

BNP PARIBAS ISLAMIC FUND FCP



ANNUAL REPORT at 31/12/2023
R.C.S. Luxembourg K 642



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
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Organisation

Management Company

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

Board of Directors of BNP PARIBAS ASSET MANAGEMENT Luxembourg

Chairman

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

Members

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

Mr. Georges ENGEL, Independent Director, Vincennes, France

Mrs. Marie-Sophie PASTANT, Head of ETF, Index & Synthetic Systematic Strategies Portfolio Management, BNP PARIBAS ASSET MANAGEMENT France, Paris

Net Asset Value Calculation

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

Depositary, Transfer and Registrar Agent

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

Auditor

PricewaterhouseCoopers, *Société coopérative*, 2 Rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg

Effective Investment Managers

- BNP PARIBAS ASSET MANAGEMENT France, 1, Boulevard Haussmann, F-75009 Paris, France
- BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd, Suite 1005, 10th Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia

Fund's Sharia Supervisory Committee

Sheikh Nizam Yaquby

Sheikh Dr. Yousef AL-Shubaily

Dr. Mohamed Daud Bakar

BNP PARIBAS ISLAMIC FUND

Information

BNP PARIBAS ISLAMIC FUND (the “Fund”) is a Sharia-compliant Mutual Investment Fund (*fonds commun de placement* - abbreviated to “FCP”), created under Luxembourg law on 10 February 2006 for an indefinite period.

The Fund is currently governed by the provisions of Part I of the law of 17 December 2010, as amended, governing undertakings for collective investment as well as by the Directive 2009/65/EC as amended by the Directive 2014/91.

The Fund was created on 10 February 2006 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 17 October 2022, and not yet published in the *Memorial*.

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.rcsl.lu).

As to net asset values and dividends, the Management Company publishes the Fund's legally required information in the Grand Duchy of Luxembourg and in all other countries where the units are publicly offered. The information is also available on the website: www.bnpparibas-am.com.

The Management Regulations, the Prospectus, the KIDs and the periodic reports may be consulted at the Fund's registered office and at the establishments responsible for the Fund's financial services. 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 will be the website www.bnpparibas-am.com.

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

Manager's report

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

ECONOMIC AND FINANCIAL CLIMATE - EQUITY MARKETS

In 2023, the rockiness of the economic narrative resulted in high volatility across all asset classes. In January, investor assumptions that monetary tightening would rapidly start to ease helped global equities to a good start to the year. This didn't last long. In February, better-than-expected economic indicators stymied the notion of a central bank "pivot". In March, the difficulties of several US regional banks and some limited knock-on effect of this on European banks gave rise to the spectre of a financial crisis. Thanks to the authorities' rapid reaction to this banking problem, equities ended the first quarter of 2023 sharply up (+6.8% for the MSCI AC World index in US dollar terms). But monetary policy expectations remained unclear. The rise in global equities continued in the second quarter (+5.6%) fuelled by good US corporate results and enthusiasm for stocks likely to benefit from the popularity of the artificial intelligence ("AI") theme. The rise extended into July before giving way to three consecutive monthly declines due to sharp rises in government (nominal and real) bond yields. After falling 3.8% in the third quarter, the fourth quarter started badly as geopolitical risk raised its head again on 7 October with the conflict in Gaza. This came as investors were facing increased upward pressure on long-term bond yields. The resilience of the US economy (4.9% annualised GDP growth in the third quarter, strong job creation, dynamic consumption) and higher-than-expected inflation explained the behaviour of the bond market.

From November on, resurging expectations of a rapid cut in key rates by the US Federal Reserve ("Fed") in 2024 underpinned a rally in both bonds and equities. This theme dominated until the end of the year, fuelled by the significant slowdown in inflation in October and November and then by official comments and Fed forecasts in December. Over the weeks, convinced that the cycle of policy rate hiking was over and that a "Fed pivot" was finally just around the corner, investors began to anticipate more, and earlier, policy rate cuts. Against this backdrop, global equities rallied sharply in November and continued to rise in December, ending the quarter up by 10.7%, posting an annual increase of 20.1%.

China's economic situation was the other major factor in 2023. The exit from the Zero Covid policy in autumn 2022 initially raised many hopes and supported emerging market equities until the end of January on a presumption of the reopening of the Chinese economy. However, as the months unfolded, disappointing economic data began to worry investors who had hoped for a more forceful response from the authorities. Against this turbulent backdrop (and with the property sector continuing to struggle), emerging market equities posted a rise of only 7.0% in 2023 (MSCI Emerging markets index in US dollar terms), hurt by the decline in Chinese equities (-13.3% for the MSCI China index), which also limited the rise in the MSCI AC Asia ex Japan index (+3.6%).

Within developed markets, US indices outperformed (resilient economy, weight of growth style and IT stocks in indices). The S&P 500 approached its all-time high at the end of December, thanks to the spectacular rise of a very small number of stocks. The index rose by 25.67% in 2023. In the Eurozone, the MSCI EMU index rose by 18.78%. Several European indices beat their previous all-time highs in December. The Tokyo Stock Exchange had a very good first half of the year before underperforming on the prospects of the Bank of Japan ("BoJ") exiting from its ultra-accommodative monetary policy. The TOPIX gained +27.77%. Performances shown in this section are Net Dividend Reinvested in local currencies.

For the full year at the global level, tech stocks and in particular, semiconductor companies, significantly outperformed, as did the growth style, with the MSCI World Growth index rising by +32.1% versus the MSCI World Value index, which managed only 8.8%.

Manager's report

ECONOMIC AND FINANCIAL CLIMATE - CURRENCY MARKETS

After an 8.5% rise in the US dollar in 2022, the DXY index (a basket of the euro, Japanese yen, pound sterling, Canadian dollar, Swedish krona and Swiss franc) moved trendless, posting a decline of 2.7%.

From the beginning of 2023, the EUR/USD exchange rate, which stood at 1.0705 at the end of 2022, moved sharply in the wake of decisions and expectations on monetary policy on both sides of the Atlantic. Over the year, the foreign exchange market frequently reacted to inflation data. The growth differential between the Eurozone and the US was also considered. All this explains why it is difficult to see a trend over the last 12 months. In March, turmoil in the banking sector led to even more erratic movements, with the euro and the dollar rocky in turn. This theme faded from foreign exchange market concerns when it became clear that there would be no systemic risk in the eurozone (strong regulation; strict supervision by the ECB). After moving between just over 1.12 in July (the highest since February 2022) when the US dollar was hit by lower-than-expected US inflation and below 1.05 at the beginning of October, after very poor economic indicators in the eurozone, the EUR/USD exchange rate gained 3.1% in one year and ended at 1.1039.

