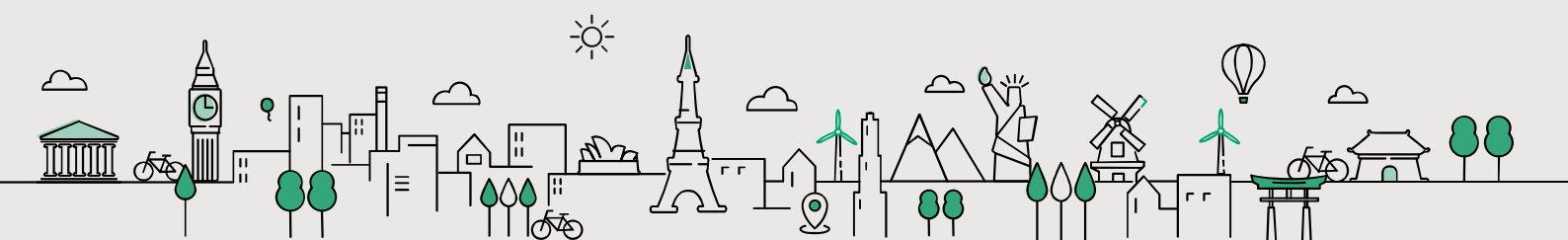


ABS FUNDS

BNP PARIBAS FLEXI I - ABS OPPORTUNITIES



INVESTOR REPORT
3RD QUARTER 2019

FOR PROFESSIONAL INVESTORS



BNP PARIBAS
ASSET MANAGEMENT

The asset manager
for a changing
world

BNP Paribas Flexi I - ABS Opportunities

Portfolio manager's comment

■ Performance overview

- Political uncertainties (trade war, political developments in Europe and the Middle-East) and global economic growth concerns fuelled volatile equity markets. EU and US Central Banks dovish tones led to significant actions. US Federal reserve bank cut its rates twice while ECB cut deposit rates and announced Quantitative Easing extension (including ABS Purchase Program). In this context, long-term interest rates further decreased on each side of the Atlantic with a now flat curve in the US and a negative curve in Germany. 10 years government rates ended the Quarter at 1.66% and -0.57% respectively.
- European Structured Finance markets remained active during the Quarter. ABS issuance is catching up after a lacklustre first half and CLO issuance is at record level since 2009. Investment grade CLO notes also benefited the most from Euribor floored at zero in the computation of CLO yields. Corporate credit concerns in Europe weight upon non-investment grade CLO notes.
- The fund posted a positive performance at +0.52% on the Quarter and +3.77% Ytd¹.

■ Allocation changes

- Thanks to good pricing conditions in the CLO primary market, we did further reduce the cash bucket (2.1% vs 5.7%) with overall allocation to corporate obligors now at 74.6%.
- While still waiting for the final outcome of Brexit, the UK exposure remains fairly contained at 14.4% of total NAV (9.2% of which through CLOs).
- Based on favourable deal profiles and pricing conditions, we added 2 new CLO equity exposures ("Sub. Notes") and raised the allocation to the bucket at 7.9% vs 5.5%.

■ Major portfolio metrics shifts

- Due to spreads widening in the sub-IG CLO market and following investments carried out, the portfolio current yield rose to E3M+399bp (vs. E+355), with the average portfolio WAL now at 6.1 years (vs 5.7 years).
- Thanks to continued amortisation in the ABS bucket, the portfolio experienced 4 new rating upgrades. Excluding cash and non-rated assets, the average portfolio rating remains within the BB+ range (cash and NR excluded).

■ Outlook

- Based on on-going Central Banks support, we remain constructive for the coming months. We will continue to take advantage of any volatility spike and/or primary market opportunities to maintain the portfolio yield. Given the more challenging corporate credit context, we may perform switches within the CLO exposures.

