

BNP Paribas Funds

Luxembourg SICAV – UCITS category

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

Luxembourg Trade and Companies Register No. B 33363

VAT No. LU22943885

Notice to shareholders

Luxembourg, 26 September 2023,

Dear Shareholders,

We hereby inform you of the following changes that will be incorporated in the next version of the prospectus to be dated October 2023 (the “Prospectus”).

Unless otherwise provided in this document, the below changes will be effective on 27 October 2023.

“Emerging Multi-Asset Income”

Given the unsatisfactory performances of the sub-fund and the low attractiveness of the investment strategy followed by the sub-fund, it has been decided to review (i) the investment objective and investment policy of the sub-fund mainly to extend its geographical universe from emerging countries only to a worldwide universe and (ii) the engagement in terms of sustainable investments.

The investment objective of the sub-fund will be amended to read as follows:

*“Increase the value of its assets over the medium-term **by investing directly across all types of asset classes** for Capitalisation shares and provide regular income in the form of dividend and on a secondary basis, generate capital growth for Distribution shares.”*

A “Benchmark” section will be inserted and will read as follows:

“Benchmark

The sub-fund is actively managed without reference to an index.”

The investment policy of the sub-fund will be re-written to read as follows:

<u>Former investment policy</u>	<u>New investment policy</u>
The sub-fund invests at least 70% of its assets in Emerging markets (defined as non OECD countries prior to 1 January 1994 together with Turkey and Greece) and maximum 30% of its assets in other markets in asset classes described in the below table.	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:



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ASSET MANAGEMENT

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The sub-fund aims to invest directly in these different asset classes, but may also invest indirectly in these asset classes through investment in other UCITS or UCIs of up to 10% of its net asset value. An essential feature of the investment policy is that the proportions between and within the different asset classes in the sub-fund are variable. The asset class mix will change based on the Investment Manager's medium term and short terms views on the economic cycle. The Investment Manager will also take into account the sustainability of the dividends in driving the asset class mix.

The following table shows the allowable bandwidths across the different asset classes:

Assets	Minimum	Maximum
1. Equity securities	0%	80%
2. Debt securities	0%	80%
a) Government Bonds	0%	80%
b) High Yield Bonds	0%	50%
c) Corporate Bonds	0%	50%
a) Structured Debt Securities	0%	20%
b) Convertible Bonds	0%	20%
3. Money Market Instruments	0%	80%
4. Commodities*	0%	20%

* The sub-fund does not hold commodities directly but through indices.

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. 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 10% of its assets by investments in "China A-Shares" via the Stock Connect, P-notes, and debt securities traded on the China Interbank Bond market.

The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7.

Assets	Minimum	Maximum
1. Government Bonds	0%	100%
2. Money Market Instruments ⁽¹⁾	0%	100%
3. Equities	0%	75%
4. Investment Grade Bonds	0%	50%
5. High Yield Bonds	0%	40%
6. Emerging Market Debt	0%	30%
7. Real Estate Securities ⁽²⁾	0%	29%
8. Convertible Bonds	0%	20%
9. Floating rates securities	0%	20%
10. Structured Debt Securities	0%	20%
11. Commodities ⁽³⁾	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% 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.

The “Sustainable Investment policy” 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 as set out in Book I.

In order to meet its environmental and social characteristics and objectives, 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.

The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being all the worldwide issuers.

~~*The sub-fund respects the Minimum Extra-Financial Analysis coverage rate, as set out in Book I.*~~

~~*The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being all the emerging markets issuers.”*~~

In addition, the minimum proportion of sustainable investments will increase from 0% to 30%.

As a result of the abovementioned changes, the name of the sub-fund will change from “BNP Paribas Funds Emerging Multi-Asset Income” to “BNP Paribas Funds Multi-Asset Opportunities”.

Should you do not approve these changes, you have the possibility to request the redemption of your shares free of charge until 26 October 2023.

“Multi-Asset Thematic”

The possibility given in the investment policy of the sub-fund to be exposed to commodities has been modified in order to be read as follows (change in bold):

*“The Investment Manager implements, on a discretionary manner, a diversified allocation strategy for the following asset classes:
(...)*

*“commodities (1) (not directly but buying ETN **or ETC** on commodities or a commodities ETF or by buying a commodities futures index or TRS* providing that ETN will never represent more than 20% of the assets)”*

Should you do not approve this change, you have the possibility to request the redemption of your shares free of charge until 26 October 2023.

All sub-funds

In Book II of the Prospectus, the section “Shares” will be removed for all the sub-funds of the Company. The complete list of shares offered will be available on the website www.bnpparibas-am.com

ADDITIONAL INFORMATION

Additional clerical changes have been made to update and enhance the general wording of the Prospectus or to comply with new laws and regulations. Terms or expression not defined in the present notice have the same meaning as in the Prospectus.

If a clearinghouse holds your shares, we advise you to enquire about the specific terms applying to subscriptions, redemptions and conversions made via this type of intermediary.

Please note that except for the newspaper publications required by Law, the official media going forward to obtain any notice to shareholders will be our website www.bnpparibas-am.com.

In case of any question, please contact our Client Service (+ 352 26 46 31 21 /AMLU.ClientService@bnpparibas.com).

Best regards,

The Board of Directors