocks in the "Growing Franchises" category had much higher returns than stocks in the other two categories.

In terms of management operations, Rohto Pharmaceutical was reintroduced into the portfolio, after having been sold in October 2018 for valuation reasons. Rohto Pharmaceutical is an major player in the domestic consumer healthcare sector. The company is specialised in dermatology and eyecare products, and also markets over-the-counter pain-relief and gastrointestinal medication. Following significant R&D efforts and targeted acquisitions, Rohto has reached a leading position in anti-allergy, eyecare, lip care, solar filters and dry skin products. The company is very active outside Japan, generating roughly 30% of its revenue in Asian markets with strong growth potential.

## Investment Approach

### Investment Principles

#### **Master Investment Risks**

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

#### **Focus on an entire business cycle**

Only over the long term stock markets reflect underlying economic fundamentals

#### **Focus on quality**

We invest in companies enjoying a sustainable competitive advantage.

#### **Focus on valuation**

The price paid for an investment determines its potential return.

#### **Focus on active management**

Portfolio structure deviates significantly from its relevant market index.

### Equity Investment Approach: Business-Like Investing

#### **Rationale**

We consider an equity investment as a long-term participation in a quality business. Our focus is on companies enjoying a tangible and sustainable competitive advantage 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 tangible competitive advantage. A competitive advantage makes it stand out and creates barriers to entry for competitors.

In the second step we analyse whether the competitive advantage translates into high profitability and high levels of 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 high investment needs to sustain its current business operations.

In the third step, we analyse how the company uses its capital. Company management faces the following options: investment in current business activities, development of new activities, takeovers, dividend payments, stock buybacks or debt repayments. It is important that the company reinvests its cash flow in activities that offer a similar or better return potential than its current businesses.

#### **Valuation**

Even investments in quality companies may lead to significant 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 only initiate a position if the company's stock price offers a discount against its fair value.

### Portfolio characteristics

BL-Equities Japan's investment portfolio consists of 40 to 60 stocks that meet our quality and valuation criteria.

Investments are concentrated in defensive sectors, such as health care or consumer goods as well as sectors in which Japanese companies benefit from significant competitive advantages (industrials, materials, technology). On the other hand there are sectors like financials, utilities or telecom where we find few - if any - companies that meet our criteria.

The portfolio of BL-Equities Japan tends to be geared towards mid-sized companies. In this market segment we find many candidates benefiting from competitive advantages in market niches. The large cap market segment of the Japanese stock market tends to be dominated by large industrial conglomerates, financial holdings and automobile companies that do not comply with our investment criteria.

While the portfolio structure (by sectors, market cap, ...) is purely the outcome of individual investment decisions, we differentiate between export-oriented and domestic companies. Since these two types of companies are influenced by different external factors, their market reactions also tend to be very different. In order to master the volatility level of the fund, we make sure to have a sound balance between the two types of companies.

We are convinced that our strategy to limit our investments to quality companies benefiting from a strong competitive advantage results in a superior risk - return profile compared to the benchmark over an entire market cycle.

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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.

### **Specific Information for France:**

The present document may be distributed to French professional investors.

### Fund Fact Sheet

31/07/2019

#### Asset Class

Equities Europe, all Caps

#### Fund Characteristics

AUM	€ 110.8 mn
Launch date	07/12/2016
Oldest share class (B)	LU1305479153
Turnover (2018) **	10%
Reference currency	EUR
Hedged share classes available in	USD
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 Indices

MSCI Europe NR  
MSCI Europe SMID NR

#### Team



Ivan Bouillot has managed the fund since launch. He joined BLI in 2000.

#### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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](http://www.fundinfo.com)

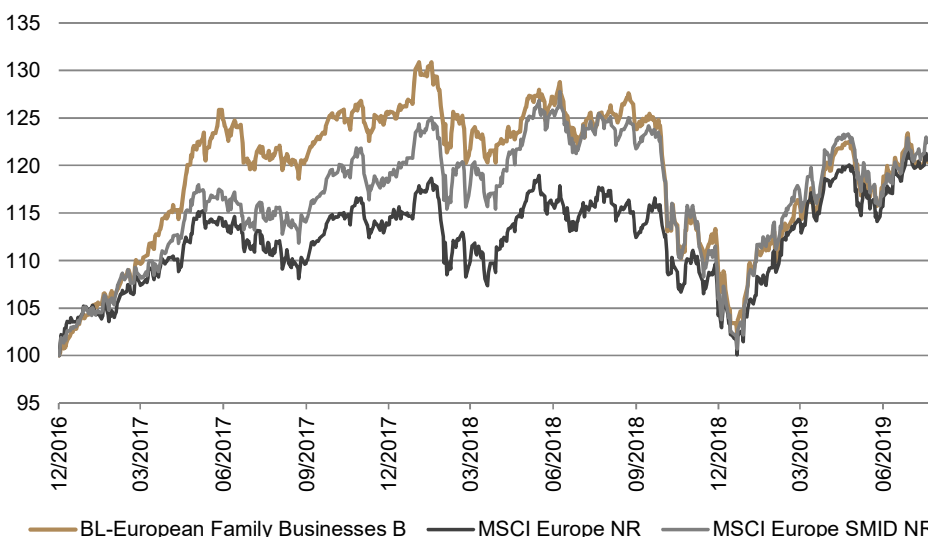
#### Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in quality European family businesses benefiting from a sustainable competitive advantage. It aims to outperform its relevant benchmark return while generating lower volatility.

The fund manager implements an active investment strategy based on strong convictions with a long term investment horizon.

#### Key Facts

- Investment in quality family businesses.
- Founder / heir generation / family acquirer with
  - > 25% of voting rights or
  - 20-25% of voting rights, but with controlling family providing CEO and Chairman
- Focus on "Familianness", owner mindset and corporate vision.
- Portfolio of ~ 80 companies.
- Fundamental stock picking methodology.
- Monitoring of company and average portfolio valuation.
- Portfolio with structural deviations from the relevant market index.
- Diversification according to the companies' underlying earnings drivers.
- Low turnover.



Performance	YTD	2018	2017
Fund (B shares)	13.2%	-17.4%	22.3%
MSCI Europe NR	16.6%	-10.6%	10.2%
MSCI Europe SMID NR	16.5%	-14.3%	16.4%

Performance	1 month	3 months	6 months	1 year	since launch
Fund (B shares)	-2.3%	-3.3%	6.7%	-5.2%	18.5%
MSCI Europe NR	0.3%	-0.4%	9.8%	1.6%	19.5%
MSCI Europe SMID NR	0.2%	-1.9%	7.6%	-3.5%	20.6%

Annualised Volatility	3 months	6 months	1 year	since launch
Fund (B shares)	11.8%	11.2%	15.0%	11.6%
MSCI Europe NR	10.9%	9.6%	11.6%	9.9%
MSCI Europe SMID NR	12.2%	11.5%	14.7%	11.5%

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.

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

\*\* Luxembourg banking business day

## Current Portfolio

31/07/2019

### Top Holdings

Groupe SEB	3.9%
Stroeer SE	3.8%
Henkel	3.0%
Technogym	2.9%
Fluidra	2.6%
Fila	2.6%
EssilorLuxottica	2.5%
LVMH	2.3%
Marr	2.3%
Dormakaba	2.3%
<b>Weight of Top 10</b>	<b>28.3%</b>
<b>Number of holdings</b>	<b>63</b>

### New Investments in July

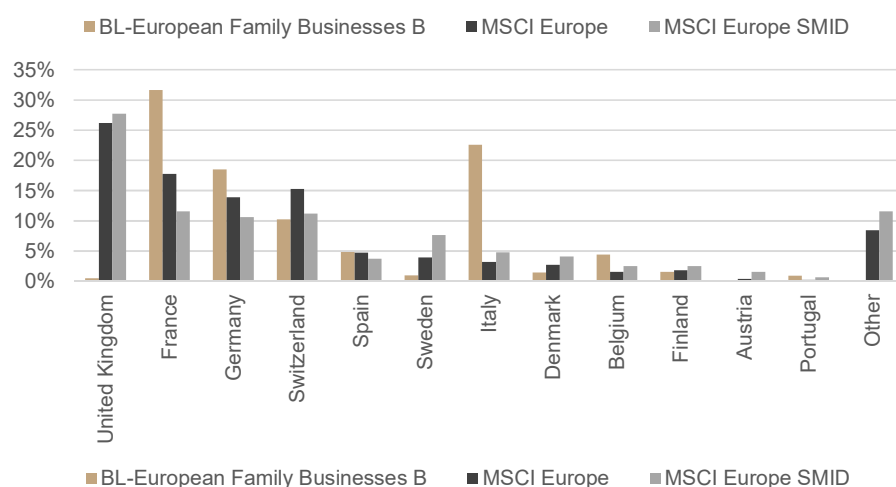
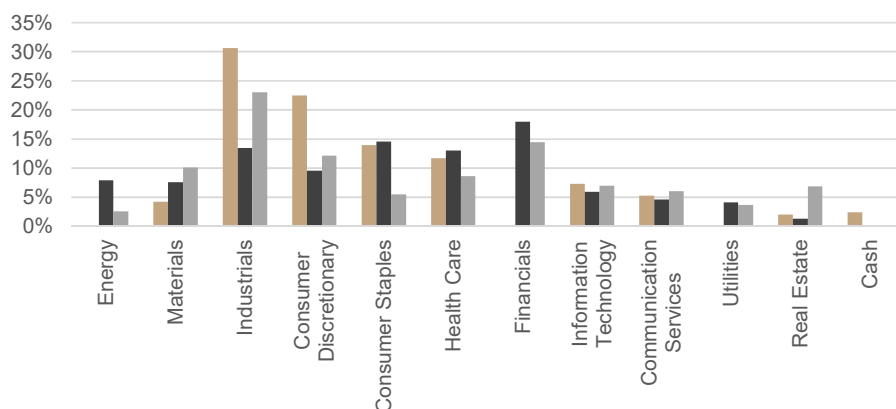
no transactions