PORTFOLIO MANAGERS

- O. Boutoille (CLOs)
- D. Favier (ABS\RMBS)
- M. Fryszman (SF head)
- L. Meric (PM assistant)
- S. Williams (PM assistant)

GROSS PERFORMANCE TARGET

3 months Euribor + [350] bp *

LIQUIDITY

- Daily NAV (10 days redemption notice)
- 5 years investment horizon

CREDIT QUALITY

Minimum 30% IG or equivalent at purchase

INTEREST RATE DURATION

1 to 3 years

FX EXPOSURE TARGET

100% hedged into EUR

UNIVERSE

Securities denominated in OECD member currencies

INSTRUMENTS

- Mainly, but not restricted to:
- ABS
 - RMBS
 - CLO

FUND DETAILS

- Strategy inception date: March 2008
- Classic share (capi): LU1815417503
 - Privilege share (capi): LU1815417768
 - I share (capi): LU1815417925

Management fees (OCR):

- Classic shares: 100bp pa
- Privilege shares: 65bp pa
- I shares: 44bp pa

Performance fee:

All shares: 15% > 3M Euribor+3.5%

Custodian and administrative agent:
BNP Paribas Securities Services

Vehicle: UCITS registered fund

1. Past performance or achievement is not indicative of current or future performance.

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Major portfolio metrics (15/10/2019)

Main portfolio features

	15/10/2019	PVS Quarter
Net Asset Value (EUR)	214,170,000	213,800,000
Average Rating ¹	BB+	BB+
Weighted Avg Life (WAL)	6.11 yrs	5.73 yrs
Avg Discount Margin (DM)	399 bps	361 bps
Number of bonds	114	111
Top Single Exposure	2.39%	2.37%
Investment horizon	5 years	
Inception Date	03/03/2008	

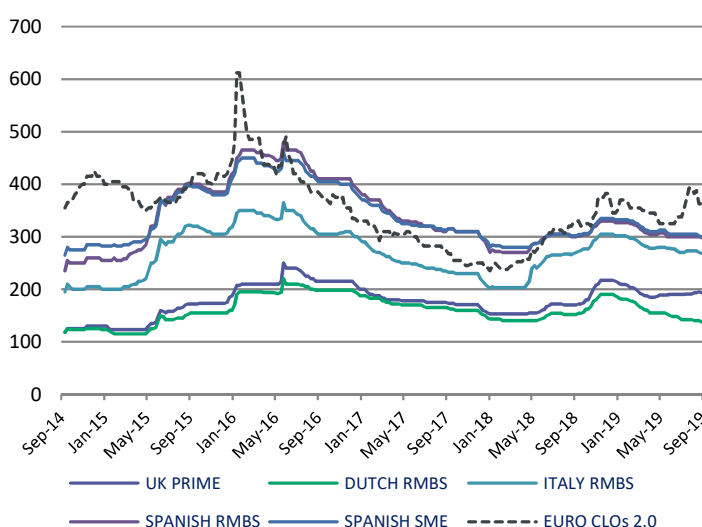
Performances (I share class, net of fees)

	Return (volatility)
Target (gross)	E3m+[350]bps
Jul / Aug / Sep	0.43% / -0.08% / 0.16%
Quarter / Year-to-Date	0.52% / 3.77%
12 months	1.92% (2.2%)
3 years annualised	3.94% (1.7%)
5 years annualised	3.30% (2.5%)
7 years annualised	4.26% (2.6%)
10 years annualised	5.34% (3.9%)

