



BOND EUROPE CLIMATE CARBON OFFSET PLAN NEWSLETTER



MARKETING COMMUNICATION | FOR PROFESSIONAL CLIENTS ONLY | JANUARY 2025

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INVESTMENT OBJECTIVE

The objectives of the THEAM Quant Bond Europe Climate Carbon Offset Plan are:

- To provide capital growth over the medium term by being exposed to a dynamic basket of European investment-grade corporate Bonds, which are selected using a systematic selection method based on environmental, social and governance criteria (ESG), carbon emission and energy transition criteria as well as companies financial robustness;
To offset its carbon footprint by purchasing verified emission reduction certificates (VERs) from the Kasigau Corridor REDD+ Project.

STRATEGY

In order to achieve its objective, the fund implements a quantitative investment strategy through the BNP Paribas Bond Europe Climate Care Index TR, with an expected tracking error of up to 2% with the European investment-grade bond market.

The final selection accounts for the following elements:

Four strategy points: 1. Exposure to high ESG standards; 2. Selection for liquidity and yield; 3. Energy transition strategy; 4. Carbon offsetting via VER certificates.

*Excluding ones: (1) with a Moody's ESG score in the lowest 25% in their sector or below 30/100, (2) involved in alcohol, nuclear power, tobacco, pornography or other controversial activities, (3) with a BNP Paribas Asset Management ESG score of 9 or 10 (10 being the worst) These internal guidelines are for indicative purposes only; Prospectus and KID are prevailing.

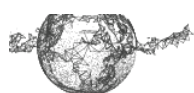
PERFORMANCE

As of January 31st, 2025

Table with 2 columns: Period (Apr 21 - Jan 25) and THEAM QUANT- BOND EUROPE CLIMATE CARBON OFFSET PLAN. Rows include Performance 1 month (0.23%), Annualised Performance Since Start Date (-1.96%), Cumulative Performance Year To Date (0.23%), Annualised Volatility Since Start Date (5.34%), Annualised Sharpe Ratio Since Start Date (-), and Max Drawdown Since Start Date (-20.75%).

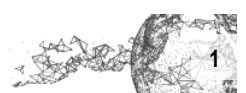
Refers to LU2051095011, THEAM Quant – Bond Europe Carbon Offset Plan – I EUR ACC < THCOPIE LX Equity > Source: Bloomberg. Past performance is not an indicator of future performance.

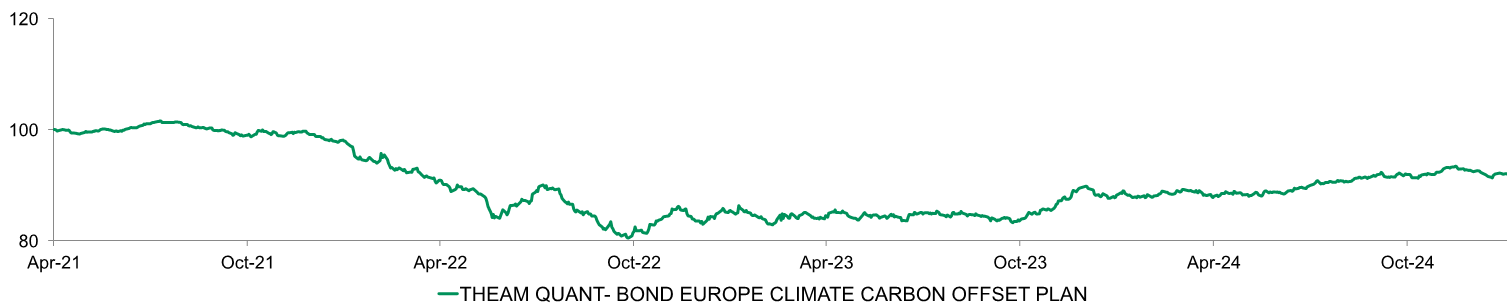
Follow the icon to go to the fund page on the THEAM Quant website



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Source: Bloomberg, BNP Paribas. Past performance is not an indicator of future performance.

