



BNP PARIBAS
INVESTMENT PARTNERS

For Professional Investors

Emerging Markets Fixed Income Capabilities

Opportunities in a
market benefiting
from strong
fundamentals and
increasing demand

BNP Paribas Investment Partners

- EUR 533 billion assets under management and advice
- 1 000 investment professionals in 60 investment centres
- Recognised standards in investment management
- Third largest asset manager in Europe and number 9 in the world¹
- Fitch Ratings, M2+ Asset Manager rating for BNPP IP²
- Part of the BNP Paribas Group – one of the six most solid banks in the world, according to S&P (AA rated)³

Source: BNP Paribas Investment Partners, data as of 30 June 2010



Source for all data reflected in this document is BNP Paribas Investment Partners, unless otherwise specified.

¹ Source: Based on the IPE Top 400, July 2010 (figures per 31 December 2009)

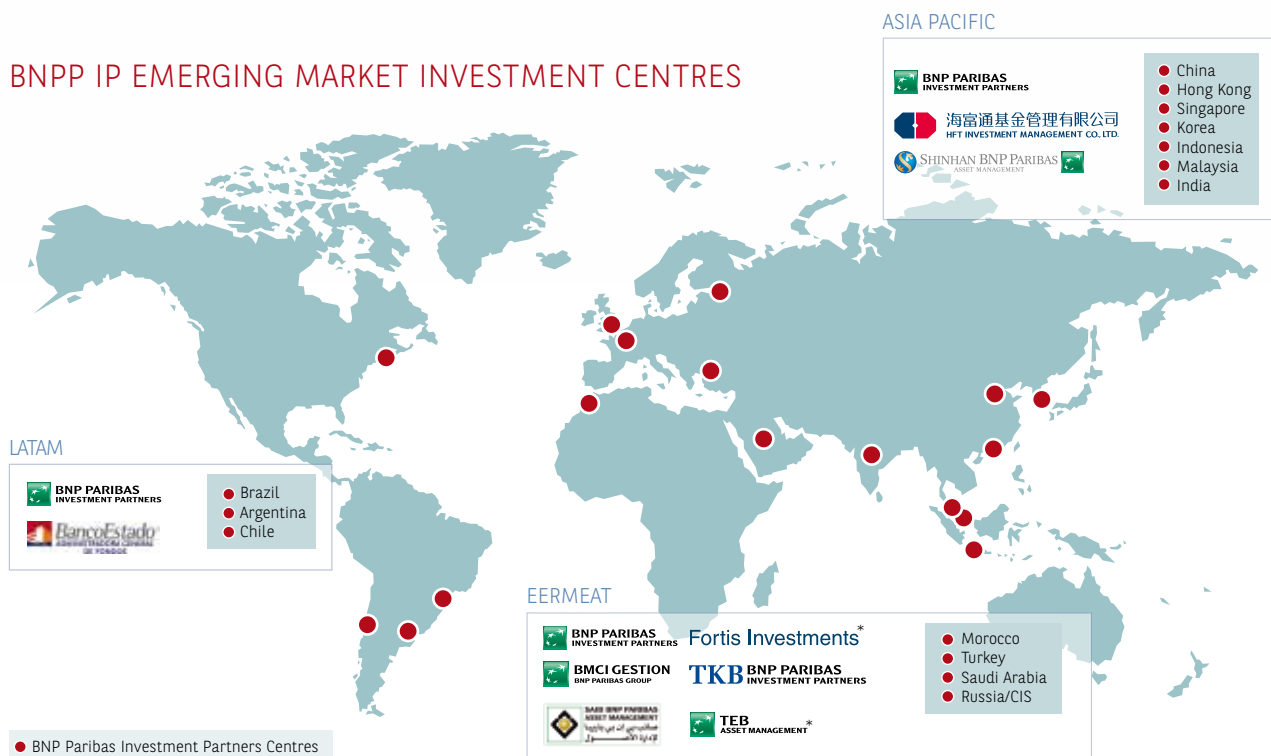
² Source: Fitch Ratings per April 2010

³ According to S&P (AA). Source: Long-term credit rating



The substantial presence of BNPP IP teams in emerging countries provide immediate access to local market intelligence.

BNPP IP EMERGING MARKET INVESTMENT CENTRES



* The final set-up in Turkey is to be determined after shareholder discussions

Investing in emerging markets fixed income...

Promising investment opportunities in emerging fixed income markets

Twenty years of structural and political reforms have engendered a sustained growth path for emerging economies. Learning from the old-style crises, emerging countries have built up foreign exchange reserves, developed domestic bond markets, targeted inflation and adopted credible fiscal discipline and inflation-targeting policies. As a result, the debt-to-GDP ratios of today's emerging economies are much lower than in the developed world. The International Monetary Fund (IMF) forecasts that developed world debt will increase over the next four years to more than 100% of GDP – about three times higher than the 30-40% forecasted for emerging economies⁴.

