

Fund Fact Sheet

29/06/2018

Asset Class

Equities North America, Small & Mid Cap

Fund Characteristics

AUM	USD 241,3 mn
Launch date	13/11/2015
Oldest share class (B)	LU1305478775
Turnover (2017) *	24%
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.
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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

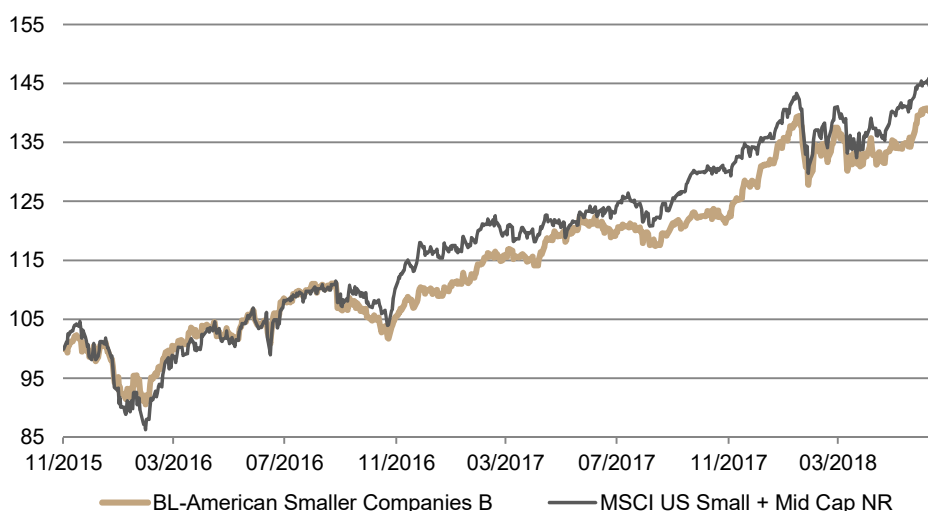
Investment Objective

The objective of BL-American Smaller Companies is to achieve long-term capital gains by investing in high-quality North American 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 70 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	2017	2016
Fund (B shares)	5,9%	20,6%	9,5%
MSCI US Small + Mid NR USD	4,6%	17,6%	15,2%

Performance

	1 month	3 months	6 months	1 year	since launch***
Fund (B shares)	3,7%	4,6%	5,9%	15,4%	39,2%
MSCI US Small + Mid NR USD	0,7%	4,7%	4,6%	15,1%	40,3%

Annualised

Volatility

	3 months	6 months	1 year	since launch***
Fund (B shares)	8,9%	15,4%	11,8%	11,4%
MSCI US Small + Mid NR USD	8,7%	16,5%	12,5%	13,3%

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

29/06/2018

Top Holdings

Clorox	3,5%
Church + Dwight	3,5%
Resmed	3,5%
Tractor Supply	3,5%
Ultra	2,6%
Waters	2,6%
Check Point Software Technologies	2,6%
Labcorp Of America	2,5%
Mccormick & Co	2,4%
Welbilt	2,2%
Weight of Top 10	28,9%
Number of holdings	49

