

# INNOVATIONS IN DC

MULTI-ASSET, ESG AND IMPACT INVESTING



PHIL DAWES & JULIEN HALFON  
IAPF, 21/11/2023



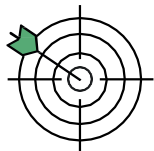
**BNP PARIBAS**  
**ASSET MANAGEMENT**

The sustainable investor for a changing world

1

# BNP PARIBAS ASSET MANAGEMENT'S ESG CREDENTIALS

# BNPP AM is a recognised global leader in sustainability



## Recognised Thought Leader & Advocate

PRI<sup>1</sup>, IIGCC<sup>2</sup>, TCFD<sup>3</sup>;  
Active in 40+ industry and engagement initiatives



## Sustainable Investor since 2002

20 years of experience in sustainable investing



## Among the leaders in ESG assessments

Recognised in assessments & rankings by the PRI, ShareAction, WWF, Majority Action and Influence Map



## Global Scope

ESG research across all asset classes and sectors



## Dedicated team of around 30 seasoned professionals

Multi-disciplinary team of ESG professionals with financial, economic and legal expertise



#2

Global responsible investment manager

Source: ShareAction, Point of No Returns, May 2020



Global Leader

In sustainable investing

Source: WWF, RESPOND Sustainable Investment Report 2021, <http://resilientportfolios.org/>.



#2

In sustainable thematic strategies

Source: BNPP AM internal analysis based on Morningstar figures as of end June 2022

## EU Sustainable Finance Disclosure Regulation (SFDR)

86%

of BNPP AM funds are Article 8 or 9

Source: BNP Paribas Asset Management, June 2022

1.PRI: Principles for Responsible Investment 2 IIGCC: Institutional Investor Group on Climate Change 3 TCFD: Task Force on Climate-related Financial Disclosures Trademark, copyright, & other intellectual property rights are & remain the property of their respective owners. Source: BNP Paribas Asset Management, December 2022.

# Mapping our thematic capabilities

## The 6 pillars of our sustainable investor approach

1.

### ESG INTEGRATION

Improve risk-adjusted returns



4.

### FORWARD-LOOKING PERSPECTIVE: THE "3ES"



Enhance investment decision-making, preserve long-term market performance



### 5. INVESTMENT SOLUTIONS FOR SUSTAINABILITY



For investors wishing to go further

2.

### STEWARDSHIP (VOTING, ENGAGEMENT)

Protect company value, influence sound regulatory framework, promote better social and environmental outcomes



3.

### RESPONSIBLE BUSINESS CONDUCT (RBC) AND SECTOR-BASED EXCLUSIONS

Articulate expectations for responsible business conduct and sensitive sectors; avoid regulatory and stranded asset risk



### 6. CORPORATE SOCIAL RESPONSIBILITY (CSR) WALKING THE TALK

Our corporate practices and disclosures should match or exceed the standards we expect from the entities in which we invest

The First Four Pillars Apply Across Our Investment Approach

\* 3Es: Energy transition, Environmental sustainability, Equality and Inclusive growth.

Source : BNP Paribas Asset Management, August 2023. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners

# Mapping our thematic capabilities

<b>100%</b> Thematic Funds SFDR 8 or 9	<b>75%</b> Thematic Funds SFDR 9
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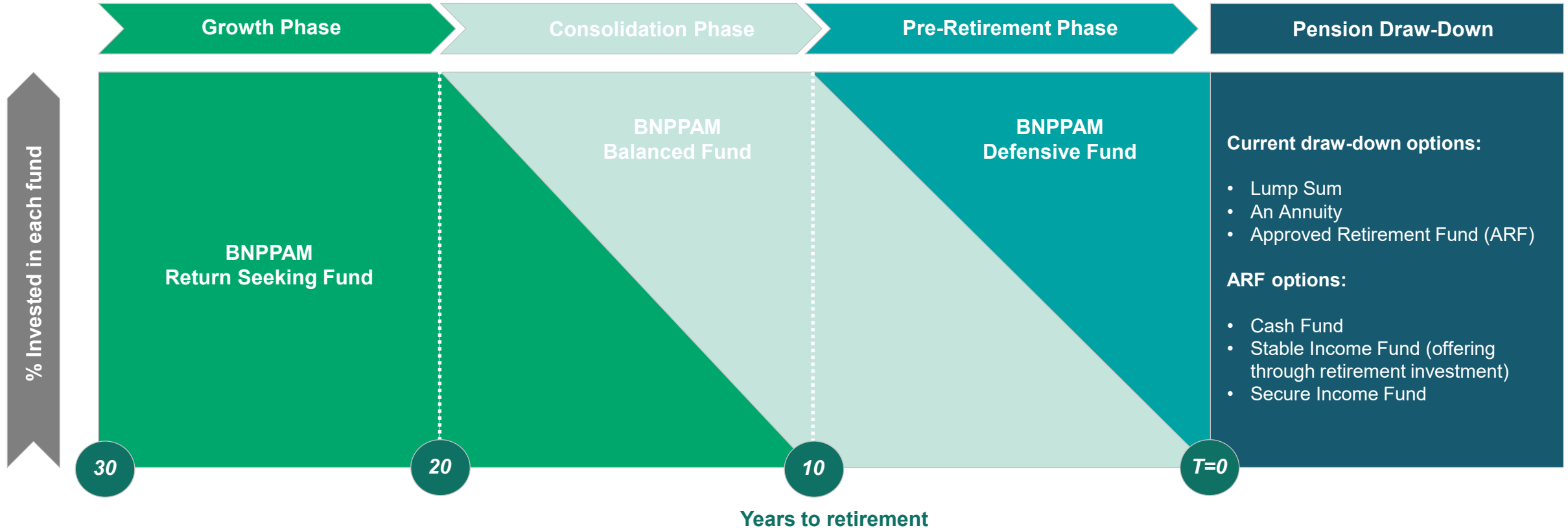
		SUSTAINABILITY			SECULAR	
		ENERGY TRANSITION	ENVIRONMENTAL SUSTAINABILITY	EQUALITY & INCLUSIVE GROWTH	HEALTH AND WELLNESS	TECHNOLOGY
ACTIVE EQUITY & FI		<ul style="list-style-type: none"> <li>BNPP Energy Transition</li> <li>BNPP Climate Impact</li> <li>BNPP Sustainable Asian Cities Bond</li> </ul>	<ul style="list-style-type: none"> <li>BNPP Global Climate Solutions (to come)</li> <li>BNPP Emerging Markets Climate Solutions</li> <li>BNPP Europe Climate Solutions</li> <li>BNPP Environmental Absolute Return Thematic Equity (EARTH)</li> <li>BNPP Aqua</li> <li>BNPP Global Environment</li> <li>BNPP SMaRT Food</li> <li>BNPP Green Tigers</li> <li>BNPP Ecosystem Restoration</li> <li>BNPP Green Bond</li> <li>BNPP Euro Corporate Green Bond</li> </ul>	<ul style="list-style-type: none"> <li>BNPP Inclusive Growth</li> <li>BNPP Social Bond</li> </ul>	<ul style="list-style-type: none"> <li>BNPP Health Care Innovators</li> </ul>	<ul style="list-style-type: none"> <li>BNP Paribas Asia Tech Innovators</li> <li>BNP Paribas Disruptive Technology</li> <li>BNP Paribas Consumer Innovators</li> </ul>
	ETFs & INDEX FUNDS		<ul style="list-style-type: none"> <li>BNPP Easy ECPI Global ESG Hydrogen Economy</li> <li>BNPP Easy Low Carbon 100 Europe PAB</li> <li>BNPP Easy Low Carbon 100 E zone PAB</li> <li>BNPP Easy Low Carbon 300 World PAB</li> <li>BNPP Easy FTSE EPRA Nareit Developed Europe ex-UK Green CTB</li> <li>BNPP Easy FTSE EPRA Nareit Global Developed Green CTB</li> </ul>	<ul style="list-style-type: none"> <li>BNPP Easy ECPI Circular Economy Leaders</li> <li>BNPP Easy ECPI Global ESG Blue Economy</li> <li>BNPP Easy ESG Eurozone Biodiversity Leaders PAB</li> <li>BNPP Easy JPM ESG Green Social &amp; Sustainability IG EUR Bond*</li> <li>BNPP Easy ECPI Global ESG Infrastructure</li> <li>BNPP Easy Low Carbon 100 Europe PAB@</li> <li>BNPP Easy Low Carbon 100 Eurozone PAB</li> <li>BNPP Easy Low Carbon 300 World PAB*</li> </ul>	<ul style="list-style-type: none"> <li>BNP Paribas Easy JPM ESG Green Social &amp; Sustainability IG EUR Bond</li> </ul>	<ul style="list-style-type: none"> <li>BNP Paribas Easy ECPI Global ESG Med Tech</li> </ul>
PRIVATE ASSETS		BNPP Climate Impact Private Debt	BNPP Solar Impulse Venture BNPP Future Forest Fund	Real Assets - Senior Infrastructure Debt		
MULTI ASSET		BNP Paribas Sustainable Multi-Asset Balanced		BNP Paribas Sustainable Multi-Asset Growth	BNP Paribas Sustainable Multi-Asset Stability	
		BNP Paribas Multi-Asset Thematic				

