BL Equities Dividend B EUR Acc

BLI BANQUE DE LUXEMBOURG INVESTMENTS

Fund Characteristics

AUM	€ 623.59 Mln
Fund Launch date	30/10/2007
Share Class Launch Date	30/10/2007
First NAV	30/10/2007
ISIN	LU0309191657
Reference currency	EUR
Legal structure	UCITS
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)	3
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

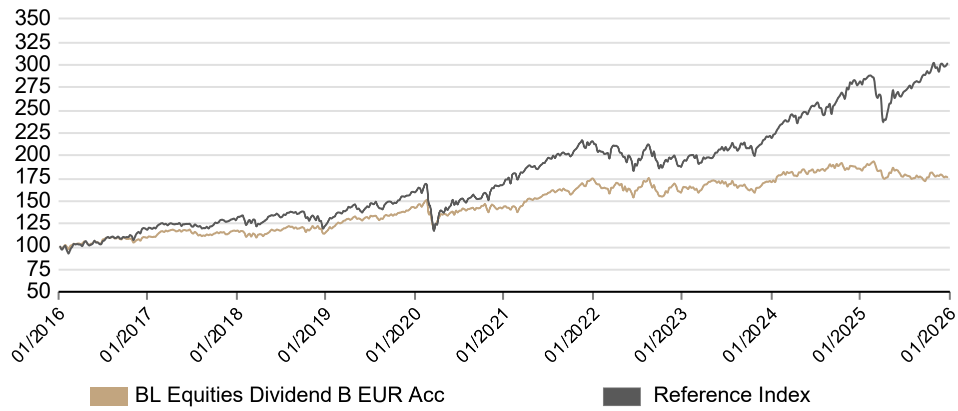
The fund's objective is to generate long-term capital gains by investing in high-quality companies listed on equity markets anywhere in the world. The selected companies have sustainable competitive advantages and offer attractive, sustainable and growing dividends. The fund aims to generate higher risk-adjusted 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	2025	2024	2023	2022	2021	2020
B EUR Acc	-4.5%	7.8%	7.8%	-8.8%	21.6%	1.4%
Reference Index	7.9%	25.3%	18.1%	-13.0%	27.5%	6.7%

Cumulative Performance	1 Month	1 year	3 years	5 years	10 years	Since launch
B EUR Acc	-1.2%	-4.5%	10.9%	23.0%	67.2%	152.9%
Reference Index	-0.2%	7.9%	59.6%	77.1%	180.3%	318.8%

Annualized Performance	1 year	3 years	5 years	10 years	Since launch
B EUR Acc	-4.5%	3.5%	4.2%	5.3%	5.2%
Reference Index	7.9%	16.8%	12.1%	10.8%	8.2%

Annualized Volatility	1 year	3 years	5 years	10 years	Since launch
B EUR Acc	11.2%	9.2%	10.0%	10.4%	11.3%
Reference Index	14.8%	12.2%	13.3%	14.7%	15.9%

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Top 10 Holdings

Unilever	7.3%
Nestle	6.7%
SGS	5.6%
Colgate Palmolive	5.4%
Canadian National Railway Co	5.0%
LVMH	4.9%
Union Pacific	4.8%
Givaudan	4.7%
Resmed	4.5%
L'Oreal	4.3%

Summary Statistics

Weight of Top 10	53.1%
Number of holdings	25
Active Share vs MSCI ACWI	93.2%
% Sustainable Assets	59%
% Cash	4.7%

