

BNP PARIBAS ISLAMIC FUND FCP



ANNUAL REPORT at 31/12/2022
R.C.S. Luxembourg K 642



BNP PARIBAS
ASSET MANAGEMENT

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BNP PARIBAS ISLAMIC FUND

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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

Mrs. Isabelle BOURCIER, Head of Quantitative and Index (MAQS), BNP PARIBAS ASSET MANAGEMENT France, Paris (until 17 February 2022)

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 (since 29 April 2022)

Net Asset Value Calculation

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

Depositary, Transfer and Registrar Agent

BNP Paribas S.A., 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

*Until 30 September 2022: BNP Paribas Securities Services, Luxembourg Branch

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 KIID 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

Early in 2022, the Ukraine crisis added to the woes arising from the worsening Covid situation in Asia with the onset of the Omicron wave. Renewed lockdowns in China were seen as a major risk to global growth. Geopolitical tensions, even before the invasion of Ukraine on 24 February, were the main reason for investors and economic agents being on edge, and for the surge in commodity prices that fuelled inflationary pressures.

The unfolding of the Ukraine conflict led to a surge in oil prices to their highest since mid-2008 at nearly USD 128 per barrel (/bbl) of Brent in March. It then fluctuated between USD100/bbl and USD120/bbl on signs that the Ukraine crisis could drag on and due to concern about the global economy. In the end, the economic concerns prevailed: Oil prices suffered from the deteriorating growth outlook and trended back down until the beginning of the autumn. In Q4, the price of oil swung sharply, hitting its low point for the year in early December (at USD 76/bbl) before ending 2022 at nearly USD 86/bbl, gaining 10.5% in 12 months. WTI crude followed a similar pattern and ended 2022 at USD 80/bbl (+4.2%).

After a partial correction in the decline in global equities linked to geopolitical risk, the main focus of investor attention moved to the more hawkish rhetoric from the major central banks, led by the US Federal Reserve (Fed). This was the other factor that determined financial market movements from the beginning of 2022 – and it rapidly became the dominant one.

The upward pressure on long-term bond yields due first to inflationary fears and then to the prospect of less accommodative monetary policies penalised equities, in particular growth stocks. After having weighed on stock markets as early as January (because of inflation concerns), this element was effectively side-lined as the invasion of Ukraine shook investors. However, it quickly returned to the forefront when central banks became more aggressive. Global equities posted declines in January and February, a limited rise in March and a sharp decline in April before stabilising in May thanks to a rebound over the last week before losing more than 10% in the first half of June. After that, they benefited from long bond yields easing and, probably, bottom-fishing by some market participants. However, they could not hold out against worsening economic indicators at the end of the month. Global equities ended June down by 8.6% compared to the end of May.

The MSCI AC World index (in US dollar terms) lost 20.9% in six months. From the start of the second half of the year, equities saw huge swings both upwards and downwards as investors pondered the possibility that the Fed might in the coming months reach a turning point (a 'pivot') towards a less restrictive monetary policy. The central bankers' rhetoric, however, remained clearly hawkish and there were stronger-than-expected key rate increases from the summer into the autumn. The 'Fed pivot' scenario then came to be interpreted as a slowdown in the pace of policy rate hikes. This notion clearly supported equities in October and November but, from mid-December, investors had to pay closer attention to central bank statements claiming that inflation was still too high and that monetary policy must remain restrictive into 2023.

On the other hand, while earnings results remained encouraging, the consensus view predicting recession in 2023 hardened following the deterioration of soft and hard data during Q4, especially in the US. However, the easing back of China zero Covid strategy, even in the face of a further serious outbreak, raised investor hopes from November. After all, the reopening of the Chinese economy is generally synonymous with a recovery across Asia and a return to the normal functioning of global supply chains.

Faced with these contradictory factors, to which must be added the brief financial whirlwind in September triggered by the announcement of the UK mini budget, equities ended the second half of the year practically unchanged (+1.4%) after a turbulent run that reflected investors' disarray. After three consecutive quarterly declines and a rebound in Q4, global equities lost 19.8% in 2022, their biggest decline since 2008, the year of the Global Financial Crisis, when they lost more than 40%. US equity markets suffered from their composition. The NASDAQ composite index fell by 33.1%. The S&P 500 lost 19.4%, the EUROSTOXX 50 fell by 11.7%, and in Japan, the NIKKEI 225 index ended down by 9.4% (index price performance in local currencies, excluding dividends reinvested). Sector performances were varied widely: The only significant increase was in energy. Cyclical sectors (consumer, technology) fell sharply, and defensive stocks, despite slipping, outperformed, as did financials.

