

DPAM Invest B Equities NEWGEMS Sustainable

Shaping the future. Innovation & Disruption



WHY INVEST IN DPAM INVEST B EQUITIES NEWGEMS SUSTAINABLE?

- Seven growth themes reflecting key societal long-term changes.
- Global equity portfolio with positive bias on the US and mid-caps.
- Selection derives from top-down and bottom-up analysis as well as sustainability analysis.
- The combination of growth and sustainability can enhance long-term returns, potentially due to lower risks.
- Experienced management team with expertise in thematic and responsible investments.

WHY INVEST IN A MULTI-THEMATIC EQUITY STRATEGY?

A thematic fund enables one to **concentrate** investments in a **business segment** (renewable energy, artificial intelligence, etc.) with highly **attractive** potential.

This type of funds, typically growth-oriented, can nicely **complement** and **enhance the performance** of conventional portfolios made up of generalist funds.

In other to contain potential volatility, a **multi-thematic** strategy can **diversify** risk across a greater number of sectors while also giving the fund manager access to a larger set of opportunities.

WHY CHOOSE DPAM INVEST B EQUITIES NEWGEMS SUSTAINABLE?

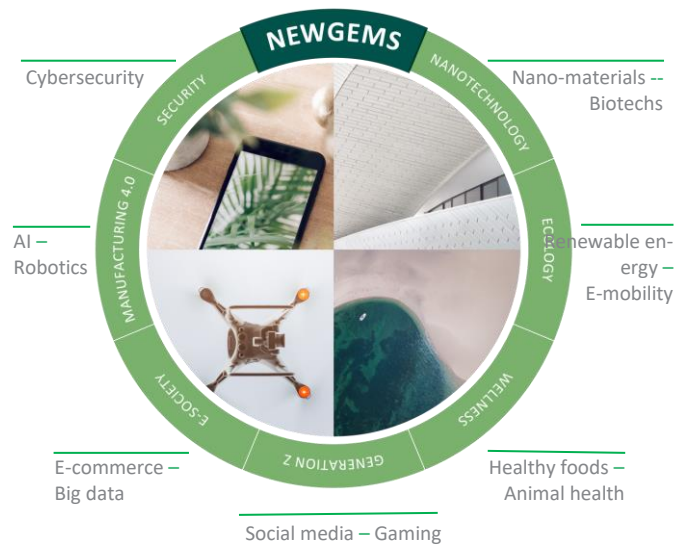
Unique combination of 7 growth themes. The fund focuses on themes and related companies or 'NEWGEMS' whose innovations (and profits) should shine over the long term as they shape future society. Examples of **disruptive sectors** include 3-D printing and e-commerce.

Global reach. DPAM believes that a theme should be pursued worldwide in order to seize potential winners everywhere, while diversifying risk. The US and mid-caps--the segments where innovation thrives the most--are favoured.

Sustainability. Companies with high or improving Environmental, Social and Governance (ESG) scores not only raise the ethical profile of your investments but also often have a **lower cost of doing business.**

Specifically, they often make efficient use of material, people and capital resources, which is **good for the balance sheet**, for resilience during leaner years and for long-term investor returns.

Compelling data. Active and **fundamental** stock selection based on financial metrics is also a key feature of this fund.



→ As a result, DPAM Invest B Equities NEWGEMS Sustainable is a diverse collection of companies that, in our view, offer the **best possible combination of ESG-friendly and long-term financial potential** for each NEWGEMS theme.

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WHAT DOES DPAM INVEST B EQUITIES NEWGEMS SUSTAINABLE INVEST IN?

- ✓ Listed companies worldwide.
- ✓ Pure equity fund: the cash position is capped at 5% and derivatives are not used to enhance performance.

HOW IS THE PORTFOLIO CONSTRUCTED?

Step 1. Definition of the NEWGEMS equity pool

- **Thematic filter:** The fund managers have drawn a list of companies throughout the world that have a link with the 7 themes. This is a dynamic list: they regularly look for new actors within these themes.
- **Quantitative filter:** Most companies must meet minimum criteria on cap size (EUR300 million) and valuation (based on free cash flow).
- **Sustainable filter:** Companies active in tobacco, armament, pornography or gambling or that do not comply with UN global standards are excluded.

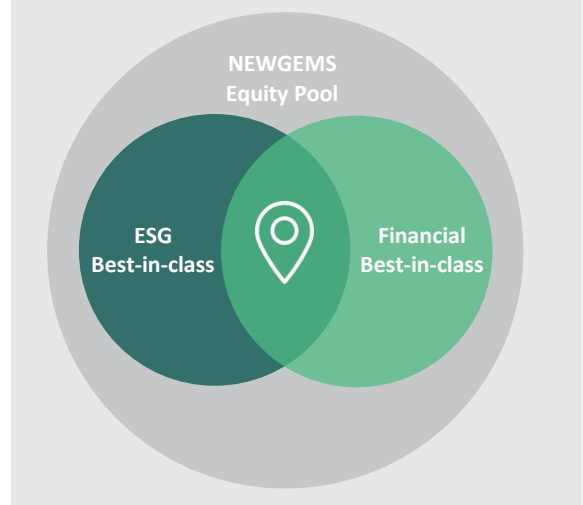
Step 2. In-depth analysis

- **Top-down:** The fund managers assess macro trends and forecasts for the various countries, themes, sub-sectors, etc.
- **Bottom-up:** They research companies using quantitative (cash flow, leverage, etc.) and qualitative (competitive advantage, management track-record, etc.) criteria.
- **ESG:** Company sustainability is assessed on the basis of in-house Key Performance Indicators (KPIs) that are specific to each sector. For example, cybersecurity is more relevant to financials, while energy efficiency matters more for automakers. Companies involved in high level controversy and with relatively weak KPIs are avoided.

Step 3. Building a 'best of both worlds' portfolio The fund managers assemble a **diversified** portfolio of 70 to 80 companies with a solid sustainability reputation and whose innovative solutions are expected to shape future society and boost profitability over the long term.

Step 4. Surveillance and risk control Portfolio holdings are continuously reviewed. While the fund managers have a **buy-and-hold** strategy, this is an **actively managed portfolio**: they are always on the look-out for new opportunities and also strictly follow sell principles when holdings no longer meet sustainability or quantitative criteria.

DPAM Invest B Equities NEWGEMS Sustainable: A Best-in-Class Investment Process



TRIO OF THEMATIC FUND MANAGEMENT SPECIALISTS



Dries Dury

Tom Demaecker

Jonathan Graas

- The fund is co-managed by **Dries Dury**, **Tom Demaecker** and **Jonathan Graas**, who together have over 30 years' experience with a focus on equity analysis, equity portfolio management and sustainable equity products.

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