

BNP Paribas Funds (“the Company”)

Luxembourg SICAV – UCITS category
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 incorporated in the next version of the Luxembourg Prospectus, dated July 2022.

Unless otherwise provided in this document, the below changes will be effective on 29 July 2022.

CHANGES APPLICABLE TO BOOK I OF THE LUXEMBOURG PROSPECTUS

“Valuation Rules”

The EURIBOR/LIBOR used for internal valuation model for Credit Default Swap (“CDS”) will be replaced to €STR/SOFR.

CHANGES APPLICABLE TO THE SUB-FUNDS (BOOK II OF THE LUXEMBOURG PROSPECTUS)

All sub-funds

The “Investment Policy” section of the sub-funds will be amended to provide that the sub-funds may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7 of the Luxembourg Prospectus” for all the sub funds.

“Absolute Return Global Opportunities”, “Germany Multi-Factor Equity” and “Euro Mid Cap”

Removal of the “X” share class from the “Shares” and the “Fees payable by the sub-fund” sections in Book II of the Luxembourg Prospectus of these 3 sub-funds.

“Aqua”, “Climate Impact”, “Green Tigers” and “Sustainable Global Corporate Bond”

Addition of “Risks related to investments in CNH share categories” to the “Specific Risks” of the 4 abovenamed sub-funds.

“Disruptive Technology”

The “Information relating to SFDR and Taxonomy” section of the sub-fund will be amended to remove the reference to the fact the sub-fund invests partially in sustainable investments within the meaning of SFDR* as this was not the intention of the investment manager of the sub-fund.

* Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, also known as the Sustainable Finance Disclosure Regulation.



BNP PARIBAS
ASSET MANAGEMENT

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In addition, all references to “Taxonomy Regulation” under this section of the sub-fund will be removed.

This clarification has no impact on the current investment policy, asset allocation and portfolio composition of the sub-fund.

“Ecosystem Restoration” and “Energy Transition”

The “Derivatives and Securities Financing Transactions” section of both these sub-funds will be amended to provide that these sub-funds will be allowed to use:

- warrants for efficient portfolio management and hedging; and
- funded and unfunded Total Return Swaps (TRS), on a permanent basis, for efficient portfolio management. The expected portion of assets that can be subject to TRS will be set at 50% with a maximum set at 75%.

The “Risk Profile” section of the sub-funds will be updated accordingly.

Addition of “Derivatives Risk” and “Warrant Risk” to the “Specific risks” for the sub-fund BNP Paribas Funds Ecosystem Restoration.

Addition of “Derivatives Risk”, “Warrant Risk” and “Risks related to investments in CNH share categories” to the “Specific Risks” for the sub-fund BNP Paribas Funds Energy Transition.

There will be no increase of the ongoing charges and no change of the Synthetic Risk and Reward Indicator (“SRRI”).

“Emerging Bond Opportunities”

The information on the average portfolio ESG score of the sub-fund in the “Sustainable investment policy” section of the “Investment Policy” will be removed.

“Global Bond Opportunities”

The investment policy of the sub-fund will be amended to provide that the sub-fund will be allowed to invest in debt securities traded on the Bond Connect in addition to the China Interbank Bond market. In addition, the sub-fund’s investments into these debt securities will be limited to 20% of its assets instead of 25% currently provided.

The Bond Connect is defined in the Luxembourg Prospectus as being “a mutual market access program between the PRC interbank bond market and Hong Kong bond market infrastructures as approved by People’s Bank of China and Hong Kong Monetary Authority. It allows investors from Mainland China and overseas to trade in each other’s bond markets through a market infrastructure linkage in Hong Kong.”

This will increase the investment opportunities for the sub-fund.

The “Risk Profile” section will be updated accordingly, to include “Risk related to Bond Connect” as a Specific Risk for this sub-fund.

There will be no increase of the ongoing charges and no change of the SRRI.

“Global Inflation-Linked Bond”

The “Derivatives and Securities Financing Transactions” section of the sub-fund will be amended to provide that repurchase transactions can be used for the sub-fund on a temporary basis for investment purpose targeting the generation of additional income. The expected proportion of the sub-fund’s assets that can be used for these transactions is set at 10% with a maximum of 15%.

The “Risk Profile” section will be updated accordingly, to include “SFT Risk” as a Specific Risk for this sub-fund.

In addition, as the sub-fund will apply a non-financial analysis on a minimum of 90% of the assets of the sub-fund based on the internal Proprietary ESG scoring framework as indicated in the Luxembourg Prospectus, and that its average portfolio ESG score is expected to be higher than the one of its investment universe, this sub-fund will be classified as article 8 following SFDR*.

* Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, also known as the Sustainable Finance Disclosure Regulation.

In addition, all references to “Taxonomy Regulation” under this section of the sub-fund will be removed.

This classification has no impact on the current investment policy, asset allocation and portfolio composition of the sub-fund.

“Multi-Asset Thematic”

The cut-off time for the centralisation of orders in case the sub-fund invests through UCITS and UCIs in targeted assets will be amended from 16:00 CET (for STP orders) and 12:00 CET (for non STP orders) on the day preceding the applicable valuation day to 12:00 CET (for STP orders) and 10:00 CET (for non STP orders) on the applicable valuation day.

“RMB Bond”

The sub-fund's details will be amended to provide that the sub-fund may invest in core financial derivative instruments for efficient portfolio management, and hedging purposes.

The “Risk Profile” of the sub-fund will be amended accordingly, to include “Derivatives Risk” as a Specific Risk for this sub-fund.

There will be no increase of the ongoing charges and no change of the SRRI.

“Sustainable Multi-Asset Balanced” and “Sustainable Multi-Asset Growth”

The cut-off time for the centralisation of orders will be amended from 16:00 CET (for STP orders) and 12:00 CET (for non STP orders) on the day preceding the applicable valuation day to 12:00 CET (for STP orders) and 10:00 CET (for non STP orders) on the applicable valuation day.

“Target Risk Balanced”

The “Sustainable Investment Policy” section of the Investment Policy of the sub-fund will be amended to state that the sub-fund will respect the minimum extra-financial analysis coverage rate as set out in the Luxembourg Prospectus and the average portfolio ESG score of the sub-fund will be higher than the one of its investment universe.

The “Information relating to SFDR and Taxonomy” section of the sub-fund will be amended to state that the SFDR* classification will change from article 6 to article 8, in light of the current asset allocation and portfolio composition.

In addition, all references to “Taxonomy Regulation” under this section of the sub-fund will be removed.

This classification has no impact on the current investment policy, asset allocation and portfolio composition of the sub-fund.

“US Short Duration Bond”

This sub-fund will be renamed “*USD Short Duration Bond*”.

This change has no impact on the current investment policy, asset allocation and portfolio composition of the sub-fund.

“USD Money Market”

The cut-off time for the centralisation of orders will be amended from 16:00 CET (for STP orders) and 12:00 CET (for non STP orders) on the day preceding the applicable valuation day to 15:00 CET (for STP orders) and 12:00 CET (for non STP orders) on the applicable day after the valuation day (D+1).

ADDITIONAL INFORMATION

Additional clerical changes have been made to update and enhance the general wording of the Luxembourg 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 Luxembourg Prospectus of the Company.

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.

YOUR OPTIONS

- 1. If you are comfortable with these changes**, you do not need to take any action.
- 2. Should you not approve these changes**, you may request for redemption of your shares free of charge until **28 July 2022**.
- 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

28 June 2022