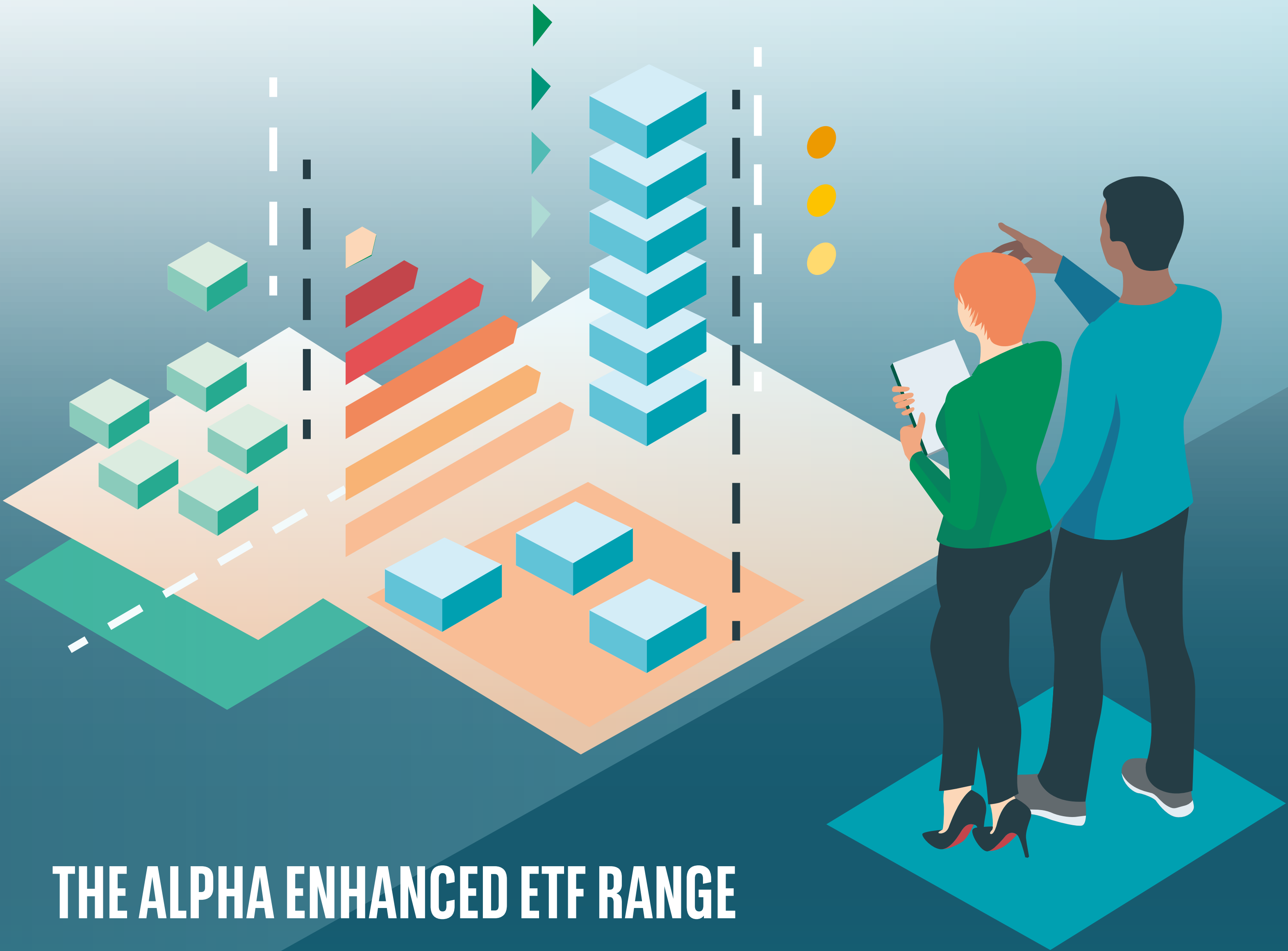
For professional investors – marketing communication

ENGINEERED TO TARGET ALPHA

DELIVERED THROUGH ACTIVE ETFs



THE ALPHA ENHANCED ETF RANGE

BNP PARIBAS ASSET MANAGEMENT

The sustainable investor for a changing world

CONTENTS

ACTIVE ETFs AND ALPHA ENHANCEMENT

Active exchange-traded funds (ETFs) have emerged as a significant innovation in the investment landscape, offering active management alongside the benefits of the ETF structure.

