Institutional report for professional investors

BNP PARIBAS A FUND Dynamic Multi-Asset - Commentary

MONTHLY REPORT

28/06/2024 - 31/07/2024

BNP PARIBAS ASSET MANAGEMENT

The sustainable investor for a changing world

Executive Summary — p 3

General Information
Risk Disclaimer

Performance & ex-post Risk — p 8

Portfolio Commentary

Appendix — p 10

Exchange Rates
Glossary
Legal Disclaimer

BNPP AM is the source for all data in this document as at end 31/07/2024, unless otherwise specified.

Executive Summary

General Information

Key Figures (USD)

Fund AUM	19,653,449.16
Share class AUM	4,475,170.46
Number of holdings	14
Outstanding shares	43,130.40
NAV date	31/07/2024
NAV per share	103.76
12M NAV max (15/07/2024)	105.85
12M NAV min (26/10/2023)	88.37

Portfolio Characteristics

Fund Name	BNP PARIBAS A FUND Dynamic Multi-Asset
ISIN Code	LU2019216196
Share Class	Classic
Share Type	Capitalisation
Share Class base Currency	USD
Inception date	14/02/2020
Track record inception	14/02/2020
Share class 1st NAV date	14/02/2020
Share class initial NAV	100.00
Domicile	Luxembourg
Legal Form	SICAV
Fund type	Offered to the public
Asset type	Balanced
Investment strategy	MAQS Institutional Dynamic Solution World
Recommended investment horizon	4 years
Agreement date	14/08/2019
Initial number of shares	29,791.75
Classification SFDR	Article 6
AMF Classification	Not Applicable

Classification SFDR

This product integrates sustainability risk analysis into its investment process within the meaning of Article 6 of EU Regulation 2019/2088.

Involved Parties

Custodian	BNP PARIBAS, Luxembourg Branch
Administrator	BNP PARIBAS ASSET MANAGEMENT Luxembourg
External auditor	PricewaterhouseCoopers Société Coopérative
Management Company	BNP PARIBAS ASSET MANAGEMENT Luxembourg
Portfolio manager	Tina YAO
Fiscal closing rule	March 31st

Order Centralisation & NAV Information

Order centralisation frequency	Daily
Order centralisation time - STP	12:00 CET
NAV centralisation timing / date	Reference Date
NAV calculation frequency	Every business day in Luxembourg
NAV calculation timing / date	Reference Date + 1
NAV valorisation frequency	Daily
NAV valorisation date	Reference Date
NAV settlement timing	Reference Date + 4

Executive Summary

Risk Disclaimer

Risk Disclaimer

Risk of Capital Loss

The investments in the portfolios 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 portfolios described being at risk of capital loss.

Risk Linked to the Asset Class

The risks associated with investments in equities (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's equities 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. Portfolios 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.

Credit Risk

This risk relates to the ability of an issuer to honour its commitments: downgrades of an issue or issuer rating may lead to a drop in the value of associated bonds.

Operational and Custody Risk

Some markets are less regulated than most of the international markets; hence, the services related to custody and liquidation for the subfund on such markets could be more risky.

Executive Summary p 3

General Information

Risk Disclaimer

Performance & ex-post Risk p 8

Portfolio Commentary

Appendix p 10

Exchange Rates

Glossary

Legal Disclaimer

BNPP AM is the source for all data in this document as at end 31/07/2024, unless otherwise specified.

Performance & ex-post Risk

Portfolio Commentary

Market Review

EQUITIES

- Global equities did very well in the first half of July, supported by the fall in bond yields triggered by renewed expectations of key rate cuts. As often happens, expectations for the US Federal Reserve's (Fed) monetary policy were the determining factor that led several equity indices (not only in the US) to set new records. As of 16 July, global equities were up by 3.6% from the end of June and by 13.7% year to date (MSCI AC World index in US dollar terms). There was then a significant correction. This first hit large tech stocks and prompted some debate about the relevance of artificial intelligence as an investment theme and even, more fundamentally, the valuation levels of some stocks after their impressive run of previous months. The 'Magnificent 7' index (the representativeness of which can be discussed) illustrates the movements in recent weeks. These seven biggest US IT stocks that had surged the most lost 12.8% between 10 July (when they were at an all-time high and up by 50.9% year to date) and 25 July. The index then stabilised before rebounding on 31 July when the Fed's monetary policy committee confirmed a likely cut in US policy rates in September.

- Technology stocks were not the only ones to struggle in July, which reinforced the assumption of profit taking on stocks, sectors or indices that had outperformed significantly so far. Equity fundamentals remain favourable, as shown in particular by the strong earnings momentum.

