BNP PARIBAS ASSET MANAGEMENT

# BNP PARIBAS COMFORT

In abbreviated form BNPP COMFORT

*A common fund organised under Luxembourg Law*

## Prospectus

**MARCH 2021**

**INFORMATION REQUESTS**

BNP PARIBAS ASSET MANAGEMENT LUXEMBOURG

10 rue Edward Steichen

L-2540 Luxembourg

Grand Duchy of Luxembourg

**NOTICE**

This Prospectus may not be used for the purpose of an offer or sollicitation to sell in any country or any circumstances in which such an offer or entreaty is not authorised.

BNP PARIBAS Comfort (the “Fund”) is approved as an Undertaking for Collective Investment in Transferable Securities (UCITS) in Luxembourg. It is specifically authorised to market its units in Luxembourg and Belgium. Not all the sub-funds, unit categories, or unit classes are necessarily registered in these countries. It is vital that before subscribing, potential investors ensure that they are informed about the sub-funds, categories, or classes of units that are authorised to be marketed in their country of residence and the constraints applicable in each of these countries.

In particular, the Fund’s units have not been registered in accordance with any legal or regulatory provisions in the United States of America. Consequently, this document may not be introduced, transmitted or distributed in that country, or its territories or possessions, or sent to its residents, nationals, or any other companies, associations, employee benefit plans or entities whose assets constitute employee benefit plan assets whether or not subject to the United States Employee Retirement Income Securities Act of 1974, as amended (collectively, "Benefit Plans"),or entities incorporated in, or governed by the laws of that country. Furthermore, the Fund’s units may not be offered or sold to such persons.

This document may neither be introduced, transmitted or distributed in Ireland, or its territories or possessions, or sent to its residents, nationals, or any other companies, associations or entities incorporated in, or governed, by the laws of that country. The Fund’s units may not be offered or sold to such persons.

In addition, no one may issue any information other than that presented in the Prospectus or the documents mentioned in it, which may be consulted by the public. The Board of Directors of the Management Company vouches for the accuracy of the information contained in the Prospectus on the date of publication.

Lastly, the Prospectus may be updated to take account of additional or closed sub-funds or any significant changes to the Fund’s structure and operating methods. Therefore, subscribers are recommended to request any more recent documents as mentioned below under the “Information for Unitholders” section. Subscribers are also recommended to seek advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription, purchase, holding and redemption of units in their country of origin, residence or domicile.

The Prospectus is only valid if accompanied by the latest audited annual report as well as the latest interim report if the latter is more recent than the annual report.

If there is any inconsistency or ambiguity regarding the meaning of a word or sentence in any translation of the Prospectus, the English version shall prevail.

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**BOOK I OF THE PROSPECTUS**



**BOOK II OF THE PROSPECTUS**



An information section is available relating to each particular sub-fund. It specifies each sub-fund's investment policy and objective, the features of the units, their accounting currency, valuation day, methods of subscription, redemption and/or conversion, applicable fees, and, if applicable, the history and other specific characteristics of the sub-fund in question. Investors are reminded that, unless otherwise stated in Book II, the general regulations stipulated in Book I will apply to each sub-fund.

# BOOK I

## GENERAL INFORMATION

**REGISTERED OFFICE**
10 rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg

**MANAGEMENT COMPANY**

BNP PARIBAS ASSET MANAGEMENT Luxembourg
10 rue Edward Steichen
L-2540 Luxembourg
Grand Duchy of Luxembourg

BNP PARIBAS ASSET MANAGEMENT Luxembourg is a Management Company as defined by Chapter 15 of the Luxembourg law of 17 December 2010 concerning undertakings for collective investment.
The Management Company performs theadministration, portfolio management and marketing duties.

**THE MANAGEMENT COMPANY'S BOARD OF DIRECTORS**

**Chairman**

Mr Pierre MOULIN, Global Head of Products and Strategic Marketing, BNP PARIBAS ASSET MANAGEMENT France, Paris

**Members**

Mrs Isabelle BOURCIER, Head of Quantitative and Index – MAQS (Multi Asset, Quantitative and Solutions), BNP PARIBAS ASSET MANAGEMENT France, France

Mr Stéphane BRUNET, Chief Executive Officer, BNP PARIBAS ASSET MANAGEMENT Luxembourg, Luxembourg

Mr Georges ENGEL, Independent Director, Vincennes, France

**NAV CALCULATION**
BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

**TRANSFER AND REGISTRAR AGENT**
BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

**DEPOSITARY**

BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

**INVESTMENT MANAGERS**
BNP Paribas Group management entities:

- **BNP PARIBAS ASSET MANAGEMENT France**
  1 boulevard Haussmann, F-75009 Paris, France
  A French company, incorporated on 28 July 1980
- **BNP PARIBAS ASSET MANAGEMENT UK Ltd.**
  5 Aldermanbury Square, London EC2V 7BP, United Kingdom
  A UK company, incorporated on 27 February 1990

**ADVISOR**

- **FundQuest Advisor**
  1 boulevard Haussman, F-75009 Paris, France
  A French company, incorporated on 21 October 1994
  Acting as advisor for the selection of target funds

**AUDITOR**

PricewaterhouseCoopers Société coopérative
2 rue Gerhard Mercator

B.P. 1443
L - 1014 Luxembourg
Grand Duchy of Luxembourg

**MANAGEMENT REGULATIONS**

The Fund was created on 28 July 2005 and a notice was published in the *Mémorial, Recueil Spécial des Sociétés et Associations (the "Mémorial").*

The Management Regulations have been modified at various times, most recently on 15 November 2019, with publication of a notice in the *RESA on 11 June 2020*.

The latest version of the Management Regulations has been filed with the Trade and Companies Registrar of Luxembourg, where any interested party may consult it and obtain a copy (website www.lbr.lu).

## TERMINOLOGY

For purposes of this document, the following terms shall have the following meanings. The below terminology is a generic list of terms. Some of them may therefore not be used in the present document.

| | |
|---|---|
| **ABS:** | **Asset-Backed Securities:** Securities backed by the cash flows of a pool of assets (mortgage and non-mortgage assets) such as home equity loans, company receivables, truck and auto loans, leases, credit card receivables and student loans. ABS are issued in tranched format or as pass-through certificates, which represent undivided fractional ownership interests in the underlying pools of assets. Therefore, repayment depends largely on the cash flows generated by the assets backing the securities. |
| **Absolute Return Investments:** | Investments seek to make positive returns by employing investment management techniques that differ from traditional mutual funds, such as short selling, futures, options, financial derivative instruments, arbitrage, and leverage. |
| **Accounting Currency:** | Currency in which the assets of a sub-fund are stated for accounting purposes, which may be different of the unit category's valuation currency |
| **Active Trading:** | Subscription, conversion or redemption in the same sub-fund over a short period of time and involving substantial amounts, usually with the aim of making a quick profit. This activity is prejudicial to other unitholders as it affects the sub-fund's performance and disrupts management of the assets. |
| **ADR / GDR:** | ADR / GDR refer to all categories of American Depositary Receipts and Global Depositary Receipts, mirror substitutes for units/shares which cannot be bought locally for legal reasons. ADRs and GDRs are not listed locally but on such markets as New York or London and are issued by major banks and/or financial institutions in industrialised countries in return for deposit of the securities mentioned in the sub-fund's investment policy. |
| **Advisory Fee:** | Fee calculated and deducted monthly from the average net assets of a sub-fund, unit category or class of units, serving to cover remuneration of advisor(s) in connection with advice they provide to asset managers. |
| **Alternatives Investments:** | Investments outside of the traditional asset classes of equities, debt securities and cash: they include UCITS/UCIs with alternative strategies in so far as they fulfill the requirements of paragraph 1. point e) of the Appendix 1 of the Book I of the Prospectus, Managed Futures, Real Estate Investments, Commodities Investments, Inflation-linked Products and Derivatives Contracts. Alternative investments strategies may pursue the following strategies: Equity Long / Short, Equity Market Neutral, Convertible Arbitrage, Fixed Income Arbitrage (yield curve arbitrage or corporate spread arbitrage), Global Macro, Distressed Securities, Multi-strategy, Managed Futures, Take-over / merger arbitrage, Volatility arbitrage, Total Return. |
| **Asset Securitisation:** | Financial package (off-balance sheet) which consists of issuing securities backed to a basket of assets (mortgages: residential and commercial mortgages, consumer loans, automobile loans, student loans, credit card financing, equipment loans and leases, business trade receivables, inventories among others) and based on the quality of the collateral they offer or their level of risk. The underlying assets are virtually "transformed" into securities, hence "securitisation". |
| **Agency – Non Agency MBS:** | Securities that are issued by structures set up by government-sponsored enterprises like Fannie Mae or Freddie Mac are called "agency" MBS; securities issued by structures set up by investment banks "private-label" are called "non -agency" MBS. |
| **Authorised Investors:** | Investors specially approved by the Board of Directors of the Management Company |
| **Benchmark Index:** | The index published by the index provider, as calculated by the calculation agent. For each sub-fund, its Benchmark Index is detailed in the relevant part of Book II. |
| **Benchmark Register:** | The Benchmark Administrators Register held by ESMA, in accordance with Article 36 of the Regulation 2016/1011. |
| **CBO:** | **Collateralised Bond Obligation:** Bonds backed by a collection of low-grade debt securities (such as junk bonds); CBOs are separated into tranches based on various levels of credit risk (called tiers) that are determined by the quality of bonds involved. When issuing CBO, the issuer can post more collateral than necessary in an attempt to obtain a better debt rating from a credit rating agency (overcollateralization). |
| **CDO:** | **Collateralised Debt Obligation:** A structured financial product that pools together cash flow-generating assets and repackages this asset pool into discrete tranches that can be sold to investors. A collateralised debt obligation (CDO) is so-called because the pooled assets, such as mortgages, bonds and loans, are essentially debt obligations that serve as collateral for the CDO. The tranches in a CDO vary substantially in their risk profile. The senior tranches are relatively safer because they have first priority on the collateral in the event of default. As a result, the senior tranches of a CDO generally have a higher credit rating and offer lower coupon rates than the junior tranches, which offer higher coupon rates to compensate for their higher default risk. CDOs include CBOs, CLOs and CMOs. |
| **CDS:** | **Credit Default Swap**: When buying or selling a CDS, the Fund hedges against the risk of an issuer's default by paying a quarterly premium. In the event of payment default, settlement may be made either in cash, in which case the buyer of the protection receives the difference between the face value and the recoverable value, or in the form of an in-kind settlement, in which case the buyer of the protection sells the defaulting security, or another security chosen from a basket of deliverable securities agreed in the CDS contract, to the seller of the protection and recovers the |

face value. The events that constitute default are defined in the CDS contract, along with the procedures for delivery of the bonds and debt certificates

**CFD:** **Contract for Difference**: Contract between two parties whereby they agree on a cash payment between them in the amount of the difference between two valuations of the underlying asset, at least one of which is unknown when they enter into the contract. By entering into a CFD, the Fund undertakes to pay (or receive) the difference between the valuation of the underlying asset at the time of entering into the contract and the valuation of the underlying asset at a particular moment in the future.

**Charities:** Non-governmental organisations and/or other charitable organisations elected by the board of directors of the Management Company which benefit from a part of fees and costs and/or dividends taken in or distributed by the unit categories of "Solidarity" type. The list of elected charities is available in annual and semi-annual reports of the Fund. The rights returning to the Charities are detailed in Book I and Book II.

**Circular 08/356:** Circular issued by the CSSF on 4 June 2008 concerning the rules applicable to undertakings for collective investment when they utilise certain techniques and instruments based on transferable securities and money market instruments. This document is available on the CSSF website (www.cssf.lu).

**Circular 11/512:** Circular issued by the CSSF on 30 May 2011 concerning: a) The presentation of the main regulatory changes in risk management following the publication of the CSSF Regulation 10-4 and ESMA clarifications; b) Further clarification from the CSSF on risk management rules; c) Definition of the content and format of the risk management process to be communicated to the CSSF. This document is available on the CSSF website (www.cssf.lu).

**Circular 14/592:** Circular issued by the CSSF on 30 September 2014 concerning ESMA guidelines on ETF and other UCITS issues. This document is available on the CSSF website (www.cssf.lu).

**CLO:** **Collateralised Loan Obligation:** A security backed by a pool of bank (commercial or personal) loans (often low-rated corporate loans) structured so that there are several classes of bondholders with varying credit qualities called tranches.

**Closed-ended REIT:** Real Estate Investment Trust which complies with the provisions of article 2 of the Grand Ducal Regulation dated 8 February 2008, the units of which are listed on a Regulated Market is classified as a transferable security listed on a Regulated Market, investments in closed-ended REITs which are not listed on a Regulated Market, are currently limited to 10% of the net assets of a sub-fund.

**CMO:** **Collateralised Mortgage Obligation:** A type of MBS created by redirecting the cash flows from underlying pools of mortgages to different classes of bonds called tranches. The redistribution of scheduled principal, unscheduled principal and interest from the underlying mortgage pool to different tranches creates securities with different coupon rates, average lives and price sensitivities. Consequently, these instruments can be used to match an investor's particular risk and return objectives more closely.

**CMBS:** **Commercial (or Collateralised) Mortgage Backed Security:** A security created by pooling a group of (non-residential) mortgages on commercial real estate, office building, warehousing facilities, multi-family real estate. CMBS are structured so that there are several classes of bondholders with varying credit qualities called tranches.

**Commodities Investments:** Investments in instruments based on commodities

**CSSF:** *Commission de Surveillance du Secteur Financier*, the regulatory authority for UCI in the Grand Duchy of Luxembourg

**Currencies:**. **EUR:** Euro

**Directive 78/660:** European Council Directive 78/660/EEC of 25 July 1978 concerning the annual accounts of certain forms of companies, as amended.

**Directive 83/349:** European Council Directive 83/349/EEC of 13 June 1983 concerning consolidated accounts, as amended.

**Directive 2004/39:** European Council Directive 2004/39/EC of 21 April 2004 on markets in financial instruments, as amended

**Directive 2009/65:** European Council Directive 2009/65/EC of 13 July 2009 regarding the coordination of legislative, regulatory and administrative provisions concerning undertakings for collective investment in transferable securities (UCITS IV) as amended by the Directive 2014/91.

**Directive 2011/16:** European Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation, as amended by the Directive 2014/107.

**Directive 2014/91:** European Parliament and of the Council Directive 2014/91/EU on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investments in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions (UCITS V) amending the Directive 2009/65

**Directive 2014/107:** European Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16 as regards mandatory automatic exchange of information (AEOI) in the field of taxation.

**Distribution Fee:** Fee calculated and deducted monthly from the average net assets of a sub-fund, unit category, or class of unit, paid to the Management Company and serving to cover remuneration of the distributors, supplemental to the share of the management fee that they receive.

**EDS:** **Equity Default Swap** : When buying an equity default swap (EDS), the Fund hedges against the risk of a sharp fall (the current market norm is 70%) in the value of the underlying security on the stock markets, regardless of the cause for the fall, by paying a quarterly premium. When the risk is realised, i.e. when the closing price on the stock market reaches or exceeds the threshold (of – 70%), the payment is made in cash: the buyer of the protection receives a pre-determined percentage (the current European market norm is 50%) of the notional amount initially assured.

**EEA:** European Economic Area

**Emerging markets:** non OECD countries prior to 1 January 1994 together with Turkey and Greece:
In the Emerging markets, 2 different categories may be identified by the main providers of indices:
- Frontier markets: a sub-category of emerging markets designating growing economies with widely varying characteristics in terms of development, growth, human capital, demographics and political openness.
- Advanced emerging markets: a sub-category of countries in the group of emerging markets gathering the best ranked countries in terms of market efficiency, regulatory environment, custody and settlement procedures and dealing tools available.

**EMTN:** **Euro Medium Term Notes**: Medium-term debt securities characterised by their high level of flexibility for both the issuer (corporate issuers and public bodies) and the investor. EMTN are issued according to an EMTN programme, which means that use of debt funding can be staggered and the amounts involved varied. The arranger of the issue will not necessarily underwrite it, which means that the issuer cannot be certain of raising the full amount envisaged (it is therefore in the issuer's interest to have a good credit rating).

**Equity:** A stock or any other security representing an ownership interest.

**Equity equivalent security:** ADR, GDR and investment certificates

**ESG:** Environmental, Social and Governance

**ETC:** **Exchange Traded Commodities:** Trade and settle like ETFs but are structured as debt instruments. They track both broad and single commodity indices. ETC either physically hold the underlying commodity (e.g. physical gold) or get their exposure through fully collateralised swaps.

**ETF:** **Exchange Traded Funds:** refer to exchange traded products that are structured and regulated as mutual funds or collective investment schemes. To be eligible an ETF shall be a UCITS, or a UCI compliant with the conditions set out in the Appendix I of the Prospectus.

**ESMA:** European Securities and Markets Authority

**ESMA/2011/112:** Guidelines to competent authorities and UCITS management companies on risk measurement and the calculation of global exposure for certain types of structured UCITS issued by the ESMA on April 14, 2011. This document is available on the ESMA website (www.esma.europa.eu)

**Extraordinary Expenses:** Expenses other than management, performance, distribution and other fees described below borne by each sub-fund. These expenses include, but are not limited to directors' fees, legal fees, taxes, assessments or miscellaneous fees levied on sub-funds and not considered as ordinary expenses.

**Fund Name:** BNP PARIBAS COMFORT in abbreviated form BNPP COMFORT

**FSMA:** Autorité des Services et des Marchés Financiers (Belgian banking, Financial Services and Markets Authority), the regulatory authority for UCI in Belgium.

**High Yield Bonds:** These bond investments correspond to the ratings assigned by the rating agencies for borrowers rated below BBB- on the Standard & Poor's or Fitch rating scale and below Baa3 on the Moody's rating scale. Such high-yield bond issues are loans that generally take the form of bonds with a 5-, 7- or 10-year maturity. The bonds are issued by companies with a weak financial base. The return on the securities, and their level of risk, is significant, making them highly speculative. In the case of securities rated by two or more agencies, the worst rate available will be considered.

**Indirect Fee:** Ongoing charges incurred in underlying UCITS, and/or UCIs the Fund is invested in and included in the ongoing charges mentioned in the KIID.

**Institutional Investors:** Legal entities, considered as professionals for the purpose of Annex II to Directive 2004/39 (MiFID), or may, on request, be treated as professionals according to applicable local legislation ("Professionals"), who hold their own account, UCI, and insurance companies or pension funds subscribing within the scope of a group savings scheme or an equivalent scheme. Portfolio managers subscribing within the scope of discretionary portfolios management mandates for other than Institutional Investors qualified as Professionals are not included in this category.

**Investment Grade Bonds:** These bond investments correspond to the ratings assigned by the rating agencies for borrowers rated between AAA and BBB- on the Standard & Poor's or Fitch rating scale and Aaa and Baa3 on the Moody's rating scale. In the case of securities rated by two agencies, the best rating among the two available will be taken. In the case of securities rated by three agencies, the two best ratings among the three available will be taken.