The Japanese yen fell early in the year, only briefly benefiting from its safe haven status on concerns over the bankruptcy of US regional banks in March. Movements in the USD/JPY exchange rate were very erratic at that point. Although the assumption of a monetary policy adjustment by the BoJ, partly confirmed by announcements at the end of July, supported the yen, the rate differential between Japan and the other major developed economies, which is favourable to carry trade strategies, remains significant. Investors have, however, become more cautious about these operations than they have in the past, fearing further direct interventions in the foreign exchange market should the yen fall too sharply. The USD/JPY exchange rate (131.12 at the end of 2022) rose above 151 after the monetary policy decision on 31 October. The Bank of Japan ("BoJ") watered down its 1% cap on the 10-year government bond ("JGB") yield and said it will allow long-term borrowing costs to rise further. This added more flexibility to its yield curve control ("YCC") policy without modifying other aspects of its monetary policy. This decision and subsequent statements by Governor Ueda led some observers to anticipate a change in monetary policy at the last BoJ meeting in 2023, on 19 December, which supported the yen. Despite the status quo announced at that meeting, the USD/JPY exchange rate returned to 140, its lowest since July, and the monetary policy differential in the coming months should be increasingly favourable to the Japanese currency as other major central banks start to lower their key rates. The USD/JPY exchange rate ended the year at 141.04, a fall in the yen of 7.0% against the dollar (despite an appreciation of almost 6% in the fourth quarter).

OUTLOOK

The Fed's last monetary policy committee in 2023 offered investors the "pivot" they had long awaited. By indicating that the sequence of policy rate hikes was over and that a rate cut could be considered as early as the first half of 2024, Jerome Powell fuelled a year-end stocks and bonds rally.

Faced with a sharp slowdown in inflation and signs of slowing activity, still tentative in the US, investors began to anticipate numerous rate cuts. The perfect "soft-landing" scenario has gained ground as more investors appear convinced that inflation has been defeated without causing a recession.

The recent equity rally is strongly linked to expectations of rate cuts early in 2024. Short term, this theme could continue to play. The tightening cycle is likely over, posing a major change for many asset classes. Ongoing geopolitical risks and the US presidential election in 2024 will likely fuel some nervousness.

BNP PARIBAS ISLAMIC FUND

Manager's report

INVESTMENT POLICY

To seek medium to Long Term capital gain by investing in a basket of stocks selected from the components of the Dow Jones Islamic Market Developed Markets Top Cap Index (“the Base Index”). The Selection is objectively and systematically selected from the Base Index components according to valuation, profitability, momentum and volatility criteria, and is considered to be in compliance with Sharia principles. The Selection is rebalanced at least quarterly. This rebalancing will take place after the Sharia Board review of the index.

Since 14 September 2015, the strategy implemented in the fund is a Multi-Factor Equity approach based on four factors: Quality, Value, Momentum and Low Volatility. The benchmark is the DJ Islamic Market Developed Markets Top Cap Net Total Return.

	30/12/2022	29/12/2023	Change
DJ Islamic Market Developed Markets Top Cap NTR	4 099	5 344	30.37%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “Classic - Capitalisation”	2 211	2 655	20.08%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “Privilege - Capitalisation”	24 774	30 017	21.16%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “I - Capitalisation”	262 009	318 293	21.48%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “Classic - Distribution”	123	145	18.43%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “I - Distribution”	131 094	157 001	19.76%

BNP PARIBAS ISLAMIC FUND - Hilal Income

On the first quarter global sukuk recorded a good start to the year on the back of the rally in underlying US treasuries and the overall robust investor sentiment. However February saw a reversal of fortunes for risk assets and the emerging market bonds asset class in particular as US rates led a sell-off in the month following a string of strong US economic prints and hawkish Fed commentary. The global risk-off environment also resulted in a reversal of emerging market fund flows where EM hard currency bond funds experienced outflows in February, a stark contrast to the strong inflows that occurred in January. March was an eventful month for risk markets globally as the collapse of Silicon Valley Bank in the United States kicked off a wave of fear around global banking sector failures and reigniting memories of the 2008 collapse of Bear Sterns that triggered the GFC.

In second quarter Global markets found some breathing room and was allowed to broadly stabilize over April as credit and macro events were few and little throughout the month as concerns over the health of regional US banks abated. Economic data however continued to show mixed-signals on inflation persistence leading to some fairly choppy trading in the US Treasury market towards the middle of the month while the data on prices and wages released end-April suggest that underlying inflation is still running at a pace significantly above the Fed’s target. Global markets were held ransom by US Debt Ceiling politics for most of the month of May as investors turned jittery following intense negotiations to pass legislation to increase the debt ceiling. With the concerns around US Debt Ceiling firmly in the rear view mirror, markets swiftly refocused its attention to the Fed over the month of June as the FOMC delivered its much anticipated rate pause albeit with a firmly hawkish stance baked into their future interest rate expectations.

Manager's report

Global markets kicked off the second half of the year in a broadly positive tone as risk appetite turned constructive and a series of broadly supportive data prints in the US including cooling CPI, a resilient labour market and continued growth of corporate earnings suggested an increasing likelihood of a “soft landing” scenario for the US economy. Any expectations of a summer lull in global markets for the month of August were swiftly and firmly discarded as the month kicked off with Fitch downgrading its rating of the US sovereign to AA+ from AAA citing fiscal deterioration, a growing government debt burden, and eroded fiscal confidence stemming from repeated debt limit standoffs. Higher-for-longer is the theme that broadly summarized the month of September as investors grappled with sticky inflation, continued strong economic prints in US and renewed hawkish sentiment by the Fed which collectively resulted in a recalibration of interest rate expectations.

In fourth quarter, following the move higher in US Treasury term premiums in September, financial conditions continue to tighten over the month of October driven by the sell off in both equities and Treasuries. Global markets heaved a sigh of relief in November following a relentless sell-off in the previous few months as it is looking increasingly clear in both data and communication that the Fed is done hiking rates and that inflation may soon return near to the 2% target. The Fed kicked off the month by holding rates at its November meeting while expectedly keeping its guidance for potential future hikes but Chair Powell made no effort in his press conference to push the market into pricing another hike in the near term. The Fed decision was closely followed by softer data prints in US jobs, US Manufacturing PMI and US CPI which added further fuel to the November rally. The conflict in Palestine raged on throughout the month but remained contained between Hamas and Israeli forces as Iranian proxies in the region continued to hold back. Subsequently another strong month in December as fixed income markets closed the year positively following what appears to be clearer signals of the much awaited Fed pivot. Risk markets globally was buoyed predominantly by more dovish messaging from the Federal Reserve at the last FOMC meeting of the year which signaled for potential rate cuts over 2024 and continued moderation in inflation data pointing to an increasing likelihood of a soft landing scenario in the US.

The fund returned 5.5% for FY2023. Majority of the sukuks returned positively during the year. Among the top contributors were Khazanah 26, Indois 29, Aramco 31, Indois 51 and FAB 25. During the year we participated in the new issuance by Greensaif, Kingdom of Saudi Arabia, Almarai, DP World, Abu Dhabi Islamic Bank and Republic of Philippines.

The Board of Directors

Luxembourg, 15 March 2024

Note: The information stated in this report is historical and not necessarily indicative of future performance.

Sharia Supervisory Committee's Report

Complying with written guidelines relating to Islamic Sharia criteria, the Fund does not invest in equity securities where the issuer's core activity or activities relate to conventional banking or any other interest-related activity, alcohol, tobacco, gaming, gambling, leisure, biotechnology companies involved in human/animal genetic engineering, arms manufacturing, life insurance, pork production, packaging and processing or any other activity relating to pork and sectors/companies significantly affected by the above, hotels and hospitality (unless no alcohol served), music, films, entertainment.

In addition, the Fund does not invest in any issuer that is unacceptable under Islamic Sharia principles due to excessive debt. The current criteria exclude issuers whose gross interest-bearing debt to gross assets ratio exceeds the percentage permitted under Islamic Sharia from time to time (which currently is 33 per cent).

