BL-Emerging Markets

a sub-fund of SICAV BL

BANQUE DE LUXEMBOURG INVESTMENTS

Fund Fact Sheet

29/06/2018

Asset Class

Equities Global Emerging Markets

Fund Characteristics

AUM	€ 441,2 mn
Launch date	31/10/2007
Oldest share class (B)	LU0309192036
Turnover (2017) *	6%
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	12:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	www.fundinfo.com

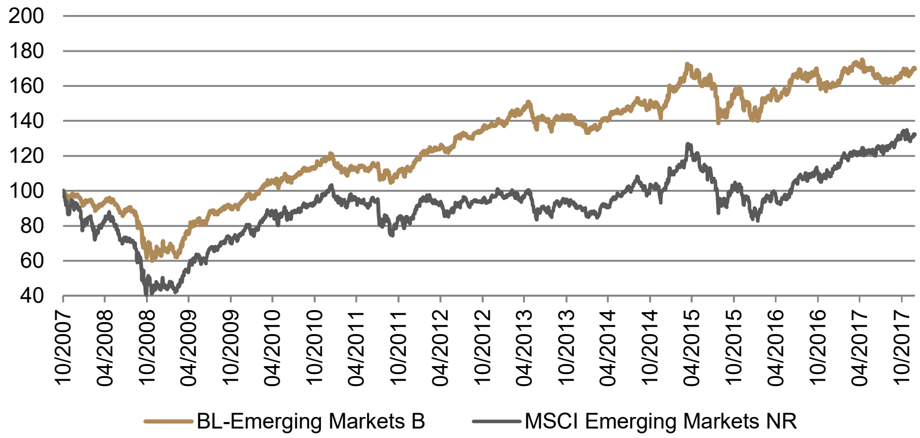
* min (purchases, sales) / average of net assets
** Luxembourg banking business day
*** 31/10/2007

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	2017	2016	2015	2014	2013	2012
Fund (B shares)	-5,5%	6,2%	6,3%	0,9%	7,4%	0,5%	21,2%
MSCI EM NR EUF	-4,0%	20,6%	14,5%	-5,2%	11,4%	-6,8%	16,4%

	1 month	3 months	6 months	1 year	3 years	5 years	since launch***
Fund (B shares)	-3,3%	-2,1%	-5,5%	-3,4%	-1,5%	13,3%	60,5%
MSCI EM NR EUF	-4,2%	-3,0%	-4,0%	5,7%	12,4%	42,2%	27,4%

Annualised Performance	1 year	3 years	5 years	since launch***
Fund (B shares)	-3,4%	-0,5%	2,5%	4,5%
MSCI EM NR EUR	5,7%	4,0%	7,3%	2,3%

Annualised Volatility	1 year	3 years	5 years	since launch***
Fund (B shares)	6,4%	11,7%	10,7%	13,0%
MSCI EM NR EUR	13,6%	18,1%	17,0%	21,7%

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.

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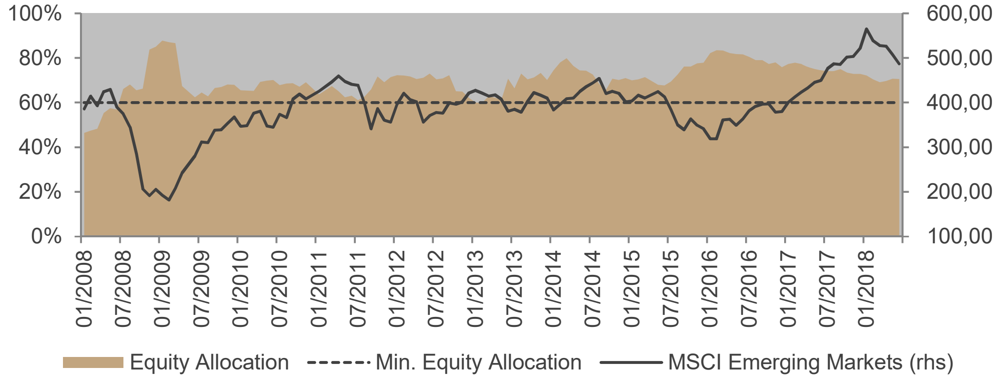
BANQUE DE LUXEMBOURG INVESTMENTS