The concept of alpha-enhanced indexing occupies a strategic middle ground between active and passive investment approaches. By reducing tracking error compared with traditional active strategies, alpha-enhanced indexing aims to offer meaningful positive net excess returns with lower tracking error risk.

Alpha-enhanced strategies have gained popularity for their appealing performance profile: while net excess returns over a benchmark index are typically moderate, they tend to be stable and consistently delivered. This reliability reduces the likelihood of prolonged or deep underperformance, offering a smoother and more predictable investment experience.

Flexible structure

Active ETFs share the same flexible structure as conventional ETFs, offering benefits such as lower costs, intraday liquidity and transparency. But unlike traditional index ETFs that simply replicate benchmark performance, active ETFs deviate from the benchmark through discretionary or systematic investment strategies.

Most active ETFs seek to outperform an index through security selection while keeping risk broadly aligned to the underlying benchmark. Other types can be used, for example, to enhance the ESG (environmental, social and governance) profile of a portfolio relative to the benchmark while matching the index's performance as closely as possible.

Compared to mutual funds, they provide greater trading flexibility, typically lower fees and improved tax efficiency, making them a compelling solution for investors seeking enhanced performance with operational efficiency.

A tested regulatory regime

Importantly, active ETFs in Europe operate under the same UCITS (undertakings for collective investment in transferable securities) rules that govern mutual funds, providing investors with the reassurance of a tried and tested regulatory regime.

Unlike traditional ETFs, which adjust their holdings only when the underlying indices are rebalanced, active ETFs can modify their portfolios as needed, allowing for more frequent and responsive changes based on market conditions or investment insights.

Moreover, active ETFs regularly disclose their full list of holdings, giving investors much greater transparency than they receive from mutual funds.

WHY INVEST IN AN ALPHA ENHANCED ETF?

A way to beat the benchmark with low active risk

The new Alpha Enhanced ETF range from BNP Paribas Asset Management (BNPP AM) is designed to outperform benchmark indices by taking only low levels of tracking error while building on our proven track record in robust multi-factor strategies.

By maintaining closer alignment with the benchmark, we expect to achieve higher information ratios, as typical portfolio constraints – such as long-only positioning, no leverage and no short-selling – have less impact on our ability to implement investment views derived from our quantitative models.

The range brings investors important benefits:

Low tracking error: Adequate control of systematic risk exposures contributes to our goal of delivering low tracking error (1-2% for our equity ETFs, 0.5% for investment grade fixed income and 0.5-1.5% for high-yield bonds). We target similar exposures to sectors, countries and market risk, strictly limiting divergence in any direction.

Enhanced returns: The Alpha Enhanced ETF range applies a disciplined, quantitative process to generate outperformance over benchmark indices through systematic stock selection. We rank and weight index constituents based on four well-established investment factors – value, low risk, quality and momentum.

These capture key company traits: how inexpensive a stock is relative to peers (value), how stable and less volatile it is (low risk), how profitable and well managed it is (quality), and how strongly it is outperforming others in terms of returns, earnings or sentiment (momentum).

Smart core exposure: Our Alpha Enhanced ETFs are designed to improve investor portfolio returns without requiring them to change their existing asset allocations. By replacing traditional market-cap-weighted indices with our Alpha Enhanced ETFs, investors can maintain close alignment with their original benchmarks.

This helps contain tracking error from non-alpha sources, while seeking outperformance through systematic tilts toward a diversified set of stocks or bonds expected to outperform. As a result, these ETFs offer a differentiated return profile compared to traditional active strategies that rely on high-conviction concentrated bets or sector-level bets.

Cost efficiency: Active ETFs benefit from the well-established efficiency of the ETF structure, offering lower costs, greater transparency and enhanced liquidity. This allows us to deliver the benefits of our active systematic strategies at a competitive cost – typically around 20 basis points.

The Alpha Enhanced ETF range combines the benefits of systematic, active stock selection with the familiar advantages of the ETF structure: transparency, flexibility and continuous liquidity.