Furthermore, it is not permissible for the Fund to pay or receive interest, although the receipt and payment of dividends from equity securities is acceptable.

However, dividends received by the Fund from its investments may comprise an amount which is attributable, for Islamic Sharia purposes, to interest income earned or received by the underlying investee companies as well as to the interest-bearing debt. In this case, the amount of the dividend will be calculated in accordance with Islamic Sharia criteria (dividend cleansing procedure). In accordance with Islamic Sharia, the amount of dividend income so attributed will be donated once a year by the Fund to charities with no direct or indirect benefit accruing to the Fund at the absolute discretion of the Directors. Since that dividend income received by the Fund will be accumulated and rolled up outside the capital of the Fund.

Sharia Supervisory Committee's Report

Shari'a Opinion

The BNP Paribas' Fund Shari'ah Supervisory Committee (the "FSSC"), chaired by Sheikh Nizam Yaquby, issued the following Shari'ah opinion on 3 April 2024 on the BNP PARIBAS ISLAMIC FUND - Equity Optimiser (the "Fund"), sub-fund of the BNP PARIBAS ISLAMIC FUND, after a detailed discussion and review of the Fund's Documents.

In the name of Allah, the Most Gracious, the Most Merciful All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon the Prophet of Allah, on his family and all his companions.

BNP PARIBAS ISLAMIC FUND - Equity Optimiser Quarter 1, 2, 3 & 4 2023 Shari'ah Compliance Report

With reference to the Shari'ah Opinion issued on the 16 February 2006, based on its view of the structure and investment process of the Fund and on the information provided by the Fund's Manager, the FSSC hereby confirm that the Fund's portfolio holding as well as its transactions during the year (ended 31 December 2023) are in compliance with the Islamic investment guidelines required by the FSSC.

The FSSC has reviewed and endorsed the methodology used by the Fund's Manager to calculate a pro rate of the Fund's earnings arising from interest income earned or received by the underlying investee companies as well as to the interest-bearing debt, and the earnings arising from restricted activities for the period under review which were as follows:

First, Second, Third & Fourth Quarter 2023

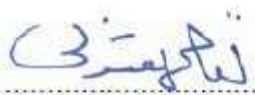
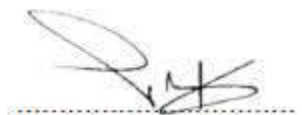

Total Impure Income:

USD 3 568

In accordance with the Fund prospectus, the above total amount will be donated to a charity. This donation will have neither direct nor indirect benefit accruing to the Fund.

A copy of this proposal has been filed with BNP Paribas' Shari'ah Supervisory Committee secretary.

And Allah Knows best.


Sheikh Nizam Yaquby
Dr. Mohamed Daud Bakar
Sheikh Dr. Yousef Al-Shubaily

Dated: 3 April 2024

Prospective investors should not rely on the Pronouncement above in deciding to make an investment in the Fund and should consult their own Shari'ah advisers to assess the Shari'ah compliance of the Fund.

Sharia Supervisory Committee's Report

Shari'a Pronouncement

The BNP Paribas' Fund Shari'a Supervisory Committee (the "FSSC"), chaired by Sheikh Nizam Yaquby, issued the following Shari'a opinion on the 25 January 2024 on the BNP Paribas Islamic Fund - Hilal Income (the "Fund"), after a detailed discussion and review of the Fund's Documents.

In the name of Allah, the Most Gracious, the Most Merciful All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon the Prophet of Allah, on his family and all his companions.

BNP PARIBAS ISLAMIC FUND - Hilal Income Year 2023 Shari'a Compliance Report

With reference to the Shari'a Opinion issued on the 25 January 2024, based on its view of the structure and investment process of the Fund and on the information provided by the Fund's Manager, the FSSC hereby confirm that the Fund's investment objectives, criteria, strategy and the portfolio holding as well as its transactions during the year (ended the 31 December 2023) are in compliance with the Islamic investment guidelines required by the FSSC.


This ruling is based on the document presented to us under the title:

BNP PARIBAS ISLAMIC FUND Hilal Income - Annual Audit (FY2023) - Shari'a Board Presentation Pack, dated January 2024, which includes the following:

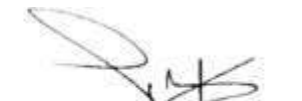
- Fund Performance & Management Comments
- Fund Audit

A copy of this proposal has been filed with BNP Paribas' Shari'a Supervisory Committee secretary.


And Allah Knows best.



Sheikh Nizam Yaquby



Dr. Mohamed Daud Bakar



Sheikh Dr. Yousef Al-Shubaily

Dated: 25 January 2024

Prospective investors should not rely on the Pronouncement above in deciding to make an investment in the Fund and should consult their own Shari'a advisers to assess the Shari'a compliance of the Fund.



Audit report

To the Unitholders of
BNP PARIBAS ISLAMIC FUND

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BNP PARIBAS ISLAMIC FUND (the “Fund”) and of each of its sub-funds as at 31 December 2023, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The Fund’s financial statements comprise:

- the combined statement of net assets for the Fund and the statement of net assets for each of the sub-funds as at 31 December 2023;
- the combined statement of operations and changes in net assets for the Fund and the statement of operations and changes in net assets for each of the sub-funds for the year then ended;
- the securities portfolio as at 31 December 2023; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

Other information

The Board of Directors of the Management Company is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Management Company for the financial statements

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Management Company is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Management Company either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Management Company;



- conclude on the appropriateness of the Board of Directors of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 26 April 2024

Frédéric Botteman

BNP PARIBAS ISLAMIC FUND

Financial statements at 31/12/2023

		BNP PARIBAS ISLAMIC FUND - Equity Optimiser	BNP PARIBAS ISLAMIC FUND - Hilal Income	Combined
	Expressed in Notes	USD	USD	USD
Statement of net assets				
Assets		53 104 031	10 140 340	63 244 371
<i>Securities portfolio at cost price</i>		43 864 751	9 537 307	53 402 058
<i>Unrealised gain/(loss) on securities portfolio</i>		8 790 428	(434 549)	8 355 879
Securities portfolio at market value	5	52 655 179	9 102 758	61 757 937
Cash at banks and time deposits		301 530	828 196	1 129 726
Other assets		147 322	209 386	356 708
Liabilities		348 841	29 725	378 566
Other liabilities		348 841	29 725	378 566
Net asset value		52 755 190	10 110 615	62 865 805
Statement of operations and changes in net assets				
Income on investments and assets		694 679	368 309	1 062 988
Management fees	7	719 365	81 484	800 849
Extraordinary expenses	8	9 021	4 500	13 521
Bank interest		24	31	55
Other fees	9	194 026	28 867	222 893
Taxes	10	34 615	6 274	40 889
Transaction fees	14	27 660	0	27 660
Total expenses		984 711	121 156	1 105 867
Net result from investments		(290 032)	247 153	(42 879)
Net realised result on:				
Investments securities	5	3 243 958	(944 936)	2 299 022
Financial instruments	5	(2 187)	(5 941)	(8 128)
Net realised result		2 951 739	(703 724)	2 248 015
Movement on net unrealised gain/(loss) on:				
Investments securities		6 592 678	1 259 788	7 852 466
Change in net assets due to operations		9 544 417	556 064	10 100 481
Net subscriptions/(redemptions)		(7 542 958)	(13 839 157)	(21 382 115)
Dividends paid	12	(8 259)	(32)	(8 291)
Increase/(Decrease) in net assets during the year/period		1 993 200	(13 283 125)	(11 289 925)
Net assets at the beginning of the financial year/period		50 761 990	23 393 740	74 155 730
Net assets at the end of the financial year/period		52 755 190	10 110 615	62 865 805

