



ODDO BHF
ASSET MANAGEMENT

Fund Insight

ODDO BHF GREEN PLANET

SEPTEMBER 2023

THE FIGURE OF THE MONTH

80 *millions*

Kilometres of cable are needed to develop the world's electricity networks by 2050

Assets under management

\$ 114 M

PORTFOLIO SNAPSHOT

Share classes

RETAIL	NAV CR-EUR (26/10/2020) ¹	€ 100	NAV CR-EUR (31/08/2023)	€ 112.08
INSTITUTIONAL	NAV Clw-USD (26/10/2020) ¹	\$ 1,000	NAV Clw-USD (31/08/2023)	\$ 1,062.62

[Access to the latest performance and factsheets](#)

[Labels](#)

[Risk Indicator ²](#)

[VIEW](#)



① ② ③ ④ ⑤ ⑥ ⑦

Past performance is not an indication of future results. Performance may vary over time.

Countries in which the fund is authorized for marketing to clients: France, Italy, Switzerland, Germany, Netherlands, Austria, Portugal, Spain, Belgium, Sweden, Luxembourg, Finland, Norway

¹ Launch date of the share class | ² The summary risk indicator (SRI) is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the market or because we are not able to pay you. It ranges from 1 (low risk) to 7 (high risk). This indicator is not constant and will change according to the fund's risk profile. The lowest category does not mean risk-free. Historical data, such as that used to calculate the SRI, may not be a reliable indication of the fund's future risk profile. There is no guarantee that the investment objectives in terms of risk will be achieved.

Data as of 31/08/2023 | Source: ODDO BHF AM SAS

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Story OF THE MONTH

The energy transition will require massive growth in the electrification of transport, industry and buildings, making it essential to transform electricity networks in an unprecedented way. In 2022, 274 billion dollars were invested in the modernisation and creation of electrical infrastructures, whereas almost 800 billion dollars a year are needed between now and 2050 in a carbon neutral scenario. To meet this challenge, the production of cables, particularly high-voltage cables, is a key element.

THE START OF A SUPER-CYCLE OF INVESTMENT IN ELECTRICITY NETWORKS

The development of electricity networks in most geographical regions has been slow over the last decade due to a lack of investment, which has been offset by gains in energy efficiency. For the years ahead, the acceleration of the transition to electrification now offers promising growth prospects.

Three main factors are driving the acceleration of investments in electricity networks:

- The average age of infrastructure (around 70% of transmission infrastructure is over 30 years old in the United States and Europe)
- The rapid growth in the production of renewable energies (which should increase from 12% of the mix in 2022 to more than 80% in 2050 in a carbon-neutral scenario)
- The development of new uses, particularly in terms of mobility and digitisation (electric vehicles, data centres)

Consequently, the investment needed in a carbon-neutral scenario in 2050, i.e. around 800 billion dollars per year, can be divided between the replacement of the most obsolete assets (19%), the upgrading of existing assets (40%), and the development of new infrastructures (41%)¹.

Around 40% of this investment should be allocated to transmission infrastructure (high-voltage networks transporting electricity from production sites to densely populated areas) and 60% to distribution infrastructure (low- or medium-voltage networks transporting local electricity).

CABLES, A MARKET AT THE HEART OF ELECTRIFICATION

This super-cycle of investment in electricity networks represents a very significant growth opportunity for

operators of transmission and distribution infrastructures (utilities), but also for the entire related value chain. At the heart of this value chain, **producers of electrical cables** occupy an indispensable place in a market that is expected to grow by an **average of 7% to 8% a year between now and 2030**.

The cable market is divided into two major blocks:

- Low and medium voltage cables (around 85% of the market in volume, expected to grow by 4% to 5% a year between now and 2030), used mainly in applications linked to the end demand for electricity (transport, telecommunications, buildings)
- High-voltage cables (around 15% of the market in volume, expected to grow by 15% to 20% a year between now and 2030), which are used for transmission infrastructures. This market is divided into three main segments (submarine interconnections, onshore interconnections, and offshore wind energy) and is two to three times more profitable than the low and medium voltage market, given the high technological barriers to entry and the oligopolistic situation on the supply side (the 4 main operators - Prysmian, Nexans, Sumitomo Electric, NKT - have a combined market share of over 50%).

OUR EXPOSURE TO THE CABLE MARKET

We are currently invested in the world market leader, the Italian group **Prysmian**. Primarily serving 3 end markets (energy, industry and telecommunications), the group operates across the entire electrical network value chain (generation, transmission and distribution), generating 52% of its business in Europe, 31% in North America, 9% in Asia-Pacific and 9% in Latin America. As of June 30, 2023, Prysmian's order book stood at an all-time high of €9.1 billion.

None of the aforementioned companies constitutes an investment recommendation.

Past performance is not a reliable indication of future return and is not constant over time.

¹ Source : BloombergNEF, New Energy Outlook – Grids, 2023

Why invest

IN ODDO BHF GREEN PLANET

A GLOBAL EQUITY FUND TO CAPITALIZE ON THE GLOBAL ECOLOGICAL TRANSITION:

Play an active and pragmatic role in the ecological transition by participating in the re-allocation of capital towards the ecological transition representing an annual investment gap from \$4,000bn to \$5,000bn.

AN EXPOSURE TO ALL ASPECTS OF THE ECOLOGICAL TRANSITION THEMATIC:

Invest in companies with a direct exposure to 4 subthemes with growth potential encompassing all aspects of the ecological transition according to our analysis: clean energy, energy efficiency, sustainable mobility, preservation of natural resources.

A STATE-OF-THE-ART INVESTMENT PROCESS DRIVEN BY ARTIFICIAL INTELLIGENCE:

Use of Natural Language Processing (NLP) algorithms by management team with more than 4 million data points analysed per day with the objective of generating new ideas and detecting the most alpha generating subthemes linked of the ecological transition theme.

A SUSTAINABLE APPROACH:

Identify the best and most-promising companies based on environmental business involvement criteria. Fundamental reviews are performed by portfolio managers and ESG teams.

INVESTMENT TEAM



NICOLAS JACOB
Equity Fund Manager
ODDO BHF
Asset Management SAS



BAPTISTE LEMAIRE
Equity Fund Manager
ODDO BHF
Asset Management SAS

RISKS

The fund is exposed to the following risks: risk of capital loss; equity risk; risk associated with holding medium capitalizations; interest rate risk; credit risk; risk associated with discretionary management; volatility risk; counterparty risk; liquidity risk of underlying assets; modelling risk; risk associated with commitments on forward financial instruments; exchange rate risk; currency risk; emerging market risk, investment in China, Stock Connect, Bond Connect, sustainability risk.

ISIN codes of the fund

CR-EUR
LU2189930105

CR-EUR [H]
LU2189929511

CR-USD
LU2189930014

CRw-EUR [H]
LU2189929867

CI-EUR
LU2189930287

CI-EUR [H]
LU2189929438

CI-USD
LU2189929941

CIw-USD
LU2189930527

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ODDO BHF ASSET MANAGEMENT SAS (FRANCE)

Portfolio management company approved by the Autorité des Marchés Financiers under GP 99011.
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