

## Liquidation Notice to the shareholders of

### **BNP Paribas Funds Europe Emerging Equity**

*SICAV under Luxembourg law – UCITS class*  
*Registered Office: 10, Rue Edward Steichen, L-2540 Luxembourg*  
*Luxembourg Trade and Companies Register No. B 33.363*

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

The Board of Directors of BNP Paribas Funds are the persons responsible for the information contained in this notice to shareholders (the “Notice”). To the best of the knowledge and belief of the Board of Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Notice is, at the date hereof, in accordance with the facts and does not omit anything likely to affect the importance of such information. The Board of Directors accept responsibility accordingly.

| <u>LIQUIDATING SUB-FUND</u>                               | <u>LIQUIDATION EFFECTIVE DATE</u> |
|-----------------------------------------------------------|-----------------------------------|
| BNP Paribas Funds Europe Emerging Equity (the “Sub-fund”) | JULY 3, 2023                      |

Luxembourg, June 16, 2023

Dear Shareholders,

We hereby inform you that the Board of Directors of BNP Paribas Funds decided to **liquidate** the Sub-fund (the **Liquidation**), on the basis of Article 34 of the Articles of Association of BNP Paribas Funds and the provision of the Luxembourg Prospectus. The following share classes are currently offered to the public in Hong Kong:

| <b>Share</b>    | <b>ISIN code</b> | <b>Ongoing Charges Ratio<br/>(as of 31 December 2022)</b> |
|-----------------|------------------|-----------------------------------------------------------|
| Classic-CAP     | LU0823403356     | 0.48%                                                     |
| Classic -DIS    | LU0823403786     |                                                           |
| Classic USD-CAP | LU0823403190     |                                                           |

- ✓ The Ongoing Charges Ratio as disclosed in the table above 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.

## 1) Background to and rationale for the Liquidation

- ✓ On March 1 2022, the Board of Directors of the Company (the “Board”) published a notice informing shareholders of its decision to suspend the determination of the net asset value of the Sub-fund as, due to the escalating conflict between Russia and Ukraine, the disposal and valuation of a material portion of the Sub-fund’s assets became impracticable.
- ✓ As a material portion of the Sub-fund’s assets is invested in Russian stocks and given the evolution of the conflict between Russia and Ukraine, the sanctions Russia faces and the ban decision taken by Russia to sell Russian stocks, no positive future perspectives for the Sub-fund can be foreseen at this stage.
- ✓ As a result, the Board has decided that it is in the best interest of the shareholders to put the Sub-fund into liquidation in accordance with the provisions of Article 34 of the Articles of Association of the Company with effect on July 3, 2023.

## 2) Details and arrangements of the Liquidation

- ✓ The Sub-fund has been suspended since 1 March 2022. Subscription, redemption, conversion orders from Hong Kong investors (including underlying ILAS investors and existing monthly saving plan investors) and marketing to the public in Hong Kong have been suspended and restricted since 1 March 2022.
- ✓ The Sub-fund currently has exposure to Russian securities in respect of which the Management Company believes there is no reliable price as of the date of this notice (the “Russian Securities”).
- ✓ The Liquidation will be effective on July 3, 2023.

