



INVESTMENT REPORT – 30 NOVEMBER 2023

BNP PARIBAS EARTH TRUST

OBJECTIVE

The Trust seeks to increase the value of its assets by taking long positions in environmental solutions companies whilst simultaneously taking short positions for the purposes of hedging as well as shorting companies with stranded assets, transition risk assets and/or inferior technologies in addressing climate change, with volatility and style exposure tied to the environmental theme.



DISTINGUISHING FEATURES

- Sustainable thematic strategy for investors looking for absolute return through the investment cycle with volatility tied to the environmental theme.
- Offers exposure to companies that facilitate positive environmental change through products, process or services in energy, materials, agriculture and industrial markets, while shorting companies suffering from transition risk.
- Integrates BNPP AM's Global Sustainability Strategy and assesses carbon, waste and water footprinting, revenue analysis and alignment with selected United Nations Sustainable Development Goals.
- An investment team with extensive fundamental, thematic and quantitative investment experience, leveraging BNPP AM's regional equity, macro and quantitative teams.

TOP 10 HOLDINGS (UNDERLYING FUND)

SECURITY	WEIGHT
SUNNOVA ENERGY INTERNATIONAL INC	8.6%
ARRAY TECHNOLOGIES INC	7.3%
ALBEMARLE CORP	7.3%
SIEMENS ENERGY N AG	5.5%
SUNRUN INC	5.4%
RENEW ENERGY GLOBAL PLC CLASS A	4.9%
THYSSENKRUPP NUCERA AG	4.8%
EDP RENOVAVEIS SA	4.6%
CONTEMPORARY AMPEREX TECHNOLOGY	4.5%
SHOALS TECHNOLOGIES GROUP INC	4.3%
	57.2%

Totals may be impacted by rounding.

TRUST PERFORMANCE

	TRUST GROSS	TRUST NET	BENCHMARK
1 Month (%)	-1.74	-1.82	0.35
3 Month (%)	-25.59	-25.79	1.03
6 Month (%)	-28.43	-28.81	2.08
1 Year (%)	-31.90	-32.53	3.76
2 Year (%) (Ann)	-27.34	-27.60	2.38
Since Inception (%)	-22.76	-23.46	2.19
Inception Date			
			30 September 2021

Source: BNP Paribas. Benchmark: Bloomberg AusBond Bank Bill Index. Gross returns are calculated before fees and costs of 1.10% (inclusive of RITC and GST) and before performance fees. Net returns are calculated using exit prices net of management fees and costs and performance fees and assuming reinvestment of distributions. No allowance is made for tax when calculating these figures. Results greater than one year are annualised.

Source: BNP Paribas Asset Management

1

The value of investments can go up or down. Past performance is not indicative of future returns. There is no guarantee any investment objectives will be achieved.



BNP PARIBAS
ASSET MANAGEMENT

The sustainable investor for a changing world

CUMULATIVE PERFORMANCE (UNDERLYING FUND) SINCE INCEPTION (15 JULY 2020)



Source: BNP Paribas Asset Management. Cumulative performance over 5 years, USD, net of fees. The Trust commenced on 30 September 2021. To give a longer-term view, the above chart shows the cumulative returns for the Luxembourg-domiciled BNP Paribas Environmental Absolute Return Thematic Equity (EARTH) (net of fees as at 30 November 2023), into which the Trust invests. The performance of the Trust will however differ from the Underlying Fund due to factors such as fees and charges applicable to the Trust, currency, and the impact of applications and withdrawals.

The BNP Paribas EARTH Trust brings to market an environmentally-focused, market-neutral thematic strategy – one of the first of its kind. We continue to see a growing number of investors building sustainable portfolios and clients can now access the sustainable thematic through an equity long/short strategy that seeks to offer returns with low correlation to broad equity markets.

FUND EXPOSURE (UNDERLYING FUND)

	Long	Short	Net	Gross
End of Month	78.5%	-71.1%	7.4%	149.5%
Monthly Average	82.0%	-70.2%	11.8%	152.2%

Source: BNP Paribas Asset Management

INVESTMENT REPORT - 30 NOVEMBER 2023

RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk.

Some of the general risks of managed investment schemes include:

Active Management Risk, Borrowing Risk, Collateral Management Risk, Counterparty Risk, Currency Exchange Risk, Derivatives Risk, Distressed Securities Risk, Efficient Portfolio Management Techniques Risk, Emerging Markets Risk, Equity Risk, Key Individual Risk, Legal Risk, Liquidity Risk, Market Risk, Operational Risk, Pandemic and Unforeseen Event Risk, Political Risk, Risks related to Investments in some countries, Swing Pricing Risk, Trust Risk and Warrant Risk. Specific risks related to investments in Mainland China are Changes in PRC taxation risk and Risks related to Stock Connect.