Source : BNP Paribas AM as at September 2023

2

## DC DEFAULT FUND DESIGN

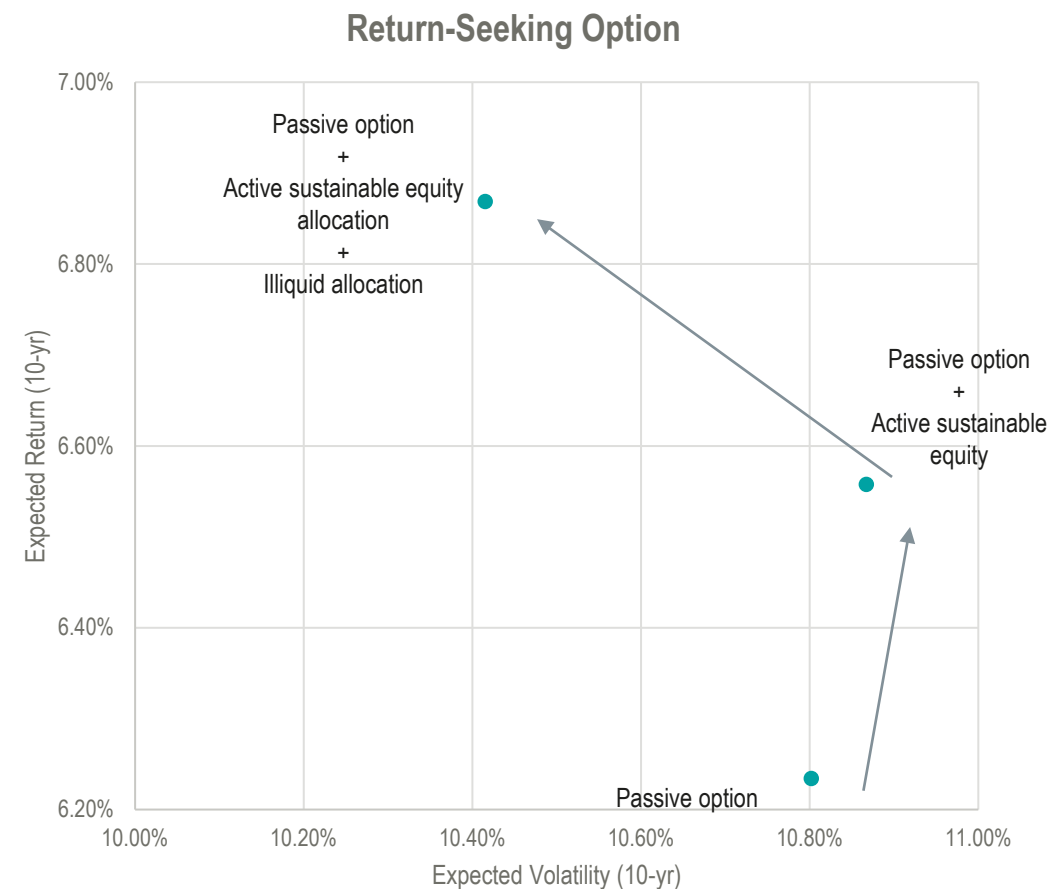
# Illustrative\* glidepath DC default design



Source: BNP Paribas Asset Management, May 2023. \* Further modelling of investment options and glidepath dependent on member profile and client preference.

