

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, 27 May 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 June 2024 (the “**Prospectus**”) and will be effective on 28 June 2024.

Internal classification in relation to article 8 and article 9 SFDR sub-funds

The internal classification of article 8 and article 9 SFDR sub-funds will be reviewed for clarity purposes as follows:

- The current classification “Enhanced ESG” will be removed;
- Two new classifications will be created: “Labelled” and “Decarbonization”;
- The “**Labelled**” classification will apply to sub-funds that satisfy the requirements of at least one sustainable label (French ISR label, Belgian Towards Sustainability, etc...) and are recognized as such by an independent certifying entity;
- The “**Decarbonization**” classification will apply to sub-funds that cover a wide range of strategies implementing GHG-related constraints. They include low-carbon products integrating GHG-related portfolio-level constraints such as lowering the portfolio carbon footprint compared to the benchmark and strategies focused on net-zero alignment, where each company must comply with a definitive GHG transition pathway according to the criteria laid out, e.g. in our NZ:AAA framework, which identifies companies that are achieving, aligned or aligning with net zero; and
- The “**Sustainable Thematic**” classification will be amended to read as follows: “These sub-funds seek to contribute capital towards specific themes of the transition towards a low-carbon, inclusive economy (e.g. the energy transition, inclusive growth, etc.) and to benefit from future growth anticipated in these themes. They invest in companies or projects which products, services or operations positively contribute to the environmental or social challenges addressed by the theme.”;
- The indication of the classification in the “Sustainable Investment Policy” of the relevant sub-funds in Book II will be removed.

Please refer to appendix 1 to this notice for the new classification of the sub-funds and to appendix 2 for the list of sub-funds benefiting from the Belgian label “Towards Sustainability”.

This new classification will not impact the way the relevant sub-funds will be managed nor their portfolio composition.

Belgium Equity

The “*Sustainable Investment Policy*” section of the sub-fund will be reviewed to add the following sentence at the end of the paragraph to satisfy the requirements of the Belgian label “Towards Sustainability”:

“The average portfolio carbon footprint of the sub-fund is improved by at least 15% compared to its investment universe.”



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
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changing world

Ecosystem Restoration

The investment objective of the sub-fund will be reviewed and clarified taking into account the recommended holding period of the sub-fund that is set at 6 years. The investment objective will therefore read as follows:

*“Increase the value of its assets over the ~~medium~~ **long** term by investing primarily in companies engaging in the restoration and preservation of the world’s ecosystems and natural capital.”*

This adjustment will not trigger any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Emerging Bond Opportunities

The investment manager of the sub-fund intends to invest in debt securities traded on the Bond Connect, in addition to debt securities traded on the China Interbank Bond market.

As a result, the third paragraph of the investment policy of the sub-fund will be amended to read as follows:

*“In respect of the above investments limits, the sub-fund’s investments into debt securities traded on the China Interbank Bond market **and the Bond Connect** may reach up to 25% of its assets.”*

In addition, a risk factor linked to the Bond Connect will be added to the risk profile section of the sub-fund.

This new wording will not have any impact on the risk profile of the sub-fund.

Energy Transition

The investment objective of the sub-fund will be reviewed and clarified taking into account the recommended holding period of the sub-fund that is set at 6 years. The investment objective will therefore read as follows:

*“Increase the value of its assets over the ~~medium~~ **long** term by investing primarily in companies engaging in energy transition.”*

This adjustment will not trigger any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Europe Real Estate Securities

The last sentence of the “Sustainable Investment Policy” section of the sub-fund will be reviewed to satisfy the requirements of the Belgian label “Towards Sustainability” and will read as follows:

*“The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, **after eliminating at least 15% of securities with the lowest ESG Score.**”*

Global Net Zero Transition Equity

The investment policy of the sub-fund will be clarified as follows for a better understanding:

“At all times, the sub-fund invests 75% of its assets in equity and/or equity equivalent of companies selected based on fundamental driven investment process.

The sub-fund invests in global equities, seeking medium term capital appreciation.

The investment universe of the sub-fund is composed of companies within the BNP-PARIBAS ASSET MANAGEMENT proprietary Net Zero Transition universe called “AAA proprietary universe”: “Achieving Net Zero”, “Aligned to Net Zero”, “Aligning towards Net Zero”.

