

# 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 IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

Luxembourg, 25 January 2024,

Dear Shareholders,

We hereby inform you of the following amendments which will be reflected in the next version of the Hong Kong Offering Document of BNP Paribas Funds. Unless otherwise provided in this document, the below changes will be effective on 26 January 2024.

### Securities Lending

The Company will not enter into securities lending transactions for the following sub-funds and the Prospectus will be amended accordingly:

- Euro Equity;
- Europe Equity;
- Europe Growth;
- Global Convertible;
- Sustainable Europe Dividend.

### “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 aquatic, terrestrial, and urban** ecosystems through their products, services or processes.*

*The Aquatic Ecosystem covers ocean and water systems including, but not limited to, water pollution control, water treatment and infrastructure, aquaculture, hydropower, ocean & tidal power and biodegradable packaging.*

*The Terrestrial Ecosystem covers land, food and forestry including, but not limited to, agricultural technology, sustainable farming, sustainable forestry and plantations as well as alternative meat and dairy products.*

*The Urban Ecosystem covers our sustainable cities & buildings including, but not limited to, environmental services, green buildings, green building equipment and materials, recycling, waste management and alternative transportation.*

**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.**



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**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."

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 risk profile 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 & ~~transitional~~ energy **production**, energy **technology and materials and energy efficiency**, sustainable transport, green building and 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."

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 risk profile of the sub-fund.

**“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%	<del>100</del> 90%
Money Market Instruments <sup>(1)</sup>	0%	<del>100</del> 80%
Equities	10%	75%
Investment Grade Bonds	0%	50%
High Yield Bonds	0%	<del>40</del> 30%
Emerging Market Debt	0%	30%
Real Estate Securities <sup>(2)</sup>	0%	29%
Convertible Bonds	0%	20%
Floating rates securities	0%	20%
Structured Debt Securities	0%	20%
Commodities <sup>(3)</sup>	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 ~~100~~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/bloombergcommodity-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, P notes and 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.”*

There is no impact on (i) the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the risk profile of the sub-fund.

### **“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 change will enter into force on 28 February 2024.

The changes above will not result in any increment in fees level or costs in managing the sub-funds. In addition, no costs or expenses will be incurred in connection with the changes. The changes would not materially change the features and overall risk profile of the sub-funds. There would be no change in the operations or the manner in which the sub-funds are being managed. Further, the changes would not materially prejudice the existing investors’ rights of interest.

Hong Kong shareholders who do not accept the changes mentioned above may ask the redemption of their shares or convert their shares to another SFC-authorized<sup>1</sup> sub-funds of BNP Paribas Funds according to the relevant procedures as disclosed in the Hong Kong Offering Document free of charge from the date of this notice until 6pm Hong Kong time on 27 February 2024. Investors should note that different distributors may have different dealing cut-off which may be earlier than the time specified above. Investors should check with the relevant authorised distributors accordingly.

The Hong Kong Offering Document will be updated to reflect the change above. The current Hong Kong Offering Document of BNP Paribas Funds is available for inspection free of charge at the office of the Hong Kong Representative<sup>2</sup>, during normal business hours on any Hong Kong business day; and on the website at <https://www.bnpparibas-am.com/en-hk><sup>3</sup>. The updated Hong Kong Offering Document will be available later.

The Board of Directors of BNP Paribas Funds accepts responsibility for the accuracy of the contents of this notice. Hong Kong shareholders may contact BNP PARIBAS ASSET MANAGEMENT Asia Limited, the Hong Kong Representative of BNP Paribas Funds, at (852) 2533 0088 for questions.

Best regards,

**The Board of Directors**

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<sup>1</sup> SFC authorization is not an official recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

<sup>2</sup> The registered office of the Hong Kong Representative is located at Suite 1701, 17/F Lincoln House, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong.

<sup>3</sup> This website has not been reviewed by the Securities and Futures Commission of Hong Kong.