### Investments sold in July

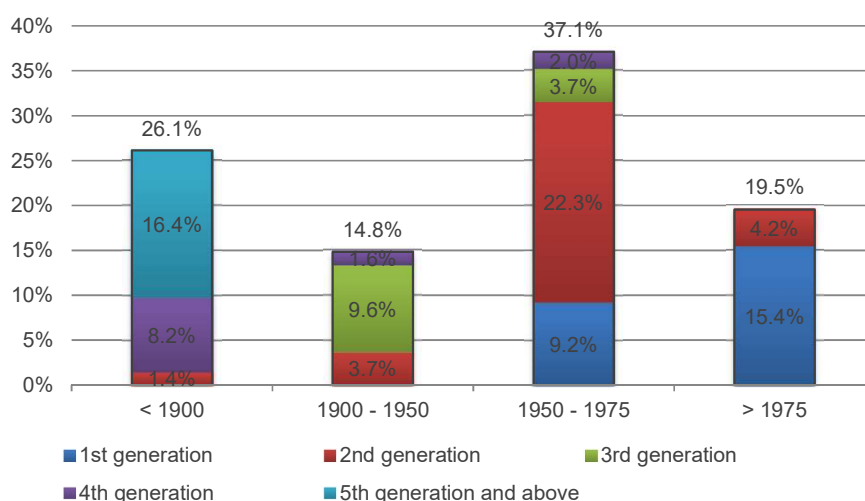
no transactions

### Family Dimension

Family provides Chairman	74.2%
Family provides CEO	58.0%
Family provides Chairman & CEO	49.0%
Family control of voting rights	53.8%



### Family dimension / company creation



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%	1.50%	6	LU1305479070	BLEFBAE LX
Retail	No	No	B	EUR	No	Cap	1.25%	1.51%	6	LU1305479153	BLEFBBE LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1.25%	1.51%	6	LU1305479237	BLEFBBU LX
Retail	Yes	Yes	AM	EUR	No	Dis	0.85%	1.09%	6	LU1484145302	BLEFBAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0.85%	1.10%	6	LU1484145484	BLEFBME LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0.85%	1.10%	6	LU1484145567	BLEFBBM LX
Inst.	No	Yes	BI	EUR	No	Cap	0.60%	0.81%	6	LU1484145641	BLEFBBI LX

# BL-European Family Businesses

## a sub-fund of SICAV BL

### Management Report

31/07/2019

European markets consolidated in July. Weaker economic indicators were the main reasons while the only factors shoring up the markets were statements from the central banks. The ECB and the Fed both confirmed they would be continuing their expansionary monetary policy. The best-performing sectors over the month were consumer staples, healthcare and consumer discretionary. The poorest performers were commodities, energy and financials. Over the month, the benchmark indices (MSCI Europe Net TR EUR and MSCI Europe SMID Cap Net Return EUR) gained 0.25% and 0.22% respectively. BL European Family Businesses (retail accumulation share in euros, net of fees) was down 2.3%.

The main contributors to the month's performance were Stroeer (continuing good results thanks to refocusing on Out of Home digital advertising), Grifols (AMBAR study results for the treatment of Alzheimer's continue to produce reassuring results and endorse the company's investment in the project), Henkel (investor day confirmed the strength and prospects for the adhesives division, a market in which Henkel is the world leader), EssilorLuxottica (results in line with expectations and acquisition of optician Grandvision), Stef (rebound on unfounded share price weakness).

In contrast, the following stocks weighed on the portfolio's performance in July: Krones (results deteriorated further), Jungheinrich (weak results), Lectra (market continues to expect weak results, especially due to international trade tensions), Groupe SEB (dynamic activity dented by pressure on margins), Basler (market expectations revised).

There were no major transactions within the portfolio during the month.



## 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*

#### **Long-term thinking**

Over the long term market prices reflect economic fundamentals.

*Anticipating the market's short-term variations is a vain exercise.*

#### **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*

#### **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.*

### Family Businesses

Family Businesses represent the predominant business form of European companies. 70 to 80% of European businesses (17 million companies) are family businesses meeting the definition of the European Commission. They account for 40-60% of jobs, representing 100 million employees.

As opposed to preconceived ideas (creeping decline after the first two generations, corporate governance issues, lack of dynamics), high quality family businesses recurrently deliver high profitability and displayed strong resilience in recent crises. Their "familiness" – the set of resources arising from the interactions between the family, the family members and the business – may be the source of a stable competitive advantage.

### 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 needs 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-European Family Businesses invests in a thoroughly selected portfolio of European family companies developing an operational activity. In targeted companies, the founder / the heir generation or a family acquirer either hold at least 25% of voting rights or provide the CEO and chairman.

We construct a diversified portfolio of approximately 80 holdings, which we select according to our Business-Like Investment approach. 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. In addition to purely financial criteria, we consider "soft" criteria concerning the "familiness" of targeted companies - the set of resources arising from the interactions between the family, the family members and the business can constitute a competitive advantage.

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 attractive investment opportunities in the consumer, industrial, health care, distribution, media, 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 France, Belgium, Germany, Switzerland, Italy, Spain and Sweden. There are few or no candidates in the UK, the Netherlands, Norway or Portugal. The portfolio has no restrictions in terms of market capitalisation.

Our investment strategy is to be invested for the long term and participate in the development of the business. 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: on average, annual turnover rate is expected to be below 25%. 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.

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 portfolio is dictated by visibility on corporate fundamentals, stock liquidity, the valuation level and the portfolio manager's sentiment about the company. We are mindful of a sound diversification of the portfolio in terms of the earnings drivers of each company.

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### Fund Fact Sheet

31/07/2019

#### Asset Class

Equities Europe, Small- and Mid-Caps

#### Fund Characteristics

AUM	€ 189.8 mn
Launch date	30/11/2012
Oldest share class (B)	LU0832875438
Turnover (2018) *	6%
Reference currency	EUR
Hedged share class available in	USD
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 Europe Small Cap NR EUR

#### Team



**Tom Michels** joined BLI in 2014. He has been the lead manager since April 2018.

#### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

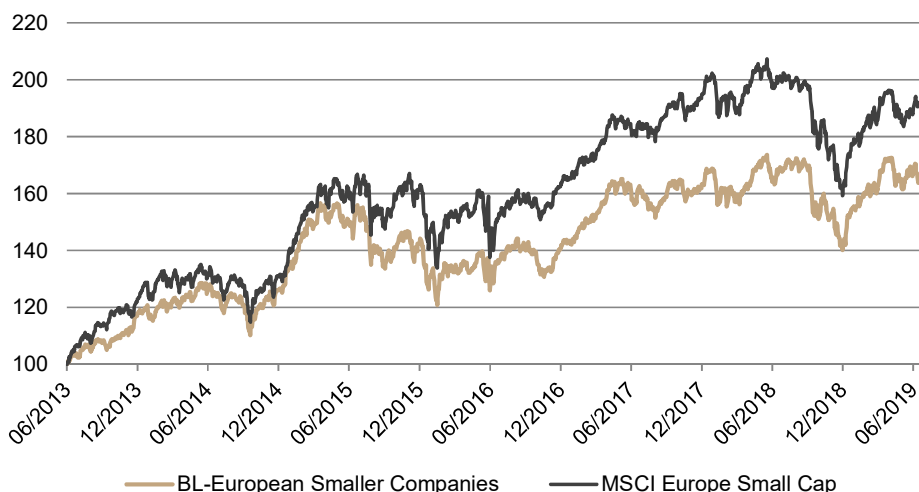
#### Investment Objective

The objective of the fund is to achieve long-term capital gains by investing in high-quality European small- and mid-cap companies (market cap between € 300 mn. and ~ € 5 bn.) 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

- Concentrated portfolio of 40-50 European small- and mid-cap companies, selected on the basis of their fundamentals.
- Investments in quality business models.
- Monitoring of company-specific and average portfolio valuation.
- Portfolio with structural deviations from the relevant market index.
- Long only and fully invested.



Performance	YTD	2018	2017	2016	2015
Fund (B shares)	15.9%	-11.8%	15.0%	-1.1%	13.3%
MSCI Europe Small Cap NR	15.6%	-15.9%	19.0%	0.9%	23.5%

Performance	1 month	3 months	6 months	1 year	3 years
Fund (B shares)	-1.1%	-3.2%	7.4%	-1.1%	20.2%
MSCI Europe Small Cap NR	-0.2%	-3.3%	6.0%	-5.8%	22.7%

Volatility	3 months	6 months	1 year	3 years	5 years
Fund (B shares)	8.8%	11.1%	17.1%	12.8%	13.5%
MSCI Europe Small Cap NR	11.1%	10.5%	17.2%	11.9%	13.4%

The market index (MSCI Europe Small 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

### Current Portfolio

31/07/2019

#### Top Holdings

Carl Zeiss Meditec	7.0%
Amplifon	5.4%
Loomis	4.5%
CompuGroup Medical	3.9%
Gerresheimer	3.7%
Viscofan	3.5%
Spirax Sarco	3.5%
Rotork	3.5%
Interpump	3.0%
Nibe Industrier	3.0%
<b>Weight of Top 10</b>	<b>41.1%</b>
<b>Number of holdings</b>	<b>43</b>

#### New Investments in July

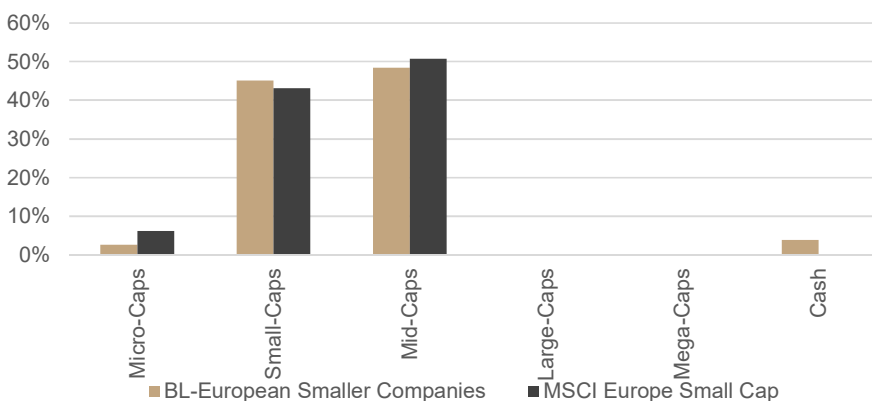
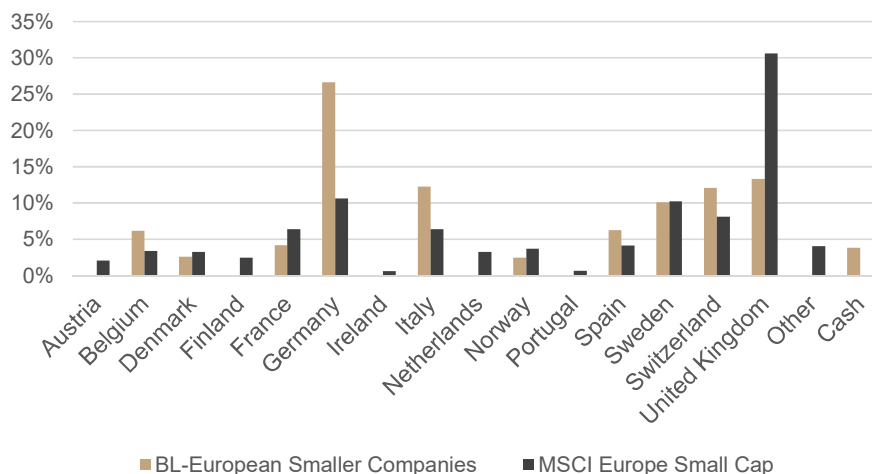
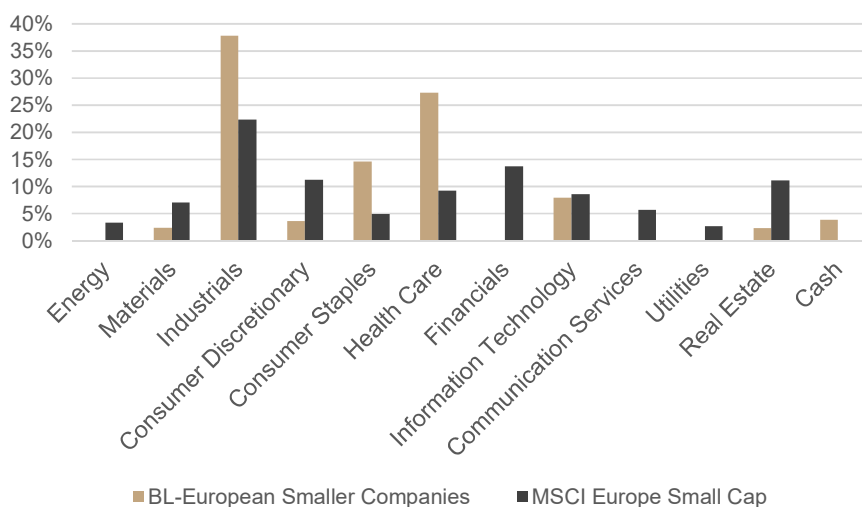
no transactions