OUTLOOK

The recession that is threatening the global economy should not prevent central banks from continuing their monetary tightening, at least in the first part of 2023, as the slow ebb of inflation will mean it remains at levels incompatible with the price stability target. Even so, the pace of rate hikes is likely to be less rapid than in the last six months, fuelling the idea of a monetary policy 'pivot'.

Manager's report

This could be crucial: Faced with a deteriorating economic environment, which is proving slow to be fully reflected in companies' earnings expectations, the assumption of a decline in bond yields in the coming months would likely support some stock market sectors. This is especially the case with growth stocks, which largely underperformed the value style in 2022 as a result of the sharp rise in real yields.

After the unprecedented losses and high volatility seen in bond markets in 2022, investors should consider returning to this asset class to take advantage of carry in a normalised rate environment. After years of 'lower for longer' rates, however, the transition to a new era in bond markets will not happen overnight. Volatility is likely to continue, especially after the sudden market movements, both upwards and downwards, in the last months of 2022.

The change in Beijing's stance on Covid is an important factor that was rightly welcomed by investors at the end of 2022, since the authorities seem to be more concerned about growth and a little less about the health situation. In the short term, in the face of soaring contaminations, new lockdowns cannot be ruled out. Even so, the theme of the 'reopening of the Chinese economy' should reassure investors and support activity throughout emerging Asia. Despite the geopolitical risks still present, we do not think it justified to remain entirely out of equities.

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 approach based on Equity Risk Allocation. The benchmark is the DJ Islamic Market Developed Markets Top Cap Net Total Return.

	30/12/2021	30/12/2022	Change
DJ Islamic Market Developed Markets Top Cap NTR	5 414	4 099	(24.28%)
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "Classic - Capitalisation"	2 733	2 211	(19.12%)
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "Privilege - Capitalisation"	30 356	24 774	(18.39%)
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "I - Capitalisation"	320 248	262 009	(18.19%)
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "Classic - Distribution"	154	123	(20.30%)
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "I - Distribution"	162 681	131 094	(19.42%)

Manager's report

BNP PARIBAS ISLAMIC FUND - Hilal Income

During the first quarter, global bond yields surged after hawkish Fed signaled it was willing to do all it takes to address high inflation amidst tight labour markets causing both US treasuries and global sukuk yields to reprice. Continuing the theme of interest rate normalisation, global sukuk market detracted along with most fixed income indices with HY and lower IG in general outperforming HG segments. Uncertainty over the conflict in Ukraine-Russia continued to bolster oil prices which traded to a high of USD123/bbl before finding a range between USD103 to USD110/bbl. Saudi National Bank 5 year sustainable sukuk, First Abu Dhabi Bank, Dubai Islamic Bank, Sharjah and Boubayan Bank was priced in the first quarter.

The interest rate normalisation path continued in Q2 or second quarter. Hawkish comments by Fed speakers continued to drive volatility, providing the main impetus for stronger USD and higher UST yields before slight lift in UST yields in the month of May as growing recessionary concerns helped stem the slide in global sukuk prices. Persistent inflationary pressures led the US Fed to deliver a higher than expected 75bps hike during the June FOMC meeting, which was then followed by weak economic data releases spurring recessionary fears.

The third quarter began with a recovery with yields coming off the highs reached in mid-June as growth concerns prompted markets to prepare for less hawkish sentiment. Having already priced in a second US fed funds rate hike of 75bps in the July FOMC, market participants were more focused on weaker economic prints. However, markets turned again in August with US treasuries fully reversing the previous month's rally on stronger economic data from the US alongside renewed hawkishness from global central banks which reiterated strong commitments to bringing down inflation even at the expense of growth and the weak sentiment persisted through September.

The Fund returned full year gross of -6.70% for the year 2022. Almost all securities post a negative return during the year. The key detractors mainly came from our holdings in long duration securities such as Malays and Seco. Other laggards are names like Axiata, Sharjah, DP World, Aldar, and DIB. Slight contribution came from the newly issued Kingdom of Saudi Arabia and Dubai Islamic Bank. During the year, we participated in the new issuance by Saudi National Bank, Kingdom of Saudi Arabia, and Dubai Islamic Bank Sustainable Sukuk.

