

Fund Fact Sheet

28/02/2022

Asset Class

Equities Asia ex Japan, all cap

Fund Characteristics

AUM	USD 107,4 mn
Launch date	26/10/2021
Oldest share class (B)	LU2292333197
Turnover (2021) ¹	N/A
Reference currency	USD
Available currencies (unhedged)	EUR
Legal structure	SICAV, UCITS
Domicile	Luxembourg
European Passport	Yes
Countries of registration	AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, SE, SG, PT

Representative Market Index

MSCI Emerging Markets NR

Fund Manager

Marc Erpelding is fund manager at BLI. After a degree in civil engineering at the Swiss Federal Institute of Technology in Zurich (ETH Zurich), Marc worked for a short time in industry in Zurich and New York. After his Master's degree in Management from King's College, London, Marc returned to Luxembourg in 2002 to join the Asset Management department of Banque de Luxembourg. Marc obtained his Certified International Investment Analyst (CIIA) diploma in 2005 and has been in charge of emerging market equities since 2007.

Management Company

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

Dealing & Administrator Details

European Fund Administration (EFA)	
Tel	+352 48 48 80 582
Fax	+352 48 65 61 8002
Dealing frequency	daily ²
Cut-off time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily**
NAV publication	www.fundinfo.com

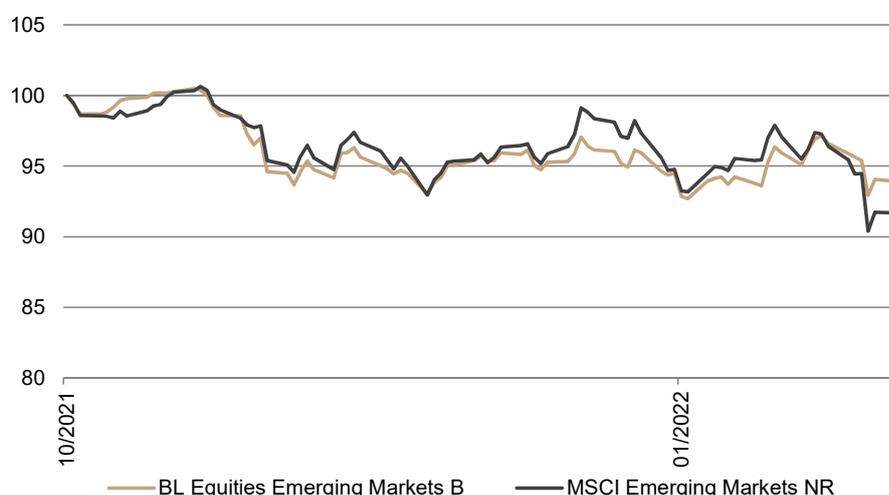
Investment Objective

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 40-60 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
Fund (B shares)	-2,1%
MSCI Emerging Markets NR	-4,8%

Performance

	1 month	3 months	since launch ³
Fund (B shares)	0,0%	0,3%	-6,1%
MSCI Emerging Markets NR	-3,0%	-3,0%	-9,2%

Annualised Performance

	since launch ³
Fund (B shares)	-16,7%
MSCI Emerging Markets NR	-24,6%

Annualised Volatility

	since launch ³
Fund (B shares)	11,9%
MSCI Emerging Markets NR	14,3%

The market index (MSCI Emerging Markets 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.

¹ min (purchases, sales) / average of net assets

² Luxembourg banking business day

³ 31/1/2014

Current Portfolio

28/02/2022

Top Holdings

TSMC	5,2%
Samsung Electronics	4,5%
Yum China Holdings	4,1%
FEMSA	3,5%
Tencent Holding	3,5%
Ambev	3,4%
Want Want China	3,4%
LG Household + Health Care	3,2%
President Chain Store	3,1%
Netease	3,1%
Weight of Top 10	37,0%
Number of holdings	47

