Gamma dei fondi sostenibili e a impatto

Novembre 2021

NN investment partners

Gestiamo le nostre strategie in modo responsabile. Perché è importante e funziona.

Come investitori responsabili, miriamo a generare rendimenti per i nostri clienti e migliorare il mondo in cui viviamo. Lo facciamo guardando oltre i dati di performance, perché le persone sono una risorsa importante.

Dati al 30 giugno 2021

€ 298 mld
AuM

+150 anni
nella gestione del rischio e dei rendimenti

37 paesi
dove siamo presenti

A+
UN PRI rating

75%
di masse che integrano l'ESG

1.269 meeting di engagement
Per fare engagement con le aziende

>1000
professionisti

>40
nazionalità

Investiamo responsabilmente, ci adattiamo costantemente

Gestiamo asset in tutto il mondo, crediamo nell'investimento attivo come un modo per portare benefici ai nostri clienti e alla società nel suo insieme. Utilizziamo dati e tecnologia per adattare il nostro approccio d'investimento in mercati in evoluzione.

Creiamo valore di lungo termine per i clienti
I mercati sono dinamici, complessi e non sempre razionali. Crediamo che adottare un approccio attivo possa creare valore nel lungo termine. Utilizziamo analisi fondamentale, dati in tempo reale e intelligenza artificiale per capire cosa può influenzare i portafogli per i nostri clienti. Investiamo in modo responsabile, poiché ciò contribuisce a un futuro sostenibile e rendimenti interessanti. Riteniamo che questa combinazione porti a rendimenti migliori.

Strategie sostenibili e ad impatto di NN IP - Art. 9 SFDR

NN (L) Patrimonial Balanced European Sustainable			
NN (L) Corporate Green Bond	NN (L) Green Bond	NN (L) Green Bond Short Duration	NN (L) Sovereign Green Bond
NN (L) Euro Sustainable Credit (excluding Financials)	NN (L) Euro Sustainable Credit		
NN (L) Global Sustainable Equity	NN (L) European Sustainable Equity		
NN (L) Emerging Markets Enhanced Index Sustainable Equity	NN (L) European Enhanced Index Sustainable Equity	NN (L) North America Enhanced Index Sustainable Equity	NN (L) Global Enhanced Index Sustainable Equity
NN (L) Climate & Environment	NN (L) Health & Well-being	NN (L) Smart Connectivity	NN (L) Global Equity Impact Opportunities

Legenda

Multi-Asset
- Sostenibili

Obbligazionario
- Obbligazioni verdi
- Sostenibili

Azionario
- Sostenibili
- Indicizzati
- Ad impatto

NN Global Sustainable Equity

Strategy Brief

Portfolio Management

Paul Schofield
Head of Sustainable & Impact Equity, Lead Portfolio Manager

Experience since: 1998
With firm since: 2021

Jeremy Kent
Senior Portfolio Manager

Experience since: 2004
With firm since: 2021

Hans Slob
Senior Portfolio Manager

Experience since: 1993
With firm since: 2016

Oskar Tijs
Senior Portfolio Manager

Experience since: 1996
With firm since: 2008

Responsible Investing Approach

For more information about our responsible investing approach, please visit ri.nnip.com.

SFDR classification
Article 9: For more information about the sustainable objective of the fund, see the prospectus and our SFDR page on nnip.com.

NN Investment Partners at a Glance

NN Investment Partners is the asset manager of NN Group N.V., a publicly traded company. NN IP is headquartered in The Hague, the Netherlands and manages approximately EUR 298 bln* (USD 353 bln*) in assets for institutions and individual investors worldwide. NN IP employs over 900 staff and has offices in 15 countries, servicing clients across Europe, North America, Latin America, Asia and the Middle East.

* Figures as of 30 June 2021

For more information on NN IP's investment strategies or our mutual funds, please contact your sales representative or relationship manager. Or visit our website www.nnip.com

Strategy Description

The NN Global Sustainable Equity strategy invests in a globally diversified portfolio of shares and targets companies that have sustainable business models. Typically, these are companies that can create value sustainably by offering sustainable solutions, displaying sustainable behaviour and possessing a sustainable competitive position. In our approach we look at value chains and identify risks and opportunities linked to Environmental, Social and Governance (ESG) factors. In doing so we take into account factors that are often outside the scope of traditional financial analysis but can have a significant impact on long-term performance.

Objective

We aim to outperform the mainstream MSCI World (Net) Index by 2% gross on a three-year annualised basis. We also target a lower carbon footprint than the benchmark. The emphasis of our investment and research process is on identifying attractively-valued quality companies that outperform over the long term.

Investment Process

The stock selection process combines ESG analysis with traditional financial analysis and also excludes investments in companies involved in the development, production, maintenance or trade of controversial weapons, the production of tobacco products, thermal coal mining, oil sands production, shale oil & gas and arctic drilling. Restrictions are also applicable for investments in companies involved in activities related to gambling, weapons, adult entertainment and fur & specialty leather. We adopt a value-chain research approach, look at the materiality of ESG items on expected investment returns and search for investments that earn a cash flow return on investment (CFROI) clearly above their cost of capital. The end result is a focused portfolio of 40-60 high-quality companies with sustainable business models. The portfolio has a controlled risk profile with a focus on stock-specific risk and is well-diversified over sectors, regions and value chains.

HIGH / LOW

ESG Approach

ESG factors are a recurring consideration throughout our investment process. In our bottom-up assessment of a company, following an initial ESG screening step, we focus on the material ESG issues that affect a company's sustainable performance. We also look closely at progress on ESG metrics, as well as positive environmental and social externalities. Engagement on ESG factors is a vital tool which we employ for assessing the idiosyncratic risks related to corporate behaviour.

HIGH / LOW

Quality Focus

We believe that the level of sustainability can be an important indicator for the "quality" of a company; i.e. by investing primarily in companies with above average potential for cash flows, earnings and a sustainable dividend per share, the strategy is more likely to outperform over the long term.

HIGH / LOW

Stock Selection

We believe that stock selection drives alpha generation. Our strategy is supported by 7 dedicated equity analysts, who are focused on identifying value ahead of consensus.

GROWTH / VALUE

Value/Growth

The strategy does not have any pre-determined style. It is a core product which integrates SRI characteristics in its investment process and with the belief that sustainable companies perform better in the long run.

Key Elements of the Strategy

- **Proven strategy with successful track record**
- **Experienced investment team**
- **Distinct sustainable investment process with a tilt toward quality companies**

NN investment partners

Reference performance for this strategy: NN (L) Global Sustainable Equity (P Cap, EUR), gross of fees*

As of 30 September 2021	1 Month	3 Months	YTD	1 Year	3 Years (Ann.)	5 Years (Ann.)	Since Inception (Ann.)
Portfolio Return	-4.32	4.35	22.88	32.36	22.51	18.47	5.83
Benchmark Return	-2.37	2.32	19.34	30.34	13.22	13.04	4.65
Relative Return	-1.94	2.03	3.54	2.02	9.29	5.42	1.17

* Source: NN IP Performance Measurement. Benchmark: MSCI World (Net). Returns are presented after all transaction costs, but before Ongoing Charges (consisting of Management Fee + Fixed Service Fee + Tax d'abonnement). Returns include the reinvestment of income. Fund was launched on 9 July 2000. Past performance is no guarantee of future results and the possibility of loss does exist. The Ongoing Charges vary per share class - please refer to the share classes' Key Investor Information Document.

Portfolio Developments

- **Mounting headwinds weigh on global equities**
- **Bankruptcy concerns for Chinese real estate giant**
- **Quality underperforms**
- **Carbon capture in the spotlight**

Market Review

Equity markets reached record highs in September but in the final weeks of the month things turned sour. Investors had been taking comfort from the fact that levels of activity remained elevated despite peaking economic data surprises. However, the headwinds kept getting stronger. The factors weighing on risk appetite included a hawkish Fed; US difficulties in getting fiscal plans approved by Congress on top of the debt-ceiling discussion; and risks of a slowdown in China following debt problems at property giant Evergrande, as well as power outages. At the same time, the uneven re-opening of economies after long stretches of Coronavirus shutdowns has created supply and demand imbalances for a range of products and services, which have impacted industrial output and prices. Meanwhile, soaring energy prices have added to stagflation worries. Against this backdrop, the MSCI World Net Index declined by 2.4%.

Japan was a top performer, both in local currency and euro terms. The announcement that Prime Minister Yoshihide Suga will step down and be succeeded by Fumio Kishida increases the probability of the LDP staying in power after the Lower House elections scheduled for November. Historically, Japanese equities perform well in pre-election periods. In emerging markets, China had its fair share of problems. These were primarily linked to Evergrande, the giant property developer that ran into serious financial troubles, and power outages. However, some headwinds were also self-inflicted, such as the regulatory scrutiny of the technology and gaming industries.

In terms of sector performance, markets moved to a more value tilt in response to the changing trend in bond yields. The high growth sectors like technology and communication services, usually negatively correlated with bond yields, moved from top to bottom in the performance rankings. Energy companies benefitted from rising oil prices and was the best performing sector in the month.

