

INSURANCE ASIA NEWS

Institutional Asset Management Awards
2024



Best Quantitative Solutions Provider Best Sustainable Investment Policy Insurance Fund House of the Year - Indonesia

BNP Paribas Asset Management

A unique “Quantamental” investment approach which combines quantitative models and human fundamental analysis to deliver consistent returns with low volatility.

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The firm has been able to deliver outperformance with specific maximum drawdown and principal amount maximum loss management as investors required. Quantitative techniques can significantly enrich fundamental insights, allowing the managers to make better investment decisions and perform more efficient portfolio construction. During market turbulence, the discipline instilled by the quantitative models was able to reduce the drawdown and safeguard client’s assets.

BNP Paribas Asset Management’s Dynamic Multi-Asset Strategy was specifically designed as a customised quantitative solution to meet the very precise requirements of a top insurance company client.

The strategy dynamically adjusts asset allocation to target the client’s desired return, maximum drawdown limits, principal protection needs and currency hedging.

BNP Paribas AM won the competitive global mandate for a multi-asset strategy in 2020 and its outstanding performance during the 3-year evaluation period led the client to renew and significantly increase their allocation to the strategy in 2023.

Also, its FX hedging is the only hedging strategy which generated positive return among the 5 fund managers being used by the institutional client. The “Quantamental” investment approach proved to be an innovative approach to deliver smooth, consistent returns with low volatility.

Sustainable Investment

BNPP AM has been at the forefront of sustainable investment policy integration in recent years. Its Sustainability Centre is a well-resourced team of sustainability specialists whose work has brought \$387 billion of assets subject to ESG criteria.

At the end of 2023, BNPP AM published an update to its Global Sustainability Strategy to set out a multi-year strategic approach to integrating sustainability considerations.

It sees driving sustainability in emerging markets as one of the key medium-term objectives. It is increasingly using its significant presence in emerging markets, particularly in Asia, as an anchor to support the work on enabling a net zero, environmentally sustainable and inclusive transformation in the global economy.

BNPP AM has expanded its proprietary ESG research to over 13,000 issuers with a scoring system and a focus on the most material and insightful ESG metrics, including considering double materiality.

Industry recognition includes being ranked first by Majority Action for its voting track record related to board elections at CA100+ companies.



Indonesia and biodiversity focus

Enhancing the ‘E’ aspect of ESG, BNPP AM has been exploring biodiversity, pollution and habitat loss. According to the World Economic Forum, 25% of drugs used in modern medicine are derived from rainforest plants, while 70% of cancer drugs are natural or synthetic products inspired by nature. BNPP AM has published a Biodiversity Roadmap – where one of the objectives is to direct capital towards solutions targeted at solving biodiversity challenges. As such, BNPP AM has launched a range of strategies, including solutions targeting ecosystem restoration and ETF solutions that focus on biodiversity and the blue economy.

Indonesia strategy

Product innovation has been a key factor in BNP Paribas Asset Management’s growth in Indonesia. It has focused on areas such as global thematic and sharia funds, carving out substantial market share in the process. The firm has also brought its market leading ESG approach to Indonesia, adapting to the ethical requirements of the sharia funds market.

In Indonesia, the firm focuses its strategy for the longer run while consistently educating both retail and institutional investors on the long-term investing approach.

Its strong record in the market is evidenced in the global thematic segment, where it has the largest market share of 30%, and in the index segment where BNPP AM has the largest market share of 33% through four index funds, a significant increase from 2022 position (#2 with 25.72% market share).

It is well known in the offshore segment for innovating in the ESG and Sharia space. Realising that the local capital market was not yet ready to accommodate a full ESG fund, BNPP AM applied the concept to developed market securities and combined it with sharia principles through BNP Paribas Cakra Syariah USD. Following its success, BNPP Greater China equity Syariah USD was then introduced, allowing local investors to fully invest in Greater China Market.

The latest offshore fund launch was BNP Paribas DJIM Global Technology Titans 50 Syariah USD which is also the first index fund in Indonesia that follows a global tech themed index.

BNP Paribas SRI Kehati launched in 2018 and BNP Paribas IDX30 Filantropi launched in 2019 make contribution to society through donations for philanthropic activities that are focused on inclusion, further supporting the Indonesian government’s direction towards a more sustainable and inclusive economy.

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