BNP Paribas Funds

Luxembourg SICAV – UCITS category
Registered office: 10 rue Edward Steichen, L-2540 Luxembourg
Luxembourg Trade and Companies Register n° B 33363
VAT number LU22943885
(the "Company")

Notice to shareholders of "Absolute Return Global Opportunities" and "Sustainable Multi-Asset Flexible[1]" – Merger

[1] The receiving sub-fund which is not yet registered in the Netherlands will be publicly offered in The Netherlands at the time of the merger.

Luxembourg, 17 October 2022,

Dear Shareholders,

We hereby inform you that the Board of Directors of the Company has decided to merge, on the basis of Article 34 of the Company's Articles of Association, the following sub-funds as more detailed hereinafter (the "**Merger"**):

Merging Sub-Funds	Receiving Sub-Fund	Effective Date of Merger*	Last Order Date*	First NAV Valuation Date*	First NAV Calculation Date*
Absolute Return Global Opportunities	**Sustainable Multi-Asset Flexible[1]**	**24 November 2022**	**17 November 2022**	**24 November 2022**	**28 November 2022**

[1] The receiving sub-fund which is not yet registered in The Netherlands will be publicly offered in the Netherlands at the time of the merger.

* Dates:

- Effective Date of Merger – Date at which the Merger is effective and final.
- Last Order Date – Last date at which subscription, redemption and conversion orders are accepted until cut-off time into the Merging Sub-Funds.
  Orders received into the Merging Sub-Funds after this date will be rejected.
  Shareholders of the Merging and Receiving Sub-Funds who do not accept the Merger may instruct redemption of their shares free of charge until this date (see item 7).
- First NAV Valuation Date – Date of valuation of the underlying assets for the calculation of the first Net Asset Value ("NAV") post-Merger.
- First NAV Calculation Date – Date at which the first NAV post-Merger (with merged portfolios) will be calculated.

The share categories will be merged as follows:

ISIN code	*Merging Sub-funds*	*Share category*	*Reference Currency*	*Receiving Sub-fund*	*Share category*	*Reference Currency*	*ISIN code*
LU1920356869	Absolute Return Global Opportunities	Privilege-CAP	EUR	Sustainable Multi-Asset Flexible[1]	Privilege-CAP	EUR	LU2477744754 [2]

[1] *The receiving sub-fund which is not yet registered in The Netherlands will be publicly offered in the Netherlands at the time of the merger.*

[2]*The share classes within the receiving sub-fund which are not yet registered in The Netherlands will be publicly offered in The Netherlands at the time of the merger.*

1) *Background & Rationale to the Merger*

✓ **Absolute Return Global Opportunities**

The assets under management of this Sub-Fund have decreased over the last years and are currently very low, around EUR 11 million. In addition, the investment strategy does no longer attract new investors.

Performances of the Merging Sub-Fund do not meet expectation.

The Merger aims to offer to the Merging Shareholders a strong and innovative alternative solution through a merger into the Receiving Sub-fund which:

- Has a broader investment universe focused on sustainability;
- Has the same Risk profile (SRRI): 4;
- Offer an opportunity to benefit from trend/thematic approach, which is clearly part of our strategic development plan.

Warning:

✓ **Past results are not an indicator or guarantee of future results.**

✓ **There is no guarantee that this objective will be achieved.**

2) *Impact of the Merger for the shareholders of the Merging Sub-Funds*

Please note the following impacts of the Merger :

✓ The shareholders of the Merging Sub-Funds, who do not make use of their shares redemption right explained below on point 7), will become shareholders of the Receiving Sub-Fund.

✓ The Merging Sub-Funds will be dissolved without liquidation by transferring all of their assets and liabilities into the Receiving Sub-Fund.

✓ The Merging Sub-Funds will cease to exist on the effective date of the Merger.

✓ The investment policy of the Merging Sub-Funds is not in line with the investment policy of the Receiving Sub-Fund. Therefore, in order to avoid breaches, all positions in the portfolio of the Merging Sub-Funds shall be sold within 5 days prior to the Merger. The Merger will be done in cash.

✓ As in any merger, the operation might involve a risk of performance dilution for the Merging shareholders, especially as consequence of the differences of targeted assets (explained below under item 5).

✓ Your first orders will be accepted in the Receiving Sub-Fund on Thursday November 24, 2022 after 12:00 CET, and will be processed according to the Valuation Day of November 25, 2022 calculated on November 29, 2022, provided that the new positions have been taken into account by their financial intermediary.

✓ The OCR of the share categories of the Receiving Sub-Fund will be higher than those of the Merging shares as explained in the table on below item 5.