Investment Performance

After a strong run over the last few months, our global sustainable equity strategy took a step back in September. Our preference for high-quality companies means the portfolio has low exposure to several value segments of the market, which was drag on relative performance. For instance, our structural underweight to the energy sector gave us a negative allocation effect on the back of sharply rising oil prices. Our stock selection within financials was a negative factor due to our underweight to banks, a long-term position we have held in the portfolio owing to the segment's weak profitability profile. Stock selection in the technology and consumer discretionary sectors also contributed negatively.

Many of September's large detractors at stock level came from names that have been strong performers YTD – such as Partners Group which despite the substantial drawdown this month is still up more than 40% for the year. The core philosophy and approach of the strategy is to select companies that demonstrate strong quality attributes with the ability to grow returns over time. As we are long term investors, we take an unwavering approach to short term fluctuations and do not shift the portfolio against philosophy. Over the long term, stock specific risk should be the primary determent of risk and returns of the portfolio. However, in the short-term, significant anti-quality market movements can and will be a headwind to the strategy. In our experience these tend to be relatively short term.

The main positive contribution in the month came from our stock selection within communication services, where Match Group and Netflix were the best performers. Internet company Match Group, an owner of popular online dating services, was boosted by the announcement that it would be included in the S&P 500. We also saw positive stock selection within healthcare, thanks to strong performances from Thermo Fisher Scientific (life sciences, diagnostics & lab products) and ICON (contract research).

Portfolio Positioning

There were a limited amount of changes to the portfolio in September. We decided to exit Mastercard and use the proceeds to add to NVIDIA Corporation, a position we recently introduced to the portfolio. NVIDIA is a technology firm that specialises in graphics processing units (GPUs). The company is a compelling play on artificial intelligence and has one of the best ESG scores in the technology sector, as measured by our NNIP ESG Lens.

We also increased our position in pan-Asian life insurance firm AIA. Asian life insurance is an attractive secular growth market within global insurance, with pan-regional players (that have tied agency networks and strong brands) enjoying competitive moats.

Carbon capture in the spotlight

During the month we had another in-depth update on the energy transition value-chain from our specialist within the team. This time he took a closer look at carbon capture, an increasingly important field in the battle to reduce emissions. The space is at an inflection point and is expected to see extraordinary growth over the coming decade. Carbon capture is sometimes seen as a technology for a transition phase, as the ideal situation would be a complete switch to renewables and hydrogen to reduce emissions. However, some processes are just not easily decarbonized and basically there is no other way around certain emissions than to capture them. Carbon capture and storage is therefore estimated to account for 14% of CO2 reductions in the energy sector by 2050, around 6% lower than electrification and around 8% higher than hydrogen.

Currently, half of carbon capture capacity resides in the United States, with Canada and China also accounting from more than 10%. With more ambitious climate targets, rising carbon prices and tax credits, carbon capture should gain more traction. However, the majority of technologies in this space are still in the pilot and testing phases. There is also only one pure-play listed-equity company at the moment. The lack of pure plays and the high risk of technological disruption means the space is not yet investable from our perspective. However, we'll continue to keep a close eye on all developments in this area.

Outlook

Governments around the world are feeling a greater sense of urgency around climate change and are targeting parts of their stimulus plans towards mitigating climate risks. Joe Biden's plans for clean energy in the US are supportive for energy transition. At the same time, China has also pledged to achieve net zero carbon emissions by 2060. Our sustainable equity strategy is well positioned against this backdrop. Many of the companies in the portfolio structurally benefit from long-term trends such as the shift towards renewable energy sources, green cloud computing, homeworking and electric vehicles. Next to carbon-related objectives, our investments also promote healthier lifestyles, reduce healthcare costs and lower the amount of waste produced.

We use a value chain approach to identify the best positioned companies, which typically are those that provide sustainable solutions, display sustainable behaviour and have a sustainable competitive position. These companies should be the winners in a rapidly changing landscape. The resulting high returns on invested capital and growth opportunities help to generate superior economic profit growth in the long term.

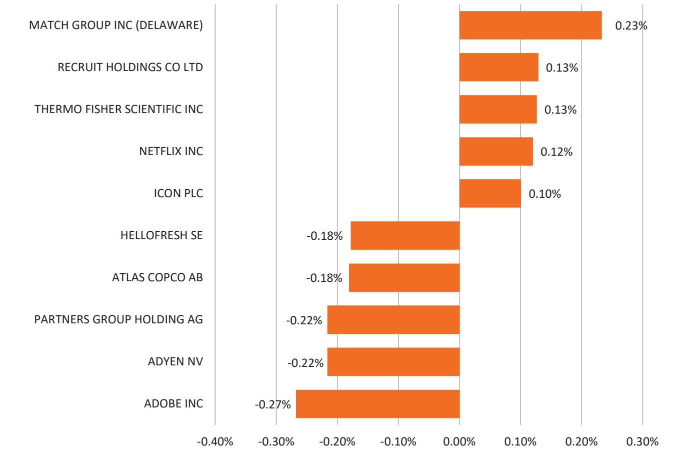
Portfolio Highlights*

Portfolio Characteristics	
Strategy Assets under Management	€8,204 mln
Ex-Post Tracking Error**	5.37%
Beta of the Portfolio**	0.96
Sharpe Ratio**	1.38
Volatility**	16.75

**3-years annualised

Portfolio Characteristics	Fund	Benchmark
Dividend Yield FY1	1.0%	1.9%
Number holdings	53	1,562
Large Caps	96.9%	96.6%
Mid Caps	2.9%	3.4%
Small Caps	0.0%	0.0%

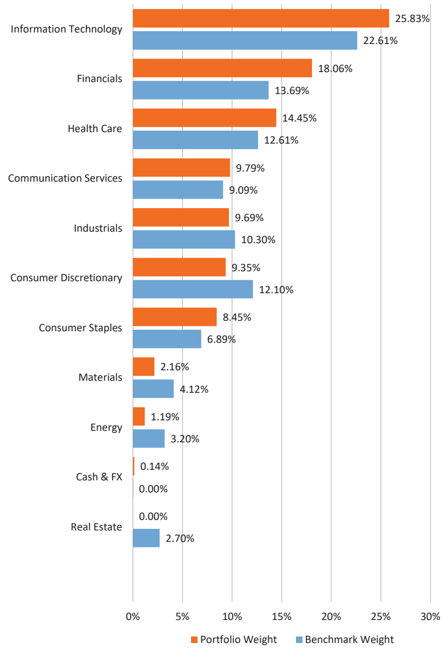
Top and Bottom Monthly Contributors (%)



Largest Portfolio Positions (%)

Top 10	Portfolio	Benchmark Weight
Microsoft Corporation	6.2%	3.5%
Alphabet Inc	4.6%	2.7%
Intuit Inc.	3.3%	0.3%
Adobe Inc	3.2%	0.5%
UnitedHealth Group Inc	3.1%	0.6%
Partners Group Holding AG	2.9%	0.1%
Nestle SA	2.7%	0.6%
S&P Global Inc	2.5%	0.2%
Atlas Copco AB	2.5%	0.1%
Aptiv Plc	2.4%	0.1%