#### Investments sold in July

no transactions

#### Currencies

EUR	59.4%
GBP	13.3%
CHF	12.1%
SEK	10.1%
DKK	2.6%
NOK	2.5%



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	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%	1.47%	5	LU0832875354	BLEUSCB LX
Retail	No	No	B	EUR	No	Cap	1.25%	1.47%	5	LU0832875438	BLEUSCB LX
Retail	No	No	B USD Hedged	USD	Yes	Cap	1.25%	1.47%	5	LU1273297298	BLESBUH LX
Retail	Yes	Yes	AM	EUR	No	Dis	0.85%	1.06%	5	LU1484144834	BLEUSAM LX
Retail	Yes	Yes	BM	EUR	No	Cap	0.85%	1.07%	5	LU1484145054	BLEUSBM LX
Retail	Yes	Yes	BM USD Hedged	USD	Yes	Cap	0.85%	1.06%	5	LU1484145138	BLESBMU LX
Institutional	No	Yes	BI	EUR	No	Cap	0.60%	0.78%	5	LU1484144917	BLEUSBI LX

### Management Report

31/07/2019

European small cap share prices drifted downwards in July. Weaker economic indicators were the main reasons while the only factors saving the markets from falling further were statements from the central banks. The ECB and the Fed both confirmed they would be continuing their expansionary monetary policy. The best-performing sectors over the month were consumer staples, healthcare and consumer discretionary. The poorest performers were commodities, energy and financials. The benchmark index (MSCI Europe Small Cap Net TR EUR) was down 0,15% over the month. BL European Smaller Companies (retail accumulation share in euros, net of fees) posted a decline of 1,09%.

The stocks limiting the fund's underperformance against the index were Carl Zeiss Meditec (Germany), Mycronic (Sweden) and Gerresheimer (Germany). These three companies all posted good results. Their businesses are robust and they have enjoyed growth in sales and profit margins. In contrast, the following stocks weighed on the portfolio's performance in July: Krones (results deteriorated further), Interroll (lower growth forecasts after several years of strong growth) and Fagron (after capital withdrawal by one of its main shareholders).

No transactions were conducted within the portfolio during the month.

## 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

#### **Master 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. We focus on companies benefiting from a sustainable competitive advantage, enabling them to generate consistent free cash-flows and to deliver an attractive return profile.

### **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 needs 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 an attractive margin of safety, taking into account its development prospects.

## Portfolio characteristics

BL-European Smaller Companies invests in a focused selection of small to mid-sized European companies. Targeted companies are typically among the market leaders and offer favourable development prospects. We construct a concentrated portfolio of approximately 40-50 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 Small Cap). We do not invest in all sectors that are represented in the market index. Most investment opportunities we single out are 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.

Our investment strategy has a mid- to long-term orientation: our investment cases are constructed with a 2 to 5-year investment horizon. When implementing our bottom-up investment strategy, we do not consider any short term macroeconomic views. 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 portfolio construction rests on two main pillars: a stable core portfolio consisting of well-established companies, often being one of the leaders in niche markets. The second part of the portfolio consists of companies benefiting from growth prospects. 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 portfolio is a function of their valuation level, stock liquidity and our level of conviction in the investment thesis.

We don't implement market or currency hedging strategies in the portfolio and the portfolio is fully invested.



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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](http://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 Précossey, 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.

### **Specific Information for France:**

The present document may be distributed to French professional investors.



## Fund Fact Sheet

31/07/2019

### Asset Class

Mixed Asset Global Conservative

### Fund Characteristics

AUM	€ 121.4 mn
Launch date	28/10/1993
Oldest share class (B)	LU0048292394
Turnover (2018) *	12%
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. Joël is being supported by a team of 9 regional equity and bond managers.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
L-2449 Luxembourg  
Tel: (+352) 26 26 99 - 1  
[www.bli.lu](http://www.bli.lu)  
[www.blinvestmentsblog.com](http://www.blinvestmentsblog.com)

### Dealing & Administrator Details

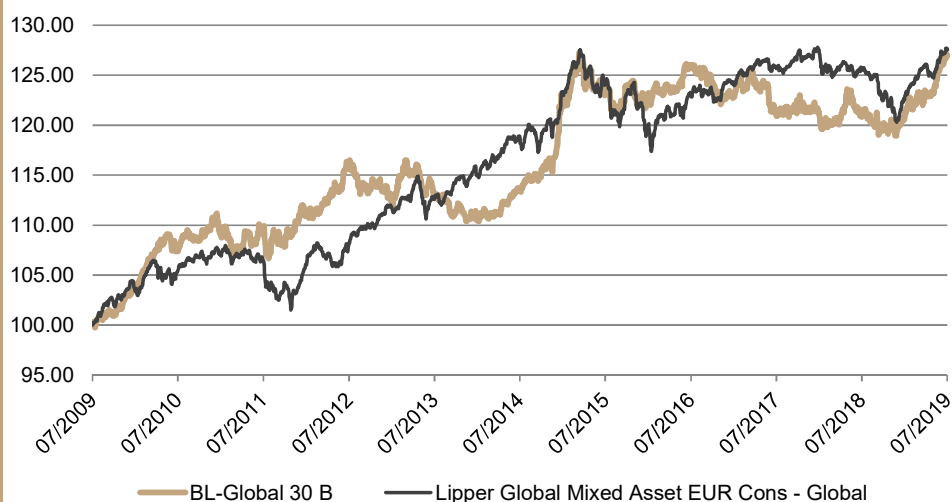
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

### Investment Objective

BL-Global 30 represents the defensive profile of the BL SICAV's wealth management fund family. The fund's objective is to generate a positive return while keeping volatility particularly low, by combining global equities (weighted between 15% and 45%), government bonds, cash and precious metals.

### Key Facts

- Conservative wealth management fund.
- Percentage invested in equities between 15% and 45%.
- Globally diversified portfolio of high-quality companies
- Particular importance placed on analysis of competitive advantage and valuation.
- Credit risk in the bond portfolio limited to sovereign risk.
- Exposure to precious metals through ETCs (exchange-traded commodities) as insurance against systemic risk.
- Derivatives may be used for hedging or portfolio optimisation.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	6.0%	-1.3%	-1.2%	0.1%	4.7%	5.8%
Lipper Peergroup	5.8%	-4.9%	2.0%	1.6%	1.5%	4.9%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	1.1%	3.0%	4.8%	5.1%	0.8%	11.9%	27.0%
Lipper Peergroup	0.8%	1.1%	3.7%	1.5%	3.5%	7.5%	27.5%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	3.2%	3.6%	3.8%	3.3%	3.6%	3.4%
Lipper Peergroup	2.7%	2.1%	2.7%	2.4%	3.3%	3.2%

The index (Lipper Global Mixed Asset EUR Cons Global) 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

31/07/2019

### Top Holdings Equity Portfolio

SAP	1.7%
Unilever	1.4%
Danone	1.3%
LVMH	1.2%
Pernod Ricard	1.1%

# holdings equity portfolio **100**

### Top Holdings Bond Portfolio

Deutschland 0% 18-10-24	6.8%
Bundesobligation 0% 5-4-2024	6.8%
Bundesobligation 0% 13-10-2023	6.8%
Deutschland 0,5% 15-02-25	5.3%
Deutschland 0% 14-04-23	5.1%

# holdings bond portfolio **7**

### Bond Portfolio Technicals

average modified duration	4.90
average maturity	4.88 years
average yield to maturity	-0.75%

