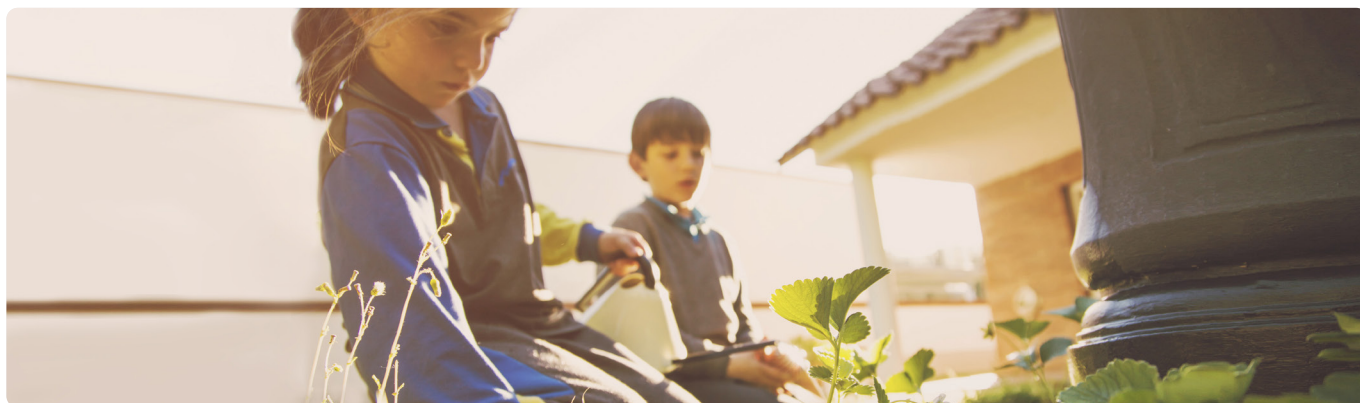


Thematic Equity Investing

Climate & Environment



- Invest in companies that are set to benefit from long-term environmental trends...
- ...while supporting several UN Sustainable Development Goals (SDGs)

Climate & Environment thematic investing

Investors in the NN (L) Climate & Environment fund are well positioned to benefit from **long-term global environmental trends**, such as:

- Climate change mitigation
- Managing resource scarcity
- Reducing pollution (CO₂, water and waste)

The fund invests in companies that offer solutions to reduce the stress on our global ecosystem and help us to stay within planetary boundaries. We believe that many of these companies not only contribute actively to a more environmentally friendly society, but are also set to earn attractive financial returns for their investors.

Water management

Clean and fresh water is a precious resource and a basic need for everyone. Climate change is affecting the water supply in many countries. Currently, 2 billion people live in countries experiencing high water stress and 700 million people could be displaced by 2030 due to water scarcity. To meet UN SDG 6 (Clean Water and Sanitation), we need to triple our spending on water infrastructure (new projects and maintenance). Investment solutions that should benefit from these requirements include **water infrastructure, water efficiency and water service providers**.

Food sufficiency

We produce enough food for all. However, distorted allocation and significant amounts of food waste lead to local shortages: 820 million people currently suffer from **hunger and undernourishment**, while 2.3 billion people are **overweight**. Furthermore, our food chain has a strong environmental impact. For example, the **food industry** accounts for 25% of our carbon footprint and **agriculture** uses 70% of available freshwater resources. Ensuring that there will be enough food to feed current and future generations, and doing so within the Earth's limits, will require solutions that include effective enhancements to **agriculture, the food supply chain, and nutritional value**.

Energy transition

As greenhouse gas levels continue to climb, **climate change** is occurring much faster than anticipated. To limit **global warming** to 1.5 degrees, international targets have been set to **zero net GHG emissions by 2050**. As energy-related sectors account for 70% of emissions, they are high on the international agenda facing environmental regulations and taxation. Currently 18% of total energy consumption comes from renewable sources. Renewable energy is a growth market thanks to improved cost-competitiveness, growing customer demand and supportive regulations. There are increasing investment opportunities within the **renewables and efficient technologies** segments, as well as within the **electric vehicles** value chain.

Circular economy

Responsible management of the **Earth's finite resources** is an important prerequisite for transitioning towards a sustainable

society. The rate of natural resource extraction (**material footprint**) is accelerating faster than economic output and population growth. The **recycling & waste management, environmental services, and packaging** segments, the latter alone representing a USD 900 billion market, are therefore well positioned to benefit from rising public spending on circular solutions.

Climate & Environment

The NN (L) Climate & Environment fund aims to reduce stress on our global ecosystem. The fund invests in companies offering solutions with a positive environmental impact.



Huub van der Riet & Ivo Luiten

“Our mission: make a meaningful contribution to solving the world’s biggest challenges and achieve an attractive financial return”

Aligning with the UN Sustainable Development Goals (SDGs)

The NN (L) Climate & Environment fund invests to deliver a positive contribution to **six SDGs that are relevant for achieving the most important environmental targets**. By aligning with these SDGs, we offer investors a widely acknowledged and structured way to gain insight into the environmental impact of their investments.

SDGs	2 ZERO HUNGER	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Goals	Water Management	Food Sufficiency	Energy Transition	Circular Economy		
Solutions	<ul style="list-style-type: none"> Water infrastructure Water efficiency Water treatment 	<ul style="list-style-type: none"> Agriculture Food supply chain Nutritional value 	<ul style="list-style-type: none"> Renewables Efficient technologies Electric vehicles 	<ul style="list-style-type: none"> Recycling Waste management Packaging 		

In addition to benefiting from socio-economic growth trends, the fund is well positioned to **benefit from some of the additional capital that is being mobilized to meet the SDGs**. The funding gap is estimated to be USD 2.5-3.0 trillion per year, equivalent to 3-4% of global GDP.

Investment opportunities

We have identified **four goals and twelve solutions** that target these global environmental challenges (see figure below). In our view, companies that provide solutions to one or more of these goals are well positioned to benefit from the underlying trends. These companies have a **competitive advantage** and are likely to outperform their competitors over the long term.

Strategy description

Our NN (L) Climate & Environment fund invests in **listed equities** that offer **attractive financial returns** and have a **positive environmental impact**. We endeavour to measure the environmental contribution of the securities we hold in the portfolio and engage with companies to help them make a growing impact.

Objective

For financial performance comparison purposes, the MSCI AC World (Net) is used by the fund as a reference index.

Fund information

Investment Universe	Global Equities
Investment Style	Bottom-up impact focused stock-picking from a thematic and ESG compliant investment universe based on fundamental and in-depth financial research
Reference Index	MSCI (AC) World (Net) Index
Base Currency	Euro (USD share class available)
Number of holdings	30-60
ISIN CODE	LU0555018661
Maximum stock position	10%
Fees I share	0.60%

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