New investments

No transactions

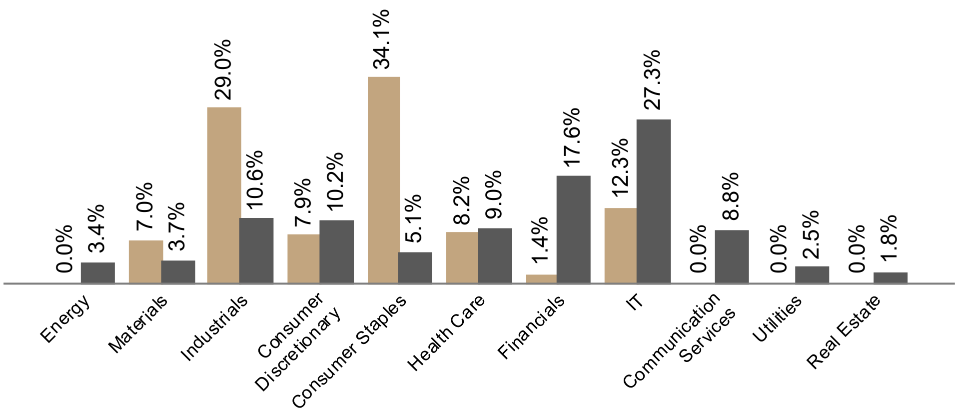
Investments sold

No transactions

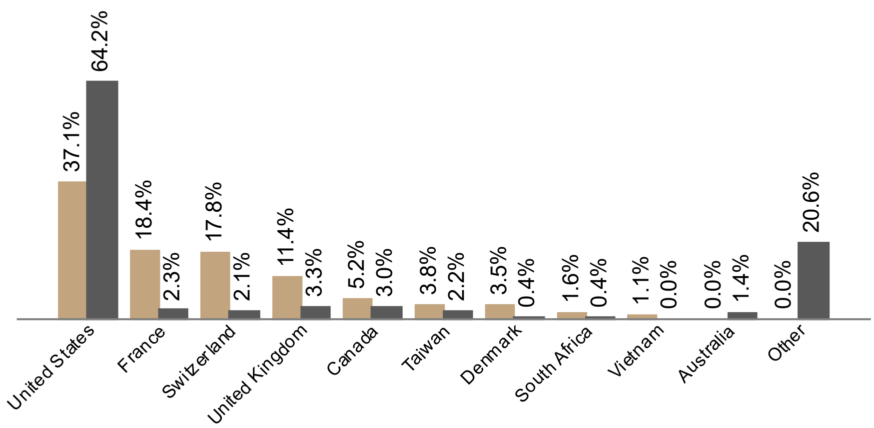
Currency Allocation

USD	38.5%
EUR	26.0%
CHF	17.0%
CAD	5.0%
TWD	3.9%
Other	9.6%

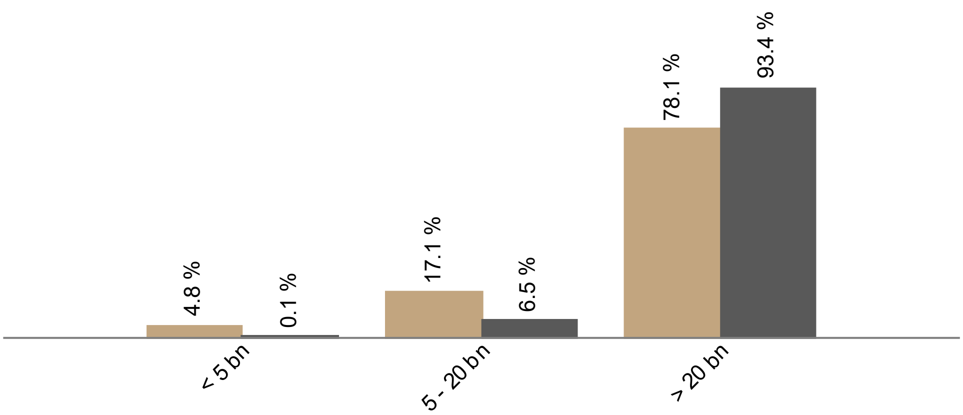
Sector Allocation



Country Allocation



Market Cap Allocation in EUR



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During the month, we sold our stake in The Magnum Ice Cream Company following the rise in its share price. These shares were received following a spin-off from Unilever but a combination of factors (valuation and estimated total return; reduced size advantages and bargaining power as a standalone company; strong concentration on only three brands; less attractive cyclicality, margins and capital intensity; GLP-1 threat; etc.) discouraged us from adding to the position to reach a minimum weighting, a rule we steadfastly aim to respect.

