

LATEST NEWS AND FINANCIAL MARKET ANALYSES

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BL Sustainable Horizon - The year in review

Annick Drui, Financial Analyst/Fund Manager BL Sustainable Horizon

Almost a year after taking over the management of BL Sustainable Horizon, Annick Drui looks back at the main developments in the Fund over the past few months.

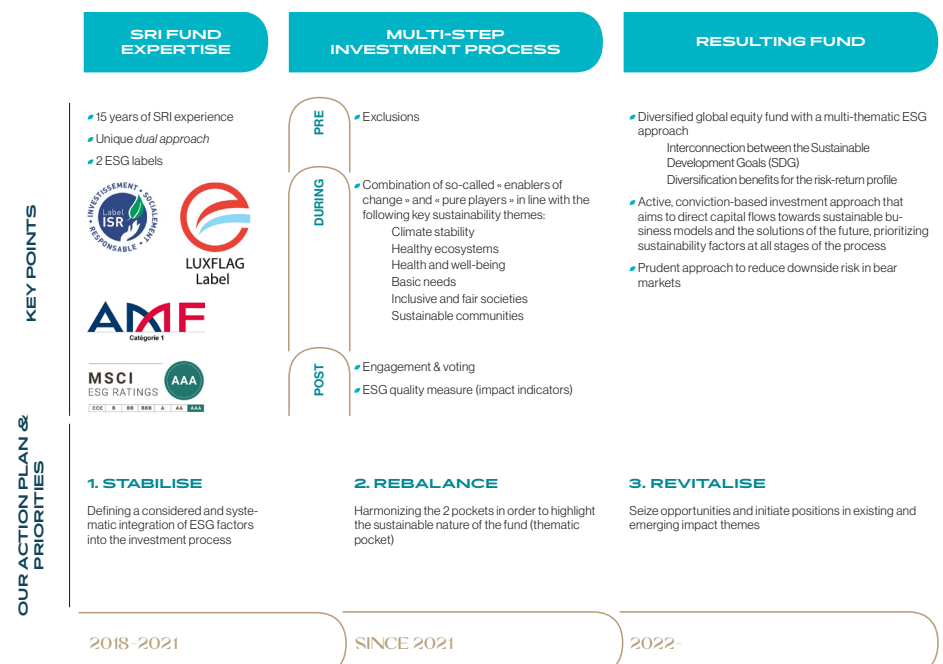
the Fund pursues Business-Like Investing, that we evolved to encompass the trinity: impact, quality, valuation-investing in quality companies with a clear sustainability objective at a reasonable price.

The approach (i.e. our dual approach) of mixing quality and growth companies within the same portfolio and diversifying across sustainability themes continued to intellectually make sense to us in order to build a fund that would focus on sustainable investments all the while preserving a

At the beginning of 2022

In January, we saw some organisational changes in the investment team of the fund¹. As part of this renewal, we reviewed the Fund's key strengths stemming from the well-established investment process and announced our strategic priorities for the Fund going forward.

On the basis of BLI's long-standing Business-Like Investing model, we invest in high quality companies with tangible competitive advantages that ultimately translate into higher margins and profitability. In the same spirit of this quality and long-term philosophy, the Fund invests in companies with extra-financial profiles that respond to structural sustainability trends. For example, these trends relate to investments in the efficient use of resources through Industrial and Technological companies, or the improvement of life expectancy and quality of life through Healthcare stocks. In a nutshell,