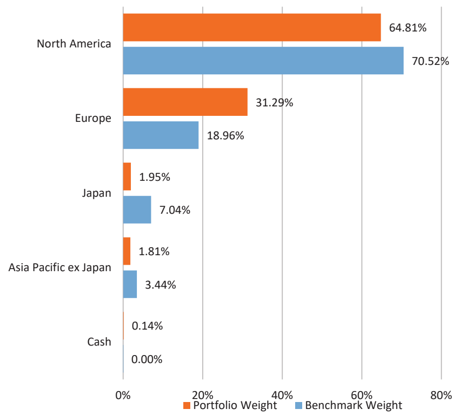
Sector Positioning (%)**



Monthly Performance Attribution

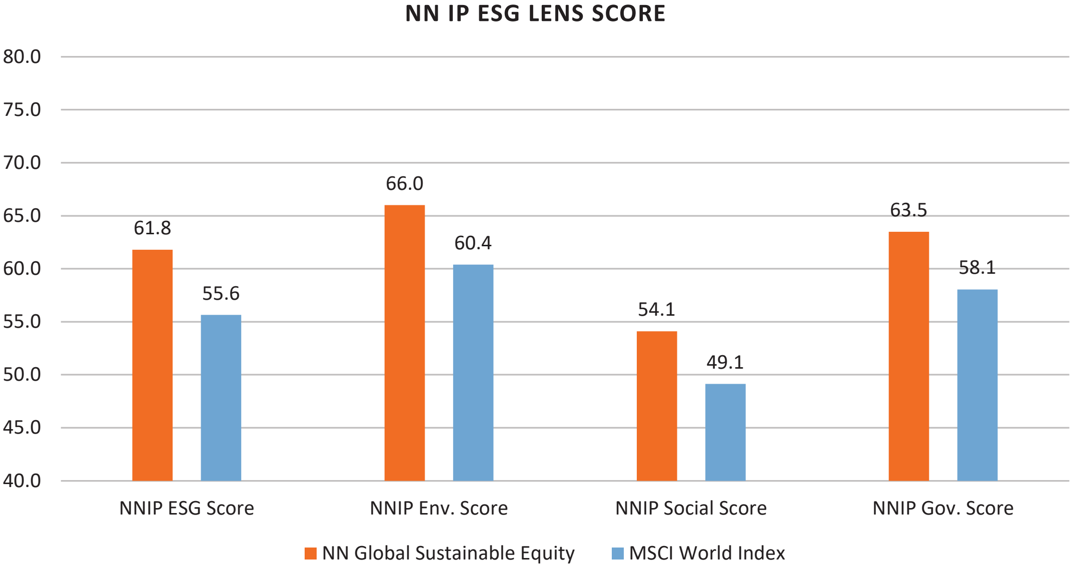
Sector	Sector Allocation	Stock Selection	Total Effect
Cash & FX	0.01%	0.00%	0.01%
Communication Services	-0.01%	0.33%	0.33%
Consumer Discretionary	-0.05%	-0.51%	-0.56%
Consumer Staples	0.00%	-0.21%	-0.20%
Energy	-0.22%	-0.19%	-0.41%
Financials	0.13%	-0.81%	-0.68%
Health Care	-0.01%	0.25%	0.24%
Industrials	0.00%	-0.17%	-0.17%
Information Technology	-0.05%	-0.56%	-0.61%
Materials	0.07%	-0.03%	0.04%
Real Estate	0.04%	0.00%	0.04%
Utilities	0.06%	-0.02%	0.03%
Total	**-0.03%**	**-1.92%**	**-1.95%**

Regional Positioning (%)



* Source: NN Investment Partners. All data are expressed as of 30 September 2021.
** Global Industry Classification Standard (GICS) enriched by NN Investment Partners Classification.

ESG Profile



Source: NN Investment Partners. Data as of September 2021.

ESG Risk Score per cluster

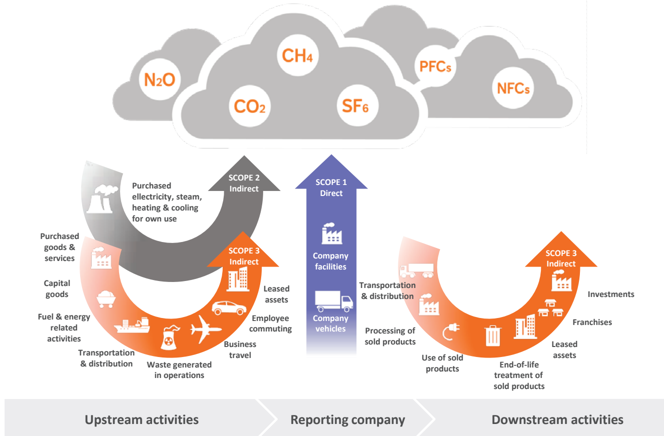
	E Risk	S Risk	G Risk	ESG Risk
Portfolio	2.52	8.50	6.75	17.88
Benchmark	3.99	9.82	7.56	21.38
Relative	-1.46	-1.32	-0.81	-3.50

E – Environment
S – Social
G – Governance

Source: Sustainalytics, NN Investment Partners. Data as of September 2021.

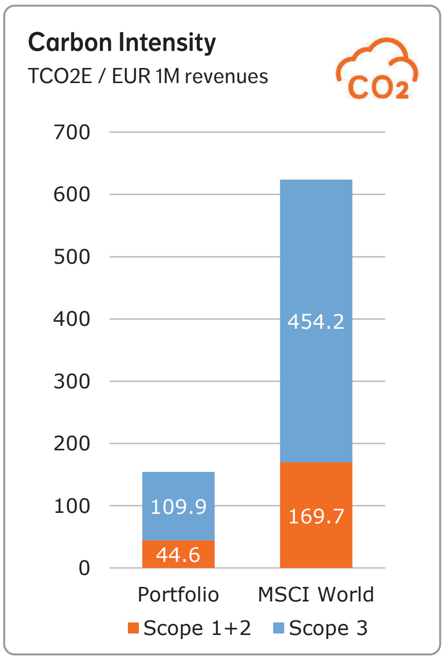
What is a carbon footprint?

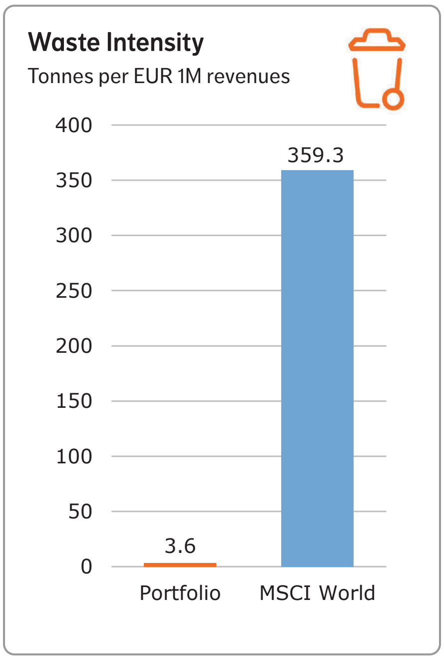
A corporate carbon footprint is the amount of carbon dioxide that an organization releases directly or indirectly into the atmosphere, measured in tonnes. This can then be translated into an intensity figure by dividing it by the company's revenue, typically expressed as tonnes per EUR 1 million. Three types of emission source can be used in the calculation: Scope 1 emissions – also referred to as Direct greenhouse gas (GHG) – are defined as emissions from sources that are owned or controlled by the organization; Scope 2 emissions, or Energy Indirect GHG, are emissions from the consumption of purchased electricity, steam, or other sources of energy generated upstream from the organization; Scope 3 emissions, also known as Other Indirect GHG, are emissions that are a consequence of the operations of an organization, but are not directly owned or controlled by the organization. Scope 3 emissions are by far the largest component of most corporate carbon footprints.

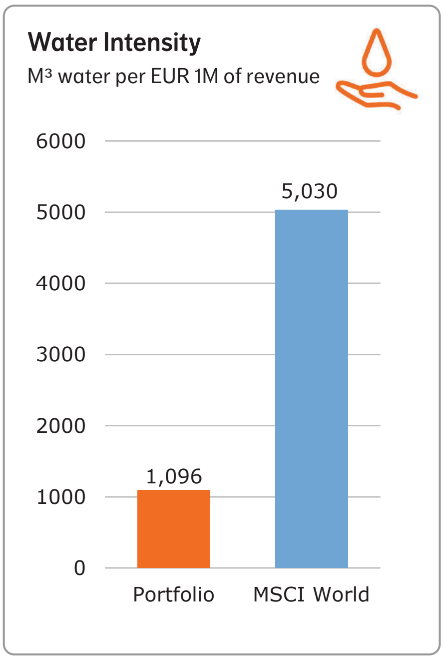


Source: GHG Protocol

ESG Performance - Environment

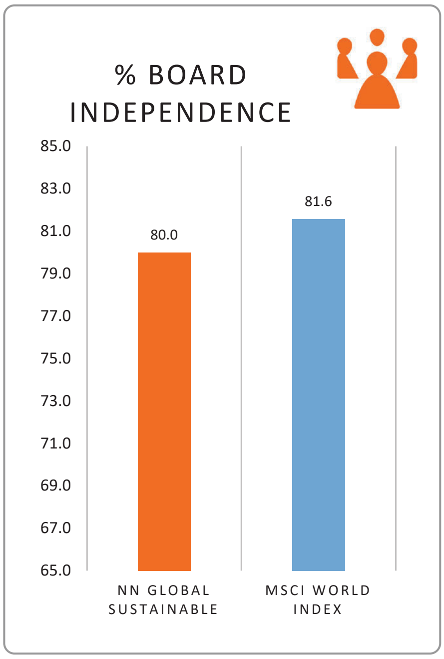


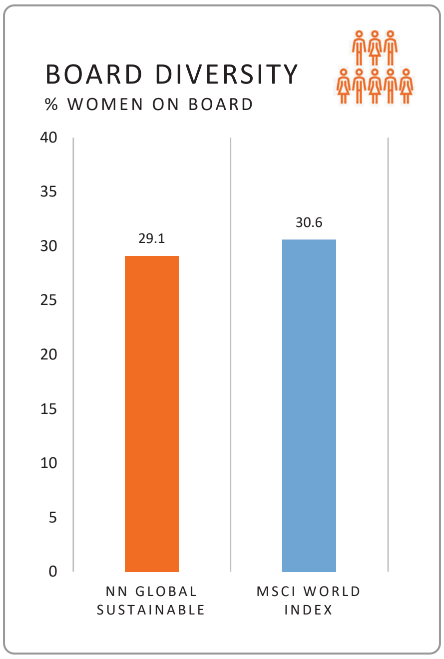


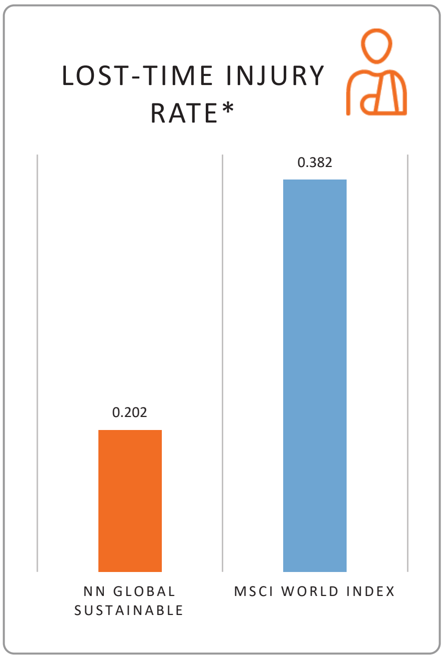


Source: NN Investment Partners, ISS, Refinitiv. Data as of September 2021.