BNP PARIBAS ISLAMIC FUND

Key figures relating to the last 3 years (Note 4)

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

	USD	USD	USD	Number of units
	31/12/2021	31/12/2022	31/12/2023	31/12/2023
Net assets	65 608 698	50 761 990	52 755 190	
Net asset value per unit				
Units "Classic - Capitalisation"	2 732.11	2 210.55	2 654.32	17 747.305
Units "Classic - Distribution"	153.69	122.53	145.12	19.011
Units "I - Capitalisation"	320 132.03	262 002.64	318 278.97	13.887
Units "I - Distribution"	162 621.95	131 090.78	156 994.23	4.000
Units "Privilege - Capitalisation"	30 345.25	24 773.79	30 015.70	19.906

BNP PARIBAS ISLAMIC FUND - Hilal Income

	USD	USD	USD	Number of units
	31/12/2021	31/12/2022	31/12/2023	31/12/2023
Net assets	22 575 773	23 393 740	10 110 615	
Net asset value per unit				
Units "Classic - Capitalisation"	1 657.3858	1 527.1979	1 591.0772	2 474.765
Units "Classic EUR - Capitalisation"	103.6512	101.7619	102.4067	31 776.865
Units "Classic QD - Distribution"	100.9610	91.0640	91.6160	10.000
Units "Privilege - Capitalisation"	17 484.8499	16 200.5443	16 972.2889	151.862

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2023

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or traded on another regulated market			52 655 179	99.81
Shares			52 655 179	99.81
<i>United States of America</i>			<i>37 310 227</i>	<i>70.72</i>
550	ADOBE INC	USD	328 130	0.62
10 683	ALPHABET INC - A	USD	1 492 308	2.83
3 891	AMERISOURCE BERGEN CORP	USD	799 134	1.51
21 534	APPLE INC	USD	4 145 941	7.85
6 064	APPLIED MATERIALS INC	USD	982 792	1.86
2 720	ARISTA NETWORKS INC	USD	640 587	1.21
641	AUTODESK INC	USD	156 071	0.30
39	AUTOZONE INC	USD	100 839	0.19
1 561	BEST BUY CO INC	USD	122 195	0.23
275	BOOKING HOLDINGS INC	USD	975 486	1.85
16 001	BOSTON SCIENTIFIC CORP	USD	925 018	1.75
428	BROADCOM INC	USD	477 755	0.91
4 017	CARDINAL HEALTH INC	USD	404 914	0.77
12 069	CISCO SYSTEMS INC	USD	609 726	1.16
4 817	COCA-COLA CO	USD	283 866	0.54
4 281	COLGATE-PALMOLIVE CO	USD	341 239	0.65
831	CUMMINS INC	USD	199 083	0.38
2 229	ELI LILLY & CO	USD	1 299 329	2.46
13 552	EXXON MOBIL CORP	USD	1 354 929	2.57
6 132	GENERAL MILLS INC	USD	399 438	0.76
1 907	GENUINE PARTS CO	USD	264 120	0.50
2 271	ILLINOIS TOOL WORKS	USD	594 866	1.13
5 077	MASCO CORP	USD	340 057	0.64
3 075	MASTERCARD INC - A	USD	1 311 518	2.49
962	MCKESSON CORP	USD	445 387	0.84
6 521	MERCK & CO INC	USD	710 919	1.35
5 492	META PLATFORMS INC - A	USD	1 943 948	3.68
11 234	MICROSOFT CORP	USD	4 224 434	8.00
10 896	MONDELEZ INTERNATIONAL INC - A	USD	789 197	1.50
4 281	NVIDIA CORP	USD	2 120 037	4.01
119	NVR INC	USD	833 054	1.58
2 905	PEPSICO INC	USD	493 385	0.94
7 949	PROCTER & GAMBLE CO.	USD	1 164 846	2.21
5 508	ROSS STORES INC	USD	762 252	1.44
3 494	TESLA INC	USD	868 189	1.65
3 854	TJX COMPANIES INC	USD	361 544	0.69
1 909	VERTEX PHARMACEUTICALS INC	USD	776 753	1.47
3 445	VISA INC - A	USD	896 906	1.70
7 065	WALMART INC	USD	1 113 797	2.11
1 083	WASTE MANAGEMENT INC	USD	193 965	0.37
894	WEST PHARMACEUTICAL SERVICES	USD	314 795	0.60
902	WW GRAINGER INC	USD	747 478	1.42
<i>Japan</i>			<i>4 361 191</i>	<i>8.27</i>
9 100	ASICS CORP	JPY	285 174	0.54
5 300	BRIDGESTONE CORP	JPY	219 549	0.42
24 500	CANON INC	JPY	629 096	1.19
45 200	DENSO CORP	JPY	681 944	1.29
5 200	MARUICHI STEEL TUBE LTD	JPY	135 330	0.26
8 000	ROTHO PHARMACEUTICAL CO LTD	JPY	161 328	0.31
16 100	SANWA SHUTTER CORP	JPY	244 218	0.46
11 400	SECOM CO LTD	JPY	821 159	1.56
22 900	TOPPAN PRINTING CO LTD	JPY	639 179	1.21
15 600	USS CO LTD	JPY	313 815	0.59
10 100	YAMAZAKI BAKING CO LTD	JPY	230 399	0.44

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2023

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>United Kingdom</i>				
15 287	BURBERRY GROUP PLC	GBP	2 084 213	3.95
31 825	COMPASS GROUP PLC	GBP	275 941	0.52
2 283	LINDE PLC	USD	870 621	1.65
			937 651	1.78
<i>Sweden</i>				
125 100	ERICSSON LM - B	SEK	1 795 790	3.40
43 100	HENNES & MAURITZ AB - B	SEK	783 407	1.48
4 025	TRELLEBORG AB - B	SEK	755 352	1.43
37 822	VOLVO CAR AB - B	SEK	134 834	0.26
			122 197	0.23
<i>Canada</i>				
20 447	CENOVUS ENERGY INC	CAD	1 349 887	2.56
4 833	CGI INC	CAD	342 384	0.65
6 728	DOLLARAMA INC	CAD	520 279	0.99
			487 224	0.92
<i>Switzerland</i>				
1 298	NESTLE SA-REG	CHF	1 242 894	2.36
10 834	NOVARTIS AG - REG	CHF	150 385	0.29
			1 092 509	2.07
<i>Denmark</i>				
332	AP MOELLER MAERSK A/S B	DKK	1 091 735	2.07
4 780	NOVO NORDISK A/S-B	DKK	597 255	1.13
			494 480	0.94
<i>Spain</i>				
2 893	AMADEUS IT GROUP SA	EUR	944 052	1.79
16 914	INDUSTRIA DE DISENO TEXTIL	EUR	207 340	0.39
			736 712	1.40
<i>The Netherlands</i>				
5 660	WOLTERS KLUWER	EUR	804 673	1.53
			804 673	1.53
<i>South Korea</i>				
43 353	COUPANG INC	USD	701 885	1.33
			701 885	1.33
<i>Luxembourg</i>				
21 113	TENARIS SA	EUR	367 212	0.70
			367 212	0.70
<i>Australia</i>				
11 799	FORTESCUE METALS GROUP LTD	AUD	233 640	0.44
			233 640	0.44
<i>France</i>				
2 093	SANOFI AVENTIS	EUR	207 528	0.39
			207 528	0.39
<i>Austria</i>				
1 726	VERBUND AG	EUR	160 252	0.30
			160 252	0.30
Total securities portfolio			52 655 179	99.81