3) *Impact of the Merger for the shareholders of the Receiving Sub-Fund*

Please note the following points:

✓ The Merger will have no impact for the shareholders of the Receiving Sub-Fund.

✓ The Receiving Sub-Fund has been launched on September 15th 2022.

4) *Organisation of the exchange of shares*

✓ As a shareholder in the Merging Sub-Funds, you will receive, in the Receiving Sub-Fund, a number of new shares calculated by multiplying the number of shares you held in the relevant share categories of the Merging Sub-Funds by the exchange ratio.

- ✓ The exchange ratios for the Merging Sub-Funds will be calculated on Friday November 25, 2022 by dividing the net asset value (NAV) per share of the share categories of the Merging Sub-Funds by the NAV per share of the corresponding share categories of the Receiving Sub-Fund, based on the valuation of the underlying assets set on November 23, 2022.

  This is justified by the NAV cycle of the Receiving Sub-Fund (the NAV being calculated 2 days (D+2) after the relevant Valuation Day (D)).
- ✓ The criteria adopted for the valuation of the assets and, where applicable, the liabilities for the calculation of the exchange ratio will be the same as those described in the chapter “Net Asset Value” of the Book I of the prospectus of the Company.
- ✓ **Registered Shareholders** will receive registered shares.
- ✓ No balancing cash adjustment will be paid for the fraction of the share in the Receiving Sub-Fund attributed beyond the third decimal.

5) *Material differences between Merging and Receiving Sub-Funds*

The **differences** between the Merging and Receiving Sub-Funds are the following:

A. BNP Paribas Funds Absolute Return Global Opportunities and BNP Paribas Funds Sustainable Multi-Asset Flexible[1]

Features	**“BNP Paribas Funds Absolute Return Global Opportunities”** **Merging Sub-Fund**	**“BNP Paribas Funds Sustainable Multi-Asset Flexible[1]”** **Receiving Sub-Fund**
Investment objective	Increase the value of its assets over the medium term. This absolute return diversified sub-fund targets volatility of approximately 500 basis points with a maximum of 800 basis points measured using the annualized standard deviation of returns. This should be understood to be neither a guarantee that this will be achieved nor a forward-looking statement limiting expected risk.	Increase the value of the sub-fund’s assets over the medium term with **a moderate volatility by investing directly and/or indirectly (through UCITS, UCIs, ETFs and financial derivative instruments) in sustainable investments across all types of asset classes.**
Investment policy	The objective of the sub-fund is to be invested indirectly through UCITS and/or UCIs up to 100% of its assets in fixed-rate or floating-rate debt securities (bonds, negotiable debt securities, certificates of deposit, commercial paper, etc. insofar as such securities can be described as transferable securities), and in equities issued by companies from any country. The portfolio allocation will be composed of 1) a low risky asset part (through, such as but not limited to, high quality Money Market funds), and 2) a risky asset part a) Index-tracker funds that give exposure to equities, fixed income securities b) Exposure (1) to real estate, and commodities through investments in Exchange Traded Funds or indexed funds for each a maximum of 10% of the sub-fund, provided the fact that indices comply with ESMA/CSSF eligibility conditions *(1) The sub-fund does not invest in commodities or real estate directly.* c) Exposure to the volatility of equities through investments in Exchange Traded Funds or indexed funds for a maximum of 10% of the sub-fund, provided the fact that indices comply with ESMA/CSSF eligibility conditions Description of the strategy The sub-fund will apply a dynamic asset allocation strategy with an absolute performance objective under a volatility constraint. This allocation strategy is based on a disciplined screening of macro-economic fundamentals and factors in the valuations and risk fundamentals of the assets concerned. This analysis in translated into directional positions on the international markets of developed and emerging countries in the risky asset part of the portfolio described above. These directional positions have an	**In order to achieve the investment objective, the Investment Manager pursue an investment framework that can be qualified as Global Macro. The decision-making consists of assessing the economic cycle, macro variables, valuations and other factors, to formulate anticipations on asset classes and prices of financial securities.** **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:** • **equities (all sectors and geographic areas),** • **government bonds, including debt securities of emerging countries,** • **corporate bonds, including bonds of companies located in emerging countries,** • **commodities. 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 is available on the website https://www.bloomberg.com/professional/product/indices/bloomberg-commodity-index-family/*** • **listed real estate assets(1),**