Emerging countries are thus well positioned to enjoy relatively strong growth and an improving risk profile. **Investors can thus benefit over the long term as this means rating improvements, spread compression, relative stability of interest rates and potential for currency appreciation.** The average yield of the local debt benchmark (GBI-EM Global Diversified) is 6.9% as of 10 June 2010 (source: Bloomberg).

At BNP Paribas Investment Partners (BNPP IP), we firmly believe that emerging fixed income markets have become a mainstream asset class that offers investors a powerful tool to **improve portfolio diversification and enhance long-term returns.**

An expanding asset class, due to the continuous development of local debt markets

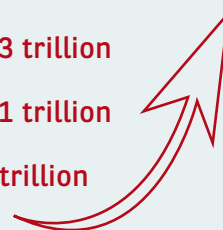
With a significant proportion of emerging markets reaching investment grade, and as savings shift into the emerging world, there has been a structural increase in the demand for emerging bonds from both local and international investors. The emerging market debt asset class has been expanding over the past decade, experiencing record inflows in 2010 from both private and institutional investors (USD 10.4 billion, as of April 2010⁵). Despite this tremendous growth, relative emerging market debt levels have remained very stable, underlining that the asset class expansion has been mainly linked to market development rather than to increasing leverage (debt/GDP ratio for emerging market economies in 2002: 41.9%; 2009: 35.8%⁶). Local debt markets are at the heart of the growth of the asset class, replacing other sources of government financing.

Emerging market debt asset class size⁷

2009: USD 9.3 trillion

2002: USD 3.1 trillion

1994: USD 1 trillion



⁴ Source: International Monetary Fund, World Economic Outlook 2010, April 2010

⁵ Source: reported by globalfundwire.com with EPFR data, as of 14 April 2010

⁶ Source: BNPP IP, Institute of International Finance (IIF), November 2009

⁷ Source: BNPP IP, Bank of international settlements, September 2009

.... with BNP Paribas Investment Partners

A dedicated BNPP IP Emerging Market Fixed Income Team

BNPP IP has a strong commitment towards emerging fixed income markets. Our dedicated product division benefits from:

- **Highly experienced team**

Eight portfolio managers with an average of 14 years' experience, supported by two analysts, dedicated to managing the range of emerging markets fixed income strategies. Our global team is based in London and Singapore

- **Independent product division**

Our emerging markets fixed income product division benefits from a **boutique-like structure** coupled with the operational, legal and sales support of a **large global asset manager**

- **Expertise**

Cross-specialisation by alpha source and regional overlay ensures proper coverage and a team approach

- **Strong local footprint**

Substantial presence of BNPP IP teams in emerging market countries provides immediate access to local market intelligence. We enjoy privileged relationships with BNP Paribas Investment Partners' local investment teams as well as our Joint Ventures set up in key emerging countries such as Russia, Indonesia or Turkey. Through this network of teams and Partners, we benefit from various reliable sources with open lines of communication, facilitating our access to local market intelligence and enhancing our reactivity to market events.

- **Solid client base**

EUR 2.1 billion⁸ managed in emerging market fixed income across our funds and mandates for both institutional and retail clients.

FFTW : exclusive fixed income expertise

- BNP Paribas Investment Partners' emerging market debt capability is part of Fischer Francis Trees & Watts (FFTW), a wholly-owned subsidiary of BNP Paribas and one of BNPP IP's 25 investment partners.

- FFTW exclusively provides active fixed income asset management services; this has been the firm's sole line of business since the company's inception in 1972. The firm's client base is global in nature and as of 30 June 2010 it managed USD 17 billion for 78 clients in 31 countries. The firm frequently customises its investment strategies to accommodate a client's specific risk/reward profile.

A robust investment process

- Our process is neither top-down nor bottom-up, but driven by global factor analysis, local idiosyncrasy understanding and in-house research: we combine **in-depth analysis of global factors** with **on-the-ground, country-specific research**, obtaining informed investment views based on reliable data and local intelligence.

- **Specialisation and focus** enhances security selection: our process is customised for each alpha strategy and we have highly experienced professionals dedicated for each.

- **Strong risk management:** risk control is an integral part of the process; we aim to provide returns with adequate control of risk at every level of management. Monitoring and risk control is a daily activity.



An extensive product offering aiming to best fit your needs

A comprehensive product range

Our comprehensive product range aims to bring innovative solutions for an investor base that has become larger, more mature and specific.

- **Single alpha strategies:** we manage three different funds focused on the major and most liquid segments of Emerging Market Debt: hard currency sovereign bonds, local currency sovereign bonds and hard currency corporate bonds. Our pure strategy offering provides investors with more flexibility on their asset allocation decision.
- **Regional strategies:** we manage two funds with a regional focus, for investors seeking exposure in liquid fixed income alpha strategies in either Asia ex-Japan or Emerging Europe.
- **Advanced strategy:** an innovative global strategy focused on high quality emerging market bonds rated investment grade only.
- **Best selection:** high-conviction total return strategy consisting of the 'best picks' of the three alpha strategies.