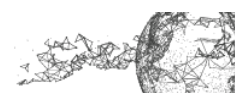
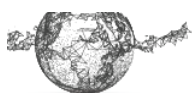
MONTHLY COMMENTARY

MACRO BACKGROUND

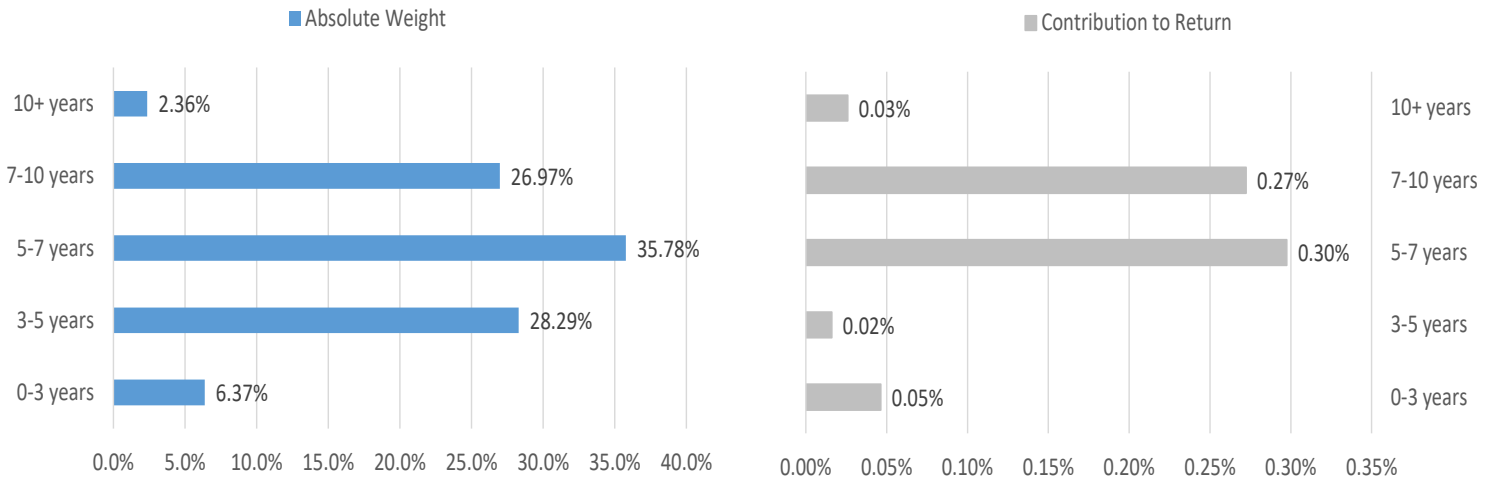
- By announcing the status quo on its policy rates on 29 January and making it clear that it does not need to be 'in a hurry to adjust its monetary policy stance', the US Federal Reserve (Fed) avoided upsetting financial markets that probably sought just such a non-event meeting. On 30 January, the European Central Bank announced a 25bp cut in its three key rates by maintaining the dovish tone it adopted in December. The central bank monetary policy committees that met in January all added a warning footnote to their decisions about the high level of uncertainty related to US economic policy.
- The yield on the 10-year German Bund (2.37% at the end of December) rose from the beginning of the month. It reached 2.65% on 14 January, driven by rising long-term US T-note and UK Gilt yields. The underperformance of the eurozone market relative to the US market is surprising as European economic indicators have remained weak and the ECB is expected to continue easing monetary policy more quickly and significantly than the Fed. Futures markets reflect the return of the deposit rate to 2% this summer, an assumption corroborated by several statements such as that of the Governor of the Banque de France on 8 January: 'If the decline in inflation is confirmed in the coming quarters as we expect, then the common sense is that we [will not slow] the pace towards this neutral rate by next summer.'
- Against this backdrop, the 5-year Bund yield increased from 2.15% to 2.24% over the month. Investment Grade credit spreads decreased to 53bps in January from 58bps at the end of December.

