

# **BNP PARIBAS AQUA**

## **INVESTING IN BLUE GOLD**

APRIL 2022



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

The sustainable  
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# WHY INVEST IN WATER EQUITIES

## THE WATER DOMAIN: POISED FOR CONTINUED ATTRACTIVE GROWTH

Water is a precious resource under tremendous strain. To mitigate the increasing gap between the demand and supply of water, as well as rising concerns over water quality, substantial capital investment is being pumped into companies active in the water domain. This domain is expected to offer long-term growth opportunities, due to these five compelling drivers.

### WATER SCARCITY



2030 estimates

Demand for water is expected to exceed supply by **40%<sup>1</sup>**

**Nearly half** the human population could suffer severe water stress.<sup>1</sup>

### ADAPTATION TO CHANGING WEATHER PATTERNS



Increased incidence of extreme weather events and climate change are exacerbating strains on global fresh water supply.

**1.6 billion people** will be at risk of floods by 2050.<sup>2</sup>

### TIGHTENING REGULATIONS



#### PFAS Action Act

passed in 2021. The U.S. Environmental Protection Agency (EPA) is required to establish national standards for the levels of PFAS (a highly toxic fluorinated compound) in drinking water.<sup>3</sup>

### INFRASTRUCTURE DEVELOPMENT



**68%** of the world's population is expected to live in cities by 2050.<sup>4</sup> Hence, governments are placing more focus on urban development and infrastructure planning and management.

**\$111 billion** out of President Biden's \$2 trillion infrastructure plan will be dedicated to ensuring safe and clean drinking water for communities.<sup>5</sup>

### TECHNOLOGICAL INNOVATION



**First sector-wide innovation strategy** launched by UK's water industry.

A centre of excellence will be established to allow water companies to collaborate, access skills and drive transformational change through water innovation.

**£200 million** additional funding made available for innovation by Ofwat.<sup>6</sup>

1. Options for decoupling economic growth from water use and water pollution, United Nations Environment Programme, 2016

2. United Nations, 2020

3. The National Law Review, August 2021

4. United Nations, 2018 Revision of World Urbanization Prospects

5. The White House, Factsheet, the American Jobs Plan, March 2021

6. UK 2050 water innovation strategy, September 2020. Ofwat is the body responsible for economic regulation of the privatised water and sewerage industry in England and Wales.



A DEEP AND DIVERSE RANGE OF OPPORTUNITIES

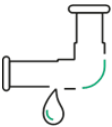
Investment opportunities cut across:



The various sectors provide exposure to the entire water value chain and enables flexible investment allocation, while taking the different economic cycles into consideration.

WATER INFRASTRUCTURE	WATER TREATMENT	WATER UTILITIES
CYCLICAL-DEFENSIVE MIX	SLIGHTLY CYCLICAL	DEFENSIVE
<ul style="list-style-type: none"><li>Pipeline network facilities</li><li>Buildings and industrial equipment</li><li>Infrastructure services</li><li>Irrigation systems</li></ul>	<ul style="list-style-type: none"><li>Filtration equipment and advanced solutions</li><li>Traditional maintenance mode</li><li>Efficiency enhancement solutions</li><li>Testing and monitoring</li></ul>	<ul style="list-style-type: none"><li>Provision of clean water supply</li><li>Growing areas include energy efficiency, infrastructure investment and desalination</li></ul>

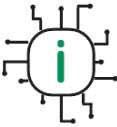
Evolving landscape of innovative solutions requires a specialised focus



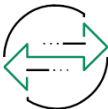
**Leak detection and meter reading**  
Technological advances in leak detection: less water lost, longer pipe life and lower operating costs



**Treatment, testing and diagnostics**  
Enables UV disinfection, ozone treatment to purify water and portable handheld instrumentation for greater mobility