For further details of the risks associated with the Trust, a Product Disclosure Statement (PDS) for the Trust is available at

www.bnpparibas-am.com/en-us

COUNTRY EXPOSURE (UNDERLYING FUND)

	Long	Short	Net	Gross
Australia	0.00%	0.00%	0.00%	0.00%
Canada	7.30%	0.00%	7.30%	7.30%
China	8.37%	0.00%	8.37%	8.37%
European Union	0.00%	-35.64%	-35.64%	35.64%
Germany	10.21%	0.00%	10.21%	10.21%
Italy	0.00%	-4.65%	-4.65%	4.65%
Republic of Korea	0.00%	-2.88%	-2.88%	2.88%
Netherlands	0.00%	-4.42%	-4.42%	4.42%
Norway	0.00%	-4.29%	-4.29%	4.29%
Spain	4.58%	0.00%	4.58%	4.58%
Sweden	3.89%	0.00%	3.89%	3.89%
Switzerland	3.49%	0.00%	3.49%	3.49%
United Kingdom	8.73%	-6.59%	2.14%	15.33%
United States	31.87%	-12.61%	19.26%	44.49%
Total	78.46%	-71.08%	7.38%	149.54%

Source: BNP Paribas Asset Management

SECTOR EXPOSURE (UNDERLYING FUND)

	Long	Short	Net	Gross
Others	0.00%	-37.69%	-37.69%	37.69%
Communication Services	0.00%	0.00%	0.00%	0.00%
Consumer Discretionary	0.00%	0.00%	0.00%	0.00%
Consumer Staples	3.89%	0.00%	3.89%	3.89%
Energy	0.00%	-22.22%	-22.22%	22.22%
Financials	0.00%	-5.69%	-5.69%	5.69%
Healthcare	0.00%	0.00%	0.00%	0.00%
Industrials	41.86%	-2.88%	38.98%	44.74%
Information Technology	7.32%	0.00%	7.32%	7.32%
Materials	7.27%	-2.61%	4.66%	9.88%
Real Estate	0.00%	0.00%	0.00%	0.00%
Utilities	18.11%	0.00%	18.11%	18.11%
Total	78.46%	-71.08%	7.38%	149.54%

Source: BNP Paribas Asset Management



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INVESTMENT REPORT – 30 NOVEMBER 2023

COMMENTARY (UNDERLYING FUND)

PORTFOLIO CONTRIBUTION

Environmental markets were up +4.41% on the month lagging behind the MSCI ACWI posting a +9.28% return. Both Sunnova and Sunrun contributed positively to performance. US 10Y yields fell from close to ~5% to end the month at 4.25% we saw residential solar staging an impressive rally as the sub-theme has predominantly been sold off on higher rates whilst ignoring not only the contraction in solar credit spreads but also the collapse in solar equipment for both panels, inverters, and batteries where we see further downside into Q1 / Q2 of 2024. The fall in rates and continued collapse in equipment prices is a benefit for both revenue and costs, respectively, and hence expect the residential theme to continue to be not only well supported, but to perform strongly in 2024.

Fluence, one of the world's largest energy storage companies, posted very strong earnings, margins and outlook as we continue to see strong growth in this area to bridge the intermittence inherent with both solar and wind. Oatly, from our Ecosystems Restorations theme also posted great returns as the company announced an expansion of its retail footprint and a broker report on strong restructuring potential in driving demand and profitability.

Finally, Siemens Energy have seen a significant re-rating following the German government posting guarantees for its grid technology business as sum-of-the-parts remain highly attractive. On detractors, Plug Power announced in Q3 and an associated force majeure where 1/3 of US hydrogen production was shut for maintenance saw a significant fall in the equity on associated going concern language mandated by its auditors – we continue to believe that Plug Power, that has no long term debt on balance sheet today, will be able to announce a debt transaction that the company announced the intention on finalising in H2 '23.

MARKET OUTLOOK & OBSERVATIONS

The outlook for December remains a bit more uncertain given the rally we have seen – whilst we expected a rally into year end, the moves have come quicker than anticipated across both rates and equities. US 10Y yields have fallen substantially from the highs of 5% and fallen close to -75bps in a month. Market implied Fed funds rates for 2024 factor in excess of 100 bps of cuts in 2024 with more in 2025. The big debate is now on the timing and extent of rate cuts as the “higher for longer” crowd has largely disappeared. Will the Fed react quickly enough if / when growth slows down and will it be enough to avoid a recession. Indeed, lower rates will be a significant positive for innovative and capital-intensive growth that defines the environmental solutions thematic, however, it remains to be seen if lower rates will avoid a recession altogether.