PERFORMANCE BREAKDOWN

- A rebalancing of the portfolio occurred on 3rd Jan with a turnover of 24%. The index displays good diversification among issuers, sectors and geographies.
- The Europe Bond Climate Care strategy posted a positive performance in January (+0.28%), underperforming the European Investment Grade Market (QW5A Index) at +0.47%. Corporate bonds were mostly benefited by the fall in yields of government bonds during the second half of the month, investment grade credit spreads slightly decreased over the month.
- The index displays good diversification among issuers, sectors and geographies.
- It includes 68 Bonds, among 33 issuers
- The top 3 countries are similar for both the index and the benchmark: France (37% vs 28%), Netherlands (17% vs 22%), Italy (13% vs 7%).
- In terms of sectorial exposures: as expected, given the index thematic, some carbon-intensive sectors are underweighted (Energy, Consumer Cyclical, Utilities), while some low-carbon sectors are overweighted (Technology, Financial, Communications).
- Credit ratings range from Aa3 to Baa3 (as per Moody's), with the median rating being Baa1 (in line with the Benchmark's one)
- In terms of sustainability, the Index meets expectations:
 - its Energy Transition score is equal to 77 –scoring scale from 1 to 100- (vs 62 for the Benchmark)
 - its Carbon Intensity is 45 tons per million € invested (vs 90 for the Benchmark).
- The Index yield averaged at 3.12% over the month for an average time-to-maturity (at end of January) of 5.77Y, vs 3.00% and 5.91Y for the Benchmark.

