

Positive outlook for BNP Paribas Energy Transition as fund size exceeds EUR 1.5 billion

- Energy Transition fund delivers 130% YTD return¹
- Fund size grows to EUR 1.5 billion²
- Outlook benefiting from regulatory change, technological advancement and investor demand

After a strong year for the BNP Paribas Energy Transition fund, co-managers Ulrik Fugmann and Edward Lees are optimistic that the competitiveness and profitability of companies developing energy transition solutions should continue to increase. Companies in this area are benefiting from supportive structural trends such as technological advances, regulatory developments and the growth of renewables as part of the energy mix.

Amid growing investor awareness of environmental issues, the fund has seen increased demand from clients keen to take advantage of the opportunities presented by companies participating in the energy transition. This demand is also being seen across BNPP AM's wider range of actively-managed thematic funds.

Fugmann and Lees were appointed co-managers of the fund in September 2019, and since the start of 2020 the fund has returned 134%, more than 128% ahead of its reference index³. In mid-November the fund size exceeded EUR 1 billion for the first time, subsequently adding a further EUR 500 million in little more than two weeks⁴.

The fund invests in the energy transition opportunity arising from increased energy demand, a changing energy mix and the need for energy efficient solutions to address climate change. It consists of a concentrated equity portfolio of 40-60 European, Asian and US companies that are driving change across three core themes of decarbonisation, digitalisation and decentralisation.

Portfolio companies are typically those developing solutions within renewable & transitional energy production, to replace coal, oil or gas; those offering technology designed to improve energy efficiency or reduce waste (for example low CO₂ processes for energy-intensive industries such as cement or steel production); or those expanding energy infrastructure, such as transportation networks or storage facilities. Given the importance for energy efficiency of developments within big data, artificial intelligence and robotics, many companies are also benefiting from technological advances in these areas.

Fugmann and Lees have worked together for 20 years, during which time they have managed a range of energy and environmental strategies, joining BNPP AM in mid-2019. They also manage the BNP Paribas Environmental Absolute Return Thematic Fund ('EARTH'), a global long/short equity fund launched in July 2020 that invests in companies that are addressing environmental challenges in energy, materials, agriculture and industrial markets.

¹ Source: BNP Paribas Asset Management. BNP Paribas Energy Transition returned 134.05% between 01/01/20 and 09/12/20.

² Source: BNP Paribas Asset Management. BNP Paribas Energy Transition fund size was EUR 1,525 million as at 10/12/20.

³ Source: BNP Paribas Asset Management. BNP Paribas Energy Transition returned 134.05% between 01/01/20 and 09/12/20, compared to return of 5.36% for MSCI AC World (EUR) NR index. Fund return over 1 year to 09/12/20 was 148.66% vs index return of 7.14%; fund return over 3 years to 09/12/20 was 106.65% vs index return of 10.97%; fund return over 5 years to 09/12/20 was 95.18% vs index return of 13.50%.

⁴ Source: BNP Paribas Asset Management. BNP Paribas Energy Transition fund size first exceeded EUR 1,000 million on 19/11/20. Fund size first exceeded EUR 1,500 million on 08/12/20. Fund size was EUR 1,525 million as at 10/12/20.



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Edward Lees, co-manager of BNP Paribas Energy Transition, comments:

"We expect the strong growth opportunities that we have seen recently to remain for the foreseeable future as companies that offer environmental solutions to accelerate the energy transition are encouraged by the pace of regulatory change and the increasing profitability of renewables. Areas offering such opportunities include green hydrogen and fuel cells, both of which have been recent beneficiaries of environmental policies by the European Union and China."

Ulrik Fugmann, co-manager of BNP Paribas Energy Transition, comments:

"Technological advancements, the ability of companies to thrive without the need for subsidies and the net zero commitments made by many global governments to meet the objectives of the Paris Agreement are providing a positive backdrop for investors such as ourselves whose focus is on selectivity and active management. Conversely, the opportunity cost to those who ignore the change that is taking place could prove to be very significant."

- ENDS -

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* EUR 598 billion of assets under management and advisory as at 30 September 2020

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