The year end is an opportunity to sincerely thank all the loyal shareholders of BL Equities Dividend who share our investment philosophy, first, for their confidence in us, but also because their stability facilitates our long-term management, a crucial element of the fund.

Over full-year 2025, the NAV of BL Equities Dividend (accumulation share net of fees in euros) fell by 4.5% for the retail share and 3.9% for the institutional share. This year has undoubtedly been the most frustrating since the fund was launched eighteen years ago as stock market prices have really failed to 'reward' the improvement in the fundamentals of the underlying companies and their generally attractive valuations, especially in a context which saw the MSCI ACWI Index, the popular index that is supposed to reflect global equity markets, rise by 7.9% (total return in euros, excluding fees).

However, this unprecedented situation (fund in the red / markets in the black over a calendar year) covers two distinct phases, should one dare to engage in a microscopic (and dangerous) analysis of short-term performance: a first half in which the fund '"resisted" much better than the market during the despotic US tariff episode, an advantage that has distinguished BL Equities Dividend since its launch; followed by a disagreeable second half during which the fund lagged behind the market euphoria (Bloomberg Magnificent 7 up 23% vs MSCI ACWI Consumer Staples down 1%, total return in euros), a disadvantage that has also affected the fund since its launch, but this time to extremes. Note, however, that this narrative relates to just two 120-day trading periods – and that's just the gestation period of a baby beaver...

This extreme (and extremely frustrating) trend began at the end of 2022 and has now reached peak disconnect between the fundamentals of our companies – which are improving significantly – and their share prices which scarcely (or not at all) reflect those improved fundamentals in this ecstatic market environment in which 'defensive' companies have been virtually abandoned (Bloomberg Magnificent 7 up 295% vs. MSCI ACWI Consumer Staples up 5%, total return in euros). Over this period, nearly nine-tenths of the performance gap with the 'market' stems from the simple fact of not being exposed to industries that are booming on the stock market (or half accounting for the fact of not holding (or being permitted to hold) seven American tech companies among the 3,400 in the index...), and typically having many more investments in the Personal & Home Care or Food & Beverage sectors than in Semiconductors and other Technologies. The remainder stems mainly from errors such as holding onto companies whose valuations have become too high, rationalised by recurring business, written in bold in our 'record of mistakes not to be repeated', or generally being particularly focused on the more defensive businesses within their sector.

But is the market's abandonment of our stocks really justified?

Between 2022 and 2025 (rolling 12-month periods), the MSCI ACWI Index saw its free cash flow grow by 14%, while the median free cash flow growth for the companies currently held by BL Equities Dividend is double that at 28%.

At the same time, the price to free cash flow (P/FCF) multiple of the MSCI ACWI Index rose by 48% to 30.2x, a level only reached during the peaks of 2007 and 2000. In contrast, the median multiple of companies currently held by BL Equities Dividend has been penalised by 20% to fall to 22.4x, nudging close to its lowest levels in more than a decade. It seems difficult to justify this difference of around 25% between the multiples given the quality and relative fundamentals of our companies.

Moreover, it should be remembered, yet again, that these habitual discussions overlook the critical factor that performance must necessarily be assessed in terms of the risks incurred to achieve it. Howard Marks: "Investing consists of exactly one thing: dealing with the future. And because none of us can know the future with certainty, risk is inescapable."

