BL Equities Dividend
B EUR Acc

BLI BANQUE DE LUXEMBOURG INVESTMENTS

Fund Characteristics

AUM	€ 771.28 Mln
Fund Launch date	30/10/2007
Share Class Launch Date	30/10/2007
ISIN	LU0309191657
Reference currency	EUR
Legal structure	SICAV
Domicile	LU
European Passport	Yes
Countries of registration	
AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, LU, NL, NO, PT, SE, SG	
Risk Indicator (SRI)	4
SFDR Classification	8

Reference Index

MSCI AC World NR EUR

Fund Manager	Deputy
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Management Company

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Dealing & Administrator Details

UI efa S.A.	
Telephone	+352 48 48 80 582
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Dealing frequency	daily[1]
Cut-off-time	17:00 CET
Front-load fee	max. 5%
Redemption fee	none
NAV calculation	daily[1]
NAV publication	www.fundinfo.com

[1] Luxembourg banking business day

Investment Objective

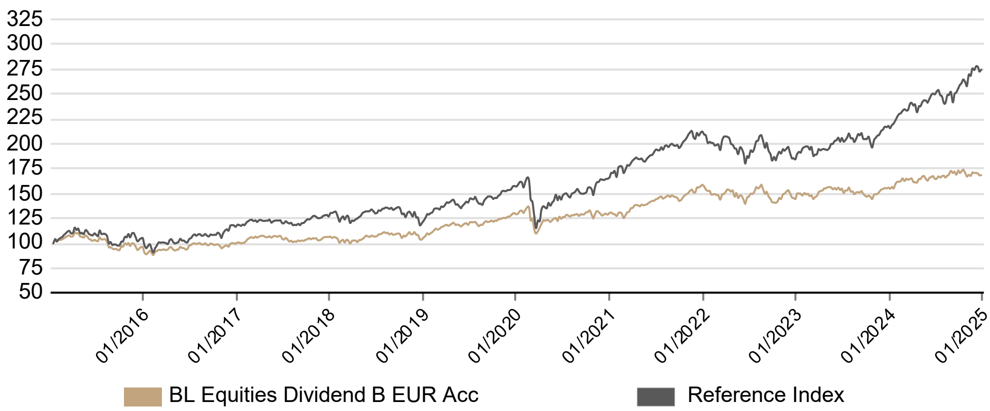
The fund's objective is to generate long-term capital gains by investing in high-quality companies listed on equity markets anywhere in the world. The selected companies have sustainable competitive advantages and offer attractive, sustainable and growing dividends. The fund aims to generate higher risk-adjusted returns than its benchmark universe over a full market cycle.
A minimum of 30% of the fund's assets will be invested in sustainable assets.
The fund manager implements an active, long-term strategy based on solid convictions.

Key Facts

- An active, fundamental, conviction-based and purely bottom-up approach, oriented towards the long term;
- A concentrated portfolio composed solely of high-quality companies offering attractive, sustainable and growing dividends;
- A prudent risk profile to contain the downside during periods of market decline;
- Non-benchmarked management resulting in significant deviations from the initial investment universe;
- Integration of ESG factors at different stages of the investment process (exclusions, analysis, valuation, monitoring of controversies, voting policy and engagement);
- Low turnover.

Fund Performance

Past performance does not predict future returns. References to a market index or peergroup are made for comparison purposes only; the market index or peergroup are not mentioned in the investment policy of the sub-fund. Investors are also invited to consult the performance chart disclosed in the key information document of the shareclass.