BNP PARIBAS ISLAMIC FUND - Hilal Income

Securities portfolio at 31/12/2023

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or traded on another regulated market			9 102 758	90.03
Bonds			8 430 759	83.38
<i>Cayman Islands</i>			<i>4 994 165</i>	<i>49.39</i>
200 000	ADIB SUKUK II 5.695% 23-15/11/2028	USD	205 200	2.03
300 000	AIR LEASE CORP 5.850% 23-01/04/2028	USD	304 139	3.01
215 000	BOUBYAN SUKUK 2.593% 20-18/02/2025	USD	207 677	2.05
300 000	DIB SUKUK LTD 2.950% 20-16/01/2026	USD	286 781	2.84
300 000	DP WORLD CRESCEN 3.875% 19-18/07/2029	USD	283 836	2.81
200 000	DP WORLD CRESCEN 4.848% 18-26/09/2028	USD	198 640	1.96
200 000	DP WORLD CRESCEN 5.500% 23-13/09/2033	USD	204 516	2.02
300 000	EI SUKUK CO LTD 1.827% 20-23/09/2025	USD	280 969	2.78
200 000	EMAAR SUKUK LTD 3.635% 16-15/09/2026	USD	191 063	1.89
370 000	FAB SUKUK CO LTD 2.500% 20-21/01/2025	USD	358 090	3.54
200 000	KSA SUKUK LTD 2.250% 21-17/05/2031	USD	171 875	1.70
300 000	KSA SUKUK LTD 2.969% 19-29/10/2029	USD	276 938	2.74
200 000	KSA SUKUK LTD 4.270% 23-22/05/2029	USD	198 500	1.96
200 000	MAF SUKUK LTD 3.933% 19-28/02/2030	USD	186 750	1.85
200 000	MAF SUKUK LTD 4.638% 19-14/05/2029	USD	195 250	1.93
250 000	MAR SUKUK LTD 2.210% 20-02/09/2025	USD	235 625	2.33
200 000	QIB SUKUK LTD 5.581% 23-22/11/2028	USD	204 250	2.02
300 000	SA GLOBAL SUKU 2.694% 21-17/06/2031	USD	265 125	2.62
250 000	SNB SUKUK LTD 2.342% 22-19/01/2027	USD	230 469	2.28
200 000	SUCI SECOND INVE 6.250% 23-25/10/2033	USD	224 438	2.22
300 000	UNITY 1 SUKUK LT 2.394% 20-03/11/2025	USD	284 034	2.81
<i>Malaysia</i>			<i>1 097 833</i>	<i>10.85</i>
200 000	AXIATA SPV2 2.163% 20-19/08/2030	USD	169 322	1.67
333 000	DUA CAPITAL LTD 1.658% 21-11/05/2026	USD	308 853	3.05
250 000	MY SUKUK GLOBAL 4.080% 16-27/04/2046	USD	230 085	2.28
250 000	MY WAKALA SUKUK 3.075% 21-28/04/2051	USD	190 153	1.88
200 000	TNB GLOBAL VC 4.851% 18-01/11/2028	USD	199 420	1.97
<i>United Arab Emirates</i>			<i>876 098</i>	<i>8.68</i>
200 000	ALDAR SUKUK NO 2 3.875% 19-22/10/2029	USD	187 560	1.86
200 000	DAE SUKUK DIFC 3.750% 20-15/02/2026	USD	191 880	1.90
200 000	DIFC SUKUK 4.325% 14-12/11/2024	USD	196 752	1.95
300 000	TABREED SUKUK 5.500% 18-31/10/2025	USD	299 906	2.97
<i>Indonesia</i>			<i>629 460</i>	<i>6.22</i>
300 000	SBSN INDO III 2.800% 20-23/06/2030	USD	270 188	2.67
200 000	SBSN INDO III 3.550% 21-09/06/2051	USD	160 250	1.58
200 000	SBSN INDO III 4.400% 18-01/03/2028	USD	199 022	1.97
<i>Saudi Arabia</i>			<i>421 453</i>	<i>4.17</i>
200 000	ALMARAI CO 5.233% 23-25/07/2033	USD	201 875	2.00
230 000	SAUDI TELECOM CO 3.890% 19-13/05/2029	USD	219 578	2.17
<i>Luxembourg</i>			<i>208 500</i>	<i>2.06</i>
200 000	TMS ISSUER SARL 5.780% 23-23/08/2032	USD	208 500	2.06
<i>Philippines</i>			<i>203 250</i>	<i>2.01</i>
200 000	ROP SUKUK TRUST 5.045% 23-06/06/2029	USD	203 250	2.01
Floating rate bonds			671 999	6.65
<i>Saudi Arabia</i>			<i>671 999</i>	<i>6.65</i>
300 000	ARAB NATIONAL BK 20-28/10/2030 FRN	USD	286 875	2.84
400 000	RIYAD BANK 20-25/02/2030 FRN	USD	385 124	3.81
Total securities portfolio			9 102 758	90.03

Notes to the financial statements

Notes to the financial statements at 31/12/2023

Note 1 - General

BNP PARIBAS ISLAMIC FUND (“the Fund”) has been established for an undetermined period. The Fund may be dissolved at any time by agreement between the Management Company and the Depositary. The Fund may further be dissolved in any circumstances imposed by Luxembourg law. The liquidation of the Fund may not be requested by its Unitholders or by their heirs and beneficiaries.

The net asset values are expressed in US Dollar (USD).

The Fund is open to Islamic and non-Islamic investors alike.

The Fund is an Umbrella Fund containing two sub-funds, open for subscriptions:

- BNP PARIBAS ISLAMIC FUND - Equity Optimiser
- BNP PARIBAS ISLAMIC FUND - Hilal Income

The business of the Fund shall at all times be conducted in a manner that complies with written guidelines relating to Islamic Sharia criteria.

The Fund will observe the following guidelines in its investment activities:

- it will not invest in equity securities where the issuer’s core activity or activities relate to any of the following sectors:

- a) conventional banking or any other interest-related activity
- b) alcohol
- c) tobacco
- d) gaming
- e) gambling
- f) leisure
- g) biotechnology companies involved in human/animal genetic engineering
- h) arms manufacturing
- i) life insurance
- j) pork production, packaging and processing or any other activity relating to pork
- k) sectors/companies significantly affected by the above
- l) hotels and hospitality (unless no alcohol served)
- m) music
- n) films
- o) entertainment.

- it will not invest in any issuer that is unacceptable under Islamic Sharia principles due to excessive debt.