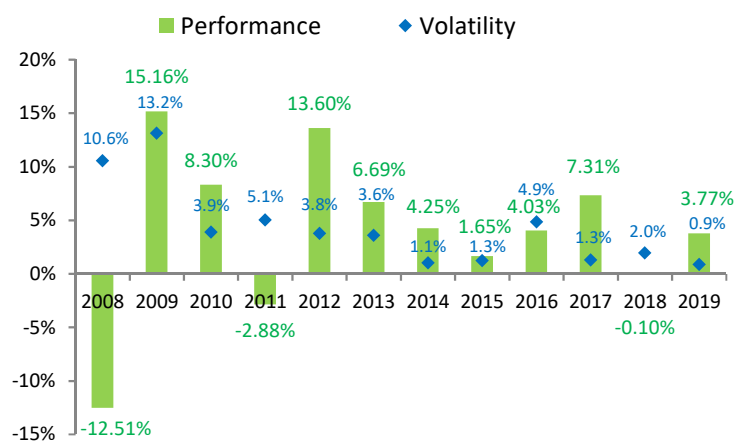
Portfolio metrics by asset type

Sectors	Exposure (%)		DM (bp)		WAL (yrs)		Cur. Rtg ¹		Seniority Rk ²	
	2019-Q3	(Q2)	2019-Q3	(Q2)	2019-Q3	(Q2)	2019-Q3	(Q2)	2019-Q3	(Q2)
Large Corporate	72.4%	(67.9%)	481	(455)	7.2	(7.3)	BB+	(BB+)	4.4	(4.3)
SME Corporate	1.3%	(1.4%)	299	(303)	1.1	(2.4)	BB	(BB-)	3.5	(3.5)
Leasing	0.0%	(0.0%)	-	-	-	-	-	(-)	-	-
Commercial Real Estate	0.9%	(1.0%)	236	(241)	3.4	(3.6)	BBB	(BBB)	4.0	(4.0)
Residential Real Estate	14.1%	(15.4%)	180	(199)	4.2	(3.4)	BBB-	(BBB-)	3.1	(3.0)
Personal Finance	7.3%	(6.7%)	241	(183)	2.4	(2.1)	BB+	(BB+)	3.1	(2.5)
Other	1.9%	(2.0%)	99	(103)	2.7	(2.8)	A+	(A+)	1.0	(1.0)
Cash	2.1%	(5.7%)	-2	(-0)	0.2	(0.2)	Cash	(Cash)	1.0	(1.0)
Total NAV	100.0%	(100.0%)	399	(361)	6.1	(5.7)	BB+	(BB+)	4.0	(3.7)

BBB ABS/CLO market spread history



Performance history (I share, net of fees)



¹ Based on second best rating where several ratings available, excluding non-rated assets

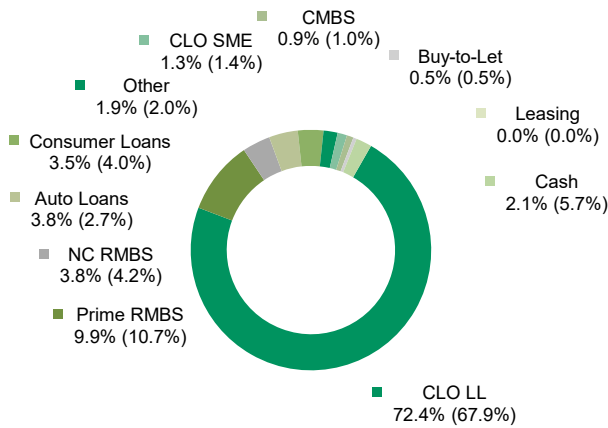
² Weighted average ranking-priority of the notes (from 1 for senior-most notes to 7 for junior-most notes)

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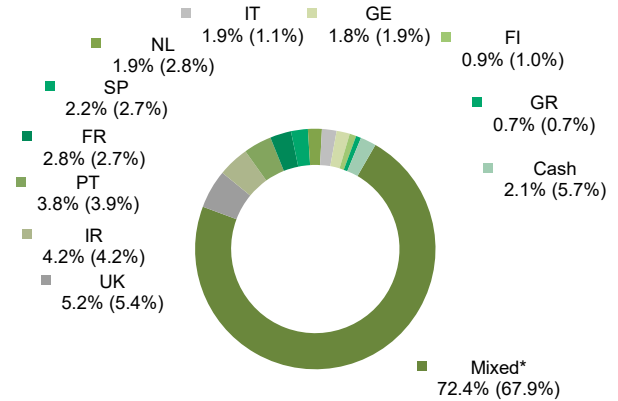
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Portfolio breakdowns (15/10/2019)