# Return-seeking option

Asset class	Passive Option	Passive option + Active sustainable equity allocation	Passive option + Active sustainable equity allocation + Illiquid allocation
Bond	25.00%	25.00%	25.00%
EUR Investment Grade	10.00%	10.00%	10.00%
EUR Sovereign	5.00%	5.00%	5.00%
USD Investment Grade	10.00%	10.00%	10.00%
Equity	75.00%	75.00%	65.00%
Emerging Global	10.00%	10.00%	10.00%
Global Developed Countries	65.00%	48.75%	38.75%
Thematic		16.25%	16.25%
Private Equity	0.00%	0.00%	9.00%
Buy Out Global			3.00%
Equity Infrastructure Global			2.50%
Equity Real Estate Global			2.50%
Venture Capital Global			1.00%
Other	0.00%	0.00%	1.00%
Unlisted Timberland			1.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>10 years</b>			
Return	6.2%	6.6%	6.9%
Volatility	10.8%	10.9%	10.4%
Sharpe ratio	40.3%	43.0%	47.8%



Source: BNP Paribas Asset Management (UK) as at May 2023. No assurance can be given that any forecast, target or opinion will materialise. This is for illustrative purposes only and could be subject to change. No guarantee can be given that the concept will be realized as presented herein. Past performance is not an indication of future performance. Gross of fees performance figures presented do not reflect the deduction of commission, fees and other expenses incurred. Returns will be reduced after the deduction of such fees.



3

# LIQUID SUSTAINABLE MULTI-ASSET

# A Simple, Repeatable And Robust 3-step Investment Process

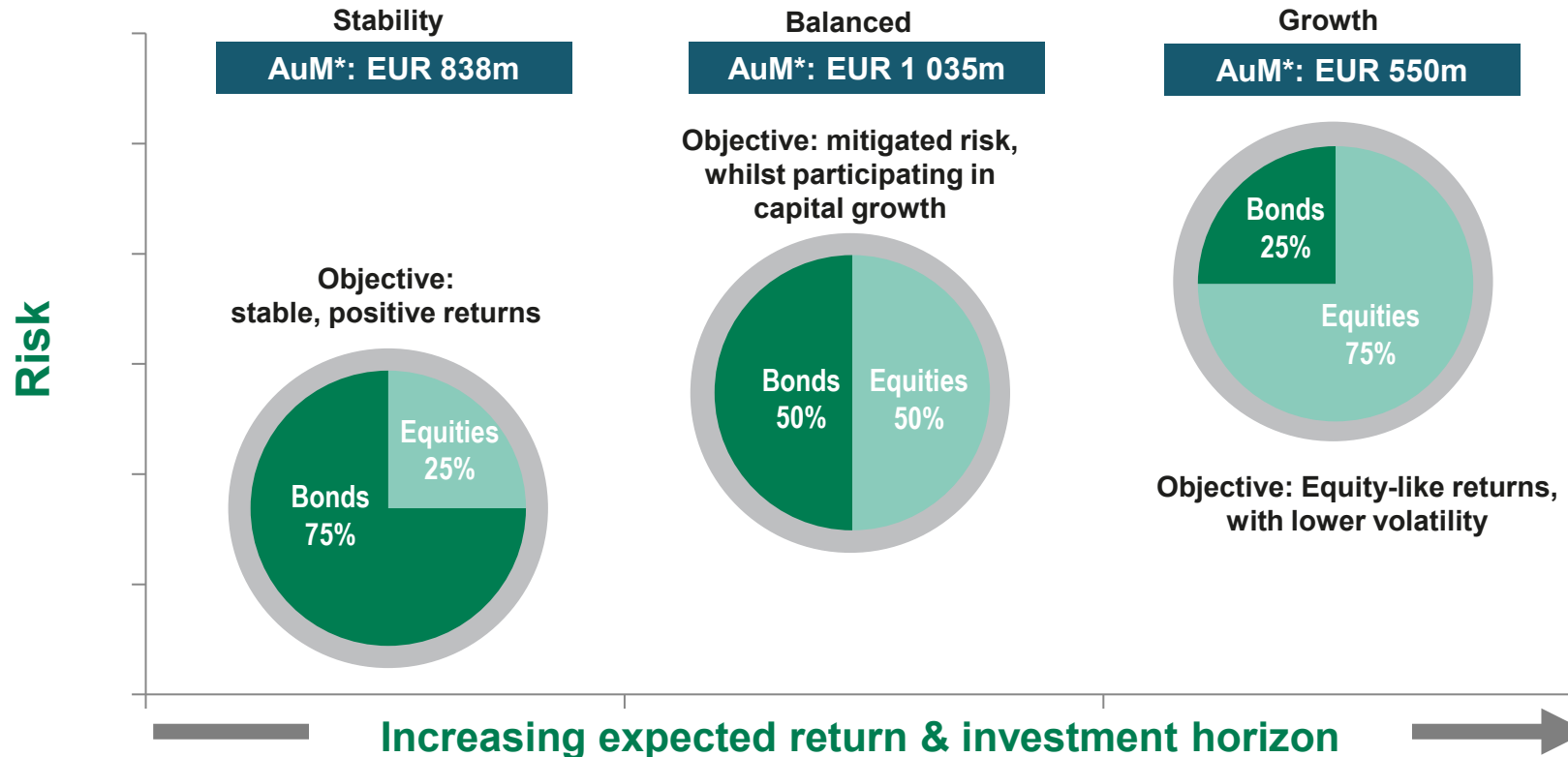


Leveraging our leading investors together with cutting edge quantitative & SRI capabilities, to generate strong risk-adjusted returns for a wide range of mandates

Note: this page illustrates the core MA investment process, which applies to the main book of business consisting of the benchmark aware Target Allocation and of the unconstrained Target Return (incl. Thematics) flagship capabilities. (1) Themes and associated underlying instruments are also debated during dedicated Trade Ideas Insights. (2) MFA stands for Multi Factor Allocation. (3) 80% of selected underlyings are either Article 8 or 9, as per the SFDR classification. (4) Our front-office portfolio management platform is Aladdin  
Source: BNP Paribas Asset Management, as at end of September 2023

# Risk Graded To Align Outcomes with to attitude to risk

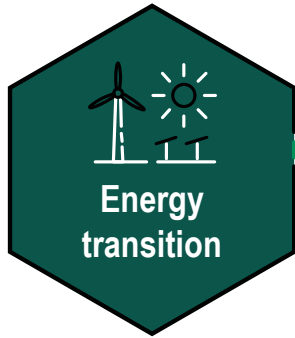
## BNP Paribas Sustainable Multi-Asset: Targeting capital growth across 3 risk profiles



Source: BNP Paribas Asset Management. Data as at 21/09/2023. \*AuM stands for Assets under Management  
 These internal guidelines are mentioned for your information only and are subject to change. Prospectus and KID guidelines are leading. No assurance can be given that investment objectives will be achieved.