All that said, short term cyclicalities that has been a headwind since the beginning of 2021 for a long-term secular growth theme that remains fully intact could potentially be turning a corner as valuations are sitting at close to all-time lows of 1.2x EV/Next Year Sales on the WilderHill New Energy Global Innovation index relative to its 20 year history, MSCI ACWI at 2.2x EV / Next Year Sales and Magnificent 7 at 5.5 EV / Next Year Sales. In addition, we have seen record outflows in 2023 from sustainable energy ETF's that have put significant pressure on the space. Mean whilst, we continue to believe oil at \$30 remains a realistic scenario and could see an OPEC breakup in 2024.



INVESTMENT REPORT – 30 NOVEMBER 2023

RG240 DISCLOSURE (AS AT 30 JUNE 2023)

Asset Allocation*

Asset Class	Market Value Weight
Equities	87.6%
FX contracts	0.0%
Single Stock Contract for Difference	-25.5%
Sector Swaps	-41.30%
Options	0.0%
Futures	-12.2%
Cash	8.9%

* calculated on a net basis (longs-shorts per instrument) as a % of NAV, hence not additive to 100%

Liquidity Profile of Assets

The Trust invests substantially all its assets in the Underlying Fund. The Underlying Fund predominantly invests in liquid assets in accordance with the investment policy of the Underlying Fund. The liquidity profile of the assets of the Underlying Fund are:

Days to Exit	Weight
Less than 1 month	100%

Maturity Profile of Liabilities

The Trust invests substantially all its assets in the Underlying Fund. The Underlying Fund predominantly invests in liquid assets in accordance with the investment policy of the Underlying Fund.

Maturity	Weight
Less than 1 month	100%

Leverage Ratio

Leverage as at 30 June 2023	
Gross exposure	173.6%

Derivative Counterparties

The Trust does not use derivatives directly. Derivative counterparties engaged by the Underlying Fund during the year to 30 June 2023 were:

Bank of America Securities Europe
Barclays Bank Ireland Plc
BNP Paribas, France
BNP Paribas Securities Services Luxembourg
Citigroup Global Market
Deutsche Bank
Goldman Sachs London Derivatives
Goldman Sachs International London
Goldman Sachs International
HSBC France
JP Morgan
JP Morgan Chase Bank
Morgan Stanley Bank AG
Morgan Stanley Europe
Royal Bank of Canada
Societe Generale
State Street Boston FX

Changes to Key Service Providers

The Trust nor the Underlying Fund had any changes to key service providers between 1 July 2022 and 30 June 2023.

Source: BNP Paribas Asset Management, 30 June 2023





HAVE QUESTIONS?

All enquiries welcome. Please contact your local sales representative.

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CHARACTERISTICS

APIR Code	ETL6684AU
Benchmark	Bloomberg AusBond Bank Bill Index
Trust Size (AUD)	\$182,684.88
Performance Inception	30 September 2021
Distribution Frequency	Usually annually, as at 30 June
Minimum Investment	\$25,000
Delegated Investment Manager	BNP PARIBAS ASSET MANAGEMENT Asia Limited
Management Costs (includes GST after allowing for RITCs)	1.10% p.a. of NAV of Trust - (0.89% capped)
Performance Fee	15% p.a. subject to high water mark and performance hurdle (hurdle is benchmark plus 2%)
Currency	AUD, unhedged
Buy/Sell Spread	Nil

DISCLOSURE

Equity Trustees Limited (“Equity Trustees”) ABN 46 004 031 298 | AFSL 240975 is the Responsible Entity for the BNP Paribas EARTH Trust (“the Trust”) (ARSN 641 508 705). Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). BNP PARIBAS ASSET MANAGEMENT Australia Limited (“BNPP AMAU”) ABN 78 008 576 449 | AFSL 223418 is the investment manager of the Trust. This publication has been prepared by BNPP AMAU to provide you with general information only. Unless otherwise stated, all data is as of the report production date. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither BNPP AMAU, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement (PDS) before making a decision about whether to invest in this product. The PDS can be obtained from www.bnpparibas-am.com/en-au or from your adviser.

BNP Paribas EARTH Trust’s Target Market Determination available here www.bnpparibas-am.com/en-au. A Target Market Determination is a document which describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

New Zealand financial services licensing and registration requirements do not apply to BNPP AMAU as it does not provide financial services to retail clients in New Zealand and does not have a place of business in New Zealand.

For more information regarding the Trust please call the Client Service Team on 1800 267 726 (Australia) or +612 9619 6041 or visit our website www.bnpparibas-am.com/en-au



Responsible Investment Leader 2023

