

## Fund Fact Sheet

29/06/2018

### Asset Class

Mixed Asset Global Flexible

### Fund Characteristics

AUM	€ 1343,9 mn
Launch date	06/04/2005
Oldest share class (B)	LU0211340665
Turnover (2017) *	31%
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.  
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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	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

\*\*\* Lipper Global Mixed Asset Balanced

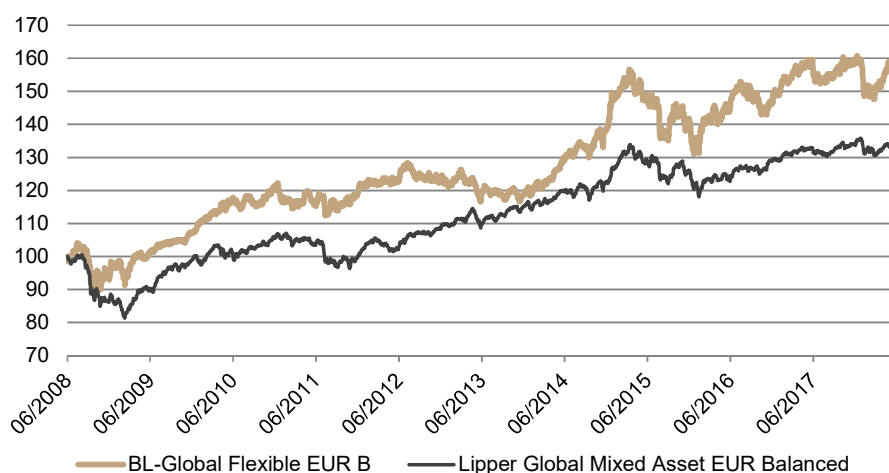
### Investment Objective

The fund aims to achieve positive returns from an actively managed portfolio of 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	2017	2016	2015	2014	2013
Fund (B shares)	-0,5%	8,2%	3,9%	1,5%	16,7%	-3,1%
Lipper Peergroup***	-1,0%	3,7%	2,4%	2,8%	6,4%	6,3%

Performance	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	-0,03%	4,5%	-0,5%	1,7%	7,5%	32,6%	57,6%
Lipper Peergroup***	-0,6%	1,1%	-1,0%	0,7%	3,3%	20,7%	32,3%

Volatility	3 months	6 months	1 year	3 years	5 years	10 years
Fund (B shares)	4,6%	10,1%	7,7%	8,9%	8,2%	7,9%
Lipper Peergroup***	3,0%	5,1%	4,0%	5,1%	5,1%	6,2%

The index (Lipper Global Mixed Asset EUR Balanced) is shown in the performance chart as well as in the performance tables above for performance measurement purposes only and it should under no circumstances be considered as an indication of a specific investment style or strategy.

Investors are also invited to consult the performance chart disclosed in the key investor information document of the sub-fund.

### Current Portfolio

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#### Top Holdings Equity Portfolio

Franco Nevada	4,6%
Roche Holding	4,2%
Agnico Eagle Mines	3,5%
Accenture	3,1%
Nestle	2,5%

# holdings equity portfolio **62**

#### Top Holdings Bond Portfolio

US Tsy Bonds 2,5% 15-02-2045	4,4%
US Tsy Bonds 2,875% 15-05-2043	4,4%
US Tsy Bonds 2,5% 15-02-46	1,5%
US T-Notes 2,75% 15-11-47	1,2%

# holdings bond portfolio **4**

#### Bond Portfolio Technicals

average modified duration	18,2
average maturity	26,4 years
average yield to maturity	3,0%

