



# PRODUCT KEY FACTS

## BNP Paribas Funds Sustainable Europe Dividend March 2024

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document and should be read in conjunction with the Prospectus, Hong Kong Covering Document and Information for Hong Kong Investors.***
- ***You should not invest in this product based on this statement alone.***

### Quick facts

|   |  |                           |   |
|---|--|---------------------------|---|
| <b>Management Company:</b>                  | BNP PARIBAS ASSET MANAGEMENT Luxembourg  |                           |   |
| <b>Fund Manager:</b>                        | Internal and/or external delegation to one or more portfolio managers as described in the "General Information" section of the Prospectus and the "Management and Sub-Delegation" section of the Hong Kong Covering Document and Information for Hong Kong Investors |                           |   |
| <b>Custodian:</b>                           | BNP Paribas, Luxembourg Branch   |                           |   |
| <b>Ongoing charges over a year#:</b>        | Classic  |                           | 1.98%   |
|   | Privilege  |                           | 1.08%   |
| <b>Base currency:</b>                       | EUR  | <b>Dealing frequency:</b> | Daily   |
| <b>Financial year end of this sub-fund:</b> | 31 December  | <b>Dividend policy:</b>   | Capitalisation shares –<br>No dividend distribution<br>(income, if any, will be reinvested)   |
|   |  |                           | Distribution shares –<br>Dividend, if declared, will be paid<br>Distributions may be paid out of capital which may result in an immediate reduction of the sub-fund's net asset value per share |
|   |  | <b>Min. investment:</b>   | None  |
|   |  | <b>Min. holding:</b>      | "Privilege" categories –<br>EUR 3 million or equivalent   |

# The ongoing charges figure is calculated based on expenses for the year ended at 31 December 2023. This figure may vary from year to year. The ongoing charge is calculated by adding all direct fees, indirect fees and external fees of the sub-fund and then divided by the average net assets. Direct fees refer to charges and payment directly borne by the sub-fund such as operating costs, remuneration and payment to key operators and service providers. Indirect fees refer to the ongoing charges of the underlying funds which the sub-fund invests. External fees refer to any remuneration of the management company or other party that derives from fee-sharing arrangement.

### What is this product?

This sub-fund is a fund constituted in the form of a mutual fund. It is incorporated under Luxembourg law and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

### Objective and Investment Strategy

#### Objective

To increase the value of its assets over the medium term by investing in European dividend equities issued by socially responsible companies.

#### Strategy

At all times, this sub-fund invests at least 75% of its assets in equities and/or equity equivalent securities (such as participation rights which refer to equity instruments like bonus right and/or subscription rights (which may result from a corporate action) and/or convertible bonds) issued by socially responsible companies that have their registered office either in a country member of the European Economic Area or in the United Kingdom, other than non-cooperative countries in the fight against fraud and tax evasion, and whose dividend prospects are, in the opinion of the portfolio manager, sustainable over the medium term.

The remaining portion, namely a maximum of 25% of its assets, may be invested in any other securities, money market instruments and/or cash, and also, within a limit of 15% of the assets, in debt securities of any kind and, within a limit of 10% of the assets, in collective investment schemes.

To further elaborate, socially responsible companies refers to companies that are expected to work towards high Environmental, Social and Governance ("ESG") standards including corporate, social and environmental responsibility and environmental sustainability, develop positive relationships with their shareholders, and uphold and support universal human rights.

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy as defined in the Prospectus, which takes into account ESG standards and integration in the investment process of the sub-fund.

ESG standards are integrated in the investment process of the sub-fund. The ESG standards comprise 1) the 10 principles of the United Nations Global Compact and OECD Guidelines for Multinational Enterprises and 2) the BNP PARIBAS ASSET MANAGEMENT sector policies.

The United Nations Global Compact is a shared framework, recognized worldwide and applicable to all industry sectors. The 10 principles of the United Nations Global Compact in the areas of human rights, labour standards, environmental stewardship and anti-corruption are integrated in the investment process. Similarly, the OECD Guidelines for Multinational Enterprises set out principles for the responsible business conduct of businesses.

BNP PARIBAS ASSET MANAGEMENT has also defined a series of ESG guidelines relating to investments in sensitive sectors including but not limited to palm oil, wood pulp, mining activities, nuclear, coal-fired power generation, tobacco, controversial weapons, unconventional oil and gas and asbestos.

The ESG integration involves the evaluation of the three non- financial indicators below:

- Environmental: such as energy efficiency, reduction of emissions of greenhouse gases, treatment of waste;
- Social: such as respect of human rights and workers' rights, human resources management (workers' health and safety, diversity);
- Governance: such as Board of Directors independence, managers' remuneration, respect of minority shareholders rights.

ESG integration above is reflected in the investment process of the sub-fund by way of ESG scores. The Investment Manager applies a non-financial analysis on a minimum of 90% of the assets of the sub-fund based on the internal proprietary ESG scoring framework. In general, socially responsible companies would have higher ESG score than companies without ESG or sustainability initiatives in the investment universe (i.e. large and mid-cap European companies with market capitalisation of at least EUR 500 million across the main European markets).