	investment horizon that range from several weeks to several months, and are dynamically reassessed so as to position the portfolio according to current macroeconomic and financial conditions. In order to reach its absolute performance objective, the sub-fund may invest in UCITS compliant Exchange Traded Funds providing with a negative exposure on equities or fixed income indexes. The strategy can thus adapt its directional exposure profile in different market environments. The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7.	• **Structured Debt Securities (for a maximum of 20% of the sub-fund's assets),** • **Money Market Instruments.** (1) **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.** **The sub-fund may be exposed for maximum 40% of its assets on emerging markets (including up to 30% of its assets on Mainland China).** **Debt securities will mainly have an investment grade rating and for maximum 40% of the assets a high yield rating.** **The sub-fund may, from time to time, be fully exposed to the abovementioned asset classes through UCITs, UCIs and ETFs.** The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I of the prospectus, Appendix 1 – Eligible Assets, point 7.
Sustainable Investment Policy	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 Sustainable category as set out in Book I of the prospectus. *Information relating to SFDR* and Taxonomy Regulation* The sub-fund is not categorized under Article 8 or Article 9 SFDR. The Taxonomy Regulation aims to establish the criteria for determining whether an economic activity is considered environmentally sustainable. Thus, the EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. Economic activities that are not recognised by the Taxonomy Regulation are not necessarily environmentally harmful or unsustainable. Moreover, not all activities that can make a substantial contribution to environmental as well as social objectives are yet part of the Taxonomy Regulation. The investments underlying this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.	**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 Sustainable Plus/Enhanced ESG + Thematic category, as set out in Book I of the prospectus.** **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 investments in cash and cash equivalents) in securities selected based on the best-in-class approach, sustainable thematic approach or others sustainable approaches.** *Information relating to SFDR** **The sub-fund promotes environmental and / or social and governance characteristics in accordance with article 8 of SFDR, and it will have a minimum proportion of its assets considered as sustainable investments within the meaning of SFDR.** The Taxonomy Regulation aims to establish the criteria for determining whether an economic activity is considered environmentally sustainable. Thus, the EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities in respect of the six EU's climate and environmental objectives defined by this regulation. **The sub-fund does not commit to a minimum proportion of investment in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation and that contribute to the environmental objectives climate change mitigation and climate change adaptation.** **As of the date of this prospectus the pre-contractual disclosures made for the financial products referred to in article 8 of the SFDR and in compliance with article 6 of the Taxonomy Regulation are available in Appendix of the prospectus 5.** **In respect of the Taxonomy Regulation, the "do no significant harm" principle would only apply to the investments underlying the sub-fund that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this sub-fund do not take into account the EU criteria for environmentally sustainable economic activities.** Economic activities that are not recognised by the Taxonomy Regulation are not necessarily environmentally harmful or unsustainable. In addition, all activities that can make a substantial

		contribution to environmental as well as social objectives are not yet part of the Taxonomy Regulation. **The sub-fund considers principal adverse impacts on sustainability factors as detailed in the Sustainable Investment Policy section in Book I of the prospectus.**
Derivatives and Securities Financing Transactions	Core Financial Derivative Instruments may be used for efficient portfolio management and hedging as described in points 2 and 3 of Appendix 2 of Book I of the prospectus. The sub-fund may invest in derivatives linked to the world's main currencies for currency hedging purposes.	Core financial derivative instruments may be used for efficient portfolio management, hedging and investment purposes as described in points 2 and 3 of Appendix 2 of Book I of the prospectus. **Unfunded TRS can be used on temporary basis for hedging, efficient portfolio management, and investment purposes with an expected level of 10% and a maximum level of 40%.**
Investor type profile	This sub-fund is suitable for investors who: ✓ Are looking for a diversification of their investments through exposure to a range of asset classes, globally; ✓ Can accept medium market risks	This sub-fund is suitable for investors who: ✓ Are looking for a diversification of their investments through exposure to a range of asset classes, globally; ✓ Can accept medium market risks
Specific risk profile	Specific market risks: • Commodity Related Exposure Risk • Credit Risk • Extra-Financial Criteria Investment Risk • Equity Risk • Real Estate Related Exposure Risk	Specific market risks: • Commodity Related Exposure Risk • Credit Risk • **Derivatives Risk** • **Emerging Markets Risk** • Extra-Financial Criteria Investment Risk • Equity Risk • **High Yield Bond Risk** • Real Estate Related Exposure Risks • **Risks related to Investments in some countries** • **Securitised Product Risk** Specific risks related to investments in Mainland China • **Risks related to Stock Connect**
Summary of differences for: • Investment policies • Investment Strategy • Asset Allocation • SFDR categorization	Different investment objectives Even if both funds want to increase the value of its assets over medium-term, the Receiving Sub-Fund is selecting its investments with a focus on sustainability across all types of asset classes. Moreover, the Merging Sub-Fund is more geared at absolute return generation, with a symmetrical approach between up and down markets. Different investment policies The Merging Sub-Fund is mainly invested in passive vehicles, most notably Exchange-Traded Funds (ETFs), whereas the investment strategy of the Receiving Sub-Fund is implemented through a wide spectrum of vehicles, UCITs, UCIs and ETFs. Asset Allocation In order to reach its absolute return target, the Merging Sub-Fund can be exposed negatively to financial markets, whereas the Receiving Sub-Fund's strategic asset allocation is more participative. Different SFDR* categorization The Merging Sub-Fund is categorized neither under Article 8 nor Article 9 SFDR whereas the Receiving Sub-Fund is categorized under Article 8 SFDR. The latter promotes environmental and / or social and governance characteristics and will have a minimum proportion of its assets considered as sustainable investments within the meaning of SFDR.	
OCR (latest published KIIDs): • "Privilege"	• 0.98%	Estimation as sub-fund launched on September 15, 2022 • **1.33%**[2]
Performance Fee	15% of the positive difference between the annual performance of the share class and the hurdle rate €STR + 2%**	15% of the positive difference between the annual performance of the share class and the hurdle rate €STR + 2%***
Conversion	No authorised conversion, either for subscription or for redemption, with other sub-funds; Remain possible, if authorised, between shares classes of the sub-fund	Conversion, either for subscription or for redemption, only authorised with the "Sustainable Multi-Asset Balanced", "Sustainable Multi-Asset Growth" and "Sustainable Multi-Asset Stability" sub-funds and between shares classes of the sub-fund
NAV Cycle • Centralisation of Orders • Valuation Day • NAV Calculation	• D • D • D + 1 • D + 3	• D • D • D + 2 • D + 4