ESG Performance - Social & Governance







* Number of incidents resulting in lost time from work (LTIR), per 200,000 hours worked.
Source: NN Investment Partners, Bloomberg. Data as of June 2021.

Human Rights

United Nations Global Compact

None of the holdings in our portfolio were found to be in breach of the UN Global Compact principles on Human Rights during the month.

Share Classes	ISIN	Currency	Max Management Fee (%)	Fixed Service Fee (%)	Ongoing charges including management fee (%)	Minimum Investment
P Capitalisation	LU0119216553	EUR	1.50	0.25	1.80	-
P Distribution	LU0119216710	EUR	1.50	0.25	1.80	-
P Capitalisation	LU0430559848	USD	1.50	0.25	1.80	-
X Capitalisation	LU0121204431	EUR	2.00	0.25	2.30	-
X Capitalisation	LU2052214769	USD	2.00	0.25	2.30	-
I Capitalisation	LU0191250769	EUR	0.60	0.20	0.81	€ 250,000
I Capitalisation (hedged ii)	LU1938548184	EUR	0.60	0.20	0.83	€ 250,000
I Capitalisation	LU2016010964	USD	0.60	0.20	0.81	€ 250,000
N Capitalisation*	LU0800559436	EUR	0.43	0.25	0.73	-
V Capitalisation	LU0394658412	EUR	1.50	0.20	1.71	-
X Capitalisation (hedged i)	LU1542713687	CZK	2.00	0.25	2.32	-

* only available for the Dutch market

Key Characteristics of the Strategy

Objectives	
Investment objective	Benchmark +2% gross on a 3 year annualised basis
Benchmark	MSCI DM World Index (Net)

Other Characteristics	
Investment universe	Worldwide equities
Target Ex AnteTracking Error	2 - 6%
Investment style	Core
Maximum Cash Position	10%
Number of Holdings	Typically between 40 - 60

NN Green Bond / Green Bond Short Duration

Strategy Brief

Portfolio Management

Bram Bos
Co-Lead Portfolio Manager

Experience since: 2001
With firm since: 2015

Alfred Meinema
Co-Lead Portfolio Manager

Experience since: 2000
With firm since: 2008

Jurre Halsema
Portfolio Manager

Experience since: 2010
With firm since: 2015

Supported by 2 Dedicated Green Bond Analysts, 5 Credit Portfolio Managers, 21 Credit Analysts, Trading Team and the Responsible Investment Team.

GREENFIN LABEL
FRANCE FINANCE VERTE

Funds that have been awarded with the GreenFin label are:
NN (L) Green Bond & NN (L) Green Bond Short Duration.

Responsible Investing Approach

For more information about our responsible investing approach, please visit ri.nnip.com.

SFDR classification
Article 9: For more information about the sustainable objective of the fund, see the prospectus and our SFDR page on nnip.com.

NN Investment Partners at a Glance

NN Investment Partners is the asset manager of NN Group N.V., a publicly traded company. NN IP is headquartered in The Hague, the Netherlands and manages approximately EUR 298 bln* (USD 353 bln*) in assets for institutions and individual investors worldwide. NN IP employs over 900 staff and has offices in 15 countries, servicing clients across Europe, North America, Latin America, Asia and the Middle East.

* Figures as of 30 June 2021

For more information on NN IP's investment strategies or our mutual funds, please contact your sales representative or relationship manager. Or visit our website www.nnip.com

Strategy Description

The Green Bond strategy primarily invests in a portfolio of Global green bonds of high quality (with a rating of AAA to BBB-) mainly denominated in Euro. Green bonds are bond instruments where the proceeds will be applied to finance new or existing projects that have a measurable positive impact on the environment. To determine our eligible universe, we firstly screen issuers using NN IP's exclusionary screening. Issuers with serious and structural issues concerning ESG controversies are excluded. Then we check if the selected bonds adhere to the Green Bond Principles as formulated by the International Capital Market Association.

Objective

We actively manage the fund by selecting bonds that offer attractive financial returns and a measurable positive environmental impact. For our Green Bond strategy we aim to beat the performance of the Bloomberg Barclays MSCI Euro Green Bond Index. For our Green Bond Short Duration strategy there is no benchmark available.

Investment Process

Once the eligible universe is determined after our strict green bond screening, we combine our analysis on specific issuers of bonds with a broader market analysis to construct the optimal portfolio. We aim to exploit differences in valuations of issuers of bonds within sectors and differences in valuations between sectors and different quality segments (ratings). As issuer specific risk is an important driver of performance, we subject all issuers in the investable universe to an in-depth analysis of business and financial risk.

Contribution to Process and Returns

Security Selection
Based on bottom up credit research aimed at identifying unrecognized value ahead of consensus.

Top Down Allocation
Based on our view on sectors, credit quality, credit market beta, duration and curve positioning.

Key Elements of the Strategy

- **Dark green approach**
  We ensure that investments are truly 'green' by conducting independent and in-house assessments, using the full CBI taxonomy on top of the four Green Bond Principles.
- **Additional issuer screening on environmental criteria**
  We assess both the bond and the issuer, ahead and after the issuance, including direct engagement with issuers.
- **Extensive impact report**
  Linked to our own Green Bond database, which covers the full global universe. Including exposure to the UN Sustainable Development Goals, providing insights into the goals the fund contributes to
- **Strong and stable performance track record**
- **Awarded with the GreenFin Label**
  External assurance that all investments are used for 'green' projects

NN investment partners

Reference performances for this strategy, gross of fees* as of 30 September 2021	NN (L) Green Bond (I Cap, EUR)			NN (L) Green Bond Short Duration (I Cap, EUR)**
	Portfolio Return	Benchmark Return	Relative Return	Portfolio Return
1 Month	-1.48	-1.41	-0.06	-0.07
3 Months	0.04	0.02	0.02	-0.08
YTD	-2.57	-2.83	0.26	-0.41
1 Year	-1.02	-1.50	0.49	0.71
3 Years (Ann.)	3.43	3.21	0.22	-
5 Years (Ann.)	2.12	1.82	0.29	-
Since Inception (Ann.)	2.72	2.26	0.46	1.20

* Source: NN IP Performance Measurement. Benchmark Green Bond: Bloomberg Barclays MSCI Euro Green Bond Index. Green Bond Short Duration has no benchmark. Returns are presented after all transaction costs, but before Ongoing Charges (consisting of Management Fee + Fixed Service Fee + Tax d'abonnement). Returns include the reinvestment of income. NN (L) Green Bond was launched on 1 March 2016 and NN (L) Green Bond Short Duration was launched on 1 April 2019. Past performance is no guarantee of future results and the possibility of loss does exist. The Ongoing Charges vary per share class - please refer to the share classes' Key Investor Information Document.

Portfolio Developments

- **NN (L) Green Bond returned -1.48% in September and generated underpeformance of -0.06%.**
- **NN (L) Green Bond Short Duration returned -0.07%.**
- **In September, the issuance of global green bonds ended up at EUR 70bn.**
- **Seven new issuances were added to the portfolio. The total number of issuers in the portfolio is 108 (186 holdings).**

Credit Market Review

Global Investment Grade Credit markets tightened slightly during the month of September, and only gave up some of their gains after a 25 bps. increase in 10-year U.S. Treasury yields and a 20 bps. increase in 10-year German Bund yields showed a shift in market expectations regarding monetary policy. The increase in government bond yields started after the Fed on 22 September made it clear that a taper announcement later this year is all but certain and that the tapering process would likely be completed around mid-2022. And with two more officials than during the June meeting expecting a first rate hike in 2022, the Committee became evenly split between a "liftoff" in 2022 versus 2023. The ECB also became less dovish, by announcing that PEPP purchases would be "moderately lower" in Q4 at their policy meeting in September. The key decision around the future of the PEPP and APP will be taken at the meeting in December, leaving markets in the dark until then. During the month, there were several comments from hawkish Governing Council members arguing that monetary stimulus could be scaled back. However, other ECB policymakers sided with ECB President Lagarde, who warned against withdrawing stimulus too rapidly. News of such supply shocks was indeed hard to be missed during the month, ranging from an energy crisis in the U.K. and China, labour shortages in the U.K. and the U.S., chip supply shortages, and a global shortage of shipping and port capacity. These have led to upward pressure on energy prices, wages, chip prices, and shipping costs, amongst others. Food prices have also risen this year, partly caused by a severe drought in Brazil, one of the world's biggest crop growers. Companies from various sectors cut their earnings forecast in September on the back of supply constraints and an increase in expenses.