The current criteria exclude issuers whose gross interest-bearing debt to gross assets ratio exceeds the percentage permitted under Islamic Sharia from time to time (which currently is 33 per cent).

In addition, it is not permissible for the Fund to pay or receive interest, although the receipt and payment of dividends from equity securities is acceptable. However, dividends received by the Fund from its investments may comprise an amount which is attributable, for Islamic Sharia purposes, to interest income earned or received by the underlying investee companies as well as to the interest-bearing debt. Where this is the case, the amount of any dividend that is so attributed will be calculated in accordance with Islamic Sharia criteria (dividend cleansing procedure). In accordance with the Islamic Sharia, the amount of dividend income so attributed will be donated once a year by the Fund to Médecins Sans Frontières. For any other charities with no direct or indirect benefit accruing to the Fund or any of its advisers, the donation will be performed from time to time, by the Management Company with the prior approval of the Supervisory Sharia Committee. Since that dividend income received by the Fund will be capitalised and rolled up outside the capital of the Fund, a donation of dividend income to charities will have no effect on the net asset value of the Fund.

Notes to the financial statements at 31/12/2023

Note 2 - General Information

BNP PARIBAS ISLAMIC FUND may be officially subscribed and may solicit public savings in the countries in which it has obtained a commercial distribution licence:

- Luxembourg (10 February 2006)
- Austria (2 September 2007)
- France (7 July 2009)
- Switzerland (30 July 2009)
- Singapore (21 September 2010)
- United Kingdom (11 December 2013)
- Ireland (15 May 2015)
- Germany (11 November 2015)

In addition, BNP PARIBAS ISLAMIC FUND is a restricted recognized scheme in Singapore (since 5 April 2006).

Before making any subscription in a country in which BNP PARIBAS ISLAMIC FUND is registered, it is necessary to verify the unit categories and classes that are authorized for commercial distribution.

Note 3 - The Fund's Units

The Fund's capital is represented by the assets of its various sub-funds. Subscriptions are invested in the assets of the relevant sub-fund.

In each sub-fund, the Management Company may issue Units of the following categories, their main difference being the various commissions and fees charged:

- "Classic": offered to all types of investors.
- "Privilege": offered to all types of investors. This category differs from the "Classic" category in that a specific management fee is charged and a minimum holding amount may be applied.
- "I": reserved to institutional investors and undertakings for collective investment and a minimum holding amount may be applied.
- "I Plus": reserved to authorized investors and a minimum holding amount may be applied.
- "X": reserved to authorized investors.

The categories "Classic", "Privilege", "I" and "I Plus" may offer two classes of Units: Capitalisation units and Distribution units. The category "X" offers only Capitalisation units.

Note 4 - Unit currencies

The net asset value per unit is priced in the currency of the unit class and not in the currency of the sub-fund in the section "key figures relating to the last 3 years".

Note 5 - Principal accounting methods

The financial statements of the Fund are prepared in accordance with the regulatory requirements applicable in the Grand Duchy of Luxembourg.

Valuation of the securities portfolio

- a) The value of non-interest bearing cash in hand, non-remunerated deposits, bills and drafts payable at sight and accounts receivable, prepaid expenses, and dividends 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;

Notes to the financial statements at 31/12/2023

- b) 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 Management Company in a prudent and bona fide manner;
- c) 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 this price is not a true reflection, the valuation shall be based on the probable sale price estimated by the Management Company in a prudent and bona fide manner;
- d) 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;
- e) 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;
- f) All liquid instruments may be valued at their nominal value;
- g) At its sole discretion, the Management Company's Board of Directors may permit the use of another valuation method if it believes that this valuation reflects the fair value of one of the Fund's assets more accurately.

Security transactions are accounted for on the date the securities are purchased or sold. Realized gains or losses on investments sold are computed on a weighted average cost basis.

· ***Income on investment assets***

Dividends are recorded as income on the ex-dividend date.

The caption "Income on investments and assets" in the "Statement of operations and changes in net assets" only includes dividends net of withholding tax.

· ***Presentation of the financial statements***

This annual report is prepared on the basis of the last unofficial technical net asset value calculated for financial statements purpose as at 31 December 2023. In accordance with the prospectus, the net assets were calculated using the latest exchange rates known at the time of calculation.

The stock market prices and exchange rates used to value the securities portfolio at the date of the report are the latest available as at 31 December 2023.

Note 6 - Exchange rates

The exchange rate used for consolidation and for the conversion of units classes denominated in a currency other than the reference currency of the relevant sub-fund as at 31 December 2023 was the following:

USD 1 = EUR 0.90526

BNP PARIBAS ISLAMIC FUND

Notes to the financial statements at 31/12/2023

Note 7 - Management fees

The management fee is defined for each unit class as mentioned below:

Sub-fund	Category	Management fee
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic	Max. 1.50%
	Privilege	Max. 0.75%
	I	Max. 0.75%
	X	-
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic	Max. 1.00%
	Privilege	Max. 0.60%
	I	Max. 0.35%
	X	-

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

Note 8 - Extraordinary expenses

Expenses other than management, performance, distribution and other fees borne by each sub-fund. These expenses include but are not limited to Sharia supervisory committee fees, interest and full amount of any duty, levy and tax or similar charge imposed on a sub-fund, litigation or tax reclaim expenses.

Note 9 - Other fees

Fee serving to cover notably the following services:

- administration, domiciliary and fund accounting
- audit
- custody, depositary and safekeeping
- documentation, such as preparing, printing, translating and distributing the Prospectus, KIDs, financial reports
- ESG certification and service fees
- financial index licensing (if applicable)
- legal expenses
- listing of units on a stock exchange (if applicable)
- management company expenses (including among other AML/CFT, KYC, Risk and oversight of delegated activities)
- marketing operations
- publishing fund performance data
- registration expenses including translation
- services associated with the required collection, tax and regulatory reporting, and publication of data about the Company, its investments and unitholders
- transfer, registrar and payment agency

These fees do not include fees paid to independent Directors and reasonable out-of-pocket expenses paid to all Directors, Fund's Sharia Supervisory Committee fees, expenses for operating hedged units, duties, taxes and transaction costs associated with buying and selling assets, brokerage and other transactions fees, interest and bank fees.

BNP PARIBAS ISLAMIC FUND

Notes to the financial statements at 31/12/2023

Maximum other fees payable by the sub-fund:

Sub-fund	Category	Other fees
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic	Max. 0.40%
	Privilege	Max. 0.25%
	I	Max. 0.20%
	X	Max. 0.50%
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic	Max. 0.30%
	Privilege	Max. 0.20%
	I	Max. 0.17%
	X	Max. 0.17%

Note 10 - Taxes

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:

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

The following are exempt from this “*taxe d’abonnement*”:

- The value of assets represented by units, or shares in other UCIs, provided that these units or shares have already been subject to the “*taxe d’abonnement*”;
- Sub-funds, categories and/or classes:
 - whose securities are reserved to Institutional Investors, Managers, or UCIs and
 - whose sole object is the collective investment in money market instruments and the placing of deposits with institutions, and
 - whose weighted residual portfolio maturity does not exceed 90 days, and
 - that have obtained the highest possible rating from a recognized rating agency;
- Sub-funds, categories and/or classes reserved to:
 - 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
 - companies having one or more employers investing funds to provide pension benefits to their employees;
- Sub-funds whose main objective is investment in microfinance institutions;
- Sub-funds, categories and/or classes:
 - 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
 - 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.