- Thanks to the rebound on 31 July (+1.6%), global equities rose in July (+1.5%) despite the slight decline in emerging equities (-0.1% for the MSCI Emerging Markets index in US dollar terms) due to the fall in Chinese equities (-2.3%), which suffered from disappointments on growth. Monetary easing and the Chinese authorities' commitment to achieving their 5% GDP growth target this year failed to fully reassure investors.

- Developed market returns have been fairly heterogeneous. In Tokyo, the Topix index rose to a new record high on 4 July and then suffered from profit taking and the appreciation of the yen (+7.3% against the US dollar), triggered by direct interventions in the foreign exchange market, and ending the month down by 0.5%. In the eurozone, after their sharp decline in June due to political uncertainties arising from the French legislative elections, markets remained hesitant as activity slowed (+0.3% for the MSCI EMU index and -0.4% for the EURO STOXX 50 in euros). The European banking sector, which had been penalised by the turmoil in June (-6.8%) managed to regain 5.8% in July. In the US, the S&P 500 ended the month up by 1.1% but the NASDAQ composite index lost 0.8% due to profit taking on the technology sector.

- The rotation into stocks that had been out of favour so far is illustrated by the rally in US small caps. The Russell 2000 index rose by 10.1% in July after gaining only 1.0% in the first half of the year (vs. 14.5% for the S&P 500). This rotation was also seen across styles and sectors. The growth style lost 0.9% (MSCI AC World Growth) while the value style gained 4.2% (MSCI AC World Value) in July.

- The decline in global technology stocks weighted on equity indices in South Korea and Taiwan in particular, which explained the 0.6% monthly decline in the MSCI AC Asia ex Japan index in July despite the good performance of the Indian market. Generally speaking, defensive sectors outperformed cyclicals.

BOND MARKETS

- The movements in US government bonds in July mainly reflected the renewed expectations of Fed monetary policy easing. From the beginning of the month, several economic indicators showed slowing growth and inflation, while Fed Chair Jerome Powell's comments became more dovish. Disappointments on employment led the yield on the US 10-year T-note (4.40% at the end of June) to drop below 4.30% at the beginning of July. After the release on 11 July of the consumer price index showing that the slowdown in inflation now seemed to have taken hold, the yield continued to ease and stabilised at around 4.20%. At the very end of the month, the FOMC's decision to maintain the status quo was expected but comments appeared again dovish, firming the notion that a cut in policy rates would be announced in September (even if no explicit commitment was made). The yield on the 10-year T-note thus ended the month at 4.03%, its lowest since early February and down by 37bp compared to the end of June. At the very end of the month, the fall (more than 10bp between close of trade on 30 and 31 July) may have been accentuated by renewed geopolitical tensions. The Fed indicated that recent data had added to its confidence that inflation is heading to 2% and highlighted the downside risks that have emerged on the second part of its dual mandate ('maximum employment'). Against this backdrop, expectations of policy rate cuts strengthened, which explained the outperformance of the short-end maturities (the 2-year yield fell by 49bp at 4.26%) and the bull-steepening of the yield curve. In July, demand was very strong for the 2-year auction. It should be noted that the unusually large amount of political news (the assassination attempt on Donald Trump on 13 July, the selection of his running mate on 15 July and, on 21 July, Joe Biden announcing he was withdrawing his candidacy in favour of his vice president) had no major or lasting effects on the markets.

- Their downward trend showed that eurozone bond yields struggled a little more than those in the US to settle. The movements at the beginning of the month remained under the influence of politics after the results of the second round of French legislative elections held on 7 July. No party/coalition has an absolute majority in the National Assembly. Although many uncertainties remain (who for Prime Minister? Which coalition?), investors were reassured by this outcome, which was their main scenario. In this context, the yield on the 10-year OAT (3.30% at the end of June) eased, which may initially weigh on the German market, which had benefited in June from a flight to safety. The France-Germany 10-year yield spread, which had risen above 80bp in June, quickly eased to 65bp. However, some nervousness remained: The lack of visibility for international observers trying to assess the positions of each political camp in France, with Emmanuel Macron saying he would only appoint a Prime Minister after the Olympics, sent the spread to 71bp at the end of July. The 10-year OAT yield ended the month at 3.01% (-29bp compared to the end of June), led by a general easing on the back of poor economic data and expectations of a cut in ECB (and Fed) policy rates. The 10-year Bund yield (2.50% at the end of June) rose slightly at the beginning of the month before falling below 2.50% on 11