Green Bond Market

Green bond issuance reached EUR 70 bn in September. The global green bond market now exceeds EUR 1 trillion of outstanding green bond, a significant milestone. As a result of the stronger-than-expected green bond issuance so far in 2021, we have raised our projection for full-year issuance to EUR 400 billion.

New issuance

Smurfit Kappa Group PLC (SKG) issued its debut EURO 1 billion green bond (BBB- S&P). Smurfit Kappa is a paper-based packaging manufacturer based in Ireland. The company released their Green Finance Framework in September and is came to market with their inaugural EUR 1 billion issues, with maturities of 8Y and 12Y, EUR 500mln each, and no grow. Smurfit Kappa has a low ESG risk rating and no evidence of relevant environmental controversies. Smurfit Kappa has implemented leading programmes to manage the environmental footprint of its operations and products. This includes an exceptionally high use of recycled materials and certified raw materials. The company also demonstrates high transparency to customers on the environmental performance of its products. In addition, Smurfit Kappa is well on track to achieve its carbon reduction targets. In 2019, Smurfit Kappa further progressed on its water risk assessments and water reduction goals. The company's overall management of material ESG issues is strong. Smurfit Kappa included two categories in the Green Finance Framework. The first one is circular economy, which includes reclamation of used fibres, recycling of used fibres, paper milling, and packaging conversion. The second category is environmental sustainable management of living natural resources and land use, which is related to the forests and raw materials certified in accordance with FSC, SFI (Sustainable Forestry Initiative), and PEFC. The issuer indicated that the main focus of the facilities in this green bond will lie in Europe market, and they are aiming for 100% renewable energy in Europe by 2030, which is welcomed by us. Smurfit Kappa is one of the first green bond issuers focusing on recycling for the paper-based packaging solution. Although the SFI certification is not as credible as FSC and PEFC for us, it counts less than 5% of the allocation. We also welcome their target to use 100% renewable energy in Europe and to reach net zero by 2050 with no offset, we hope they can include targets for air pollution from their facilities as well given that this is one of the environmental issues faced by paper mills. Overall the bond is green and we participated.

Engagement and dialogue

In September we had 6 calls with prospective and existing green bond issuers.

We had a call with the Spain treasury on their inaugural sovereign green bond. Spain has included 7 categories in the green bond

** No benchmark available for NN (L) Green Bond Short Duration framework, being: renewable energy (4%), clean transportation (71%), sustainable water and wastewater management (12%), energy efficiency (2%), protection and restoration of biodiversity, and ecosystems and environmentally sustainable management of natural resources (5%), pollution prevention and control and circular economy (2%), and adaptation to climate change (4%). The part that distinguishes the Spain framework from previous sovereign green bond frameworks is their focus on adaptation. Not only in the adaptation to climate change category, but Spain also incorporated the adaptation components in water, biodiversity, and pollution related categories. For adaptation and resilience projects, apart from showing that the projects materially reduce the physical climate risks, we would also like the issuer to assess the carbon footprint of the projects to show the mitigation trade-off, which the issuer claimed to have included in their assessment. Spain is the 11th European member state to issue a green bond. Their efforts to integrate the EU Taxonomy into the framework and their focus on climate change adaptation are welcomed by us. The issuer is also open and willing to take advice during the engagement, which leaves a good impression. Overall both issuer level and the framework pass our screening criteria, so we label this bond as green.

Investment Performance

NN (L) Green Bond returned -1.48% in September and posted an underperformance of -0.06%. Whilst sector allocation, bond selection and interest rate positioning were positive or neutral, unattributable technical factors on pricing contributed -0.08%. Sector allocation was positive (+0.02%) with underweights on Supranational (+0.01%) and Government Guaranteed (+0.01%). The top issuer contributor was the underweight in France sovereign green bond (0.05%) while the underweight in KFW contributed negatively (-0.02%).

The spread on Euro green bonds tightened from +0.62% at the end of August to +0.61% at the end of September. Yields on bunds were trending up in August from -0.383% to -0.199%.

NN (L) Green Bond Short Duration returned -0.07% with performance driven by the shorter duration and overweight allocation to corporates.

Outlook and Portfolio Positioning

The global economy has left the most impactful part of the COVID-19 pandemic behind it, as around 56% of the U.S. population and more than 60% of the European population has been fully vaccinated and vaccination rates in the rest of the world have already caught up or are catching up fast. And indeed, in those countries where the majority of the population has been vaccinated, governments are usually able to keep the number of restrictions low as vaccines are doing a good job at suppressing hospitalization rates, even though infection rates have risen again over the summer due to the more contagious delta variant. Thanks to the easing of restrictions and pent-up demand after the lockdowns earlier this year, the European economic recovery has now started to catch up with the U.S.. However, the likely implementation of part of U.S. President Biden's American Jobs and American Families plans later this year may continue to give the U.S. economy an edge due to the larger fiscal stimulus. But a fast economic recovery also poses a risk to markets, as the increase in inflation readings so far this year makes investors anticipate a potential tapering of central bank bond purchases. Although government bond yields have retraced from part of their increase during Q1 and early Q2, the Fed has started to prepare markets for a potential start of tapering before the end of this year. We think the increase in inflation this year is most likely to be largely transitory, as the forces that kept inflation low before the pandemic are generally still in place, but we cannot exclude the possibility of a regime shift as a result of the stimulus and reforms of the new U.S. administration. However, we expect that the supply and demand balance will continue to be favourable in credit markets as the recent pick-up in supply is mostly driven by companies bringing supply forward, and the amount of cash on corporate balance sheets remains high. Central banks are still a positive factor for technical as well, particularly in the Eurozone where the ECB's PEPP will run at least until March 2022 and its APP/CSPP will only end shortly before the ECB starts raising rates. Nevertheless, spreads have tightened significantly over the past year and are still below their early 2020 pre-pandemic levels. Therefore we do not expect spreads to widen materially over the coming months.

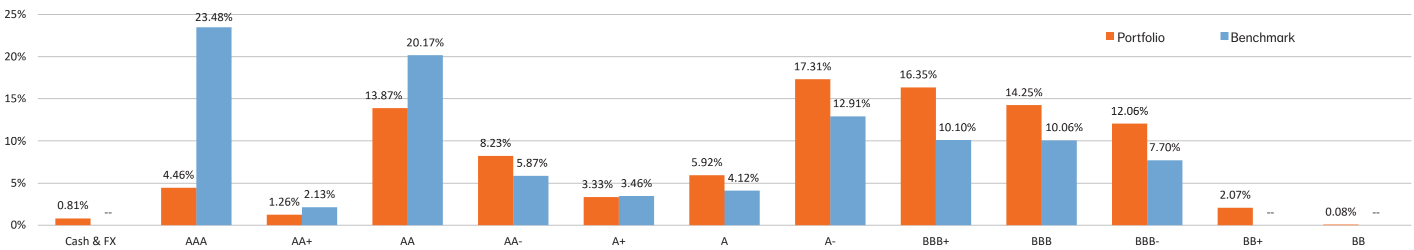
Seven new issues were added to the portfolio in August 2021. Our non-euro exposure remained at 4% of the portfolio. Currently, we are holding 186 green bonds from 108 different issuers in 2 different currencies. We do not hold any non-green bonds in the portfolio. We maintain our overweight corporates versus governments and government-related names in the portfolio and prefer to keep a positive credit spread beta in the portfolios. We still hold overweight in USD denominated green bonds and emerging market green bonds and underweight in supranational organizations and agencies.