Achieving a high return in such an environment often requires taking risks that are not in the DNA of BL Equities Dividend: holding businesses whose fate depends entirely on the decision of a politician or a market price; speculating on companies where even the CEO only has a vague idea of the risks present on their balance sheet; acquiescing to paying more for lower-quality or highly cyclical companies because of their current popularity; going along with buying shares at crazy valuations simply because their price is rising or because they are in a fashionable sector or a popular index; accepting that a company is burning through billions with no clear idea of profitability for the sake of a flamboyant CEO's 'vision'; turning a blind eye to companies that finance their own customers to consume their products, or whose CEOs make promises worthy of science fiction films in order to divert attention from the fundamentals; tolerating companies using their capital or half their cash flow to grant outrageous bonuses to their management at the expense of shareholders; ignoring a NASDAQ 100 trading at more than 40 times its free cash flow, a figure previously seen only during the 2000 dot-com bubble; attributing fundamental qualities to a company because its share price is performing well; giving in to impatience, etc.In short, a host of things that people blithely accept when the stock market is booming, but which often end very badly.

We modestly prefer to base our investments on probabilities in our favour, with the primary objective of preserving the capital entrusted to us in difficult times, which makes for more peaceful nights: companies that have already been leaders for decades thanks to products and services that are loved or absolutely required by their customers, that have already weathered multiple crises, that are already highly profitable and increasing their economic value, that already have a very healthy balance sheet, that are already paying juicy dividends, and that are trading at reasonable valuations. BL Equities Dividend operates in a parallel universe, an all too often forgotten but very real one, where the stock market and all its short-term fluctuations are not the primary objective but simply a contingent tool that, from time to time, offers opportunities.

We do not claim to hold the truth, or that this is the only way to grow one's capital, or even that these approaches are mutually exclusive, simply that they are very different disciplines and therefore incomparable. Instead, the main question for investors is whether or not this corresponds to their sensitivity and risk tolerance.

The absence of an 'outlook for 2026' is not an oversight. John K. Galbraith: "There are two kinds of forecasters: those who don't know, and those who don't know they don't know." We think that trying to anticipate the thoughts and actions of politicians (including some unpredictable and egocentric bickering on Truth – what a misnomer – and other social media), their real impact on the fundamentals (while the companies themselves often have little visibility), and the interpretations and behaviours of millions of investors guided by their cortisol and adrenaline levels is just a dangerous black hole sapping the concentration and precious time of Homo Investus. On average, the companies currently held by BL Equities Dividend were founded in 1904. Since then, there have been twenty-one US presidents, two world wars, half a dozen periods of high inflation and more than fifteen recessions, and yet today our companies are more dominant, healthy and profitable than ever. And what's more, they are currently trading at attractive valuations.

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 2.7% (cash included). The companies currently held in the fund post an average compound annual growth rate of their gross dividend per share of 10% over the last five years.

Anecdote of the month: "Nothing is so firmly believed as that which we least know." Michel de Montaigne.

(Data source: Bloomberg, company reports)

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BLI Banque de Luxembourg Investments

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	No	BC	USD	Acc	1.25%	0.00%	LU2956725282	BLEDIBC 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

Opportunities	Risks
• Access to **Global equity markets** with an **emphasis on dividend paying quality companies**; • **Active**, bottom-up, **conviction-driven investment approach** geared towards the long term; • A concentrated portfolio composed solely of **high-quality companies offering attractive, sustainable and growing dividends** and decent **valuation**; • A **cautious risk profile** designed to contain the downturn in falling markets and offering structurally low beta.	• **Currency risk**. The Fund's currency may differ from your reference currency, in which case the final return will depend on the exchange rate between the two currencies. This risk is not taken into account in the indicators shown above; • The sub-fund is also exposed to **the following major risks**, which are not included in the summary risk indicator: **China Connect risk, Emerging Markets risk.** • As this product provides **no protection against market fluctuations**, you could lose your entire investment.

1 2 **3** 4 5 6 7

Lower risk — Higher risk

The risk indicator assumes you keep the product for 6 years. The actual risk can vary significantly if you cash in at an early stage and you may get back less.

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