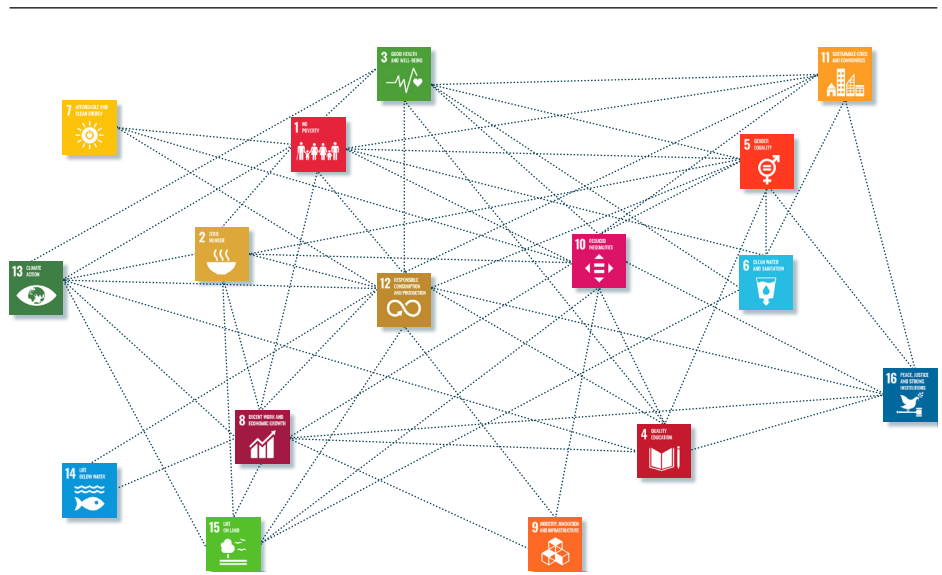
balanced risk-reward approach important for preserving our client's wealth. We set out to realise the transition beyond 2022 with a view of continuity. Think of it more as a marathon rather than a sprint.

New developments during 2022

A month into the year, it became evident that 2022 would once more be a rollercoaster of a year—whether we speak of the war in Ukraine, the subsequent energy crises, inflation and natural disasters or the introduction of new sustainability regulations affecting the industry.

The aim was to continue on the journey of managing the Fund with a clear impact narrative while preserving a balanced risk profile. That is the heart of our **dual approach** which in all honesty has proven to be most relevant in a year like this one. The Fund performed well in relative terms, may it be compared to its traditional benchmark, the MSCI ACWI, or its sustainability peers. We benefitted from its suitable **diversification** and not being monothematic such as focussed on climate change. On the other hand, we were penalised by not being exposed to the traditional Energy sector. The latter is currently benefiting from short-term considerations in our view as the sector will face risks in the long term in addition to not being in line with our Business-Like Investing investment principles. Overall, in terms of **performance** we are satisfied and confirmed in our beliefs of the merits of a balanced approach—combining and diversifying across sustainability themes, sectors, geographies and market caps.

The choice not to have a thematic fund was made consciously and deliberately in order to take advantage of the diversification benefits on the risk-return profile of the Fund and also to benefit from the multiple links that exist between different sustainable development objectives.



The key to implementation of the 2030 Agenda thus lies in leveraging interactions among the Sustainable Development Goals. ”

UN General Assembly

Evolution of the thematic pocket


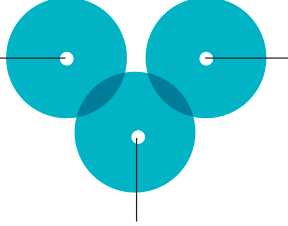


On the regulatory front, the Fund has in 2021 been approved as Art.9, meaning a dark green, under SFDR. This means that the Fund has sustainability as objective and will be invested in 100% sustainable assets². Specifically, this means for the Fund that the **thematic pocket has and will continue to gain in importance**. While historically, this has been the satellite part of the strategy, it will now become ever more central. Thus, it has gained in importance already continuing on last year's trend and represents 33% today³. All new investments over the year have integrated this high conviction pocket, ranging from heat pump producers to cardiac valve manufacturers. These investments show a very clear link to the Sustainable development goals (SDGs). The story here is apparent: Invest in companies that do well by doing good and which align with the preferences and values of our investors.

We analyse a company's potential to contribute in a positive and measurable way to the achievement of the United Nations' SDGs. This impact must be achieved through a company's products and services, i.e., it must be possible to assimilate the core of the business to one of the objectives, whether it be responsible waste or water management, the production of medicines, therapies and vaccines, or the development of efficient and safe infrastructure. The idea in the end is to have a coherent portfolio of pure players.

The companies added year-to-date are clear examples of such pure players:

Better health and longer life

EDWARDS LIFESCIENCES

Edwards Lifesciences is the global leader for heart valves. Cardiovascular disease is the number-one cause of death in the world, and is the top disease in terms of health care spending in nearly every country. Cardiovascular disease is progressive in that it tends to worsen over time. Edwards' products are minimally invasive showcasing 99% freedom from death and disabling stroke after surgery as well as a 80% next day discharge rate.

BIO-MÉRIEUX

The French in vitro diagnostics (IVD) company bioMérieux offers products for the detection of pathogens and infectious diseases, aimed at improving public health. IVD tests analyse samples taken from the human body (eg blood, urine or tissue) that provide information used in doctors' decisions on treatment.