**IRS:** Interest Rate Swap: OTC agreement between two parties to exchange one stream of interest payments for another, over a set period of time without exchange of notionals. IRS allow portfolio managers to adjust interest rate exposure and offset the risks posed by interest rate volatility. By increasing or decreasing interest rate exposure in various parts of the yield curve using swaps, managers can either increase or neutralize their exposure to changes in the shape of the curve.

**KIID:** Key Investor Information Document

**Law:** Luxembourg law of 17 December 2010 concerning undertakings for collective investment. This law implements Directive 2009/65/EC (UCITS IV) of 13 July 2009 into Luxembourg law

**Management Fee:** Fee calculated and deducted monthly from the average net assets of a sub-fund, unit category, or class of unit, paid to the Management Company and serving to cover remuneration of the asset managers and also distributors in connection with the marketing of the Fund's units

**Managers:** Portfolio managers subscribing within the scope of discretionary individual portfolio management mandates.

**Market Timing:** Arbitrage technique, whereby an investor systematically subscribes and redeems or converts units or shares in a single UCITS within a short space of time by taking advantage of time differences and/or imperfections or deficiencies in the system of determining the NAV of the UCITS. This technique is not authorised by the Management Company

**MBS:** **Mortgage Backed Security:** also known as "mortgage-related security". A type of security that is backed (collateralised) by a mortgage loan or collection of mortgages loan with similar characteristics. These securities usually pay periodic payments that are similar to coupon payments; the mortgage must have originated from a regulated and authorized financial institution. Mortgage securities are backed by a wide variety of loans with generally 4 borrower characteristics (agency mortgages, prime jumbo mortgages, Alt-A mortgages and subprime mortgages).
Loans that satisfy the underwriting standard of the agencies are typically used to create RMBS that are referred to as agency mortgage-backed securities (MBS). All other loans are included in what is referred to generically as non-agency MBS; the agency MBS market includes three types of securities:

- agency mortgage pass-through securities
- agency collateralized mortgage obligations (CMOs)
- agency stripped MBS

**Member State:** Member state of the European Union. The states that are contracting parties to the agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by this agreement and related acts are considered as equivalent to Member States of the European Union.

**Money Market Instruments:** Instruments normally dealt on the money market that are liquid and whose value can be accurately determined at any time.

**Money Market Fund:** Money markets funds compliant with ESMA guidance (CESR/10-049 of 19 May 2010)

**NAV:** Net Asset Value

**OECD:** Organisation for Economic Co-operation and Development

**OTC:** Over The Counter

**Other Fees:** Fees calculated and deducted monthly from the average net assets of a sub-fund, unit category, or unit class and serving to cover general custody assets expenses (remuneration of the Depositary) and daily administration expenses (NAV calculation, record and book keeping, notices to the unitholders, providing and printing the documents legally required for the unitholders, domiciliation, auditors cost and fees...), except for brokerage fees, commissions for transactions not related to the deposit, director fees, interest and bank fees, extraordinary expenses, reporting cost in relation with regulation requirements including the European Market Infrastructure Regulation (EMIR), and the *taxe d'abonnement* in force in Luxembourg, as well as any other specific foreign tax and other regulators levy.

**Prospectus:** The present document

**Real Estate Investments:** Investments in Real Estate certificates, shares of companies linked to Real Estate, and closed-ended REITs

**Reference Currency:** Main currency when several valuation currencies are available for a same unit category

**Regulation 2015/2365** Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) 648/2012 (SFTR)

**Regulation 2016/679**: Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation – "GDPR")

**Regulation 2016/1011:** Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds

**Regulation 2019/2088:** Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector, also known as the Sustainable Finance Disclosure Regulation (**SFDR**).

**Repurchase transaction/**
**Reverse Repurchase transaction:** A transaction governed by an agreement by which a counterparty transfers securities, or guaranteed rights relating to title to securities where that guarantee is issued by a recognised exchange which holds the rights to the securities and the agreement does not allow a counterparty to transfer or pledge a particular security to more than one counterparty at a time, subject to a

commitment to repurchase them, or substituted securities of the same description at a specified price on a future date specified, or to be specified, by the transferor, being a repurchase agreement for the counterparty selling the securities and a reverse repurchase agreement for the counterparty buying them

**RESA:** Recueil Electronique des Sociétés et Associations

**RMBS:** **Residential Mortgage Backed Security**: A type of mortgage-backed debt obligation created by banks and other financial institutions whose cash flows come from residential debt, such as mortgages, home-equity loans and subprime mortgages.

**Securities Lending or Borrowing:** A transaction by which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred

**SFT:** **Securities Financing Transactions** which means:

- a repurchase or reverse repurchase transaction;
- securities or commodities lending and securities or commodities borrowing;
- a buy-sell back transaction or sell-buy back transaction
- a margin lending transaction

**STP:** Straight-Through Processing, process transactions to be conducted electronically without the need for re-keying or manual intervention

**Structured Debt Securities:** Debt instruments created through asset securitisation which include Asset-Backed Securities (ABS), Collateralised Bond Obligation (CBO), Collateralised Debt Obligation (CDO), Collateralised Mortgage Obligation (CMO), Mortgage Backed Security (MBS), Commercial Mortgage Backed Security (CMBS), Residential Mortgage Backed Security (RMBS) and Collateralised Loan Obligation (CLO).

**Third Country:** A country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore, South Africa and any other country member of the G20 organisation.

**Transferable Securities:** Those classes of securities which are negotiable on the capital market (with the exception of instruments of payment) such as:

- Equity and Equity equivalent securities, partnerships or other entities, and depositary receipts in respect of Equity;

- Bonds or other forms of securitised debt, including depositary receipts in respect of such securities;

- any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

**TRS:** **Total Return Swap:** Derivative contract in which one counterparty transfers the total economic performance, including income from interest and fees, gains and losses from price movements, and credit losses, of a reference asset (equity, equity index, bond, bank loan) to another counterparty.

TRS are in principle unfunded ("**Unfunded TRS**"): the total return receiver pays no upfront amount in return for the total return of the reference asset; then it allows both parties to gain exposure to a specific asset in cost-effective manner (the asset can be held without having to pay additional costs).

TRS may also be funded ("**Funded TRS**") when it involves an upfront payment (often based on the market value of the asset) at inception in return for the total return of the reference asset.

**UCI:** Undertaking for Collective Investment

**UCITS:** Undertaking for Collective Investment in Transferable Securities

**Valuation Currenc(ies)y:** Currency in which the net asset values of a sub-fund, unit category, or class of unit are calculated. There may be several valuation currencies for the same sub-fund, unit category, or class of units (so called "Multi-Currency" facility). When the currency available in the unit category or class of unit is different from the Accounting Currency, then subscription/conversion/redemption orders may be taken into account without suffering exchange rate charges

**Valuation Day:** Each open bank day in Luxembourg and subject to exceptions available in the Book II:
It corresponds also to:

- Date attached to the NAV when it is published;
- Trade date attached to orders;
- With regards to exceptions in the valuation rules, closing date prices used for the valuation of the underlying assets in the sub-funds' portfolios.

**VaR:** **Value at risk:** It is a statistical methodology used to assess an amount of potential loss according to a probability of occurrence and a time frame (see Appendix 2)

## GENERAL PROVISIONS

BNP PARIBAS COMFORT is a common fund (Fonds Commun de Placement, abbreviated to “FCP”), incorporated under the Luxembourg law on 28 July 2005 for an indefinite period in accordance with the provisions of Part I of the Law of 17 December 2010 on undertakings for collective investment.

The complete name BNP PARIBAS COMFORT and the short-name *BNPP COMFORT* may be used equally in the official and commercial documents of the Fund.

The Fund is currently governed by the provisions of Part I of the Law of 17 December 2010 governing undertakings for collective investment, as well as by Directive 2009/65.

The Fund is an umbrella fund, which comprises multiple sub-funds, each with distinct assets and liabilities of the Fund. Each sub-fund shall have an investment policy and an Accounting Currency that shall be specific to it as determined by the Management Company.

The Fund’s capital is expressed in euros ("EUR") and are at all times equal to the total net assets of the various sub-funds. It is represented by fully paid-up units issued without a designated par value, described below under “Units”. The capital varies automatically without the notification and specific recording measures required for increases and decreases in the capital of limited companies. The minimum capital is set by the Law.

The structure of the Fund entails the joint and undivided co-ownership of all the transferable securities and other assets of the Fund. It is managed in the interest of the joint owners, referred to in all documents as the “unitholders” by the Management Company, which is established and has its registered office in Luxembourg. The Management Regulations do not require the unitholders to attend an Annual General Meeting.

The unitholders of a sub-fund possess equal rights in relation to the sub-fund in which they hold units, proportional to the number of units they hold.

The Fund is registered in the Luxembourg Trade and Companies Register under the number K641.

In accordance with Article 181 of the Law:

- The rights of unitholders and creditors in relation to a sub-fund or arising from the constitution, operation or liquidation of a sub-fund are limited to the assets of that sub-fund
- The assets of a sub-fund are the exclusive property of the unitholders in that sub-fund and of creditors where the credit arises from the constitution, operation or liquidation of that sub-fund.
- In relations between or amongst the unitholders, each sub-fund is treated as a separate entity.

The Management Company may, at any time, create new sub-funds, investment policy and offering methods of which will be communicated at the appropriate time by an update to the Prospectus. Unitholders may also be informed via press publications, if required by regulations or if deemed appropriate by the Management Company. Similarly, the Management Company may close sub-funds in accordance with the provisions set out in Appendix 4.

All the Benchmark Indexes mentioned in this Prospectus, which are used for performance comparison purposes, are published by Benchmark index’s administrators registered in the Benchmark Register, as indicated in Book II. The Prospectus will be updated with newly registered Benchmark index’s administrators in a timely manner.

The Management Company has produced and maintains robust written plans setting out the actions that it will take if a Benchmark Index materially changes or ceases to be provided, or if the Benchmark Index’s administrator loses its registration with ESMA. These plans may be obtained free of charge and upon request from the Management Company.

## ADMINISTRATION AND MANAGEMENT

The Fund is directed and represented by the Board of Directors of the Management Company. The Management Company outsources management, audit and asset custody services. The roles and responsibilities associated with these functions are described below. The composition of the Board of Directors of the Management Company and the names, addresses and detailed information about the service providers are listed above in “General Information”.

The Management Company, the Investment Managers, the Depositary, the Administrative agent, Distributors and other service providers and their respective affiliates, directors, officers and unitholders are or may be involved in other financial, investment and professional activities that may create conflicts of interest with the management and administration of the Fund. These include the management of other funds, purchases and sales of securities, brokerage services, depositary and safekeeping services, and serving as directors, officers, advisors or agents for other funds or other companies, including companies in which a sub-fund may invest. Each of the parties involved will ensure that the performance of their respective duties will not be impaired by any such other involvement that they might have. In the event that a conflict of interest does arise, the Directors of the Management Company and the relevant parties involved shall endeavour to resolve it fairly, within a reasonable time and in the interest of the Fund.

**Board of Directors of the Management Company**

The Board of Directors of the Management Company assumes the ultimate responsibility for managing the Fund and is therefore responsible for the Fund’s investment policy definition and implementation.

**Management Company**

BNP Paribas Asset Management Luxembourg was incorporated as a limited company (*société anonyme*) in Luxembourg on 19 February 1988. Its Articles of Association have been modified at various times, most recently at the Extraordinary General Meeting held on 17 May 2017 with effect on 01 June 2017, with publication in the *RESA* on 2 June 2017. Its share capital is EUR 3 million, fully paid up.

The Management Company performs administration, portfolio management and marketing tasks on behalf of the Fund.

Under its own responsibility and at its own expense, the Management Company is authorised to delegate some or all of these tasks to third parties of its choice.

It has used this authority to delegate:

- The functions of NAV calculation, Transfer Agent and Registrar to BNP Paribas Securities Services, Luxembourg branch;
- The management of the Fund’s holdings and the observance of its investment policy and restrictions to the investment managers listed above in “General Information”. A list of the investment managers effectively in charge of management and details of the portfolios managed is appended to the Fund’s periodic reports. Investors may request an up-to-date list of investment managers specifying the portfolios managed by each.

Investment advice is also sought from the investment advisor mentioned above in "General Information".

In executing securities transactions and in selecting any broker, dealer or other counterparty, the Management Company and any Investment Managers will use due diligence in seeking the best overall terms available. For any transaction, this will involve consideration of all factors deemed relevant, such as market breadth, security price and the financial condition and execution capability of the counterparty. An investment manager may select counterparties from within BNP Paribas so long as they appear to offer the best overall terms available.

In addition, the Management Company may decide to appoint distributors/nominees to assist in the distribution of the Fund’s units in the countries where they are marketed.

Distribution and nominee contracts will be concluded between the Management Company and the various distributors/nominees.

In accordance with the distribution and nominee contract, the nominee will be recorded in the register of unitholders at the place of the end unitholders.

Unitholders who have invested in the Fund through a nominee can at any time request the transfer to their own name of the units subscribed via the nominee. In this case, the unitholders will be recorded in the register of unitholders in their own name as soon as the transfer instruction is received from the nominee.

Investors may subscribe to the Fund directly without necessarily subscribing via a distributor/nominee.

The Management Company of the Fund draws the investors’ attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund if the investor is registered himself and in his own name in the unitholders’ register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain unitholder rights directly against the Fund. Investors are advised to take advice on their rights.

**Remuneration policy**

The Management Company applies a sound, effective and sustainable Remuneration Policy in line with the strategy, risk tolerance, goals and values of the Fund.

The Remuneration Policy is in line with and contributes to sound and effective risk management and doesn’t encourage taking more risk than appropriate within the investment policy and terms and conditions of the Fund.

The key principles of the remuneration policy are:

- Deliver a market-competitive remuneration policy and practice to attract, motivate and retain best performing employees;
- Avoid conflicts of interest;
- Achieve sound and effective remuneration policy & practice, avoiding excessive risk-taking;
- Ensure long-term risk alignment, and reward of long-term goals;
- Design and implement a sustainable and responsible remuneration strategy, with pay levels and structure which make economic sense for the business.

The details of the up-to-date Remuneration Policy can be found on the website under http://www.bnpparibas-am.com/en/footer/remuneration-policy/ and will also be made available free of charge by the Management Company upon request.

**Depositary**

The Depositary performs three types of functions, namely

(i) the oversight duties (as defined in Article 22.3 of the Directive 2009/65 as amended),

(ii) the monitoring of the cash flows of the Fund (as set out in Article 22.4 of the Directive 2009/65 as amended) and

(iii) the safekeeping of the Fund's assets (as set out in Article 22.5 of the Directive 2009/65 as amended). In accordance with standard banking practices and current regulations, the depositary may, under its responsibility, entrust some or all of the assets in its safekeeping to other banking establishments or financial intermediaries.

Under its oversight duties, the depositary must also ensure that:

(a) Ensure that the sale, issue, redemption and cancellation of the Units are conducted in accordance with the Law and the Management Regulations.

(b) Ensure that the value of the Units of the Fund is calculated in accordance with the Law and the Management Regulations.

(c) Carry out the instructions of the Management Company, unless they conflict with the Law or the Management Regulations.

(d) Ensure that in transactions involving the Fund's assets, any consideration is remitted to it within the usual time limits.

(e) Ensure that the Fund's income is applied in accordance with the Management Regulations.

The Depositary shall not carry out activities with regard to the Fund or the Management Company on behalf of the Fund that may create conflicts of interest between the Fund, the investors in the Fund, the Management Company and itself, unless the Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks.

**Conflicts of interest**

The overriding objective of the Depositary is to protect the interests of the unitholders of the Company, which always prevail over any commercial interests.

Conflicts of interest may arise if and when the Management Company or the Fund maintains other business relationships with BNP Paribas Securities Services-Luxembourg Branch in parallel with an appointment of BNP Paribas Securities Services-Luxembourg Branch acting as Depositary. For example, in the case where BNP Paribas Securities Services, Luxembourg Branch would provide the Fund and the Management Company with fund administration services, including the net asset value calculation.

In order to address any situations of conflicts of interest, the Depositary has implemented and maintains a management of conflicts of interest policy, aiming namely at:

- Identifying and analysing potential situations of conflicts of interest;
- Recording, managing and monitoring the conflict of interest situations either in:
- Relying on the permanent measures in place to address conflicts of interest such as segregation of duties, separation of reporting lines, insider lists for staff members; or
- Implementing a case-by-case management to (i) take the appropriate preventive measures such as drawing up a new watch list, implementing a new Chinese wall (i.e. by separating functionally and hierarchically the performance of its Depositary duties from other activities), making sure that operations are carried out at arm's length and/or informing the concerned unitholders of the Fund, or (ii) refuse to carry out the activity giving rise to the conflict of interest;
- Implementing a deontological policy;
- Recording of a cartography of conflict of interests permitting to create an inventory of the permanent measures put in place to protect the Fund's interests; or
- Setting up internal procedures in relation to, for instance (i) the appointment of service providers which may generate conflicts of interests, (ii) new products/activities of the Depositary in order to assess any situation entailing a conflict of interest.

**Sub-delegation by the Depositary**

In order to provide custody services in a large number of countries allowing the Fund to meet its investment objectives, the Depositary has appointed entities as delegates for sub-custody functions. A list of these delegates is available on the website http://securities.bnpparibas.com/files/live/sites/portal/files/contributed/files/Regulatory/Ucits_delegates_EN.pdf and will also be made available free of charge by the Depositary upon request. Such list may be updated from time to time. A complete list of all delegates may be obtained, free of charge and upon request, from the Depositary.

The process of appointing such delegates and their continuing oversight follows the highest quality standards, including the management of any potential conflict of interest that should arise from such an appointment in accordance with the principles set out in the previous paragraph.

There is currently no conflict of interest arising from any delegation of the functions of safekeeping of the assets of the Fund described in article 34(3) of the Law as amended. However in the event that conflicts of interest do arise, the Depositary will undertake to use its reasonable endeavours to resolve any such conflicts of interest fairly (having regard to its respective obligations and duties) and to ensure that the Fund and the unitholders are fairly treated.

**Independence requirement**

The selection of the Depositary by the Management Company is based on robust, objective and pre-defined criteria and warrants the sole interest of the Fund and its investors. Details about this selection process can be provided to investors upon request by the Management Company.

**Auditor**

All the Fund’s accounts and transactions are subject to an annual audit by the Auditor.

## INVESTMENT POLICY, OBJECTIVES, RESTRICTIONS AND TECHNIQUES

The Fund's general objective is to provide its investors with the highest possible appreciation of capital invested whilst offering them a broad distribution of risks. To this end, the Fund will principally invest its assets in a range of transferable securities, money market instruments, units or shares in UCIs, credit institution deposits and financial derivative instruments, denominated in various currencies and issued in different countries.

