



# PRODUCT KEY FACTS

## BNP Paribas Funds Emerging Multi-Asset Income

April 2021

- ***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 Securities Services, Luxembourg Branch		
<b>Ongoing charges over a year#:</b>	Classic		1.68%
<b>Base currency:</b>	USD	<b>Dealing frequency:</b>	Daily
<b>Financial year end of this sub-fund:</b>	31 December	<b>Dividend policy:</b>	Capitalisation shares – No dividend distribution (income, if any, will be reinvested)
			Distribution shares - Dividend, if declared, will be paid
			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		

# The ongoing charges figure is calculated based on the expenses for the period ended 31 December 2020. 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

The sub-fund seeks to increase the value of its assets over the medium-term for the Capitalisation shares and provide regular income in the form of dividend and on a secondary basis, generate capital growth for Distribution shares.

### Strategy

The sub-fund invests at least 70% of its assets in emerging markets defined as non Organisation for Economic Co-operation and Development countries prior to 1 January 1994 (such as China, Brazil, Mexico), together with Turkey and Greece, and maximum 30% of its assets in other markets in asset classes described in the below list.

The sub-fund aims to invest directly in these different asset classes, but may also invest indirectly in these asset classes through investment in other collective investment schemes of up to 10% of its net asset value.

An essential feature of the investment policy is that the proportions between and within the different asset classes in the sub-fund are variable. The asset class mix will change based on the Investment Manager's medium term and short terms views on the economic cycle. The Investment Manager will also take into account the sustainability of the dividends in driving the asset class mix.

The sub-fund may invest up to 80% of its NAV in equities and the remaining assets in debt securities or vice versa, i.e. up to 80% of its NAV in debt securities and the remaining assets in equities.

The following list shows the allowable bandwidths across the different asset classes:

1. Equity securities listed in emerging markets such as China, Brazil and Mexico (up to 80%);
2. Debt securities (up to 80%), which include:
  - Government Bonds (up to 80%)
  - High Yield Bonds (up to 50%)
  - Corporate Bonds (up to 50%)
  - Structured Debt Securities such as asset backed securities (up to 20%)
  - Convertible Bonds (Up to 20%);
3. Money market instruments such as US short term Treasury bonds (T-notes) and high quality commercial papers (up to 80% which will only be held on a temporary basis in case of exceptional circumstances (e.g. market crash or major crisis) for decreasing the risk in the portfolio); and
4. Commodities (up to 20%, the sub-fund does not hold commodities directly but through indices).

The sub-fund does not have requirement on the credit rating of the underlying debt securities and may invest up to 50% of its NAV in debt securities rated below investment grade by Standard & Poor's or the equivalent by Moody's or Fitch or unrated securities. The sub-fund is not subject to any limitation on the portion of its NAV that may be invested in any one country or region.

The sub-fund may invest in less than 30% 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.

The investment manager will take an active management approach with flexibility to express views, as well as to take potential advantage of investment opportunities based on market conditions, economic fundamentals, security valuations and potential positive re-ratings etc. which may lead them to invest in less than 30% of the Fund's net asset value in one sovereign issuer. To achieve the investment objective and to make use of the best risk-return investment opportunities, the fund may invest more than 10% (but less than 30%) of its net assets in

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debt securities issued and/or guaranteed by a single unrated or below investment grade sovereign issuer (e.g. Turkey and Argentina which are, as at the date of this document, unrated or rated below investment grade) on the basis of, for example, economic fundamentals, country risk, security valuation and other compelling investment performance rationale. Furthermore, by having the flexibility highlighted above, it will mean the Fund will not have to be a forced seller in the event that the credit rating of a sovereign issuer which is held within the Fund is downgraded to below investment grade.

In respect of the above investments limits, the sub-fund's overall exposure (via both direct and indirect investments) to mainland China securities will be less than 30% of its assets by investments in (i) "China A-Shares" via the Stock Connect, (ii) P-notes and (iii) debt securities traded on the China Interbank Bond market.

Under exceptional circumstances (e.g. market crash or major crisis), the sub-fund may be invested temporarily up to 80% in liquid assets such as money market instruments, bank deposits, certificate of deposit, commercial paper and treasury bills for cash flow management.

In the event the portfolio ends up with any distressed securities as a result of a restructuring event or any event beyond the control of the company, the Investment Manager will assess the situation and, if he believes necessary, promptly adjust the composition of the portfolio in order to preserve the best interest of the shareholders. In any case distressed securities will never represent more than 10% of the assets.

The asset allocation of the sub-fund will change according to the investment manager's views of fundamental economic and market conditions and investment trends across the globe, taking into consideration factors such as liquidity, costs, timing of execution, relative attractiveness of individual securities and issuers available in the market.

The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance criteria in the investment process of the sub-fund.

Repurchase transactions, reverse repurchase transactions and similar over-the counter transactions are used for efficient portfolio management up to 100% of the NAV with the aim of raising short term capital in order to enhance the liquidity of the sub-fund.

The sub-fund does not currently intend to enter into securities lending.

### 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.

#### Asset Allocation Risk

- The performance of the sub-fund is dependent on the success of the asset allocation strategy employed by the sub-fund. There is no assurance that the strategy employed by the sub-fund will be successful. In adverse situation, the sub-fund's asset allocation strategy may become ineffective and may result in losses to the sub-fund. The investments of the sub-fund may be periodically rebalanced and therefore may incur greater transaction costs than a fund with static allocation strategy.