# Our Investment Universe : Committed To Sustainable Investing Since 2002

## OUR INVESTMENT UNIVERSE : INVESTING ACROSS BNPP AM'S RANGE OF THEMATIC STRATEGIES



- BNPP Climate Impact
- BNPP E Low Carbon 100 Europe
- [BNPP E EUR Corp Bond SRI Fossil Free](#)
- [BNPP E EUR Corp Bond HY SRI Fossil Free](#)
- [BNPP Energy Transition](#)
- BNPP E EUR Corp Bond SRI Fossil Free 1-3Y
- BNPP E EUR Corp Bond SRI Fossil Free 3-5Y
- BNPP E FTSE EPRA/NAREIT Devel Europe ex UK Green
- Indice FTSE EPRA/NAREIT Developed Green EU CTB
- BNPP Env. ABS. Return Thematic Equity (EARTH)
- BNPP E Low CARB 100 Eurozone PAB
- BNPP E Low CARB 300 World PAB
- BNPP Easy Global ESG Hydrogen economy



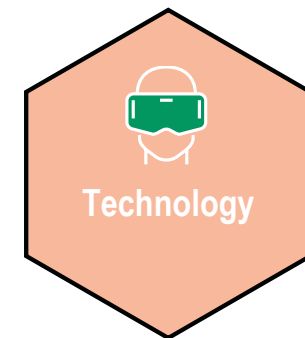
- BNPP Aqua
- [BNPP Global Environment](#)
- BNPP SMaRT Food
- [BNPP Funds Green Bonds](#)
- BNPP Green Tigers
- BNPP Green Business
- BNPP E ECPI Circular Economy Leaders
- [BNPP E ECPI Blue Economy](#)
- BNPP Ecosystems Restoration Fund
- BNPP European Environmental Strategy
- [BNPP Sustainable Asian Cities Bond](#)



- BNPP Developpement Humain
- [BNPP Inclusive Growth](#)
- BNPP Social et Solidaire(FoF)
- [BNPP Social Bonds](#)



- [BNPP Health Care Innovators](#)
- [BNPP E Global ESG MED TECH](#)



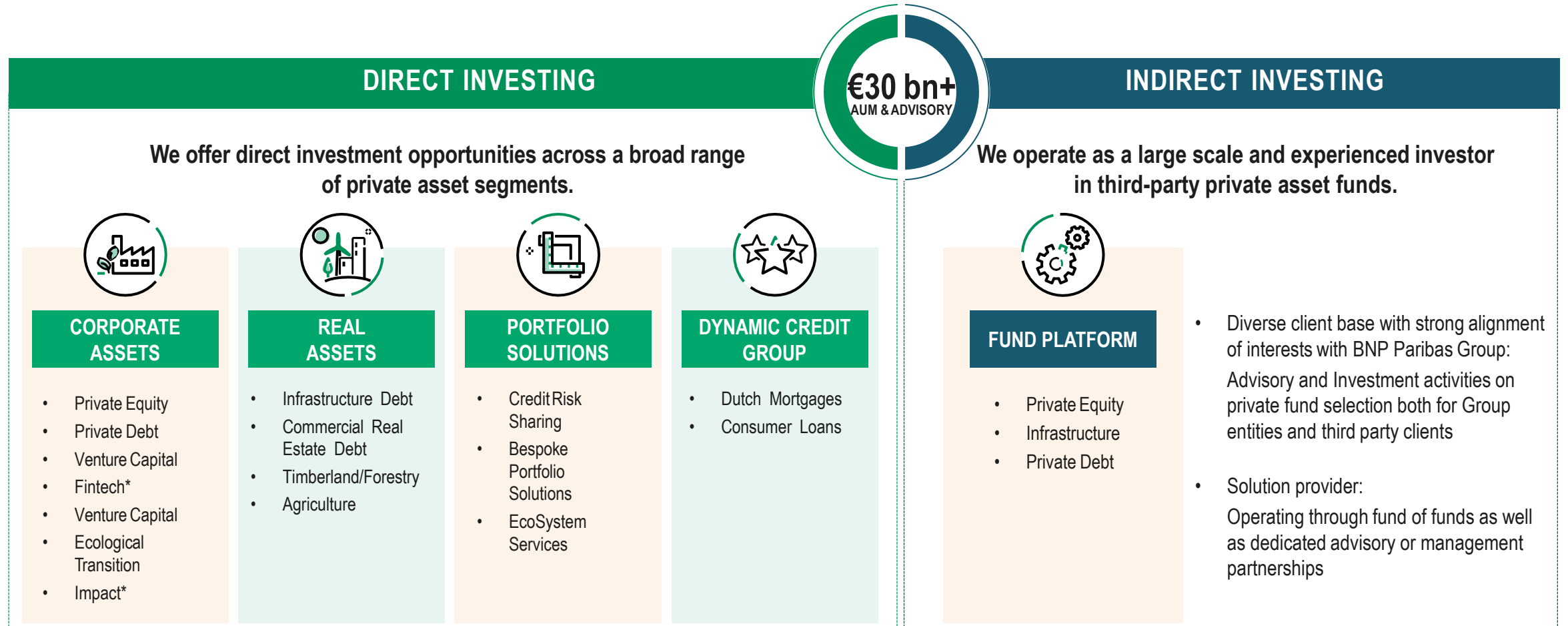
- [BNPP Disruptive Technology](#)
- BNPP Consumer Innovators
- BNPP Next Tech
- [BNPP Asia Tech Innovators](#)

Legend: MATH's Funds in **BLUE**, existing funds in **BLACK**, pipeline in **GREEN** and ideas in **GREY**. The investments in the funds are subject to market fluctuations and the risks inherent in investments in securities. The value of investments and the income they generate May go down as well as up and it is possible that investors will not recover their initial outlay, the funds described being at risk of capital loss. For a Complete description and definition of risks, please consult the last available prospectus and KID of the funds. Past performance is not an indicator of the current or future performance. The above securities are mentioned for informational purposes only and should not be considered as an investment recommendation  
Source: BNP Paribas Asset Management, as end of September 2023

4

# PRIVATE ASSETS – THE INVESTMENT UNIVERSE AND ESG CHARACTERISTICS

# A dedicated platform with a comprehensive range of solutions



\*investments made only for the own account of BNP Paribas, not opened to third party clients. Source: BNP Paribas Asset Management, Feb 2023

# ESG Screening and BNPP AM's Proprietary Green Taxonomy



<p>WASTE MANAGEMENT</p>	<p>WATER MANAGEMENT</p>	<p>RENEWABLE ENERGY</p>	<p>ENERGY EFFICIENCY</p>
<p>GREEN BUILDINGS</p>	<p>SOCIAL INFRASTRUCTURE</p>	<p>CLEAN TRANSPORTATION</p>	<p>INFORMATION / COMMUNICATION TECHNOLOGIES</p>



Implementation of BNP Paribas AM's exclusions with regards to key stakeholders, sectors and controversial activities

BNP Paribas AM proprietary taxonomy<sup>1</sup> to identify activities with a high environmental and social added value

71% of our Senior Debt Fund I portfolio aligned with our **green taxonomy** at the end of the investment period

▶ Portfolio construction aimed at green and sustainable assets

<sup>1</sup> Developed based on the Climate Bond Initiative and the label TEEC criteria  
Source: Iceberg Data Lab, BNP Paribas Asset Management, September 2021.