## BNP Paribas Funds Sustainable Europe Dividend

After eliminating the bottom 20% of the lowest ESG rated securities in the investment universe, a reference ESG score would be calculated from the remaining higher ESG score securities in the reduced investment universe. The portfolio is then constructed so that the average ESG score of the portfolio would be higher than the reference ESG score of the reduced investment universe.

For the avoidance of doubt, the portfolio manager is not restricted to invest only in the reduced investment universe, as long as the portfolio could match the above average ESG score criteria.

The sub-fund would exclude investment in (i) securities issued by companies that violate any of the principles of the United Nations Global Compact or OECD Guidelines for Multinational Enterprises and (ii) securities issued by companies from the sensitive sectors above that do not comply with the guidelines defined by BNP PARIBAS ASSET MANAGEMENT.

The sub-fund may invest in sovereign debt securities but it does not contemplate to invest more than 10% of its net asset value in securities issued by or guaranteed by any single country (including its government, a public or local authority of that country) with a credit rating below investment grade and/or unrated.

### Use of Derivatives/Investment in Derivatives

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's NAV.

### What are the key risks?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

#### Investment Risk

- When investing in a fund, there is a risk that the final outcome may deviate from the initial expectations. The sub-fund's investment portfolio may fall in value due to any of the key risks below and therefore may suffer losses. In addition, there is no guarantee of principal repayment.

#### Geographical Concentration Risk

- The sub-fund's investments are concentrated in the European Economic Area. This may result in greater volatility than funds which comprise broad-based global investments. The sub-fund may be more susceptible to adverse fluctuations in value resulting from adverse condition in the European Economic Area and the sub-fund's value may be adversely affected.

#### Eurozone Market Risk

- The sub-fund invests in Eurozone. Economic and financial difficulties in Eurozone may continue, worsen or spread within and outside the Eurozone. Austerity measures and reforms may not be efficient or may subsequently result in social unrest or other unintentional consequences. Countries may depart from the European Union and cease to use Euro as local currency. Such events could adversely affect the investment of the sub-fund and thus adversely affect the performance and value of the sub-fund.

#### Asset Class Concentration Risk

- The sub-fund's investments are concentrated in the shares or other similar securities which deem to have a dividend return greater than the market average of the dividends of the companies in Europe. This may result in greater volatility than funds which comprise broad-based investments. The sub-fund may be more susceptible to adverse fluctuations in value resulting from adverse condition in this type of asset class.

#### Environmental, Social and Governance Risk

- The use of ESG standards and analysis may affect the sub-fund's investment performance and, as such,

## BNP Paribas Funds Sustainable Europe Dividend

the sub-fund may perform differently including underperforming compared to similar funds that do not use such standards.

- The use of ESG criteria may also result in the sub-fund being concentrated in companies with ESG focus and its value maybe more volatile than that of fund having a more diverse portfolio of investment.
- ESG-based exclusionary standards used by the sub-fund may result in the sub-fund foregoing opportunities to buy certain securities when it might otherwise be advantageous to do so, and/or selling securities due to their ESG characteristics when it might be disadvantageous to do so.
- In evaluating a security based on ESG standard, the investment manager may use information and data from third party providers, which may be incomplete, inaccurate or unavailable.
- Investment selection of the sub-fund is based on subjective judgement from the investment manager. The investment manager may incorrectly assess the ESG characteristics of a security and may wrongly exclude eligible security.
- Due to the lack of standardized taxonomy, the investment manager may not apply the relevant ESG standards correctly or that the sub-fund could have indirect exposure to security which do not meet the relevant ESG standards used by the sub-fund.
- ESG standard and expectation are evolving. There is a risk of style drift within the investment limits of the sub-fund.

### **Risk linked to Equity Market**

- Investments in equity include significant fluctuations in prices, negative information about the issuer or market. Moreover, these fluctuations are often amplified in the short term and may have a negative impact on the performance of the overall portfolio at a given time. There is no guarantee that investors will see an appreciation in value. Investment in equity is also subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. The value of investments of the sub-fund may go down and it is possible that investors will not recover their initial investment.

### **Risk associated with investments in financial derivative instruments**

- Risk associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instruments by the sub-fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the sub-fund.

### **Liquidity Risk**

- Investments made by the sub-fund may become illiquid. It may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in the sub-fund.