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### Emerging Market Risk

- The sub-fund invests in emerging markets. Investing in emerging markets is likely to be subject to a higher than average volatility, less liquidity and greater sensitivity than investing in more developed markets due to, among other factors, greater uncertainty, greater political, tax, economic, social, foreign exchange, liquidity and regulatory risks. The price fluctuations of the investments are often amplified in the short term and the value of investments of the sub-fund may go down.

### Risk related to Equity Markets

- 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. The value of investments of the sub-fund may go down and it is possible that investors will not recover their initial investment.

### Credit Risk

- The ability of bond issuer to honour its commitments depends on the financial condition of the issuer. An adverse change in the financial condition of the issuer could lower the quality of the bonds, leading to greater price volatility of the bonds. The sub-fund may be subject to the risk that the bond issuer not making payment on interest and principal of the bonds, causing the value of the investment to go down.
- In the event of the default of bond issuer, the sub-fund may experience both delays in liquidating the bonds and losses including a decline in value of the bonds during the period when the sub-fund seeks to enforce its rights.
- Downgrades of a rating of bond issue or issuer may lead to a drop in the value of bonds in which the sub-fund has invested. Such bonds may have less liquidity, making it more difficult to sell and their values may be more volatile.

### Counterparty Risk

- This risk is associated with the ability of a counterparty in a financial transaction to fulfil its commitments like payment, delivery and reimbursement. The sub-fund may be exposed to significant losses in the event of a counterparty default.

### Interest Rate Risk

- The value of an investment may be affected by interest rate fluctuations. Interest rates may be influenced by several elements or events, such as monetary policy, the discount rate, inflation, etc. An increase in interest rates may result in a decrease in the value of investments in bonds and debt instruments and the value of investments of the sub-fund may go down.

### 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.

### Downgrading risk for investment grade debt securities

- Investment grade debt securities face the risk that their ratings can be downgraded by the rating agencies during when these securities are invested by the sub-fund. Downgrading of a particular security may lead to reduced value of the security concerned and may result in losses to the sub-fund.

### Risk in connection with Investments in Non-Investment Grade and/or Unrated Debt Securities

- The sub-fund may invest in non-investment grade and/or unrated debt securities. Investing in non-investment grade and/or unrated debt securities may subject the sub-fund to higher credit risk/risk of

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default than investment grade debt securities. Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times. The sub-fund may be exposed to significant losses if the issuers of securities of the sub-fund default payments. The market of non-investment grade and/or unrated debt securities may be less active, making it more difficult to sell the securities. Valuation of such securities is more difficult and thus the sub-fund's price may be more volatile.

### **Currency Exchange Risk**

- The sub-fund may hold assets denominated in currencies that differ from the base currency, 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. When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective and the sub-fund's value may be adversely affected.

### **Risk relating to repurchase agreements**

- In the event of the failure of the counterparty with which collateral has been placed, the sub-fund may suffer loss as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **Risk relating to reverse repurchase agreements**

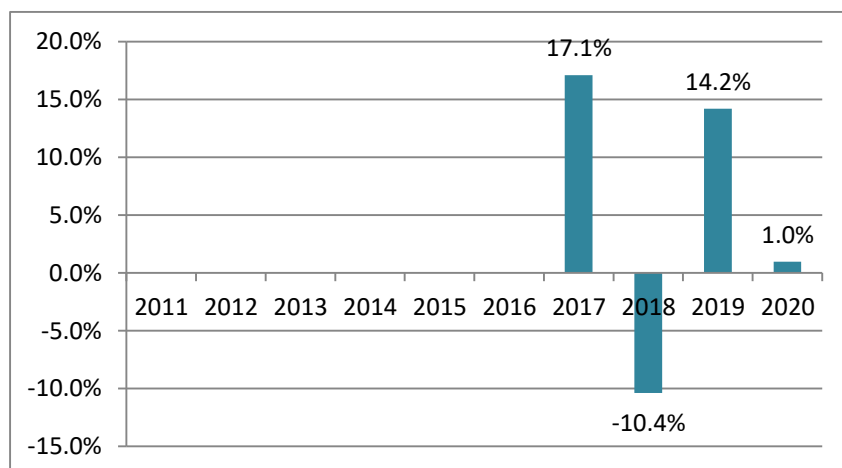
- In the event of the failure of the counterparty with which collateral has been placed, the sub-fund may suffer loss as there may be delays in recovering cash placed out or difficulty in realising the collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral or market movements.

### **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.
- The distribution amount and NAV of the hedged share class may be adversely affected by differences in the interest rates of the reference currency of the hedged share class and the sub-fund's base currency, resulting in an increase in the amount of distribution that is paid out of capital and hence further negative impact on capital than other non-hedged share classes.

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### 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 USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- BNP Paribas Funds Emerging Multi-Asset Income launch date: 25 April 2016
- Classic Capitalisation share class launch date: 25 April 2016

### Is there any guarantee?

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

### 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</b>	Up to 3% of the net asset value of the relevant share class subscribed

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### (Entry cost)

<b>Switching fee (Conversion fee)</b>	Up to 1.5% of the net asset value of the relevant share class converted
<b>Redemption fee (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 1.25%
<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> (Other costs cover the general asset custody expenses payable to the custodian and the daily administration expenses)	Up to 0.35% for all share categories

### Other fees

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

## 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 <http://www.bnpparibas-am.hk>.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the website at <http://www.bnpparibas-am.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 <http://www.bnpparibas-am.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.