BioFire's FilmArray allows to perform a single test for the rapid (1 hour) and simultaneous detection of microorganism such as viruses, bacteria, yeasts, parasites. Physicians can then rapidly administer appropriate therapy for respiratory and blood infections, contributing to shorter hospital stays, curbing the spread of infectious diseases, and combating antimicrobial resistance (AMR). The latter is estimated to be implicated in nearly 5 million deaths a year - reason for bioMérieux to dedicate 76% of its R&D budget to AMR.

CSL

CSL is the global leader in plasma therapies and also offers influenza vaccines and related products. CSL improves the quality of life of patients in various medical fields such as immunology, haematology, cardiovascular, metabolic, respiratory and transplant. CSL's goal is to change the lives of 350 million patients globally with rare diseases.



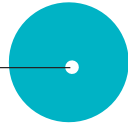
With the Vifor acquisition in 2022, CSL will gain exposure to the iron deficiency market. Cardiovascular disease and renal disease are intricately linked as comorbidities and risk factors of one another.

Have we achieved what we set out to accomplish and where will we go from here?

The Fund maintained an adequate performance and despite an increase in thematic investments, that are generally considered as more volatile, its risk profile did not drastically increase all new investments in the conviction pocket showcase evident links to the SDGs and fulfil our definition of ESG pure-players. The two pockets, quant and thematic, are becoming more balanced standing at 58% and 33% respectively at the end of October (vs 70% and 21% a year ago).

Going forward investors can expect more of the same - we will continue on this trajectory of increasing thematic investments and our impact journey anchored around the **trinity: impact, quality, valuation** - investing in quality companies that are pure players with a clear sustainable objective at a reasonable price. That will also mean that we will slowly phase out investments that do not have poignant links to the realisation of the SDG. We will also focus on SFDR requirements and integrating them meaningfully across our investment strategies. Within the coming months we shall finalise and internalise the methodologies we have developed in light of the regulations and present the outcomes of our working groups. All in all, they will constitute a natural evolution of our proven investment principles, that are now augmented by ESG considerations without impeding the strong basis we built years ago. It is crucial to us to build on and evolve within our sphere of competence of active, long-term and conviction-based investing, and to build upon it rather than seek change.

Responsible water infrastructure

ADVANCED DRAINAGE SYSTEMS

Advanced Drainage Systems (ADS) is a leading manufacturer of thermoplastic corrugated pipe in the United States. ADS's products are designed to manage the entire lifecycle of a raindrop, from capturing and conveying stormwater runoff to storing and treating the water. Its core products are lighter, more durable, more cost effective, and easier to install than traditional alternatives like concrete and steel.

About 66% of ADS's pipes are made from recycled material, making ADS the second largest recycling company in the US, recycling nearly 510,000 tons of household and industrial plastics annually.

Efficient HVAC





BELIMO

The products manufactured by Belimo help save energy in building's HVAC (heating, ventilation, air-conditioning) systems. HVAC systems account for 40 percent of all energy used in buildings. Research shows that 30 percent thereof is lost due to insufficiently controlled systems. Energy efficiency products account for 80% of Belimo's sales.

Some individual Belimo products, such as damper actuators, consume up to 80% less energy than products designed by competitors. Depending on the energy efficiency class of the building in which its products are ultimately installed, Belimo estimates that the energy savings realised from its control devices range from 55% for the most energy-efficient buildings (Class A) to 29% for Class C.

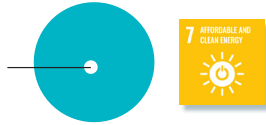
1. Changes to the management teams of certain equity funds
2. Definition based on an internal model
3. 31/12/2020: 15.9%; 31/12/2021: 20.8%; 31/10/2022: 33.2%

Clean heating

NIBE

Nibe is a Swedish company, active in the production of heat pumps, boilers and furnaces. Its core business (65% of revenues), called Climate Solutions, improves the energy efficiency of buildings through energy-efficient heating, cooling and ventilation solutions. Most of the products are based on the recovery of renewable energy from soil, rock, sun, water and air (air source and ground source). A geothermal heat pump can reduce energy consumption by 80%.

Savings of GHG emissions from the type of heating system that their heat pumps replaced in 2020 on each market amounted to 320,000 tonnes of CO₂ in 2020.



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