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, 28 July 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 August 2023 (the "**Prospectus**").

Unless otherwise provided in this document, the below changes will be effective on 29 August 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.

“Euro Bond Opportunities” and “Global Bond Opportunities”

The board of directors of the Company has decided to change the method used for the calculation of the global exposure of the sub-funds from the Relative VaR to the Absolute VaR. This change is justified by the fact that due to the current use of financial derivatives instruments for these sub-funds in line with the investment policy allowing a wide set of strategies on a large range of asset classes, the Relative VaR methodology is no longer appropriate.

This change will not have any impact on (i) the way the sub-funds are managed, (ii) the relevant risk indicator, (iii) the relevant risk profile and (iv) the level of leverage disclosed in the Prospectus.

Should you do not approve this change, you have the possibility to request the redemption of your shares free of charge until 28 August 2023.

“Euro Corporate Green Bond” and “Euro Government Green Bond”

The first sentence of the investment policy of the sub-funds is clarified as follows:

*“The sub-fund aims at facilitating or accelerating the transition into a sustainable world by focusing on challenges related to environment by investing at least 75% of its assets in green bonds to finance projects primarily designed to **deliver solutions to** ~~mitigate~~ climate change.”*

This clarification does not have any impact on (i) the way the sub-funds are managed, (ii) the portfolio composition of the sub-funds and (iii) on the risk profile of the sub-funds.

In addition, the maximum percentage of “other fees” for the class I category of the sub-fund Euro Corporate Green Bond will decrease from **0.20%** to **0.17%**.

“Euro Government Bond”

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 Bloomberg Euro Aggregate Treasury 500MM Index.”

In addition, a section named “Benchmark” will be added as follows:
“Benchmark
The benchmark Bloomberg Euro Aggregate Treasury 500MM Index 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.

“Green Bond”

The investment policy of the sub-fund will be amended to allow the investment manager of the sub-fund to invest in debt securities traded on the Bond Connect up to 20% of the sub-fund’s assets.

As a result, the following sentence will be added in the investment policy disclosed in the Prospectus:
“In respect of the above investments limits, the sub-fund’s investments into debt securities traded on the Bond Connect may reach up to 20% of its assets.”

The risk profile of the sub-fund will be amended accordingly.

Should you do not approve this change, you have the possibility to request the redemption of your shares free of charge until 28 August 2023.

In addition, the third sentence of the investment policy is clarified as follows:

"Green bonds are bonds issued by corporate, supranational sovereign agencies, local entities and/or governments to finance projects primarily designed to ***deliver solutions to*** *~~mitigate~~ climate change."*

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.

"Japan Small Cap"

The management fees of the "Privilege" share category will be decreased from **1.00%** to **0.95%**.

"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 Flexible"

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 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).***"

This statement will replace the current following statement:

"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."

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)."

Should you do not approve this change, you have the possibility to request the redemption of your shares free of charge until 28 August 2023.

"Sustainable Multi-Asset Stability"

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: 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 statement will replace the current following statement:

"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."

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.

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