### New Investments in July (Equities)

no transactions

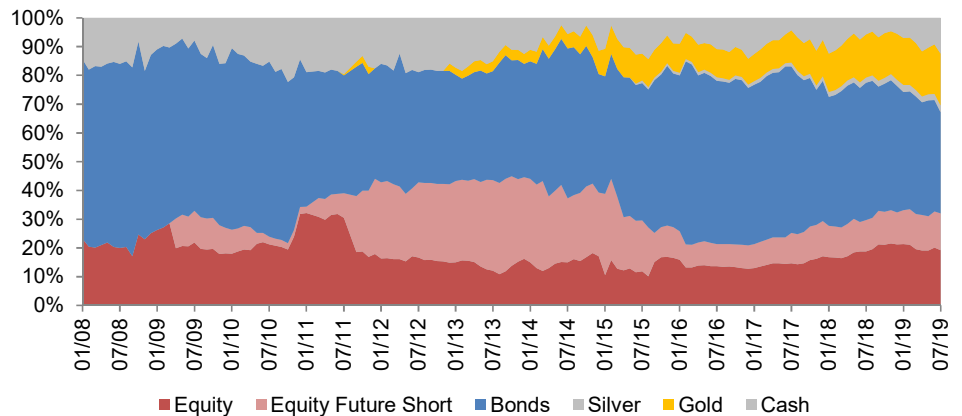
### Investments sold in July (Equities)

no transactions

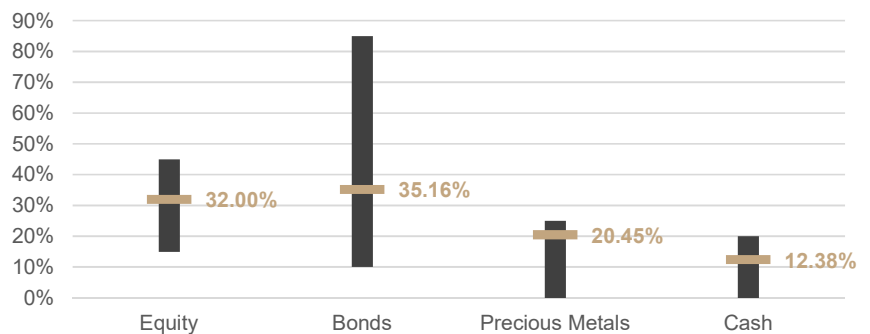
### Currency allocation

EUR	52.8%
JPY	8.8%
USD	6.0%
CHF	4.1%
GBp	3.8%
Other	4.0%
Silver	2.4%
Gold	18.1%

### Historic asset allocation



		Strategic Allocation	Portfolio July 2019		
			Gross	Hedging	Net
Equity	Europe	10.5%	19.8%	-12.8%	7.0%
	US	12.0%	6.0%	0.0%	6.0%
	Japan	3.0%	4.2%		4.2%
	Asia	3.5%	1.9%		1.9%
	Latin America	1.0%	0.0%		0.0%
	<b>Total equity</b>	<b>30.0%</b>	<b>32.0%</b>	<b>-12.8%</b>	<b>19.2%</b>
Bonds	Eurozone	55.0%	35.2%		
	US	0.0%	0.0%		
	Emerging Markets	10.0%	0.0%		
	<b>Total bonds</b>	<b>65.0%</b>	<b>35.2%</b>		
Cash	Euro	5.0%	5.9%		
	CHF	0.0%	1.9%		
	JPY	0.0%	4.5%		
	<b>Total cash</b>	<b>5.0%</b>	<b>12.4%</b>		
Precious metals		0.0%	20.5%		
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		



Investor Type	Clean Share	Eligibility Restrictions	Share Class	Currency	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	Dis	1.25%	1.49%	3	LU0048291826	BLG4714 LX
Retail	No	No	B	EUR	Cap	1.25%	1.49%	3	LU0048292394	BLG4713 LX
Retail	Yes	Yes	AM	EUR	Dis	0.85%	1.08%	3	LU1484139917	BLG30AM LX
Retail	Yes	Yes	BM	EUR	Cap	0.85%	1.09%	3	LU1484140097	BLG30BM LX
Institutional	No	Yes	BI	EUR	Cap	0.60%	0.79%	3	LU0495651787	BLGL30I LX

## Management Report

31/07/2019

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%. At the end of July, the average yield to maturity in the bond portfolio was -0.8% (+0.1% for the benchmark) and the modified duration was 4.9 (8.3 for the benchmark).

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).

In the bond portfolio, German government bonds maturing in 2022 were swapped for maturities of 2024 and 2026 to limit the negative carry of interest rates on maturities of less than 3 years. The portfolio's duration was thus raised from 4.0 to 4.9. Due to the growing proportion of debt securities offering negative yields to maturity, the bond portfolio now only represents 36.5% of the portfolio's total value compared to a strategic weighting of 65%. The portfolio's diversification is achieved via gross exposure to equities of 33%, a partial hedge on the equity risk by selling equity index futures amounting to 13%, cash deposits in the safe-haven currencies Swiss franc and Japanese yen for 2% and 4.75% respectively, and exposure to gold and silver of 21% (the maximum weighting according to the prospectus being 25%).

## Investment Approach

### 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 generating extraordinary gains.*

#### **Master investment risks**

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

> *We avoid investing in assets 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 limit the risk of loss and increase the potential return.*

#### **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 index 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.*

### Asset Allocation

Analysis of the valuation of the S&P 500 is the basis for determining the percentage invested in equities, which is between 15% and 45%. The potential use of derivatives and the sale of futures on equity market indices may lead to net equity exposure outside this bracket. The default regional weighting of equities (10.5% for Europe, 12% for the United States, 3% for Japan, 3.5% for Asia excluding Japan and 1% for Latin America) is adjusted according to valuation levels and the manager's opinion on the relative attractiveness of each region.

### 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 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 cash flow generated 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.

### Bond Investment Approach: Government Bonds Only

In the bond portfolio, we only invest in government and supranational bonds. We include both developed and emerging market government bonds in the portfolio. As the objective of the bond segment is to stabilise the portfolio during equity market corrections, we limit corporate risk to equities and avoid it altogether for bonds. Given the excessive debt racked up by most countries following the collapse of Lehman Brothers in 2008, we limit our exposure to the most solid government issuers. The main management decisions for the bond portfolio are duration and exposure to emerging markets.

### Gold: Insurance Against Systemic Risk

Given massive state intervention in the financial markets since the collapse of Lehman Brothers, the economic system has evolved from market capitalism in which the financial markets are a meeting point between savers and investors, to state capitalism in which the authorities decide who receives money and who does not. The authorities have turned the financial markets into an instrument for political ends on the pretext that the economy will go into freefall without government intervention, thus suspending the rules governing the operation of the market economy.

Political decisions that clash permanently with economic forces destabilize the financial system. Despite the unlimited capacity of central banks' financial resources in a paper money system, failure to respect economic laws is jeopardising the viability of the financial system. For this reason, we also include gold index certificates (physically deposited in bank vaults in London) which act as an insurance against systemic risk.

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### **Specific Information for France:**

The present document may be distributed to French professional investors.

## Fund Fact Sheet

31/07/2019

### Asset Class

Mixed Asset Global Balanced

### Fund Characteristics

AUM	€ 331.0 mn
Launch date	28/10/1993
Oldest share class (B)	LU0048292808
Turnover (2018) *	19%
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. Joël is being supported by a team of 9 regional equity and bond managers.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
L-2449 Luxembourg  
Tel: (+352) 26 26 99 - 1  
www.bli.lu  
www.blinvestmentsblog.com

### Dealing & Administrator Details

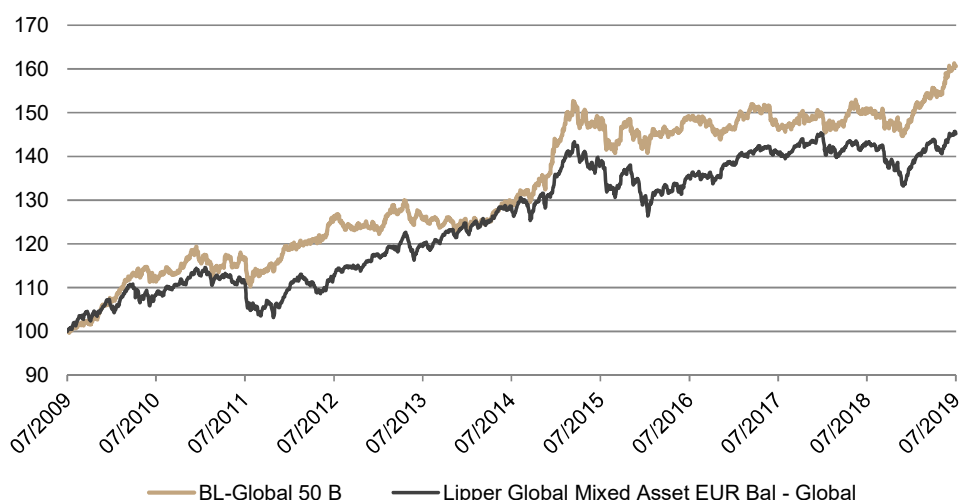
European Fund Administration (EFA)  
Tel +352 48 48 80 582  
Fax +352 48 65 61 8002  
Dealing frequency daily\*\*  
Cut-off time 17:00 CET  
Front-load fee max. 5%  
Redemption fee none  
NAV calculation daily\*\*  
NAV publication [www.fundinfo.com](http://www.fundinfo.com)

### Investment Objective

BL-Global 50 is the neutral profile of the BL SICAV's wealth management fund family. The fund's objective is to generate a positive return over the medium term while keeping volatility at a moderate level by combining global equities (weighted between 35% and 65%), government bonds, cash and gold.

### Key Facts

- Balanced wealth management fund.
- Percentage invested in equities between 35% and 65%.
- Globally diversified portfolio of high-quality companies
- Particular importance placed on analysis of competitive advantage and valuation.
- Credit risk in the bond portfolio limited to sovereign risk.
- Exposure to precious metals through ETCs (exchange-traded commodities) as insurance against systemic risk.
- Derivatives may be used for hedging or portfolio optimisation.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	10.1%	-1.8%	1.9%	0.1%	7.2%	9.0%
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)	1.2%	3.3%	7.7%	7.2%	7.8%	24.4%	60.6%
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)	5.2%	4.6%	5.4%	4.7%	5.5%	5.3%
Lipper Peergroup	4.5%	3.6%	4.7%	4.1%	5.4%	5.4%

The index (Lipper Global Mixed Asset EUR Bal-Global) 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

31/07/2019

### Top Holdings Equity Portfolio

Pernod Ricard	2.5%
SAP	2.4%
Unilever	2.2%
Roche Holding	2.1%
Danone	1.9%

# holdings equity portfolio **102**

### Top Holdings Bond Portfolio

Deutschland 1,5% 15-02-2023	6.6%
Deutschland 0% 14-04-23	4.7%
Bundesobligation 0% 5-4-2024	3.8%
Deutschland 0% 18-10-24	3.1%
Deutschland 0,5% 15-02-25	2.6%

# holdings bond portfolio **5**

### Bond Portfolio Technicals

average modified duration	4.29
average maturity	4.29 years
average yield to maturity	-0.77%