The Board of Directors

Luxembourg, 3 March 2023

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 13 March 2023 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 2022 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 2022) 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 2022

Total Impure Income:

USD 7 074.04

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: 13 March 2023

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 13 March 2023 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 2022 Shari'a Compliance Report

With reference to the Shari'a Opinion issued on the 13 March 2023, 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 2022) 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 (FY2022) - Shari'a Board Presentation Pack, dated January 2023, 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: 13 March 2023

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 2022, 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 2022;
- 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 2022; 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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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, 13 April 2023

Frédéric Botteman

BNP PARIBAS ISLAMIC FUND

Financial statements at 31/12/2022

		BNP PARIBAS ISLAMIC FUND - Equity Optimiser	BNP PARIBAS ISLAMIC FUND - Hilal Income	Combined
	Expressed in Notes	USD	USD	USD
Statement of net assets				
Assets		50 901 128	23 476 124	74 377 252
<i>Securities portfolio at cost price</i>		48 206 094	22 863 738	71 069 832
<i>Unrealised gain/(loss) on securities portfolio</i>		2 197 750	(1 694 337)	503 413
Securities portfolio at market value	5	50 403 844	21 169 401	71 573 245
Cash at banks and time deposits		350 351	1 993 627	2 343 978
Other assets		146 933	313 096	460 029
Liabilities		139 138	82 384	221 522
Other liabilities		139 138	82 384	221 522
Net asset value		50 761 990	23 393 740	74 155 730
Statement of operations and changes in net assets				
Income on investments and assets		790 873	710 780	1 501 653
Management fees	7	761 223	172 592	933 815
Extraordinary expenses	8	9 004	4 500	13 504
Bank interest		0	19	19
Other fees	9	204 584	61 106	265 690
Taxes	10	23 754	11 218	34 972
Transaction fees	14	15 597	0	15 597
Total expenses		1 014 162	249 435	1 263 597
Net result from investments		(223 289)	461 345	238 056
Net realised result on:				
Investments securities	5	(1 661 194)	(130 676)	(1 791 870)
Financial instruments	5	(17 409)	(1 740)	(19 149)
Net realised result		(1 901 892)	328 929	(1 572 963)
Movement on net unrealised gain/(loss) on:				
Investments securities		(10 480 689)	(2 154 722)	(12 635 411)
Change in net assets due to operations		(12 382 581)	(1 825 793)	(14 208 374)
Net subscriptions/(redemptions)		(2 456 511)	2 643 780	187 269
Dividends paid	12	(7 616)	(20)	(7 636)
Increase/(Decrease) in net assets during the year/period		(14 846 708)	817 967	(14 028 741)
Net assets at the beginning of the financial year/period		65 608 698	22 575 773	88 184 471
Net assets at the end of the financial year/period		50 761 990	23 393 740	74 155 730

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
	31/12/2020	31/12/2021	31/12/2022	31/12/2022
Net assets	60 823 710	65 608 698	50 761 990	
Net asset value per unit				
Units "Classic - Capitalisation"	2 250.81	2 732.11	2 210.55	20 698.658
Units "Classic - Distribution"	128.37	153.69	122.53	15.363
Units "I - Capitalisation"	260 664.30	320 132.03	262 002.64	15.761
Units "I - Distribution"	134 044.47	162 621.95	131 090.78	4.000
Units "Privilege - Capitalisation"	24 776.15	30 345.25	24 773.79	14.162

BNP PARIBAS ISLAMIC FUND - Hilal

Income	USD	USD	USD	Number of units
	31/12/2020	31/12/2021	31/12/2022	31/12/2022
Net assets	16 276 552	22 575 773	23 393 740	
Net asset value per unit				
Units "Classic - Capitalisation"	1 657.0520	1 657.3858	1 527.1979	10 235.932
Units "Classic EUR - Capitalisation"	0	103.6512	101.7619	9 084.423
Units "Classic QD - Distribution"	102.6290	100.9610	91.0640	10.000
Units "Privilege - Capitalisation"	17 385.9880	17 484.8499	16 200.5443	418.129

