

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 prospectus to be dated June 2024 (the “**Prospectus**”) and will be effective on 28 June 2024.

Change to the definition of the term “Management Fee”

Under the “Fees and Costs” section in Book I of the Prospectus, the term “Management Fee” has been further clarified with the addition of the wording below:

“Subject to applicable laws and regulations, the Management Company may pay part or all of its fees to any person that invests in or provides services to the Company or in respect of any sub-fund the form of a commission, retrocession, rebate or discount, as more detailed below.

The objective of such fees is inter alia, to facilitate the commercialisation and the management of the Company or the sub-funds, taking into account the best interest of the shareholders.

These fees can take the form of a percentage of the management fees, or of a fixed amount or of a fixed rate based on modalities as described in the paragraphs ‘Commissions or retrocessions’ and ‘Rebates or discounts’ below.

Commissions or retrocessions

In the context of activities involving third parties or external service providers, the Management Company may pay commissions or retrocessions as remuneration for services such as:

- *Setting up processes for the subscription, holding and safe custody of shares*
- *Storage and distribution of marketing and legal documents*
- *Transmission or provision of legally prescribed publication or other publications*
- *Performing due diligence by delegation of the Management Company or the representative in areas such as money laundering, clarification needs etc*
- *Handling investors’ requests*
- *Appointing and monitoring sub-distributors*

Commissions and retrocessions are not deemed to be rebates or discounts even if they are ultimately passed on, in full or in part, to the investors.



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ASSET MANAGEMENT

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Rebates or discounts

The Management Company may grant rebates or discounts directly to investors in order to reduce the fees or costs incurred by the concerned investor under the following conditions:

- The rebates or discounts are paid from fees received by the Management Company and therefore do not represent an additional charge on the Company ;
- They are granted on the basis of objective criteria.

The following criteria determining the granting of rebates or discounts are alternative and not cumulative:

- The volume subscribed by the investor or the total volume they hold in the collective investment scheme, or, where applicable, in the range of products or services of the promoter or the group of which it is part;
- The expected holding period;
- The amount of fees generated by the investor; and
- The investor's willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Management Company must disclose the amounts of such rebates or discounts free of charge."

Internal classification in relation to article 8 and article 9 SFDR sub-funds

The internal classification of article 8 and article 9 SFDR sub-funds will be reviewed for clarity purposes as follows:

- The current classification "Enhanced ESG" will be removed;
- Two new classifications will be created: "Labelled" and "Decarbonization";
- The "**Labelled**" classification will apply to sub-funds that satisfy the requirements of at least one sustainable label (French ISR label, Belgian Towards Sustainability, etc...) and are recognized as such by an independent certifying entity;
- The "**Decarbonization**" classification will apply to sub-funds that cover a wide range of strategies implementing Greenhouse Gas ("GHG") -related constraints. They include low-carbon products integrating GHG-related portfolio-level constraints such as lowering the portfolio carbon footprint compared to the benchmark and strategies focused on net-zero alignment, where each company must comply with a definitive GHG transition pathway according to the criteria laid out, e.g. in our NZ:AAA framework, which identifies companies that are achieving, aligned or aligning with net zero; and
- The "**Sustainable Thematic**" classification will be amended to read as follows: "These sub-funds seek to contribute capital towards specific themes of the transition towards a low-carbon, inclusive economy (e.g. the energy transition, inclusive growth, etc.) and to benefit from future growth anticipated in these themes. They invest in companies or projects which products, services or operations positively contribute to the environmental or social challenges addressed by the theme.";
- The indication of the classification in the "Sustainable Investment Policy" of the relevant sub-funds in Book II will be removed.

Please refer to Appendix 1 to this notice for the new classification of the sub-funds and to Appendix 2 for the list of sub-funds benefiting from the Belgian label "Towards Sustainability".

This new classification will not impact the way the relevant sub-funds will be managed nor their portfolio composition.

Ecosystem Restoration

The investment objective of the sub-fund will be reviewed and clarified taking into account the recommended holding period of the sub-fund that is set at 6 years. The investment objective will therefore read as follows:

*"Increase the value of its assets over the ~~medium~~ **long** term by investing primarily in companies engaging in the restoration and preservation of the world's ecosystems and natural capital."*

Clarification on the "Benchmark" section under the Investment Policy as set out below:

"Benchmark"

The MSCI AC World (EUR) NR **reference** benchmark is used for **long term** performance comparison only.

*The sub-fund is not benchmark-constrained and its performance may deviate significantly from that of the **reference** benchmark."*

This adjustment will not trigger any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Emerging Bond Opportunities

The investment manager of the sub-fund intends to invest in debt securities traded on the Bond Connect, in addition to debt securities traded on the China Interbank Bond market.

As a result, the third paragraph of the investment policy of the sub-fund will be amended to read as follows:

*“In respect of the above investments limits, the sub-fund’s investments into debt securities traded on the China Interbank Bond market **and the Bond Connect** may reach up to 25% of its assets.”*

In addition, a risk factor linked to the Bond Connect will be added to the risk profile section of the sub-fund.