Portfolio Highlights*

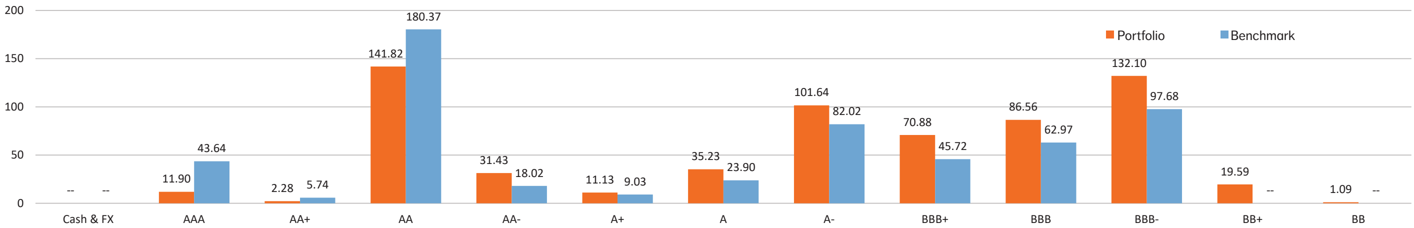
Portfolio Statistics	
Currency	EUR
Strategy Assets under Management	€4.1 bln
Yield of the portfolio	0.51%
Duration	9.32

Portfolio Statistics	
Option Adjusted Spread over Swap rate	43bp
Number of Issuers	108
Number of Issues	186
Effective Rating	A-

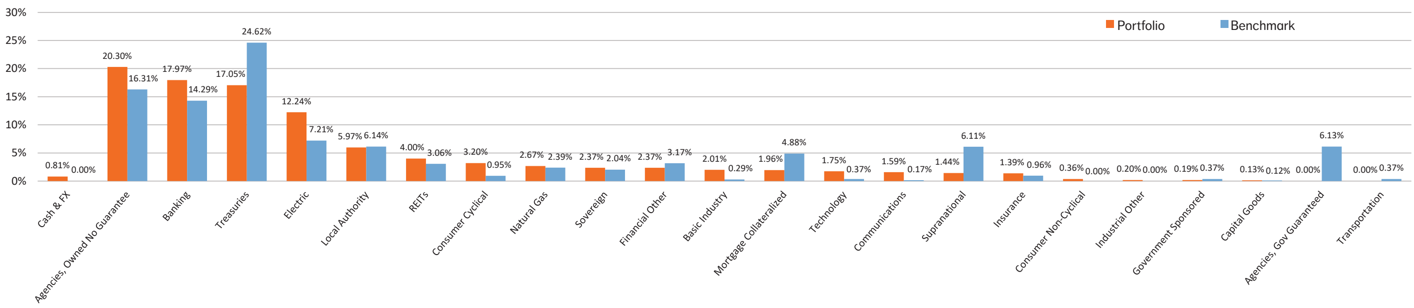
Rating Positioning Market Value



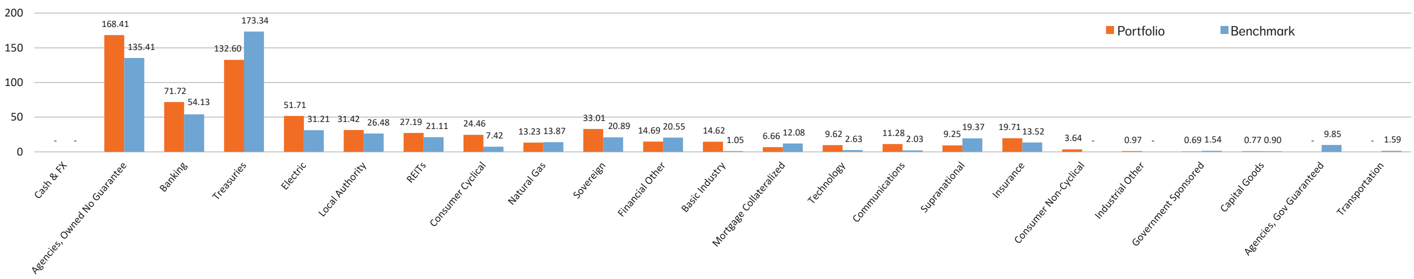
Rating Positioning Weighted Duration x Spread



Sector Positioning Market Value



Sector Positioning Weighted Duration x Spread



* Source: NN Investment Partners. All data are expressed as of 30 September 2021.

Annual Green House Gas Emissions Avoided (tons CO_2)*

Portfolio	343,362
Per 1 million invested:	245

* Greenhouse Gas (GHG) reduction reported by following share of portfolio: 68.89%

The Green House Gas Emissions avoided in the impact report since July 2021 vary from the figures included in the strategy briefs before July 2021 as we have updated our portfolio-level impact calculation to implement a more conservative methodology. The change is to remove the estimated impact for green bonds from repeat and new issuers where the first bond-specific impact report is not available. We now calculate that the impact for all above-mentioned green bonds is zero until the impact report for each bond is published by the issuer.

The CO_2 emissions saved per 1 mln invested in our fund are equivalent to the average annual emissions of:

15 households** or **98** passenger cars**

** Source: European Environment Agency and Eurostat (households) and Milieucentraal (passenger cars)

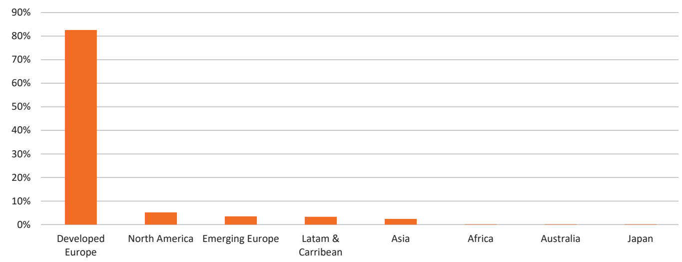
Top 5 Positive Contributions to GHG Reduction - Absolute

1	Energias De Portugal SA
2	Enel Finance Intl NV
3	Gas Natural Fenosa Finan
4	Mitsubishi Ufj Fin Grp
5	Banco Santander SA

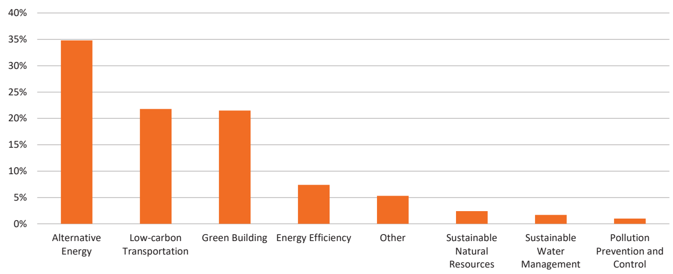
Top 5 Positive Contributions to GHG Reduction - Weighted

1	Energias De Portugal SA
2	Netherlands Government
3	Engie SA
4	Banco Santander SA
	Enel Finance Intl NV

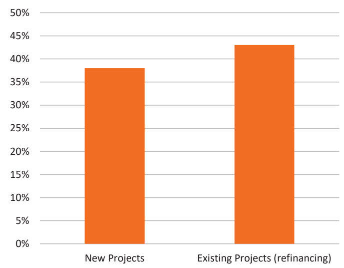
Breakdown of Projects by Region



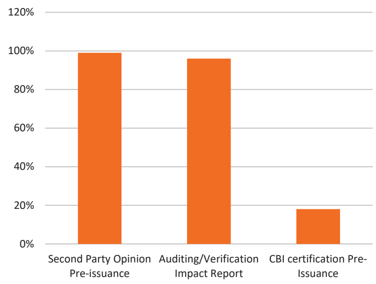
Breakdown of Projects by Use of Proceeds



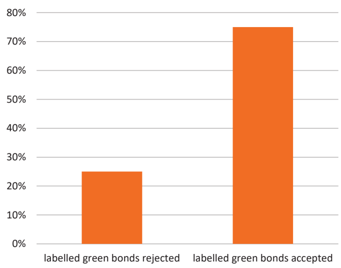
Use of Proceeds for New Versus Existing Projects



External Assurance



Global Green Labelled Bonds Assessed by NN IP



Renewable Energy Capacity Added (MW)*

Portfolio	**207**

* Renewable energy (RE) Capacity added (MW) reported by following share of portfolio: 25.65%

** Source: WindEurope

Renewable Energy Capacilty Added is equivalent to:

83 wind turbines**

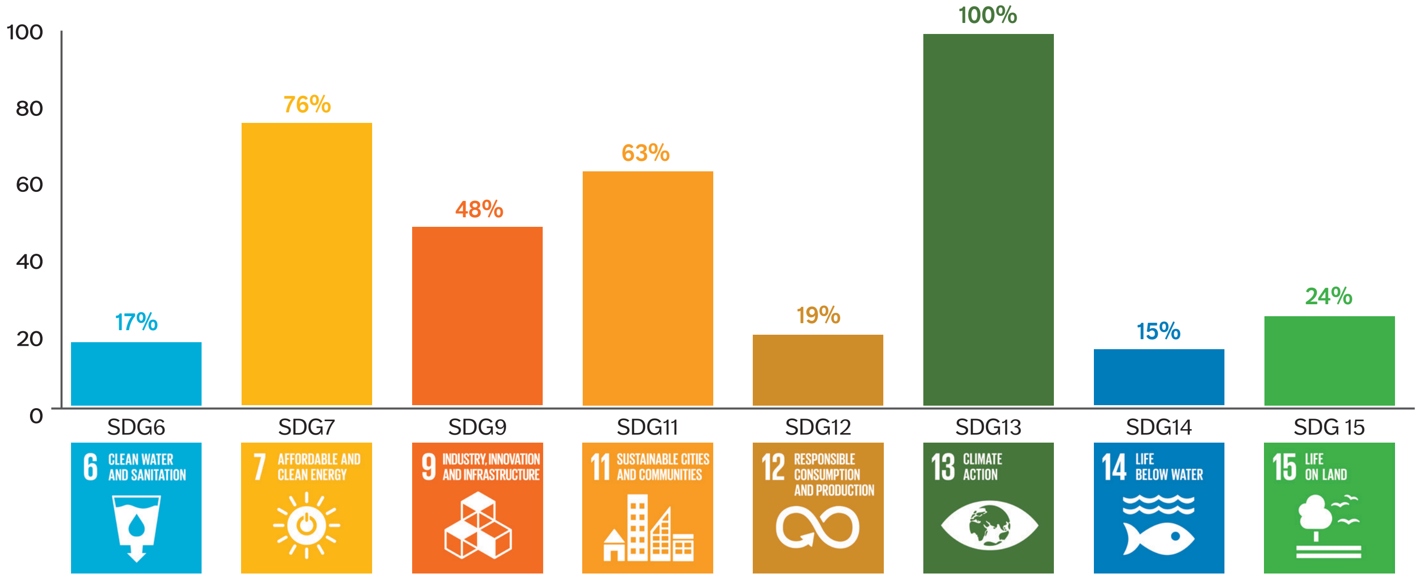
Top 5 Renewable Energy Capacity Added (MW) - absolute