Portfolio by loans type

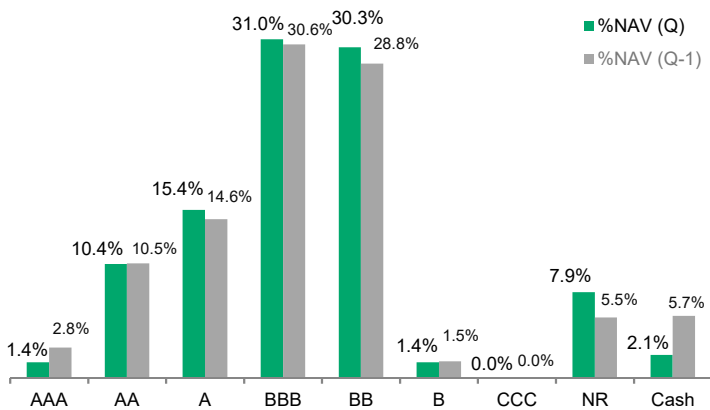


Portfolio by country



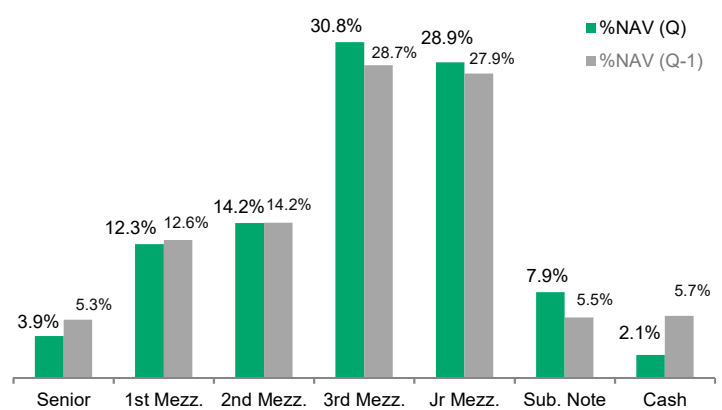
* CLOs, 90% of loans from core countries

Portfolio by bond rating¹

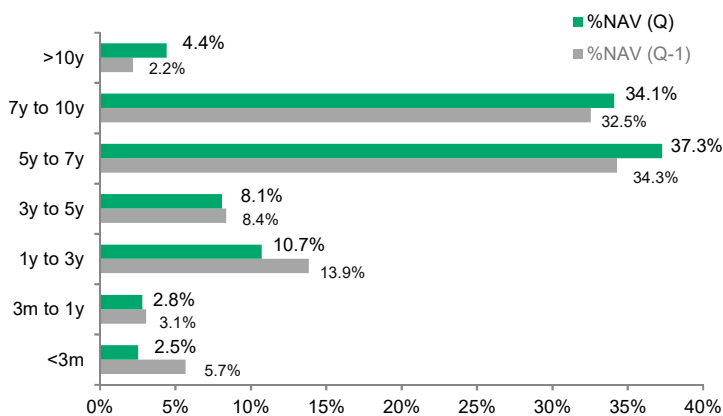


¹ Based on second best ratings when several ratings are available

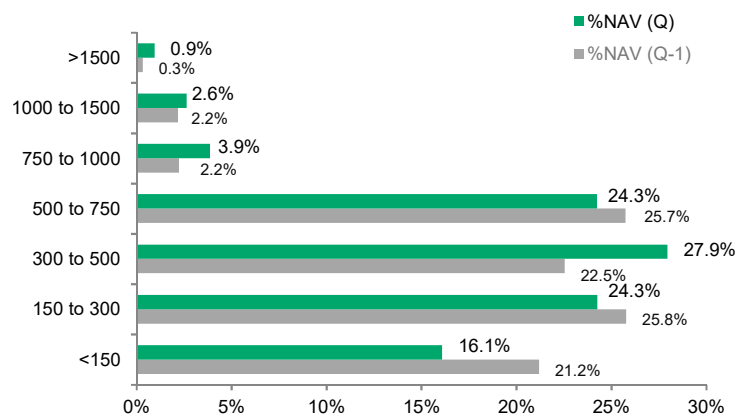
Portfolio by bond seniority



Weighted average life distribution



Discount margin distribution (bp)



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Top 15 exposures by % of NAV