"The Alpha Enhanced ETF range combines the benefits of systematic, active stock selection with the advantages of the ETF structure"

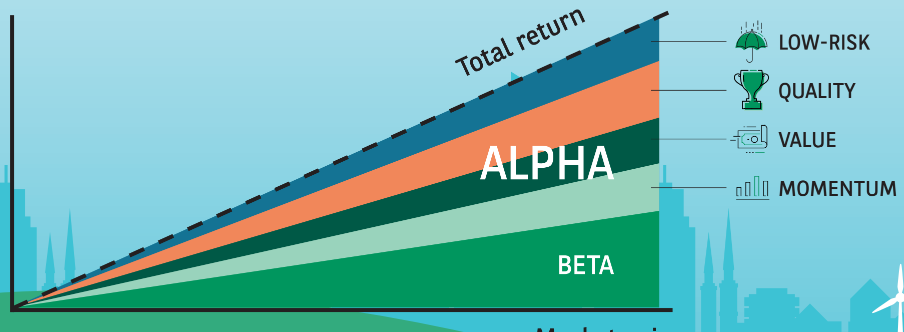
HOW THE INVESTMENT PROCESS WORKS

Multi-factor investing delivers potential index-plus returns

Our systematic investment process is based on specific characteristics of companies that predict their relative performance in both equity and corporate bond markets. Decades of academic and industry research support the effectiveness of these factors, and our own experience managing multi-factor strategies confirms their continued relevance in identifying companies with strong outperformance potential.

These factors can be classified into four styles which tend to be independent from each other:

	Equities	Corporate bonds
QUALITY	Favouring companies with a proven business model	Favouring issuers generating large cash flow relative to debt
VALUE	Selecting companies with attractive valuations	Finding bonds with attractive spread per unit of risk
LOW-RISK	Preferring companies which have a stock price that exhibits a lower volatility	Avoiding issuers that are the most at risk of a downgrade or default
MOMENTUM	Choosing companies on a positive trend	Capturing changes in market sentiment on issuers



A significant part of the alpha component of returns can be attributed to exposure to a limited number of factors

BACK TO CONTENTS

Portfolios that tend to outperform are typically tilted toward stocks or bonds issued by companies that are cheaper, less volatile, better managed and showing stronger performance. Stocks and bonds from such companies have historically demonstrated a higher likelihood of outperforming the respective stocks or bonds from peers, at least on a risk-adjusted basis.

For more than a decade, we have been researching and developing proprietary investment processes to identify the most effective selections and combinations of value, quality, momentum and low-risk factors that offer the highest likelihood of identifying stocks and bonds that will outperform or underperform.

Through careful management of sector, country and market exposures, we isolate the alpha generated from our stock or bond selection, generating excess returns with little or no correlation with the benchmark index returns. This "purification" approach, based on neutralising systematic risks that do not contribute to alpha, represents the most efficient way to build factor-based portfolios while maximising risk-adjusted excess return.

Scoring system

To construct our Alpha Enhanced portfolios, we begin by calculating the factor values for every stock or bond in the benchmark index. These are then standardised and aggregated into a composite multi-factor score for each security. The four factor styles contribute similarly to the aggregate score.

Both equity and credit portfolios are built using the same four styles. However, the specific factors used within each style differ, reflecting the distinct characteristics of equities and bonds. For example, transaction costs are significantly higher in corporate bond markets than in equities, making it essential to model and incorporate these costs directly into the factor selection process.

Additionally, the dynamics of equity investing, which focus on identifying future winners, contrast with those of credit markets, where avoiding future losers is often more critical. These differences are also carefully accounted for in our different portfolio construction approaches, ensuring that each asset class is optimally aligned with its unique risk-return profile and market micro-structure.