Investment decisions are taken based on the quantitative system explained in further detail in Book II. The Fund adopts an asset allocation strategy based on controlling the annual return of the portfolio through its annual volatility. The Fund's investment policy is determined by the Management Company in light of current political, economic, financial and monetary circumstances. The policy will vary for different sub-funds, within the limits of, and in accordance with, the specific features and objective of each, as stipulated in Book II.

The investment policy will be conducted with strict adherence to the principle of diversification and spread of risks. To this end, without prejudice to anything that may be specified for one or more individual sub-funds, the Fund will be subject to a series of investment restrictions as stipulated in Appendix 1. In this respect, the attention of investors is drawn to the investment risks described in Appendix 3.

Furthermore, the Fund is authorised to use techniques and instruments on transferable securities and money market instruments under the conditions and limits defined in Appendix 2, provided that these techniques and financial derivative instruments are employed for the purposes of efficient portfolio management. When these operations involve the use of financial derivative instruments, these conditions and limits must comply with the provisions of the Law. Under no circumstances can these operations cause the Fund and its sub-funds to deviate from the investment objectives as described in the Prospectus.

Unless otherwise specified in each sub-fund's investment policy on Book II, no guarantee can be given on realisation of the sub-funds' investment objectives, and past performance is not an indicator of future performance.

**Class Action Policy**

The Management Company has defined a class action policy applicable to Undertakings for Collective Investments (UCI) that it manages. A class action can typically be described as a collective legal procedure, seeking compensation for multiple persons having been harmed by the same (illegal) activity.

As a matter of policy, the Management Company:

- Does, in principle, not participate in active class actions (i.e., the Management Company does not initiate, act as a plaintiff, or otherwise take an active role in a class action against an issuer);
- May participate in passive class actions in jurisdictions where the Management Company considers, at its sole discretion, that (i) the class action process is sufficiently effective (e.g. where the anticipated revenue exceeds the predictable cost of the process), (ii) the class action process is sufficiently predictable and (iii) the relevant data required for the assessment of eligibility to the class action process are reasonably available and can be efficiently and robustly managed;
- Transfers any monies which are paid to the Management Company in the context of a class action, net of external costs, to the funds which are involved in the relevant class action.

The Management Company may at any time amend its class actions policy and may deviate from the principles set out therein in specific circumstances.

The applicable principles of the class actions policy are available on the website of the Management Company https://www.bnpparibas-am.com/en/footer/class-actions-policy/.

## SUSTAINABLE INVESTMENT POLICY

BNP PARIBAS ASSET MANAGEMENT's Global Sustainability Strategy governs the approach to sustainable investment, which consists of the implementation of ESG integration, responsible business conduct standards and stewardship activities (as defined below) into the investment processes applied by the investment managers of each sub-fund.

**ESG** stands for **E**nvironmental, **S**ocial and **G**overnance; these are criteria commonly used to assess the level of sustainability of an investment.

BNP PARIBAS ASSET MANAGEMENT is committed to have a sustainable investment approach for its investments. Nonetheless, the extent and manner in which this sustainable investment approach is applied varies according to the type of sub-fund, asset class, region and instrument used. As such, in the context of fund of funds, the sustainable investment approach may only apply to investments in underlying funds offered by BNP Paribas Asset Management Group entities. Furthermore, some sub-funds may apply additional investment guidelines, as described in the Book 2. Consequently, the implementation of the sustainable investment approach will be applied individually across all portfolios and, when applicable, includes the following elements:

- **Responsible business conduct standards:** As defined in the BNP PARIBAS ASSET MANAGEMENT's Responsible Business Conduct policy ("RBC"). They include respecting: 1) norms-based screens, such as the UN Nations Global Compact principles and OECD Guidelines for Multinational Enterprises, and 2) BNP Paribas Asset Management sector policies.
  1) Norms-based screens: The United Nations Global Compact (www.unglobalcompact.org) defines 10 principles for businesses to uphold in the areas of human rights, labour standards, environmental stewardship and anti-corruption. Similarly, the OECD Guidelines for Multinational Enterprises sets out principles for the responsible business conduct of businesses. These two shared frameworks are recognized worldwide and applicable to all industry sectors. Companies that violate one or more of the principles are excluded from the sub-funds' investments, and those at risk of breaching them are closely monitored, and may also be excluded.
  2) BNP PARIBAS ASSET MANAGEMENT has also defined a series of guidelines relating to investments in sensitive sectors, listed in the RBC. Companies from these sensitive sectors that do not comply with the minimum principles specified in these guidelines are excluded from the sub-funds' investments. The sectors concerned include, *but are not limited to*, palm oil, wood pulp, mining activities, nuclear, coal-fired power generation, tobacco, controversial weapons, unconventional oil and gas and asbestos.
- **ESG integration**: It involves the evaluation of the below three non-financial criteria at the level of the companies in which the sub-funds invest:
  - Environmental: such as energy efficiency, reduction of emissions of greenhouse gases, treatment of waste;
  - Social: such as respect of human rights and workers' rights, human resources management (workers' health and safety, diversity);
  - Governance: such as Board of Directors independence, managers' remuneration, respect of minority shareholders rights.

  ESG scores, as defined by an internal proprietary framework, can be made available to assist in the ESG evaluation of securities' issuers. ESG integration is systematically applied to all investment strategies. The process to integrate and embed ESG factors in the investment decision-making processes is guided by formal ESG Integration Guidelines. However, the way and the extent to which ESG integration, including ESG scores, is embedded in each investment process is determined by its Investment Manager, who is fully responsible in this respect.
- **Stewardship**: It is designed to enhance the long-term value of shareholdings and the management of long-term risk for clients, as part of BNP PARIBAS ASSET MANAGEMENT's commitment to act as an efficient and diligent steward of assets. Stewardship activities include the following categories of engagement:
  - Company Engagement: the aim is to foster, through dialogue with companies, corporate governance best practices, social responsibility and environmental stewardship. A key component of company engagement is voting at annual general meetings. BNP PARIBAS ASSET MANAGEMENT publishes detailed proxy-voting guidelines on a range of ESG issues.
  - Public Policy Engagement: BNP PARIBAS ASSET MANAGEMENT aims to embed sustainability considerations more fully into the markets in which it invests and in the rules that guide and govern company behavior as per its Public Policy Stewardship Strategy.

**Resulting classification**

Consequently, the sub-funds can be classified as "Sustainable" or "Sustainable Plus":

- "**Sustainable**" means that the sub-funds are submitted to the above-mentioned sustainable investment approach; this category covers all the sub-funds of the Company;
- "**Sustainable Plus**" means that in addition to the above-mentioned sustainable investment approach, these sub-funds also have more specific sustainability guidelines or restrictions as specified below and in book 2.

BNP PARIBAS ASSET MANAGEMENT has implemented a specific taxonomy for "**Sustainable Plus**" sub-funds, as follows:

⇨ **Enhanced ESG**: These sub-funds implement more explicit ESG tilts (Invest in the most sustainable companies according to specific criteria and/or incorporating a wider range of exclusions) leading to more stringent ESG and/or Carbon performance targets

⇨ **Thematic**: These sub-funds invest in companies that provide products and services providing concrete solutions to specific environmental and/or social challenges, seeking to benefit from future growth anticipated in these areas while contributing capital towards the transition towards a low-carbon, inclusive economy

⇨ **Impact**: these sub-funds invest with the intention to contribute to measurable positive social and/or environmental impact alongside financial returns

**Categorization as per SFDR**

The sub-funds may be classified into 3 categories:

⇨ sub-funds having a sustainable investment as their objectives (referred to as "**Article 9**"): Sustainable investment is defined as an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

- sub-funds promoting environmental or social characteristics (referred to as "**Article 8**"): These sub-funds promote among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices.

  The sub-fund "Sustainable Equity World Plus" is part of this category.
- Other sub-funds not categorized under Article 8 or Article 9. At the date of this Prospectus, the sub-funds "Bond Fund" and "Equity Dividend Europe" belong to this category.

*Consideration for certain sub-funds*

Due to the lack of data at the level of the underlying funds not offered by an entity of the BNP Paribas Asset Management Group in which they invest, the sub-funds "Bond Fund" and "Equity Dividend Europe" follow a sustainable approach only partially and therefore it is not possible to fully consider extra-financial characteristics when selecting securities. In addition, these sub-funds do not apply the Responsible Business Conduct Policy on their entire portfolio. Consequently, the investment process of these sub-funds will not take into account sustainability risks and principal adverse impacts on sustainability factors.

The table below classify the "**Sustainable Plus**" sub-funds as follows:

| Sub-fund | ESG category |
|---|---|
| BNP PARIBAS COMFORT Sustainable Equity World Plus | Enhanced ESG + Thematic |

As the list of "Sustainable +" sub-funds may evolve over time, the Prospectus will be updated accordingly.

More information and documents on BNP Paribas Asset Management approach to sustainable investment may be found on the website at the following address: https://www.bnpparibas-am.com/en/our-approach-to-responsibility/as-a-responsible-investor/

## UNIT CATEGORIES AND CLASSES

### A. CATEGORIES

Within each sub-fund, the Management Company's Board of Directors will be able to create and issue the unit categories listed below and add new valuation currencies to existing units:

| *Category* | *Investors* | *Initial subscription price per unit* (1) | *Minimum holding* (2) *(in EUR or its equivalent in any other Valuation Currency)* | *Maximum Fees payable by the investors* | | |
|---|---|---|---|---|---|---|
| | | | | **Entry** | **Conversion** | **Exit** |
| Classic | All | 100.-<br>in the Reference Currencies | None | 2.50% | 1.25% | none |
| Classic Solidarity | | | | 2.50% (3) | 1.25% | none |
| Privilege | Distributors (4)<br>Managers<br>All | | Distributors: none<br>Managers: none<br>Others: 3 million per sub-fund | 2.50% | 1.25% | none |
| I | Institutional Investors,<br>UCIs | | Institutional Investors:<br>3 million per sub-fund<br>or<br>10 million in the Fund<br>UCIs: none | None | | |

*(1) Entry fees excluded, if any*

*(2) At the discretion of the Board of Directors of the Management Company. However, the equal treatment of unitholders shall be preserved at all time.*

*(3) 0.05% for the Charities and max.2.45% for placing agents. The cost remains acquired for the Charities even if the placing agents give up their own commission.*

*(4) Distributors which provide only fee-based independent advisory services as defined by MiFID, with respect to distributors that are incorporated in the EEA*

### B. CAPITALISATION / DISTRIBUTIONS CLASSES

Any of the above unit categories are issued in Capitalisation ("CAP") and/or Distribution ("DIS") classes as defined below.

**1. CAP**

CAP units retain their income to reinvest it.

**2. DIS**

DIS units may pay dividend to unitholders on an annual, monthly or quarterly basis.

The Management Company decides each year whether or not to pay a dividend for each sub-fund concerned, which is calculated in accordance with the limitations defined by law and the Management Regulations. In this respect, the Management Company reserves the right to distribute the net assets of each of the Fund's sub-funds up to the limit of the legal minimum capital. The nature of the distribution (net investment income or capital) will be mentioned in the Fund's Financial Statements.

If, given market conditions, it is in the unitholders' interest not to distribute a dividend, then no such distribution will be carried out.

If it deems it advisable, the Management Company may decide to distribute interim dividends.

The Management Company determines the payment methods for the dividends and interim dividends that have been decided upon. Dividends will, in principle, be paid in the Reference Currency of the class (exchange costs incurred for payments in different currencies will be borne by the investor).

Declared dividends and interim dividends not collected by unitholders within a period of five years from the payment date will lapse and revert to the sub-fund concerned.

Interest will not be paid on declared and unclaimed dividends or interim dividends, which will be held by the Fund on behalf of the unitholders of the sub-fund for the duration of the legal limitation period.

### C. UNIT LEGAL FORMS

All the units are issued in registered form.

The units are all listed into specific registers kept in Luxembourg by the Registrar Agent indicated in the section "General Information". Unless otherwise specified, unitholders will not receive a certificate representing their units. Instead, they will receive a confirmation of their entry into the register.

Further to the Luxembourg law of 28 July 2014, all physical bearer units have been cancelled. The cash equivalent of such cancelled units has been deposited with the Luxembourg *Caisse de Consignation*.

### D. GENERAL DISPOSITIONS AVAILABLE FOR ALL UNITS

The Management Company has the option of adding new Valuation Currencies to existing categories or classes and, with the previous approval of the CSSF, of adding new unit categories, sub-categories and classes to existing sub-funds with the same specification as

those described above on points A and B and C. Such a decision will not be published but the website www.bnpparibas-am.com and the next version of the Prospectus will be updated accordingly.
The Management Company may depart from the initial subscription price per unit. However, the equal treatment of unitholders shall be preserved at all time.
The Management Company may decide at any time to split or consolidate the units issued within one same sub-fund, category, or class into a number of units determined by the Management Company itself. The total net asset value of such units must be equal to the net asset value of the subdivided/consolidated units existing at the time of the splitting/consolidation event.
If the assets of a category/class fall below EUR 1,000,000.00 or equivalent, the Management Company reserves the right to liquidate or merge it with another category/class if it decides it is in the best interest of unitholders.
If it transpires that units are held by persons other than those authorised, they will be converted to the appropriate category, class or currency.
The units must be fully paid-up and are issued without a par value. Unless otherwise indicated, there is no limitation on their number. The rights attached to the units are those described in the Law
Fractions of units may be issued up to one-thousandth of a unit.
All the Fund’s whole units, whatever their value, have equal voting rights. The units of each sub-fund, category or class have an equal right to the liquidation proceeds of the sub-fund, category or class.
If no specific information is given by the investor, orders received will be processed in the reference currency of the category.

## SUBSCRIPTION, CONVERSION AND REDEMPTION OF UNITS

***Preliminary Information***

Subscriptions, conversions and redemptions of units are made with reference to their unknown net asset value (NAV). They may concern a number of units or an amount.

The Management Company reserves the right to:

(a) refuse a subscription or conversion request for any reason whatsoever in whole or in part;

(b) redeem, at any time, units held by persons who are not authorised to buy or hold the Fund's units;

(c) reject subscription, conversion or redemption requests from any investor who it suspects of using practices associated with Market Timing and Active Trading, and, where applicable, take the necessary measures to protect the other investors in the Fund, notably by charging an additional exit fee up to 2% of the order amount, to be retained by the sub-fund.

The Management Company is authorised to set minimum amounts for subscription, conversion, redemption and holding.

Subscriptions from entities which submit subscription applications and whose names show that they belong to one and the same group, or which have one central decision-making body, will be grouped together to calculate these minimum subscription amounts.

Should a unit redemption or conversion request, a merger/splitting procedure, or any other event, have the effect of reducing the number or total net book value of the units held by a unitholder to below the number or value decided upon by the Management Company, the Fund may redeem all the units.

In certain cases stipulated in the section on suspension of the calculation of the NAV, the Management Company is authorised to temporarily suspend the issue, conversion and redemption of units and the calculation of their net asset value.

The Board of Directors may decide, in the interest of the unitholders, to close a sub-fund, category and/or class for subscription or conversion in, under certain conditions and for the time it defines. Such a decision will not be published but the website www.bnpparibas-am.com will be updated accordingly.

**In connection with anti-money laundering procedures, the subscription form must be accompanied, in the case of an individual, by the identity card or passport of the subscriber, authenticated by a competent authority (for example, an embassy, consulate, notary, police superintendent) or by a financial institution subject to equivalent identification standards to those applicable in Luxembourg or the Management Regulations; and by an extract from the trade and companies register for a legal entity, in the following cases:**

1. **direct subscription to the Fund;**
2. **subscription through a professional financial sector intermediary resident in a country that is not subject to an obligation for identification equivalent to Luxembourg standards as regards preventing the use of the financial system for the purposes of money laundering;**
3. **subscription through a subsidiary or branch office, the parent company of which would be subject to an obligation for identification equivalent to that required under Luxembourg law, if the law applicable to the parent company does not oblige it to ensure that its subsidiaries or branch offices adhere to these provisions.**

**The Management Company is also bound to identify the source of funds if they come from financial institutions that are not subject to an obligation for identification equivalent to those required under Luxembourg law. Subscriptions may be temporarily frozen pending the identification of the source of the funds.**

**It is generally accepted that finance sector professionals resident in countries that have signed up to the conclusions of the FATF (Financial Action Task Force) on money laundering are deemed to have an obligation for identification equivalent to that required under Luxembourg law.**

***Processing of Personal Data***

In accordance with GDPR, when submitting a subscription request, personal data of the investor ("Personal Data") may be collected, recorded, stored, adapted, transferred or otherwise processed and used by the Fund and the Management Company (as data controllers) with a view to managing its account and business relationship (such as to maintain the register of unitholder, process requests, provide unitholder services, guard against unauthorised account access, conduct statistical analyses, provide information on other products and services and/or comply with various laws and regulations). To the extent that this usage so requires, the investor further authorises the sharing of this information with different service providers of the Fund, including some of which that may be established outside of the European Union, who may need to process these Personal Data for carrying out their services and complying with their own legal obligations, but which may not have data protection requirements deemed equivalent to those prevailing in the European Union. The Personal Data may notably be processed for purposes of filing, order processing, responding to unitholder's requests, and providing them with information on other products and services. Neither the Fund nor its Management Company will disclose such Personal Data on unitholder unless required to do so by specific regulations or where necessary for legitimate business interests.

Further detailed information in relation to the processing of Personal Data can be found in the Management Company's "Data Protection Notice" as well as on the "Personal Data Privacy Charter", which are accessible via the following link https://www.bnpparibas-am.com/en/footer/data-protection/

Each unitholder whose Personal Data has been processed has a right of access to his/her/its Personal Data and may ask for a rectification thereof in case where such data is inaccurate or incomplete.

***Subscriptions***

The units will be issued at a price corresponding to the net asset value per unit plus the entry fee as described in the above table.

For an order to be executed at the net asset value on a given Valuation Day, it must be received by the Management Company before the time and date specified in the detailed conditions for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next Valuation Day.

In order to be accepted by the Management Company, the order must include all necessary information relating to the identification of the subscribed units and the identity of the subscriber as described above.

Unless otherwise specified for a particular sub-fund, the subscription price of each unit is payable in the Valuation Currency of the units concerned within the time period defined in Book II, increased, where necessary, by the applicable entry fee. At the unitholder's request, the payment may be made in a currency other than the valuation currency. The exchange expenses will then be borne by the unitholder.

The Management Company reserves the right to postpone, and/or cancel subscription requests if it is not certain that the appropriate payment will reach the Depositary within the required payment time or if the order is incomplete. The Management Company or its agent may process the request by applying an additional charge to reflect interest owed at the customary market rates; or cancelling the unit allotment, as applicable accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit. The units will not be assigned until the duly completed subscription request has been received accompanied by the payment or a document irrevocably guaranteeing that the payment will be made before the deadline. The Management Company cannot be held responsible for the delayed processing of incomplete orders.

Any outstanding balance remaining after subscription will be reimbursed to the unitholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be retained by the relevant sub-fund.

