

BNP Paribas Funds

Luxembourg SICAV – UCITS category (the “Company”)
Registered office: 10 rue Edward Steichen, L-2540 Luxembourg
Luxembourg Trade and Companies Register No. B 33363
VAT No. LU22943885

Notice to shareholders

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, PLEASE SEEK PROFESSIONAL ADVICE IMMEDIATELY.

Dear Shareholders,

We hereby inform you of the following changes that will be incorporated in the next version of the Luxembourg Prospectus of the Company to be dated January 2024 (the “**Prospectus**”).

Unless otherwise provided in this document, the below changes will be effective on **28 February 2024**.

Securities Financing Transactions (“SFT”)

The Company will no longer enter into SFT for the following sub-funds and the Prospectus will be amended accordingly:

- Euro Bond;
- Euro Equity;
- Euro Government Bond;
- Europe Convertible;
- Europe Equity#;
- Europe Growth;
- Global Convertible;
- Inclusive Growth;
- Sustainable Global Equity;
- Sustainable Euro Bond*;
- Sustainable Europe Dividend;

This change will enter into force on **26 January 2024**.

Securities Lending

The Company will no longer enter into securities lending transactions.



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

Sustainable Investment Policy

The sustainable investment policy of the following sub-funds will be revised as follows :

“Climate Impact”#

Sustainable Investment policy

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, falling under the Sustainable Thematic category, as set out in Book I of the Prospectus.

The ESG analysis applies to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being companies delivering solutions to climate change. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

Environmental contribution measurement and reporting* is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

* The extra financial report is available on the following link: [BNP Paribas Climate Impact \(bnpparibas-am.com\)](https://bnpparibas-am.com).

“Global Environment”#

Sustainable Investment policy

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, falling under the Sustainable Thematic category, as set out in Book I of the Prospectus.

The ESG analysis applies to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being companies conducting significant part of their business in environmental markets. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

Environment contribution measurement and reporting* is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

* The extra financial report is available on the following link: [BNP Paribas Global Environment \(bnpparibas-am.com\)](https://bnpparibas-am.com).

“Green Tigers”#

Sustainable Investment policy

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, falling under the Sustainable Thematic category, as set out in Book I of the Prospectus.

The ESG analysis applies to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being companies conducting significant part of their business in environmental markets. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

Environmental contribution and reporting* is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

* The extra financial report is available on the following link: [BNP Paribas Green Tigers \(bnpparibas-am.com\)](https://bnpparibas-am.com).

“SMaRT Food” #

Sustainable Investment policy

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, falling under the Sustainable Thematic category as set out in Book I of the Prospectus.

The ESG analysis applies to at least 90% of the issuers in the portfolio (excluding ancillary liquid assets) and along with its thematic focus leads to a reduction of at least 20% of the investment universe, being companies belonging to the food supply chain. This approach is supported by an active program of engagement with companies on a range of ESG factors, as well as proxy voting.

Environmental contribution and reporting* is also undertaken to provide post-investment evidence of the intention to help accelerate the transition to a more sustainable economy.

* The extra financial report is available on the following link: [BNP Paribas SMaRT Food \(bnpparibas-am.com\)](https://bnpparibas-am.com).

“Ecosystem Restoration” #

The investment policy of the sub-fund is revised as follows:

*“At all times, this thematic sub-fund invests at least 75% of its assets in equities and/or equity equivalent securities issued by companies globally that are providing solutions to **the restoration of** ecosystems through their products, services or processes.*

The Ecosystem restoration themes include, but are not limited to, ocean health and clean water, smart agriculture and food innovation, and circular economy and eco-design.

- Ocean Health & Clean Water: This relates to aquatic ecosystems, which sustain the lives of billions of people, regulate climate, produces half our oxygen. Examples include desalination, smart irrigation and water flow control.***
- Smart Agriculture & Food Innovation: This relates to terrestrial ecosystems, which provide the basis for life through food supply, habitats for organisms and biodiversity. Examples include animal health, smart farming and forestry management.***
- Circular Economy & Eco-Design: This relates to the circular economy, which includes reducing, re-using and recycling materials to reduce waste and pollution. Examples include biodegradable plastics, textile recycling and waste management.***

The remaining portion, namely a maximum of 25% of its assets, may be invested in any other transferable securities (including P Notes) and money market instruments, provided that investments in debt securities of any kind do not exceed 15% of its assets, and up to 10% of its assets may be invested in UCITS or UCIs.