1	Gas Natural Fenosa Finan
2	Orsted A/S Hybrid
3	Orsted A/S Hybrid-P
4	Energias De Portugal SA
5	Enel Finance Intl NV

Top 5 Renewable Energy Capacity Added (MW) - weighted

1	Iberdrola Intl BV
2	Energias De Portugal SA
3	Orsted A/S Hybrid
4	Enel Finance Intl NV
5	ENBW Intl Finance BV

UN Sustainable Development Goals Exposure*



* Portfolio positions can have exposure to multiple SDG themes.

In September 2015 the United Nations agreed on 17 Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure prosperity for all. Each goal has specific targets to be achieved by 2030. The UN's SDGs are a set of ambitious targets for making the world a better place. The chart above shows the exposure of the Green Bond Strategy to different SDGs. All the Green bonds in the portfolio are truly green and have a positive impact on climate change mitigation, as a result the exposure to Climate Action (SDG13) is 100%. The proceeds of many green bonds are used for alternative energy, hence the exposure to Affordable and Clean Energy (SDG7) is also high.

Green Bond Example**

Adidas AG: eligible

Sustainable materials, sustainable processes

Key figures	
Rating	**A2/A+**
ISIN	**XS2240505268**
Second Party Opinion	**Sustainalytics**
Nominal	**EUR 500 million**

Use of proceeds

- This is a sustainability bond in name. However, the use of proceeds is allocating 90% to green so it is eligible for the green bond portfolio
- 80% towards sustainable materials
- 10% towards sustainable processes
- 10% for sustainable community initiatives (social)

Eligible project examples

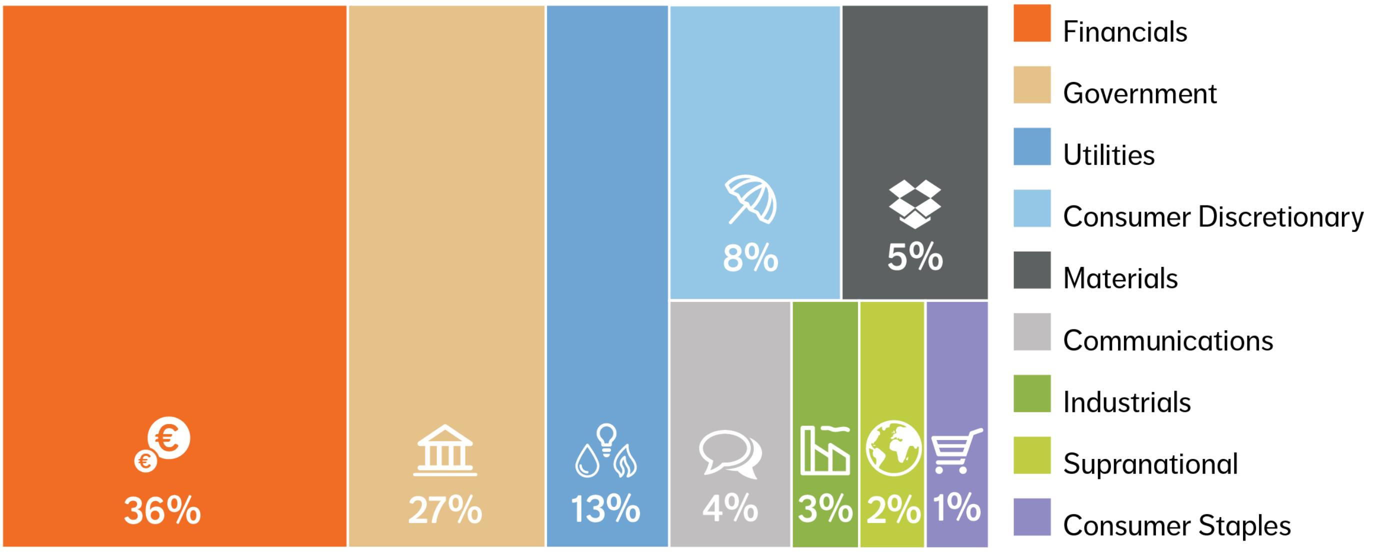
- Adidas AG targets to use 100% recycled polyester by 2024
- They have also identified other opportunities in recycled nylon, recycled cotton, recycled polymers, and are developing their own circular economy products in line with their 3-loop material strategy
- On sustainable processes, they aim to enhance their own operations through energy efficiency initiatives and supporting their business partners to drive energy efficiency measures

** For illustration purpose only. Company name, explanation and arguments are given as an example and do not represent any recommendation to buy, hold or sell the stock. The security may be/have been added and/or removed from any portfolio at any time without any pre-notice.

In 2020, NN IP engaged with 92 issuers operating in 9 different sectors across the world. The number of meetings delivering positive results has increased constantly over the last four years. In 2020 61% left us with a good impression and we are pleased to see increasing corporate efforts to integrate sustainability more fully into businesses and more transparency on reporting.

Engagement December 2020 (sectors)

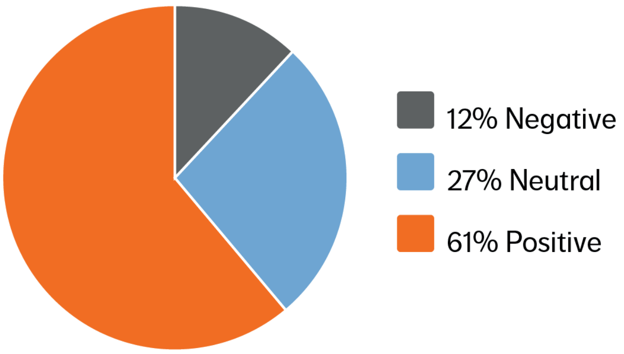
Engagement December 2020 Issuers by sector



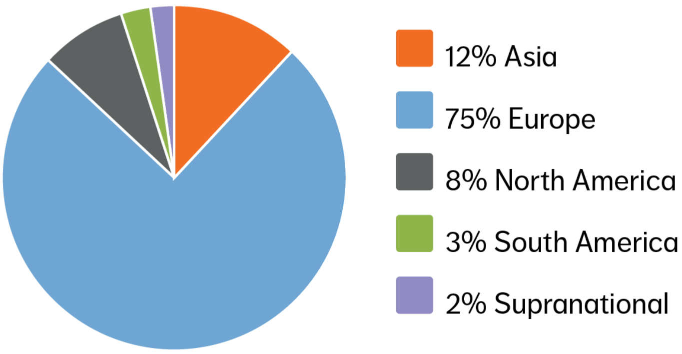
* Source: NN IP

Engagement December 2020 (issuers)

Engagement December 2020 Impression of Engagement with issuers



Engagement December 2020 Region of risk of the issuers



* Source: NN IP

Share Classes	ISIN	Currency	Management Fee (%)	Fixed Service Fee (%)	Ongoing charges including management fee (%)	Minimum Investment
NN (L) Green Bond						
I Capitalisation	LU1365052627	EUR	0.20	0.12	0.33	€ 250,000
I Distribution	LU1365053195	EUR	0.20	0.12	0.33	€ 250,000
P Distribution	LU1619163584	EUR	0.40	0.15	0.60	-
N Capitalisation*	LU1365052890	EUR	0.20	0.15	0.40	-
P Capitalisation	LU1586216068	EUR	0.40	0.15	0.60	-
P Capitalisation (hedged i)	LU1840630427	SEK	0.40	0.15	0.62	-
X Capitalisation	LU1738491338	EUR	0.75	0.15	0.95	-
I Capitalisation (hedged i)	LU1861144340	USD	0.20	0.12	0.35	€ 250,000
I Capitalisation (hedged i)	LU2213813608	GBP	0.20	0.12	0.35	€ 250,000
NN (L) Green Bond Short Duration						
I Capitalisation	LU1922482994	EUR	0.20	0.12	0.33	€ 250,000
I Distribution	LU1932640938	EUR	0.20	0.12	0.33	€ 250,000
I Capitalisation (hedged i)	LU1922483612	GBP	0.20	0.12	0.35	€ 250,000
I Distribution (hedged i)	LU1922483968	USD	0.20	0.12	0.35	€ 250,000
P Capitalisation	LU1922483299	EUR	0.40	0.15	0.60	-
X Capitalisation	LU1983361905	EUR	0.75	0.15	0.95	-

* only available for the Dutch market

Key Characteristics of the Strategy

Objective	
Investment objective	Outperform the Bloomberg Barclays MSCI Euro Green Bond Index
Benchmark	Bloomberg Barclays MSCI Euro Green Bond Index
Other Characteristics	
Investment universe	• Global Green Bonds, according to NN IP's interpretation of the Green Bond Principles • Allocations to opportunities in non-euro denominated issues (max 30%; to be hedged)
Rating	Max. 10% can be invested in sub-investment grade positions (BB+,BB,BB-)
Duration	Max. 1 year active duration position versus the benchmark For **NN (L) Green Bond Short Duration**: Duration hedged back to target duration of 2 years with futures
Currency	No currency risk versus the benchmark, hedging of non-EUR exposures

NN (L) 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 impact 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

NN investment partners

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.