In particular, the sub-fund will invest in companies which are part of the “Achieving Net Zero”, “Aligned to Net Zero”, “Aligning Towards Net Zero” categories defined in the Net Zero AAA proprietary framework.

This framework ranks issuers as “Achieving”, “Aligned” and “Aligning” and “Not aligned” to net zero based on science-based decarbonisation pathways or contributions towards the energy transition and decarbonisation of the real economy.

[...]

The Investment Manager employs a behavioural finance investment philosophy where it believes that quality companies (earning over their cost of capital) with improving business momentum and that may have valuation support, tend to outperform. The Investment Manager then processes to select stocks **solely** within the “Achieving”, “Aligned” and “Aligning” categories mentioned above.”

In addition, the section “Sustainable Investment Policy” will be reviewed to read 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.

The sub-fund’s investment universe, being the benchmark, is reduced by a minimum of 20% due to exclusion of securities which are not aligned with the AAA proprietary framework (as defined above) and/or sector exclusions as per the RBC Policy.

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 as well as the Net Zero AAA proprietary framework.

The approach is implemented in order to consistently achieve a portfolio’s ESG score higher than the ESG score of the benchmark. The sub-fund’s investment universe shall be reduced by a minimum of 20% due to exclusion of securities which are not aligned with the AAA framework.

~~*The average portfolio ESG score of the sub-fund is higher than the one of the benchmark after eliminating at least 20% of securities with the lowest ESG Score.”*~~

As a result the section “Benchmark” will be amended to read as follows:

*“The MSCI ACWI (NR) EUR benchmark is used for **investment universe selection and** performance comparison only. The sub-fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark.”*

Finally, it has been decided to rename the sub-fund “Global Equity Net Zero Transition”.

These amendments do not have any impact on the (i) way the sub-fund is managed, (ii) on the portfolio composition and (iii) on the SRI of the sub-fund.

Health Care Innovators

The “Sustainable Investment Policy” section of the sub-fund will be clarified by the insertion of the following section:

“The sub-fund shall invest at least 50% of its assets in companies with at least 20% revenue, profit or capital invested in economic activities aligned to the theme.”

The reference to the “theme” is linked to the investment universe of the sub-fund being the healthcare innovative companies.

Inclusive Growth

The last sentence of the “Sustainable Investment Policy” section of the sub-fund will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

“At least 205% of the investment universe, being the large and mid-cap companies across the main markets of developed countries, is eliminated on the basis of low ESG scores and/or sector exclusions.”

Local Emerging Bond

The investment manager of the sub-fund intends to invest in debt securities traded on the Bond Connect, in addition to debt securities traded on the China Interbank Bond market.

As a result, the third paragraph of the investment policy of the sub-fund will be amended to read as follows:

*“In respect of the above investments limits, the sub-fund’s investments into debt securities traded on the China Interbank Bond market **and the Bond Connect** may reach up to 25% of its assets.”*

In addition, a risk factor linked to the Bond Connect will be added to the risk profile section of the sub-fund.

This new wording will not have any impact on the risk profile of the sub-fund.

Multi-Asset Thematic

Given the fund of funds structure of the sub-fund the “Sustainable Investment Policy” of the sub-fund will be amended to read 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.

The sub-fund is not classified as a Sustainable Thematic category as set out in section “Sustainable Investment Policy” of Book 1.

The sub-fund invests at least 75% of its assets (excluding ancillary liquid assets) in UCITS, UCIs and/or ETFs that are categorized as article 8 or article 9 according to SFDR.

~~*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.”*~~

Nordic Small Cap

The “Sustainable Investment Policy” section of the sub-fund will be reviewed to add the following sentence at the end of the paragraph to satisfy the requirements of the Belgian label “Towards Sustainability”:

“The average portfolio GHG intensity of the sub-fund is improved by at least 15% compared to its investment universe.”

RMB Bond

The investment manager of the sub-fund intends to invest in debt securities traded on the Bond Connect, in addition to the other markets already indicated in the investment policy of the sub-fund.

As a result, the first paragraph of the investment policy of the sub-fund will be amended to read as follows:

*“This sub-fund invests at least 90% of its assets in Chinese sovereign bonds (including policy bank bonds), and Investment Grade credit bonds rated AA- or above by onshore rating agencies, issued or settled in RMB (both CNH and CNY), including but not limited to securities traded over the counter on the China interbank bond market, **the Bond Connect** and/or China exchange traded bond market on the Shanghai or Shenzhen stock exchanges, and in overnight deposit, and for maximum 20% of its assets in Investment Grade structured debt.”*

In addition, a risk factor linked to the Bond Connect will be added to the risk profile section of the sub-fund.