In respect of the above investments limits, the sub-fund's overall exposure (via both direct and indirect investments) to mainland China securities will not exceed 20% of its assets by investments in “China A Shares” via the Stock Connect.

The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7 of the Prospectus.”

These revisions do not have any impact on (i) the way the sub-fund is managed, (ii) the portfolio composition of the sub-fund and (iii) on the SRI and will enter into force on **26 January 2024**.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the sustainable investment objective of the sub-fund and (ii) the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective of the sub-fund.

“Energy Transition”#

The investment policy of the sub-fund is revised as follows:

“This thematic sub-fund aims at participating in the transition into a sustainable world by focusing on challenges related to energy transition. At all times, this sub-fund invests at least 75% of its assets in equities and/or equity equivalent securities issued by worldwide companies that engage in energy transition.

*Energy transition themes include, but are not limited to, renewable energy **production**, energy **technology and materials** and **energy infrastructure and mobility**.*

- **Renewable Energy Production:** *This theme relates to decarbonising the energy system through production of renewable energy and carbon capture. Examples include clean power, hydrogen production, and renewable installation.*
- **Energy Technology & Materials:** *This theme relates to digitalising the energy system through electrification, efficiency and technology. Examples include batteries for electric vehicles, environmental data analytics, and critical raw materials.*
- **Energy Infrastructure & Mobility:** *This relates to decentralising the energy system through new infrastructure, distributed energy, and battery storage. This includes electric vehicle charging, hydrogen mobility and micro eMobility.*

The remaining portion, namely a maximum of 25% of its assets, may be invested in any other transferable securities (including P-Notes) and money market instruments, provided that investments in debt securities of any kind do not exceed 15% of its assets, and up to 10% of its assets may be invested in UCITS or UCIs.

In respect of the above investments limits, the sub-fund’s overall exposure (via both direct and indirect investments) to mainland China securities will not exceed 20% of its assets by investments in “China A-Shares” via the Stock Connect.

The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7 of the Prospectus”.

These revisions do not have any impact on (i) the way the sub-fund is managed, (ii) the portfolio composition of the sub-fund and (iii) on the SRI and will enter into force on **26 January 2024**.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the sustainable investment objective of the sub-fund and (ii) the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective of the sub-fund.

“Environmental Absolute Return Thematic Equity”#

The investment objective of the sub-fund will be slightly adapted as follows:

*“Increase the value of its assets by going long environmental solutions companies whilst simultaneously using shorts for the purposes of hedging as well as shorting companies with stranded assets, transition risk assets and/or inferior technologies in addressing climate change **and declining nature stocks**, with volatility and style exposure tied to the environmental theme.”*

In addition, the first three paragraphs of the investment policy of the sub-fund will be revised as follows:

*“This thematic sub-fund by going long environmental solutions companies whilst simultaneously using shorts for the purposes of hedging as well as shorting companies with stranded assets, transition risk assets and/or inferior technologies in addressing climate change **and declining nature stocks**. This includes, but not limited to, companies that through their products, services or processes, provide solutions to, **ocean health and clean water, smart agriculture and food innovation, the circular economy and eco-design**, as well as renewable energy production, energy **technology and materials** and energy infrastructure and mobility*

- **Ocean Health & Clean Water:** This relates to aquatic ecosystems, which sustain the lives of billions of people, regulate climate, produces half our oxygen. Examples include desalination, smart irrigation and water flow control.
- **Smart Agriculture & Food Innovation:** This relates to terrestrial ecosystems, which provide the basis for life through food supply, habitats for organisms and biodiversity. Examples include animal health, smart farming and forestry management.
- **Circular Economy & Eco-Design:** This relates to the circular economy, which includes reducing, re-using and recycling materials to reduce waste and pollution. Examples include biodegradable plastics, textile recycling and waste management.
- **Renewable Energy Production:** This theme relates to decarbonising the energy system through production of renewable energy and carbon capture. Examples include clean power, hydrogen production, and renewable installation.
- **Energy Technology & Materials:** This theme relates to digitalising the energy system through electrification, efficiency and technology. Examples include batteries for electric vehicles, environmental data analytics, and critical raw materials.
- **Energy Infrastructure & Mobility:** This relates to decentralising the energy system through new infrastructure, distributed energy, and battery storage. This includes electric vehicle charging, hydrogen mobility and micro eMobility.”

