

BNP PARIBAS ASSET MANAGEMENT

Remuneration for the distribution of funds and negotiated rebates to certain unitholders

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BNP PARIBAS
ASSET MANAGEMENT

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1. INTRODUCTION

This document is drawn up in application of MiFID Directive 2014/65/EU (MIF). It aims to inform our clients or potential investors of possible remuneration that BNP PARIBAS ASSET MANAGEMENT, BNPP REIM SGP or BNPP AM Prime ("BNPP AM") may receive or pay in the context of its marketing activity of funds (UCITS, AIF) and the provision of investment advisory services.

This remuneration will not be due or borne by the investor and is therefore part of the management and administration costs of the fund.

This document will also specify the applicable rules regarding negotiated management fee rebates that might be granted on a case-by-case basis to our fund holders.

This document is intended for our clients or potential investors, whether they are professional or non-professional investors within the meaning of MiFID.

BNPP AM entities registered under the AMF as being entitled to manage funds (UCITS, AIF), to provide discretionary portfolio management services and investment advice, as well as marketing third party funds, in particular where these funds are managed by the BNPP AM group.

BNPP AM provides advice that is non-independent within the meaning of MiFID regulations and may therefore receive remuneration from third parties under the conditions described in this document.

BNPP AM may also provide independent investment advice. In the latter case, advice is governed by a contract with the client and not remunerated by a third party.

Advice will be based on a broad analysis of different types of financial instruments, whether they are funds managed by entities of the BNPP AM Group, but also, for professional clients, any type of financial instrument or contract.

BNPP AM does not receive any other remuneration from manufacturers, banks or other third parties for providing investment advice to its clients than disclosed in this document i.e. the only remuneration that BNPP AM may receive is from entities of the BNPP AM Group or from third parties for the distribution service provided by BNPP AM.

If not agreed with the client in an advisory contract, BNPP AM will not provide clients with a periodic assessment of the suitability of financial instruments recommended to them in its investment advisory business.

2. MANAGING CONFLICTS OF INTEREST

REMINDER OF APPLICABLE RULES

In accordance with Article L. 533-10 of the French Monetary and Financial Code, BNPP AM has established and implemented a conflict-of-interest management policy aimed at

- Prevent the occurrence of a conflict of interest that might undermine the interest of its clients in the course of providing an investment service;
- Define the process to follow and the measures to be taken to manage such conflicts.

BNPP AM's conflict of interest policy is available on its website ([here](#)).

REMUNERATION IN THE FRAME OF DISTRIBUTION

In the context of its distribution activity, BNPP AM may be remunerated by the management company concerned for the service provided.

The remuneration received or paid for the marketing of products is predefined and remains constant over time. To prevent conflicts of interests, sales teams do not have direct influence on the negotiation between distributors and BNPP AM and the level of remuneration of BNPP AM is not linked to the type of fund or the strategy of the funds offered for sale.

Remuneration of sales teams is subject to the conditions of the MIF directive and their remuneration does not depend on the strategy or type of fund proposed.

The potential risk of conflict of interest is therefore managed and allows BNPP AM to guarantee, appropriate advice to its clients that best meets their expectations and objectives.

3. COMMISSIONS RECEIVED FROM THIRD PARTIES

The purpose of these commissions is to ensure an optimal quality of service to best meet the client's needs. Our objective is to meet our clients' expectations by offering a wide range of investment products, diversified across many asset classes and geographical areas, meeting the client's specific needs with appropriate management objectives.

These commissions allow BNPP AM to provide the best service to its client, and to maintain its client relationship monitoring tool, with the objective to provide the most personalized and relevant advisory service possible.

Commissions received from third party management companies are calculated on a one-off or recurring basis and intend to improve the quality of service provided to the client. They may be calculated either as a flat-rate or as a proportion of the management fees received. Typically, BNPP AM will be remunerated by the third-party management company between 25% and 40% of the amount of the financial and administrative management fees applied by the management company. Some commissions may be lower than these rates, especially in the context of the distribution of funds reserved for, or to, professional clients.