The Management Company may accept the issue of units in exchange for the contribution in kind of transferable securities, in accordance with the conditions defined by Luxembourg Law, in particular with respect to the obligation for the submission of a valuation report by the Auditor mentioned under “General Information” above, and provided that these transferable securities meet the Fund’s investment policy and restrictions for the sub-fund concerned as described in Book II. Unless otherwise specified, the costs of such a transaction will be borne by the applicant.

***Conversions***

Without prejudice to the specific provisions of a sub-fund, category, or class, unitholders may request the conversion of some or all of their units into units of another sub-fund, category, or class. The number of newly issued units and the costs arising from the transaction are calculated in accordance with the formula described below.

For a conversion order to be executed at the net asset value on a given Valuation Day, it must be received by the Management Company before the time and date specified for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next Valuation Day.

***Conversion Formula***

The number of units allocated to a new sub-fund, category or class will be established according to the following formula:

$$A = \frac{B \times C \times E}{D}$$

*A being the number of units to be allocated to the new sub-fund;*

*B being the number of units of the original sub-fund to be converted;*

*C being the prevailing net asset value per unit of the original sub-fund on the relevant Valuation Day;*

*D being the prevailing net asset value per unit of the new sub-fund on the relevant Valuation Day; and*

*E being the exchange rate applicable at the time of the transaction between the currencies of the two concerned sub-funds*

Investors will be charged for any foreign exchange transactions carried out at their request.

In the case of units held in account (with or without an attribution of fractions of units), any outstanding balance remaining after the conversion will be reimbursed to the unitholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be deemed belonging to the relevant sub-fund.

***Redemptions***

Subject to the exceptions and limitations prescribed in the Prospectus, all unitholders are entitled, at any time, to have their units redeemed by the Fund.

For an order to be executed at the net asset value on a given Valuation Day, it must be received by the Management Company before the time and date specified in the conditions for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next Valuation Day.

In order to be accepted by the Fund, the order must include all necessary information relating to the identification of the units in question and the identity of the unitholder as described above.

Unless otherwise specified for a particular sub-fund, the redemption amount for each unit will be reimbursed in the subscription currency, less, where necessary, the applicable exit fee.

At the unitholder’s request, the payment may be made in a currency other than the subscription currency of the redeemed units, in which case, the exchange costs will be borne by the unitholder and charged against the redemption price. The redemption price of units may be higher or lower than the price paid at the time of subscription (or conversion), depending on whether the net asset value has appreciated or depreciated in the interval.

The Management Company reserves the right to postpone redemption requests if the order is incomplete. The Management Company cannot be held responsible for the delayed processing of incomplete orders.

Redemptions in kind are possible upon specific approval of the Management Company, provided that the remaining unitholders are not prejudiced and that a valuation report is produced by the Fund’s Auditor. The type and kind of assets that may be transferred in such cases will be determined by the manager, taking into account the investment policy and restrictions of the sub-fund in question. The costs of such transfers may be borne by the applicant.

In the event that the total net redemption/conversion applications received for a given sub-fund on a Valuation Day equals or exceeds 10% of the net assets of the sub-fund in question, the Management Company may decide to split and/or defer the redemption/conversion applications on a pro-rata basis so as to reduce the number of units redeemed/converted to date to 10% of the net assets of the sub-fund concerned. Any redemption/conversion applications deferred shall be given in priority in relation to redemption/conversion applications received on the next Valuation Day, again subject to the limit of 10% of net assets.

In the case of units held in account (with or without attribution of fractions of units), any outstanding balance remaining after redemption will be reimbursed to the unitholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be deemed belonging to the relevant sub-fund.

***Stock exchange listing***

By a decision of the Management Company, the units may be admitted to official listing on the Luxembourg Stock Exchange and/or as applicable on another securities exchange.

At the date of this Prospectus, there are no units listed on any stock exchange.

## NET ASSET VALUE

### CALCULATION OF THE NET ASSET VALUE PER UNIT

Each net asset value calculation will be made as follows under the responsibility of the Board of Directors of the Management Company:

1. The net asset value will be calculated as specified in Book II.
2. The net asset value per unit will be calculated with reference to the total net assets of the corresponding sub-fund, category, or class. The total net assets of each sub-fund, category, or class will be calculated by adding all the asset items held by each (including the entitlements or percentages held in certain internal sub-portfolios as more fully described in point 4, below) from which any related liabilities and commitments will be subtracted, all in accordance with the description in point 4, paragraph 4, below.
3. The net asset value per unit of each sub-fund, category, or class will be calculated by dividing its respective total net assets by the number of units in issue, up to two decimal places for all other sub-funds, except for those currencies for which decimals are not used.
4. Internally, in order to ensure the overall financial and administrative management of the set of assets belonging to one or more sub-funds, categories, or classes, the Management Company may create as many internal sub-portfolios as there are sets of assets to be managed (the “internal sub-portfolios”).

   Accordingly, one or more sub-funds, categories, or classes that have entirely or partially the same investment policy may combine the assets acquired by each of them in order to implement this investment policy in an internal sub-portfolio created for this purpose. The portion held by each sub-fund, category, or class within each of these internal sub-portfolios may be expressed either in terms of percentages or in terms of entitlements, as specified in the following two paragraphs. The creation of an internal sub-portfolio will have the sole objective of facilitating the Fund’s financial and administrative management.

   The holding percentages will be established solely on the basis of the contribution ratio of the assets of a given internal sub-portfolio. These holding percentages will be recalculated on each Valuation Day to take account of any redemptions, issues, conversions, distributions or any other events generally of any kind affecting any of the sub-funds, categories, or classes concerned that would increase or decrease their participation in the internal sub-portfolio concerned.

   The entitlements issued by a given internal sub-portfolio will be valued as regularly and according to identical methods as those mentioned in points 1, 2 and 3, above. The total number of entitlements issued will vary according to the distributions, redemptions, issues, conversions, or any other events generally of any kind affecting any of the sub-funds, categories, or classes concerned that would increase or decrease their participation in the internal sub-portfolio concerned.
5. Whatever the number of categories, or classes created within a particular sub-fund, the total net assets of the sub-fund will be calculated at the intervals defined by Luxembourg Law, the Management Regulations, or the Prospectus. The total net assets of each sub-fund will be calculated by adding together the total net assets of each category, or class created within the sub-fund.
6. Without prejudice to the information in point 4, above, concerning entitlements and holding percentages, and without prejudice to the particular rules that may be defined for one or more particular sub-funds, the net assets of the various sub-funds will be valued in accordance with the rules stipulated below.

### COMPOSITION OF ASSETS

The Fund’s assets primarily include:

(1) cash in hand and cash deposit including interest accrued but not yet received and interest accrued on these deposits until the payment date;

(2) all notes and bills payable on demand and accounts receivable (including the results of sales of securities before the proceeds have been received);

(3) all securities, units, shares, bonds, options or subscription rights and other investments and securities which are the property of the Fund;

(4) all dividends and distributions to be received by the Fund in cash or securities that the Fund is aware of;

(5) all interest accrued but not yet received and all interest generated up to the payment date by securities which are the property of the Fund, unless such interest is included in the principal of these securities;

(6) the Fund’s formation expenses, insofar as these have not been written down;

(7) all other assets, whatever their nature, including prepaid expenses.

### VALUATION RULES

The assets of each sub-fund shall be valued as follows:

(1) The value of cash in hand and cash deposit, bills and drafts payable at sight, and accounts receivable, prepaid expenses, and dividends and interest due but not yet received, shall comprise the nominal value of these assets, unless it is unlikely that this value could be received; in that event, the value will be determined by deducting an amount which the Management Company deems adequate to reflect the actual value of these assets;

(2) The value of shares or units in undertakings for collective investment shall be determined on the basis of the last net asset value available on the Valuation Day. If this price is not a true reflection, the valuation shall be based on the probable sale price estimated by the Board of Directors in a prudent and bona fide manner;

(3) The valuation of all securities listed on a stock exchange or any other regulated market, which functions regularly, is recognised and accessible to the public, is based on the last known closing price on the Valuation Day, and, if the securities concerned are traded on several markets, on the basis of the last known closing price on the major market on which they are traded;

    If the last known closing price is not a true reflection, the valuation shall be based on the probable sale price estimated by the Board of Directors in a prudent and bona fide manner.

(4) Unlisted securities or securities not traded on a stock exchange or another regulated market, which functions in a regular manner, is recognised and accessible to the public, shall be valued on the basis of the probable sale price, estimated in a prudent and bona fide manner by a qualified professional appointed for this purpose by the Management Company;
(5) Securities denominated in a currency other than the currency in which the sub-fund concerned is denominated shall be converted at the exchange rate prevailing on the Valuation Day;
(6) If permitted by market practice, liquid assets, money market instruments and all other instruments may be valued at their nominal value plus accrued interest or according to the linear amortisation method. Any decision to value the assets in the portfolio using the linear amortisation method must be approved by the Management Company, which will record the reasons for such a decision. The Management Company will put in place appropriate checks and controls concerning the valuation of the instruments.
(7) The Management Company is authorised to draw up or amend the rules in respect of the relevant valuation rates.;
(8) IRS shall be valued on the basis of the difference between the value of all future interest payable by the Fund to its counterparty on the valuation date at the zero coupon swap rate corresponding to the maturity of these payments and the value of all future interest payable by the counterparty to the Fund on the valuation date at the zero coupon swap rate corresponding to the maturity of these payments;
(9) The internal valuation model for CDS utilises as inputs the CDS rate curve, the recovery rate and a discount rate (LIBOR or market swap rate) to calculate the mark-to-market. This internal model also produces the rate curve for default probabilities. To establish the CDS rate curve, data from a certain number of counterparties active in the CDS market are used. The manager uses the valuation of the counterparties' CDS to compare them with the values obtained from the internal model. The starting point for the construction of the internal model is parity between the variable portion and fixed portion of the CDS on signing the CDS.
(10)Since EDS are triggered by an event affecting a share, their valuation depends mainly on the volatility of the share and its asymmetrical position. The higher the volatility, the greater the risk that the share will reach the 70% threshold and therefore the greater the EDS spread. The spread of a company's CDS also reflects its volatility, since high volatility of the share indicates high volatility of the assets of the company in question and therefore a high probability of a credit event. Given that the spreads of both EDS and CDS are correlated with the implicit volatility of the shares, and that these relations have a tendency to remain stable over time, an EDS can be considered as a proxy for a CDS. The key point in the valuation of an EDS is to calculate the implicit probability of a share event. Two methods are generally accepted: the first consists of using the market spread of the CDS as input in a model to evaluate the EDS; the second uses the historical data for the share in question to estimate the probability. Although historical data are not necessarily a proper guide as to what may happen in the future, such data can reflect the general behaviour of a share in crisis situation. In comparing the two approaches, it is very rare to see historic probabilities higher than the shares' implicit probabilities;
(11) The valuation of a CFD and TRS shall at any given time reflect the difference between the latest known price of the underlying stock and the valuation that was taken into account when the transaction was signed.

**COMPOSITION OF LIABILITIES**

The Fund's liabilities primarily include:
(1) all loans, matured bills and accounts payable;
(2) all known liabilities, whether or not due, including all contractual obligations due and relating to payment in cash or kind, including the amount of dividends announced by the Fund but yet to be paid;
(3) all reserves, authorised or approved by the Management Company, including reserves set up in order to cover a potential capital loss on certain of the Fund's investments;
(4) any other undertakings given by the Fund, except for those represented by the Fund's equity. For the valuation of the amount of these liabilities, the Fund shall take account of all the charges for which it is liable, including, without restriction, the costs of amendments to the Management Regulations, the Prospectus and any other document relating to the Fund, management, advisory, performance and other fees and extraordinary expenses, any taxes and duties payable to government departments and stock exchanges, the costs of financial charges, bank charges or brokerage incurred upon the purchase and sale of assets or otherwise. When assessing the amount of these liabilities, the Fund shall take account of regular and periodic administrative and other expenses on a prorata temporis basis.

The assets, liabilities, expenses and fees not allocated to a sub-fund, category or class shall be apportioned to the various sub-funds, categories or classes in equal parts or, subject to the amounts involved justifying this, proportionally to their respective net assets. Each of the Fund's units which is in the process of being redeemed shall be considered as a unit issued and existing until closure on the Valuation Day relating to the redemption of such units and its price shall be considered as a liability of the Fund as from closing on the date in question until such time as the price has been duly paid. Each unit to be issued by the Fund in accordance with subscription applications received shall be considered as being an amount due to the Fund until such time as it has been duly received by the Fund. As far as possible, account shall be taken of any investment or divestment decided by the Fund until the Valuation Day.

**SUSPENSION OF THE CALCULATION OF NET ASSET VALUE AND THE ISSUE, CONVERSION AND REDEMPTION OF UNITS**

Without prejudice to legal causes for suspension, the Management Company may at any time temporarily suspend the calculation of the net asset value of units of one or more sub-funds as well as the issue, conversion and redemption in the following cases:

(a) during any period when one or more currency markets, or a stock exchange, which are the main markets or exchanges where a substantial portion of a sub-fund's investments at a given time are listed, is/are closed, except for normal closing days, or during which trading is subject to major restrictions or is suspended;

(b) when the political, economic, military, currency, social situation, or any event of *force majeure* beyond the responsibility or power of the Fund makes it impossible to dispose of one assets by reasonable and normal means, without seriously harming the unitholder's interests;

(c) during any failure in the means of communication normally used to determine the price of any of the Fund's investments or the going prices on a particular market or exchange;

(d) when restrictions on foreign exchange or transfer of capital prevents transactions from being carried out on behalf of the Fund or when purchases or sales of the Fund's assets cannot be carried out at normal exchange rates;

(e) as soon as a decision has been taken to either liquidate the Fund or one or more sub-funds, categories or classes;

(f) to determine an exchange parity under a merger, partial business transfer, splitting or any restructuring operation within, by or in one or more sub-funds, categories, or classes

(g) for a “Feeder” sub-fund, when the net asset value, issue, conversion, or redemption of units, or shares of the “Master” sub-fund are suspended;

(h) any other cases when the Board of Directors of the Management Company estimates by a justified decision that such a suspension is necessary to safeguard the general interests of the unitholders concerned.

In the event the calculation of the net asset value is suspended, the Management Company shall immediately and in an appropriate manner inform the unitholders who requested the subscription, conversion or redemption of the units of the sub-fund(s) in question.

In exceptional circumstances which could have a negative impact on unitholders' interests, or in the event of subscription, redemption or conversion applications exceeding 10% of a sub-funds' net assets, the Management Company reserves the right not to determine the value of a unit until such a time as the required purchases and sales of securities have been made on behalf of the sub-fund. In that event, subscription, redemption and conversion applications in the pipeline will be processed simultaneously on the basis of the net asset value so calculated.

Pending subscription, conversion and redemption applications may be withdrawn by written notification provided that such notification is received by the Fund prior to lifting of the suspension. Pending applications will be taken into account on the first calculation date following lifting of the suspension. If all pending applications cannot be processed on the same calculation date, then the earliest applications shall take precedence over more recent applications.

**SWING PRICING**

**In certain market conditions, taking account of the volume of purchase and sale transactions in a given sub-fund and the size of these transactions, the Management Company may consider that it is in the interest of unitholders to calculate the NAV per unit based on the purchase and sale prices of the assets and/or by applying an estimate of the difference between the buy and sell prices applicable on the markets on which the assets are traded. The Management Company may further adjust the NAV for transaction fees and sales commissions, provided these fees and commissions do not exceed 1% of the NAV of the sub-fund at that time**.

# TAX PROVISIONS

## TAXATION OF THE FUND

At the date of the Prospectus, the Fund is not liable to any Luxembourg income tax or capital gains tax.

The Fund is liable to an annual *taxe d'abonnement* in Luxembourg representing 0.05% of the net asset value. This rate is reduced to 0.01% for:

a) Sub-funds with the exclusive objective of collective investments in money market instruments and deposits with credit institutions
b) Sub-funds with the exclusive objective of collective investments in deposits with credit institutions
c) Sub-funds, categories or classes reserved for Institutional Investors, Managers and UCIs

The following are exempt from this *taxe d'abonnement*:

a) the value of the assets represented by units or shares in other UCIs, provided that these units or shares have already been subject to the *taxe d'abonnement*.
b) sub-funds, units categories and/or classes:
   (i) whose securities are reserved for Institutional Investors, Managers or UCIs and
   (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with credit institutions, and
   (iii) whose weighted residual portfolio maturity does not exceed 90 days, and
   (iv) that have obtained the highest possible rating from a recognised rating agency;
c) sub-funds, units categories and/or classes reserved to:
   (i) institutions for occupational retirement pension or similar investment vehicles, set up at the initiative of one or more employers for the benefit of their employees, and
   (ii) companies having one or more employers investing funds to provide pension benefits to their employees;
d) sub-funds whose main objective is investment in microfinance institutions;
e) sub-funds, units categories and/or classes:
   (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly that is recognized and open to the public, and
   (ii) whose exclusive object is to replicate the performance of one or several indices.

When due, the *taxe d'abonnement* is payable quarterly based on the relevant net assets and calculated at the end of the quarter for which it is applicable.

In addition, the Fund may be subject to foreign UCI's tax, and/or other regulators levy in the country where the sub-fund is registered for distribution.

## TAXATION OF THE FUND'S INVESTMENTS

Some of the Fund's portfolio income, especially income in dividends and interest as well as certain capital gains, may be subject to tax at various rates and of different types in the countries in which they are generated. This income and capital gains may also be subject to withholding tax. Under certain circumstances, the Fund may not be eligible for the international agreements preventing double-taxation that exist between the Grand Duchy of Luxembourg and other countries. Some countries will only consider that persons taxable in Luxembourg qualify under these agreements.

## TAXATION OF UNITHOLDERS

a) <u>Residents of the Grand Duchy of Luxembourg</u>

On the date of the Prospectus, the dividends earned and capital gains made on the sale of units by residents of the Grand Duchy of Luxembourg are not subject to a withholding tax.
Dividends are subject to income tax at the personal tax rate.

Capital gains made on the sale of units are not subject to income tax if the units are held for a period of over six months, except in the case of resident unitholders holding over 10% of a Fund's units.

b) <u>Non-residents</u>

According to current law

- Dividends earned and capital gains made on the sale of units by non-residents are not subject to Luxembourg withholding tax.
- Capital gains made by non-residents on the sale of units are not subject to Luxembourg income tax.

Nevertheless, if there is a dual tax convention between the Grand Duchy and the unitholder's country of residence, the capital gains made on the sale of units are tax-exempt in principle in Luxembourg, with the taxation authority being attributed to the unitholder's country of residence.

**EXCHANGE OF INFORMATION**

a) Residents of another member state of the European Union, including the French overseas departments, the Azores, Madeira, the Canary Islands, the Åland Islands and Gibraltar.