### ✓ WINDING UP

- Pursuant to the Prospectus, the Sub-fund shall be managed so as to be fully invested, other than during periods where the Management Company believes that a larger cash position is justified. As such, while the Management Company will continue managing the Sub-fund (excluding the Russian Securities) according to the investment policy and guidelines on a best efforts basis, as part of an orderly wind-down and acting in the Shareholders’ best interests, the Management Company may commence to liquidate the Sub-fund’s assets before the Liquidation Effective Date and in doing so may deviate from the investment policy of the Sub-fund as it sells off positions in which the Sub-fund has invested. Accordingly, please note that, the Sub-fund’s exposure may substantially, and increasingly as the Liquidation Effective Date approaches, consist of cash and /or a cash position.
- Winding up of liquid assets of the Sub-fund
  - We have determined that the final sale of any remaining investments of the Sub-fund (excluding the Russian Securities) will start before the Liquidation Effective Date and it will be conducted in a manner that is considered to be in the best interests of the Shareholders. The liquidated value will be calculated and validated by PricewaterhouseCoopers, Société Coopérative, the auditor of BNP Paribas Funds and the Sub-fund, on July 4 2023, i.e. the next business day from the Liquidation Effective Date. Shareholders’ holding (excluding the Russian Securities) in the Sub-fund will be automatically liquidated. Shareholders will receive the redemption proceeds on July 6 2023, i.e. 3 business days from the Liquidation Effective Date
- Winding up of illiquid Russian Securities
  - The illiquid portion of the portfolio represented, at the last official net asset value dated 28 February 2022, 26.41% of the Sub-fund’s assets. As per the latest Annual Report dated 31 Dec 2022, the fund size of the Sub-fund is EUR 19.89 million; the market value of illiquid Russian Securities of the Sub-fund is considered as close to EUR 0.
  - Given the ongoing situation between Russia and Ukraine, the Management Company do not expect the Russian Securities to become liquid before the Liquidation Effective Date. Where the Russian Securities remain illiquid after the Liquidation Effective Date, such Russian Securities will continue to be held in custody by the Depositary under the current custodian arrangement of the Sub-fund until such Russian Securities are sold and realised. The Management Company will continue to monitor the market conditions after the Liquidation Effective Date and assess the market conditions to sell off the Russian Securities as soon as possible when such assets can be sold in the market.
  - If the Russian Securities are sold at a value higher than zero after the Liquidation Effective Date, any proceeds from the sale of the Russian Securities (after deducting the associated transaction costs) will be distributed on a pro-rata basis to the net asset value of the shareholding in the Sub-fund of each Shareholder as of the Liquidation Effective Date. The Management Company will determine if such distribution will be made in one single payment or in tranches based on the best interest of all Shareholders, taking into consideration matters such as the timing of the disposal of the Russian Securities, the amount of sales proceeds and any associated costs of distribution. There will be no further charges or cost on the Sub-fund after the Liquidation Effective Date other than transaction costs for selling off the Russian Securities.
  - Notices will be issued quarterly to update Shareholders on the status of the disposal of Russian Securities and whether or not subsequent distribution(s) will be made.

- The Depositary agrees with the termination of the Sub-fund and the arrangement in relation to the Russian Securities. The Depositary, the Transfer and Registrar Agent and the Management Company are ready to and will support the termination of the Sub-fund and the arrangement in relation to the Russian Securities. Should it become possible to dispose of the Russian Securities before the Liquidation Effective Date, the Management Company will consider if any revision to the approach of the proposed termination is required taking into consideration the best interests of the Shareholders.

### 3) Tax consequences

- ✓ The tax position of shareholders in Hong Kong, in respect of their holdings, will generally not be affected following the Liquidation. Shareholders are recommended to consult their tax advisors to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with the Liquidation.

### 4) Documents available for inspection

- ✓ Copies of the current Hong Kong Offering Document, the Articles of Association and the latest financial report of BNP Paribas Funds are available upon request, free of charge, at the office of the Hong Kong Representative – BNP PARIBAS ASSET MANAGEMENT Asia Limited at Suite 1701, 17/F, Lincoln House, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong and on the website at <http://www.bnpparibas-am.hk><sup>1</sup>.

### 5) Other information

- ✓ Shareholders' holding in the Sub-fund will be automatically liquidated as disclosed in point 2). No action is required from the shareholders. The net assets shall be distributed between shareholders in proportion to their holdings in the Sub-fund.
- ✓ There is no unamortized preliminary expenses. The costs and expenses of the Liquidation will be borne by BNP PARIBAS ASSET MANAGEMENT Luxembourg, the Management Company of BNP Paribas Funds.
- ✓ The Board of Directors of BNP Paribas Funds accepts the responsibility for the accuracy of the contents of this Notice. Hong Kong shareholders may contact BNP PARIBAS ASSET MANAGEMENT Asia Limited, the Hong Kong Representative of BNP Paribas Funds, at (852) 2533 0088 for any questions.
- ✓ Please refer to the Hong Kong Offering Document of BNP Paribas Funds for any term or expression not defined in this Notice.

Best regards,

**The Board of Directors**

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<sup>1</sup> Investors should note that this website has not been reviewed by the SFC.