#### New Investments in June (Equities)

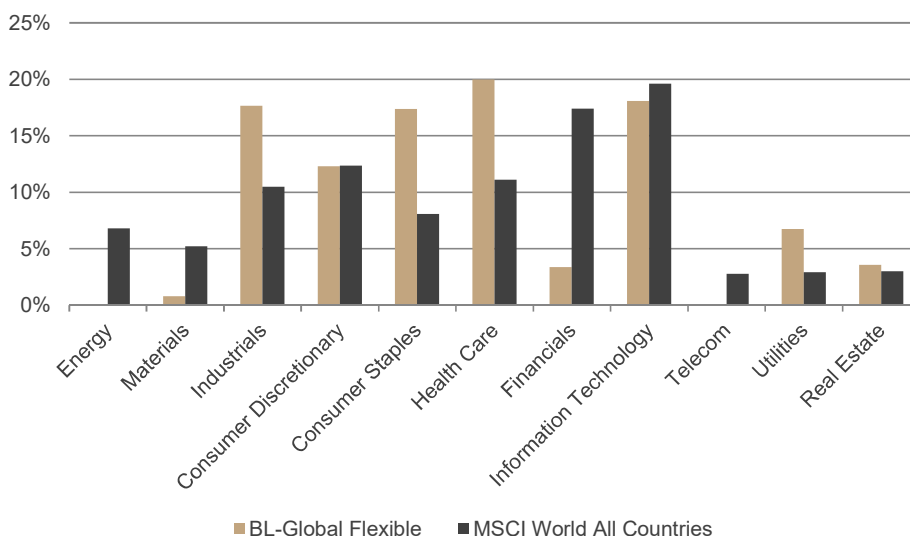
no transactions

#### Investments sold in June (Equities)

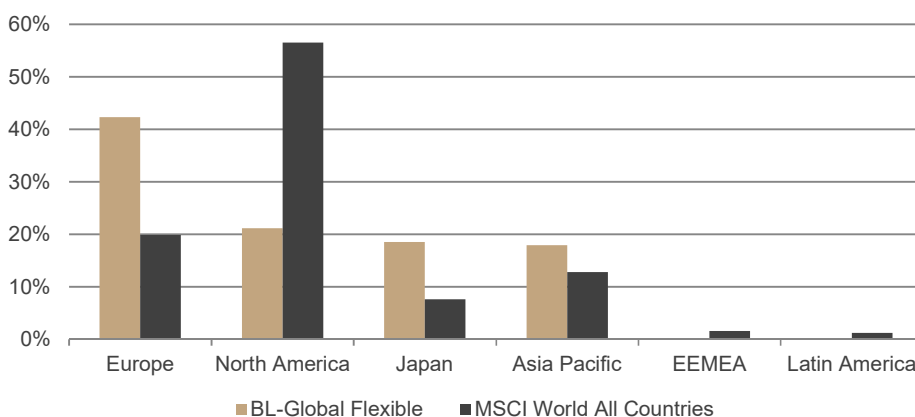
no transactions

Currency allocation	before hedging	after hedging
EUR	12,1%	37,6%
JPY	14,3%	14,3%
CAD	13,2%	13,2%
GBP	8,7%	8,7%
CHF	8,3%	8,3%
USD	31,9%	6,4%
HKD	4,1%	4,1%
SGD	2,5%	2,5%
KRW	1,7%	1,7%
TWD	1,4%	1,4%
DKK	0,9%	0,9%
SEK	0,5%	0,5%
VND	0,5%	0,5%

#### Sector Allocation Equity Portfolio



#### Regional Allocation Equity Portfolio



#### Asset Allocation June 2018

	Gross	Hedging	Net
Equity	64,8%	0,0%	64,8%
Bonds	11,5%		11,5%
Precious Metals	14,6%		14,6%
Related Stocks			
Cash	9,2%		9,2%
<b>Total</b>	<b>100,0%</b>		

Investor Type	Clean Share	Elegibility restrictions	Share Class	Currency	Currency Hedging	Income	Mgmt Fees	On-going Charges	SRRI	ISIN	Bloomberg Ticker
Retail	No	No	<b>A</b>	EUR	No	Dis	1,25%	1,40%	4	LU0211339816	BLGLFLX LX
Retail	No	No	<b>B</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	<b>AM</b>	EUR	No	Dis	0,85%	1,01%	4	LU1484143513	BLGLFAM LX
Retail	Yes	Yes	<b>BM</b>	EUR	No	Cap	0,85%	1,00%	4	LU1484143604	BLGLFBM LX
Retail	Yes	Yes	BM CHF hedged	CHF	Yes	Cap	0,85%	1,01%	4	LU1484143786	BLGLFBM LX
Institutional	No	Yes	<b>BI</b>	EUR	No	Cap	0,60%	0,72%	4	LU0379366346	BLGLFLI LX

## Management Report

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### Macroeconomic environment