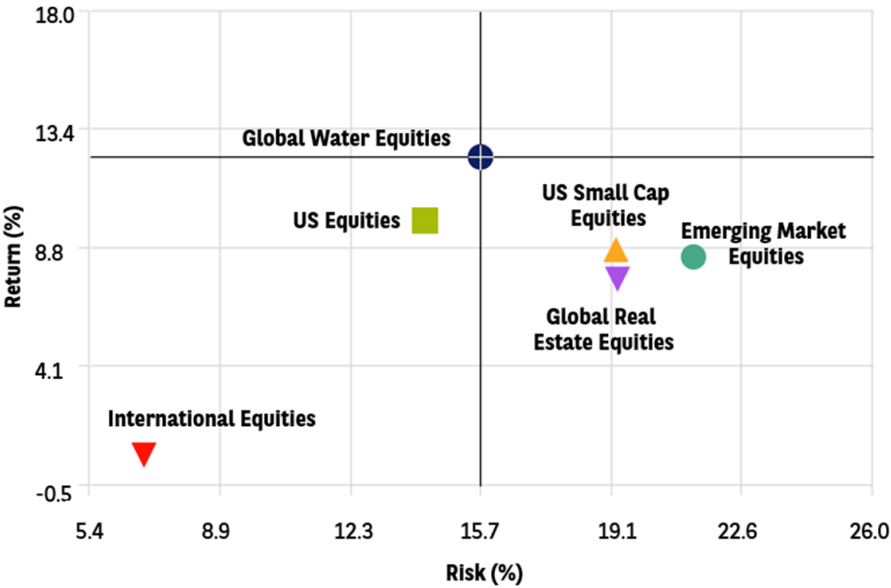
**Smart irrigation**  
Increased crop yields and efficiency of water use; operated with cost-effective solar power



**Desalination**  
Efficient and more cost effective conversion of seawater into fresh water

IMPROVED RISK-ADJUSTED RETURNS:  
NOVEMBER 2003 to March 2022

Chart 1



Global water equities boast a favorable risk/return profile and provide higher returns with less volatility relative to global equity markets.

Source: Morningstar Direct.  
Chart 1: 1 November 2003 to 31 March 2022. US equities are represented by S&P 500 Index, US small-cap equities by Russell 2000 Index, international equities by MSCI EAFE Index, global water equities by S&P Global Water Index, global real estate equities by S&P Global REIT Index and emerging market equities by Invesco Emerging Markets Index.

# BNP PARIBAS AQUA: FUND HIGHLIGHTS

## INVESTS GLOBALLY IN COMPANIES ACTIVE IN THE RAPIDLY GROWING WATER VALUE CHAIN

With access to a water universe of approximately 280 companies, worth US\$1.5 trillion market capitalisation.<sup>1</sup>

## AWARDED WITH SUSTAINABLE INVESTING LABELS



**SRI (Sustainable and Responsible Investment) label<sup>2</sup>**



**Towards Sustainability Label<sup>3</sup>**

## MANAGED BY A GLOBAL LEADER IN ENVIRONMENTAL MARKETS INVESTING

### IMPAX ASSET MANAGEMENT<sup>4</sup>

**A specialist manager**



**More than 20 years  
of experience**

**A credible investment team**



**Over 65 team members**

**Global presence**



**United Kingdom,  
United States,  
Hong Kong & Ireland**

**Asset under management**



**US\$50.0 billion**

**With experience in managing a water strategy since 2008**

**Recognised for expertise in sustainable investing**



**Double award winner of UK Queen's Award  
for 'Enterprise: Sustainable Development'  
(2014 and 2020)<sup>6</sup>**

**A partner of BNP Paribas Asset Management since 2007.**

1. Source: Impax Asset Management, March 2022
2. Source: Label SRI, March 2022. The "Sustainable and Responsible Investment" (SRI) label is a tool for selecting responsible and sustainable investments. It also aims to ensure that the management of the fund is based on a solid methodology, with a high degree transparency and quality information. More information is available on [www.lelabelisr.fr](http://www.lelabelisr.fr)
3. Created by the Belgian federation of the financial sector in 2019 (Febelfin), the Towards Sustainability label was designed as a standard or quality standard that all funds claiming to be sustainable, socially responsible, or ethical must respect. It aims to become a market standard, at least for Belgium. More information is available on the <https://www.towardssustainability.be/>
4. Source: Impax Asset Management, March 2022
5. Source: Principles for Responsible Investment, 2020
6. Source: The Queen's Award Enterprise, April 2020

