

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

Luxembourg, 25 January 2024,

Dear Shareholders,

We hereby inform you of the following changes that will be incorporated in the next version of the prospectus to be dated January 2024 (the “**Prospectus**”).

Unless otherwise provided in this document, the below changes will be effective on 28 February 2024.

Securities Lending

The Company will no longer enter into securities lending transactions for the following sub-funds and the Prospectus will be amended accordingly:

- Belgium Equity;
- Enhanced Bond 6M;
- Euro Bond;
- Euro Equity;
- Euro Government Bond;
- Euro Medium Term Bond;
- Europe Convertible;
- Europe Equity;
- Europe Growth;
- Europe Real Estate Securities;
- Europe Small Cap Convertible;
- Global Convertible;
- Inclusive Growth;
- Sustainable Global Equity;
- Sustainable Enhanced Bond 12M;
- Sustainable Euro Bond;
- Sustainable Europe Dividend;
- Sustainable Europe Value.

This change will enter into force on 26 January 2024.



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world

“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.

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 SRI and will enter into force on 26 January 2024.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the sustainable investment objective of the sub-fund and (ii) the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective of the sub-fund.

“Emerging Markets Climate Solutions”

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 that have their registered offices or conduct the majority of their business activities in emerging countries (defined as non OECD countries prior to 1 January 1994 together with Turkey and Greece).

These companies provide through their products, services or processes solutions to ~~aquatic, terrestrial, and urban ecosystems, as well as renewable energy production, energy technology and materials efficiency, energy infrastructure and mobility, as well as ocean health and clean water, smart agriculture and food innovation and circular economy and eco-design~~ transportation.

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 Renewable Energy Production refers to decarbonizing the energy system through production of renewable **energy and carbon capture**. **Examples include clean power, hydrogen production, and renewable installation** ~~transitional energy~~.*

*The ~~Energy Efficiency, Technology & Materials~~ refers to digitalizing the energy system through electrification, efficiency and technology. **Examples include batteries for electric vehicles, environmental data analytics, and critical raw materials**.*

*The ~~Energy Infrastructure & Mobility~~ refers to decentralizing the energy system through new infrastructure, distributed energy and battery storage. ~~Transportation refers to decentralizing the energy system through new infrastructure, distributed energy and battery storage.~~ **This includes electric vehicle charging, hydrogen mobility and micro eMobility.***

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.

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 equity linked instruments (which include, but are not limited to, ADR, P-Notes, and GDR) and money market instruments, provided that investments in UCITS or UCIs do not exceed 10% of its 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 50% of its assets by investments in "China A-Shares" via the Stock Connect.

The sub-fund does not invest in debt securities.

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 SRI and will enter into force on 26 January 2024.

In addition, the section "Derivatives and Securities Financing Transactions" will be amended to allow the sub-fund to use warrants for efficient portfolio management and hedging. Warrants may represent up to 10% of the sub-fund's assets.

An additional risk factor relating to warrants will be inserted in the risk profile of the sub-fund.

Should you do not approve this change, you have the possibility to request the redemption of your shares free of charge until 27 February 2024.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the sustainable investment objective of the sub-fund and (ii) the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective 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 SRI and will enter into force on 26 January 2024.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the sustainable investment objective of the sub-fund and (ii) the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective of the sub-fund.

"Environmental Absolute Return Thematic Equity"

The investment objective of the sub-fund will be slightly adapted as follows:

*"Increase the value of its assets by going long environmental solutions companies whilst simultaneously using shorts for the purposes of hedging as well as shorting companies with stranded assets, transition risk assets and/or inferior technologies in addressing climate change **and declining nature stocks**, with volatility and style exposure tied to the environmental theme."*

In addition, the first three paragraphs of the investment policy of the sub-fund will be revised as follows:

*"This thematic sub-fund by going long environmental solutions companies whilst simultaneously using shorts for the purposes of hedging as well as shorting companies with stranded assets, transition risk assets and/or inferior technologies in addressing climate change **and declining nature stocks**. This includes, but not limited to, companies that through their products, services or processes, provide solutions to ~~aquatic, terrestrial, and urban ecosystems~~, **ocean health and clean water, smart agriculture and food innovation, the circular economy and eco-design**, as well as renewable energy production, energy efficiency ~~technology and materials and energy infrastructure and mobility transportation~~. 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 Renewable Energy Production refers to decarbonizing the energy system through production of renewable and transitional energy.*

The Energy Efficiency, Technology & Materials refers to digitalizing the energy system through electrification, efficiency and technology. The Energy Infrastructure & Transportation refers to decentralizing the energy system through new infrastructure, distributed energy and battery storage."

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.

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.

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."

