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PRESS RELEASE

BNP Paribas Asset Management launches innovative environment-themed long/short equity fund

BNP Paribas Asset Management ('BNPP AM') announces the launch of BNP Paribas Environmental Absolute Return Thematic fund ('EARTH'), an equity long/short alternative UCITS strategy that seeks to identify opportunities among those companies that are facing or addressing significant environmental challenges.

These challenges arise as the increased demand for food, water and energy resulting from forecast global population growth of two billion by 2050 will lead to increased waste production and carbon dioxide emissions, while the world is simultaneously targeting carbon neutrality by the same date under the terms of the Paris Agreement. With such challenges come opportunities for those investors looking for meaningful ways to deploy capital to help fight climate change.

Innovative long/short investment approach with holdings mapped to SDGs

EARTH combines thematic, top-down macro, industry and regulatory research with fundamental company analysis, augmented by proprietary quantitative models for portfolio construction, risk management and alpha screening.

Holdings are selected on a thematic, relative value or catalyst-driven basis from a proprietary database maintained by the managers. The investment universe consists of global developed and emerging market companies typically capitalised at more than USD 1 billion, each of which is mapped to one or more of eight environment-related Sustainable Development Goals (SDGs).

The team takes long positions in the most promising and innovative companies globally within the energy, materials, agriculture and industrials markets that are providing solutions to environmental challenges. These are paired with short positions in companies with unsustainable or technologically inferior business models vulnerable to transition risk. Short positions are used both to hedge long positions as well as an alpha source, and have a positive impact by increasing the cost of capital for companies failing to address environmental challenges.

ESG principles fully integrated – environmental footprint tracked and published quarterly

In accordance with BNPP AM's Global Sustainability Strategy¹, ESG principles are fully incorporated in the EARTH investment process, and as with BNP Paribas Energy Transition, a sustainability report will be produced quarterly including footprints for emissions, waste and water. The report will also include the positive impact per unit of investment of emissions, water use and waste production avoided.

EARTH is jointly managed by thematic specialists Edward Lees and Ulrik Fugmann, supported by a dedicated quantitative analyst. Edward and Ulrik have worked together since 2002 and joined BNPP AM in June 2019, building on the company's history of integrating ESG and quantitative research into active fundamental investing. They are also the joint managers of the long-only BNP Paribas Energy Transition fund.

¹ The Global Sustainability Strategy is a firm-wide initiative to enhance and accelerate BNPP AM's commitment to sustainable investment, including setting targets to measure and align investments with a sustainable future. It was published in March 2019 and is available online here: <https://docfinder.bnpparibas-am.com/api/files/1FC9FC6C-ODA8-468E-90B3-016DDB5CD270>.



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Edward Lees, joint manager of EARTH, comments:

"We believe that companies positioned to help address the significant environmental challenges we face will outperform those that either take no action or indeed contribute to these issues. The latter will increasingly be at risk of having stranded assets and will be forced to take write-downs. Meanwhile, as population growth boosts demand for food, water and energy, causing increasing CO₂ emissions, waste production and unsustainable consumption, the market for solutions to meet these needs could amount to trillions of dollars and will be increasingly encouraged by governments."

Ulrik Fugmann, joint manager of EARTH, comments:

"EARTH builds on our long-standing experience as an investment team and BNPP AM's well-established capabilities. EARTH offers our investors access to the sustainable investment theme within an innovative long/short framework, enabling them to benefit from positive change in both high and low carbon intensive sectors, with the aim of delivering long-term absolute returns while reducing risk during periods of market drawdown."

Key fund characteristics

Name	BNP Paribas Environmental Absolute Return Thematic ('EARTH')
Legal structure	Sub-fund of BNP Paribas UCITS V SICAV registered under Luxembourg law
Management company	BNP Paribas Asset Management Luxembourg
Delegated management company	BNP Paribas Asset Management United Kingdom
Strategy type	Absolute return
Launch date	15 July 2020
Base currency	USD
Currency classes	USD, EUR
NAV frequency	Daily
Share classes and ISIN codes	Institutional Capitalisation LU2066070926 Privilege Capitalisation LU2066067898
Registered for sale in	UK, Austria, Belgium, Czech Republic, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Slovakia, Spain, Sweden, Switzerland
Benchmark	None (absolute return)
Typical net exposure	+/-20%
Typical gross exposure	150-200%
Typical position size	2-8% of NAV
Investment universe	Global developed and emerging (ex frontier) markets; focus on mkt cap of USD 1bn+
Number of positions	25-45
Capacity	USD 1 billion
SRRI* score (on a scale of 1 (lowest) to 7 (highest))	6
Other risks	Short selling has specific risks different to those of traditional asset classes
* Synthetic Risk and Reward Indicator These internal guidelines are provided for information only and are subject to change.	



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Manager biographies

In 2012 **Ulrik Fugmann** and **Edward Lees** co-founded thematic boutique asset manager North Shore Partners, with offices in London and Shanghai, which was subsequently acquired by London based alternative asset manager Duet Group. At Duet they served as co-chief investment officers and managed a natural resources fund.

Edward Lees was CEO of North Shore, before which he was a managing director at Goldman Sachs where he worked for nine years, founding and running a global thematic principal investment business, applying fundamental and quantitative approaches. He has also worked at Morgan Stanley in investment banking and private equity. He graduated magna cum laude from Amherst College and has an MBA with a major in Finance from the Wharton Business School.

Ulrik Fugmann, formerly CIO of North Shore, also previously worked at Goldman Sachs. During his 10 years there he ran the global principal thematic investment group, special situations investing and worked in the Principal Strategies Group, focusing on investing in energy, materials, agriculture and industrials markets globally. He holds an MSc in Political Science & Finance from the University of Copenhagen.

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About BNP Paribas Asset Management

BNP Paribas Asset Management is the asset management arm of BNP Paribas, one of the world's foremost financial institutions, and offers high value-added solutions to individual savers, companies, and institutional investors. It has a broad range of skills in four investment divisions: Equities, Fixed Income, Private Debt & Real Assets, and Multi-Asset, Quantitative and Solutions (MAQS). Sustainability is at the heart of BNP Paribas Asset Management's strategy and investment decision-making process, making an active contribution to energy transition, environmental protection and the promotion of equality and inclusive growth. Its aim is to achieve long-term sustainable investment returns for its clients. BNP Paribas Asset Management has assets under management of EUR 408 billion* (as at 31 March 2020), with more than 500 investment professionals and almost 500 client servicing specialists, serving individual, corporate and institutional clients in 72 countries.

* EUR 553 billion of assets under management and advisory as at 31 March 2020

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As at July 2020.



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