Any individual who receives dividends from the Fund or the proceeds from the sale of units in the Fund through a paying agent based in a State other than the one in which he/she resides is advised to seek information on the legal and regulatory provisions applicable to him.

In most countries covered by Directive 2011/16 and 2014/107, the total gross amount distributed by the Fund and/or the total gross proceeds from the sale, refunding or redemption of units in the Fund will be reported to the tax authorities in the state of residence of the beneficial owner of the income.

b) Residents of third countries or territories

No withholding tax is levied on interest paid to residents of third countries or territories.

Nevertheless, in the framework of Automatic Exchange of Information package (AEOI) covering fiscal matters elaborated by OECD, the Management Company may need to collect and disclose information about the Fund's unitholders to third parties, including the tax authorities of the participating country in which the beneficiary is tax resident, for the purpose of onward transmission to the relevant jurisdictions. The data of financial and personal information as defined by this regulation which will be disclosed may include (but is not limited to) the identity of the Fund's unitholders and their direct or indirect beneficiaries, beneficial owners and controlling persons. A unitholder will therefore be required to comply with any reasonable request from the Management Company for such information, to allow the Management Company to comply with its reporting requirements. The list of AEOI participating countries is available on the website http://www.oecd.org/tax/automatic-exchange/

c) US Tax

Under the Foreign Account Tax Compliance Act ("FATCA") provisions which entered into force as from 1st July 2014, in the case the Fund invests directly or indirectly in US assets, income received from such US investments might be subject to a 30% US withholding tax.

To avoid such withholding tax the Grand Duchy of Luxembourg has entered, on 28th March 2014, into an intergovernmental agreement (the "IGA") with the United States under which the Luxembourg financial institutions have to undertake due diligence to report certain information on their direct or indirect U.S. investors to the Luxembourg Tax authorities. Such information will be onward reported by the Luxembourg tax authorities to the U.S. Internal Revenue Service ("IRS").

**The foregoing provisions are based on the Law and practices currently in force, and might be subject to change. Potential investors are advised to seek information in their country of origin, place of tax residence or domicile on the possible tax consequences associated with their investment. The attention of investors is also drawn to certain tax provisions specific to several countries in which the Fund publicly trades its units.**

## INFORMATION FOR UNITHOLDERS

***Net Asset Values and Dividends***

The Management Company publishes the legally required information in the Grand Duchy of Luxembourg and in all other countries where the units are publicly offered.

This information is also available on the website: www.bnpparibas-am.com

***Financial Year***

The Fund's financial year starts on the first of August and ends on the last day of July.

***Financial Reports***

The Management Company publishes an annual report closed on the last day of the financial year, certified by the Auditor, as well as a non-certified, semi-annual interim report closed on the last day of the sixth month of the financial year. The Management Company is authorised to publish a simplified version of the financial report when required.

The financial reports of each sub-fund are published in the accounting currency of the sub-fund, although the consolidated accounts of the Fund are expressed in euro.

The annual report is made public within four months of the end of the financial year and the interim report within two months of the end of the half-year.

***Documents available for Consultation***

The Management Regulations, the Prospectus, the KIID, and periodic reports may be consulted at the Fund's registered office and at the establishments responsible for the Fund's financial service. Copies of the Management Regulations and the annual and interim reports are available upon request.

Except for the newspaper publications required by Law, the official media to obtain any notice to unitholders from the Management Company will be the website www.bnpparibas-am.com.

Documents and information are also available on the website: www.bnpparibas-am.com.

## APPENDIX 1 – INVESTMENT RESTRICTIONS

### I. GENERAL RULES

**ELIGIBLE ASSETS**

**1. Transferable securities**

Transferable securities must be listed or traded on an official stock exchange or on a regulated market (a market that operated regularly, is recognised and is open to the public) in an eligible state (i.e. a Member State or a Third Country).

Recently issued transferable securities must include in their terms of issue an undertaking that an application will be made for admission to official listing on a regulated market and such admission must be secured within a year of issue.

**2. Money market instruments**

A money market instrument shall fall within one of the categories below:

a) it is listed or traded on an official stock exchange, or on a regulated market (a market that operated regularly, is recognised and is open to the public) in an eligible state (i.e. a Member State or a Third Country);

b) it does not meet the requirements of point (a) but it is subject (at the securities or issuer level) to regulation aimed at protecting investors and savings, provided that it is:

i. issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a third country or a member of a federation; or

ii. issued by an undertaking any securities of which are dealt in on regulated markets referred to in point (a);or

iii. issued or guaranteed by an establishment subject to, and which complies with European Union prudential supervision rules or others rules at least considered to be stringent; or

iv. issued by other bodies belonging to the categories approved by the CSSF provided that the investments in such instruments are subject to investor protection equivalent to that laid down in points (i), (ii) or (iii) above, and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 000 000 and which presents and publishes its annual accounts in accordance with the Directive 78/660, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**3. Units or Shares of UCITS or other UCIs**

A sub-fund may invest in units or shares of UCITS and/or other UCIs, whether or not established in a Member State, provided that:

a) such other UCIs are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU legislation, and that cooperation between authorities is sufficiently ensured;

b) the level of protection to unitholders or shareholders in these other UCIs is equivalent to that provided for unitholders or shareholders in a UCITS, and in particular that the rules on asset segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65;

c) the business of these other UCIs is reported in semi-annual interim and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period; and

d) no more than 10% of the assets of the UCITS or of the other UCIs whose acquisition is contemplated can, according to their management regulations or articles of association, be invested in aggregate in units or shares of other UCITS or other UCIs.

**4. Units of other sub-funds of the Company**

A sub-fund may acquire units of one or more other sub-funds of the Fund (the target sub-fund), provided that:

- the target sub-fund does not, in turn, invest in the sub-fund;
- the proportion of assets that each target sub-fund invests in other target sub-funds of the Fund does not exceed 10%;
- in any events, for as long as these target sub-fund units are held by the Fund, their value shall not be taken into consideration for the calculation of the net assets of the Fundfor the purposes of verifying the minimum threshold of net assets required by the law.

**5. Deposits with credit institutions**

A deposit with a credit institution is eligible for investment by a sub-fund provided that all of the following conditions are fulfilled:

a) The deposit is repayable on demand or is able to be withdrawn at any time;

b) The deposit matures in no more than 12 months;

c) The credit institution has its registered office in a Member State or, where the credit institution has its registered office in a Third Country, it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU legislation.

**6. Financial derivatives instruments**

Financial derivative instruments, including equivalent cash-settled instruments, must be dealt in on a regulated market referred to in point 1 above or financial derivative instruments dealt in over-the-counter (OTC) derivatives, provided that:

a) The underlying of the derivative consists of instruments covered by points 1, 2, 3 and 6 above, financial indices, interest rates, foreign exchange rates or currencies, in which the corresponding sub-fund may invest according to its investment objectives as stated in the Fund's Management Regulations;

b) The counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF, and

c) The OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Management Company's initiative.

**7. Cash and cash equivalents**

The Fund may hold ancillary liquid assets.

**8. Movable and immovable properties**

The Fund may acquire movable or immovable property which is essential for the direct pursuit of its business.

**9. Borrowing**

A sub-fund may acquire currencies by means of “back-to-back” loans.

A sub-fund may borrow provided that such borrowing:

a) is made on a temporary basis and represents no more than 10% of its assets;
b) allows the acquisition of immovable property essential for the direct pursuit of its business and represents no more than 10% of its assets.

Such borrowing shall not exceed 15% of its assets in total.

**PROHIBITED ACTIVITIES**

A sub-fund shall not:

a) Acquire either precious metals or certificates representing them;
b) Grant loans or act as a guarantor on behalf of third parties; this shall not prevent a sub-fund from acquiring transferable securities, money market instruments or other financial instruments referred to as Eligible Assets which are not fully paid;
c) Carry out uncovered sales of transferable securities, money market instruments or other financial instruments referred to as Eligible Assets.

**DIVERSIFICATION RULES**

The sub-funds are not required to comply with the limits laid down in this Appendix when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

While ensuring observance of the principle of risk spreading, recently authorised sub-funds are allowed to derogate from Diversification Rules below for six months following the date of their authorisation.

If these limits are exceeded for reasons beyond the control of the sub-fund or as a result of the exercise of subscription rights, the sub-fund shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

A sub-fund may, in compliance with the applicable limits laid down in this Appendix and in the best interest of the unitholders, temporarily adopt a more defensive attitude by holding more liquid assets in the portfolio. This could be as a result of the prevailing market conditions or on account of liquidation or merger events or when the Sub-Fund approached maturity. In such circumstances, the Sub-Fund concerned may prove to be incapable in the interest the shareholders of pursuing its investment objective as a temporary measure, which may affect its performance.

1. A sub-fund shall not invest more than 10% of its assets in transferable securities, or money market instruments other than those referred to as Eligible Assets.
2.

a) A sub-fund shall invest no more than:
   i. 10% of its assets in transferable securities or money market instruments issued by the same body; or
   ii. 20% of its assets in deposits made with the same body.

   The risk exposure to a counterparty of a sub-fund in an OTC derivative transaction shall not exceed either:
   i. 10% of its assets when the counterparty is a credit institution referred to in point 5 of Eligible Assets; or
   ii. 5% of its assets, in other cases.
b) The total value of the transferable securities and the money market instruments held by a sub-fund in the issuing bodies in each of which it invests more than 5% of its assets shall not exceed 40% of the value of its assets. That limitation shall not apply to deposits or OTC derivative transactions made with financial institutions subject to prudential supervision.

   Notwithstanding the individual limits laid down in paragraph a), a sub-fund shall not combine, where this would lead to investment of more than 20% of its assets in a single body, any of the following:
   i. investments in transferable securities or money market instruments issued by that body;
   ii. deposits made with that body; or
   iii. exposure arising from OTC derivative transactions undertaken with that body.
c) The 10% limit laid down in paragraph a) point (i) may be raised to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State, by its local authorities, by a Third Country or by public international body to which one or more Member States belong.
d) The 10% limit laid down in the paragraph a) point (i) may be raised to a maximum of 25% where bonds are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.

   Where a sub-fund invests more than 5% of its assets in the bonds referred to in this paragraph d) which are issued by a single issuer, the total value of these investments shall not exceed 80% of the value of the assets of the sub-fund.
e) The transferable securities and money market instruments referred to in paragraphs c) and d) shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph b).

   The limits provided for in paragraph a), b), c) and d) shall not be combined, and thus investments in transferable securities or money market instruments issued by the same body or in deposits or derivative instruments made with this body carried out in accordance with paragraph a), b), c) and d) shall not exceed in total 35% of the assets of the sub-fund.

Companies which are included in the same group for the purposes of consolidated accounts, as defined in Directive 83/349 or in accordance with recognised international accounting rules, shall be regarded as a single body for the purpose of calculating the limits contained in this section.

A sub-fund may cumulatively invest in transferable securities and money market instruments within the same group up to 20% of its assets.

3. Without prejudice to the Limits to Prevent Concentration of Ownership below, the limits laid down in point 2. are raised to a maximum of 20% for investments in shares or debt securities issued by the same body, when the aim of the sub-fund's investment policy is to replicate the composition of a certain stock or debt securities index which is recognised by the CSSF, on the following basis:
   i. its composition is sufficiently diversified;
   ii. the index represents an adequate benchmark for the market to which it refers; and
   iii. it is published in an appropriate manner.

   This limit of 20% shall be raised to a maximum of 35% where that proves to be justified by exceptional market conditions (such as, but not limited to, disruptive market conditions or extremely volatile markets) in particular in regulated markets where certain transferable securities or money market instruments are highly dominant. The investment up to that limit shall be permitted only for a single issuer.
4. **As an exception to point 2., in accordance with the principle of risk-spreading, a sub-fund shall invest up to 100% of its assets in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more of its local authorities, a Third Country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore and South Africa, or a public international body to which one or more Member States belong.**

   **Such a sub-fund shall hold securities from at least six different issues, but securities from any single issue shall not account for more than 30% of its total assets.**
5.
   a) A sub-fund may acquire the units or shares of UCITS or other UCIs referred to as Eligible Assets, provided that no more than 20% of its assets are invested in units or shares of a single UCITS or other UCI. For the purposes of the application of this investment limit, each sub-fund in a multi-sub-fund UCI is considered as a separate issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured.
   b) Investments made in units or shares of UCIs other than UCITS shall not exceed, in aggregate, 30% of the assets of a sub-fund. Where a sub-fund has acquired units or shares of another UCITS or UCIs, the assets of the respective UCITS or other UCIs are not combined for the purposes of the limits laid down in point 2.
   c) Due to the fact that the Fund may invest in UCI units, or shares, the investor is exposed to a risk of fees doubling (for example, the management fees of the UCI in which the Fund is invested).

      A sub-fund may not invest in a UCITS, or other UCI (underlying), with a management fee exceeding 3% per annum.

      Where a sub-fund invests in the units or shares of other UCITS or UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, the sub-fund will not incur any entry or exit costs for the units or shares of these underlying assets.

      The maximum annual management fee payable directly by the sub-fund is defined in Book II.

**LIMIT TO PREVENT CONCENTRATION OF OWNERSHIP**

1. The Fund shall not acquire any shares carrying voting rights, which would enable it to exercise significant influence over the management of an issuing body.
2. A sub-fund may acquire no more than:
   i. 10% of the non-voting shares of a single issuing body;
   ii. 10% of debt securities of a single issuing body;
   iii. 25% of the units or shares of a single sub-fund of UCITS or other UCI; or
   iv. 10% of the money market instruments of a single issuing body.

   The limits laid down in points ii., iii. and iv. may be disregarded at the time of acquisition if, at that time the gross amount of the debt securities or of the money market instruments, or the net amount of the securities in issue, cannot be calculated.
3. Points 1. and 2. above do not apply with regard to:
   i. transferable securities and money market instruments issued or guaranteed by a Member State or its local authorities;
   ii. transferable securities and money market instruments issued or guaranteed by a country which is not a European Union Member State ;
   iii. transferable securities and money market instruments issued by a public international body to which one or more European Union Member States belong;
   iv. shares held by the Fund in the capital of a company incorporated in a Third Country investing its assets mainly in the securities of issuing bodies having their registered offices in that country, where under the legislation of that country, such a holding represents the only way in which the Company can invest in the securities of issuing of that country. This derogation shall apply only if in its investment policy the company from the Third Country complies with the limits laid down in Diversification Rules (points 2 and 5) and Limits To Prevent Concentration of Ownership (points 1 and 2).

**MASTER AND FEEDER SUB-FUNDS**

By way of derogation to Diversification Rules above, a sub-fund designed as "the Feeder" may invest:

a) at least 85% of its assets in units, or shares of another UCITS or another sub-fund of UCITS (the "Master");
b) up to 15% of its assets in one or more of the following:
   - ancillary liquid assets,
   - financial derivative instruments, which may be used only for hedging purpose and Appendix 2;
   - movable and immovable property which is essential for the direct pursuit of its business.

## APPENDIX 2 – TECHNIQUES, FINANCIAL INSTRUMENTS, AND INVESTMENT POLICIES

**FINANCIAL DERIVATIVE INSTRUMENTS**

**1. General Information**

Without prejudice to any stipulations for one or more particular sub-funds, the Fund is authorised, for each sub-fund and in conformity with the conditions set out below, to use financial derivative instruments for hedging, efficient portfolio management or trading (investment) purposes, in accordance with point 6 of Eligible Assets of Appendix 1 of the Prospectus (the "Appendix 1").

Each sub-fund may, in the context of its investment policy and within the limits defined in Eligible Assets of the Appendix 1, invest in financial derivative instruments provided that the total risk to which the underlying assets are exposed does not exceed the investment limits stipulated in Diversification Rules of the Appendix 1. When a sub-fund invests in financial derivative instruments based on an index, these investments are not necessarily combined with Diversification Rules.

When a transferable security or a money market instrument comprises a derivative instrument, the derivative instrument must be taken into account for the application of the present provisions.

**Calculation of counterparty risk linked to OTC derivative instruments**

In conformity with the Diversification Rules, the counterparty risk linked to OTC derivatives and efficient portfolio management techniques concluded by a sub-fund may not exceed 10% of its assets when the counterparty is a credit institution cited in point 5 of Eligible Assets in Appendix 1, or 5% of its assets in other cases.

The counterparty risk linked to OTC financial derivatives shall be based, as the positive mark to market value of the contract.

**Valuation of OTC derivatives**

The Management Company will establish, document, implement and maintain arrangements and procedures which ensure appropriate, transparent and fair valuation of OTC derivatives.

**Efficient Portfolio Management techniques**

A sub-fund can use financial derivative instruments and Securities Financing Transactions for efficient portfolio management purpose provided that:

(a) They are economically appropriate in that they are realised in a cost-effective way;

(b) They are entered into for one or more of the following specific aims:

- (i) reduction of risk;
- (ii) reduction of cost;
- (iii) generation of additional capital or income for a sub-fund with a level of risk which is consistent with the risk profile of the sub-fund and the Diversification Rules;

(c) Their risks are adequately captured by the risk management process of the sub-fund.

Efficient portfolio management shall not:

a) result in a change of the investment objective of the concerned sub-fund; or

b) add substantial additional risks in comparison to the original risk policy of the sub-fund.

Direct and indirect operational costs/fees arising from efficient portfolio management techniques may be deducted from the revenue delivered to the concerned sub-funds. These costs and fees will not include hidden revenues.

The following information is disclosed in the annual report of the Fund:

a) the exposure of each sub-fund obtained through efficient portfolio management techniques;

b) the identity of the counterparty(ies) to these efficient portfolio management techniques;

c) the type and amount of collateral received by the sub-funds to reduce counterparty exposure; and

d) the revenues arising from efficient portfolio management techniques for the entire reporting period together with the direct and indirect operational costs and fees incurred.

**2. Types of Financial Derivative Instruments**

In compliance with its investment policy as detailed in Book II, a sub-fund may use a range of core derivatives and/or additional derivatives as described below.

**a. Core Derivatives**

A sub-fund may use a range of core derivatives such as:

(i) Foreign exchange swaps;

(ii) Forwards, such as foreign exchange contracts;

(iii) Interest Rate Swaps – IRS;

(iv) Financial Futures (on equities, interest rates, indices, bonds, currencies, or commodity indices, or volatility indices);

(v) Options (on equities, interest rates, indices, bonds, currencies, commodity indices).

**b. Additional Derivatives**

A sub-fund may use a range of additional derivatives such as:

(i) Credit Default Swap - CDS (on Bonds, indices..), in order to express views on changes in perceived or actual creditworthiness of borrowers including companies, agencies, governments and the hedging of those risks.

(ii) Total Return Swaps - TRS (as defined in point 4 below);

(iii) All other Swaps: Equity Basket Swaps, Commodity Index Swaps, variance and volatility swaps, inflation swaps;

(iv) Equity Linked Notes – ELN;

(v) Contract For Difference – CFD;

(vi) Warrants;

(vii) Swaptions;

(viii) structured financial derivatives, such as credit-linked and equity-linked securities;

(ix) To-be-announced (TBA).