Performance & ex-post Risk

Portfolio Commentary

July following the release of reassuring figures on US inflation. The status quo on the ECB's monetary policy on 18 July was expected and investors' presumption of a cut in September was reinforced. From 24 July, following the release of weaker business surveys, the German Bund yield eased continuously, even with the release on 30 and 31 July of preliminary inflation figures for July that were slightly higher than expected (at 2.9% for core inflation). The yield on the German 10-year Bund ended the month at 2.30%, a monthly easing of 20bp. The German 2-year yield (2.81% at the end of June) hovered at around 2.90% until 10 July and then at around 2.80% until 22 July. It eased more significantly as PMIs fell in July. The 2-year yield ended the month at 2.53%, a 30bp fall compared to the end of June. The global bond rally caused peripheral markets to outperform (-42bp for the 10-year Italian BTP yield to 3.65% and -30bp for the Spanish 10-year yield to 3.12%), as investors continued to search for yield.

- The credit market posted strong total returns in July due to the rise in sovereign bond yields (more than 2.0% in the US and the eurozone). The credit appetite of long-term investors, eager to lock in high coupons, remained solid. The first half of the month was marked by well-received bond issuances and a tightening of credit spreads. Subsequently, as liquidity diminished in the run-up to the summer hiatus and tech stocks experienced a slump, investors focused on the earnings season and punished any disappointment or profit warning. Credit spreads ended July above their end-June level on the HY (High Yield) segment in dollars and euros. In the Investment Grade (IG) segment, despite their rise in mid-month, spreads ended July below their end-of-June level.

Portfolio Activity & Positioning

Our portfolio remains largely unchanged. We remain cautious towards taking on more risk, and the portfolio continues to be well-diversified. We selectively trimmed both equity and fixed income on profit taking.

Fund Performances

By Sector

- Top sector performance contributor: Real Estate Global, USD High Yield and USD Investment Grade
- Top sector performance detractor: Emerging Equity and Japan Equity

By Fund

- Top performance contributor: Principal Global Investors Fun SHRS, ABN AMRO Funds - Aristotle US SHRS and Nomura Funds Ireland - Nomura SHRS
- Top performance detractor: AB SICAV I - American Growth P SHRS, Pictet - Japanese Equity Oppor SHRS and Vontobel Fund - mtx Sustainabl SHRS

Outlook & Positioning

- At the Federal Open Market Committee (FOMC) meeting on 30/31 July, there was no change to the federal funds target rate, which has been within the 5.25%-5.50% range since July 2023. The press release mentioned that 'in recent months, there has been some further progress toward the Committee's 2% inflation objective'. During his press conference, Fed Chair Jerome Powell emphasised that 'the second quarter inflation readings added to confidence [that inflation is heading to 2%] and more good data would further strengthen that confidence'. Besides, the FOMC is now 'attentive to the risks to both sides of its dual mandate'. Powell acknowledged there was 'real discussion' about a rate cut at this meeting and concluded that 'a reduction in the policy rate could be on the table as soon as the next meeting in September'. The Consumer Price Index (CPI) on 11 July fell by 0.1% between May and June. The disinflation was widespread as the core services index excluding shelter also fell slightly and goods prices continued to decline. Investors were convinced that an initial rate cut would come in September. The probability reflected by futures markets rose from 60% in early July to 90% on 12 July, even reaching close to 95% on 18 July. Almost three cuts are anticipated in 2024. Market economists have adjusted their forecasts in line with the Fed's more dovish tone and many now expect a 25bp cut in September and a second cut in December. During his semi-annual testimony before Congress, Powell admitted that 'reducing policy restraint too late or too little could unduly weaken economic activity and employment'. The jobs report released early in July showed net job creations in line with expectations (206 000) but with a sharp downward revision of 111 000 across the previous two months after their first estimate had surprised to the upside. Employment momentum is starting to show signs of running out of steam. In addition, the unemployment rate continued to rise: It stood at 4.1% in June (from 4% in May, 3.9% in April and 3.8% in March). This trend, if confirmed, would quite strongly signal slowing activity. The advance estimate of second quarter GDP came as a surprise, with 2.8% annualised growth after 1.4% growth in the first quarter but business surveys were less encouraging: The manufacturing purchasing managers' index (PMI) fell from 51.6 in June to 49.5 in July (preliminary estimate), its lowest in seven months. Moreover, price increases were subdued despite higher costs. In the short term, this is a positive trend because it increases the likelihood of inflation falling towards 2%. In the longer term, companies could see their margins squeezed.