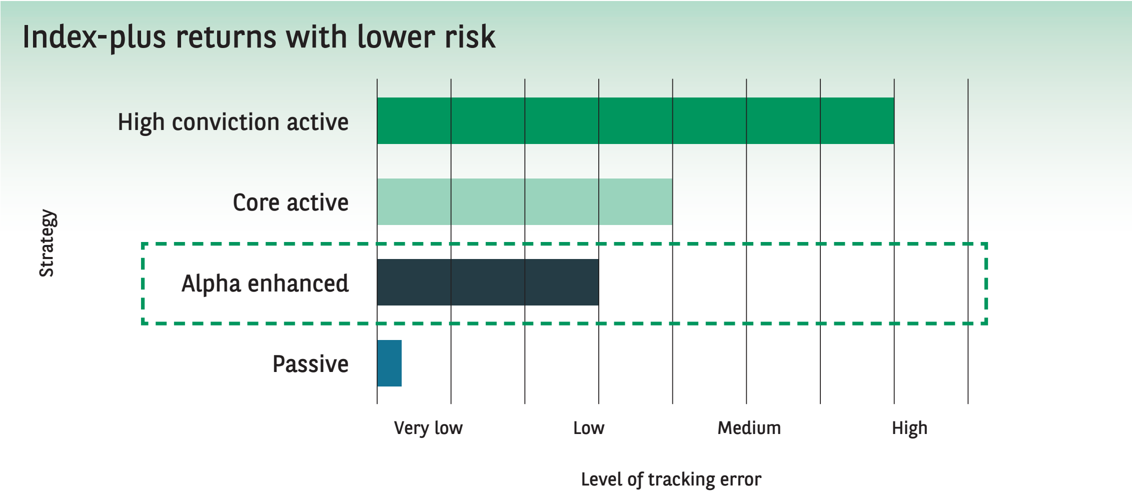
Throughout our research and development, we have fostered cross-fertilisation between our equity and credit processes. For instance, when selecting bonds, we incorporate momentum from the issuer's equity, as it serves as a strong indicator of potential outperformance.

HOW ALPHA ENHANCED ETFs FIT INTO INVESTORS' PORTFOLIOS

A new middle way for investors

Our alpha-enhanced ETFs are designed to form part of a core allocation to equity or fixed income. They can complement passive and high-conviction active allocations, both in terms of tracking error and cost of ownership. Indeed, a key benefit of this range is that it brings cost-efficient active management to investors that have not typically been able to access it in the past.

Our aim is to offer a new middle way for investors. On the one hand, our Alpha Enhanced ETF range offers a more favourable risk profile than traditional active strategies, thanks to lower tracking error. And on the other hand, these ETFs offer outperformance compared to traditional passive ETFs, thanks to their exposure to alpha-generating factors.



Source: BNPP AM, as of July 2025. For illustration purposes only.
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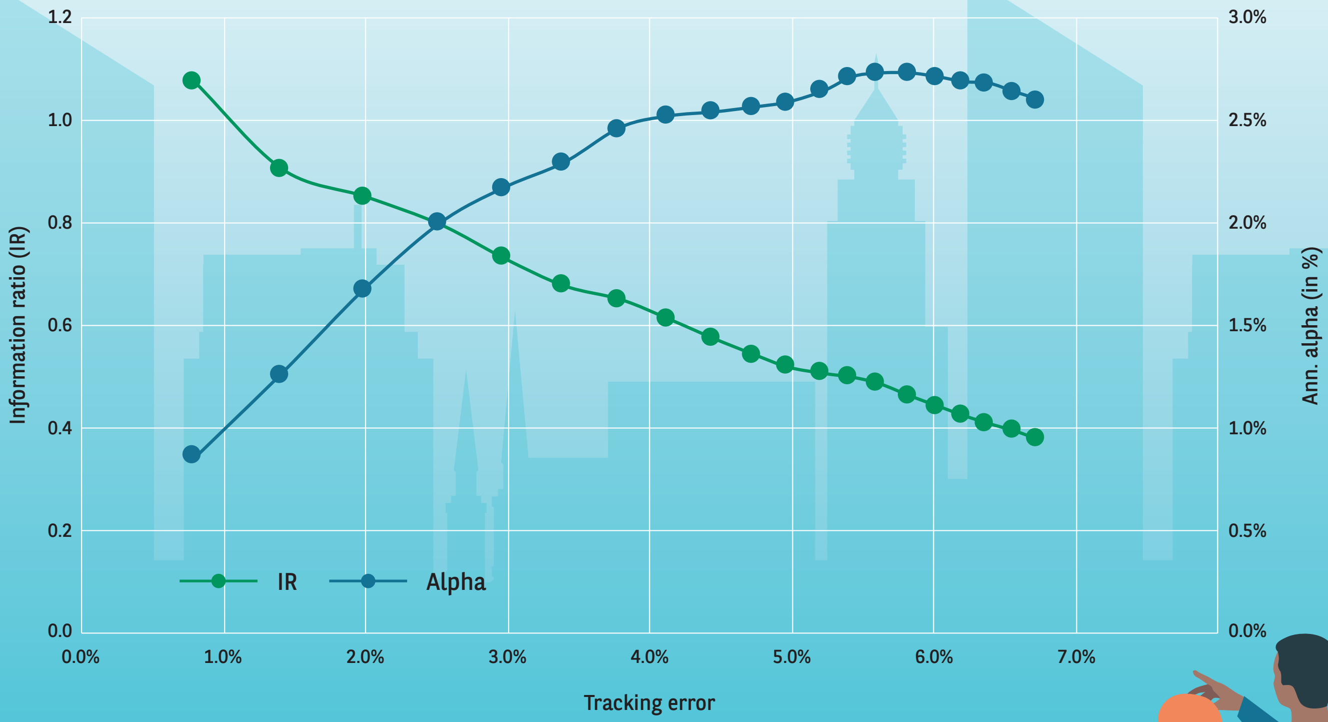
Broad appeal
This blend of characteristics appeals both to investors seeking alpha and those ready to sacrifice some outperformance for the sake of its persistence and stability. It is particularly appropriate for investors with limited tolerance towards active risk – because our active ETFs can be readily combined with passive equity and fixed-income allocations to achieve improved returns with minimal extra risk.