**3. <u>Usage of Financial Derivative Instruments</u>**

A sub-fund may have recourse to derivatives as described below:

**a. Hedging**

Hedging aims at reducing such as but not limited to the credit risks, currency risks, market risks, interest rate (duration) risks, Inflation risks.

Hedging occurs at a portfolio level or, in respect of currency, at share class level.

**b. Efficient Portfolio Management (EPM)**

Efficient portfolio management aims at using derivatives instead of a direct investment when derivatives are a cost effective way, the quickest way or the only authorized way to get exposure to particular market a particular security or an acceptable proxy to perform any ex-post exposure adjustement to a particular markets, sectors or currencies, managing duration, yield curve exposure or credit spread volatility in order to reach the investment objective of the sub-fund.

**c. Investment**

Investment purpose aims at using derivatives such as but not limited to enhance returns for the sub-fund, gaining on a particular markets, sectors or currencies and/or implementing investment strategies that can only be achieved through derivatives, such as a “long-short” strategy.

The table below sets out the main types of derivatives used for each sub-fund and what they are used for:

| Sub-funds | Structural use of derivative | VaR | Core | Additional Derivatives | | | | | | | Purpose of derivatives | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | TRS | CDS | Other Swaps | Swaption | Warrant | CFD | others | hedging | EPM | investment |
| Bond Fund | No | No | X | | X | X | | | | | X | X | X |
| Equity Dividend Europe | Not Permitted | | | | | | | | | | | | |
| Sustainable Equity World Plus | Not Permitted | | | | | | | | | | | | |

**<u>3. Global Exposure</u>**

*Determination of the global exposure*

According to the Circular 11/512, the Management Company must calculate the sub-fund’s global exposure at least once a day. The limits on global exposure must be complied with on an ongoing basis.

It is the responsibility of the Management Company to select an appropriate methodology to calculate the global exposure. More specifically, the selection should be based on the self-assessment by the Management Company of the sub-fund’s risk profile resulting from its investment policy (including its use of financial derivative instruments).

*Risk measurement methodology according to the sub-fund’s risk profile*

The sub-funds are classified after a self-assessment of their risk profile resulting from their investments policy including their inherent derivative investment strategy that determines two risk measurements methodologies:

- The advanced risk measurement methodology such as the Value-at-Risk (VaR) approach to calculate global exposure where:
  (a) The sub-fund engages in complex investment strategies which represent more than a negligible part of the sub-funds’ investment policy;
  (b) The sub-fund has more than a negligible exposure to exotic financial derivative instruments; or
  (c) The commitment approach doesn’t adequately capture the market risk of the portfolio.
- The commitment approach methodology to calculate the global exposure should be used in every other case.**There are currently no sub-funds under VaR. All the existing sub-funds use the commitment approach methodology.**

**<u>3.1. Commitment approach methodology</u>**:

- The commitment conversion methodology for **standard derivatives** is always the market value of the equivalent position in the underlying asset. This may be replaced by the notional value or the price of the futures contract where this is more conservative.
- For **non-standard derivatives**, an alternative approach may be used provided that the total amount of the financial derivative instruments represents a negligible portion of the sub-fund’s portfolio
- For **structured sub-funds**, the calculation method is described in the ESMA/2011/112 guidelines

A financial derivative instrument is not taken into account when calculating the commitment if it meets both of the following conditions:

(a) The combined holding by the sub-fund of a financial derivative instrument relating to a financial asset and cash which is invested in risk free assets is equivalent to holding a cash position in the given financial asset.

(b) The financial derivative instrument is not considered to generate any incremental exposure and leverage or market risk.

The sub-fund's total commitment to financial derivative instruments, limited to 100% of the portfolio's total net value, is quantified as the sum, as an absolute value, of the individual commitments, after possible netting and hedging arrangements.

**3.2 VaR (Value at Risk) methodology**:,

**T**he global exposure is determined on a daily basis by calculating, the maximum potential loss at a given confidence level over a specific time period under normal market conditions.

Given the sub-fund's risk profile and investment strategy, the **relative VaR approach** or the **absolute VaR approach** can be used:

- In the **relative VaR approach**, a leverage free reference portfolio reflecting the investment strategy is defined and the sub-fund's VaR cannot be greater than twice the reference portfolio VaR.
- The **absolute VaR approach** concerns sub-funds investing in multi-asset classes and that do not define any investment target in relation to a benchmark but rather as an absolute return target; the level of the absolute VaR is strictly limited to 20%.

The **VaR limits** should always be set according to the defined risk profile.

To calculate VaR, the following parameters must be used: a 99% degree of confidence, a holding period of one month (20 days), an actual (historical) observation period for risk factors of at least 1 year (250 days)

The Management Company carries out a monthly **back testing** program and reports on a quarterly basis the excessive number of outlier to the senior management.

The Management Company calculates **stress tests** on a monthly basis in order to facilitate the management of risks associated with possible abnormal movements of the market.

**3.3. Global Exposure for Feeder sub-funds**:

The global exposure of a Feeder sub-fund will be calculated by combining its own exposure through financial derivative instruments, with either:

a) the Master actual exposure through financial derivative instruments in proportion to the Feeder investment into the Master; or
b) the Master potential maximal global exposure related to financial derivative instruments as defined by the Master' management rules, or Articles of Association in proportion to the Feeder investment into the Master.

**4. TRS**

TRS can be used for both hedging and/or investment purposes.

When a sub-fund enters into a TRS or invests in other financial derivative instruments with similar characteristics, its assets will also comply with the provisions of the Sections 4 to 8 of the Appendix 1. The underlying exposures of the TRS or other financial derivative instruments with similar characteristics shall be taken into accounts to calculate the investment limits laid down in Section 4 of the Appendix 1. The rebalancing frequency of the underlying index of such financial derivative instruments is determined by the index provider and there is no cost to the sub-fund when the index itself rebalances. In the scope of the active management of the sub-fund the rebalancing frequency might be performed on a daily basis in line with the investment policy set in Book II.

When a sub-fund enters into TRS or invests in financial derivative instruments with similar characteristics, the underlying strategy and composition of the investment portfolio or index are described in Book II and the following information will be disclosed in the annual report of the Fund:

a) The identification of the counterparty(ies) of the transactions;
b) The underlying exposure obtained through financial derivative instruments;
c) The type and amount of collateral received by the sub-funds to reduce counterparty exposure.

The counterparty does not assume any discretion over the composition or management of the sub-funds' investment portfolio or over the underlying of the financial derivative instruments, and its approval is not required in relation to any sub-fund investment portfolio transaction.

*Policy on sharing of return generated by TRS*

The return of the swap transaction, being the spread between the two legs of the transaction, is completely allocated to the sub-fund when positive, or completely charged to the sub-fund when negative. There are neither costs nor fees specific to the swap transaction charged to the sub-fund that would constitute revenue for the Management Company or another party.

*List of sub-funds using TRS*

At the date of this Prospectus, the Company does not make use of TRS for any of its sub-funds. Should the Management Company decide to make use of such swaps, the prospectus will be amended accordingly.

**SFT**

In accordance with the Regulation 2015/2365 and Circulars 08/356 and 14/592, the Fund may enter in securities financing transactions for the purpose of raising short term capital in order to enhance in a safe way the liquidity of the sub-fund.

At the date of this Prospectus the Fund does not make use of SFT for any of its sub-funds. Should the Management Company decide to make use of such transactions, the prospectus will be amended accordingly.

**MANAGEMENT OF COLLATERAL IN RESPECT OF OTC DERIVATIVES AND SFT**

Assets received from counterparties in respect of Financial Derivatives Instruments and Securities Financial Transactions other than currency forwards constitute collateral in accordance with the Regulation 2015/2365 and Circular 14/592.

All collateral used to reduce counterparty risk exposure will comply with the following criteria at all times:

*Liquidity*

Any collateral received other than cash will be highly liquid and dealt in on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received will also comply with the provisions of the Section 8 of the Appendix 1.

*Valuation*

Collateral received will be valued on at least a daily basis, according to mark-to-market, and assets that exhibit high price volatility will not be accepted as collateral unless suitably conservative haircuts are in place, dependant on the issuer's credit quality and the maturity of the received securities.

*Risks*

Risks linked to the management of collateral, such as operational and legal risks, will be identified, managed and mitigated by the risk management process.

*Safe-keeping (also for securities subject to TRS and SFT)*

Where there is a title transfer, the collateral received will be held by the Depositary. For other types of collateral arrangement, the collateral can be held by a third party depositary which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

*Enforcement*

Collateral received will be capable of being fully enforced at any time without reference to or approval from the counterparty.

The Fund must ensure that it is able to claim its right on the collateral in case of the occurrence of any event requiring the execution thereof. Therefore the collateral must be available at all time either directly or through the intermediary of a the counterparty, in such a manner that the Fund is able to appropriate or realise the securities given as collateral without delay if the counterparty fails to comply with its obligation to return the securities.

*Collateral diversification (asset concentration)*

Collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the sub-fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When a sub-fund is exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation, a sub-fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by any European Union Member State, one or more of its local authorities, a third country part of the OECD, Brazil, People's Republic of China, India, Russia, Singapore and South Africa, or a public international body to which one or more European Union Member States belong. Such a sub-fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the sub-fund' net asset value.

The collateral received by a sub-fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

*Stress testing*

For all the sub-funds receiving collateral for at least 30% of their assets, the Management Company will set up, in accordance with the Circular 14/592, an appropriate stress testing policy to ensure regular stress tests under normal and exceptional liquidity conditions to assess the liquidity risk attached to the collateral.

*Haircut policy*

The Management Company will set up, in accordance with the Circular 14/592, a clear haircut policy adapted for each class of assets received as collateral.

*Acceptable Collateral Public regulatory grid*

| Asset Class | Minimum Rating accepted | Margin required / NAV | Cap by asset class / NAV | Cap by Issuer / NAV |
|---|---|---|---|---|
| Cash (EUR, USD and GBP or other Valuation Currency) | | [100 - 110%] | 100% | |
| Fixed Income | | | | |
| *Eligible OECD Government Bonds* | BBB | [100 - 115%] | 100% | 20% |
| *Eligible Supra & Agencies* | AA- | [100 - 110%] | 100% | 20% |
| *Other Eligible Countries Government Bonds* | BBB | [100 - 115%] | 100% | 20% |
| *Eligible OECD Corporate Bonds* | A | [100 - 117%] | 100% | 20% |
| *Eligible OECD Corporate Bonds* | BBB | [100 - 140%] | [10% - 30%] | 20% |
| *Eligible OECD Convertible Bonds* | A | [100 - 117%] | [10% - 30%] | 20% |
| *Eligible OECD Convertible Bonds* | BBB | [100 - 140%] | [10% - 30%] | 20% |
| *Money Market Units (1)* | UCITS IV | [100 - 110%] | 100% | 20% |
| *CD's (eligible OECD and other eligible countries)* | A | [100 - 107%] | [10% - 30%] | 20% |
| *Eligible indices & Single equities linked* | | [100% - 140%] | 100% | 20% |
| *Securitization (2)* | | [100% - 132%] | 100% | 20% |

*(1) Only Money Markets funds managed by BNPP AM. Any other UCITS eligible only upon ad-hoc approval by BNPP IP Risk*
*(2) Subject to conditions and ad-hoc approval by BNPP AM Risk*

*Applicable limits*

*(i) Limits applicable to non-cash collateral*

In accordance with ESMA guidelines, non-cash collateral received by the Fund should not be sold, re-invested or pledged.

Given the high quality of the acceptable collateral and the high quality nature of the selected counterparties, there is no maturity constraints applicable to the collateral received.

*(ii) Limits applicable to cash collateral*

Cash collateral received should only be:

- placed on deposit with entities prescribed in Section 1. paragraph f) of the Appendix 1;
- invested in high-quality government bonds;
- used for the purpose of reverse repurchase transactions provided the transactions are with credit institutions subject to prudential supervision and the sub-fund is able to recall at any time the full amount of cash on accrued basis;
- invested in short-term money market funds as defined in the Guidelines on a Common Definition of European money market Funds.

*(iii) Reuse of cash collateral*

The Fund may re-invest the cash it has received as collateral in the following eligible instruments in accordance with the applicable law and regulations including Circular 08/356 as amended by Circular 11/512 and ESMA guidelines:

- Money market UCIs (daily calculation and S&P AAA rating or equivalent);
- Short-term bank deposits;
- Money market instruments;
- Short-term bonds issued or guaranteed by a Member State of the European Union, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- Bonds issued or guaranteed by first class issuers offering adequate liquidity, and

The financial assets other than bank deposit and units of UCIs that the Fund has acquired by reinvesting the cash collateral must not be issued by an entity affiliated to the counterparty;

The financial assets acquired via the reinvestment of the cash collateral must not be kept with the counterparty, except if it is legally segregated from the counterparty's assets;

The financial assets acquired via the reinvestment of the cash collateral may not be pledged unless the Fund has sufficient liquidities to be able to return the received collateral in the form of cash.

Reinvested cash collateral may lead to several risks such as currency exchange risk, counterparty risk, issuer risk, valuation and settlement risk, which can have an impact on the performance of the sub-fund concerned.

Exposures arising from the reinvestment of collateral received by the Fund shall be taken into account within the diversification limits applicable under the Appendix 1.

*Criteria used to select Counterparties*

The Fund will enter into transactions with counterparties which the Management Company believes to be creditworthy. They may be related companies at BNP Paribas Group. Counterparties will be selected by the Management Company with respect for the following criteria:

- leading financial institutions;
- sound financial situation;
- ability to offer a range of products and services corresponding to the requirements of the Management Company;
- ability to offer reactivity for operational and legal points;
- ability to offer competitive price; and
- quality of the execution.

Approved counterparties are required to have a minimum rating of investment grade for OTC derivative counterparties provided however that credit quality assessment of counterparties does not rely only on external credit ratings. Alternative quality parameters are considered such as internal credit analysis assessment and liquidity and maturity of collateral selected. While there are no predetermined legal status or geographical criteria applied in the selection of the counterparties, these elements are typically taken into account in the selection process. Furthermore counterparties should comply with prudential rules considered by the CSSF as equivalent to EU prudential rules. The selected counterparties do not assume any discretion over the composition or management of the sub-funds' investment portfolios or over the underlying of the financial derivative instruments, and their approval is not be required in relation to any sub-fund investment portfolio transaction.

The Fund's annual report will contain details regarding:

a) the list of appointed counterparties to efficient portfolio management techniques and OTC derivatives;
b) the identity of the issuer where collateral received has exceeded 20% of the assets of a sub-fund;
c) whether a sub-fund has been fully collateralised.

## APPENDIX 3 – INVESTMENT RISKS

Investors must read the Prospectus carefully before investing in any of the Sub-Funds.

The value of the Shares will increase as the value of the securities owned by any Sub-Fund increases and will decrease as the value of the Sub-Fund's investments decreases. In this way, investors participate in any change in the value of the securities owned by the relevant Sub-Fund(s). In addition to the factors that affect the value of any particular security that a Sub-Fund owns, the value of the Sub-Fund's Shares may also change with movements in the stock and bond markets as a whole. Investors are also warned that sub-fund performance may not be in line with the stated "Investment objective" and that the capital they invest (after subscription commissions have been deducted) may not be returned to them in full.

A Sub-Fund may own securities of different types, or from different asset classes (e.g. equities, bonds, money market instruments, financial derivative instruments) depending on the Sub-Fund's investment objective. Different investments have different types of investment risk. The Funds also have different kinds of risks, depending on the securities they hold. This "Investment Risks" section contains explanations of the various types of investment risks that may be applicable to the Funds. Please refer to the Book II of this Prospectus for details as to the principal risks applicable to each Sub-Fund. Investors should be aware that other risks may also be relevant to the Sub-Funds from time to time.

### I. GENERAL

This section explains some of the risks that apply to all the Sub-Funds. It does not aim to be a complete explanation and other risks may also be relevant from time to time. In particular, the Company's performance may be affected by changes in market and/or economic and political conditions, and in legal, regulatory and tax requirements. No guarantee or representation is made that the investment program will be successful and there can be no assurance that the Sub-Fund(s)' investment objective(s) will be achieved. Also, past performance is no guide to future performance, and the value of investments may go down as well as up. Changes in rates of exchange between currencies may cause the value of a Fund's investments to diminish or increase.

The Company or any of its Sub-Funds may be exposed to risks that are outside of their control – for example legal and regulatory risks from investments in countries with unclear and changing laws or the lack of established or effective avenues for legal redress or as a result of the registration of the Sub-Funds in non-EU jurisdictions, the Sub-Funds may be subject, without any notice to the shareholders in the Sub-Funds concerned, to more restrictive regulatory regimes potentially preventing the Sub-Funds from making the fullest possible use of the investment limits. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The effect of any future regulatory action on the Company could be substantial and adverse. The Sub-Funds may be exposed to the risk of terrorist actions, to the risk that economic and diplomatic sanctions may be in place or imposed on certain States and military action may be commenced. The impact of such events is unclear, but could have a material effect on general economic conditions and market liquidity. Investors are reminded that in certain circumstances their right to redeem Shares may be suspended as further described in the Book I.

The Company or any of its Funds may be exposed to operational risks, being the risk that operational processes, including those related to the safekeeping of assets, valuation and transaction processing may fail, resulting in losses. Potential causes of failure may arise from human errors, physical and electronic system failures and other business execution risks as well as external events.

Unmanaged or unmitigated sustainability risks can impact the returns of the sub-funds integrating them into their investment decision. For instance, should an environmental, social or governance event or condition occur, it could cause an actual or a potential material negative impact on the value of an investment. The occurrence of such event or condition may lead as well to the reshuffle of a sub-fund investment strategy, including the exclusion of securities of certain issuers.

Specifically, the likely impact from sustainability risks can affect issuers via a range of mechanisms including: 1) lower revenue; 2) higher costs; 3) damage to, or impairment of, asset value; 4) higher cost of capital; and 5) fines or regulatory risks. Due to the nature of sustainability risks and specific topics such as climate change, the chance of sustainability risks impacting the returns of financial products is likely to increase over longer-term time horizons.

#### Alternative Investment Strategies Risks

Alternative investment strategies involve risks that depend on the type of investment strategy: investment risk (specific risk), model risk, portfolio construction risk, valuation risk (when OTC derivative), counterparty risk, credit risk, liquidity risk, leverage risk (risk that losses exceed the initial investment), financial derivative instruments short selling risk (cf. risks due to short selling via financial derivative instruments).

#### Cash Collateral Reinvestment Risk

Cash received as collateral may be reinvested, in compliance with the diversification rules specified in the Art. 43 (e) of CSSF Circular 14/592 exclusively in eligible risk free assets. There is a risk that the value on return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty. In this circumstance, the sub-fund would be required to cover the shortfall.