This new wording will not have any impact on the risk profile of the sub-fund.

Energy Transition[#]

The investment objective of the sub-fund will be reviewed and clarified taking into account the recommended holding period of the sub-fund that is set at 6 years. The investment objective will therefore read as follows:

*“Increase the value of its assets over the ~~medium~~ **long** term by investing primarily in companies engaging in energy transition.”*

There will be a “Benchmark” section added which will read as follows:

Benchmark

The MSCI AC World (EUR) NR reference benchmark is used for long-term performance comparison only.

The sub-fund is not benchmark-constrained and its performance may deviate significantly from that of the reference benchmark”

This adjustment will not trigger any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Health Care Innovators

The “Sustainable Investment Policy” section of the sub-fund will be clarified by the insertion of the following section:

“The sub-fund shall invest at least 50% of its assets in companies with at least 20% revenue, profit or capital invested in economic activities aligned to the theme.”

The reference to the “theme” is linked to the investment universe of the sub-fund being the healthcare innovative companies.

Inclusive Growth

The last sentence of the “Sustainable Investment Policy” section of the sub-fund will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

“At least 205% of the investment universe, being the large and mid-cap companies across the main markets of developed countries, is eliminated on the basis of low ESG scores and/or sector exclusions.”

Local Emerging Bond

The investment manager of the sub-fund intends to invest in debt securities traded on the Bond Connect, in addition to debt securities traded on the China Interbank Bond market.

As a result, the third paragraph of the investment policy of the sub-fund will be amended to read as follows:

*"In respect of the above investments limits, the sub-fund's investments into debt securities traded on the China Interbank Bond market **and the Bond Connect** may reach up to 25% of its assets."*

In addition, a risk factor linked to the Bond Connect will be added to the risk profile section of the sub-fund.

This new wording will not have any impact on the risk profile of the sub-fund.

Multi-Asset Thematic

Given the fund of funds structure of the sub-fund the "Sustainable Investment Policy" of the sub-fund will be amended to read as follows:

"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, as set out in Book I of the Prospectus.

The sub-fund is not classified as a Sustainable Thematic category as set out in section "Sustainable Investment Policy" of Book 1 of the Prospectus.

The sub-fund invests at least 75% of its assets (excluding ancillary liquid assets) in UCITS, UCIs and/or ETFs that are categorized as article 8 or article 9 according to SFDR.

The investment manager applies a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I.

The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being all the worldwide issuers."

RMB Bond*

The investment manager of the sub-fund intends to invest in debt securities traded on the Bond Connect, in addition to the other markets already indicated in the investment policy of the sub-fund.

As a result, the first paragraph of the investment policy of the sub-fund will be amended to read as follows:

*"This sub-fund invests at least 90% of its assets in Chinese sovereign bonds (including policy bank bonds), and Investment Grade credit bonds rated AA- or above by onshore rating agencies, issued or settled in RMB (both CNH and CNY), including but not limited to securities traded over the counter on the China interbank bond market, **the Bond Connect** and/or China exchange traded bond market on the Shanghai or Shenzhen stock exchanges, and in overnight deposit, and for maximum 20% of its assets in Investment Grade structured debt."*

In addition, a risk factor linked to the Bond Connect will be added to the risk profile section of the sub-fund.

This new wording will not have any impact on the risk profile of the sub-fund.

Sustainable Asia ex-Japan Equity

The "Sustainable Investment Policy" section of the sub-fund will be reviewed to add the following sentence at the end of the paragraph to satisfy the requirements of the Belgian label "Towards Sustainability":

"The average portfolio carbon footprint of the sub-fund is improved by at least 15% compared to its investment universe."

Sustainable Euro Bond*

The following sentence of the "Sustainable Investment Policy" section of the sub-fund will be amended to satisfy the requirements of the Belgian label "Towards Sustainability":

"At least 295% of the investment universe is eliminated based on low ESG scores and/or sector exclusions."

Sustainable Global Equity

The investment objective of the sub-fund will be amended to allow a dynamical allocation of investments across various mega trends driving market performance.

As a result, the investment objective of the sub-fund will be amended as follows:

“Increase the value of its assets over the medium term by investing primarily in global equities ~~which seek to take advantage of secular mega trends driving market performance issued by socially responsible companies.~~ These secular mega trends include but are not limited to the following sectors: Technological and Healthcare Innovation, Geopolitics, Sustainability and Demography.”

As a result, the name of the sub-fund will change to “Global Megatrends” and the sub-fund will drop its superior sustainable profile in terms of ESG. It will be just “better than benchmark”. The “Sustainable Investment Policy” section of the sub-fund will therefore read as follows:

“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 as set out in Book I of the Prospectus.

The investment manager applies a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I of the Prospectus.

The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, ~~after eliminating at least 20% of securities with the lowest ESG Score.~~”

Finally, the “Derivatives and Securities Financing Transactions” section of the sub-fund will be amended to provide that core financial derivative instruments may be used for efficient portfolio management.