Lowering tracking error can improve risk-adjusted returns and increase information ratios

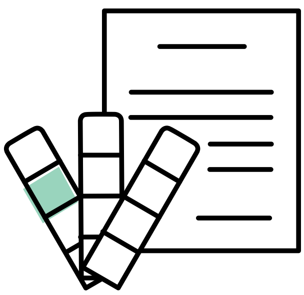
An illustrative example from our US multi-factor portfolios



Source: BNPP AM, as of end of March 2025

In fact, our research has shown that lowering the tracking error of our portfolios results in better risk-adjusted outperformance over the benchmarks, allowing us to achieve an optimal balance between tracking error and alpha. This is expressed as an increase in the portfolio's information ratio – the alpha (or excess return) it delivers per unit of risk.

By taking lower levels of active risk, the required tilts away from the benchmark allocation are smaller, which reduces the impact of portfolio constraints such as long-only, no leverage and no short-selling. This enables us to more effectively construct portfolios that fully reflect the stock and bond selection generated by our multifactor models without compromises.



"This enables us to more effectively construct portfolios that fully reflect the stock and bond selection generated by our multifactor models"

BACK TO CONTENTS

THE ALPHA ENHANCED ETF RANGE

Six portfolios that deliver active alpha

Our range of six alpha-enhanced ETFs – three equity and three fixed-income – is designed to reflect the most relevant and widely used equity and credit indices among institutional investors.

ALPHA ENHANCED EQUITIES

On the equity side, we provide enhanced versions of the MSCI World index, the S&P 500 index and the MSCI Europe index.

Each product draws on our proprietary research to achieve enhanced exposure to the four factor styles that underpin our investment process. This allows us to construct enhanced versions of our chosen benchmarks, capable of generating excess returns while remaining close to the underlying index. Our maximum overweight for any individual share is 0.5%.

ALPHA ENHANCED FIXED INCOME

Our three corporate bond ETFs aim to outperform Bloomberg indices for euro and dollar-denominated investment-grade credit and global high-yield bonds (excluding financial and emerging market issuers).

We deploy the same four factor styles in our investment process for credit products as we do for equities, systematically identifying bonds issued by companies with strong fundamentals and favourable market sentiment.

As with our equity ETFs, we rebalance our fixed-income portfolios on a monthly basis. To manage turnover and preserve alpha, estimated execution costs are integrated directly into the portfolio construction process. A bond is only replaced if the expected performance gain exceeds the projected trading cost, helping to minimise the erosion of returns due to transaction costs.