New Investments in February

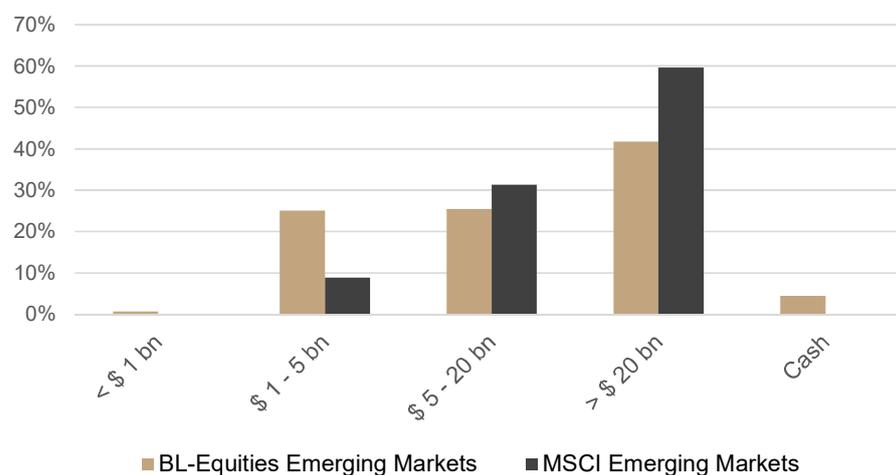
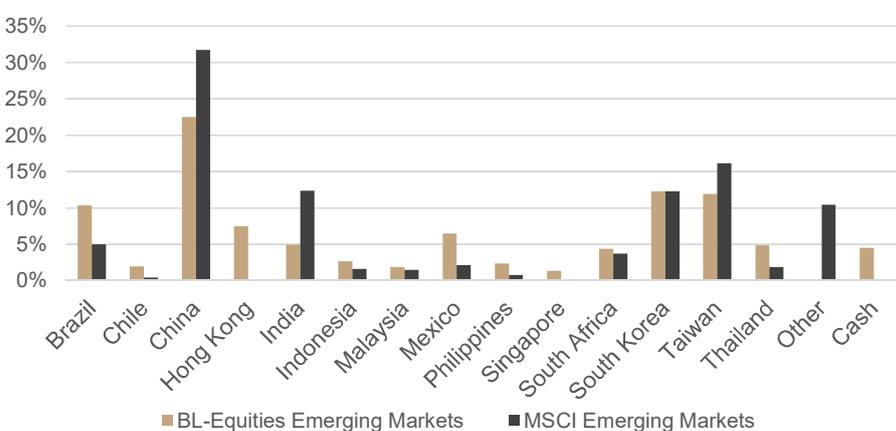
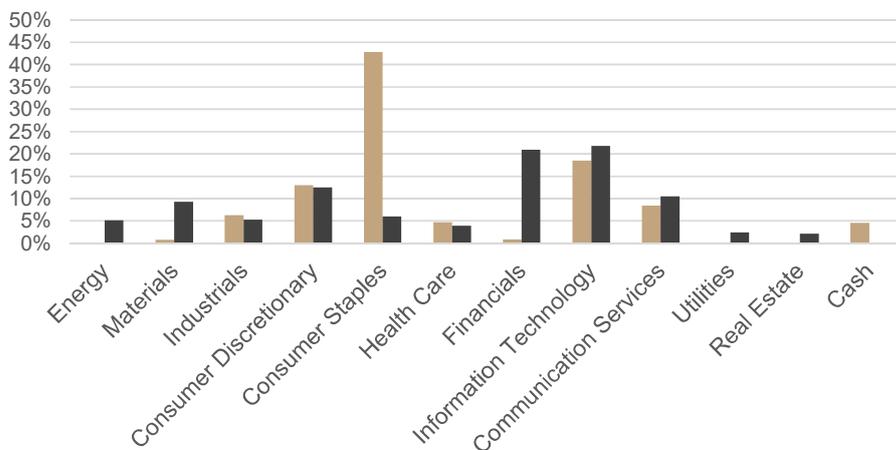
Hong Kong Exchange & Clearing

Investments sold in February

Godrej Consumer Products

Currencies

HKD	25,9%
KRW	12,3%
TWD	11,9%
USD	10,7%
BRL	10,4%
INR	5,0%
THB	4,9%
ZAR	4,4%
IDR	2,7%
PHP	2,4%
MYR	1,9%
MXN	1,8%
SGD	1,4%
Other	0,0%
Cash	4,5%



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	USD	No	Dis	1,25%	1,50%	5	LU22923332975	BLBEMAA LX
Retail	No	No	B	USD	No	Cap	1,25%	1,50%	5	LU22923333197	BLBBUSD LX
Retail	No	No	BC	EUR	No	Cap	1,25%	1,50%	5	LU22923333270	BLBEMBE LX
Retail	Yes	Yes	AM	USD	No	Dis	0,85%	1,10%	5	LU22923333437	BLBEAMI LX
Retail	Yes	Yes	BM	USD	No	Cap	0,85%	1,10%	5	LU22923333510	BLBEBMI LX
Retail	Yes	Yes	BCM	EUR	No	Cap	0,85%	1,10%	5	LU22923333783	BLBEMBM LX
Institutional	No	Yes	BI	USD	No	Cap	0,60%	0,81%	5	LU22923333353	BLBEMBU LX

Management Report

28/02/2022

The emerging markets' equity index, the MSCI Emerging Markets NR, was down by -3.0% (in USD) during the month of February. The fund (retail class B) was down by -0.4% (in USD) over the same period.

The best performing sectors were materials, industrials and consumer staples. Communication services, consumer discretionary and energy were down the most during the month.

From a regional perspective, Latin America performed best, whereas the EEMEA region corrected most as a result of imposed sanctions on Russia following its invasion of Ukraine. The Moscow exchange being closed, Russian companies listed on the London Stock Exchange lost more than 80% of their market capitalization.

Before the start of the war, Russia represented slightly over 3% of the MSCI Emerging Markets equity index, whereas the fund does not have and did not have direct investments in Russia. This underweight in Russia and Eastern Europe helped relative performance.

At the end of February, the fund manager initiated on Hong Kong Exchange & Clearing (HKEx). The stock exchange in Hong Kong is basically a monopoly and one of the most important exchanges in the Asian region. HKEx also owns the London Metal Exchange LME, acquired in 2012. The company has several structural growth drivers. Together with mainland China stock exchanges Shanghai and Shenzhen, HKEx is a top choice of listing for Chinese companies, especially for those companies looking to attract foreign capital. HKEx will also be the first beneficiary of an eventual de-listing of Chinese companies from the US (Alibaba, JD.com etc.) and of investment flows from and to mainland China through the Hong Kong-Shanghai-Shenzhen-Connect. Incremental growth will come from derivatives, bonds and products issued in Renminbi.

HKEx is highly profitable and sits on large amounts of cash. The business is not very capital intensive and therefore highly free cash flow generative. At the ESG level, the company is AA rated by MSCI with no controversies.

During the month, the fund manager exited Godrej Consumer Products, a producer of household consumer products from India, for valuation reasons.

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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