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

Sustainable Multi-Asset Balanced[#]

The last paragraph of the “Sustainable Investment Policy” will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

“In order to meet its environmental and social characteristics and objectives, the sub-fund may comply with the following principles:

- In case of direct investments: the Investment Manager applies a non-financial analysis on a minimum of 90% of these investments (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I. At least ~~20~~**5**% of the investment universe, being the Bloomberg Barclays Euro Aggregate 500MM, is eliminated based on low ESG scores and/or sector exclusions.*
- In case of indirect investments (through funds, i.e. UCITS, UCIs, or ETFs): the Investment Manager selects at least 90% of funds (i.e. UCITS, UCIs, or ETFs) which comply with either a selectivity approach (exclusion of at least ~~20~~**5**% of the worst ESG-rated securities of the investment universe) or a rating upgrade approach (ESG score better than the investment universe from which at least 20% of the worst ESG-rated securities have been excluded).”*

Sustainable Multi-Asset Growth

The last paragraph of the “Sustainable Investment Policy” will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

*“In order to meet its environmental and social characteristics and objectives, the Investment Manager selects, for at least 90% of its assets (excluding ancillary liquid assets), funds (i.e. UCITS, UCIs, or ETFs) which comply with either a selectivity approach (exclusion of at least ~~20~~**5**% of the worst ESG-rated securities of the investment universe) or a rating upgrade approach (ESG score better than the investment universe from which at least 20% of the worst ESG-rated securities have been excluded).”*

Target Risk Balanced[#]

Given the fund of funds structure of the sub-fund, the “Sustainable Investment Policy” will be amended as the minimum extra-financial analysis coverage rate does not apply to this sub-fund.

As a result, the “Sustainable Investment Policy” section of the sub-fund will read as follows:

“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, as set out in Book I of the Prospectus.

~~*The sub-fund respects the Minimum Extra-Financial Analysis coverage rate, as set out in Book I.*~~

The sub-fund invests at least 75% of its assets (excluding ancillary liquid assets) in funds that are categorized as article 8 or article 9 according to SFDR.”

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, 27 May 2024

Appendix 1 – Classification

Sub-fund	ESG category	SFDR Category
Aqua	Sustainable Thematic + Labelled	Article 9
Climate Impact [#]	Sustainable Thematic + Labelled	Article 9
Ecosystem Restoration [#]	Sustainable Thematic + Labelled	Article 9
Energy Transition [#]	Sustainable Thematic + Labelled	Article 9
Environmental Absolute Return Thematic Equity (EARTH) [#]	Sustainable Thematic + Labelled	Article 8
Euro Government Bond	Labelled	Article 8
Euro High Yield Bond	Labelled	Article 8
Global Environment [#]	Sustainable Thematic + Labelled	Article 9
Green Tigers [#]	Sustainable Thematic + Labelled	Article 9
Health Care Innovators	Labelled	Article 8
Inclusive Growth	Sustainable Thematic + Labelled	Article 8
SMaRT Food [#]	Sustainable Thematic + Labelled	Article 9
Sustainable Asia ex-Japan Equity	Labelled	Article 8
Sustainable Asian Cities Bond	Sustainable Thematic + Labelled	Article 9
Sustainable Euro Bond [*]	Labelled	Article 8
Sustainable Europe Dividend	Labelled	Article 8
Sustainable Global Corporate Bond	Labelled	Article 8
Sustainable Global Low Vol Equity [#]	Labelled	Article 8
Sustainable Multi-Asset Balanced [#]	Labelled	Article 8
Sustainable Multi-Asset Growth	Labelled	Article 8
Sustainable US Multi-Factor Equity	Labelled	Article 8
Sustainable US Value Multi-Factor Equity [*]	Labelled	Article 8

Appendix 2 – Belgian label “Towards Sustainability”

As of the date of the Prospectus, the sub-funds listed below benefit from the Belgian Towards Sustainability label:

- Aqua
- Climate Impact
- Ecosystem Restoration[#]
- Energy Transition[#]
- Environmental Absolute Return Thematic Equity (EARTH)[#]
- Euro Government Bond
- Euro High Yield Bond
- Global Environment[#]
- Green Tigers[#]
- Health Care Innovators
- Inclusive Growth
- SMaRT Food[#]
- Sustainable Asia ex-Japan Equity
- Sustainable Asian Cities Bond
- Sustainable Euro Bond^{*}
- Sustainable Europe Dividend
- Sustainable Global Corporate Bond
- Sustainable Global Low Vol Equity[#]
- Sustainable Multi-Asset Balanced
- Sustainable Multi-Asset Growth[#]
- Sustainable US Value Multi-Factor Equity
- Sustainable US Multi-Factor Equity^{*}

Investors' attention is drawn to the fact that the constraints imposed by the label provider may evolve from time to time and may therefore trigger amendments to the “Sustainable Investment Policy” in Book II of the Prospectus of the relevant sub-funds.

[#] 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.