Note 11 - Changes in the composition of the securities portfolio

The list of changes in the composition of the securities portfolio during the year is available free of charge at the Management Company’s registered office and from local agents.

BNP PARIBAS ISLAMIC FUND

Notes to the financial statements at 31/12/2023

Note 12 - Dividends

For the “Classic QD” unit class, which pay quarterly dividends, the following dividends were paid:

- Payment dates:

Month	Record Date ⁽¹⁾	NAV ex-Dividend Date ⁽²⁾	Payment Date ⁽³⁾
December	30	2 January 2023	5 January 2023
March	31	3 April 2023	6 April 2023
June	30	3 July 2023	6 July 2023
September	29	2 October 2023	5 October 2023

⁽¹⁾ If for a particular reason the valuation was not possible on the day in question, the Record Date would be put off to the preceding valuation date.

⁽²⁾ Dates are based on a valuation simulation. Consequently, dates may change depending on the composition of the portfolio at this date. If for a particular reason, the day in question the valuation was not possible, the ex-date would be put off to the valuation day possible immediately afterwards, and the payment date will be put off 3 bank business days in Luxembourg after the new ex-dividend date. If for a particular reason, the settlement on the new payment date is not possible (e.g. bank holiday on a specific currency or country), settlement will be made the 1st business day after or any other day communicated by the local agent.

⁽³⁾ If this day is not a bank business day in Luxembourg, the payment date will be the next following bank business day. If for a particular reason, the settlement is not possible (e.g. bank holiday on a specific currency or country), settlement will be made the 1st business day after or any other day communicated by the local agent.

The yearly dividends were paid on 29 September 2023 for shares outstanding on 20 September 2023 with ex-date 21 September 2023.

Quarterly and yearly amounts:

Sub-fund	Class	Currency	Dividend per share	Total amount in Sub-fund currency
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Units “Classic - Distribution”	USD	1.91	36
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Units “I - Distribution”	USD	2055.58	8 223
BNP PARIBAS ISLAMIC FUND - Hilal Income	Units “Classic QD - Distribution”	USD	0.50(1)	5
BNP PARIBAS ISLAMIC FUND - Hilal Income	Units “Classic QD - Distribution”	USD	0.89(2)	27

⁽¹⁾ Until March 2023

⁽²⁾ From April 2023

Note 13 - List of Investment managers

- BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd
- BNP PARIBAS ASSET MANAGEMENT France

Sub-fund	Investment managers
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	BNP PARIBAS ASSET MANAGEMENT France
BNP PARIBAS ISLAMIC FUND - Hilal Income	BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd

Notes to the financial statements at 31/12/2023

Note 14 - Transaction fees

Transaction fees incurred by the Fund relating to purchase or sale of transferable securities, money market instruments, derivatives or other eligible assets are mainly composed of standard fees, sundry fees on transaction, stamp fees, brokerage fees, Depositary fees, VAT fees, stock exchange fees and RTO fees (Reception and Transmission of Orders).

In line with bond market practice, a bid-offer spread is applied when buying and selling securities. Consequently, in any given transaction, there will be a difference between the purchase and sale prices quoted by the broker, which represents the broker's fee.

Note 15 - Tax reclaims as part of the Aberdeen/Fokus Bank Project

In several European Union member states, community law grants undertakings for collective investments (UCIs) the right to file claims with a view to recovering taxes they have been unjustly forced to pay. When one member state imposes a greater tax burden on a foreign UCI than on a resident UCI, this constitutes discrimination under community law.

This principle was confirmed by the ruling of the Court of Justice of the European Union (CJEU) in the "Aberdeen" case (18 June 2009). This ruling acknowledges that a non-resident UCI can be subject to discriminatory taxation, which constitutes an obstacle to freedom of establishment and/or the free movement of capital. Other CJEU rulings have subsequently confirmed this jurisprudence. Key examples are the rulings in the Santander (10 May 2010) and Emerging Markets (10 April 2014) cases regarding French and Polish tax legislation, respectively.

In light of this jurisprudence and in order to safeguard the right of UCIs to receive tax rebates, the management company has decided to file claims with the tax authorities in several member states whose discriminatory legislation fails to comply with community law. Preliminary studies will be carried out to determine whether or not the claims are viable, i.e. for which funds, in which member states and over what period of time it is necessary to request a rebate.

To date, there is no European legislation establishing a uniform framework for this type of claim. As a result, the time taken to receive a rebate and the complexity of the procedure vary depending on the member state in question. This means that it is necessary to constantly monitor developments in this regard.

Due to the uncertainty of the recoverability of the amounts, no accrual is recorded and it is booked under the caption "Income on investments and assets" when received.

Note 16 - SFDR Statement

Information on environmental and/or social characteristics and/or sustainable investments is available in the relevant annexes under the (unaudited) Sustainable Finance Disclosure Regulation section.

Note 17 - Significant event

Since 24 February 2022, the Board of Directors has been very attentive to the consequences of the conflict between Russia and Ukraine and its impact on the energy shortage and food supplies in Europe. The Board of Directors closely monitors developments in terms of geopolitical events and their impact on global outlook, market and financial risks in order to take all necessary measures in the interest of Unitholders.

Note 18 - Subsequent events

For the "Classic QD" unit class, which pay quarterly dividends, the following dividend was paid after the closing date:

Month	Record date	NAV ex-Dividend date	Payment Date
December 2023	29 December 2023	2 January 2024	5 January 2024

Quarterly amount:

Sub-fund	Class	Currency	Dividend
BNP PARIBAS ISLAMIC FUND - Hilal Income	Units "Classic QD - Distribution"	USD	0.89

As at 1 March 2024, the Company BNP PARIBAS ASSET MANAGEMENT France will be renamed BNP PARIBAS ASSET MANAGEMENT Europe.

Unaudited appendix

Information on the Remuneration Policy in effect within the Management Company

Below are the quantitative information on remuneration, as required by Article 22 of the AIFM directive (Directive 2011/ 61 / EC of 8 June 2011) and by Article 69 (3) of the UCITS V directive (Directive 2014/91/EU of 23 July 2014), in a format compliant with the recommendations of the AFG (French Asset Management Association)¹.

Aggregate remuneration of members of staff of BNPP AM Luxembourg (art 22-2-e of AIFM directive and art 69-3 (a) of the UCITS V directive):

	Number of staff	Total remuneration (K EUR) (fixed + variable)	of which total variable remuneration (K EUR)
All employees of BNPP AM Luxembourg	101	9 906	1 117

Aggregate remuneration of members of staff of BNPP AM Luxembourg whose activity have a material impact on the risk profile of the firm and who are indeed “Identified Staff”² (art 22-2-f of AIFM directive and art 69-3 (b) of the UCITS V directive):

Business Area	Number of staff	Total Remuneration (kEUR)
Identified Staff of BNPP AM Luxembourg: <i>of which AIF/ UCITS and European mandates Portfolio managers</i>	4 -	919 -

Other information:

➤ Number of AIF and UCITS Funds under management of BNPP AM Luxembourg:

	Number of funds as at 31/12/2023	AuM (billion EUR) as at 31/12/2023 ³
UCITS	193	132
AIF	20	3

- Under the supervision of the BNP PARIBAS ASSET MANAGEMENT Holding’s remuneration committee and its board of directors, an independent and central audit of the Global BNP Paribas Asset Management remuneration policy and its implementation over the 2022 financial year was conducted between July and September 2023. The results of this audit, which covered BNP Paribas Asset Management entities with an AIFM and/or UCITS license, was rated “Generally Satisfactory” highlighting the solidity of the measures in place, particularly during its key steps: identification of regulated employees, consistency of remuneration with performance, application of regulatory deferral rules, implementation of indexation and deferral mechanisms. A recommendation -not qualified as an alert- was issued in 2023, signalling that the framework surrounding remuneration policies for external delegated management companies did not ensure sufficient alignment with regulatory requirements and needed to be more documented.
- More information on the determination of the variable remuneration is set out in the qualitative disclosure on the remuneration policy, which is available on the website of the company.