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2022

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			50 403 844	99.29
Shares			50 403 844	99.29
<i>United States of America</i>			<i>37 216 487</i>	<i>73.30</i>
854	3M CO	USD	102 412	0.20
3 232	ABBVIE INC	USD	522 324	1.03
1 512	AIRBNB INC-CLASS A	USD	129 276	0.25
3 385	AKAMAI TECHNOLOGIES INC	USD	285 356	0.56
10 831	ALPHABET INC - A	USD	955 619	1.88
3 026	AMGEN INC	USD	794 749	1.57
24 688	APPLE INC	USD	3 207 711	6.31
2 749	APPLIED MATERIALS INC	USD	267 698	0.53
5 372	ARCHER DANIELS MIDLAND CO	USD	498 790	0.98
197	AUTOZONE INC	USD	485 837	0.96
327	BOOKING HOLDINGS INC	USD	658 997	1.30
8 540	BRISTOL-MYERS SQUIBB CO	USD	614 453	1.21
404	BROADCOM INC	USD	225 889	0.44
1 594	CBRE GROUP INC - A	USD	122 674	0.24
2 175	CDW CORP/DE	USD	388 412	0.77
7 355	CHEVRON CORP	USD	1 320 148	2.60
2 215	CISCO SYSTEMS INC	USD	105 523	0.21
5 225	COCA-COLA	USD	332 362	0.65
4 645	COLGATE-PALMOLIVE CO	USD	365 980	0.72
2 479	CORNING INC	USD	79 179	0.16
916	CUMMINS INC	USD	221 938	0.44
661	ELI LILLY & CO	USD	241 820	0.48
1 978	EXPEDITORS INTERNATIONAL WASH INC	USD	205 554	0.40
14 139	EXXON MOBIL CORP	USD	1 559 531	3.06
4 381	FACEBOOK INC - A	USD	527 210	1.04
1 411	FISERV INC	USD	142 610	0.28
1 968	GARTNER INC	USD	661 524	1.30
2 311	HERSHEY CO/THE	USD	535 158	1.05
4 016	HOME DEPOT INC	USD	1 268 493	2.50
1 953	HUNT (JB) TRANSPRT SVCS INC	USD	340 525	0.67
2 953	ILLINOIS TOOL WORKS	USD	650 546	1.28
6 040	INTEL CORP	USD	159 637	0.31
2 126	JACK HENRY & ASSOCIATES INC	USD	373 241	0.74
5 284	JOHNSON & JOHNSON	USD	933 419	1.84
994	LOWES COS INC	USD	198 045	0.39
294	MARTIN MARIETTA MATERIALS	USD	99 363	0.20
5 523	MASCO CORP	USD	257 758	0.51
2 004	MASTERCARD INC - A	USD	696 851	1.37
7 005	MERCK & CO INC	USD	777 205	1.53
333	METTLER - TOLEDO INTERNATIONAL	USD	481 335	0.95
9 539	MICROCHIP TECHNOLOGY INC	USD	670 115	1.32
9 804	MICRON TECHNOLOGY INC	USD	490 004	0.97
13 584	MICROSOFT CORP	USD	3 257 714	6.41
884	MOTOROLA SOLUTIONS INC	USD	227 816	0.45
5 723	NUCOR CORP	USD	754 349	1.49
3 057	NVIDIA CORP	USD	446 750	0.88
101	NVR INC	USD	465 871	0.92
2 201	OLD DOMINION FREIGHT LINE	USD	624 600	1.23
11 396	ON SEMICONDUCTOR CORPORATION	USD	710 769	1.40
398	OREILLY AUTOMOTIVE INC	USD	335 924	0.66
6 059	PEPSICO INC	USD	1 094 618	2.16
20 153	PFIZER INC	USD	1 032 640	2.03
7 833	PROCTER & GAMBLE CO.	USD	1 187 168	2.34
535	PUBLIC STORAGE	USD	149 902	0.30
1 243	REGENERON PHARMACEUTICALS	USD	896 812	1.77
1 186	TESLA INC	USD	146 091	0.29