Yearly Performance	2024	2023	2022	2021	2020	2019
B EUR Acc	7.8%	7.8%	-8.8%	21.6%	1.4%	23.7%
Reference Index	25.3%	18.1%	-13.0%	27.5%	6.7%	28.9%

Cumulative Performance	1 Month	1 year	3 years	5 years	10 years	Since launch
B EUR Acc	-1.7%	7.8%	5.9%	30.6%	75.7%	164.9%
Reference Index	-0.4%	25.3%	28.7%	75.1%	182.6%	288.3%

Annualized Performance	1 year	3 years	5 years	10 years	Since launch
B EUR Acc	7.8%	1.9%	5.5%	5.8%	5.8%
Reference Index	25.3%	8.8%	11.8%	10.9%	8.2%

Annualized Volatility	1 year	3 years	5 years	10 years	Since launch
B EUR Acc	8.3%	10.7%	11.2%	10.8%	11.6%
Reference Index	10.3%	13.7%	14.7%	14.4%	15.6%

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Top 10 Holdings

Unilever	7.1%
Nestle	5.8%
Canadian National Railway Co	5.2%
SGS	4.9%
Colgate Palmolive	4.7%
L'Oreal	4.7%
Kimberly-Clark	4.6%
Union Pacific	4.4%
LVMH	4.2%
Givaudan	3.7%

Summary Statistics

Weight of Top 10	49.2%
Number of holdings	26
Active Share vs MSCI ACWI	93.4%
% Sustainable Assets	58%