After a year of synchronised growth, the United States are resuming the role of engine of the global economy. Thanks to the tax reform, corporate investments and household consumption are accelerating, generating annual GDP growth in the second quarter that is expected to exceed 3% for the first time in three years. In the eurozone, economic indicators are pointing in the right direction, but are still below the heights seen at the start of the year. In contrast to the United States, Europe is following a much more marked fiscal discipline, which has resulted in a rather less dynamic economy at present. In Japan, growth has slowed slightly compared to the high levels seen last year, the increase in real GDP having dropped to 1.1% in the first quarter. In China, the government's efforts to contain debt in the country led to a slowdown in investment and household consumption in the first five months of the year. The recent reduction in the banks' required reserve ratio suggests that Beijing will not sit on the sidelines if there is a more marked slowdown in the economy, as could result from an escalating trade war with the United States.

In the United States, inflation is now at the upper end of its range in recent years. In May, headline inflation increased from 2.5% to 2.8%, while inflation excluding energy and food increased from 2.1% to 2.2%. The Federal Reserve's preferred indicator, the PCE (personal consumption expenditures) deflator excluding energy and food, rose from 1.8% to 2%, reaching the monetary authorities' target for the first time since the beginning of 2012. In the eurozone, the rise in inflation was largely due to higher oil prices. It was up from 1.9% to 2% in June. Excluding energy and food, inflation is substantially lower, at 1% compared to 1.1% in the previous month.

As expected, the US Federal Reserve raised its key interest rate in June by 25 basis points, for the second time this year. The Fed Funds Rate is now in the target range of 1.75% to 2%. The monetary authorities are still forecasting two further hikes before the end of the year, which would take the upper limit of the Fed Funds Rate to 2.5% in December. In the eurozone, ECB President Mario Draghi signalled an end to the quantitative easing programme by the end of the year. Monthly asset purchases will be cut from the current 30 billion euros to 15 billion euros from October and will end on 31 December 2018. Mario Draghi also indicated that interest rates would remain unchanged at least to the end of summer 2019, which roughly coincides with the end of its mandate on 31 October 2019.

### Financial markets

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

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. This also stimulates M&A activity and gives a further boost to stock prices. A reduction in corporate tax rates, a more favourable regulatory environment and the possible repatriation of offshore cash holdings could sustain these trends. As valuation levels are driven ever higher, future equity market returns are liable to be very disappointing, however.

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 June

Bond market yields eased very slightly in June. In view of the increasingly protectionist rhetoric from the US President Donald Trump with regard to China and Europe, investors have been reluctant to increase risk in their portfolios. The 10-year government bond yield remained unchanged at 2.86% in the United States, and dipped from 0.34% to 0.30% in Germany. Among the eurozone periphery countries, the 10-year yield dropped from 1.50% to 1.32% in Spain and from 2.79% to 2.68% in Italy.

Equity markets saw little change in June; the MSCI All Country World Index net total return expressed in euros dropped back slightly, by 0.6%. Over the month, the S&P 500 in the United States gained 0.5% (in USD), while the Stoxx 600 in Europe and the Topix in Japan fell by 0.8% (in EUR) and 1.0% (in JPY) respectively. Emerging market equities were particularly weak, with the MSCI Emerging Markets index giving up 4.6% (in USD). The strength of the dollar or, alternatively, the weakness of many emerging market currencies such as the Turkish lira, the Brazilian real and recently the Chinese yuan, weighs heavily on the equity markets of the countries in question. Generally speaking, the escalating threat of trade wars coupled with less abundant cash in dollars as a result of steady monetary policy tightening in the United States is currently a damper on the equity markets.

After a sharp slump in May, the euro held steady at 1.17 dollars in June. Deteriorating US budget and trade deficits, suggesting a weaker dollar on the one hand, and a growing interest rate differential between Europe and the United States fortifying the dollar on the other, make it particularly difficult to predict the future course of the euro/dollar exchange rate.

During the month, the position in Hermes was slightly reduced after its strong price performance. No new positions were established.

BL-Global Flexible's equity holdings in Europe, Japan and North America as well as its bond and gold holdings contributed positively to the performance in June. The negative contributors were the equity holdings in Asia ex. Japan and appreciation of the euro. Within the equity portfolio, the major positive contributors were Accenture, Roche and Gilead Sciences, the major negative contributors CK Assets, CK Hutchison and Hermes.

## 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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