### New Investments in July (Equities)

no transactions

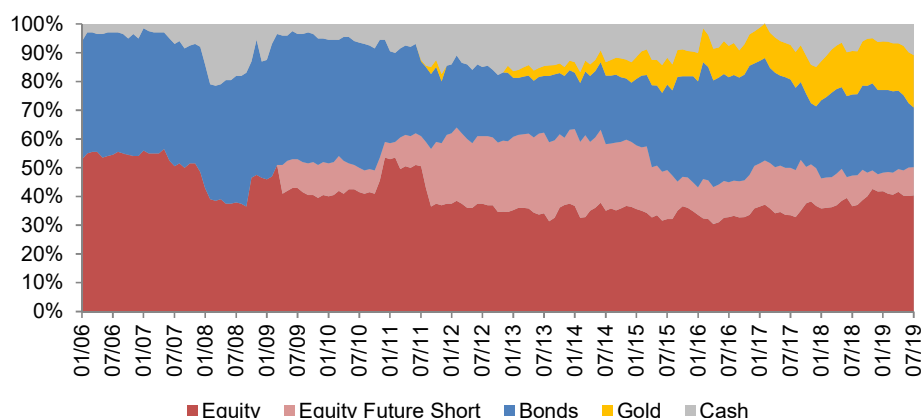
### Investments sold in July (Equities)

no transactions

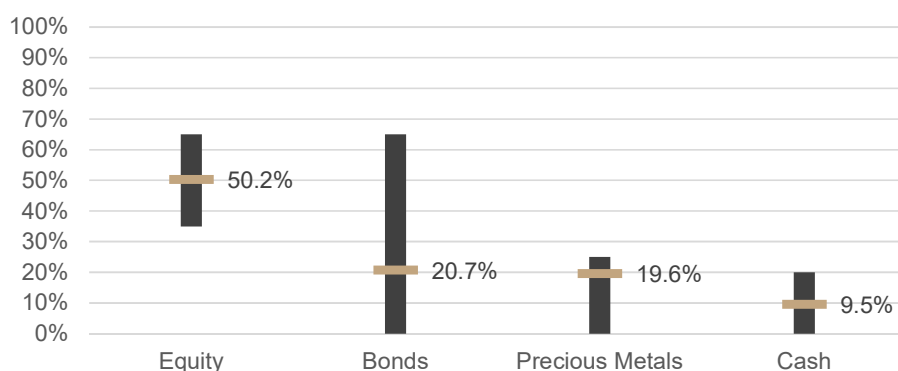
### Currency allocation

EUR	40.3%
JPY	12.0%
USD	11.6%
CHF	5.8%
GBp	5.4%
Other	5.3%
Gold	18.2%
Silver	1.3%

### Historic asset allocation



		Strategic Allocation	Portfolio July 2019		
			Gross	Hedging	Net
Equity	Europe	17.5%	30.1%	-9.8%	20.2%
	US	20.0%	10.5%	0.0%	10.5%
	Japan	5.0%	6.2%		6.2%
	Asia	6.0%	3.5%		3.5%
	Latin America	1.5%	0.0%		0.0%
	<b>Total equity</b>	<b>50.0%</b>	<b>50.2%</b>	<b>-9.8%</b>	<b>40.4%</b>
Bonds	Eurozone	40.0%	20.7%		
	US	0.0%	0.0%		
	Emerging Market	5.0%	0.0%		
	<b>Total bonds</b>	<b>45.0%</b>	<b>20.7%</b>		
Cash	Euro	5.0%	1.6%		
	CHF	0.0%	2.1%		
	JPY	0.0%	5.8%		
	<b>Total cash</b>	<b>5.0%</b>	<b>9.5%</b>		
		<b>Precious metals</b>	<b>0.0%</b>		<b>19.6%</b>
<b>Total</b>		<b>100.0%</b>	<b>100.0%</b>		



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%	1.45%	4	LU0048292634	BLG4716 LX
Retail	No	No	<b>B</b>	EUR	Cap	1.25%	1.44%	4	LU0048292808	BLG4715 LX
Retail	Yes	Yes	<b>AM</b>	EUR	Dis	0.85%	1.04%	4	LU1484140170	BLG50AM LX
Retail	Yes	Yes	<b>BM</b>	EUR	Cap	0.85%	1.03%	4	LU1484140253	BLG50BM LX
Institutional	No	Yes	<b>BI</b>	EUR	Cap	0.60%	0.75%	4	LU0495653056	BLGL50I LX



## Management Report

**31/07/2019**

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%. At the end of July, the average yield to maturity in the bond portfolio was -0.8% (+0.1% for the benchmark) and the modified duration was 4.3 (8.3 for the benchmark).

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).

In the bond portfolio, a German government bond maturing in 2022 was swapped for a maturity of 2024 to limit the negative carry of interest rates on maturities of less than 3 years. The portfolio's duration was thus raised from 4.0 to 4.3. Due to the growing proportion of debt securities offering negative yields to maturity, the bond portfolio now only represents 21% of the portfolio's total value compared to a strategic weighting of 45%. The portfolio's diversification is achieved via gross exposure to equities of 50%, a partial hedge on the equity risk by selling equity index futures amounting to 9.5%, cash deposits in the safe-haven currencies Swiss franc and Japanese yen for 2% and 6% respectively, and exposure to gold and silver of 19.5% (the maximum weighting according to the prospectus being 25%).

## Investment Approach

### 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 generating extraordinary gains.*

#### Master investment risks

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

> *We avoid investing in assets 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 limit the risk of loss and increase the potential return.*

#### 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 index 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.*

### Asset Allocation

Analysis of the valuation of the S&P 500 is the basis for determining the percentage invested in equities, which is between 35% and 65%. The potential use of derivatives and the sale of futures on equity market indices may lead to net equity exposure outside this bracket. The default regional weighting of equities (17.5% for Europe, 20% for the United States, 5% for Japan, 6% for Asia excluding Japan and 1.5% for Latin America) is adjusted according to valuation levels and the manager's opinion on the relative attractiveness of each region.

### 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 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 cash flow generated 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.

### Bond Investment Approach: Government Bonds Only

In the bond portfolio, we only invest in government and supranational bonds. We include both developed and emerging market government bonds in the portfolio. As the objective of the bond segment is to stabilise the portfolio during equity market corrections, we limit corporate risk to equities and avoid it altogether for bonds. Given the excessive debt racked up by most countries following the collapse of Lehman Brothers in 2008, we limit our exposure to the most solid government issuers. The main management decisions for the bond portfolio are duration and exposure to emerging markets.

### Gold: Insurance Against Systemic Risk

Given massive state intervention in the financial markets since the collapse of Lehman Brothers, the economic system has evolved from market capitalism in which the financial markets are a meeting point between savers and investors, to state capitalism in which the authorities decide who receives money and who does not. The authorities have turned the financial markets into an instrument for political ends on the pretext that the economy will go into freefall without government intervention, thus suspending the rules governing the operation of the market economy.

Political decisions that clash permanently with economic forces destabilize the financial system. Despite the unlimited capacity of central banks' financial resources in a paper money system, failure to respect economic laws is jeopardising the viability of the financial system. For this reason, we also include gold index certificates (physically deposited in bank vaults in London) which act as an insurance against systemic risk.

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## Fund Fact Sheet

31/07/2019

### Asset Class

Mixed Asset Dynamic

### Fund Characteristics

AUM	€ 569.5 mn
Launch date	28/10/1993
Oldest share class (B)	LU0048293368
Turnover (2018) *	13%
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. Joël is being supported by a team of 9 regional equity and bond managers.

### Management Company

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
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Tel: (+352) 26 26 99 - 1  
[www.bli.lu](http://www.bli.lu)  
[www.blinvestmentsblog.com](http://www.blinvestmentsblog.com)

### Dealing & Administrator Details

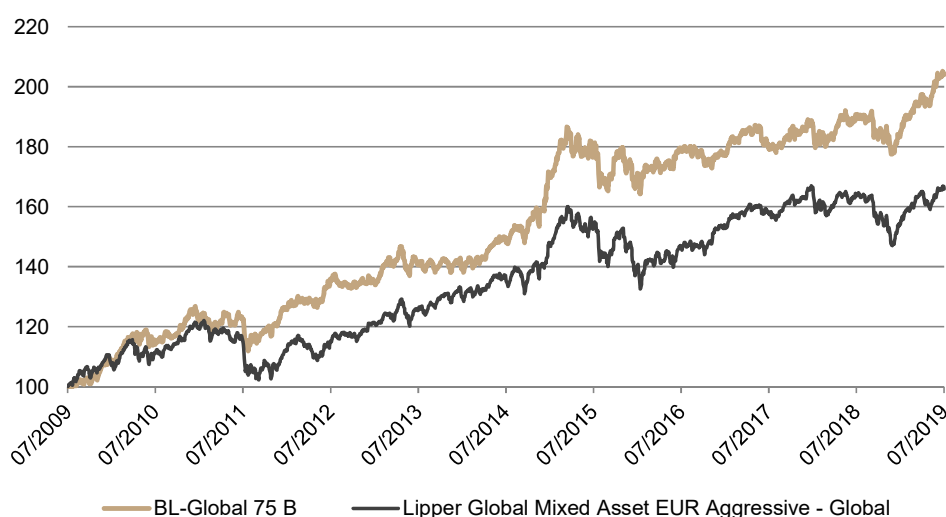
European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily**
Cut-off time	
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	<a href="http://www.fundinfo.com">www.fundinfo.com</a>

### Investment Objective

BL-Global 75 is the dynamic profile of the SICAV's wealth management fund family. The fund's objective is to grow capital over time while posting considerably lower volatility than the equity markets, combining global equities (weighted between 60% and 90%), government bonds, cash and gold.

### Key Facts

- Conservative wealth management fund.
- Percentage invested in equities between 60% and 90%.
- Globally diversified portfolio of high-quality companies
- Particular importance placed on analysis of competitive advantage and valuation.
- Credit risk in the bond portfolio limited to sovereign risk.
- Exposure to precious metals through ETCs (exchange-traded commodities) as insurance against systemic risk.
- Derivatives may be used for hedging or portfolio optimisation.