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2022

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
742	TEXAS INSTRUMENTS INC	USD	122 593	0.24
555	THERMO FISHER SCIENTIFIC INC	USD	305 633	0.60
573	ULTA BEAUTY INC	USD	268 777	0.53
2 064	UNITED PARCEL SERVICE- B	USD	358 806	0.71
1 964	VERISIGN INC	USD	403 484	0.79
2 916	VERTEX PHARMACEUTICALS INC	USD	842 082	1.66
2 153	VISA INC - A	USD	447 307	0.88
1 157	WASTE MANAGEMENT INC	USD	181 510	0.36
<i>Japan</i>			<i>3 964 649</i>	<i>7.81</i>
12 200	BRIDGESTONE CORP	JPY	433 743	0.85
32 000	CANON INC	JPY	692 531	1.36
3 400	DAITO TRUST CONSTRUCTION CO LTD	JPY	348 903	0.69
2 400	MEIJI HOLDINGS CO LTD	JPY	122 597	0.24
1 900	NISSIN FOODS HOLDINGS CO LTD	JPY	150 047	0.30
3 700	ONO PHARMACEUTICAL CO LTD	JPY	86 453	0.17
16 300	PERSOL HOLDINGS CO LTD	JPY	349 361	0.69
13 600	ROTHO PHARMACEUTICAL CO LTD	JPY	239 130	0.47
4 000	SCREEN HOLDINGS CO LTD	JPY	256 471	0.51
3 800	SECOM CO LTD	JPY	217 237	0.43
1 900	SHIONOGI & CO LTD	JPY	94 838	0.19
6 000	TIS INC	JPY	158 248	0.31
400	TOKYO ELECTRON LTD	JPY	117 867	0.23
8 500	TREND MICRO INC	JPY	395 544	0.78
19 000	USS CO LTD	JPY	301 679	0.59
<i>Switzerland</i>			<i>2 150 649</i>	<i>4.24</i>
1 252	CIE FINANCIERE RICHEMONT - REG	CHF	162 246	0.32
10 501	NESTLE SA - REG	CHF	1 215 998	2.40
21 928	STMICROELECTRONICS NV	EUR	772 405	1.52
<i>Canada</i>			<i>1 028 470</i>	<i>2.02</i>
7 322	DOLLARAMA INC	CAD	427 940	0.84
3 130	GILDAN ACTIVEWEAR INC	CAD	85 658	0.17
10 211	TOURMALINE OIL CORP	CAD	514 872	1.01
<i>Australia</i>			<i>1 013 212</i>	<i>2.00</i>
21 492	BHP BILLITON LTD	AUD	665 055	1.31
136 903	PILBARA MINERALS LTD	AUD	348 157	0.69
<i>Sweden</i>			<i>970 605</i>	<i>1.91</i>
20 118	BOLIDEN AB	SEK	755 424	1.49
9 311	TRELLEBORG AB - B	SEK	215 181	0.42
<i>Luxembourg</i>			<i>750 928</i>	<i>1.48</i>
32 250	LOCCITANE INTERNATIONAL SA	HKD	100 614	0.20
37 417	TENARIS SA	EUR	650 314	1.28
<i>Denmark</i>			<i>699 475</i>	<i>1.38</i>
5 196	NOVO NORDISK A/S - B	DKK	699 475	1.38
<i>Finland</i>			<i>599 482</i>	<i>1.18</i>
3 558	ELISA OYJ	EUR	187 813	0.37
4 487	ORION OYJ - B	EUR	245 376	0.48
11 849	STORA ENSO OYJ - R	EUR	166 293	0.33
<i>The Netherlands</i>			<i>574 885</i>	<i>1.13</i>
1 421	FERRARI NV	EUR	303 616	0.60
2 600	WOLTERS KLUWER	EUR	271 269	0.53
<i>Portugal</i>			<i>466 709</i>	<i>0.92</i>
21 670	JERONIMO MARTINS	EUR	466 709	0.92
<i>Belgium</i>			<i>359 170</i>	<i>0.71</i>
1 878	DIETEREN SA/NV	EUR	359 170	0.71
<i>France</i>			<i>205 767</i>	<i>0.41</i>
1 805	THOMSON REUTERS CORP	CAD	205 767	0.41

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2022

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<i>Germany</i>		<i>161 813</i>	<i>0.32</i>
5 333	INFINEON TECHNOLOGIES AG	EUR	161 813	0.32
	<i>Hong Kong</i>		<i>146 548</i>	<i>0.29</i>
28 000	CK INFRASTRUCTURE HOLDINGS	HKD	146 548	0.29
	<i>Ireland</i>		<i>94 995</i>	<i>0.19</i>
356	ACCENTURE PLC - A	USD	94 995	0.19
Total securities portfolio			50 403 844	99.29