This new wording will not have any impact on the risk profile of the sub-fund.

Sustainable Asia ex-Japan Equity

The “Sustainable Investment Policy” section of the sub-fund will be reviewed to add the following sentence at the end of the paragraph to satisfy the requirements of the Belgian label “Towards Sustainability”:

“The average portfolio carbon footprint of the sub-fund is improved by at least 15% compared to its investment universe.”

Sustainable Enhanced Bond 12M

The following sentence of the “Sustainable Investment Policy” section of the sub-fund will be amended to satisfy the requirements of the Belgian label “Towards Sustainability”:

“At least 295% of the investment universe, being bonds issued by private issuers having a maturity between 1 to 3 years, is eliminated on the basis of low ESG scores and/or sector exclusions.”

Sustainable Euro Bond

The following sentence of the “Sustainable Investment Policy” section of the sub-fund will be amended to satisfy the requirements of the Belgian label “Towards Sustainability”:

“At least 205% of the investment universe is eliminated based on low ESG scores and/or sector exclusions.”

Sustainable Euro Corporate Bond

The following sentence of the “Sustainable Investment Policy” section of the sub-fund will be amended to satisfy the requirements of the Belgian label “Towards Sustainability”:

“At least 205% of the investment universe is eliminated based on low ESG scores and/or sector exclusions.”

Sustainable Global Equity

The investment objective of the sub-fund will be amended to allow a dynamical allocation of investments across various mega trends driving market performance.

As a result, the investment objective of the sub-fund will be amended as follows:

“Increase the value of its assets over the medium term by investing primarily in global equities which seek to take advantage of secular mega trends driving market performance issued by socially responsible companies. These secular mega trends include but are not limited to the following sectors: Technological and Healthcare Innovation, Geopolitics, Sustainability and Demography.”

As a result, the name of the sub-fund will change to “Global Megatrends” and the sub-fund will drop its superior sustainable profile in terms of ESG. It will be just “better than benchmark”. The “Sustainable Investment Policy” section of the sub-fund will therefore read 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.

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, after eliminating at least 20% of securities with the lowest ESG Score.”

Finally, the “Derivatives and Securities Financing Transactions” section of the sub-fund will be amended to provide that core financial derivative instruments may be used for efficient portfolio management.

Should you do not approve these changes, you may request the redemption of your shares, free of charge, until 27 June 2024.

Sustainable Multi-Asset Balanced

The last paragraph of the “Sustainable Investment Policy” will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

“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 205% 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 205% 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).”*

Sustainable Multi-Asset Growth

The last paragraph of the “Sustainable Investment Policy” will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

“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 205% 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).”

Sustainable Multi-Asset Stability

The last paragraph of the “Sustainable Investment Policy” will be amended as follows to satisfy the requirements of the Belgian label “Towards Sustainability”:

“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 205% 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 205% 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).*

Target Risk Balanced

Given the fund of funds structure of the sub-fund, the “Sustainable Investment Policy” will be amended as the minimum extra-financial analysis coverage rate does not apply to this sub-fund.

As a result, the “Sustainable Investment Policy” section of the sub-fund will read 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.

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

The sub-fund invests at least 75% of its assets (excluding ancillary liquid assets) in funds that are categorized as article 8 or article 9 according to SFDR.”