New investments

No transactions

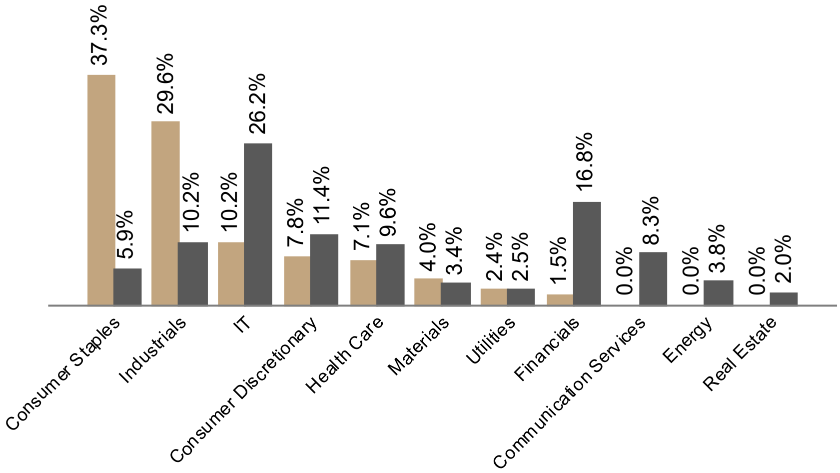
Investments sold

No transactions

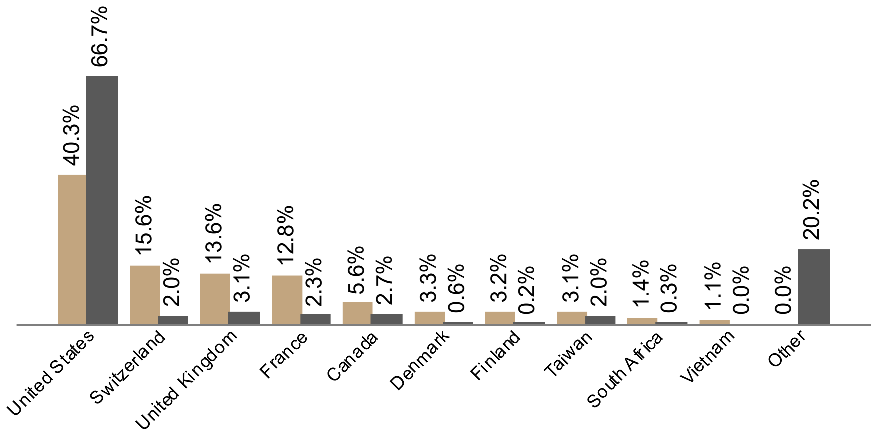
Currency Allocation

USD	37.2%
EUR	29.5%
CHF	14.4%
GBP	5.5%
CAD	5.2%
Other	8.3%

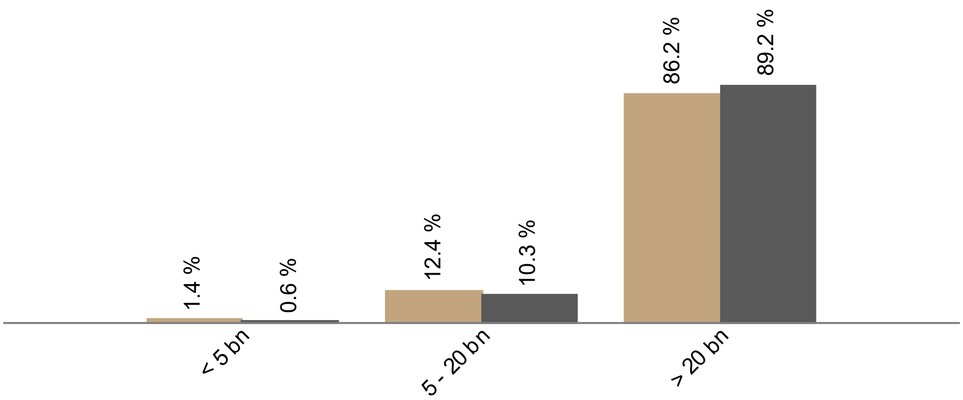
Sector Allocation



Country Allocation



Market Cap Allocation in EUR



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During the month, three positions were increased:

- Givaudan, the world leader in flavours and fragrances, creator of the ‘magic ingredients’ that give products their distinctive character in sectors such as drinks, food, home care, perfumes, personal care and beauty.
- L'Oréal, the world's leading beauty company with numerous successful brands including Lancôme, Yves Saint Laurent, Armani, Aesop, Prada, Kiehl's, Valentino, La Roche-Posay, CeraVe, SkinCeuticals, Kérastase, Redken, L'Oréal Paris, Maybelline, NYX, etc.
- Nestlé, the world's leading food and drinks company through countless consumer favourites such as Nespresso, Starbucks, Nescafé, San Pellegrino, Perrier, Purina, Friskies, NAN, Milo, Gerber, KitKat, Häagen-Dazs, Mövenpick, etc.

The year end is an opportunity to thank all the loyal shareholders of BL Equities Dividend, principally for their trust but also because their stability facilitates long-term management, a crucial element.

Over full-year 2024, the NAV of BL Equities Dividend (accumulation share net of fees in euros) gained 7.8% for the retail share and 8.6% for the institutional share.

8% corresponds exactly to the long-term annualised total return (in USD) of the global equity index that has the longest track record available on Bloomberg, the MSCI World, dating back to 1970. For anyone who may be disappointed by this historical figure, it's worth remembering that an investment compounding at 8% per annum doubles in just 9 years.

However, nowadays in our industry most eyes are fixed on ‘relative year-to-date performance’. Any talk of a global equity fund’s performance seems to be discredited if it does not mention a renowned benchmark, and for global equity funds that means the MSCI ACWI. That index rose by 25.3% in 2024. But is this a fair representation of the global equity market when, out of 2,650 stocks comprising this index, just 8 US tech companies account for almost half its total return? Meanwhile the MSCI ACWI Equal Weighted index increased by 12.7%, half as much. The point we are making is to question the notion of frenzied comparisons with benchmark indexes because they may no longer be true references. It is not a protest against companies at the heart of technological evolutions, especially as we have been the pleased owners of holdings in Accenture, Microsoft and TSMC for 10, 12 and 17 years respectively.