BNP PARIBAS ISLAMIC FUND - Hilal Income

Securities portfolio at 31/12/2022

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			21 169 401	90.49
Bonds			20 228 901	86.47
<i>Cayman Islands</i>			<i>11 505 817</i>	<i>49.18</i>
300 000	ALDAR SUKUK 4.750% 18-29/09/2025	USD	294 338	1.26
615 000	BOUBYAN SUKUK 2.593% 20-18/02/2025	USD	580 137	2.48
600 000	DIB SUKUK LTD 1.959% 21-22/06/2026	USD	537 300	2.30
300 000	DIB SUKUK LTD 2.950% 20-16/01/2026	USD	279 619	1.20
300 000	DIB SUKUK LTD 5.493% 22-30/11/2027	USD	305 196	1.30
600 000	DP WORLD CRESCEN 3.875% 19-18/07/2029	USD	560 363	2.40
800 000	DP WORLD CRESCEN 4.848% 18-26/09/2028	USD	789 899	3.38
500 000	EI SUKUK CO LTD 1.827% 20-23/09/2025	USD	458 063	1.96
600 000	EMAAR SUKUK LTD 3.635% 16-15/09/2026	USD	570 113	2.44
300 000	EMG SUKUK LTD 4.564% 14-18/06/2024	USD	295 088	1.26
370 000	FAB SUKUK CO LTD 2.500% 20-21/01/2025	USD	350 413	1.50
300 000	FAB SUKUK CO LTD 3.875% 19-22/01/2024	USD	295 275	1.26
200 000	KSA SUKUK LTD 2.250% 21-17/05/2031	USD	170 500	0.73
300 000	KSA SUKUK LTD 2.969% 19-29/10/2029	USD	271 875	1.16
600 000	KSA SUKUK LTD 3.628% 17-20/04/2027	USD	580 499	2.48
550 000	KSA SUKUK LTD 4.303% 18-19/01/2029	USD	541 681	2.32
300 000	KSA SUKUK LTD 5.268% 22-25/10/2028	USD	310 875	1.33
200 000	MAF SUKUK LTD 3.933% 19-28/02/2030	USD	185 663	0.79
200 000	MAF SUKUK LTD 4.500% 15-03/11/2025	USD	196 288	0.84
790 000	MAF SUKUK LTD 4.638% 19-14/05/2029	USD	768 175	3.28
250 000	MAR SUKUK LTD 2.210% 20-02/09/2025	USD	230 938	0.99
530 000	MAR SUKUK LTD 3.025% 19-13/11/2024	USD	508 403	2.17
200 000	QIB SUKUK LTD 3.982% 19-26/03/2024	USD	196 288	0.84
400 000	QIB SR SUKUK LT 4.264% 19-05/03/2024	USD	393 825	1.68
200 000	SA GLOBAL SUKU 0.946% 21-17/06/2024	USD	188 000	0.80
200 000	SA GLOBAL SUKU 1.602% 21-17/06/2026	USD	178 413	0.76
700 000	SA GLOBAL SUKU 2.694% 21-17/06/2031	USD	596 443	2.55
200 000	SIB SUKUK CO III 2.850% 20-23/06/2025	USD	188 100	0.80
450 000	SNB SUKUK LTD 2.342% 22-19/01/2027	USD	407 897	1.74
300 000	UNITY 1 SUKUK LT 2.394% 20-03/11/2025	USD	276 150	1.18
<i>United Arab Emirates</i>			<i>3 000 494</i>	<i>12.83</i>
900 000	ALDAR SUKUK NO 2 3.875% 19-22/10/2029	USD	824 230	3.53
600 000	DAE SUKUK DIFC 3.750% 20-15/02/2026	USD	569 363	2.43
600 000	EQUATE SUKUK 3.944% 17-21/02/2024	USD	587 362	2.51
540 000	ESIC SUKUK 3.939% 19-30/07/2024	USD	516 476	2.21
500 000	TABREED SUKUK 5.500% 18-31/10/2025	USD	503 063	2.15
<i>Malaysia</i>			<i>2 642 513</i>	<i>11.29</i>
400 000	AXIATA SPV2 2.163% 20-19/08/2030	USD	318 700	1.36
333 000	DUA CAPITAL LTD 1.658% 21-11/05/2026	USD	293 446	1.25
250 000	MALAYSIA SOVEREI 3.043% 15-22/04/2025	USD	241 141	1.03
250 000	MY SUKUK GLOBAL 3.179% 16-27/04/2026	USD	241 790	1.03
500 000	MY SUKUK GLOBAL 4.080% 16-27/04/2046	USD	444 000	1.90
250 000	MY WAKALA SUKUK 2.070% 21-28/04/2031	USD	212 114	0.91
500 000	MY WAKALA SUKUK 3.075% 21-28/04/2051	USD	361 500	1.55
550 000	TNB GLOBAL VC 4.851% 18-01/11/2028	USD	529 822	2.26
<i>Indonesia</i>			<i>1 668 635</i>	<i>7.13</i>
238 000	SBSN INDO III 1.500% 21-09/06/2026	USD	214 200	0.92
300 000	SBSN INDO III 2.300% 20-23/06/2025	USD	283 500	1.21
200 000	SBSN INDO III 2.550% 21-09/06/2031	USD	169 022	0.72
300 000	SBSN INDO III 2.800% 20-23/06/2030	USD	262 369	1.12
200 000	SBSN INDO III 3.550% 21-09/06/2051	USD	151 022	0.65
400 000	SBSN INDO III 4.150% 17-29/03/2027	USD	391 500	1.67
200 000	SBSN INDO III 4.400% 18-01/03/2028	USD	197 022	0.84
<i>Saudi Arabia</i>			<i>1 074 064</i>	<i>4.60</i>
1 130 000	SAUDI TELECOM CO 3.890% 19-13/05/2029	USD	1 074 064	4.60