# ESG, impact investing and member engagement

## CHOOSE A PENSION FUND THAT IS INVESTING IN A GREENER FUTURE

THE FIRST IN A SERIES OF ARTICLES SHOWCASING NEST'S DIVERSE RANGE OF PROJECTS

### WHAT IS THE PROJECT?

BNP Paribas Asset Management (BNPP AM) has selected a group of solar power plants in central and northern Spain (In Castilla, Castilla y Leon, Aragon and Navarra) for the NEST portfolio. The €38 million (£32.2 million) refinancing deal, of which NEST have a €5.7million investment in, is an exciting opportunity to invest in a truly sustainable resource. After all, Sunshine is free and in Spain you get it almost every day.

In total the ground-mounted photovoltaic panels at the seven sites have the capacity to generate 100 gigawatt-hours of electricity a year, enough to cover the total energy consumption of around 8,000 households. This initiative is also saving approximately 25 000 tonnes of CO<sub>2</sub> per year.

### HOW DOES IT BENEFIT SOCIETY?

The agreement forms part of a diversified infrastructure portfolio, along with other assets providing essential services, such as water and telecoms.

The idea is to invest in assets such as electricity production facilities that can also show resilience to crises, including Covid-19.

Sustainability is a key factor. The company believes that institutional investors have a responsibility to build portfolios that protect the planet and that this commitment has to go far beyond reducing emissions. There is also an urgent need to protect biodiversity for the future using investments that are as green as possible.



The asset manager for a changing world

### HOW DOES IT BENEFIT ME AS A PENSION MEMBER?

Energy prices can be volatile, as oil investors have discovered during the Covid-19 pandemic. But the structure of the solar power-plant deal is less concerned about these fluctuations. The power produced has priority of dispatch into Spain's grid, so there is no nearly chance of excess capacity. Revenues are less exposed to changes in electricity prices as they mostly consist of renewable-energy incentive payments from the Spanish government. These payments are structured to bring the overall project a theoretical internal rate of return of 7.4 per cent per annum\* over the life of the assets, and the overall financing structure is designed to cover the lenders against downturns.

All this means the investment should benefit from the government support. And pension scheme members have as great an incentive as anyone in supporting sustainable schemes that protect their long-term future.

### WHY WE BELIEVE IT IS A SOUND INVESTMENT?

There is strong demand for opportunities in renewable energy. Photovoltaic technology is well-proven and these particular plants have a nine-year operating track record. BNPP AM took specialist advice to confirm the likely output, by cross-checking meteorological data with the plants' historical performance, and the project is durable - with the panels sited on land with leases longer than the investment period.

The investment opportunity arose because of a change of ownership and the project is operated by a contractor who has guaranteed its operational performance. BNPP AM sees the opportunity for investors to build a close relationship with the management team.

DISCOVER MORE ON BNP PARIBAS ASSET MANAGEMENT

Note: average household size source: <https://www.census.gov/data/states/2018/tables/2018-annual/population/population-distribution.html>

\* The internal rate return was derived internally as at August 2022. Please refer to the disclaimer available at the end of this document to understand the hypothetical nature.



The asset manager for a changing world

Nest - National Employment Savings Trust  
9,602 followers  
1 mo • Edited

We recently took some Grimsby locals out to Lincs wind farm to show them their pension in action

It's not what I thought it would be. 1:59

Source: BNP Paribas Asset Management, NEST September 2023. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners.