MEET THE SIX ALPHA ENHANCED ETFs

Alpha-enhanced equities: performance overview

A comprehensive, innovative and competitive range of active ETFs

EQUITIES

	Global	US	Europe
Benchmark	MSCI World	S&P 500	MSCI Europe
Domiciliation	Ireland	Ireland	Luxembourg
SFDR	art. 8	art. 8	art. 8
AMF	cat. 2	cat. 2	cat. 2
Alpha target (gross of fees)	0.75% - 1%	0.60% - 0.85%	0.75% - 1%
Tracking error	1% - 2%	1% - 2%	1% - 2%
OCR (ETF share)*	25 bps	20 bps	25 bps

CORPORATE BONDS

	€ Corp Inv. Grade	US Corp Inv. Grade	Global High Yield
Benchmark	BBg Eur Agg Corp	BBg US Agg Corp	Bbg Global HY
Domiciliation	Luxembourg	Luxembourg	Luxembourg
SFDR	art. 8	art. 8	art. 8
AMF	cat. 1	cat. 1	cat. 1
Alpha target (gross of fees)	0.25% - 0.5%	0.25% - 0.5%	0.5%
Tracking error	0.5%	0.5%	0.5% - 1.5%
OCR (ETF share)*	19 bps	19 bps	35 bps

Source: BNPPAM as of end of June 2025.

*Ongoing charges: the figures shown are estimated and may vary over time. It is advisable to refer to the most recent prospectus for obtaining current management fees. Subscription and redemption fees indicate a maximum for subscriptions/redemptions in cash on the primary market for authorised participants. In some cases, you may pay less. The investor can get from his advisor or financial intermediary the actual amount of subscription and redemption fees. Conditions applicable to purchases and sales on the secondary market are those applicable to this market and of your intermediary. Redemption or subscription fees should not be applied to you. Intermediation fees you may pay depend on the intermediary (execution, custody...).

KID guidelines are leading

WHY BNP PARIBAS ASSET MANAGEMENT?

Our experience and depth of research at your disposal

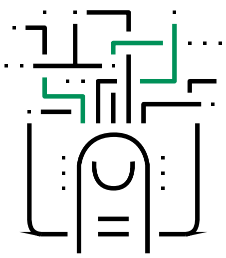
The launch of our Alpha Enhanced ETF range builds on key competitive strengths that we have acquired over the two decades since we first launched our ETF range. These strengths include:

Specialist teams
We have a team of more than 40 specialists in our Systematic and Quantitative Investments section, which manages more than €69 billion and has been running global multi-factor strategies for more than 10 years. Our quantitative investment team, which runs the Alpha Enhanced ETF range, has €12 billion under management.

Long experience
We have a 20-year record of launching and managing ETFs. We were also among the first asset managers to offer factor-based strategies in both equities (since 2014) and corporate bonds (since 2018).

Our Alpha Enhanced ETF range combines our proven multi-factor investing capabilities with our ETF know-how, offering investors access to a compelling specialist skillset.

Proprietary research and methodology
We have devised a proprietary multi-factor investment process based on extensive research by our quantitative teams into the drivers of long-term relative returns in equities and bonds. This has enabled us to develop ways to gain pure exposure to the factors we want to target, while screening out unwanted market or sector effects. The result is a range of active ETFs that deliver alpha with well-controlled tracking error.



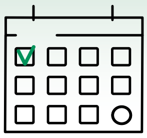
"We are experienced in applying machine learning techniques to our factor research"

Technology
We are experienced in applying machine learning techniques to our factor research to assess the degrees of similarity between them and determine the precise blend of factors that will deliver the portfolio characteristics we are seeking. We also use natural language processing in order to handle textual data as part of our analysis of momentum and risk sentiment around individual equities and bonds.

Risk management
Our clients benefit from the work of our Risk, Investment Monitoring and Control teams, which implement daily controls as part of our proactive risk management methodology.

