

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 “BNP Paribas Funds Harmony” and “BNP Paribas Funds Sustainable Multi-Asset Flexible” – Merger

Luxembourg, 19 May 2023,

Dear Shareholders,

We hereby inform you that the Board of Directors of the Company 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”):

BNP Paribas Funds Merging Sub-fund	BNP Paribas Funds Receiving Sub-fund	Effective Date of Merger*	Last Order Date*	First NAV Valuation Date*	First NAV Calculation Date*
Harmony (the “Merging Sub-fund”)	Sustainable Multi-Asset Flexible (the “Receiving Sub-fund”)	29 June 2023	21 June 2023	29 June 2023	03 July 2023

* Dates:

- Effective Date of Merger – Date at which the merger is effective and final.
- Last Order Date – Last date at which subscriptions, redemptions and conversions orders are accepted until cut-off time into the Merging Sub-fund.
Orders received into the Merging Sub-fund 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-fund	Share category	Reference Currency	Receiving Sub-fund	Share category	Reference Currency	ISIN code
LU1956162215	Harmony	Classic CAP ⁽¹⁾	EUR	Sustainable Multi-Asset Flexible	Classic CAP	EUR	LU2477744325
LU1956162306		Classic DIS ⁽¹⁾	EUR		Classic DIS	EUR	LU2477744598
LU1956162728		I CAP	EUR		I CAP	EUR	LU2477744911
LU2106547636		U3 CAP ⁽¹⁾	EUR		Classic H EUR CAP	EUR	LU2572685860
LU2249613675		K CAP ⁽¹⁾	EUR		K CAP	EUR	LU2477747773

(1) Due to the applicable exchange ratio calculated as described on below point 4), merging shareholders who hold less than two shares in the merging class will not hold any voting’s right in the Receiving Sub-fund further to the Merger as they will receive less than one new share.



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

1) Background & Rationale to the Merger

Over the last years, performances of the Merging Sub-fund have been disappointing. As a result, the Merging Sub-fund has faced important outflows and does no longer attract new investors.

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;
- 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-fund

Please note the following impacts of the Merger

- ✓ The shareholders of the Merging Sub-fund, who do not make use of their shares redemption right explained below on item 7), will become shareholders of the Receiving Sub-fund.
- ✓ The Merging Sub-fund will be dissolved without liquidation by transferring all of its assets and liabilities into the Receiving Sub-fund.
- ✓ The Merging Sub-fund will cease to exist at the effective date of the Merger.
- ✓ The Merger will be done in kind. The targeted assets of the Merging Sub-fund and of the Receiving Sub-fund being different, the portfolio of the Merging Sub-fund will be rebalanced within 5 business days prior to the Merger and securities and cash, if any, will be transferred into the Receiving Sub-fund.
- ✓ 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).
- ✓ First orders of the Merging shareholders will be accepted in the Receiving Sub-fund on June 29, 2023 after 12:00 CET, and will be processed on the NAV dated June 30, 2023 calculated on July 04, 2023, provided that the new positions have been taken into account by their financial intermediary.
- ✓ **The OCR of all 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.

4) Organisation of the exchange of shares

- ✓ Shareholders of the Merging Sub-fund will receive, in the Receiving Sub-fund, a number of new shares calculated by multiplying the number of shares they held in the relevant share category of the Merging Sub-fund by the exchange ratio.
- ✓ The exchange ratios will be calculated on Friday June 30, 2023, by dividing the NAV per share of the share categories of the Merging Sub-fund by the NAV per share of the corresponding share category of the Receiving Sub-fund, based on the valuation of the underlying assets set on Wednesday June 28, 2023.
- ✓ For the calculation of the exchange ratio, the NAV of the Classic H EUR CAP share class of the Receiving Sub-fund will be set at EUR 100.00.
- ✓ 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:

Features	Harmony Merging Sub-fund	Sustainable Multi-Asset Flexible Receiving Sub-fund																											
Investment objective	<p>Increase the value of the sub-fund's assets through investment growth, while keeping volatility at a limited level (i.e. annualised volatility target of 4% on average).</p>	<p>Increase the value of the sub-fund' 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.</p>																											
Investment policy	<p>The sub-fund invests indirectly through UCITS and/or UCIs its assets in equities issued by companies from any country, in fixed income securities and in money market instruments. The sub-fund may be exposed for maximum 20% of its assets on emerging markets. When the markets conditions justify it in the best interest of the investors, the Investment Manager may return totally or partially the portfolio and invest directly in the targeted assets. The Investment Manager implements, on a discretionary manner, a diversified allocation strategy for the following asset classes:</p> <table border="1" data-bbox="395 996 948 1664"> <thead> <tr> <th>Assets</th> <th>Minimum</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>1. Equity securities</td> <td>0%</td> <td>100%</td> </tr> <tr> <td>2. Debt securities</td> <td>0%</td> <td>100%</td> </tr> <tr> <td>a) Government Bonds</td> <td>0%</td> <td>100%</td> </tr> <tr> <td>b) Corporate Bonds</td> <td>0%</td> <td>100%</td> </tr> <tr> <td>c) High Yield Bonds</td> <td>0%</td> <td>20%</td> </tr> <tr> <td>d) Structured Debt Securities(AB S/MBS only)</td> <td>0%</td> <td>20%</td> </tr> <tr> <td>e) Convertible Bonds</td> <td>0%</td> <td>20%</td> </tr> <tr> <td>3. Money Market Instruments</td> <td>0%</td> <td>100%</td> </tr> </tbody> </table> <p>The risk allocation between the different asset classes is dynamic and will depend in particular on market trend changes and their interpretations in terms of risk. The investment size on the various asset classes within the sub-fund made according to a risk budget approach, taking into account:</p> <ul style="list-style-type: none"> - The annualised volatility target of 4% on average; - Volatility expectations for each of the asset classes in which the sub-fund is invested; - The risk-adjusted return expected by the Investment Manager for each class of assets. 	Assets	Minimum	Maximum	1. Equity securities	0%	100%	2. Debt securities	0%	100%	a) Government Bonds	0%	100%	b) Corporate Bonds	0%	100%	c) High Yield Bonds	0%	20%	d) Structured Debt Securities(AB S/MBS only)	0%	20%	e) Convertible Bonds	0%	20%	3. Money Market Instruments	0%	100%	<p>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.</p> <p>The sub-fund's portfolio allocation will be based on the Investment Manager's macro-economic views.</p> <p>The Investment Manager implements, on a discretionary manner, a diversified allocation strategy for the following asset classes:</p> <ul style="list-style-type: none"> • 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. <i>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/</i> • listed real estate assets⁽¹⁾,
Assets	Minimum	Maximum																											
1. Equity securities	0%	100%																											
2. Debt securities	0%	100%																											
a) Government Bonds	0%	100%																											
b) Corporate Bonds	0%	100%																											
c) High Yield Bonds	0%	20%																											
d) Structured Debt Securities(AB S/MBS only)	0%	20%																											
e) Convertible Bonds	0%	20%																											
3. Money Market Instruments	0%	100%																											

	<p>In the event of a volatility increase in given asset class, the Investment Manager may decide to reduce its investments in the aforesaid asset class and vice versa to increase its investment in the event of a volatility decrease.</p> <p>The Investment Manager will assess its own credit risk assessment to select the securities of the sub-fund. The sub-fund is managed within an interest rate range of 0 to 10.</p> <p>The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7.</p>	<ul style="list-style-type: none"> Structured Debt Securities (for a maximum of 20% of the sub-fund’s assets), Money Market Instruments. <ul style="list-style-type: none"> (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. <p>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).</p> <p>Debt securities will mainly have an investment grade rating and for maximum 40% of the assets a high yield rating.</p> <p>The sub-fund may, from time to time, be fully exposed to the abovementioned asset classes through UCITS, UCIs and ETFs.</p> <p>The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7.</p>
Sustainable Investment Policy	<p>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, as set out in Book I.</p> <p>The investment manager applies a non-financial analysis on a minimum of 90% of the assets of the sub-fund (excluding ancillary liquid assets) based on the internal Proprietary ESG scoring framework as indicated in Book I.</p> <p>The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being all the worldwide issuers.</p>	<p>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.</p> <p>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, sustainable thematic approach or others sustainable approaches.</p>
SFDR* classification	Article 8	Article 8
Minimum portion of sustainable investments in the meaning of SFDR	15%	30%
Derivatives and Securities Financing Transactions	<p>Core financial derivative instruments, and other swaps (OTC swaps on inflation), may be used for efficient portfolio management and hedging as described in points 2 and 3 of Appendix 2 of Book I.</p> <p>TRS* can be used as described on point 5 in Appendix 2 of Book I.</p> <p>* <i>One of the strategy index (The “Strategy Index”) that might be used to get exposure to the sub-fund universe is iBoxx EUR Corporates Overall Total Return Index. Its investment universe is composed of investment grade fixed-income bonds issued by</i></p>	<p>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.</p> <p>TRS* can be used as described on point 5 in Appendix 2 of Book I.</p> <p>* <i>One of the index that might be used to get exposure to the sub-fund universe is MSCI Europe SRI Index. The MSCI Europe SRI Index includes large and mid cap stocks</i></p>