The sustainable investor for a changing world

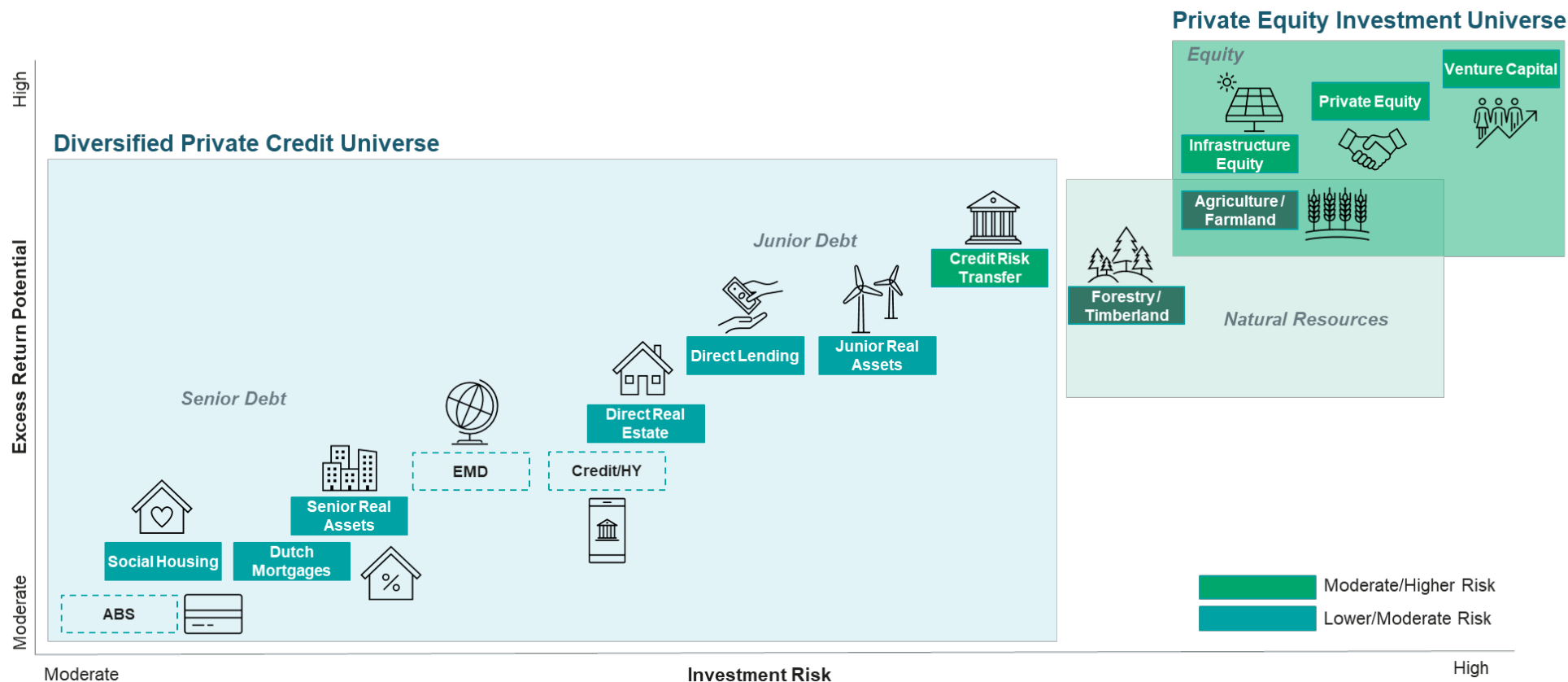


5

# DIVERSIFIED PRIVATE MARKET SOLUTIONS

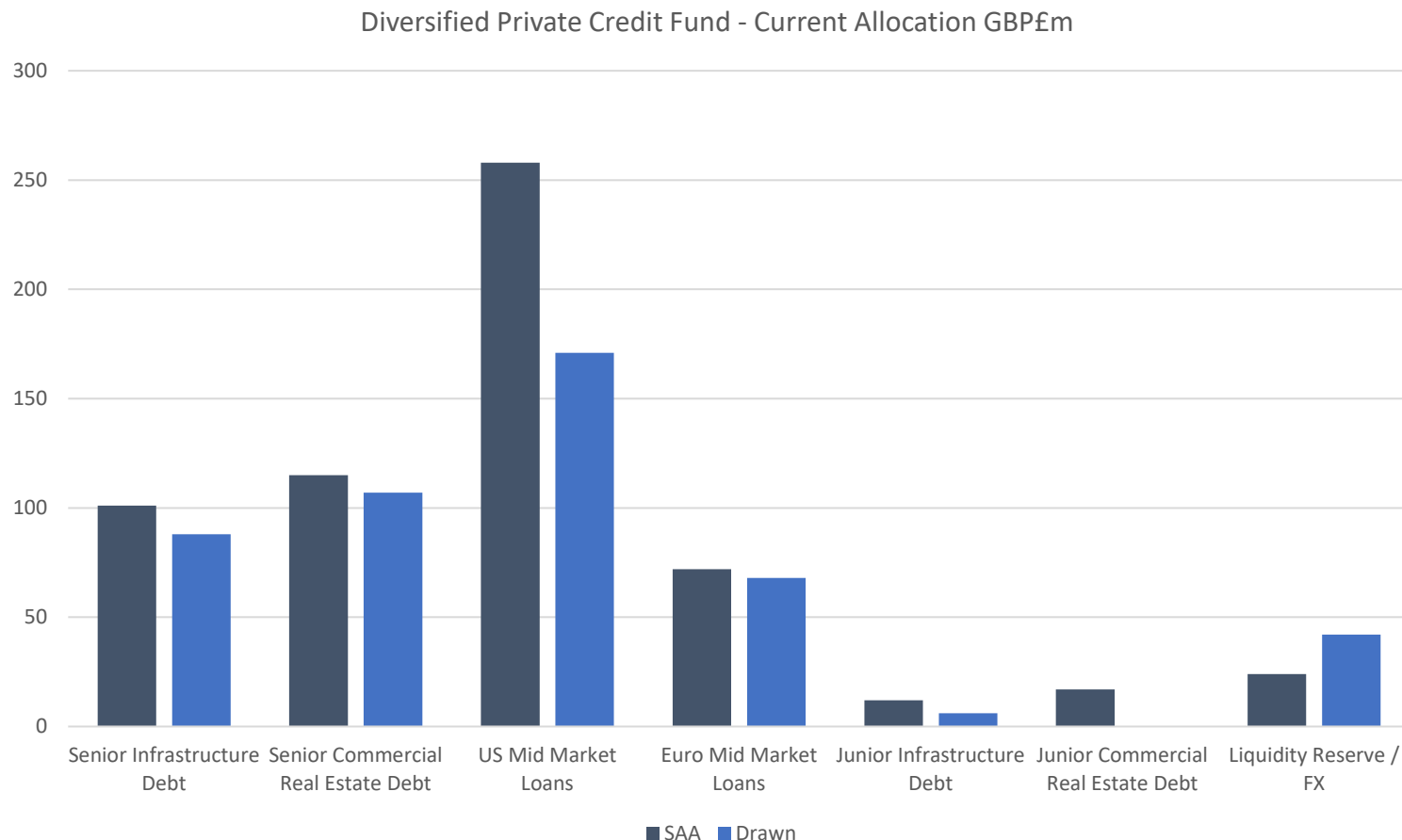
# Illiquids: Climate aligned diversified private market universe

Introducing private markets enables closer alignment to energy transition / climate change by directly financing **solutions**, driven by multi-decades of investment commencing today:



Source: BNP Paribas Asset Management, March 2023.

## 5a. Diversified Private Credit – DC compliant total return



### Diversified Private Credit Fund I

**Objective:** 3-5% Net Total Return  
**Current Commitment:** £599m  
**Drawn (as of 31/5/22):** £482m

**Vehicle:** Lux. RAIF  
**Term:** Evergreen  
**Governance:** Annual SAA Review

**Defaults:** None

Source: BNP Paribas Asset Management (UK) as at June 2023. No assurance can be given that any forecast, target or opinion will materialise.