### **Currency Exchange Risk**

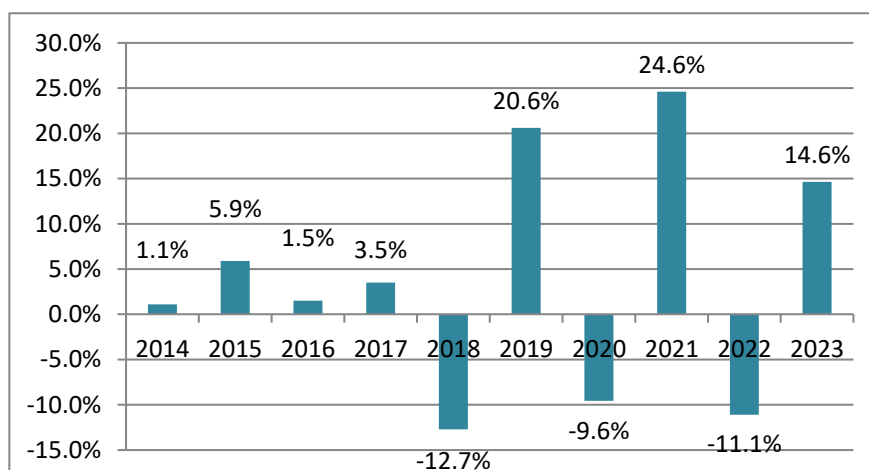
- A share class may be designed in a currency other than the base currency of the sub-fund. Further, the sub-fund may hold assets denominated in currencies that differ from the base currency of the sub-fund, and may be affected by exchange rate fluctuations between the base currency and the other currencies and by changes in exchange rate controls. A depreciation of the denomination currency will lead to a depreciation in the exchange value of the security. There is no guarantee that the hedging of currency exchange risk (if any) will be completely effective and the value of specific share class or sub-fund may be adversely affected.

### **Risk in connection with Dividend Payment**

- The Management Company may at its discretion pay dividends out of the capital of the sub-fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the sub-fund's capital may result in an immediate reduction of net asset value per share. The Management Company may change the policy in relation to payment of dividends out of capital subject to the SFC's prior approval and by giving not less than one month's notice to investors.

## BNP Paribas Funds Sustainable Europe Dividend

### How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- Classic Capitalisation, being a share class with the same reference currency as the sub-fund with the longest track record among all share classes and not restricted to certain types of clients, is selected as the representative share class.
- These figures show by how much the Classic Capitalisation share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in EUR including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- The sub-fund changed its investment objective and strategy on 31 January 2022. Prior to this performance of the sub-fund was achieved under circumstances that no longer apply.
- BNP Paribas Funds Sustainable Europe Dividend launch date: 16 October 2000
- Classic Capitalisation share class launch date: 26 October 2000
- On 14 March 2011, BNP Paribas Funds Sustainable Europe Dividend absorbed a Luxembourg fund which is not authorized by the SFC.

### Is there any guarantee?

This sub-fund does not have any guarantees. You may not get back the full amount of money you invest.

## BNP Paribas Funds Sustainable Europe Dividend

### What are the fees and charges?

#### Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the sub-fund.

| Fee                                       | What you pay  |
|---|---|
| <b>Subscription fee<br/>(Entry cost)</b>  | Up to 3% of the net asset value of the relevant share class subscribed  |
| <b>Switching fee<br/>(Conversion fee)</b> | Up to 1.5% of the net asset value of the relevant share class converted |
| <b>Redemption fee<br/>(Exit cost)</b>     | Nil   |

#### Ongoing fees payable by the sub-fund

The following expenses will be paid out of the sub-fund. They affect you because they reduce the return you get on your investments.

|   | Annual rate (as a % of the net asset value of the relevant share category) |
|---|--|
| <b>Management fee</b>   | “Classic” categories – Up to 1.50%<br>“Privilege” categories – Up to 0.75% |
| <b>Custodian fee</b>  | Included in Other costs  |
| <b>Performance fee</b>  | Not applicable   |
| <b>Administration fee</b>   | Included in Other costs  |
| <b>Other costs</b><br>(Other costs cover the general asset custody expenses payable to the custodian and the daily administration expenses) | “Classic” categories – Up to 0.40%<br>“Privilege” categories – Up to 0.25% |

#### Other fees

You may have to pay other fees when dealing in the shares of the sub-fund.

## BNP Paribas Funds Sustainable Europe Dividend

### Additional Information

- You generally buy and redeem shares at the sub-fund's next determined subscription price and redemption price through your authorised distributor after the transaction servicing agent receives your request via your authorised distributors in good order on or before 6 pm (Hong Kong time) on a Hong Kong business day. Investors should note that different distributors may have different dealing cut-off which may be earlier than the time specified in this document. Investors should check with the relevant authorised distributors accordingly.
- The net asset value of this sub-fund is calculated and the price of shares published daily on the website at <https://www.bnpparibas-am.com/en-hk>.
- The general meeting of shareholders holding distribution shares of the sub-fund decides each year on the Board of Director's proposal to pay a dividend. As such, there is no guarantee of dividend or distribution payments during the period you hold the shares of the sub-fund.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the website at <https://www.bnpparibas-am.com/en-hk>.
- The compositions of the dividends for the last 12 months are available from the Hong Kong representative on request and also on the website at <https://www.bnpparibas-am.com/en-hk>.
- Investors may obtain information on the intermediaries from our hotline (852) 2533 0088.

### Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.