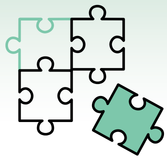
OUR EXPERIENCED ALPHA ENHANCED ETF TEAM

10+ years



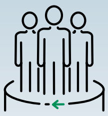
of experience in factor investing

50+ products



Global and regional, benchmarked and absolute return

40+ experts



Dedicated to quantitative investment strategies

Global reach

Investing in major equity and bond markets (fund and mandates)

BACK TO CONTENTS

THE BEST OF BOTH WORLDS

Alpha-enhanced ETFs combine the strengths of active and passive investing in a single portfolio.

They deliver the advantages of a systematic active investment strategy...

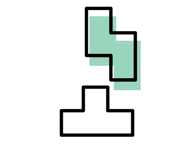
- **Outperformance with lower tracking error**
- **Alpha generation through a robust systematic approach**
- **Diversified sources of alpha using four distinct investment factors**
- **Dynamic portfolio adjustments to mitigate risks**

... alongside the benefits of index-tracking ETFs:

- **Competitive costs**
- **Wide diversification**
- **Portfolio transparency**
- **Intra-day trading**

Together, these benefits help investors to generate more value from their core equity and credit allocations.

OUR VALUE PROPOSITION



1

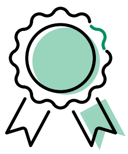
A range of *building block* active ETFs

2

On the main equity and corporate bond markets

3

With an optimal risk-return positioning



4

Building on the track record of our multi-factor range

5

With the strength of our ETF platform

THE ALPHA ENHANCED ETF RANGE

Tracking error, domicile and management company

	Tracking error	Domicile	Management company
BNPP Easy Alpha Enhanced UCITS ETF Europe	1-2%	Luxembourg	BNP Paribas Asset Management Luxembourg
BNPP Easy Alpha Enhanced UCITS ETF US	1-2%	Ireland	BNP Paribas Asset Management Europe
BNPP Easy Alpha Enhanced UCITS ETF World	1-2%	Ireland	BNP Paribas Asset Management Europe
BNPP Easy Alpha Enhanced UCITS ETF € Corporate Bond	0.5-1%	Luxembourg	BNP Paribas Asset Management Luxembourg
BNPP Easy Alpha Enhanced UCITS ETF USD Corporate Bond	0.5-1%	Luxembourg	BNP Paribas Asset Management Luxembourg
BNPP Easy Alpha Enhanced UCITS ETF Global High Yield	0.5-1%	Luxembourg	BNP Paribas Asset Management Luxembourg

RISKS

Past performance or achievement is not indicative of current or future performance. Performance is calculated net of fees unless otherwise stated.Any views expressed here are those of the author as of the date of publication, based on available information, and subject to change without notice. This material does not constitute investment advice.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 investment. There is no guarantee that the performance objective will be achieved.

Equity sub-funds may be exposed to other risks defined below:

RISK OF CAPITAL LOSS: 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.

INTEREST RATE RISK: 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 RISK: This is the risk that may derive from the rating downgrade of a bond 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 bonds present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

RISK LINKED TO SHARE MARKETS: The risks associated with investments in shares (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. 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. Subfunds investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer.

SMALL-CAP RISK: investing small caps are likely to be subject to a higher-than-average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions (social, political and economic conditions)

EMERGING MARKET: Investing in emerging markets, or specialized or restricted sectors is likely to be subject to a higher-than-average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions (social, political and economic conditions). Some emerging markets offer less security than the majority of international developed markets. For this reason, services for portfolio transactions, liquidation and conservation on behalf of funds invested in emerging markets may carry greater risk.

LIQUIDITY RISK: this risk arises from the difficulty of selling a stock at fair value within a reasonable amount of time due to a lack of buyers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INVESTMENT RISK: The lack of common or harmonized definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name but have different underlying meanings. In evaluating a security based on the ESG and sustainability criteria, the Investment Manager may also use data sources provided by external ESG research providers. Given the evolving nature of ESG, these data sources may for the time being be incomplete, inaccurate or unavailable. Applying responsible business conduct standards in the investment process may lead to the exclusion of securities of certain issuers. Consequently, the Sub-Fund's performance may at times be better or worse than the performance of relatable funds that do not apply such standards.

This is not an exhaustive list of risks. For a full description of risks associated with each fund, please consult a client relationship manager or the global BNP Paribas Asset Management website: www.bnpparibas-am.com.

VIEWPOINT

BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world