

'PLANETS ALIGN' FOR THE GREEN AND ENERGY TRANSITION

At Sycomore AM, we are convinced that the **health crisis** is a further **catalyst** that will prompt urgent action in order to strengthen the resilience of our societies and territories. A closer look reveals that planets are aligning for a **stronger and faster response to environmental challenges**.



COLLECTIVE
AWARENESS



INNOVATION,
TECHNIQUE AND
TECHNOLOGY



GREEN TECHNOLOGY:
INCREASINGLY
COMPETITIVE



REGULATION
AND POLICY:
THE ENVIRONMENTAL
TRANSITION GETS
PRIDE OF PLACE



COLLECTIVE AWARENESS

The environmental agenda has become a matter of widespread public concern, with many individuals embracing the issue and acting as a driving force for the transition. Slowly but surely, the idea that environmental stewardship is an **everyday issue** has become widely recognised.

Beyond the pressure exerted by public opinion on governments and companies, this awareness is also reflected in **individual behaviour and choices**: thousands of individual and collective initiatives have created new lifestyles and **raised the public's expectations in terms of corporate social and environmental responsibility**.



THE BOOM OF ORGANIC FOODS

The spectacular growth of the organic food market is a powerful example: globally, this market has grown almost four-fold over the past 10 years and now weighs 100 billion euros.

THE CYCLING CRAZE

Boosted by the health crisis, cycling is booming in city centres. These new mobility habits which are gradually setting in are consistent with the growing awareness around environmental issues.



RECYCLED PACKAGING

Under pressure from increasingly vocal consumers, many large retail brands have committed to providing recyclable packaging - either recycled or from renewable sources. In most cases, this will encompass all packaging by 2025.



INNOVATION, TECHNIQUES AND TECHNOLOGY IN ACTION



Today, we are reaping the rewards of massive **Research & Development** spending in recent decades. We can now rely on a sound base of **skills** and **technical and technological** knowledge that will enable us to navigate the much-needed transition towards an economy that is both greener and more compatible with our planet's boundaries. **Green technologies** can already boast very strong **growth** figures across different industries.

Green technology offers **many more examples** than one might imagine: it covers all technical processes and know-how providing an **environmentally-acceptable alternative**, irrespective of the industry:

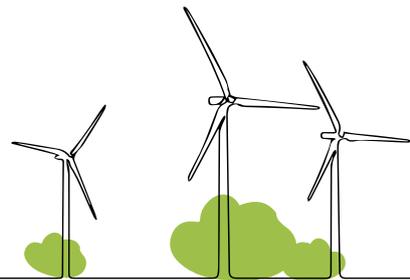
wood insulation, clinker-free cement, low energy light bulbs, electric grid management, mechanical recycling, heat recovery systems, bicycles, trains, biodegradable packaging, local, seasonal and sustainable farming... amongst many others.

A few years ago, only futurists imagined we would be driving electric cars!



Yet the market for electric vehicles has already made huge strides: in December 2020, EVs weighed 9% of total vehicle sales.

GREEN TECHNOLOGY: INCREASINGLY COMPETITIVE



Once the technology has been tested, approved and developed, it is important to find a workable economic equilibrium to ensure it is adopted. Today, green technologies are more competitive and sustainable production methods are generally able to prove that they are **financially viable over the mid-term** - in some industries, without any government subsidies. Choosing green technologies is no longer seen as an expensive "good deed" for the environment. The risk has now shifted to polluting technologies, as **regulatory constraints are expected to tighten**.

Clean energies have never been so affordable. Technological progress and industrialisation have enabled several of the more mature industries to achieve particularly competitive levels compared to energy produced using conventional sources.



The levelized cost of solar energy (LCOE) is now structurally much lower than for coal, while **on-shore wind energy** has achieved parity, and in some cases is **more competitive** than combined cycle gas turbine plants (CCGT). Solar energy is now 80% cheaper than it was 8 years ago. **Batteries** are following a similar path.