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 SRI and will enter into force on 26 January 2024.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the environmental or social characteristics promoted by the sub-fund (ii) the binding elements of the investment strategy used to select the investments to attain the environmental or social characteristics promoted by the sub-fund and (iii) the committed minimum rate to reduce the scope of the investments considered prior to the application of the investment strategy.

“Global Climate Solutions”

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 worldwide companies. These companies provide through their products, services or processes solutions to ~~aquatic, terrestrial and urban ecosystems, as well as~~ renewable energy production, energy efficiency **technology and materials**, energy infrastructure and ~~transportation~~ **mobility, as well as ocean health and clean water, smart agriculture and food innovation and circular economy and eco-design.***

- ~~• 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 Renewable Energy Production refers to decarbonizing the energy system through production of renewable and ~~transitional energy~~ **carbon capture. Examples include clean power, hydrogen production, and renewable installation.**

The Energy ~~Efficiency, Technology & Materials~~ refers to digitalizing the energy system through electrification, efficiency and technology. **Examples include batteries for electric vehicles, environmental data analytics, and critical raw materials.**

The Energy Infrastructure & ~~Mobility Transportation~~ refers to decentralizing the energy system through new infrastructure, distributed energy and battery storage. **This includes electric vehicle charging, hydrogen mobility and micro eMobility.**

The Ocean Health & Clean Water refers 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.

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 equity linked instruments (which include, but are not limited to, ADR, P-Notes, A-Shares, CFD and GDR) and, Money Market Instruments, provided that UCITS or UCIs do not exceed 10% of its assets.

The sub-fund may be exposed to emerging markets up to 50% of its 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 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 SRI and will enter into force on 26 January 2024.

In addition, the section “Derivatives and Securities Financing Transactions” will be amended to allow the sub-fund to use warrants for efficient portfolio management and hedging. Warrants may represent up to 10% of the sub-fund's assets.

An additional risk factor relating to warrants will be inserted in the risk profile of the sub-fund.

Should you do not approve these changes, you have the possibility to request the redemption of your shares free of charge until 27 February 2024.

In addition, the precontractual template disclosure enclosed in the Prospectus for this sub-fund has been reviewed to reflect the abovementioned revisions and to provide additional information mainly on (i) the sustainability indicators used to measure the attainment of the sustainable investment objective of the sub-fund and (ii) the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective 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%	40 90%
Money Market Instruments ⁽¹⁾	0%	40 80%
Equities	10%	75%
Investment Grade Bonds	0%	50%
High Yield Bonds	0%	40 30%
Emerging Market Debt	0%	30%
Real Estate Securities ⁽²⁾	0%	29%
Convertible Bonds	0%	20%
Floating rates securities	0%	20%
Structured Debt Securities	0%	20%
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 ~~40~~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 SRI and the clarification will enter into force on 26 January 2024.

“Multi-Asset Thematic”

The investment policy of the sub-fund will be clarified to provide that investment in ETN and ETC will be limited to 20% of the sub-fund's assets. The fourth paragraph of the investment policy will be clarified as follows:

“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 and ETC will never represent more than 20% of the assets)”*

There is no impact on (i) the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the sub-fund's SRI and the clarification will enter into force on 26 January 2024.

“Sustainable Enhanced Bond 12M” and “Sustainable Euro Bond”

Given the current composition of the portfolio, it has been decided to increase the minimum percentage of sustainable investments as disclosed in appendix 5 of Book I of the Prospectus and in the relevant pre-contractual template from 30% to 50%.

This clarification will enter into force on 26 January 2024.

“Target Risk Balanced”

The investment policy of the sub-fund will be clarified to provide information on the way the sub-fund will be exposed to commodities as follows:

“The sub-fund invests its assets in all transferable securities within the limits allowed by the Law.

*Furthermore, the sub-fund is exposed to a range of asset classes through investment in funds, including trackers: **Asset classes in which the sub-fund may invest or to which it may be exposed are:***

- *equities of all types, in all sectors and geographic areas,*
- *government bonds, including debts of emerging countries,*
- *corporate bonds,*
- *commodities,*
- *listed real estate assets,*
- *money market instruments.*

The sub-fund is also indirectly exposed to market volatility.

In order to achieve its performance objective, the sub-fund implements an extremely flexible and diversified allocation strategy encompassing these asset classes. Asset allocation is managed systematically and the permanent ex-ante annual volatility target is close to 7.5%.

In addition the sub-fund takes up tactical allocation positions in order to increase the overall performance.

*The sub-fund's investments are made through funds (**including trackers**) or direct investments.*

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

*The sub-fund does not hold commodities or real estate directly. **Exposure to commodities may be obtained through investments in ETC and ETN.**”*

There is no impact on (i) the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the sub-fund's SRI and the clarification will enter into force on 26 January 2024.

“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”*

Should you do not approve these changes, you have the possibility to request the redemption of your shares free of charge until 27 February 2024.

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