The other irrational aspect relates to time. Ever-increasing short-termism may be understandable in a society where we can order and receive products manufactured 10,000 miles away in less than 24 hours with the tap of a finger, but it is crazy when analysing investments in shares (subject as they are to the whims of the stock market) of companies that have multi-year strategic and investment plans. If we play this micro game of ‘YTD performance vs the MSCI ACWI’, we see, for example, that on 6 September 2024, the (unfavourable) difference between the fund and the index was only a minimal 1%. So, does it make sense to try to analyse (relative) stock market performance over only the remaining 78 trading days of the year (that’s even less than the gestation period of a baby beaver)? For those tempted to say ‘yes’, Nassim Taleb's *Fooled by Randomness* is highly recommended. Should an example be needed to illustrate the futility of analysing short-term performance, here's one: over this short period, the third biggest contributor (out of thousands) to this index's stock market performance has seen its share price double, and its EV/Cash Flow multiple rise from an imprudent 46x to a trusting 89x, even though over 12 months the company's sales have stagnated and its gross margin has fallen...

That said, in absolute terms, 2024 was admittedly a disappointing year for BL Equities Dividend, with a number of mistakes that materialised at some expense and have now entered our ‘Hall of Shame’:

- Only partially selling Domino's Pizza Enterprises when the share was trading at an optimistic valuation

- Not selling Reckitt Benckiser sooner when problems were mounting

- Not drastically reducing the holdings in Nestlé and L'Oréal that were rather expensively valued, on the pretext of recurrent activity.

This brings us to risks, an element all too often overlooked in investment analysis which wrongly views things only from the single dimension of performance (particularly in times of market euphoria...). By definition, investing is based on the future, which is obviously an unknown. Risk is therefore the essential factor in investment, and all performance must first and foremost be assessed from the viewpoint of the risks incurred in obtaining it. Despite the pervasive bias of hindsight, serious investors should always judge any investment in the light of the objectively estimated probabilities of occurrence of different scenarios, and therefore the unknown factor, before AND after the event. “Risk means more things can happen than will happen,” Elroy Dimson famously said. For example, does it make sense to compare the stock market performance of a diversified producer of flavours and fragrances, a highly profitable world leader established over a century ago, with the stock market performance of a young, highly competitive and mildly profitable manufacturer of three models of subsidised electric cars? Furthermore, does it matter if the first investment was selected after a long and rigorous analysis, while the second was chosen solely for its presence in a famous stock market index? In our industry, people often compare apples and pears, and little by little, this becomes accepted practice. More hazardous still, some people end up attributing fundamental qualities, a high economic value and lower risk to assets they barely know, just because their share prices are going up. We don’t believe in the superficial ‘performance is all that counts’, but in a reasoned approach and a robust process. At BL Equities Dividend, we take our duty to preserve the capital entrusted to us very seriously and we have ‘skin in the game’. We don't take the immense risks of betting that FaithBiotech will one day invent a miraculous treatment, that MagicShip will finally succeed in creating a revolutionary product, that DebtMountainBank will survive leverage or that PonziStrategy will deceive more and more investors. We carefully select and own, ideally *ad vitam aeternam*, exceptional businesses that have been established leaders for decades, have pricing power, are protected by formidable competitive advantages, have little or no debt, are highly profitable in cash terms, are growing, and dominate high-visibility sectors where competition bears more relation to a Sunday round of golf than an MMA fight. On average, our companies were founded in 1912 and they remain in great shape despite having seen out nineteen different US presidents, two world wars, half a dozen periods of high inflation and more than fifteen recessions. BL Equities Dividend is not a Ferrari Tipo 043 V12 that requires a smooth surface, wide sweeping bends, fair weather and constant fine-tuning; it's a Subaru Forester whose driver can safely cover hundreds of thousands of miles without worrying about bumps on the road or adverse weather conditions. The probability of survival in different scenarios is not at all the same. One is not necessarily better than the other, the main question for investors is whether or not it corresponds to their sensitivity. BL Equities Dividend offers exposure to substance, with a real economic value (sometimes very different from prices that are subject to the vagaries of the stock market). This is a completely different discipline to a short-term trading battle with an index, which in essence consists of trying to anticipate the expectations of millions of other participants. The upshot is low levels of stress and peaceful nights for shareholders in the fund, two huge benefits and aspects of investing that are all too often underestimated (in the good times...). For investors who subscribe to this view of investing, ‘active risk versus benchmark’ is merely a fanciful concept from a tall story.