Asset Allocation

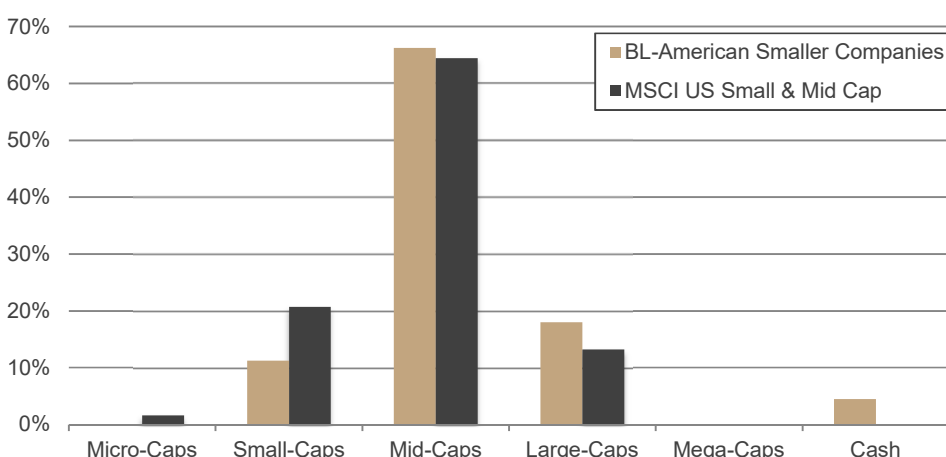
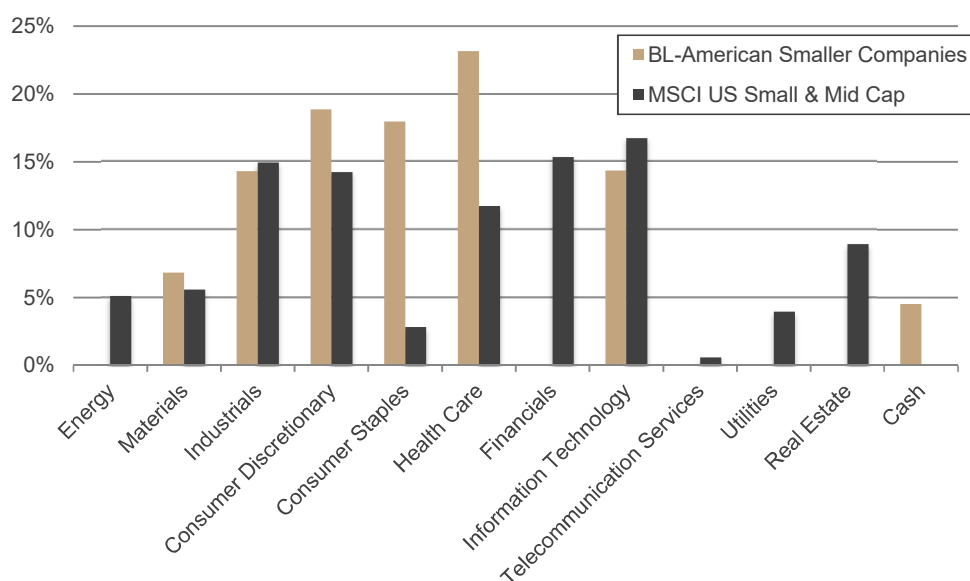
United States	95,5%
Canada	0,0%
Cash	4,5%

New Investments in June

no transactions

Investments sold in June

no transactions



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	Hedging	Income	Mgmt fees	On-going Charges	SRRI	ISIN	Bloomberg ticker
Retail	No	No	A	USD	No	Dis	1,25%	1,51%	5	LU1484763229	BLEFBAU LX
Retail	No	No	B	USD	No	Cap	1,25%	1,53%	5	LU1305478775	BLAMSCB LX
Retail	No	No	B Eur Hedged	EUR	Yes	Cap	1,25%	1,53%	5	LU1305478932	BLASBEH LX
Retail	Yes	Yes	AM	USD	No	Dis	0,85%	1,09%	5	LU1484763575	BLASCAM LX
Retail	Yes	Yes	BM	USD	No	Cap	0,85%	1,12%	5	LU1484763658	BLASCBM LX
Retail	Yes	Yes	BM Eur Hedged	EUR	Yes	Cap	0,85%	1,13%	5	LU1484763732	BLASBME LX
Inst.	No	Yes	BI	USD	No	Cap	0,60%	0,78%	5	LU1484763815	BLASCBI LX

Management Report

29/06/2018

After the small losses in the first quarter, US Equity markets had performed much better in the second quarter this year. Markets have been supported by positive economic and consumption data during the quarter. Over the quarter, the S&P 500 gained 2.93% and the Dow Jones Industrial Average was up 0.7%, while thanks to strong performance from tech stocks, the Nasdaq soared by 6.33%.

A strong US economic backdrop gave the Federal Reserve the confidence to raise interest rates again in June and signal two further hikes to come this year, followed by three more next year.

The dollar not just strengthened against the euro this quarter but against most major currencies, and this has had important implications for equity markets. In emerging markets, a stronger dollar has often proved a headwind to equity performance and that was the case again this quarter sending the MSCI Emerging Market Index down more than 8%.

In June, the BL-American Smaller Companies Fund (retail share class capitalization net of fees in USD) outperformed its Benchmark, the MSCI US Small + Mid Cap NR USD Index, by 2.93%. In absolute terms, the fund showed a positive performance of 3.67%.

There were no outright purchases made in the month. We increased our position in Healthcare Services Group, as the share price has been particularly weak of late, dropping about 30% from its highs since the beginning of the year. The company has faced an upward trend in counterparty risk, demonstrated by increasing days in sales outstanding and the recent bankruptcies of two clients, which required a sizable accounts receivable reserve to be taken in first quarter 2018. Nevertheless, we believe that at these levels Healthcare Services Group shares offer an attractive risk reward profile for long-term investors, particularly given the company's still strong organic growth outlook, large market opportunity and its solid returns on invested capital.

We further used inflows into the fund, to add some exposure to Cognex, Laboratory Corp, Cooper, Waters and Ulta Beauty.

On the other side, we did not sell a position during the period under review.

The top five contributors in the month were Church & Dwight, Clorox, Healthcare Services Group, McCormick and Welbilt. The top five detractors were Globus Medical, Ulta Beauty, IPG Photonics, Zebra Technologies and Ball.

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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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 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 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.

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