## 5b. Climate Aligned Private Markets – DC Master Trusts

Asset class	Defensive		Neutral		Aggressive	
	Base	Timber 5%	Base	Timber 5%	Base	Timber 5%
<b>Private Credit</b>	<b>90.0%</b>	<b>87.5%</b>	<b>85.0%</b>	<b>82.5%</b>	<b>75.0%</b>	<b>72.5%</b>
Credit Risk Sharing	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
EUR Infrastructure Junior	10.0%	10.0%	12.5%	12.5%	15.0%	15.0%
EUR Infrastructure Senior	15.0%	15.0%	7.5%	7.5%	5.0%	5.0%
EUR Real Estate Junior	15.0%	15.0%	17.5%	17.5%	20.0%	17.5%
EUR Real Estate Senior	20.0%	17.5%	17.5%	15.0%	2.5%	2.5%
EUR SME Floating	5.0%	5.0%	5.0%	5.0%	7.5%	7.5%
US Middle Market Loan	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
<b>Private Equity</b>	<b>10.0%</b>	<b>7.5%</b>	<b>15.0%</b>	<b>12.5%</b>	<b>25.0%</b>	<b>22.5%</b>
Private Equity Global	10.0%	7.5%	10.0%	7.5%	10.0%	10.0%
Private Equity Infrastructure Global	0.0%	0.0%	5.0%	5.0%	5.0%	5.0%
Private Equity Real Estate Global	0.0%	0.0%	0.0%	0.0%	10.0%	7.5%
<b>Other</b>	<b>0.0%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>5.0%</b>
Timberland	0.0%	5.0%	0.0%	5.0%	0.0%	5.0%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Horizon 20 years</b>						
Return	7.2%	7.1%	7.6%	7.5%	8.1%	8.0%
Volatility	4.5%	4.3%	4.7%	4.4%	5.6%	5.2%
Excess return (over cash)	4.8%	4.7%	5.2%	5.1%	5.7%	5.6%
Sharpe ratio	105%	110%	110%	115%	101%	107%
VaR(95.0%)	-0.3%	0.1%	-0.2%	0.2%	-1.1%	-0.6%
VaR(99.0%)	-3.4%	-2.8%	-3.4%	-2.8%	-4.9%	-4.2%
<b>Sector exposure</b>						
Infrastructure	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Real Estate	35.0%	32.5%	35.0%	32.5%	32.5%	27.5%
Corporate Lending	30.0%	30.0%	30.0%	30.0%	32.5%	32.5%
Private Equity	10.0%	7.5%	10.0%	7.5%	10.0%	10.0%
Timber	0.0%	5.0%	0.0%	5.0%	0.0%	5.0%

### Climate Aligned Private Markets

	SFDR
Credit Risk Sharing:	8
Infrastructure Debt:	9
Real Estate Debt:	9
Euro SME:	8
US MM Loans:	8
Infrastructure Equity:	9
Venture Capital:	9
Property:	9
Timberland	9

Asset allocation may change without prior written notification. No assurance can be given that any forecast, target or opinion will materialise. Source: BNPP AM, May 2023. Articles 8 or 9 of the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ('SFDR').

6

# NET ZERO TRANSITION FUND - LIQUID AND ILLIQUID PORTFOLIO

# Main components of the Transition – A simplified model

## Components of the transition

- In our simplified model for the global Transition, we have identified eight UN's Sustainable Development Goals (UN SDGs) that correspond to six main investment themes – three focusing on the energy transition and three on the ocean, water, food, forestry and waste sustainability efforts. Within each theme, there are multiple sub-themes – see slides in appendix.
- Significant investments in the themes and sub-themes (or their equivalent UN SDGs) are critical to build a credible and robust exposure to the transition .



Source : BNP Paribas Asset Management as at July 2023. Trademark, copyright, and other intellectual property rights are and remain the property of their respective owners.

# 60 sub-themes across 4 asset classes

Theme	Sub Theme	Asset Classes				SDG Alignment
		Listed Equities	Listed Debt	Private Equity	Private Debt	
Renewable Energy	Carbon Capture & Credits			✓	✓	 
	Clean Power & Fuel Production	✓		✓	✓	
	Integrated Renewable Generation	✓	✓	✓	✓	
	Geothermal Generation	✓	✓	✓	✓	
	Hydro Generation	✓	✓	✓		
	Hydrogen Production			✓		
	Renewable Installation		✓	✓		
	Renewable Project Financing			✓	✓	
	Solar Generation		✓	✓	✓	
	Wind Generation		✓	✓	✓	
Energy Technology & Materials	Building Energy Efficiency		✓	✓	✓	 
	EV Battery Materials		✓	✓		
	EV Battery Technology	✓	✓			
	EV Vehicle Manufacturers	✓	✓			
	Environmental Data Analytics			✓		
	Hydro & Tidal Equipment	✓				
	Hydrogen & Fuel Cell Equipment	✓		✓		
	Mobility Software	✓		✓		
	Rare Earths & Transition Materials	✓	✓	✓		
	Solar Equipment		✓	✓	✓	
Wind Equipment		✓	✓	✓		
Energy Infrastructure & Mobility	Clean Power & Fuel Distribution	✓	✓	✓		 
	Electric & Hydrogen Air Mobility		✓	✓		
	EV Charging	✓	✓			
	EV Manufacturers	✓	✓			
	Grid Management & Energy Storage			✓		
	Hydrogen Mobility & Refuelling			✓		
	Micro eMobility	✓	✓	✓		
	Rail & Marine Mobility			✓		

Theme	Sub Theme	Asset Classes				SDG Alignment
		Listed Equities	Listed Debt	Private Equity	Private Debt	
Ocean Health & Clean Water	Sustainable Packaging	✓				 
	Aquaculture			✓		
	Flood Control & Solutions	✓				
	Water Pollution Control	✓	✓		✓	
	Efficient Irrigation Systems & Devices			✓		
	Water Treatment	✓	✓		✓	
	Water Infrastructure	✓	✓			
	Alternative Shipping			✓		
	Ocean & Tidal Power			✓		
	Smart Agriculture & Food Innovation	Agricultural Seed Technology	✓		✓	
Agricultural Machinery & Logistics		✓		✓		
Alternative Protein		✓		✓		
Animal feed		✓				
Food processing		✓			✓	
Pollution control				✓		
Sustainable farming				✓		
Sustainable Forestry & Plantations				✓	✓	
Biogas & Biomass				✓		
Sustainable Chemicals				✓		
Circular Economy & Eco-Design	Environmental Services	✓				 
	Environmental Testing	✓				
	Green Cities		✓			
	Green Buildings		✓	✓		
	Green Building Equipment & Materials		✓	✓		
	Recycling	✓				
	Waste Management		✓	✓		
	Alternative Vehicles		✓			
	Alternative Bus & Coach		✓			
	Motorbike & Bicycles	✓	✓			

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# Net Zero Transition Solution – Main Features