**Past performance is not indicative of current or future performance.**

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# BNP PARIBAS AQUA: FUND FACTS

<b>Management company</b>	BNP Paribas Asset Management Luxembourg
<b>Delegated manager</b>	Impax Asset Management
<b>Inception date of the sub fund</b>	03/07/2015
<b>Benchmark</b>	MSCI World (NR)
<b>Base Currency</b>	EUR

\*Classic - Capitalisation share class, as of 31/10/2021

\*\*If you convert to a fund with a higher entry cost, you may have to pay for the difference.

\*\*\*Taxe d'abonnement (TAB) means the annual entry costs payable based on the NAV in accordance with Luxembourg law. In addition, the Company may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the fund is registered for distribution.

<b>Costs payable by the investors</b>	Classic share classes
<b>Entry charge (max)</b>	3.00%
<b>Switching fee/ conversion charge (max)**</b>	1.50%
<b>Ongoing charges*</b>	2.23%
<b>Fees payable by the sub-fund</b>	Classic share classes
<b>Management fee (max)</b>	1.75%
<b>Other fee</b>	0.40%
<b>TAB***</b>	0.05%

## Share Classes: Non dividend-paying

<b>Share class</b>	<b>Classic Capitalisation</b>	<b>Classic SGD Capitalisation</b>	<b>Classic USD Capitalisation</b>
<b>ISIN</b>	LU1165135440	LU1695653177	LU1620156130
<b>Reference Currency</b>	EUR	SGD	USD

## Share Classes: Dividend-paying

<b>Share class</b>	<b>Classic RH SGD MD Distribution</b>	<b>Classic RH USD MD Distribution</b>	<b>Classic USD Distribution</b>
<b>ISIN</b>	LU1721427968	LU1543694498	LU1620156213
<b>Reference Currency</b>	SGD	USD	USD
<b>Dividend Frequency</b>	Monthly	Monthly	Annual



Risk level: 6. 1: lowest risk level; 7: highest risk level. The higher the risk, the longer the recommended investment horizon.

#### Key Risks

The value of the product and its dividends or coupons may rise or fall. These risk factors may cause you to lose some or all of your investment: market risk, liquidity risk and extra-financial criteria investment risk. You are also exposed to concentration risk, emerging markets risk, equity risk, operation risk and custody risk, risks related to investments in some countries, small cap, specialised or restricted sectors risk and specific risks related to investments in Mainland China, including PRC taxation risk, and risks related to Stock Connect.

For a complete description and definition of risks, please consult the last available Singapore offering documents of the fund available at [www.bnpparibas-am.sg](http://www.bnpparibas-am.sg). Investors considering subscribing to the fund should read carefully its last available Singapore offering documents before investing.

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Investors should consult their own professional advisors in respect of legal, accounting, domicile and tax advice prior to investing in the fund(s), and in the event that he chooses not to seek advice from professional advisors, he should make an independent determination of the suitability and consequences of an investment. Investors considering subscribing to the fund(s) should read carefully the most recent prospectus, offering document including the risk factors and consult the fund(s)' most recent financial reports before investing, as available from BNPP AMS or its authorised distributors.

Investments involve risks. Given the economic and market risks, there can be no assurance that the fund(s) will achieve its/their investment objectives. Investments in the fund are not deposits or other obligations of, or guaranteed, or insured by BNPP AMS or its authorized distributors or its affiliates and are subject to investment risks, including the possible loss of principal amount invested. Returns may be affected by investment strategies or objectives, markets and economic conditions.

Past performance of the fund(s) or the managers, and any economic and market trends or forecast, are not necessarily indicative of the future or likely performance of the fund(s) or the manager and the value of the investments in fund(s) may go down as well as up. Investors may not get back the amount they originally invested. Funds which are invested in emerging markets, smaller companies and derivative instruments may also involve a higher degree of risk and are usually more sensitive to price movements.

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