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	13.6%	-3.1%	5.1%	0.9%	9.8%	12.5%
Lipper Peergroup	12.3%	-9.2%	6.8%	3.0%	5.0%	7.2%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	1.4%	3.4%	10.1%	7.8%	13.7%	37.3%	104.0%
Lipper Peergroup	1.4%	0.5%	6.9%	1.2%	13.1%	21.9%	65.9%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	7.1%	5.9%	7.6%	6.4%	8.1%	7.9%
Lipper Peergroup	6.6%	5.5%	7.3%	6.3%	8.6%	8.6%

The index (Lipper Global Mixed Asset EUR Bal-Global) 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

31/07/2019

### Top Holdings Equity Portfolio

Unilever	2.9%
SAP	2.6%
Pernod Ricard	2.6%
Danone	2.3%
Roche Holding	2.3%

# holdings equity portfolio **101**

### Top Holdings Bond Portfolio

Bundesobligation 0% 5-4-2024	2.9%
Deutschland 0,5% 15-02-25	0.9%

# holdings bond portfolio **2**

### Bond Portfolio Technicals

average modified duration	4.91
average maturity	4.89 years
average yield to maturity	-0.75%

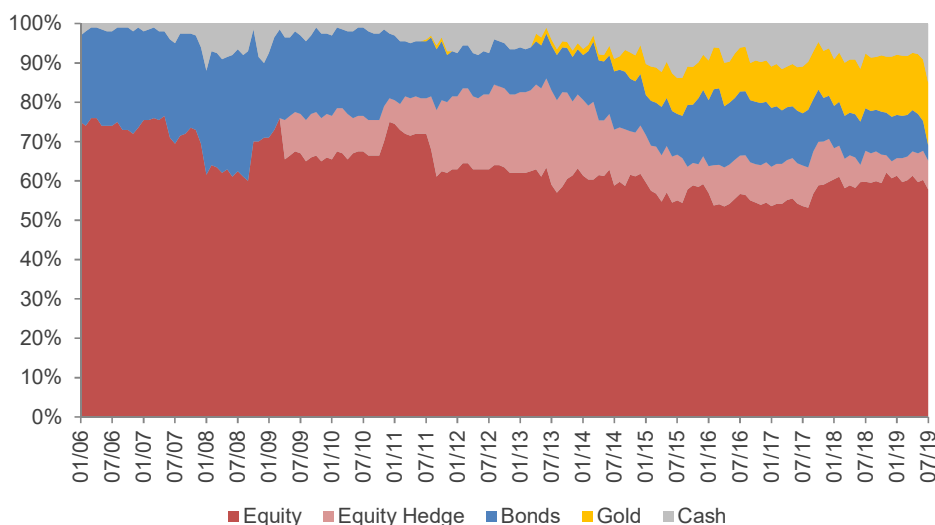
### New investments in July (Equity)

no transactions

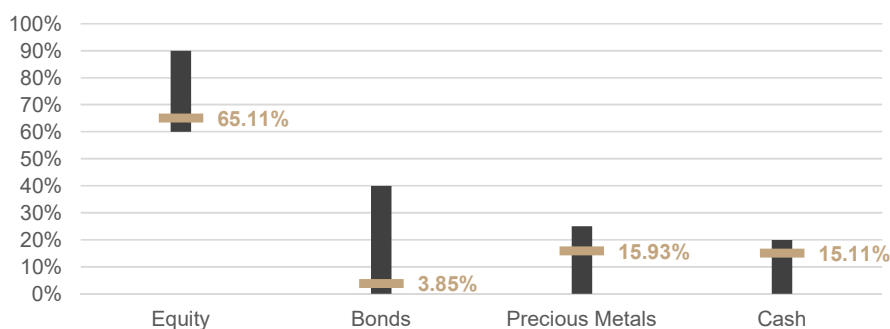
### Investments sold in July (Equity)

no transactions

Currency allocation	before hedging	after hedging
EUR	27.0%	31.7%
USD	23.3%	18.6%
JPY	15.4%	15.4%
CHF	6.0%	6.0%
GBP	5.4%	5.4%
SEK	2.5%	2.5%
DKK	1.7%	1.7%
Other	2.6%	2.6%
Gold	15.9%	15.9%



		Strategic Allocation	Portfolio July 2019		
			Gross	Hedging	Net
Equity	Europe	26.5%	34.4%	-7.3%	27.1%
	US	30.0%	19.2%	0.0%	19.2%
	Japan	7.5%	7.5%		7.5%
	Asia	8.5%	3.9%		3.9%
	Lain America	2.5%	0.0%		0.0%
	<b>Total equity</b>	<b>75.0%</b>	<b>65.1%</b>	<b>-7.3%</b>	<b>57.8%</b>
Bonds	Eurozone	22.5%	3.9%		
	US	0.0%	0.0%		
	Emerging market	2.5%	0.0%		
	<b>Total bonds</b>	<b>25.0%</b>	<b>3.9%</b>		
Cash	Euro	0.0%	1.6%		
	CHF	0.0%	2.3%		
	DKK	0.0%	0.5%		
	JPY	0.0%	7.9%		
	USD	0.0%	2.8%		
	<b>Total cash</b>	<b>0.0%</b>	<b>15.1%</b>		
		<b>Precious metals</b>	<b>0.0%</b>		<b>15.9%</b>
		<b>Total</b>	<b>100.0%</b>		<b>100.0%</b>



Investor Type	Clean Share	Eligibility Restrictions	Income	Share Class	Devise	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	Dis	<b>A</b>	EUR	1.25%	1.45%	4	LU0048293285	BLG4718 LX
Retail	No	No	Cap	<b>B</b>	EUR	1.25%	1.45%	4	LU0048293368	BL4717 LX
Retail	No	No	Cap	<b>B CHF Hedged</b>	CHF	1.25%	1.44%	4	LU1305478429	BLG75BH LX
Retail	Yes	Yes	Dis	<b>AM</b>	EUR	0.85%	1.05%	4	LU1484140337	BLG75AM LX
Retail	Yes	Yes	Cap	<b>BM</b>	EUR	0.85%	1.04%	4	LU1484140410	BLG75BM LX
Retail	Yes	Yes	Cap	<b>BM CHF Hedged</b>	CHF	0.85%	1.04%	4	LU1484140501	BL75BMC LX
Institutionnel	No	Yes	Cap	<b>BI</b>	EUR	0.60%	0.75%	4	LU0495654708	BLGL75I LX

## Management Report

31/07/2019

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%. At the end of July, the average yield to maturity in the bond portfolio was -0.8% (+0.1% for the benchmark) and the modified duration was 4.9 (8.3 for the benchmark).

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).

Following the excellent performance of the US equity market, the weighting of the 'US equities' asset class was cut from 21% to 19%. Otherwise, no changes were made to the equity portfolio.

Due to the growing proportion of debt securities offering negative yields to maturity, the bond portfolio was reduced and now only represents 4% of the portfolio's total value compared to a strategic weighting of 25%. The portfolio's diversification is achieved via gross exposure to equities of 65%, a partial hedge on the equity risk by selling equity index futures amounting to 7%, cash deposits in the safe-haven currencies Swiss franc and Japanese yen for 2% and 8% respectively, and exposure to gold of 16%.

## Investment Approach

### 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 generating extraordinary gains.*

#### **Master investment risks**

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

> We avoid investing in assets 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 limit the risk of loss and increase the potential return.

#### **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 index 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.*

### Asset Allocation

Analysis of the valuation of the S&P 500 is the basis for determining the percentage invested in equities, which is between 60% and 90%. The potential use of derivatives and the sale of futures on equity market indices may lead to net equity exposure outside this bracket. The default regional weighting of equities (26.5% for Europe, 30% for the United States, 7.5% for Japan, 8.5% for Asia excluding Japan and 2.5% for Latin America) is adjusted according to valuation levels and the manager's opinion on the relative attractiveness of each region.

### 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 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 cash flow generated 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.

### Bond Investment Approach: Government Bonds Only

In the bond portfolio, we only invest in government and supranational bonds. We include both developed and emerging market government bonds in the portfolio. As the objective of the bond segment is to stabilise the portfolio during equity market corrections, we limit corporate risk to equities and avoid it altogether for bonds. Given the excessive debt racked up by most countries following the collapse of Lehman Brothers in 2008, we limit our exposure to the most solid government issuers. The main management decisions for the bond portfolio are duration and exposure to emerging markets.

### Gold: Insurance Against Systemic Risk

Given massive state intervention in the financial markets since the collapse of Lehman Brothers, the economic system has evolved from market capitalism in which the financial markets are a meeting point between savers and investors, to state capitalism in which the authorities decide who receives money and who does not. The authorities have turned the financial markets into an instrument for political ends on the pretext that the economy will go into freefall without government intervention, thus suspending the rules governing the operation of the market economy.

Political decisions that clash permanently with economic forces destabilize the financial system. Despite the unlimited capacity of central banks' financial resources in a paper money system, failure to respect economic laws is jeopardising the viability of the financial system. For this reason, we also include gold index certificates (physically deposited in bank vaults in London) which act as an insurance against systemic risk.



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### **Specific Information for France:**

The present document may be distributed to French professional investors.

## Fund Fact Sheet

31/07/2019

### Asset Class

Global Equities

### Fund Characteristics

AUM	€ 281.6 mn
Launch date	11/03/2000
Oldest share class (B)	LU0117287580
Turnover (2018) *	8%
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.

### Management Company

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[www.blinvestmentsblog.com](http://www.blinvestmentsblog.com)

### 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](http://www.fundinfo.com)

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

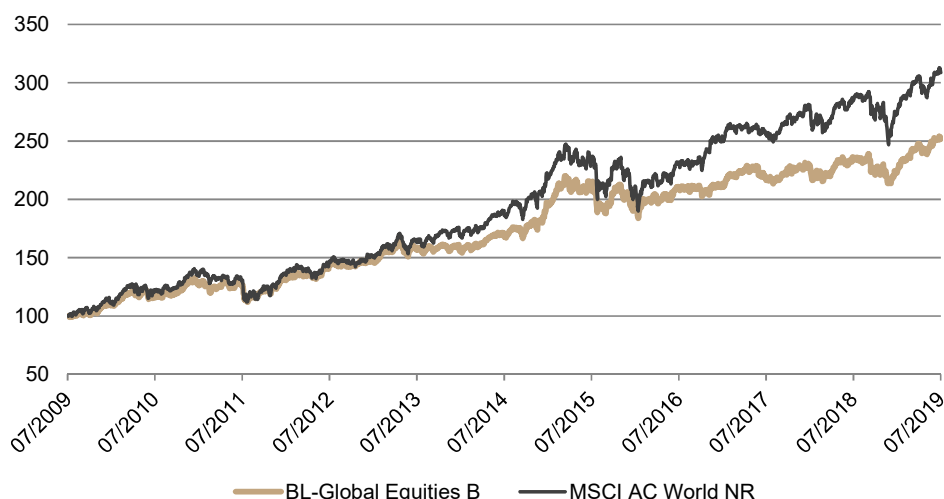
\*\* Luxembourg banking business day

### Investment Objective

BL-Global Equities is an international equity fund. The fund's objective is to grow capital over time by investing in a diversified global portfolio of high-quality companies posting a long-term competitive advantage. To reduce the potential downturn of the fund, the manager has the possibility of adjusting the exposure to equities (between 70% and 100%) by cash and/or hedging.