## Target Asset Allocation

*(Illiquid Assets,  
Target 40%,  
Min / Max 30% / 50%)*

Private equity /  
Venture capital  
/ Infrastructure  
equity, 25.0%

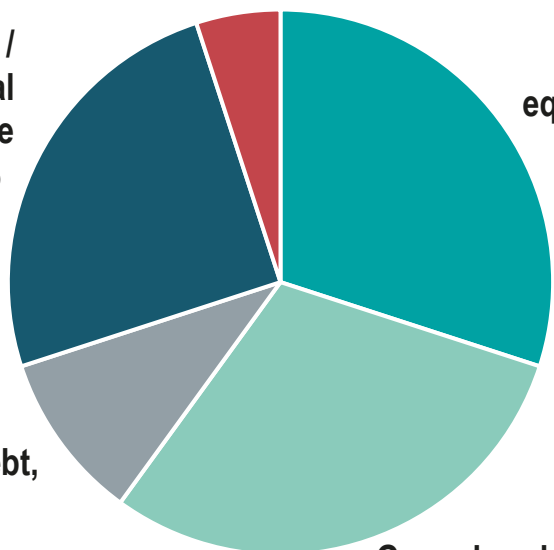
Forestry, 5.0%

Thematic  
equities, 30.0%

Private debt,  
10.0%

*(Liquid Assets,  
Target 60%,  
Min / Max 50% / 70%)*

Green bonds,  
30.0%



An evergreen fund investing in energy and sustainable Transition themes to contribute to Net Zero

Focused impact and innovative technologies

Strong track record of BNPP AM in this sector, enhanced by an open architecture

Excess return generated from underlying asset class strategies and relative value calls at portfolio level

Leverage on strength of BNP Paribas global reach

Value for money proposition with a target Net return over [8.5]% in USD as at October 2023

Source: BNP Paribas Asset Management, September 2023. This is for illustrative purposes only and could be subject to change and should not be used as a basis for making any specific investment, business, or commercial decisions. No guarantee can be given that the concept will be realised as presented herein



# One stop-shop solution for evolving default fund design

We believe DC Pension Scheme objectives are best achieved with:

A **diversified and flexible approach** to public and private markets and/or climate alignment

Partnering with an **expert manager** and **selection specialist**

Offering a **one-stop solution** for clients

**Evergreen investment structures**

Maintaining a **high level of governance**

ONE-STOP SHOP

SOLUTIONS



ORIGINATION / SELECTION and BUILDING BLOCKS



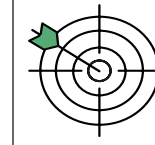
EXECUTION and GOVERNANCE



SOLUTION DESIGN AND STRUCTURING



RELATIVE VALUE ASSET ALLOCATION ACROSS LARGE INVESTMENT UNIVERSE



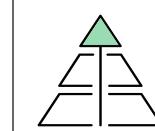
ORIGINATION OF HIGH QUALITY PRIVATE MARKET ASSETS



ESG AND IMPACT INVESTING FULLY EMBEDDED ENHANCING MEMBER ENGAGEMENT



EFFICIENT CASH FLOW & LIQUIDITY MANAGEMENT



STRICT RISK, GOVERNANCE & OPERATIONAL FRAMEWORK INCLUDING BNPSS

# Associated risks

**Illiquidity of the sub-fund's shares:** The investments are subject to market fluctuations and the risks inherent in investments in securities. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial outlay.

**Illiquidity of the sub-fund's investments:** The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc.

**Credit quality:** This is the risk that may derive from the rating downgrade of a loan issuer to which the sub funds are exposed, which may therefore cause the value of the investments to go down. Sub funds investing in high-yield loans present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

**Liquidity risk:** There is a risk that investments made in sub funds may become illiquid due to an over-restricted market (often reflected by a very broad bid-ask spread or by substantial price movements), or if their "rating" declines or their economic situation deteriorates.

Long-dated nature of most investments: Risks include: the lack of secondary market liquidity, valuation risks, the lack of standardisation and regulation, the risk of leverage, the risk of the counterparty.

**Concentration:** This risk relates to the quality of the counterparty with whom the funds do business or enter into various transactions. This risk reflects the counterparty's ability to honour its commitments (payment, delivery, repayment, etc).

**Market risk:** While the sub-fund is more focused towards a take-and-hold strategy versus a trading strategy, the sub-fund will be subject to market prices when acquiring, trading and disposing assets, in particular during the ramp-up period of the portfolio. In addition, the NAV is calculated based on market prices, which might over- or under-estimate the true value of the investment or not represent the actual price at which the investment could be sold.

**Interest rates:** An increase or decrease in interest rates may not be immediately reflected in the rates payable on the portfolio's underlying securities, while an increase in interest rates could have a negative impact on the quality of the sub-fund's investments.

**Foreign exchange rates and hedging:** The currency of the assets of the sub-fund might differ from the sub-fund's currency of expression and consequently the sub-fund is subject to currency exchange fluctuations, with the sub-fund undertaking to hedge a certain percentage of the assets for a certain period. However, there is no assurance that currency hedging will be fully effective, as any unhedged portion remains exposed to currency exchange fluctuations, while in case of significant redemptions the sub-fund might be temporarily over-hedged.

**Calculation of NAV:** The NAV per share of the sub-fund will be determined and communicated only after the value of its investments is determined.

The NAV is based on data coming from a third party pricing service. The Investment Manager cannot opine on the accuracy of the prices obtained from a third party pricing service and by definition on the NAV based on such prices. There is no guarantee that the prices obtained from a third party pricing service represent fair value or will represent the value that will be realized by the sub-fund on the eventual disposal of the investment, a market price discovery, or that could in fact be realized upon an immediate disposal of the investment. Should the Company and/or the Investment Manager, change the method of valuation, than the same limitations as indicated above will hold for the new method of valuation.

**Early redemption:** If the shareholder chooses to redeem its shares before the recommended investment horizon, an early redemption fee will be charged according to the investment period of the shareholder as defined in the section Fees and Costs.

**Reinvestment:** It is possible that the sub-fund will not be able to reinvest its net income or the capital generated by the realisation of assets in the aforementioned Underlying Asset Classes at a similar level of risk-return.

**Capital loss risk:** The value of the investments in Financial Instrument(s) and the returns generated by the described herein may go down as well as up. Investors may not get back the amount they originally invested.

**Equities:** The value of an investment in shares will depend on a number of factors including, but not limited to, market and economic conditions, sector, geographical region and political events.

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As at **November 2023**.

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INVESTORS'

「corner」



**BNP PARIBAS**  
**ASSET MANAGEMENT**

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