¹NB: The remuneration amounts above are not directly reconcilable with the accounting data of the year, as they reflect the annual salary base of staff as at 31 December 2023, and amounts allocated at the closing of the annual variable compensation review process in March 2024, whether this variable remuneration is deferred or not.

²The list of Identified Staff is determined based on end of year review.

³The communicated amounts include master-feeder funds.

Unaudited appendix

Global market risk exposure

The Management Company of the Fund, after a risk profile assessment, decided to adopt the commitment approach to determine the global market risk exposure.

Information according to regulation on transparency of securities financing transactions

The Fund is not affected by SFTR instruments as at 31 December 2023.

Transparency of the promotion of environmental or social characteristics and of sustainable investments

I - BNP Paribas Asset Management approach

On its website, BNP Paribas Asset Management provides investors with access to its policy on the integration of sustainability risks into investment decision-making processes in accordance with Article 3 of Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the publication of sustainability information in the financial services sector (SFDR).

In addition, BNP Paribas Asset Management will make available to subscribers and to the public a document outlining its policy on how its investment strategy considers environmental, social and governance-quality criteria, and the means implemented to contribute to the energy and ecological transition, as well as a strategy for implementing this policy. This information will fall under the transparency of information required regarding the negative impacts on sustainability and will be available on the Management Company's website in accordance with Article 4 of the SFDR Regulation.

The SFDR Regulation establishes rules for transparency and for the provision of information on sustainability.

In addition to the SFDR Regulation, Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending the SFDR Regulation (Taxonomy Regulation) aims to establish criteria to determine whether an economic activity is environmentally sustainable.

The European Taxonomy Regulation is thus a classification system that establishes a list of economic activities which are environmentally sustainable.

Economic activities that are not recognised by the Taxonomy Regulation are not necessarily harmful to the environment or unsustainable. Furthermore, other activities that contribute substantially to the environmental and social objectives are not yet necessarily part of the Taxonomy Regulation.

BNP Paribas Asset Management's current general approach to considering environmental, social and governance (ESG) criteria is detailed on our website:

<https://www.bnpparibas-am.com/en/sustainability-bnpp-am/our-approach/>

For BNP Paribas Asset Management, responsible investment rests on six pillars. The first four pillars contribute to improving our management practices, notably through new investment ideas, optimising the composition of our portfolios, controlling risk, and using our influence on the companies and the different markets in which we invest.

Unaudited appendix

ESG Integration:

Our analysts and managers systematically take into account the most relevant ESG factors, regardless of the investment process. Our ESG guidelines and integration policy apply to all of our investment processes (and therefore to funds, mandates and thematic funds). However, they are not all applicable to index funds, exchange-traded funds (ETFs) or certain exceptions to the specific management process. In line with the convictions of BNP Paribas Asset Management, this approach allows us to identify risks and opportunities that other market players may not have knowledge of, which may therefore provide us with a comparative advantage. The process of integrating ESG factors is guided by common formal principles. Since 2020, each investment process – and, by definition, any eligible investment strategy – has been reviewed and approved by an ESG validation committee.

Vote, dialogue and commitment:

We invest wisely and have established detailed voting guidelines on a number of ESG issues. In addition, we believe that enhanced dialogue with issuers can improve our investment processes and enable us to better control long-term risks. Our managers and experts from the BNP Paribas Asset Management Sustainability Centre engage with the companies we invest in, with the goal of encouraging them to adopt responsible and environmentally friendly practices.

In addition, we aim to meet frequently with governments in order to discuss ways of fighting global warming. Our governance and voting policy is available here:

<https://docfinder.bnpparibas-am.com/api/files/bc3ebf85-65ee-4a8f-8260-c146fb5960e1>

Responsible business conduct and industry exclusions:

BNP Paribas Asset Management applies ESG exclusions based on the ten principles of the United Nations Global Compact for all its investments. The Global Compact is a universal reference framework for business evaluation and is applicable to all industrial sectors; it is based on international conventions in the areas of respect for human rights, labour rights, the environment and the fight against corruption.

In addition to the principles of the United Nations Global Compact, BNP Paribas Asset Management applies the OECD Guidelines for Enterprises. Specific ESG standards that must be met by companies operating in certain sectors that are sensitive to social and environmental impacts. They are defined in sectoral policies that, to date, concern palm oil, pulp, coal, nuclear energy, controversial weapons, unconventional oil & gas, mining, asbestos, agriculture and tobacco. Non-compliance with the ESG standards defined by BNP Paribas Asset Management leads to the exclusion of companies from the investment scope. Lastly, in accordance with applicable regulations, some sectors such as controversial weapons (anti-personnel mines and cluster munitions) are banned from any investment.

The BNPP AM Responsible Business Conduct Policy and its various elements are available here:

<https://docfinder.bnpparibas-am.com/api/files/D8E2B165-C94F-413E-BE2E-154B83BD4E9B>

A forward-looking vision:

We believe that three key points underpin a more sustainable and inclusive economic system: energy transition, environmental protection and equality. We have defined a set of objectives and developed performance indicators to measure how we align our research, our portfolios and our commitment to businesses and governments on these three issues, the "3Es".

UCI range with a strengthened non-financial approach

Part of our range incorporates the four fundamental pillars of our sustainable approach, with the addition of "enhanced ESG" strategies that include multi-factor, best-in-class and labelled funds; "thematic" strategies for investing in companies that offer products and services providing concrete solutions to environmental and/or social challenges and, finally, "impact" strategies to generate, in addition to financial performance, an intentional, positive and measurable environmental and/or social impact.

Unaudited appendix

Our CSR approach

As a sustainable investor, our own practices must equal or exceed the standards we expect from the entities in which we invest. We are therefore integrating sustainable development into our operational and civic activities with the following priorities: ensuring gender equality in our workforce, reducing our waste and CO2 emissions and working toward the inclusion of young people.

The results of our sustainable approach are summarised in our non-financial report available on our website:
<https://docfinder.bnpparibas-am.com/api/files/20B0B5A3-B05F-4CD1-B7E5-2F2536D52581>

II - Investment strategy of the Fund

As part of the investment strategy implemented, the Fund does not promote environmental and/or social and governance characteristics, nor does it have a sustainable investment objective within the meaning of Articles 8 and 9 of the SFDR Regulation.

The Fund's investments do not take into account the criteria of the European Union in terms of environmentally sustainable economic activities as established by the Taxonomy Regulation.

VIEWPOINT



BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world