In the context of its activity as distributor of the BNPP AM Group's funds, BNPP AM will not accept or retain for its benefit any fees, commissions or other monetary or non-monetary benefits not related to the provision of the service to clients, paid or provided by a third party or by a person acting on behalf of a third party, apart from the commissions mentioned in this policy.

4. COMMISSIONS PAID TO THIRD PARTIES INTERMEDIARIES

As part of its business development policy BNPP AM works with various financial intermediaries who, are themselves in contact with client segments likely to be of interest to BNPP AM.

BNPP AM applies a strict selection policy for its partners and determines the terms of the one-off or recurring remuneration, calculated either on a flat-rate basis or as a proportion of the management fees paid to intermediaries. Recurrent management fee retrocession are calculated on the basis of the assets under distribution or invested over the period in question, usually payable quarterly. They aim at remunerating the distributor for enhancing the quality of service provided to the client (contractual arrangements in place).

BNPP AM may also remunerate its business introducers according to the nature, quality and scope of their introduction. These commissions are of a one-off nature, with the amount calculated either as a flat-rate or as a proportion of the management fees for a predefined period. The payment can take place in installments.

5. NEGOTIATED REBATES WITH CLIENTS

As part of commercial arrangements, negotiated rebates may be granted to certain investors on the management fee of an BNPP AM fund in which they are invested or wish to invest for their own account.

We consider that the conditions for negotiating rebates granted by the management company to investors improve the quality of the collective management service provided to other fund holders. Moreover, investments may only qualify for a negotiated rebate where applicable, above a threshold defined in an internal policy, without prejudice to the carrier community.

Furthermore, to ensure that the burden of the rebates granted does not fall on the community of holders. No increase in management fees may be carried out on a fund of which at least one of the holders has benefited from a negotiated rebates in the previous 12 months. Beyond this period, an increase in fees may only be considered after justification that the proposed pricing is in line with a market standard for funds in this category and after validation by the BNPP AM Product Committee.

To limit potential conflicts of interest, the BNPP AM Rebate Policy defines the rules applicable within the Group.

6. MINOR NON-MONETARY BENEFITS

Minor non-monetary benefits are capable to improve the quality of service provided to a client and are benefits of such magnitude and nature that they cannot be considered to prevent BNPP AM from acting in an honest, fair and professional manner in the best interests of its clients.

For BNPP AM, only the following benefits can be considered acceptable and proportional minor non-pecuniary benefits:

1. information or documents relating to a financial instrument or investment service that are generic in nature or tailored to the situation of a particular client;
2. written material from third parties commissioned and paid for by a firm to promote a new issue that the firm is making or intends to make, or from third parties contracted and remunerated by the issuer to produce such material on an ongoing basis, provided that this relationship is clearly stated in the material and that the material is made available at the same time to all investment firms wishing to receive it or to the general public
3. participation in conferences, seminars and other events providing information on the benefits and characteristics of a particular financial instrument or investment service
4. small and reasonable hospitality expenses, such as those for meals and beverages at business meetings or conferences, seminars or informational events as referred to in point 3); and
5. other minor non-pecuniary benefits which the regulator considers may enhance the quality of service provided to a client and, having regard to the overall level of benefits provided by an entity or group of entities, are of such a magnitude and nature that they are unlikely to prevent the investment firm from complying with its obligation to act in the best interests of the client.

For example, BNPP AM may receive from third parties and/or its business introducers information or materials relating to a financial instrument or investment service which are generic in nature or tailored to a particular client's circumstances; attendance at conferences, seminars and other informational events on the benefits and features of a particular financial instrument or investment service; and small and reasonable hospitality expenses such as meals and beverages during business meetings or conferences, seminars or other informational events.

In all cases, the management company's choice of partners (and any other business relationships) is made on the basis of objective criteria, both qualitative and quantitative, and does not take into account any minor non-monetary benefits. Furthermore, the choice of our partners is made in accordance with our policy of monitoring conflicts of interest.