These revisions do not have any impact on (i) the way the sub-fund is managed, (ii) the portfolio composition of the sub-fund and (iii) on the SRI and will enter into force on **26 January 2024**.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by the sub-fund (ii) the binding elements of the investment strategy used to select the investments to attain the environmental or social characteristics promoted by the sub-fund and (iii) the committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

“Multi-Asset Opportunities”

The investment manager of the sub-fund having no intention to invest in P-Notes, this reference will be removed from the investment policy of the sub-fund. In addition, the maximum exposure to certain asset classes will be reviewed and it will be clarified that minimum exposure to equities will be set at 10% in accordance with Book I of the Prospectus.

The investment policy will therefore be read as follows:

“In order to achieve the investment objective, the Investment Manager will take decisions based on assessing the economic cycle, macro variables, valuations and other factors. The sub-fund’s portfolio allocation will be based on the Investment Manager’s macro-economic views. The Investment Manager implements, on a discretionary manner, a diversified allocation strategy for the following asset classes:

Assets	Minimum	Maximum
Government Bonds	0%	90%
Money Market Instruments ⁽¹⁾	0%	80%
Equities	10%	75%
Investment Grade Bonds	0%	50%
High Yield Bonds	0%	30%
Emerging Market Debt	0%	30%
Real Estate Securities ⁽²⁾	0%	29%
Convertible Bonds	0%	20%
Floating rates securities	0%	20%
Structured Debt Securities	0%	20%
Commodities ⁽³⁾	0%	20%

In the event the portfolio ends up with any distressed securities as a result of a restructuring event or any event beyond the control of the company, the Investment Manager will assess the situation and, if he believes necessary, promptly adjust the composition of the portfolio in order to preserve the best interest of the shareholders. In any case, distressed securities will never represent more than 10% of the assets.

- ⁽¹⁾ The sub-fund may be invested up to **90%** of its assets in Money Market Instruments for defensive purposes on a temporary basis in case of exceptionally unfavourable market conditions.
- ⁽²⁾ Investments in eligible Real Estate ETF, shares of companies linked to Real Estate, eligible closed-ended REITs. The sub-fund does not invest in real estate directly.
- ⁽³⁾ The sub-fund does not invest directly in commodities. The exposure to commodities is obtained by investment in Exchange Trade Notes (ETN) for maximum 20% of the assets of the sub-fund, Exchange Traded Commodities (ETC) or commodity Futures indices via Total Return Swaps provided the fact that indices comply with ESMA/CSSF eligibility conditions. One of the commodity indices that might be used to get exposure to the commodities asset class through a TRS is Bloomberg Commodity ex-Agriculture and Livestock Capped 20/30 Total Return Index. Its investment universe is composed of listed Futures contracts on Commodities. This index is rebalanced monthly on 4th business day of the month, but this rebalancing does not involve any cost for the sub-fund. Additional details regarding the index are available on the website <https://www.bloomberg.com/professional/product/indices/bloombercommodity-index-family/>

The sub-fund may be exposed to Mainland China up to 20% of the sub-fund's assets by investments in "China A Shares" via the Stock Connect, debt securities traded on the Bond Connect and the China Interbank Bond market.

The sub-fund may, from time to time, be partially exposed to the abovementioned asset classes through UCITS, UCIs and ETFs (up to 10% of the net asset value).

The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7 of the Prospectus."

There is no impact on (i) the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI and the clarification will enter into force on **26 January 2024**.

"Multi-Asset Thematic"

The investment policy of the sub-fund will be clarified to provide that investment in ETN and ETC will be limited to 20% of the sub-fund's assets.