- The movements in US government bonds in July mainly reflected the renewed expectations of Fed monetary policy easing. From the beginning of the month, several economic indicators showed slowing growth and inflation, while Fed Chair Jerome Powell's comments became more dovish. Disappointments on employment led the yield on the US 10-year T-note (4.40% at the end of June) to drop below 4.30% at the beginning of July. After the release on 11 July of the consumer price index showing that the slowdown in inflation now seemed to have taken hold, the yield continued to ease and stabilised at around 4.20%. At the very end of the month, the FOMC's decision to maintain the status quo was expected but comments appeared again dovish, firming the notion that a cut in policy rates would be announced in September (even if no explicit commitment was made). The yield on the 10-year T-note thus ended the month at 4.03%, its lowest since early February and

Performance & ex-post Risk

Portfolio Commentary

down by 37bp compared to the end of June. At the very end of the month, the fall (more than 10bp between close of trade on 30 and 31 July) may have been accentuated by renewed geopolitical tensions. The Fed indicated that recent data had added to its confidence that inflation is heading to 2% and highlighted the downside risks that have emerged on the second part of its dual mandate ('maximum employment').

- We expect the market will continue to be volatile as we are entering the end of the rate hike cycle, and so our portfolio remain largely unchanged. We remain cautious towards taking on more risk, and the portfolio continue to be well diversified.

- The broad positioning is as below:
- US equities (Positive). We are still positive on US tech exposure. From a fundamental perspective, cash flows - earnings + dividends - increasingly hold the key for equity returns, and US tech are earning strongly, corroborated so far this season. Earnings dynamism is judged to be strong in the short term, form both the bottom up and top down, and with good and growing support from themes such as AI for earnings longer term. As 'longer duration' equities, they also stand to benefit from lower discount rates, while being less exposed to a higher for longer than a pure duration play with firm anticipated cash flows. Valuations are not cheap, but the delta on the P and E have both moved favorably for an add to our position; importantly, valuations are justified by elevated RoE and profitability.

- European equities (Neutral). In our opinion, inflation might soften but also growth in the months to come. ECB is near its end of rate hiking cycle but not yet ready to cut rate.

- Japanese equities (Neutral). forward PE ratios trade at a 15% discount to global equities, and P/B is 50% of ACWI. With a clear structural focus on raising shareholder returns, and high operational leverage to tentative 'green shoots' in global manufacturing as well as to the technology sector, Japan is particularly well placed to benefit from the current market set up. Tighter policy may be supportive for financials. However, earnings are no longer outpacing other equity regions and global appetite for Japanese Equity is also waning. So we turned neutral.

- Emerging Market equities (Positive). From a macroeconomic standpoint South Korea is a typical beneficiary of a potential upturn in the global manufacturing cycle; and this especially knowing the low levels of the inventories. From a microeconomic point of view, 2 companies dominate in Korea: Samsung and Hynix. Those are set to benefit from Nvidia revenue growth. Hynix and TSMC are known beneficiaries from Nvidia supply chain.

- Commodities (Neutral). More positive towards precious metals. The supply-demand imbalance softens in the energy and base material space. Only precious metal in the commodities space can perform as the rate hike cycle coming to an end.

- Credit (Positive). Especially towards European investment grade bonds. European IG appears to be pricing in a particularly adverse scenario, making valuation attractive.

- Emerging market local sovereign (Positive): with inflation dynamics for almost all EMs sharply to downside recently, real policy rates are quite elevated. Hence, lower policy rate and long end rate ahead DMs.

- We hold other positions like real estate and US inflation linker for diversification

Executive Summary p 3

General Information

Risk Disclaimer

Performance & ex-post Risk p 8

Portfolio Commentary

Appendix p 10

Exchange Rates

Glossary

Legal Disclaimer

BNPP AM is the source for all data in this document as at end 31/07/2024, unless otherwise specified.

Appendix

Exchange Rates

Exchange Rates

as of 31/07/2024

ISO Code	Currency name	1 USD =
AUD	AUSTRALIAN DOLLAR	1.531394
EUR	EURO	0.924129
GBP	BRITISH POUND	0.778543
SGD	SINGAPORE DOLLAR	1.337600

Appendix

Glossary

Benchmark or benchmark index

Index used to represent the market(s) which a fund is supposed to be invested. It is the standard by which the performance of an investment fund is measured.

Maturity

The time that remains until the rights associated with a financial asset expire. The maturity of a share is in theory infinite, while that of a bond depends on its principal repayment date, or ''maturity date''. A bond's actual maturity may be cut short if the issuer is able to call or redeem the bond before the maturity date.