REGULATION AND POLICY: THE ENVIRONMENTAL TRANSITION GETS PRIDE OF PLACE

Governments appear to have grasped the extent of the risks and opportunities created by today's environmental challenges. While the temporary economic shutdown initially caused some concern over the deployment of capital for funding environmental initiatives, the recovery plans have actually given pride of place to the green and energy transition. The European commission has confirmed that the Green Deal is one of the pillars of the European Union's **new growth strategy**.



IN EUROPE

The European Union's recovery fund, "Next Generation EU": **750 billion euros between 2021 and 2024**, in addition to the initial European budget - **30%** of which will be used to **finance the acceleration of the green transition**. The funds will be channelled towards priority industries:

- Home renovation
- Renewable energies
- Green hydrogen
- Rail infrastructure
- Electric vehicles
- The circular economy



IN THE UNITED STATES

Joe Biden's **2.2 trillion-dollar plan** was approved in early March and will address environmental challenges through a number of constructive measures, including:

- Increased **budgets allocated to "green initiatives"** in electric grid, water and transportation infrastructure.
- A ten-year extension for current fiscal mechanisms **supporting the development of renewable energies**.



IN CHINA

China has recently drawn the outlines of its 14th five-year plan (2021-2025) which sets a series of targets for economic and social development. These include a number of **key climate and energy related targets**:

- A 13.5% drop in energy intensity.
- An 18% drop in carbon intensity.
- Increased percentage of non-fossil fuels in the country's energy mix.
- A 24% increase in forest cover.

We refer to the planets aligning as we believe that all of these conditions need to be met to ensure that the transition is achieved and durable. Why allocate huge budgets if the technology is neither viable, profitable nor approved by public opinion?

SYCOMORE ECO SOLUTIONS

A POSITIVE ENVIRONMENTAL IMPACT FUND
AIMING TO DELIVER SUSTAINABLE RETURNS

1 EXPOSURE TO PURE GREEN TRANSITION INVESTMENT THEMES

The fund provides long-term support to companies whose business models make a sizeable contribution towards the green and energy transition in **5 key areas**:

- mobility
- energy
- renovation/construction,
- circular economy
- ecosystem-related businesses.



2 A SELECTION OF COMPANIES WITH A PROVEN POSITIVE ENVIRONMENTAL CONTRIBUTION

In order to identify the products, services and businesses that are truly "sustainable", we have developed a unique and transparent metric: **the NEC - Net Environmental Contribution**. This indicator measures the environmental contribution of a company - whether positive or negative - **looking at each of its individual businesses**.



4 A EUROPEAN EQUITY FUND ELIGIBLE FOR FRENCH PEA PLANS

The fund invests in European companies of all market cap sizes, with a **diversification outside of Europe**. It is managed actively across a wide universe covering a range of sectors interacting with the environment.



3 A STRATEGY ALIGNED WITH REGULATORY CHANGE AND RECOVERY PLANS

Because they are aligned with the **current and future changes affecting our societies**, these innovative companies benefit from strong tail winds. We are convinced that their activities create value and will continue to do so in the long term.



Past performance is not indicative of future performance. The fund does not offer any guarantee of return or performance and The fund does not offer any guarantee of return or performance and carries a risk of capital loss. The fund's performance may be partly explained by the ESG indicators of the stocks in the portfolio, The Fund's performance may be partly explained by the ESG indicators of the stocks in the portfolio, but these alone do not determine the performance of the Fund. The opinions and estimates given constitute our judgement and are subject to change and are subject to change without notice, as are assertions about financial market trends, which are based on current market conditions. market conditions. We believe that the information provided in these lines is reliable, but it should not be considered exhaustive. These data or forecasts have been calculated or made on the basis of public information that we believe to be reliable but which However, we have not independently verified this information. Your attention is drawn to the fact that any forecast has its own limitations and therefore no commitment can be made Your attention is drawn to the fact that any forecast has its own limits and that consequently no commitment is made by SYCOMORE Asset Management as to the realisation of these forecasts.



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