However, for those who only have eyes for traditional quantifiable indicators, BL Equities Dividend has delivered an attractive performance adjusted for volatility, drawdowns and beta over its 17-year history, a period worthy of closer scrutiny. By the way, of the more than 2,800 funds that currently make up the Lipper Global Equity category, fewer than 600 have such a long track record (additionally in our case, sticking to an investment approach), not to mention all the other funds that have disappeared over the years (often not for the best of reasons...). Would you set off for the Vendée Globe on a boat that had only been trialled on a lake?

As for the tradition of New Year predictions, our view is that: ‘There are two kinds of forecasters: those who don't know, and those who don't know they don't know,’ to borrow the words of John Kenneth Galbraith. More importantly, our companies have a high average organic (profitable) revenue growth trajectory of +7% over the first nine months of 2024, following an annual average of +7% over the previous five years. Rather than risk betting on fads and revolutions, we prefer rational consideration of what is likely to remain stable for a decade or more – consumers who automatically continue to buy the same brands of beauty cream, coffee, perfume or crisps over many decades; people who select the most trustworthy products for their personal hygiene or to feed their babies and pets; patients who are comfortable using reliable intimate products that improve their daily lives; customers who have no choice but to use the most efficient and ubiquitous railways to transport their goods; employees dependent on the same critical IT solutions every day; manufacturers forced to have their products tested and certified; wealthy individuals choosing the most prestigious luxury items – and then we wait very patiently for the economic value of this collection of exceptional, dominant and highly profitable businesses to compound, all the while enjoying untroubled sleep.

Wishing you a Happy New Year and good health!

At the end of the period, BL Equities Dividend offered a gross weighted average dividend yield of 2.5% (cash included). The companies currently held in the fund post an average compound annual growth rate of their gross dividend per share of 8% over the last five years.

Anecdote of the month: Coloplast's history goes back to the early 1950s in Denmark, when a nurse, Elise Sørensen, invented the concept of an adhesive ostomy pouch to help her sister who had had an operation and was afraid of leaking. This product led to the creation of Coloplast in 1957. Today, the group is the world leader in ostomy solutions (among other things), and BL Equities Dividend has held shares in it for over 7 years.

(Data source: Bloomberg, company reports)

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Investor Type	Clean Share	Share class	Curr.	Income	Mgmt Fees	On-going charges	ISIN	Bloomberg Ticker
Institutional	No	AI	EUR	Dis	0.60%	0.74%	LU0495663105	BLEQDAI LX
Institutional	No	BI	EUR	Acc	0.60%	0.74%	LU0439765594	BLEQDVI LX
Institutional	No	BI USD Hedged	USD	Acc	0.60%	0.77%	LU1191324448	BLEBIUH LX
Retail	No	A	EUR	Dis	1.25%	1.44%	LU0309191491	BLEQDIA LX
Retail	Yes	AM	EUR	Dis	0.85%	1.08%	LU1484142978	BLEQDAM LX
Retail	No	B	EUR	Acc	1.25%	1.45%	LU0309191657	BLEQDIB LX
Retail	No	B CHF Hedged	CHF	Acc	1.25%	1.44%	LU1305477611	BLEDBCH LX
Retail	No	B USD Hedged	USD	Acc	1.25%	1.46%	LU0751781666	BLEQDH1 LX
Retail	Yes	BM	EUR	Acc	0.85%	1.06%	LU1484143190	BLEQDBM LX
Retail	Yes	BM CHF Hedged	CHF	Acc	0.85%	1.04%	LU1484143356	BLEDBMC LX
Retail	Yes	BM USD Hedged	USD	Acc	0.85%	1.05%	LU1484143430	BLEDBMU LX

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