N°	Security Name	M/O/S***	Country	Sector	Seniority	Cur. Rtg**	NAV %	DM	WAL
1	BILB 2X B	Guggenheim	Mixed*	EU CLO LL	2nd Mezz.	A	2.4%	257	7.2
2	MDPKE 14X D	CSAM	Mixed*	EU CLO LL	3rd Mezz.	BBB-	2.3%	368	8.3
3	ACLO 1X DRR	Spire	Mixed*	EU CLO LL	3rd Mezz.	BBB-	2.3%	390	8.5
4	OZLME 4X B	Och-Ziff	Mixed*	EU CLO LL	1st Mezz.	AA	2.3%	152	6.1
5	CADOG 11X DN	CSAM	Mixed*	EU CLO LL	3rd Mezz.	BBB	2.3%	313	6.6
6	SPAUL 10X E	ICG	Mixed*	EU CLO LL	Jr Mezz.	BB	1.9%	666	8.0
7	TAGST 2009-ENG2 A	EDP Elec. Receiv.	PT	Portug. Other	Senior	A+	1.9%	99	2.7
8	TCL0 3X D	Chenavari	Mixed*	EU CLO LL	3rd Mezz.	BBB	1.9%	341	5.9
9	ACLO 4X B	Spire	Mixed*	EU CLO LL	1st Mezz.	AA	1.8%	135	5.7
10	PENTA 2018-5X C	Partners	Mixed*	EU CLO LL	2nd Mezz.	A	1.8%	267	6.6
11	ARBR 6X D	Oaktree	Mixed*	EU CLO LL	3rd Mezz.	BBB-	1.7%	388	8.1
12	AQUA 4 B	Montepio Credito	PT	Portug. Auto Loans	1st Mezz.	BBB-	1.7%	212	1.9
13	ACLO 5X D	Spire	Mixed*	EU CLO LL	3rd Mezz.	BBB-	1.6%	391	8.3
14	AVOCA 20X E	KKR	Mixed*	EU CLO LL	Jr Mezz.	BB	1.5%	625	9.0
15	OHECP 2015-4X B1R	Oak Hill	Mixed*	EU CLO LL	1st Mezz.	AA	1.4%	139	5.4

Top 15 holdings	3rd Mezz.	BBB-	28.8%	313	6.6
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Top 15 exposures by discount margin (DM)

N°	Security Name	M/O/S***	Country	Sector	Seniority	Cur. Rtg**	NAV %	DM	WAL
1	CGMSE 2014-2X SUB	Carlyle	Mixed*	EU CLO LL	Sub. Note	NR	0.3%	1,938	10.6
2	CADOG 7X M	CSAM	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	1,540	10.5
3	CRNCL 2017-8X M2	Cairn	Mixed*	EU CLO LL	Sub. Note	NR	0.3%	1,295	9.5
4	AVOCA 13X SUB	KKR	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	1,180	9.2
5	CORDA 4X SUB	CVC	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	1,068	8.5
6	BNPAM 2019-1X SUB	BNPP AM	Mixed*	EU CLO LL	Sub. Note	NR	1.3%	1,046	11.4
7	CONTE 7X SUB	Five Arrows	Mixed*	EU CLO LL	Sub. Note	NR	1.3%	950	13.1
8	ARBR 4X SUB	Oaktree	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	949	8.6
9	BECL0 4X SUB	Blackrock	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	943	9.4
10	TIKEH 4X SUB	Tikehau	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	931	10.7
11	TIKEH 3X SUB	Tikehau	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	929	9.1
12	CONTE 5X SUB	Five Arrows	Mixed*	EU CLO LL	Sub. Note	NR	0.7%	847	9.8
13	SPAUL 10X E	ICG	Mixed*	EU CLO LL	Jr Mezz.	BB	1.9%	666	8.0
14	GLGE 3X E	Man-GLG	Mixed*	EU CLO LL	Jr Mezz.	BB	0.9%	665	6.7
15	FOAKS 1X E	Fair Oaks	Mixed*	EU CLO LL	Jr Mezz.	BB-	1.0%	632	6.6

Top 15 by DM	Sub. Note	BB-	11.2%	942	9.4
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Top 15 exposures by rating