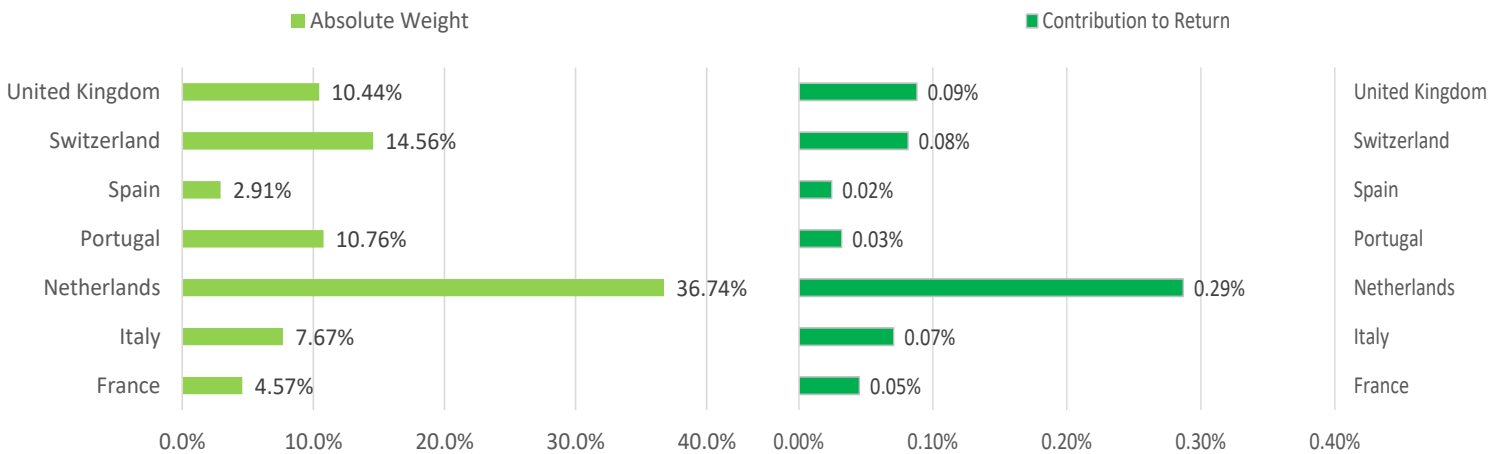


BREAKDOWN BY TIME TO MATURITY



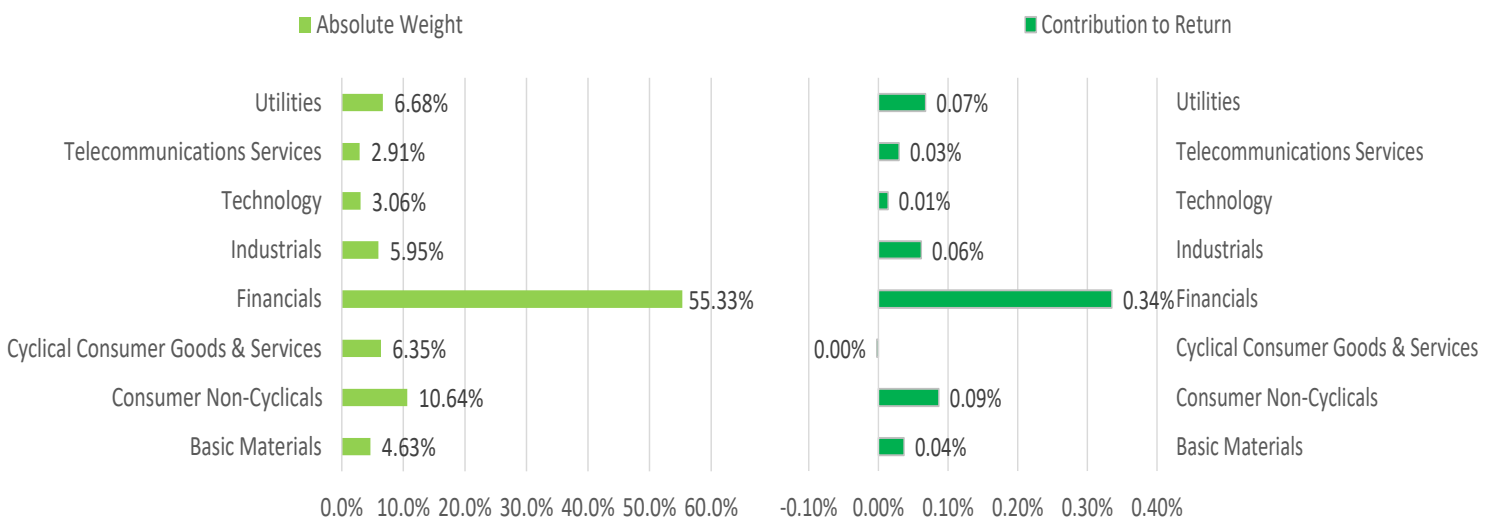
Source: Bloomberg, BNP Paribas. Past performance is not an indicator of future performance.

BREAKDOWN BY COUNTRY

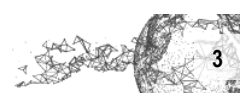
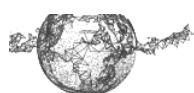


Source: Bloomberg, BNP Paribas. Past performance is not an indicator of future performance.

BREAKDOWN BY SECTOR



Source: Bloomberg, BNP Paribas. Past performance is not an indicator of future performance.



ENERGY TRANSITION SCORE

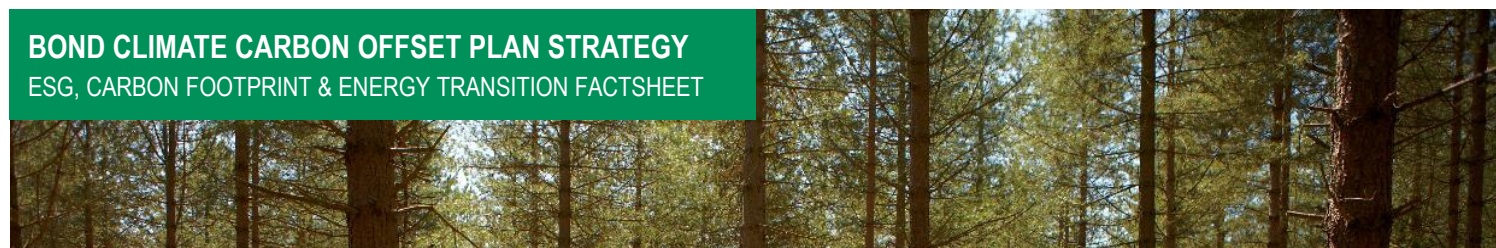
Average Pro Forma Energy Transition Strategy score vs. Benchmark portfolio

ADVANCED	Scores between 60 and 100	◀ BNP Paribas Bond Europe Climate Care Strategy (77) ◀ European Investment-Grade Market Index (63)
ROBUST	Scores between 50 and 59	
LIMITED	Scores between 30 and 49	
WEAK	Scores between 0 and 29	

For illustrative purposes only. Source: Moody's ESG Solutions.

ESG REPORT

For the latest ESG Report on the THEAM Quant – Bond Climate Carbon Offset Plan fund, please click the banner below.