• Orders Settlement Date		

* *SFDR stands for "Sustainable Finance Disclosure Regulation" referring to the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosures in the financial services sector. More information about this Regulation and the categorization are available in the Prospectus*

** *The performance fee calculation will be effected until the last NAV (NAV November 23, 2022). If performance is observed, the performance fee will be crystallised and paid to the Management Company.*

*** *Cash coming from the Merging Sub-Fund will, from a performance fee calculation perspective, be assimilated as a subscription in the Receiving Sub-Fund. Consequently, the performance fee will be calculated as described in the prospectus of the Company and will be proportionate to the actual investment performance of the Receiving Sub-Fund. Fair treatment of shareholders of the Merging Sub-Fund will be ensured.*

[1] The receiving sub-fund which is not yet registered in The Netherlands will be publicly offered in the Netherlands at the time of the merger.

[2] The share classes within the receiving sub-fund which are not yet registered in The Netherlands will be publicly offered in The Netherlands at the time of the merger.

Risk management process (Commitment Approach), and SRRI (4) are the same in both Merging and Receiving Sub-Funds.

6) Tax Consequences

- ✓ This Merger will have no Luxembourg tax impact for Merging shareholders.
- ✓ In accordance with the European Directive 2011/16, the Luxembourg authorities will report to the tax authorities in the country of residence of the shareholders of the Merging Sub-Funds the total gross proceeds from the exchange of shares in application of this Merger.
- ✓ For more tax advice or information on possible tax consequences associated with the Merger, it is recommended that you contact your local tax advisor or authority.

7) Right to redeem the shares

- ✓ Shareholders of the Merging and Receiving Sub-Funds who do not accept the Merger may instruct redemption of their shares free of charge until the cut-off time, on the date detailed in the column "Last Order Date" in the above 1st table.
- ✓ Shareholders whose shares are held by a clearing house are advised to enquire about the specific terms applying to subscriptions, redemptions and conversions made via this type of intermediary.

8) Other information

- ✓ The costs and expenses of the Merger will be borne by BNP PARIBAS ASSET MANAGEMENT Luxembourg, the management company of the Fund (the "**Management Company**") except for banking and transaction related costs (including e.g. taxes and stamp duties) which may be charged to the Merging Sub-Funds, provided that they are not material.
- ✓ The merging operations will be validated by PricewaterhouseCoopers, Société Coopérative, the auditor of the Company.
- ✓ The Merger ratio will be available on the website https://www.bnpparibas-am.com/en/ as soon as it is known.
- ✓ The Annual and Semi-Annual Report and the legal documents of the Company, as well as the KIIDs of the Merging and Receiving Sub-Funds, and the depositary and the auditor reports regarding this operation are available at the Management Company or on the website www.bnpparibas-am.com.
- ✓ In case of any question, please contact our Client Service (+352 46 31 21 /AMLU.ClientService@bnpparibas.com).
- ✓ The notice will also be communicated to any potential investor before confirmation of subscription.
- ✓ Please refer to the prospectus of the Company for any term or expression not defined in this notice.

Best regards,

The Board of Directors