N°	Security Name	M/O/S***	Country	Sector	Seniority	Cur. Rtg**	NAV %	DM	WAL
1	BNPAM 2019-1X SUB	BNPP AM	Mixed*	EU CLO LL	Sub. Note	NR	1.3%	1,046	11.4
2	CONTE 7X SUB	Five Arrows	Mixed*	EU CLO LL	Sub. Note	NR	1.3%	950	13.1
3	CONTE 5X SUB	Five Arrows	Mixed*	EU CLO LL	Sub. Note	NR	0.7%	847	9.8
4	CADOG 7X M	CSAM	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	1,540	10.5
5	ARBR 4X SUB	Oaktree	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	949	8.6
6	AVOCA 13X SUB	KKR	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	1,180	9.2
7	TIKEH 3X SUB	Tikehau	Mixed*	EU CLO LL	Sub. Note	NR	0.6%	929	9.1
8	CORDA 4X SUB	CVC	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	1,068	8.5
9	ADAGI IV-X SUB	AXA IM	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	527	8.2
10	TIKEH 4X SUB	Tikehau	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	931	10.7
11	BECL0 4X SUB	Blackrock	Mixed*	EU CLO LL	Sub. Note	NR	0.4%	943	9.4
12	CRNCL 2017-8X M2	Cairn	Mixed*	EU CLO LL	Sub. Note	NR	0.3%	1,295	9.5
13	CGMSE 2014-2X SUB	Carlyle	Mixed*	EU CLO LL	Sub. Note	NR	0.3%	1,938	10.6
14	RHIPO 9 C	Rural Hipo.	SP	Spanish RMBS	2nd Mezz.	B-	0.5%	145	10.8
15	NORIA 2018-1 F	BNPP PF	FR	French Cons. Loans	Jr Mezz.	B-	0.4%	331	2.0

Top 15 by Rating**	Sub. Note	B-	8.9%	962	10.0
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¹ Collateral Manager, Originator or Servicer

² CLOs are backed by corporate loans from various countries (85% core countries)

³ Based on second best rating where several ratings available, non-rated assets excluded for average rating calculations

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Top 10 rating upgrades/downgrades

N°	Security Name	M/O/S***	Country	Sector	Rtg shift**	Cur. Rtg**	NAV %	DM	WAL
1	RLOC 2007-1X B1A	ResLoc UK	UK	UK NC RMBS	+4	A+	0.5%	250	4.4
2	CHAPE 2007 C	DSB Bank	NL	Dutch Cons. Loans	+3	A	0.9%	142	3.6
3	FSTNT 12 C	Permanent TSB	IR	Irish RMBS	+1	AA+	0.5%	109	2.0
4	ERLS 2018-1 A	Loan Star	IR	Irish RMBS	+1	A+	0.3%	140	0.3

Top 10 Rtg shifts	+2.5	A	2.2%	157	3.0
Total Rtg shifts	+2.5	A	2.2%	157	3.0

Top 10 purchases

N°	Security Name	M/O/S***	Country	Sector	Seniority	Cur. Rtg**	EUR	DM	WAL
1	ACLO 1X DRR	Spire	Mixed*	EU CLO LL	3rd Mezz.	BBB-	5,008,667	390	8.5
2	BNPAM 2019-1X SUB	BNPP AM	Mixed*	EU CLO LL	Sub. Note	NR	2,777,490	1,046	11.4
3	CONTE 7X SUB	Five Arrows	Mixed*	EU CLO LL	Sub. Note	NR	2,737,500	950	13.1
4	AUTOF 1 E	Findomestic SpA	IT	Italian Auto Loans	Jr Mezz.	BB-	1,958,141	442	3.5
5	SABAC 1 C	Banco Sabadell	SP	Spanish Cons. Loans	2nd Mezz.	BB	1,001,298	243	2.8
6	ANORI 2019-1 E	BNPP PF	FR	French Auto Loans	Jr Mezz.	BB	800,597	270	4.1

Top 10 prchs	Jr Mezz.	BB	14,283,693	615	8.6
Total prchs	Jr Mezz.	BB	14,283,693	615	8.6

Top 10 sales / full repayments (S/RP)

N°	Security Name	M/O/S***	Country	Sector	S / RP	Cur. Rtg**	EUR	DM	WAL
1	PRADO 2 A	UCI	SP	Spanish RMBS	S	AAA	1,327,786	53	2.2
2	AURUS 2017-1 A	Qander Cons. Fin.	NL	Dutch Cons. Loans	S	AAA	1,102,248	16	1.1
3	SRFFT 2016-1 C	Blackstone	SP	Spanish RMBS	RP	A-	700,000	226	3.1

Top 10 S/RP	-	A+	3,130,034	79	2.0
Total S/RP	-	A+	3,130,034	79	2.0

Top 10 partial repayments (PR)