### Key Facts

- Globally diversified portfolio of high-quality companies
- Exposure to equity markets may vary between 70% and 100%
- Particular importance placed on analysis of competitive advantage and valuation
- Derivatives may be used for hedging or portfolio optimisation



Performance	YTD	2018	2017	2016	2015	2014
Fund (B shares)	16.5%	-4.1%	7.5%	2.5%	12.7%	13.7%
MSCI AC World NR	19.7%	-4.8%	8.9%	11.1%	8.8%	18.6%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	1.9%	1.8%	11.8%	7.8%	20.4%	49.0%	151.9%
MSCI AC World NR	2.6%	1.2%	11.3%	8.2%	34.3%	64.5%	208.5%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	9.6%	7.6%	9.9%	8.7%	11.0%	10.5%
MSCI AC World NR	11.7%	9.3%	12.6%	11.0%	14.0%	13.8%

The index (MSCI World AC) 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

31/07/2019

### Top Holdings Equity Portfolio

Unilever	3.3%
SAP	2.7%
Pernod Ricard	2.7%
Danone	2.5%
EssilorLuxottica	2.3%
LVMH	2.2%
Air Liquide	2.1%
TSMC	2.0%
Microsoft	2.0%
Reckitt Benckiser	1.7%

<b>Cash</b>	<b>8.3%</b>
<b>Weight of Top 10</b>	<b>23.4%</b>
<b>Number of holdings</b>	<b>130</b>

### New Investments in July

no transactions

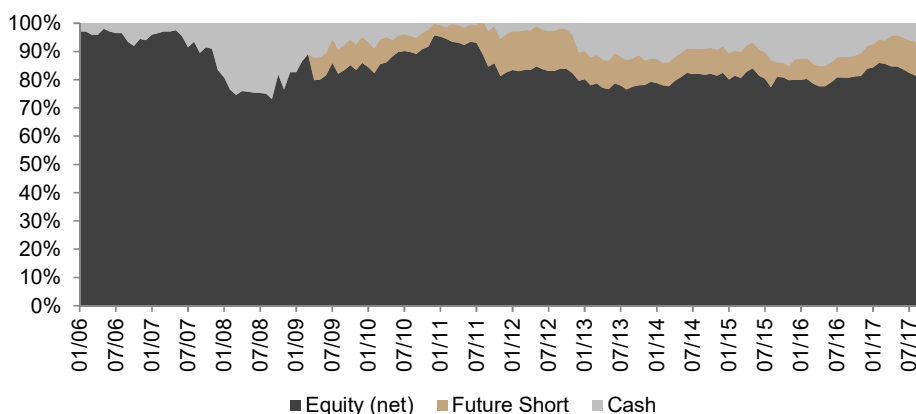
### Investments sold in July

no transactions

### Currency Allocation

USD	36.6%
EUR	24.3%
JPY	14.2%
GBP	5.9%
HKD	3.3%
CHF	3.2%
KRW	2.8%
SEK	2.5%
SGD	2.3%
DKK	1.6%
BRL	1.6%
TWD	0.9%
MXN	0.6%
ZAR	0.3%
MYR	0.0%

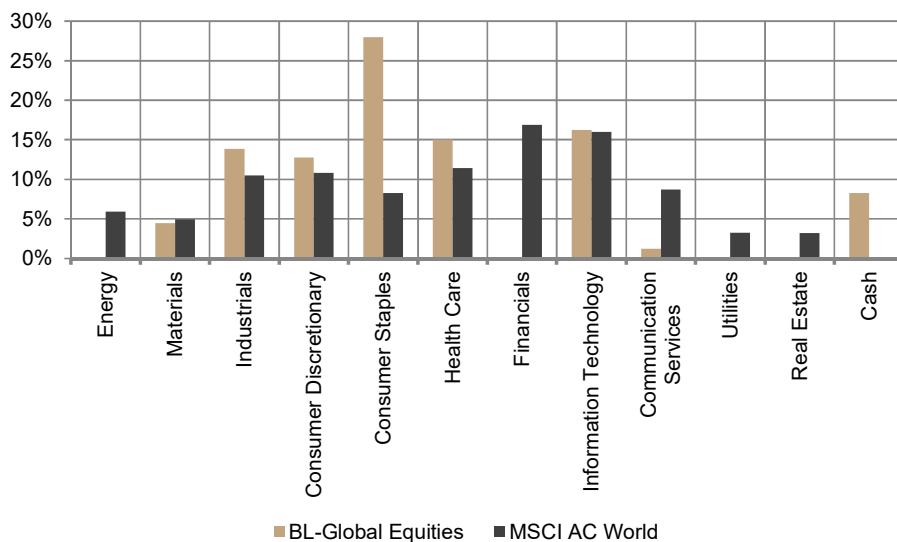
### Historic asset allocation



### Strategic

		Allocation portfolio July 2019			
		Gross	Hedging	Net	MSCI World AC
Europe	35.0%	36.0%	-3.7%	32.3%	20.3%
US	30.0%	29.4%	-6.1%	23.2%	58.2%
Japan	10.0%	11.3%		11.3%	7.1%
Asia ex Japan	19.0%	11.9%		11.9%	12.5%
Latin America	6.0%	3.1%		3.1%	1.5%
<b>Total Equities</b>	<b>100.0%</b>	<b>91.7%</b>			
<b>Cash</b>		<b>8.3%</b>			
<b>Total</b>		<b>100.0%</b>			

### Sector Allocation



Investor Type	Clean Share	Eligibility Restrictions	Share Class	Currency	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	A	EUR	Dis	1.25%	1.46%	5	LU0439764787	BLGLBEA LX
Retail	No	No	B	EUR	Cap	1.25%	1.46%	5	LU0117287580	BLGLBEQ LX
Retail	Yes	Yes	AM	EUR	Dis	0.85%	1.06%	5	LU1484140683	BLGLEAM LX
Retail	Yes	Yes	BM	EUR	Cap	0.85%	1.06%	5	LU1484140766	BLGLEBM LX
Institutional	No	Yes	BI	EUR	Cap	0.60%	0.74%	5	LU0439765164	BLGLBEI LX

## Management Report

**31/07/2019**

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).

Following the excellent performance of the US equity market, the weighting of the 'US equities' asset class was cut from 31% to 29.5%. This asset class has recorded by far the best performance in recent years, hence its significant underweighting. In the longer term, the Asia region appears to have the greatest potential for appreciation.

## Investment Approach

### 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.

### Portfolio structure

BL-Global Equities has a diversified portfolio of around 150 companies. The default regional weighting of equities (35% for Europe, 40% for the United States, 10% for Japan, 11.5% for Asia excluding Japan and 3.5% for Latin America) is adjusted according to valuation levels and the manager's opinion on the relative attractiveness of each region. Given the diversified nature of the portfolio and the importance placed on the analysis of competitive advantage and valuation, the specific risk related to an unfavourable movement in an individual stock is contained.

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## 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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www.bli.lu  
www.blinvestmentsblog.com

### 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>

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

\*\* Luxembourg banking business day

\*\*\* Lipper Global Mixed Asset Balanced

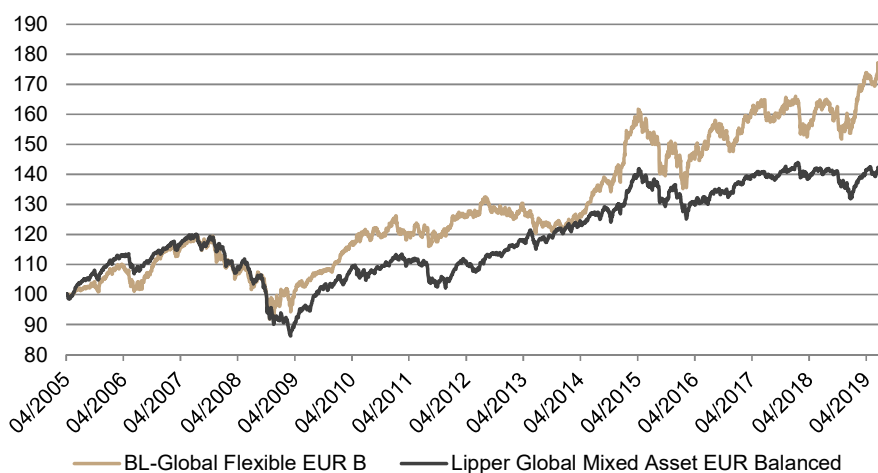
### Investment Objective

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

31/07/2019

#### 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%
<b># holdings equity portfolio</b>	<b>76</b>

#### 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%
<b># holdings bond portfolio</b>	<b>5</b>

#### Bond Portfolio Technicals

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

#### New Investments in July (Equities)

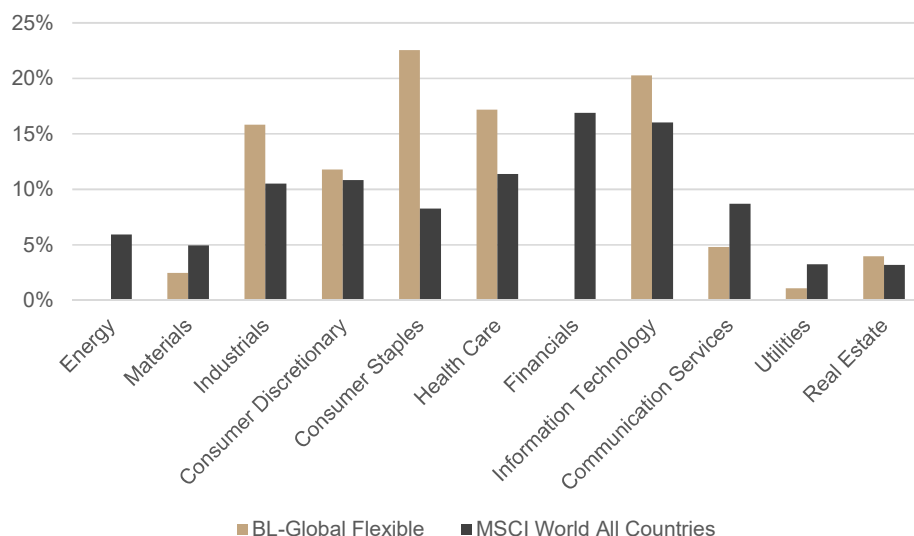
Silver Wheaton

#### Investments sold in July (Equities)

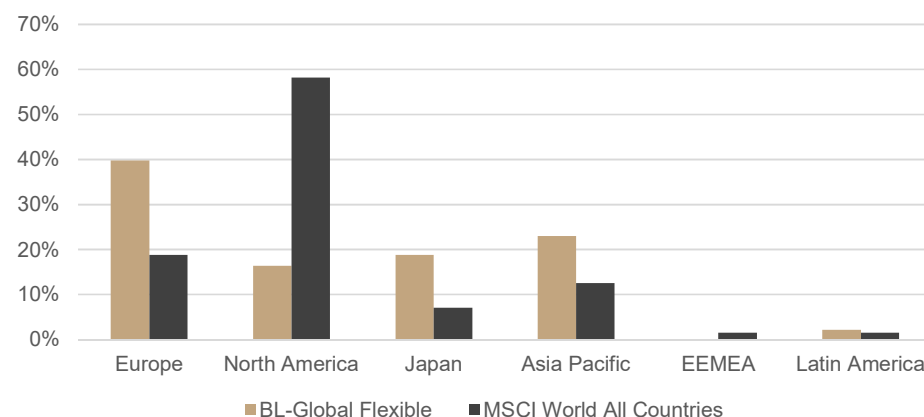
no transactions

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%
<b>Total</b>	<b>100.0%</b>		

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
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Institutional	No	Yes	BI	EUR	No	Cap	0.60%	0.72%	4	LU0379366346	BLGLFLI LX

## Management Report

31/07/2019

### 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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References to past performances of financial instruments should not be interpreted as a guarantee of future returns.