BNP PARIBAS ISLAMIC FUND - Hilal Income

Securities portfolio at 31/12/2022

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<i>Kuwait</i>		<i>337 378</i>	<i>1.44</i>
350 000	WARBA SUKUK 2.982% 19-24/09/2024	USD	337 378	1.44
	Floating rate bonds		940 500	4.02
	<i>Saudi Arabia</i>		<i>940 500</i>	<i>4.02</i>
500 000	ARAB NATIONAL BK 20-28/10/2030 FRN	USD	469 469	2.01
500 000	RIYAD BANK 20-25/02/2030 FRN	USD	471 031	2.01
Total securities portfolio			21 169 401	90.49

Notes to the financial statements

Notes to the financial statements at 31/12/2022

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 (since March 2022) instead of the Arab World Institute (“Institut du Monde Arabe” or IMA), Paris (until March 2022). 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 31/12/2022

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 31/12/2022

- 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 2022. 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 2022.

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 2022 was the following:

USD 1 = EUR 0.93699

BNP PARIBAS ISLAMIC FUND

Notes to the financial statements at 31/12/2022

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% ⁽¹⁾
	X	-
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic	Max. 1.00%
	Privilege	Max. 0.60%
	I	Max. 0.35%
	X	-

⁽¹⁾ 0.60% until 31 October 2022

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

Other fees are calculated daily and deducted monthly from the average net assets of a sub-fund, unit category, or unit class and serve 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, Fund's Sharia Supervisory Committee fees, bank fees, extraordinary expenses, and the "taxe d'abonnement" in force in Luxembourg, as well as any other specific foreign tax and other regulators levy.

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% ⁽¹⁾
	X	Max. 0.50%
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic	Max. 0.30% ⁽²⁾
	Privilege	Max. 0.20%
	I	Max. 0.17% ⁽³⁾
	X	Max. 0.17% ⁽³⁾

⁽¹⁾ 0.35% until 31 October 2022

⁽²⁾ 0.40% until 31 October 2022

⁽³⁾ 0.40% until 31 October 2022

Notes to the financial statements at 31/12/2022

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:

- a) Sub-funds with the exclusive objective of collective investments in money market instruments and deposits with institutions;
- b) Sub-funds with the exclusive objective of collective investments 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 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, categories and/or classes:
 - (i) whose securities are reserved to Institutional Investors, Managers, or UCIs and
 - (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with institutions, and
 - (iii) whose weighted residual portfolio maturity does not exceed 90 days, and
 - (iv) that have obtained the highest possible rating from a recognized rating agency;
- c) Sub-funds, 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, 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.