N°	Security Name	M/O/S***	Country	Sector	Factor Chg	Cur. Rtg**	EUR	DM	WAL
1	CHAPE 2003-I B	DSB Bank	NL	Dutch Cons. Loans	23.6%	BBB	824,446	223	0.7
2	KNGWD 2015-1 C	Macquarie Bank	GE	German RMBS	21.8%	AAA	248,864	130	0.6
3	SAPPA 2017-1 A	GE Money Bk	FR	French Auto Loans	9.7%	AAA	242,414	4	0.2
4	TAGST 2009-ENG2 A	EDP Elec. Receiv.	PT	Portug. Other	2.4%	A+	236,059	99	2.7
5	SBOLT 2019-2 D	Fdg Circle Ltd	UK	Irish CLO SME	10.0%	BB-	229,304	359	1.0
6	FROSN 2018-1 D	Blackstone	FI	Finnish CMBS	7.5%	BBB	173,542	236	3.4
7	NORIA 2018-1 F	BNPP PF	FR	French Cons. Loans	13.3%	B-	145,874	331	2.0
8	ERLS 2018-1 A	Loan Star	IR	Irish RMBS	3.7%	A+	90,652	140	0.3
9	SIENA 2010-7 A3	MPS	IT	Italian RMBS	2.8%	AA-	82,314	69	1.7
10	GRIF 1 A	CDLF	GR	Greek RMBS	2.3%	BB+	67,767	212	4.8

Top 10 PR	14.5%	BBB-	2,341,236	190	1.3
Total PR	13.1%	BB+	2,637,767	188	1.8

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Glossary

ABS : Asset Backed Securities

BTL: Buy-To-Let RMBS

CLO : Collateralised Loan Obligation

CMBS : Commercial Mortgage Backed Securities

DM : Discount Margin

ECB : European Central Bank

FRN : Floating Rate Note

IG : Investment Grade

NC RMBS : Non-conforming Mortgage Backed Securities

NR : Non Rated

QE : Quantitative Easing

RMBS : Residential Mortgage Backed Securities

TLTRO : Targeted Long-Term Refinancing Operations

UCITS : Undertakings for Collective Investment in Transferable Securities Directives

WAL : Weighted Average Life

Risk factors

▪ **The fluctuation risk in interest rates related to the use of structured products:** This is the risk of lower rate instruments arising from changes in interest rates. It is measured by a sensitivity of between -1 and +2. In the event of rising interest rates, the value of the products invested in fixed rate can drop and lower the net asset value of the Fund.

▪ **Risk associated on Securitisation instruments:** Credit risk is based mainly but not solely on underlying asset quality. Assets may be different (mortgages, consumer loans, corporate loans or other types of debt). Instruments are complex financial packages that include default risk depending on "credit enhancements" specific to each instrument. Finally they can carry specific risks, including market and/or liquidity risk. Such risks may result in the fund's closure or a fall in its net asset value.

▪ **Liquidity risk:** For most of the Fund's assets, liquidity risk is primarily based on the issue size and format, on the issuer, the nature of the instrument and the quality of the underlying assets. The realization of these risks may cause a decline in the net asset value of the Fund.

▪ **Credit risk:** This is the risk of a decline in the credit quality of a private issuer (or "SPV" vehicle) or a default. This may cause the value of securities to fall, causing a decline in the net asset value of the Fund.

▪ **Risk of capital loss:** Investors are warned that the performance of a Fund that offers no guarantee may not be consistent with its objectives, and the capital invested (after the deduction of subscription fees) may not be fully recovered.

▪ **Risk related to investments in high yield securities:** The Fund should be considered as partly speculative and intended specifically for investors aware of the inherent risks linked to investing in securities with a low rating or that are unrated. The use of High Yield securities may therefore result in the risk of a greater decline in NAV.

▪ **Counterparty risk:** This risk is linked to the closing term of contracts on financial forward instruments or to the disposal/acquisition of securities, in the case of a contractual counterparty that has not fulfilled its commitments (e.g. payment or reimbursement), which can cause a decrease in the net asset value of the Fund.

Disclaimer

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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, amongst other things, investment strategies or objectives of the financial instrument(s) and material market and economic conditions, including interest rates, market terms and general market conditions. The different strategies applied to financial instruments may have a significant effect on the results presented in this material. Past performance is 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.

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ASSET MANAGEMENT

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