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

Appendix 1 – Classification

Sub-fund	ESG category	SFDR Category
Aqua	Sustainable Thematic + Labelled	Article 9
Belgium Equity	Labelled	Article 8
Climate Impact	Sustainable Thematic + Labelled	Article 9
Ecosystem Restoration	Sustainable Thematic + Labelled	Article 9
Emerging Markets Climate Solutions	Sustainable Thematic + Labelled	Article 9
Energy Transition	Sustainable Thematic + Labelled	Article 9
Environmental Absolute Return Thematic Equity (EARTH)	Sustainable Thematic + Labelled	Article 8
Euro Corporate Green Bond	Sustainable Thematic	Article 9
Euro Defensive Equity	Labelled	Article 8
Euro Government Bond	Labelled	Article 8
Euro Government Green Bond	Sustainable Thematic	Article 9
Euro High Yield Bond	Labelled	Article 8
Euro Inflation-Linked Bond	Labelled	Article 8
Europe Real Estate Securities	Labelled	Article 8
Global Climate Solutions	Sustainable Thematic + Labelled	Article 9
Global Environment	Sustainable Thematic + Labelled	Article 9
Global Equity Net Zero Transition	Decarbonization + Labelled	Article 8
Green Bond	Impact + Sustainable Thematic + Labelled	Article 9
Green Tigers	Sustainable Thematic + Labelled	Article 9
Health Care Innovators	Labelled	Article 8
Inclusive Growth	Sustainable Thematic + Labelled	Article 8
Nordic Small Cap	Labelled	Article 8
SMaRT Food	Sustainable Thematic + Labelled	Article 9
Social Bond	Impact + Sustainable Thematic + Labelled	Article 9
Sustainable Asia ex-Japan Equity	Labelled	Article 8
Sustainable Asian Cities Bond	Sustainable Thematic + Labelled	Article 9
Sustainable Enhanced Bond 12M	Labelled	Article 8
Sustainable Euro Bond	Labelled	Article 8
Sustainable Euro Corporate Bond	Labelled	Article 8
Sustainable Euro Low Vol Equity	Labelled	Article 8
Sustainable Euro Multi-Factor Corporate Bond	Labelled	Article 8
Sustainable Euro Multi-Factor Equity	Decarbonization + Labelled	Article 8
Sustainable Europe Dividend	Labelled	Article 8
Sustainable Europe Multi-Factor Equity	Decarbonization+ Labelled	Article 8
Sustainable Europe Value	Labelled	Article 8
Sustainable Global Corporate Bond	Labelled	Article 8
Sustainable Global Low Vol Equity	Labelled	Article 8
Sustainable Global Multi-Factor Corporate Bond	Decarbonisation + Labelled	Article 8
Sustainable Global Multi-Factor Equity	Labelled	Article 8
Sustainable Global Multi-Factor High Yield Bond	Decarbonisation + Labelled	Article 8
Sustainable Japan Multi-Factor Equity	Decarbonisation + Labelled	Article 8
Sustainable Multi-Asset Balanced	Labelled	Article 8
Sustainable Multi-Asset Growth	Labelled	Article 8
Sustainable Multi-Asset Stability	Labelled	Article 8
Sustainable US Multi-Factor Corporate Bond	Decarbonization	Article 8
Sustainable US Multi-Factor Equity	Labelled	Article 8
Sustainable US Value Multi-Factor Equity	Labelled	Article 8

Appendix 2 – Belgian label “Towards Sustainability”

As of the date of the Prospectus, the sub-funds listed below benefit from the Belgian Towards Sustainability label:

- Aqua
- Belgium Equity
- Climate Impact
- Ecosystem Restoration
- Emerging Markets Climate Solutions
- Energy Transition
- Environmental Absolute Return Thematic Equity (EARTH)
- Euro Defensive Equity
- Euro Government Bond
- Euro High Yield Bond
- Euro-Inflation Linked-Bond
- Global Climate Solutions
- Global Environment
- Global Equity Net Zero Transition
- Green Bond
- Green Tigers
- Health Care Innovators
- Inclusive Growth
- Nordic Small CAP
- SMaRT Food
- Social Bond
- Sustainable Asia ex-Japan Equity
- Sustainable Asian Cities Bond
- Sustainable Enhanced Bond 12M
- Sustainable Euro Bond
- Sustainable Euro Low Vol Equity
- Sustainable Euro Multi-Factor Corporate Bond
- Sustainable Euro Multi-Factor Equity
- Sustainable Europe Dividend
- Sustainable Europe Multi-Factor Equity
- Sustainable Europe Value
- Sustainable Global Corporate Bond
- Sustainable Global Low Vol Equity
- Sustainable Global Multi-Factor Corporate Bond
- Sustainable Global Multi-Factor Equity
- Sustainable Global Multi-Factor High Yield Bond
- Sustainable Japan Multi-Factor Equity
- Sustainable Multi-Asset Balanced
- Sustainable Multi-Asset Growth
- Sustainable Multi-Asset Stability
- Sustainable US Value Multi-Factor Equity
- Sustainable US Multi-Factor Corporate Bond
- Sustainable US Multi-Factor Equity