Maximum drawdown

The maximum loss that a portfolio incurs over a given period (expressed as a percentage), taking into account monthly performance observations.

Basis point

A hundredth of a percentage point, or 0.01% (abbreviated as bp).

Information ratio

The difference between a portfolio's returns and those of its benchmark, divided by the portfolio's tracking error. Measures a fund manager's risk-adjusted performance relative to the benchmark.

$$IR = \frac{Ret_{Fund} - Ret_{Bench}}{TE}$$

Sharpe ratio

A measure of an investment's performance relative to the risk incurred. It is calculated by dividing the difference between the portfolio's return and the risk-free interest-rate by the portfolio's volatility.

$$Sharpe = \frac{Ret_{Fund} - Rate_{riskfree}}{\sigma_{ann.}}$$

Duration

Expresses the potential variation between the price of a bond (or bond portfolio) in response to a 1% change in the interest rate.

$$Modified\ Duration = \frac{Duration}{(1+r)}$$

$$r = bond\ yield$$

Tracking error

The standard deviation of the differences between fund and benchmark returns over time. It represents the risk that the fund manager takes in straying from the benchmark.

$$TE_{ann.} = \sqrt{\frac{\sum_{i=1}^{N}(PR_i - Av(PR_i))^2}{n}} x\sqrt{k}$$

$$PR_i = excess\ return$$

Volatility

A measure of risk as the standard deviation of a portfolio's returns above and below its average return over a specified investment period. For example, if a portfolio has a volatility (risk) of 8% this means that it will on average vary 8% above or below its average return over the investment period.

$$\sigma_{ann.} = \sqrt{\frac{\sum_{i=1}^{N}(P_i - Av(P_i))^2}{n}} x\sqrt{k}$$

Where Avg (P_iis the average of n returns and k is the number of investment periods in the year.

R^2

Statistical measure that represents the proportion of a fund or security's movements that can be explained by movements in a benchmark index. R^2 values range from 0 to 1. An R^2 of 1 means that all movements of a security are completely explained by movements in the index.

Appendix

Legal Disclaimer

Legal Disclaimer

This material is issued and has been prepared by BNP PARIBAS ASSET MANAGEMENT Singapore Limited ("the Company"), with its registered office at 20 Collyer Quay, #01-01, 20 Collyer Quay, Singapore 049319, Company Registration No. 199308471D. Its contents have not been reviewed by the Monetary Authority of Singapore.

It is produced for information purposes only and does not constitute:
1. an offer to buy nor a solicitation to sell, nor shall it form the basis of or be relied upon in connection with any contract or commitment whatsoever or
2. investment advice.

The information contained in this material is provided without prior knowledge of your circumstances, including your financial position, risk profile and investment objectives. Investors are recommended to seek the advice of their usual financial adviser(s) in order to assess the suitability of the product or strategy mentioned herein as an investment. In the event that an investor chooses not to seek advice from a financial adviser, he/she should consider whether the financial instrument is suitable for him/her.

Investors considering subscribing to the financial instrument(s) should read carefully the most recent prospectus, offering documents or other information material for further details including the risk factors and consult the financial instrument(s') most recent financial reports, available at the Company or its authorised distributors.

Opinions included in this material constitute the judgement of the Company at the time specified and may be subject to change without notice. The Company is not obliged to update or alter the information or opinions contained within this material. While all efforts are taken to ensure the accuracy of the information and data included in this material, no warranty is given and no liability shall be accepted in the event of any error, inaccuracy or discrepancy of such information and data. Investors should consult their own legal and tax advisors in respect of legal, accounting, domicile and tax advice prior to investing in the financial instrument(s) in order to make an independent determination of the suitability and consequences of an investment therein, if permitted. Please note that different types of investments, if contained within this material, involve varying degrees of risk and there can be no assurance that any specific investment may either be suitable, appropriate or profitable for an investor's investment portfolio.

Investments involve risks. Investments in emerging markets involve above-average risk. Given the economic and market risks, there can be no assurance that the financial instrument(s) will achieve its/their investment objectives. Returns may be affected by investment strategies or objectives, markets and economic conditions. The different strategies applied to financial instruments may have a significant effect on the results presented in this material. Past performance and any economic and market trends/forecasts are not a guide to future performance and the value of the investments in financial instrument(s) may go down as well as up. Investors may not get back the amount they originally invested.

The performance data, as applicable, reflected in this material, do not take into account the commissions, costs incurred on the issue and redemption and taxes.