#### Collateral Management Risk

Collateral may be used to mitigate counterparty risk. There is a risk that the collateral taken, especially where it is in the form of securities, when realized does not raise sufficient cash to settle the counterparty's liability. This may be due to factors including inaccurate collateral pricing, adverse market movements in the value of collateral, a deterioration in the credit rating of the issuer of the collateral, or the illiquidity of the market in which the collateral is traded. Please also refer to "Liquidity Risk" above in respect of liquidity risk which may be particularly relevant when collateral takes the form of securities. Where a Sub-Fund is in turn required to post collateral with a counterparty, there is a risk that the value of the collateral placed is higher than the cash or investments received by the Sub-Fund. In either case, where there are delays or difficulties in recovering assets or cash, collateral posted with counterparties, or realising collateral received from counterparties, the Sub-Funds may face difficulties in meeting redemption or purchase requests or in meeting delivery or purchase obligations under other contracts.

#### Commodity Related Exposure Risk

A Sub-Fund's exposure to investments in commodities related instruments presents unique risks. Investing in commodities related instruments, including trading in commodities indices and financial derivative instruments related to commodities, can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealised), weather, agriculture, trade, domestic and foreign political and economic events and policies, diseases, pestilence, technological developments, monetary and other governmental policies.

**Concentration Risk**

Some Sub-Funds may have an Investment Policy that invests a large portion of the assets in a limited number of issuers, industries, sectors or a limited geographical area. Being less diversified, such Sub-Funds may be more volatile than broadly diversified Sub-Funds and carry a greater risk of loss.

**Contingent Convertible Risk**

Contingent convertible securities ("Cocos") are a form of hybrid debt security that are intended to either automatically convert into equity or have their principal written down upon the occurrence of certain "triggers" linked to regulatory capital thresholds or where the issuing banking institution's regulatory authorities considers this to be necessary. CoCos will have unique equity conversion or principal write-down features which are tailored to the issuing banking institution and its regulatory requirements. Some additional risks associated with CoCos are set forth below:

- *Trigger level risk:* Trigger levels differ and determine exposure to conversion risk depending on the capital structure of the issuer. The conversion triggers will be disclosed in the prospectus of each issuance. The trigger could be activated either through a material loss in capital as represented in the numerator or an increase in risk weighted assets as measured in the denominator.
- *Capital structure inversion risk:* Contrary to classic capital hierarchy, CoCos investors may suffer a loss of capital when equity holders do not, e.g. when a high trigger principal write-down CoCos is activated. These cuts against the normal order of capital structure hierarchy where equity holders are expected to suffer the first loss. This is less likely with a low trigger CoCos when equity holders will already have suffered loss. Moreover, high trigger CoCos may suffer losses not at the point of gone concern but conceivably in advance of lower trigger CoCos and equity.
- *Liquidity and concentration risks:* In normal market conditions CoCos comprise mainly realisable investments which can be readily sold. The structure of the instruments is innovative yet untested. In a stressed environment, when the underlying features of these instruments will be put to the test, it is uncertain how they will perform. In the event a single issuer activates a trigger or suspends coupons it is not known whether the market will view the issue as an idiosyncratic or systemic event. In the latter case, potential price contagion and volatility to the entire asset class is possible. Furthermore, in an illiquid market, price formation may be increasingly stressed. While diversified from an individual company perspective the nature of the universe means that the fund may be concentrated in a specific industry sector and the Net Asset Value of the Sub-Fund may be more volatile as a result of this concentration of holdings relative to a Sub-Fund which diversifies across a larger number of sectors.
- *Valuation risk:* The attractive return on this type of instrument may not be the only criterion guiding the valuation and the investment decision. It should be viewed as a complexity and risk premium, investors have to fully consider the underlying risks.
- *Call extension risk:* as CoCos can be issued as perpetual instruments, investors may not be able to recover their capital if expected on call date or indeed at any date.
- *Risk of coupon cancellation:* with certain types of CoCo Bonds, the payment of coupons is discretionary and may be cancelled by the issuer at any time and for an indeterminate period.

**Counterparty Risk**

Counterparty risk is the risk to each party of a contract that the counterparty will fail to perform its contractual obligations and/or to respect its commitments under the term of such contract, whether due to insolvency, bankruptcy or other cause. When over-the-counter (OTC) or other bilateral contracts are entered into (inter alia OTC derivatives, repurchase agreements, security lending, etc.), the Company may find itself exposed to risks arising from the solvency of its counterparties and from their inability to respect the conditions of these contracts. If counterparty does not live up to its contractual obligations, it may affect investor returns.

**Credit Risk**

Credit risk, a fundamental risk relating to all fixed income securities as well as Money Market Instruments, is the risk that an issuer will fail to make principal and interest payments when due. Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk typically offer lower yields. Generally, government securities are considered to be the safest in terms of credit risk, while corporate debt, especially those with poorer credit ratings, have the highest credit risk. Changes in the financial condition of an issuer, changes in economic and political conditions in general, or changes in economic and political conditions specific to an issuer (particularly a sovereign or supranational issuer), are all factors that may have an adverse impact on an issuer's credit quality and security values. Related to credit risk is the risk of downgrade by a rating agency. Rating agencies such as Standard & Poor's, Moody's and Fitch, among others, provide ratings for a wide array of fixed income securities (corporate, sovereign, or supranational) which are based on their creditworthiness. The agencies may change their ratings from time to time due to financial, economic, political, or other factors, which, if the change represents a downgrade, can adversely impact the value of the affected securities.

**Currency Exchange Risk**

This risk is present in each Sub-Fund having positions denominated in currencies that differ from its Accounting Currency. If the currency in which a security is denominated appreciates in relation to the Accounting Currency of the Sub-Fund, the exchange value of the security in the Accounting Currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security. When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

**Custody Risk**

Assets of the Company are safe kept by the Custodian and Investors are exposed to the risk of the custodian not being able to fully meet its obligation to restitute in a short timeframe all of the assets of the Company in the case of bankruptcy of the Custodian. The assets of the Company will be identified in the Custodian's books as belonging to the Company. Securities and debt obligations held by the Custodian will be segregated from other assets of the Custodian which mitigates but does not exclude the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash which increases the risk of non-restitution in case of bankruptcy. The Custodian does not keep all the assets of the Company itself but uses a network of Sub-Custodians which are not part of the same group of companies as the Custodian. Investors are also exposed to the risk of bankruptcy of the Sub-Custodians. A Sub-Fund may invest in markets where custodial and/or settlement systems are not fully developed.

**Derivatives Risk**

The performance of derivative instruments depends largely on the performance of an underlying currency, security, index or other reference asset, and such instruments often have risks similar to the underlying instrument, in addition to other risks. A Sub-Fund may use options, futures, options on futures, and forward contracts on currencies, securities, indices, interest rates or other reference assets for hedging, efficient portfolio management and/or investment purposes, as described in Appendix 2. Derivative instruments involve costs and can create economic leverage in the Sub-Fund's portfolio which may result in significant volatility and cause the Sub-Fund to participate in losses (as well as gains) in an amount that significantly exceeds the Sub-Fund's initial investment.

**Distressed Securities Risk**

Distressed securities may be defined as debt securities that are officially in restructuring or in payment default and whose rating (by at least one of the major rating agencies) is lower than CCC-. Investment in distressed securities may cause additional risks for a Sub-Fund. Such securities are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and principal or maintain other terms of the offer documents over any long period of time. They are generally unsecured and may be subordinated to other outstanding securities and creditors of the issuer. Whilst such issues are likely to have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposure to adverse economic conditions. Therefore, a Sub-Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Recovery of interest and principal may involve additional cost for the relevant Sub-Fund.

**Efficient Portfolio Management Techniques Risk**

Efficient portfolio management techniques, such as repurchase and reverse repurchase transactions, involve certain risks. Investors must notably be aware that:

- In the event of the failure of the counterparty with which cash of a Sub-Fund has been placed, there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded.
- Locking cash in transactions of excessive size or duration, delays in recovering cash placed out, or difficulty in realizing collateral may restrict the ability of the Sub-Fund to meet sale requests, security purchases or, more generally, reinvestment.
- Repurchase transactions will, as the case may be, further expose a Sub-Fund to risks similar to those associated with financial derivative instruments, which risks are described above.
- In a reverse repurchase transaction, a Fund could incur a loss if the value of the purchased securities has decreased in value relative to the value of the cash or margin held by the relevant Fund.

**Emerging Markets Risk**

A Sub-Fund may invest in less developed or emerging markets. These markets may be volatile and illiquid and the investments of the Sub-Fund in such markets may be considered speculative and subject to significant delays in settlement. Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Sub-Fund will need to use brokers and counterparties which are less well capitalised, and custody and registration of assets in some countries may be unreliable. Delays in settlement could result in investment opportunities being missed if a Sub-Fund is unable to acquire or dispose of a security. The risk of significant fluctuations in the net asset value and of the suspension of redemptions in those Sub-Funds may be higher than for Sub-Funds investing in major world markets. In addition, there may be a higher than usual risk of political, economic, social and religious instability and adverse changes in government regulations and laws in emerging markets and assets could be compulsorily acquired without adequate compensation. The assets of a Sub-Fund investing in such markets, as well as the income derived from the Sub-Fund, may also be affected unfavourably by fluctuations in currency rates and exchange control and tax regulations and consequently the net asset value of Shares of that Sub-Fund may be subject to significant volatility. Some of these markets may not be subject to accounting, auditing and financial reporting standards and practices comparable to those of more developed countries and the securities markets of such countries may be subject to unexpected closure.

**Environmental, Social and Governance (ESG) Investment Risk**

The lack of common or harmonized definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may be based on metrics that may share the same name but have different underlying meanings. In evaluating a security based on the ESG and sustainability criteria, the Investment Manager may also use data sources provided by external ESG research providers. Given the evolving nature of ESG, these data sources may for the time being be incomplete, inaccurate or unavailable. Applying responsible business conduct standards in the investment process may lead to the exclusion of securities of certain issuers. Consequently, the Sub-Fund's performance may at times be better or worse than the performance of relatable funds that do not apply such standards.

**Equity Risk**

The risks associated with investments in equity (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a Company's shares to its bonds. Moreover, such fluctuations are often exacerbated in the short-term. The risk that one or more companies suffer a downturn or fail to grow can have a negative impact on the performance of the overall portfolio at a given time. There is no guarantee that investors will see an appreciation in value. The value of investments and the income they generate may go down as well as up and it is possible that investors will not recover their initial investment.

Some Funds may invest in initial public offerings ("IPOs"). IPO risk is the risk that the market values of IPO shares may experience high volatility from factors such as the absence of a prior public market, unseasoned trading, the limited number of shares available for trading and limited information about the issuer. Additionally, a Sub-Fund may hold IPO shares for a very short period of time, which may increase a Sub-Fund's expenses. Some investments in IPOs may have an immediate and significant impact on a Sub-Fund's performance.

Sub-Funds investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

**Hedge Share Class Contagion Risk**

Where a Hedged or Return Hedged share class is available in a Sub-Fund, the use of derivatives that are specific to this share-class may have an adverse impact on other share-classes of the same Sub-Fund. In particular, the use of a derivative overlay in a currency risk hedged share class introduces potential counterparty and operational risks for all investors in the Sub-Fund. This could lead to a risk of contagion to other share classes, some of which might not have any derivative overlay in place.

**High Yield Bond Risk**

When investing in fixed income securities rated below investment grade, there is a higher risk that such the issuer is unable or unwilling to meet its obligations, therefore exposing the Sub-Fund to a loss corresponding to the amount invested in such security.

**Market Risk**

Market risk is a general risk that affects all investments. Price for financial instruments are mainly determined by the financial markets and by the economic development of the issuers, who are themselves affected by the overall situation of the global economy and by the economic and political conditions prevailing in each relevant country.

**Legal Risk**

There is a risk that agreements and derivatives techniques are terminated due, for instance, to bankruptcy, illegality, change in tax or accounting laws. In such circumstances, a Sub-Fund may be required to cover any losses incurred. Furthermore, certain transactions are entered into on the basis of complex legal documents. Such documents may be difficult to enforce or may be the subject to a dispute as to interpretation in certain circumstances. Whilst the rights and obligations of the parties to a legal document may be governed by Luxembourg law, in certain circumstances (insolvency proceedings) other legal systems may take priority which may affect the enforceability of existing transactions. The use of derivatives may also expose a Sub-Fund to the risk of loss resulting from changing laws or from the unexpected application of a law or regulation, or because a court declares a contract not legally enforceable.

**Liquidity Risk**

Liquidity risk takes two forms: asset side liquidity risk and liability side liquidity risk. Asset side liquidity risk refers to the inability of a Sub-Fund to sell a security or position at its quoted price or market value due to such factors as a sudden change in the perceived value or credit worthiness of the position, or due to adverse market conditions generally. Liability side liquidity risk refers to the inability of a Sub-Fund to meet a redemption request, due to the inability of the Fund to sell securities or positions in order to raise sufficient cash to meet the redemption request. Markets where the Sub-Fund's securities are traded could also experience such adverse conditions as to cause exchanges to suspend trading activities. Reduced liquidity due to these factors may have an adverse impact on the Net Asset Value of the Sub-Fund and on the ability of the Sub-Fund to meet redemption requests in a timely manner.

**Real Estate Related Exposure Risk**

Sub-funds may indirectly invest in the real estate sector via transferable securities and/or real estate funds. Real estate values rise and fall in response to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations. When economic growth is slow, demand for property decreases and prices may decline. Property values may decrease because of overbuilding, increases in property taxes and operating expenses, changes in zoning laws, environmental regulations or hazards, uninsured casualty or condemnation losses, or general decline in neighbourhood values.

**Risks Related to Investments in Some Countries**

Investments in some countries (e.g. China, Greece, India, Indonesia, Japan, Saudi Arabia and Thailand) involve risks linked to restrictions imposed on foreign investors and counterparties, higher market volatility and lack of liquidity. Consequently, some shares may not be available to the Sub-Fund due to the number of foreign shareholders authorized or if the total investment permitted for foreign shareholders has been reached. In addition, the repatriation by foreign investors of their share, capital and/or dividends may be restricted or require the approval of the government. The Company will only invest if it considers that the restrictions are acceptable. However, no guarantee can be given that additional restrictions will not be imposed in future.

**Securitised Products Risk**

Sub-Fund investing in securitised products, such as Mortgage-Backed Securities (MBS) and other Asset-Backed Securities (ABS), are exposed to the following risks:

- *Interest rate risk:* Prices may fall as interest rates rise due to fixed coupon rates.
- *Prepayment risk:* The risk that the mortgage holder (the borrower) will pay back the mortgage before its maturity date, which reduces the amount of interest the investor would have otherwise received. Prepayment, in this sense, is a payment in excess of the scheduled principal payment. This situation may arise if the current market interest rate falls below the interest rate of the mortgage, since the homeowner is more likely to refinance the mortgage. Unanticipated prepayments can change the value of some securitised products.
- *Term structure risk:* Monthly principal cash flows cause a laddered structure. The value of securities can be affected by a steepening or flattening of the yield curve.
- *Credit risk:* While the agency market has little or no credit risk, the non-agency market has varying levels of credit risk.
- *Default risk and downgrading risk:* It can be due to the borrower’s failure to make timely interest and principal payments when due. Default may result from a borrower’s failure to meet other obligations as well as the maintenance of collateral as specified in the Prospectus. An investor’s indicator of a security’s default can be its credit rating. Because of the credit enhancements required for Asset Backed Securities (ABS) by the rating agencies, the senior tranches are mostly rated triple-A, the highest rating available. The B, C and any lower tranches of an ABS issue are lower-rated or unrated and are designed to absorb any losses before the senior tranches. Prospective buyers of these classes of an issue must decide if the increased risk of default is balanced by the higher returns these classes pay.
- *Liquidity risk:* The market for privately (non – Agency) issued MBS is smaller and less liquid than the market for Agency MBS. The Company will only invest in securitised products that the Investment Manager trusts to be liquid.
- *Legal Risk:* Non-mortgage related ABS may not have the benefit of any legal title on the underlying assets and recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities.

More detailed risk warnings:

- *About MBS and ABS:* The yield characteristics of MBS and other ABS differ from traditional debt securities. A major difference is that the principal amount of the obligation generally may be prepaid at any time because the underlying assets generally may be prepaid at any time. As a result, if an ABS is purchased at a premium, a prepayment rate that is faster than expected will reduce the yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing the yield to maturity. Conversely, if an ABS is purchased at a discount, faster than expected prepayments will increase the yield to maturity, while slower than expected prepayments will decrease the yield to maturity. Generally, pre-payments on fixed-rate mortgage loans will increase during a period of falling interest rates and decrease during a period of rising interest rates. MBS and ABS may also decrease in value as a result of increases in interest rates and, because of prepayments, may benefit less than other fixed income securities from declining interest rates. Reinvestment of prepayments may occur at lower interest rates than the original investment, thus adversely affecting a Sub-Fund's yield. Actual prepayment experience may cause the yield of ABS to differ from what was assumed when the Company purchased the security.

- *About Collateralised Mortgage Obligation (MBO), Collateralised Bond Obligation (CBO), Collateralised Debt Obligation (CDO) and Collateralised Loan Obligation (CLO):* Classes or tranches may be specially structured in a manner that provides any of a wide variety of investment characteristics, such as yield, effective maturity and interest rate sensitivity. As market conditions change, however, and especially during periods of rapid or unanticipated changes in market interest rates, the attractiveness of some CDO tranches and the ability of the structure to provide the anticipated investment characteristics may be significantly reduced. These changes can result in volatility in the market value, and in some instances reduced liquidity, of the CDO tranches. Certain tranches of CMOs are structured in a manner that makes them extremely sensitive to changes in prepayments rates. IO (Interest Only) and PO (Principal Only) tranches are examples of this. IO tranches are entitled to receive all or a portion of the interest, but none (or only a nominal amount) of the principal payments, from the underlying mortgage assets. If the mortgage assets underlying of an IO experience greater than anticipated principal prepayments, the total amount of interest payments allocable to the IO Class, and therefore the yield to investors, generally will be reduced. In some instances, an investor in an IO may fail to recover all of its initial investment, even when the securities are government guaranteed or considered to be of the highest quality (rated AAA or the equivalent). Conversely, PO Classes are entitled to receive all or a portion of the principal payments, but none of the interest, from the underlying mortgage assets. PO Classes are purchased at substantial discounts from par, and the yield to investors will be reduced if principal prepayments are slower than expected. Some IOs and POs, as well as other CMO tranches, are structured to have special protections against the effect of prepayments. However, these structural protections normally are effective only within certain ranges of prepayments rates and thus will not protect investors in all circumstances. Inverse floating rate CMO Classes also may be extremely volatile. These tranches pay interest at a rate that decreases when a specified index of market rates increases.

**Small Cap, Specialised or Restricted Sectors Risk**

Sub-Funds investing in small caps or specialised or restricted sectors are likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions. Smaller companies may lack depth of management, be unable to generate funds necessary for growth or development, have limited product lines or be developing or marketing new products or services for which markets are not yet established and may never become established. Smaller companies may be particularly affected by interest rate increases, as they may find it more difficult to borrow money to continue or expand operations, or may have difficulty in repaying any loans which are floating-rate.