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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](http://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 concerning GICS Data:**

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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 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. The present document may be distributed to Swiss qualified investors.

### **Specific Information for France:**

The present document may be distributed to French professional investors.

## 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

BLI - Banque de Luxembourg Investments S.A.  
16, boulevard Royal  
L-2449 Luxembourg  
Tel: (+352) 26 26 99 - 1  
www.bli.lu  
www.blinvestmentsblog.com

### 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>

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

\*\* Luxembourg banking business day

\*\*\* Lipper Global Mixed Asset Balanced

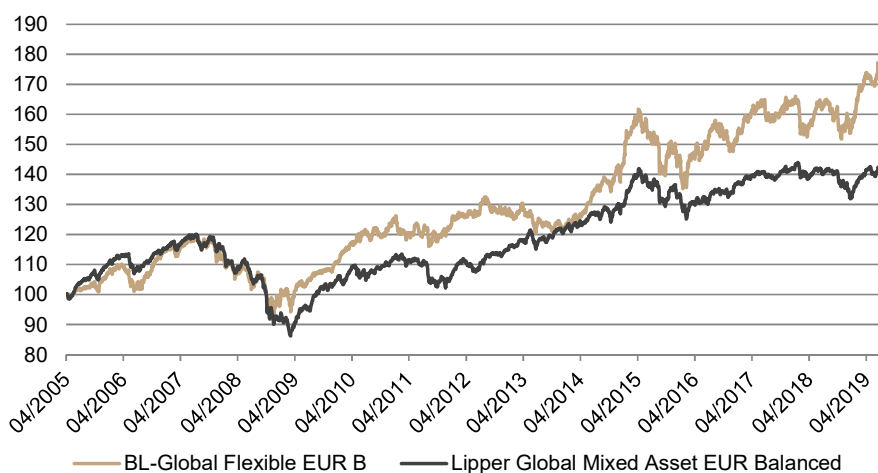
### Investment Objective

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%

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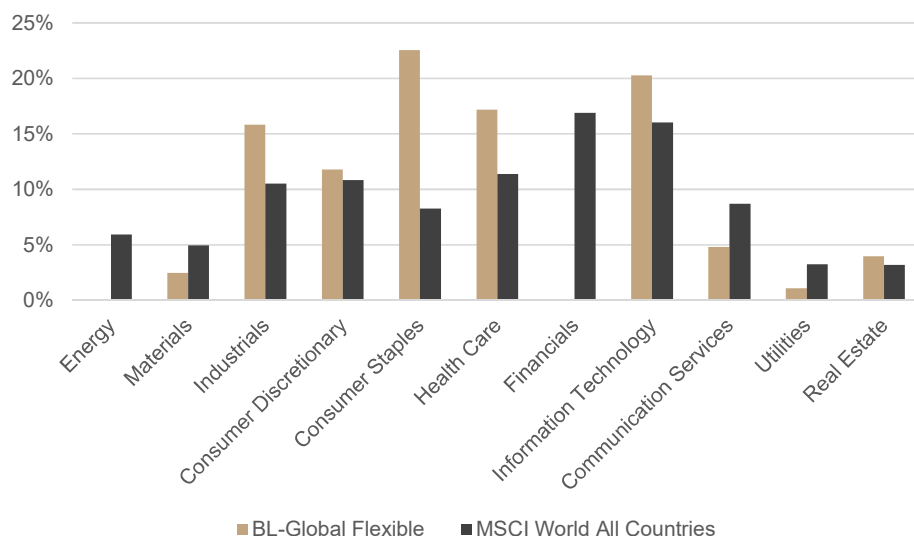
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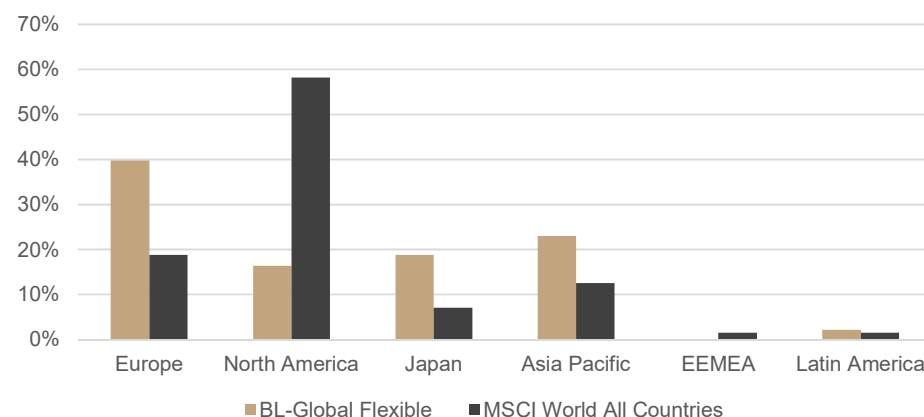
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The investment case for precious metals remains valid. Gold is an investment in monetary and financial disorder as well as a hedge against inflation. Gold-mining companies offer significant leverage to the gold price.

### 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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## 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.

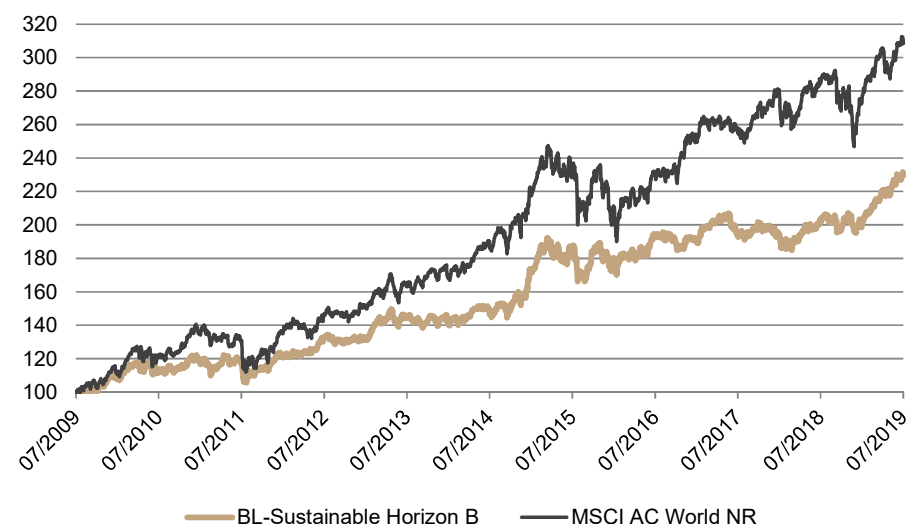
### Investment Objective

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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L-1724 Luxembourg  
Tel: (+352) 26 26 99 - 1  
[www.bli.lu](http://www.bli.lu)  
[www.blinvestmentsblog.com](http://www.blinvestmentsblog.com)

### 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

31/07/2019

#### 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

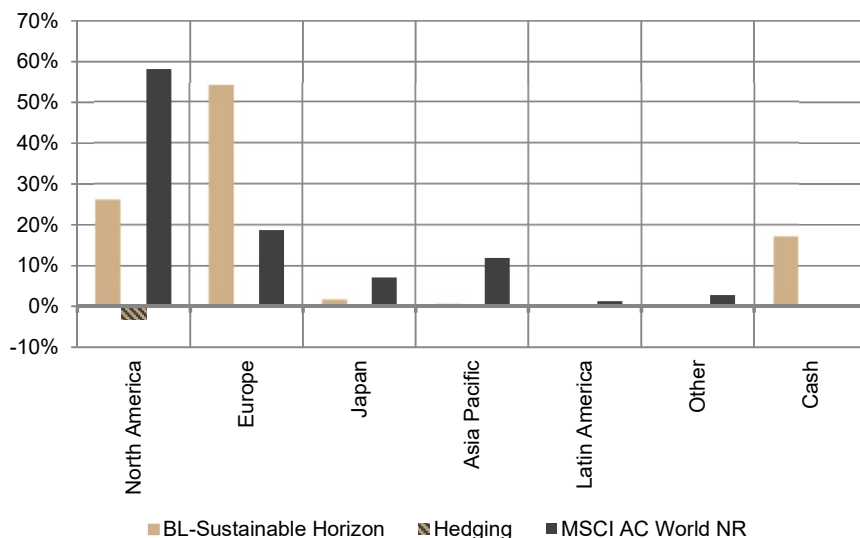
#### Currency Allocation

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%

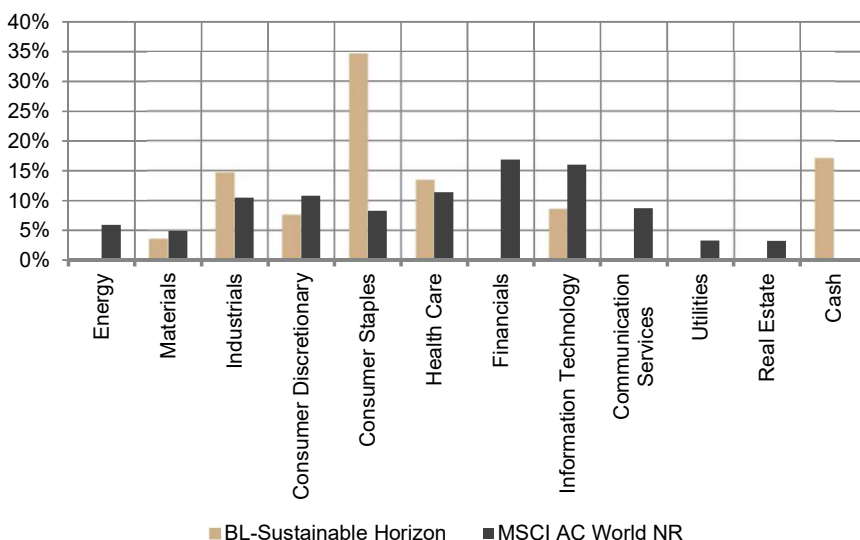
#### Asset Allocation

	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

31/07/2019

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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