Fund's name	BNP Paribas L1 Bond World Emerging***	BNP Paribas L1 Bond World Emerging Local***	BNP Paribas L1 Bond Best Selection World Emerging***
Investment universe	Mainly global hard currency sovereign bonds	Sovereign bonds denominated in local currencies	Sovereign bonds denominated in hard & local currencies and corporate bonds
Geographical scope	Global	Global	Global
Sources of alpha	Carry and sovereign spreads	Local interest rates, yield curve positioning, inflation and currencies	High conviction approach to all alpha strategies
Benchmark	JP Morgan EMBI Global Diversified Composite USD (RI)	JP Morgan GBI EM Global Diversified USD (RI)	JP Morgan EMBI Global Composite (USD) (RI)
Performance objective	200bp gross excess*	200bp gross excess*	Total Return
Typical portfolio's holdings	125 - 175	75 - 105	50 - 70
Investment horizon	8 years	8 years	8 years
Risk scale	3/6	2/6	4/6
Base currency	USD	USD	USD
Launch date (C share)	06/10/1997	10/05/2006	08/12/2008
Legal form	Compartment of the BNP Paribas L1 UCITS III Compliant Luxembourg SICAV	Compartment of the BNP Paribas L1 UCITS III Compliant Luxembourg SICAV	Compartment of the BNP Paribas L1 UCITS III Compliant Luxembourg SICAV
Management fee (C share)	1.50%	1.50%	1.50%
(I share)	0.60%	0.60%	0.60%
Investor profile	Dynamic	Dynamic	Dynamic
ISIN code (C share)	LU0081707894	LU0251280011	LU0377066807
(I share)	LU0159060069	LU0251280367	LU0377068688

* 150bp net of fees, classic shares

** 60bp net of fees, classic shares

*** As of 1 August 2010, BNP Paribas L1 is the new name of the Fortis L Fund SICAV



Top performing funds

- **BNP Paribas L1 Bond Best Selection World Emerging** outperformed its benchmark by 4.78% annualised since the team took over the management of the fund in December 2008⁹.
- **BNP Paribas L1 Bond World Emerging Local** was one of the first funds in the market with a benchmark of Emerging Market local bonds (launched in May 2006). The fund is in the first quartile over three years within the "Bond Emerging markets Global" Lipper universe¹⁰.
- **BNP Paribas L1 Bond Asia ex-Japan** outperformed its benchmark Year-to-Date and in seven out of the last eight calendar years (as of 30 April 2010).

Innovation

Launch of **BNP Paribas L1 Bond World Emerging Corporate** (hard currency corporate bonds) and **Fortis Flexi III Bond World Emerging Advanced** (investment grade) in February and April 2010 to capture new opportunities in emerging debt.



BNP Paribas L1 Bond Europe Emerging***	BNP Paribas L1 Bond Asia ex-Japan***	BNP Paribas L1 Bond World Emerging Corporate****	Fortis Flexi III Bond World Emerging Advanced
Sovereign bonds and corporate bonds denominated in both local and external currencies	Mainly corporate bonds in hard currency and sovereign local bonds	Mainly corporate bonds and quasi-sovereign bonds in hard currencies	Investment grade: sovereign bonds denominated in hard & local currencies and corporate bonds
Eastern Europe	Asia	Global	Global
Credit spreads, interest rates, yield curve positioning and currencies	Credit spreads, interest rates, yield curve positioning and currencies	Carry and corporate spreads	Spreads, interest rates and currencies
50% JPM Euro EMBI Global Diversified Europe (RI) + 50% JPM GBI-EM Global Diversified Europe (EUR) (RI)	HSBC US Dollar Asia Bond Index (USD) (RI)	JP Morgan CEMBI Broad Diversified USD (RI)	50% GBI-EM Global Div + 50% EMBI Global Diversified Investment Grade (USD) (RI)
200bp gross excess*	0.5 - 0.75 information ratio	200bp gross excess*	150bp gross excess**
40 - 60	30 - 80	40 - 50	50 - 70
8 years	8 years	8 years	8 years
2/6	2/6	3/6	2/6
EUR	USD	USD	USD
01/06/1998	08/12/2008	01/02/2010	30/04/2010
Compartment of the BNP Paribas L1 UCITS III Compliant Luxembourg SICAV	Compartment of the BNP Paribas L1 UCITS III Compliant Luxembourg SICAV	Compartment of the BNP Paribas L1 UCITS III Compliant Luxembourg SICAV	Compartment of the Fortis Flexi III SICAV-SIF
1.50%	1.25%	1.50%	N/A
0.60%	0.60%	0.60%	0.60%
Dynamic	Dynamic	Dynamic	Dynamic
LU0088340327	LU0377063028	LU0422804707	N/A
LU0159064301	LU0377063614	LU0421768937	LU0505064526

**** Fortis Flexi III Bond Corporate World Emerging will be merged into BNP Paribas L1 Bond World Emerging Corporate on 4 October 2010

⁹ Classic shares, net of fees, as of 31 May 2010, former AAF Global Emerging Markets Bond Fund

¹⁰ Source : Lipper, as of 31 July 2010

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



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