**Swing Pricing Risk**

The actual cost of purchasing or selling the underlying investments of a Sub-Fund may be different from the carrying value of these investments in the Sub-Fund's valuation. The difference may arise due to dealing and other costs (such as taxes) and/or any spread between the buying and selling prices of the underlying investments. These dilution costs can have an adverse effect on the overall value of a Sub-Fund and thus the net asset value per share may be adjusted in order to avoid disadvantaging the value of investments for existing shareholders.

**Tracking Error Risk**

The performance of the Sub-Fund may deviate from the actual performance of the underlying index due to factors including but not limited to liquidity of the index constituents, possible stock suspensions, trade band limits decided by the stock exchanges, changes in taxation of capital gains and dividends, discrepancies between the tax rates applied to the Sub-Fund and to the index on capital gains and dividends, limitations or restrictions on foreign investors ownership of shares imposed by the governments, fees and expenses, changes to the underlying index and operational inefficiencies. In addition, the Sub-Fund may not be able to invest in certain securities included in the underlying index or invest in them in the exact proportions they represent of the index due to legal restrictions imposed by the governments, a lack of liquidity on stock exchanges or other reasons. There could be other factors which can impact the Tracking Error.

**Warrant Risk**

Warrants are complex, volatile, high-risk instruments. One of the principal characteristics of warrants is the "leverage effect" whereby a change in the value of the underlying asset can have a disproportionate effect on the value of the warrant. There is no guarantee that, in the event of an illiquid market, it will be possible to sell the warrant on a secondary market.

## APPENDIX 4 – LIQUIDATION, MERGER, TRANSFER AND SPLITTING PROCEDURES

***Liquidation, Merger, Transfer, and Splitting of Sub-funds***

The Management Company shall have sole authority to decide on the effectiveness and terms of the following, under the limitations and conditions prescribed by the Law:

1) either the pure and simple liquidation of a sub-fund;
2) or the closure of a sub-fund (merging sub-fund) by transfer to another sub-fund of the Fund;
3) or the closure of a sub-fund (merging sub-fund) by transfer to another UCI, whether incorporated under Luxembourg law or established in another member state of the European Union;
4) or the transfer to a sub-fund (receiving sub-fund) a) of another sub-fund of the Fund, and/or b) of a sub-fund of another collective investment undertaking, whether incorporated under Luxembourg law or established in another member state of the European Union, and/or c) of another collective investment undertaking, whether incorporated under Luxembourg law or established in another member state of the European Union;
5) or the splitting of a sub-fund.

The splitting techniques will be the same as the merger one foreseen by the Law.

As an exception to the foregoing, if the Fund should cease to exist as a result of such a merger, then the effectiveness of this merger must be decided by the Management Company.

To avoid any investment breach due to the merger, and in the interest of the unitholders, the investment manager might need to rebalance the portfolio of the Merging sub-fund before the merger. Such rebalancing shall be compliant with the investment policy of the Receiving sub-fund. In the event of the pure and simple liquidation of a sub-fund, the net assets shall be distributed between the eligible parties in proportion to the assets they own in the said sub-fund. The assets not distributed at the time of the closure of the liquidation and at the latest within nine months of the date of the decision to liquidate shall be deposited with the Luxembourg Caisse de Consignation until the end of the legally specified limitation period.

Pursuant to this matter, the decision adopted at the level of a sub-fund may be adopted similarly at the level of a category or a class.

***Liquidation of a Feeder Sub-fund***

A Feeder sub-fund will be liquidated:

a) when the Master is liquidated, unless the CSSF grants approval to the feeder to:
   (i) invest at least 85% of the assets in units, or shares of another Master; or
   (ii) amend its investment policy in order to convert into a non-Feeder.
b) when the Master merges with another UCITS, or sub-fund or is divided into two or more UCITS, or sub-fund unless the CSSF grants approval to the feeder to:
   (i) continue to be a Feeder of the same Master or the Master resulting from the merger or division of the Master;
   (ii) invest at least 85% of its assets in units, or shares of another Master; or
   (iii) amend its investment policy in order to convert into a non-Feeder.

***Dissolution and Liquidation of the Fund***

The Management Company may, at any time and for any reason whatsoever, propose the dissolution and liquidation of the Fund.

The dissolution and liquidation of the Fund shall take place:

a) By decision of the management Company;
b) In the event of cessation of their duties by the Management Company or by the Custodian Bank in accordance with Article 21, points b), c), d) and e) of the Law, if they have not been replaced within two months without prejudice to the specific circumstance addressed in point c) below;
c) In the event of bankruptcy of the Management Company;
d) If the net assets of the Fund have fallen for more than six months below one quarter of the legal minimum provided by the Law;
e) By decision of the CSSF.

If the Fund’s net assets fall below two-thirds of the minimum legal capital, the Management Company may decide the Fund’s dissolution.

In the event of the Fund’s dissolution, the liquidation will be conducted by one or more liquidators that may be individuals or legal entities. They will be appointed by the Management Company, which will determine their powers and remuneration, without prejudice to the application of the Law.

The net proceeds of the liquidation of each sub-fund, category, or class will be distributed by the liquidators to the unitholders of each sub-fund, category, or class in proportion to the number of units they hold in the sub-fund, category, or class.

In case of straightforward liquidation of the Fund, the net assets shall be distributed between the eligible parties in proportion to the units held in the Fund. Net assets not distributed at the time of the closure of the liquidation and at the latest within a maximum period of nine months effective from the date of liquidation will be deposited with the Luxembourg Caisse de Consignation until the end of the legally specified limitation period

The calculation of the net asset value, and all subscriptions, conversions and redemptions of units in these sub-funds, categories, or classes will also be suspended throughout the liquidation period.

# BOOK II

# BNP PARIBAS COMFORT BOND FUND in abbreviated form BNPP COMFORT BOND FUND

***Investment objective***

To increase the value of its assets over the medium term by primarily investing in the fixed income market through funds.

***Investment policy***

The sub-fund invests at least 51% of its assets in capitalisation shares or units of UCIs that have a fixed income and/or money markets focus.

The sub-fund may invest in UCIs having an Absolute Return Investments objective. In this case, the underlying investments have a fixed income market allocation as core of their strategy. The focus is on international diversification of investments.

Cash held on an exceptional, ancillary and temporary basis shall not be remunerated.

The sub-fund may pay an amount of dividend to unitholders corresponding or exceeding the current five-year EMU government bond rate. If any, the dividends will be paid annually on the 20th of November of each year (or the following bank business day in case the 20th of November is a bank holiday in Luxembourg).

***Sustainable Investment Policy***

The Investment Manager also applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investments of the sub-fund and falls under Sustainable category as set out in the Book I.

***Derivatives and Securities Financing Transactions***

Core financial derivative instruments, CDS and other swaps may be used for efficient portfolio management, hedging and investment purposes as described in points 2 and 3 of Appendix 2 of Book I.
The total commitment of such investments is limited to 100 % of the portfolio's total net value.

***Risk profile***

Specific sub-fund risks:

- Credit Risk
- Operational & Custody Risk
- Emerging Markets Risk
- Environmental, Social and Gouvernance (ESG) investment Risk

For an overview of the generic risks, please refer to the Appendix 3 of Book I of the Prospectus

***Investor type profile***

The units of the sub-fund can be subscribed in by eligible investors who want to invest in available units in accordance with the investment objective of the sub-fund.

***Accounting Currency***

EUR

***Unit Categories***

| Category | Class | ISIN code | Dividend | Reference Currency | Other Valuation Currencies |
|---|---|---|---|---|---|
| Classic | CAP | LU0223387498 | No | EUR | NA |
| Classic | DIS | LU0223387738 | Yes | EUR | NA |
| Privilege | DIS | LU1746306742 | Yes | EUR | NA |
| I | CAP | LU1862364590 | No | EUR | NA |
| I | DIS | LU1862364673 | Yes | EUR | NA |

These unit classes are not necessarily active.

***Fees payable by the sub-fund***

<table>
<tr><th>Category</th><th>Management (max)</th><th>Performance (max)</th><th>Distribution (max)</th><th>Other (max)</th><th>TAB (1)</th></tr>
<tr><td>Classic</td><td>0.75%</td><td>No</td><td>none</td><td>0.30%</td><td rowspan="2">0.05%</td></tr>
<tr><td>Privilege</td><td>0.40%</td><td>No</td><td>none</td><td>0.20%</td></tr>
<tr><td>I</td><td>0.35%</td><td>No</td><td>none</td><td>0.30%</td><td>0.01%</td></tr>
</table>

*(1) Taxe d'abonnement. In addition, the Fund may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the sub-fund is registered for distribution.*

**Advisory Fee:** 0.10% maximum

**Indirect Fee:** 3.00% maximum

For each active unit, a KIID is available which mentions, among others, the launch date, the Reference Currency and the historical performance. The KIIDs are available on the website www.bnpparibas-am.com.

***Additional Information***

***Valuation Day***

For each day of the week on which banks are open for business in Luxembourg (a "Valuation Day"), there is a corresponding NAV which is dated the same day, unless 50% or more of the underlying assets cannot be valued.

It is available at the Management Company's registered office, from local agents, and in any newspapers designated by the Board of Directors and the web site www.bnpparibas-am.com.

***Terms of subscription / conversion / redemption:***

Subscription, redemption and conversion orders will be processed at an unknown net asset value in accordance with the rules set out below, only on trading days in Luxembourg, and the time mentioned is Luxembourg time

| Centralisation of orders | Orders Trade Date | NAV calculation and publication date | Orders Settlement Date |
|---|---|---|---|
| 16:00 CET for STP orders, 12:00 CET for non STP orders on the day before the NAV Valuation Day (D-1). | Valuation Day (D) | Two Days after the Valuation Day (D+2) | Maximum three business days after the Valuation Day (D+3) (1) |

*(1) If the settlement day is a currency holiday, the settlement will occur the following business day.*

***Historical information*:**

The "Classic" category was launched on 18 August 2005 at a price of EUR 100,- per unit.

***Taxation***

Potential unitholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment

## BNP PARIBAS COMFORT EQUITY DIVIDEND EUROPE in abbreviated form BNPP COMFORT EQUITY DIVIDEND EUROPE

***Investment objective***

To increase the value of its assets over the medium term by investing primarily in equity funds with a dividend yield higher than the average of the European market.

***Investment policy***

The sub-fund invests at least 95% of its assets in capitalisation shares or units of UCIs investing, in turn, only in instruments of the equity markets.

In addition, and at the discretion of the investment management team, these UCIs shall have a dividend yield higher than the average of the European markets. The focus is on a predominantly European diversification of investments (at least 90% of such investments). The selection of each UCI goes through a rigorous process including quantitative and qualitative research to identify the ones that best meet pre-defined selection criteria (e.g. historical performance, investment style, risk profile, consistency of the investment philosophy).

Such active management aims at outperforming the index MSCI Europe (NR)*. Although neither the sub-fund nor its underling's UCIs intend to track it, investors should however be aware that, due to the diversified exposure obtained through the fund of funds approach, the sub-fund's risk and return profile may be comparable to the risk and return profile of the index.

Cash held on an exceptional, ancillary and temporary basis shall not be remunerated.

Investments in receivables of any kind (bonds, cash certificates or similar securities) and financial derivative instruments are not permitted.

The sub-fund may pay a relatively high net amount of dividend to unitholders exceeding by 1% the rate of return of the MSCI Europe (NR) Index. If any, the dividends will be paid annually on the 20th of November of each year (or the following bank business day in case the 20th of November is a bank holiday in Luxembourg).

***Sustainable Investment Policy***

The Investment Manager also applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investments of the sub-fund and falls under Sustainable category as set out in the Book I.

**The Benchmark Index is published by MSCI Limited, a Benchmark Index administrator registered in the Benchmark Register at the date of this Prospectus.*

***Risk profile***

Specific sub-fund risks:

- Operational & Custody Risk
- Equity Risk
- Environmental, Social and Gouvernance (ESG) investment Risk

For an overview of the generic risks, please refer to the Appendix 3 of the Book I of the Prospectus.

***Investor type profile***

The units of the sub-fund can be subscribed in by eligible investors who want to invest in available units in accordance with the investment objective of the sub-fund.

***Accounting Currency***

EUR

***Unit Categories***

| Category | Class | ISIN code | Dividend | Reference Currency | Other Valuation Currencies |
|---|---|---|---|---|---|
| Classic | CAP | LU0233246957 | No | EUR | NA |
| Classic | DIS | LU0233247419 | Yes | EUR | NA |
| Privilege | DIS | LU1746308524 | Yes | EUR | NA |

These unit classes are not necessarily active.

# BNP PARIBAS COMFORT EQUITY DIVIDEND EUROPE in abbreviated form BNPP COMFORT EQUITY DIVIDEND EUROPE

***Fees payable by the sub-fund***

| Category | Management (max) | Performance (max) | Distribution (max) | Other (max) | TAB (1) |
|---|---|---|---|---|---|
| Classic | 1.25% | No | none | 0.35% | 0.05% |
| Privilege | 0.65% | No | none | 0.25% | |

*(1) Taxe d'abonnement. In addition, the Fund may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the sub-fund is registered for distribution.*

**Advisory fee:** 0.15% maximum

**Indirect fee:** 3.00% maximum

For each active unit, a KIID is available which mentions, among others, the launch date, the Reference Currency and the historical performance. The KIIDs are available on the website www.bnpparibas-am.com

***Additional Information:***

***Valuation Day***

For each day of the week on which banks are open for business in Luxembourg (a "Valuation Day"), there is a corresponding NAV which is dated the same day unless 50% or more of the underlying assets cannot be valued.

It is available at the Management Company's registered office, from local agents, and in any newspapers designated by the Board of Directors and the web site www.bnpparibas-am.com.

***Terms of subscription / conversion / redemption:***

Subscription, redemption and conversion orders will be processed at an unknown net asset value in accordance with the rules set out below, only on trading days in Luxembourg, and the time mentioned is Luxembourg time

| Centralisation of orders | Orders Trade Date | NAV calculation and publication date | Orders Settlement Date |
|---|---|---|---|
| 16:00 CET for STP orders, 12:00 CET for non STP orders on the the day before NAV Valuation Day (D-1). | Valuation Day (D) | Two Days after the Valuation Day (D+2) | Maximum three business days after the Valuation Day (D+3) (1) |

*(1) If the settlement day is a currency holiday, the settlement will occur the following business day.*

***Historical information***:

The "Classic" category of the sub-fund was launched on 4 November 2005 at a price of EUR 100,- per unit.

Change of name of the sub-fund from "Equity High Dividend Europe" to "Equity Dividend Europe" on October 19, 2018.

***Taxation***

Potential unitholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

# BNP PARIBAS COMFORT SUSTAINABLE EQUITY WORLD PLUS in abbreviated form BNPP COMFORT SUSTAINABLE EQUITY WORLD PLUS

***Investment objective***

To increase the value of its assets over the medium term by investing primarily in equity funds with a sustainable character.

***Investment policy***

The sub-fund invests at least 95% of its assets in capitalisation shares or units of UCIs investing, in turn, in instruments of the equity markets issued by companies applying sustainable development criteria covering social responsibility and / or environmental and / or corporate governance. The focus is on an international diversification of investments.

Cash held on an exceptional, ancillary and temporary basis shall not be remunerated.

Investments in receivables of any kind (bonds, cash certificates or similar securities) and financial derivative instruments are not permitted.

The underlying companies are selected based on their Environmental, Social and Governance (ESG) profile, as well as on their specific investment theme, such as the improvement of the social conditions or the environmental protection. Only companies that maintain strong environmental, social and corporate governance credentials are selected.

Such active management aims at outperforming the index MSCI World (NR)*. Although neither the sub-fund nor its underling's UCIs intend to track it, investors should however be aware that, due to the diversified exposure obtained through the fund of funds approach, the sub-fund's risk and return profile may be comparable to the risk and return profile of the index.

***Sustainable Investment Policy***

The Investment Manager also applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investments of the sub-fund, and falls under Sustainable Plus/Enhanced ESG and Thematic category, as set out in Book I.

**The Benchmark Index is published by MSCI Limited, a Benchmark Index administrator registered in the Benchmark Register at the date of this Prospectus.*

***Risk profile***

Specific sub-fund risks:

- Operational & Custody Risk
- Emerging Markets Risk
- Equity Risk
- Environmental, Social and Gouvernance (ESG) investment Risk

For an overview of the generic risks, please refer to the Appendix 3 of the Book I of the Prospectus

***Investor type profile***

The units of the sub-fund can be subscribed in by eligible investors who want to invest in available units in accordance with the investment objective of the sub-fund.

***Accounting Currency***

EUR

***Unit Categories***

| Category | Class | ISIN code | Dividend | Reference Currency | Other Valuation Currencies |
|---|---|---|---|---|---|
| Classic Solidarity | CAP | LU1040910678 | No | EUR | NA |
| Classic Solidarity | DIS | LU1040913698 | Yes | EUR | NA |

These unit classes are not necessarily active.

# BNP PARIBAS COMFORT SUSTAINABLE EQUITY WORLD PLUS in abbreviated form BNPP COMFORT SUSTAINABLE EQUITY WORLD PLUS

***Fees payable by the sub-fund***

| Category | Management (max) | Charity Fee (1) | Performance | Distribution (max) | Other (max) | TAB (2) |
|---|---|---|---|---|---|---|
| Classic solidarity | 1.20% | 0.05% | No | none | 0.35% | 0.05% |

*(1) to be split among the following Charities: "Microstart" and "La Fondation contre le Cancer/Stichting Tegen Kanker"*

*(2)Taxe d'abonnement. In addition, the Fund may be subject to foreign UCI's tax, and/or other regulators levy, in the country where the sub-fund is registered for distribution.*

**Advisory fee:** 0.15% maximum

**Indirect fee:** 3.00% maximum

For each active unit, a KIID is available which mentions, among others, the launch date, the Reference Currency and the historical performance. The KIIDs are available on the website www.bnpparibas-am.com

***Additional Information:***

***Valuation Day***

For each day of the week on which banks are open for business in Luxembourg (a "Valuation Day"), there is a corresponding NAV which is dated the same day unless 50% or more of the underlying assets cannot be valued.

It is available at the Management Company's registered office, from local agents, and in any newspapers designated by the Board of Directors and the web site www.bnpparibas-am.com.

***Terms of subscription / conversion / redemption:***

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*(1) If the settlement day is a currency holiday, the settlement will occur the following business day.*

***Historical information*:**

The sub-fund was opened to subscriptions from 1 April 2014 to 4 p.m. (Luxembourg time) on 30 May 2014.

The "Classic Solidarity" category was launched on 10 June 2014 at a price of EUR 100.00 per unit. The first NAV was calculated on 12 June 2014.

***Taxation***

Potential unitholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.