

BNP PARIBAS Funds

Luxembourg SICAV – UCITS

Registered office: 10 rue Edward Steichen, L-2540 Luxembourg

Luxembourg Trade and Companies Register n° B 33363

VAT Number: LU22943885

Notice to shareholders

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.

Luxembourg, 28 July 2023,

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 August 29, 2023.

“Climate Impact”

The investment objective of the sub-fund is clarified as follows:

*“Increase the value of its assets over the medium term by investing primarily in companies involved in activities **focused on delivering solutions for which enable the adaptation to, or mitigation of, climate change and helping to accelerate the transition to a more sustainable world.**”*

The investment policy of the sub-fund will be clarified so as to provide additional information on the activities in which the targeted companies are involved.

As a result, the second paragraph of the investment policy will be amended so as to read as follows:

*“This thematic sub-fund aims to invest in companies that are delivering solutions to **address** climate change.*

*At all times, this sub-fund invests at least 75% of its assets in equities and/or equity equivalent securities, issued by companies with business in activities focused on ~~enabling the adaption to, or mitigation of,~~ **delivering solutions to address** climate change. These activities include, but are not limited to, ~~Renewable & Alternative Energy, Energy Efficiency, Water Infrastructure & Technologies, Pollution Control, Waste Management & Technologies, Environmental Support Services, and Sustainable Food:~~*

- **Solutions for lessening the effects of climate change – Alternative Energy, Energy Management & Efficiency, Transport Solutions, Sustainable Food & Agriculture, Resource Efficiency & Waste Management;**
- **Solutions for tackling direct consequences of climate change – Energy Systems Resilience, Water Supply Resilience, Agriculture, Aquaculture & Forestry Resilience, and Other Infrastructure Resilience;**
- **Solutions for tackling other challenges arising out of climate change – Information & Communications (Business Continuity Solutions, and Weather Monitoring & Forecasting), Financial Services, Health Care.”**

This clarification has no impact on (i) the composition of the sub-fund’s portfolio, (ii) on the way the sub-fund is managed and (iii) on its risk profile.



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

“Sustainable Asia ex-Japan Equity”

The “Sustainable Investment policy” of the sub-fund will be clarified by adding additional information on the investment universe of the sub-fund which is used in the context of the sub-fund’s portfolio ESG score.

The following statement will be added:

“The investment universe is represented by the following composition:

- ***75% MSCI AC Asia ex-Japan Index;***
- ***20% MSCI AC Asia ex Japan Mid Cap Index; and***
- ***5% MSCI AC Asia ex Japan Small Cap Index.”***

In addition, a section named “Benchmark” will be added as follows:

“Benchmark

The MSCI AC Asia ex-Japan Index benchmark is used for performance comparison.

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

These clarifications 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.

“Sustainable Multi-Asset Balanced”

The “Sustainable Investment policy” of the sub-fund will be clarified by adding the following information:

“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% 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% 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).”***

This clarification does 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.

“Sustainable Multi-Asset Growth”

For the time being, this sub-fund is allowed to invest either directly in bonds and shares or indirectly through UCITS, UCIs and ETFs. It has been decided to remove the possibility to invest directly in the targeted assets as the Investment Manager of the sub-fund does not have any intention to invest in bonds and shares directly.

As a result, the “Investment objective” will be amended as follows:

“Increase the value of its assets over the medium term by investing ~~directly or~~ indirectly (through UCITS, UCIs, or ETFs) in bonds or shares of issuers selected based on their practices and activities linked to sustainable development.”

The first sentence of the “Investment policy” is also amended as follows:

“This sub-fund invests ~~directly or~~ indirectly (through funds, i.e. UCITS, UCIs, or ETFs) in bonds or shares of issuers selected based on the best-in-class approach (which selects issuers that demonstrate superior social and environmental responsibility, while implementing robust corporate governance practices within their sector of activity) and/or sustainable thematic approach.”

Finally the “Sustainable Investment policy” of the sub-fund will be amended 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, falling under the Enhanced ESG + Sustainable Thematic category, as set out in Book I.

*The Equity bucket of the sub-fund will invest ~~mainly directly or indirectly~~ (through funds, i.e. UCITS, UCIs, or ETFs) **mainly** in:*

- *companies that offer products, services and solutions helping to address specific environmental and/or social challenges, and, thus, facilitating, for example, the transition towards low-carbon, inclusive economy (sustainable thematic approach), and*
- *companies that demonstrate superior social and/or environmental responsibility, while implementing robust corporate governance practices within their sector of activity. These companies are selected using the best-in-class approach.*

*The Fixed Income bucket of the sub-fund will ~~mainly invest directly or indirectly~~ (through funds, i.e. UCITS, UCIs, or ETFs) **mainly** in:*

- *issuers whose practices, products and services meet specific environmental, social and governance criteria assessed using the best-in-class approach,*
- *green bonds issued by corporates, supranational sovereign agencies, local entities and/or government to support environmental projects,*
- *issuers selected through sustainable thematic approach (e.g. fossil free funds)*

In order to meet its environmental and social characteristics and objectives, the sub-fund invests ~~directly or indirectly~~ (through funds, i.e. UCITS, UCIs, or ETFs) at least 90% of its assets (excluding ancillary liquid assets) in securities selected based on the best-in-class approach and sustainable thematic approach.

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% 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).”

The change 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 change. The change 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 change would not materially prejudice the existing investors’ rights of interest.

Hong Kong shareholders who do not accept the change mentioned above may ask the redemption of their shares or convert their shares to another SFC-authorized¹ 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 August 28 2023. 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 Representative², during normal business hours on any Hong Kong business day; and on the website at <http://www.bnpparibas-am.hk>³. 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

¹ 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.

² 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.

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