The fourth paragraph of the investment policy will be clarified as follows:

"The Investment Manager implements, on a discretionary manner, a diversified allocation strategy for the following asset classes:

(...)

"commodities (1) (not directly but buying ETN or ETC on commodities or a commodities ETF or by buying a commodities futures index or TRS providing that ETN and ETC will never represent more than 20% of the assets)"*

There is no impact on (i) the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the sub-fund's SRI and the clarification will enter into force on **26 January 2024**.

"Sustainable Euro Bond" *

Given the current composition of the portfolio, it has been decided to increase the minimum percentage of sustainable investments as disclosed in appendix 5 of Book I of the Prospectus and in the relevant pre-contractual template from 30% to 50%.

This clarification will enter into force on **26 January 2024**.

"Target Risk Balanced"™

The investment policy of the sub-fund will be clarified to provide information on the way the sub-fund will be exposed to commodities as follows:

"The sub-fund invests its assets in all transferable securities within the limits allowed by the Law.

Asset classes in which the sub-fund may invested or to which it may be exposed are:

- equities of all types, in all sectors and geographic areas,
- government bonds, including debts of emerging countries,
- corporate bonds,
- commodities,
- listed real estate assets,
- money market instruments.

The sub-fund is also indirectly exposed to market volatility.

In order to achieve its performance objective, the sub-fund implements an extremely flexible and diversified allocation strategy encompassing these asset classes. Asset allocation is managed systematically and the permanent ex-ante annual volatility target is close to 7.5%.

In addition the sub-fund takes up tactical allocation positions in order to increase the overall performance.

The sub-fund's investments are made through funds (**including trackers**) or direct investments.

The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7 of the Prospectus. The sub-fund does not hold commodities or real estate directly. **Exposure to commodities may be obtained through investments in ETC and ETN."**

There is no impact on (i) the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the sub-fund's SRI and the clarification will enter into force on **26 January 2024**.

"USD Short Duration Bond" #

The investment policy of the sub-fund will be amended to allow the sub-fund to be exposed to emerging markets and to provide that investment on the Bond Connect will be allowed up to 20%. These amendments will broaden the opportunity set beyond developed markets to fully exploit the range of views and ideas the investment manager invests in.

The two following sentences will be inserted in the investment policy:

"A maximum of 20% of the sub-fund's assets may be invested in bonds issued by companies that have their registered office in or conduct the majority of their business in emerging countries in any currency.

In respect of the above investment limits, the sub-fund's investments into debt securities traded on the Bond Connect may reach up to 20% of its assets."

The following risk factors will be added to the risk profile of the sub-fund:

"Specific market risks:

- *Emerging Markets Risk*

Specific risks related to investments in Mainland China:

- *Risk related to Bond Connect"*

This revision will enter into force on **28 February 2024**.

Should you do not approve of these changes, you may request for the redemption of your shares free of charge until **27 February 2024**.

this sub-fund is registered as both a retail and a restricted scheme in Singapore.

* this sub-fund is only registered as a restricted scheme in Singapore and is not available to retail shareholders.

ADDITIONAL INFORMATION

Additional clerical changes have been made to update and enhance the general wording of the Prospectus or to comply with new laws and regulations. Terms or expressions not defined in the present notice have the same meaning as in the Prospectus.

If a clearinghouse holds your shares, we advise you to enquire about the specific terms applying to subscriptions, redemptions and conversions made via this type of intermediary.

Please note that except for the newspaper publications required by Law, the official media going forward to obtain any notice to shareholders will be our website www.bnpparibas-am.com.

In case of any **questions**, please contact our **Client Service** (+ 352 26 46 31 21 /AMLU.ClientService@bnpparibas.com).

The Board of Directors of the Company accepts responsibility for the accuracy of the contents of this notice.

For any additional information, please do not hesitate to contact your relationship manager.

Alternatively, you may also contact the Singapore Office – BNP PARIBAS ASSET MANAGEMENT Singapore Limited at their business address, 10 Collyer Quay, #15-01 Ocean Financial Centre, Singapore 049315 (Telephone No. 6210 1288 / 6210 3981).

Best regards,

The Board of Directors

Luxembourg, 25 January 2024