CARBON FOOTPRINT REPORTING: CARBON OFFSET PLAN

- BNP PARIBAS Asset Management France assesses the carbon footprint of companies (Scope 1 & 2) each quarter, taking into account the composition of the BNP Paribas Bond Europe Climate Care Strategy to determine the amount of VERs necessary for offsetting the carbon emissions.
- BNP PARIBAS Asset Management France then calculates the carbon footprint of fund, this being the carbon footprint of the exposure of the Climate Care investment strategy, at the beginning of the quarter based on the average assets under management (AUM) of the fund over the quarter.

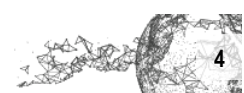
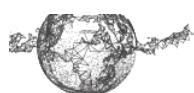
CURRENT QUARTER

Estimated carbon footprint of the Bond Europe Climate Carbon Offset Plan Fund (ton of CO2 for €1M invested in the fund) for 1 year

9

Estimated annualised cost of VER acquisition and servicing necessary to offset the carbon footprint of an investment into the fund expressed in bp of the fund NAV

0.03%



CONTACTS

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FUND CHARACTERISTICS AND RISKS

Fund	THEAM QUANT- BOND EUROPE CLIMATE CARBON OFFSET PLAN		Capital protection	No
Management Company	BNP PARIBAS ASSET MANAGEMENT Europe		Minimum Investment horizon	3
Comparative Index	No Benchmark		Legal form	SICAV
Assets under Management	EUR 19.21 million as of 31 January 2025		SRI Ranking (scale from 1 to 7)*	3
SFDR article	This products promotes environmental or social characteristics pursuant to article 8 of the EU regulation 2019/2088.			
Share			I ACC EUR	
Launch date			15 April 2021	
ISIN code			LU2051095011	
Bloomberg code			THCOPIC LX	
Ongoing charges			0.44%	
Subscription / Exit fees			None / None	
Minimum subscription			100K € equiv	
Passporting	Belgium, Switzerland, Germany, France, United Kingdom, Italy, Luxembourg			

*The Summary Risk Indicator is determined on a scale from 1 to 7 (7 being the highest risk level), the higher the risk, the longer the recommended investment horizon.

For all shares available, please refer to the prospectus [here](#).

Following the Sustainable Finance Disclosure Regulation (SFDR), financial entities, such as BNP Paribas Asset Management, which sell products in EU are required to classify the products they manufacture/advise into one of three categories: products with sustainable investment objectives (Article 9); products promoting environmental/social characteristics (Article 8); products which neither correspond to Article 8 or Article 9 (Article 6).

WHAT ARE THE RISKS?

The value of investments and the income from them may go down or up and investors may not get back the amount originally invested.

Liquidity Risk: This risk arises from the difficulty of selling an asset at a fair market price and at a desired time due to lack of buyers.

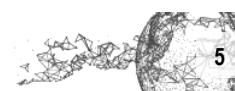
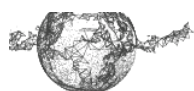
Counterparty Risk: Linked to the default of a counterparty on over-the-counter markets.

Risk related to the use of forward financial instruments: In order to achieve its investment objective, the UCITS makes use of forward financial instruments traded over-the-counter that allow it to replicate the performance of the strategy. These instruments may involve a series of risks that could lead to adjustments or even the early termination of the instrument, which may affect the net asset value of the UCITS.

Risks related to carbon footprint measurement: The Fund's carbon footprint will be offset based on an estimated carbon footprint at each Strategic Index rebalancing date and offset at the next Strategic Index rebalancing date. Thus, there is a risk of error in the carbon footprint estimation due, in particular, to a risk of deviation between the two rebalancing dates that could lead to an incomplete compensation of the Fund's carbon footprint.

Risks related to the underlying project of the VER certificates: The attention of the unitholders is drawn to the fact that there is a risk of cancellation of the VERs in case of exceptional events (errors, fraud, political risk etc.) affecting the projects at the origin of the issue VER.

For the full list of risks, please refer to the prospectus.



DISCLAIMER

“THEAM Quant” is the generic name given to a broad range of systematic strategies designed by BNP Paribas Global Markets and mostly implemented in Funds managed by BNP Paribas Asset Management

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