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 based on SDG alignment and 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%**

SDGs

Goals	Water Management	Food Sufficiency	Energy Transition	Circular Economy
Solutions	• Water infrastructure • Water efficiency • Water treatment	• Agriculture • Food supply chain • Nutritional value	• Renewables • Efficient technologies • Electric vehicles	• Recycling • Waste management • Packaging

NN (L) Health & Well-being

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

Health and Well-being impact investing

Investors in the NN (L) Health & Well-being fund are well positioned to benefit from **global long-term social trends,** such as:

- Ageing populations and a growing middle class
- Need for more efficient healthcare solutions
- Structural move towards healthier living
- Widespread desire for increased self-sufficiency

The fund invests in companies that contribute to a healthier lifestyle and to the well-being of people around the globe. We believe that many of these solution providers not only contribute actively to a healthier society, but are also set to earn attractive financial returns for their investors.

Decent living standards

More than 500 million people live in conditions of extreme poverty and have poor access to **food, sanitation and basic social services,** while 800 million people live without electricity and 3 billion people do not have a basic handwashing facility with soap and water at home. In order to meet SDG 6 (Clean Water and Sanitation), government spending on water, sanitation and hygiene will need to triple by 2030. Investment solutions that should benefit from these requirements include **housing, sanitation & hygiene, and water & electricity utilities.**

Fit body & mind

Having **access to clean water, consuming sufficient and nutritious food,** and **living an active life** are key ingredients for a healthy lifestyle. Currently an estimated 2.3 billion people are overweight, while one in eight is obese. This stimulates noncommunicable diseases such as cancer, diabetes and cardiovascular issues, which account for 70% of the economic burden of diseases, or USD 3 trillion per annum. Companies that stimulate **healthy consumption** and **mental or physical activities** will benefit from the ambition to progressively prevent these diseases around the globe.

Affordable healthcare

The healthcare industry plays an especially important role in societal well-being. **Spending on healthcare is growing at a faster rate than GDP in many countries,** most notably the US. Growing demand from an ageing population, the high costs of research and development, and a poorly aligned combination of incentives for healthcare providers are among the chief reasons for the already-high costs.

Innovative companies are finding ways to make healthcare more sustainable and efficient – for example, by integrating different aspects of the complex supply chain, by aligning incentives among providers and by creating business models that make it easier for patients to receive the treatment they need.

Life enablers

Having access to **good education, financial services** and communication tools enables people to enhance their financial

NN investment partners

and social situation. With 750 million adults still illiterate, 1.7 billion people without a bank account and 3.1 billion people without internet access, there is a strong investment case for companies that provide solutions related to **education, financial inclusion and ICT services.**

Health & Well-being

The NN (L) Health & Well-being fund aims to promote quality of human life. The fund invests in companies offering solutions to the world's most pressing social challenges.

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's Sustainable Development Goals (SDGs)

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

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Investment opportunities

We have identified **four goals and twelve solutions** that target these global social 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) Health & Well-being fund invests in **listed equities** that offer **attractive financial returns** and have a **positive social impact.** We endeavour to measure the social 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 based on SDG alignment and 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	**LU0341736139**
Maximum stock position	10%
Fees I share	**0.60%**

SDGs

Goals	Decent Living Standards	Fit Body & Mind	Affordable Healthcare	Life Enablers
Solutions	• Housing • Sanitations & Hygiene • Water & electricity	• Healthy consumption • Food supplychain • Activity	• Life science tools • Medtech • Medical care	• Education • Financialinclusion • Access to ICT

NN (L) Smart Connectivity

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

Smart Connectivity impact investing

Investors in the NN (L) Smart Connectivity fund are well positioned to benefit from **global long-term societal trends,** such as:

- Rising levels of urbanization
- Continuous evolution of industrialization
- Accelerating pace of IT and digitization
- Need for quality standards and more transparency

The fund invests in companies that contribute to a more sustainable society through innovation and connectivity. We believe that many of these solution providers not only contribute actively to a more sustainable society, but are also set to earn attractive financial returns for their investors.

Enhanced productivity

Technology and innovation are key drivers behind higher productivity of labour and capital, and are therefore important enablers of economic growth. The industrial automation market is growing at a rate of 10% per year, driven by **robotics, 3D printing, augmented reality** and **new sensor technologies.** Cloud technology drives global IT spending as it offers superior data storage, computing speed and security. These trends result in growth opportunities for companies in the IT sector, including **software, (industrial) automation** and **consultancy companies.**

Resilient infrastructure

Urbanization leads to increased (air and waste) pollution. To meet economic and environmental targets, **sustainable buildings, efficient transportation** and **reliable networks** are essential. Digital connectivity is also on the rise. There are 27 billion internet-connected devices and each year this number grows by 15%. Industries that benefit from these trends and thus offer compelling investment opportunities include **smart building appliances, mobility,** and **network operators.**

Better knowledge

Knowledge-driven medium- and high-tech sectors are important disintermediaries for other sectors and represent 45% of GDP. **Scientific research, open access to information** and **good education** are strong enablers of economic progress and inclusive growth. Data is at the centre of many trends, and data consumption and production are expected to continue rising explosively, mainly due to the surge of **information processing, digitization** and the **Internet of Things.**

Investable solutions include **education, recruitment** agencies that provide more efficient job markets and providers of **data analytics and information services.**

Safe society

Digital safety and security are key ingredients for creating a **stable society** and provide trust and confidence for all economic actors. Cybercrime and fraud now represent 25% of the total economic cost of crime, estimated at almost USD 4 trillion annually. **Digital security** is therefore top of mind for business leaders and is growing at a rate of 10% per year as it gains share

NN investment partners

within overall IT budgets. Another impact of the rise in cybercrime is that financial institutions now need to spend more to meet regulatory requirements and improve their risk-monitoring practices. Globalization makes it more difficult to trace product origins, while regulators and consumers demand greater supply-chain transparency. Investible solutions include **testing & inspection, fraud prevention and identity detection,** and **(cyber) security firms.**

Smart Connectivity

The NN (L) Smart Connectivity fund aims to create a sustainable society. The fund invests in companies offering solutions with a positive societal 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's Sustainable Development Goals (SDGs)

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

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.** This 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 societal 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

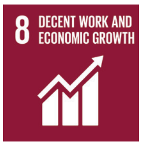
Our NN (L) Smart Connectivity fund invests in **listed equities** that offer **attractive financial returns** and have a **positive societal impact.** We endeavour to measure the societal contribution of the securities we hold in the portfolio and **engage with companies** to help them make a growing 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 based on SDG alignment and 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	**LU0242142221 (USD)**
Maximum stock position	10%
Fees I share	**0.60%**

<table>
<tr><td>SDGs</td><td colspan="4">


</td></tr>
<tr><td>Goals</td><td>Enhanced Productivity</td><td>Resilient Infrastructure</td><td>Better Knowledge</td><td>Safe Society</td></tr>
<tr><td>Solutions</td><td>• Software
• (Industrial) automation
• Consultancy</td><td>• Smart building
• Mobility
• Network operators</td><td>• Education
• Recruitment
• Data & information</td><td>• Testing & inspection
• Fraud prevention
• (Cyber) security</td></tr>
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Per maggiori informazioni

NN Investment Partners B.V.
Via Santa Maria Segreta 7/9 - 20123 Milano

Simona Merzagora
Managing Director
+39 02 3031 6401
simona.merzagora@nnip.com

Matteo La Tassa
Director - Institutional Clients
+39 02 3031 6406
matteo.latassa@nnip.com

Matteo Ercole
Director - Institutional Clients
+39 02 3031 6404
matteo.ercole@nnip.com

Elena Locatelli
Senior Client Servicing Manager
+39 02 3031 6405
elena.locatelli@nnip.com

Claudia Corso
Head of Marketing
+39 02 3031 6409
claudia.corso@nnip.com

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