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 31/12/2022

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⁾
March	31	1 April 2022	6 April 2022
June	30	1 July 2022	6 July 2022
September	30	3 October 2022	6 October 2022
December	30	2 January 2023	5 January 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.

- Quarterly amounts:

Sub-fund	Unit class	Currency	Dividend
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic QD - Distribution	USD	0.50

Dividends paid on 30 September 2022 on the distribution units outstanding as at 20 September 2022 with an ex-date 21 September 2022:

Sub-fund	Unit class	Currency	Dividend
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic - Distribution	USD	1.78
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	I - Distribution	USD	1 897.21

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	<u>BNP PARIBAS ASSET MANAGEMENT France</u>
BNP PARIBAS ISLAMIC FUND - Hilal Income	<u>BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd</u>

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.

Notes to the financial statements at 31/12/2022

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 - 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 global outlook, market and financial risks in order to take all necessary measures in the interest of unitholders.

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 2022.

Information on the Remuneration Policy in effect within the Management Company

We are providing below quantitative information concerning remuneration as required under Article 22 of the AIFM Directive (Directive 2011/61/EU of 8 June 2011) and Article 69(3) of the UCITS V Directive (Directive 2014/91/EU of 23 July 2014) in a format that is compliant with the recommendations of the association competent for the financial centre, the French Asset Management Association (Association Française de la Gestion financière - AFG)¹.

Aggregate remuneration of employees of BNPP AM Luxembourg (“BNPP AM Luxembourg”) (point (e) of Article 22(2) of the AIFM Directive and point (a) of Article 69(3) of the UCITS V Directive):

	Number of employees	Total remuneration (fixed + variable) (EUR thousand)	of which total variable remuneration (EUR thousand)
All employees of BNPP AM Luxembourg	78	8 248	1 098

Aggregate remuneration of employees of BNPP AM Luxembourg whose work has a significant impact on the risk profile and who thus have the status of “Regulated Staff Members”² (point (f) of Article 22(2) of the AIFM Directive and point (b) of Article 69(3) of the UCITS V Directive):

Business sector	Number of employees	Total remuneration (EUR thousand)
Regulated Staff Members employed by BNPP AM Luxembourg:	3	752
<i>of whom managers of Alternative Investment Funds/UCITS/managers of European mandates</i>	0	0

Other information about BNPP AM Luxembourg:

– Information on AIF and UCITS under management

	Number of sub-funds (31/12/2022)	Assets under management (billions of euro) on 31/12/2022 ³
UCITS	192	118
Alternative Investment Funds	23	3

¹ NB: the figures for remuneration provided below cannot be directly reconciled with the accounting data for the year as they reflect the amounts awarded based on staff numbers at the close of the annual variable remuneration campaign in May 2022. Thus, these amounts include for example all variable remuneration awarded during this campaign, whether deferred or not, and irrespective of whether or not the employees ultimately remained with the Fund.

² The list of regulated staff members is drawn up on the basis of the review carried out at the end of the year.

³ The amounts thus reported take into account master-feeder funds.

Unaudited appendix

- Under the supervision of the Remuneration Committee of BNP Paribas Asset Management Holding and its Board of Directors, a centralised independent audit of the global remuneration policy of BNP Paribas Asset Management along with its implementation during the 2021 financial year was carried out between June and September 2022. As a result of this audit, which covered the entities of BNP Paribas Asset Management holding an AIFM and/or UCITS licence, a score of “Satisfactory” was awarded (the highest of four possible scores), thus endorsing the solidity of the system in place, particularly in its key stages: identification of regulated staff members, consistency of the relation between performance and remuneration, application of mandatory deferred remuneration rules, implementation of indexation and deferred remuneration mechanisms. A recommendation – not presented as a warning – was issued in 2022, the documentation and controls of the selection of the baskets of index for the members of the management teams who do not directly manage the portfolios themselves needed to be improved in certain cases.
- Further information concerning the calculation of variable remuneration and on these deferred remuneration instruments is provided in the description of the Remuneration Policy published on the Fund's website.

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/as-an-investor/>.

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/9EF0EE98-5C98-4D45-8B3C-7C1AD4C0358A>.

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: Responsible Business Conduct Policy and Industry Exclusions

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/AE68BA26-4E3B-4BC0-950D-548A834F900E>.

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