Current Portfolio

29/06/2018

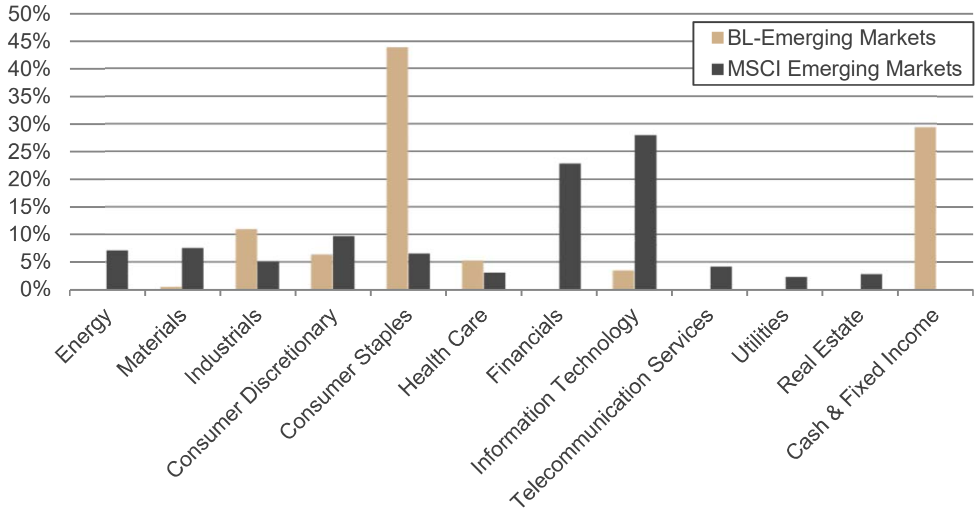
Top Equity Holdings	
Want Want China	2,5%
Thai Beverage	2,3%
St Shine Optical	2,2%
President Chain Store	2,2%
CCU	2,2%
TSMC	2,1%
Sands China	1,9%
Tiger Brands	1,9%
Ambev	1,8%
FEMSA	1,8%
Weight of Top 10	**20,7%**
Number of equity holdings	**63**



Asset Allocation	
EM Equities	70,6%
Cash & Fixed Income	29,4%

Regional Allocation	
Asia Pacific	50,6%
Latin America	14,5%
EEMEA	5,5%
Cash & Fixed Income	29,4%

Sector Allocation



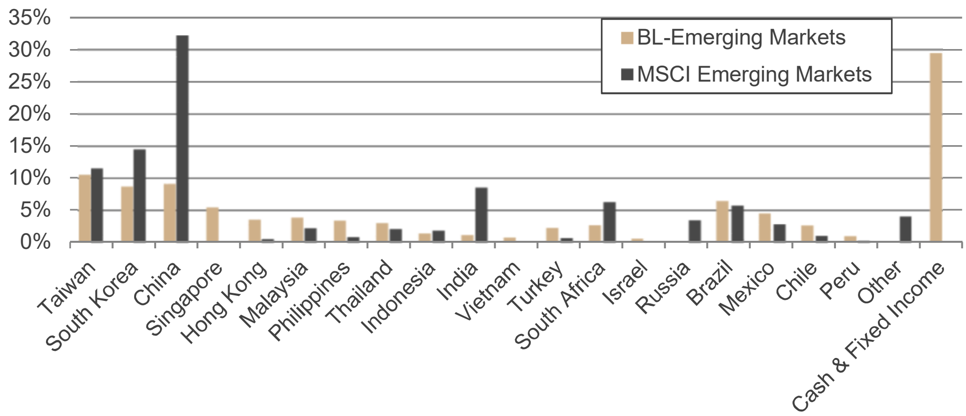
New Equity Investments in June

no transactions

Equity Investments sold in June

no transactions

CountryAllocation



Investor Type	Clean Share	Elegibility 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%	1,48%	5	LU0309191905	BLEMMKA LX
Retail	No	No	**B**	EUR	No	Cap	1,25%	1,48%	5	LU0309192036	BLEMMKB LX
Retail	No	No	**BC**	USD	No	Cap	1,25%	1,47%	5	LU0887931029	BLEMMTC LX
Retail	Yes	Yes	**AM**	EUR	No	Dis	0,85%	1,06%	5	LU1484144164	BLEMMAM LX
Retail	Yes	Yes	**BM**	EUR	No	Cap	0,85%	1,07%	5	LU1484144248	BLEMMBM LX
Retail	Yes	Yes	**BCM**	USD	No	Cap	0,85%	1,07%	5	LU1484144321	BLEMBCM LX
Institutional	No	Yes	**BI**	EUR	No	Cap	0,60%	0,79%	5	LU0439765677	BLEMMBI LX
Institutional	No	Yes	**BCI**	USD	No	Cap	0,60%	0,78%	5	LU1484144594	BLEMBCI LX

Management Report

29/06/2018

The emerging markets' equity index, the MSCI Emerging Markets NR, was down by 4.2% (in EUR) during the month of June. The fund (retail class B) was down by 3.3% (in EUR) over the same period.
During the month, all sectors were negative. The more defensive sectors like telecommunication, consumer staples or healthcare resisted better compared to more cyclical sectors like the industrial one.

The month was marked again by the looming trade war between the US and China. After having imposed tariffs on steel, aluminum and some agricultural goods, the trade war seems to intensify with more products targeted by both nations. In this environment, coupled with a Federal Reserve in tightening mode and a stronger US dollar, investor's sentiment on emerging markets took a hit.

During the month, the fund manager increased three positions on share price weakness: Thai Beverage, the leading spirits and beer company in Thailand having recently acquired the leading beer company in Vietnam, St. Shine Optical, one of the largest contact lens manufacturer in the world and AmBev, the dominant Brazilian brewer.

By the end of the month, the portfolio's equity allocation stood close to 71%, down from over 83% back in early 2016. The fund manager remains cautious on the overall valuation level and very selective on quality stocks.

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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