	<p>private corporations in the Eurozone. This index is rebalanced monthly after close of business on the last 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</p>	<p>across 15 Developed Markets (DM) countries in Europe*. The index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. This index is rebalanced on a quarterly basis, but this rebalancing does not involve any cost for the sub-fund. Additional information on the strategy indices, their composition, calculation and rules for periodical review and rebalancing and on the general methodology behind, are made available on the website or can be provided to investors upon request by the Management Company.</p>
Risk Management Process	Commitment	Commitment
Risk Indicator	2	2
Specific Risk Profile	<p>Specific market risks:</p> <ul style="list-style-type: none"> • Credit Risk • Derivatives Risk • Emerging Markets Risk • Extra-Financial Criteria Investment Risk • Equity Risk • High Yield Bond Risk • Risks related to investments in some countries • Securitised Products Risk <p>For an overview of generic risks, please refer to the Appendix 3 of Book I of the Prospectus.</p>	<p>Specific market risks:</p> <ul style="list-style-type: none"> • 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 <p>Specific risks related to investments in Mainland China</p> <ul style="list-style-type: none"> • Risks related to Stock Connect <p>For an overview of generic risks, please refer to the Appendix 3 of Book I of the Prospectus.</p>
Investor type profile	<p>This sub-fund is suitable for investors who:</p> <ul style="list-style-type: none"> ✓ Are looking for a diversification of their investments through exposure to a range of asset classes, globally; ✓ Can accept medium market risks. 	<p>This sub-fund is suitable for investors who:</p> <ul style="list-style-type: none"> ✓ Are looking for a diversification of their investments through exposure to a range of asset classes, globally; ✓ Can accept medium market risks.
Recommended holding period	3 years	3 years
Summary of differences for:	While both sub-funds invests in UCITS and other UCIs, the targeted assets are different. The Receiving sub-fund may be exposed to commodities and listed real estate assets. In addition, the Receiving Sub-fund may be exposed to emerging markets up to 40% instead of 20% for the Merging Sub-fund and exposed to high yield bonds up to 40% instead of 20% in the Merging Sub-fund.	
Investment Policies		

<ul style="list-style-type: none"> • Investment Strategy • Asset Allocation 	<p>The exposures of the Merging Sub-fund changed over time partly from the appraisal of the realized volatility of assets held in portfolio, in order to provide a stable risk profile. The Receiving Sub-Fund investment strategy relies more on the anticipation of the portfolio management team views.</p> <p>Furthermore, the risk indicator of the Merging Sub-fund is set at 2 whereas it is set at 3 for the Receiving Sub-fund.</p>	
<p>OCR:</p> <ul style="list-style-type: none"> • “Classic” • “I” • “U3” • “K” 	<ul style="list-style-type: none"> • 1.30% • 0.63% • 1.15% • 2.05% 	<ul style="list-style-type: none"> • 1.57% • 0.90% • / • 2.32%
<p>Performance fee</p>	<p>Not applicable</p>	<p>15% of the positive difference between the annual performance of the share class and the hurdle rate €STR + 2%**</p>
<p>Conversion</p>	<p>Conversion only authorised between share classes of the Merging Sub-fund.</p>	<p>Conversion only authorised with the “Multi-Asset Thematic”, “Sustainable Multi-Asset Balanced”, “Sustainable Multi-Asset Growth” and “Sustainable Multi-Asset Stability” sub-funds and between shares classes of the Receiving Sub-fund.</p>
<p>NAV Cycle</p> <ul style="list-style-type: none"> • Centralisation of Orders • Valuation Day • NAV Calculation • Orders Settlement Date 	<ul style="list-style-type: none"> • D-1 • D • D + 1 • D + 3 	<ul style="list-style-type: none"> • D • D • D + 2 • D + 4

* *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 of the 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.*

6) Tax Consequences

- ✓ This Merger will have no Luxembourg tax impact for you.
- ✓ 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-fund 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-fund, 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. The

KIIDs of the Receiving Sub-fund are also available on the website www.bnpparibas-am.com where shareholders are invited to acquaint with them.

- ✓ In case of any question, please contact our Client Service (+ 352 26 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