



**BNP PARIBAS**  
**INVESTMENT PARTNERS**

## **BNP PARIBAS ISLAMIC FUND**

*A Mutual Investment Fund  
organised under Luxembourg Law*

### **PROSPECTUS**

**NOVEMBER 2015**

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

The business of the Fund shall at all times be conducted in a manner that complies with written guidelines relating to Islamic Sharia criteria. Any reference to securities, transferable securities, "Master Fund", financial instruments, issuer, borrowings, loans, deposits, dividends and Islamic hedging instruments (derivatives can be used for hedging purposes only, subject that documentation related to such derivatives is compliant with Islamic principles) shall mean Sharia-compliant transferable securities, Master Funds, etc... The requirements of the Islamic Sharia are broadly that 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 which is so attributed 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 the Arab World Institute ("Institut du Monde Arabe" or "IMA"), Paris, or any other charities with no direct or indirect benefit accruing to the Fund as decided from time to time at the absolute discretion of the Management Company. 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.

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## **INFORMATION REQUESTS**

BNP Paribas Investment Partners Luxembourg  
33, rue de Gasperich,  
L-5826 Hesperange,  
Grand-Duchy of Luxembourg

## **NOTICE**

This Prospectus may not be used for the purpose of an offer or solicitation to sell in any country or any circumstance in which such an offer or entreaty is not authorised.

The Fund is approved as an Undertaking for Collective Investment in Transferable Securities (UCITS) in Luxembourg. It is specifically authorised to market its units in Ireland, Luxembourg, Austria, France, Singapore, Switzerland and United Kingdom. Not all the sub-funds, categories, or classes of units are necessarily registered in these countries. It is vital that before subscribing, potential investors ensure that they are informed about the sub-funds, categories, or classes of units that are authorised to be marketed in their country of residence and the constraints applicable in each of these countries.

In particular, the Fund's units have not been registered in accordance with any legal or regulatory provisions in the United States of America. Consequently, this document may not be introduced, transmitted or distributed in that country, or its territories or possessions, or sent to its residents, nationals, or any other companies, associations, employee benefit plans or entities whose assets constitute employee benefit plan assets whether or not subject to the United States Employee Retirement Income Securities Act of 1974, as amended (collectively, "Benefit Plans"), or entities incorporated in or governed by the laws of that country. Furthermore, the Fund's units may not be offered or sold to such persons.

In addition, no one may issue any information other than that presented in the Prospectus or the documents mentioned in it, which may be consulted by the public. The Management Company vouches for the accuracy of the information contained in the Prospectus on the date of publication.

Lastly, the Prospectus may be updated to take account of additional or closed sub-funds or any significant changes to the Fund's structure and operating methods. Therefore, subscribers are recommended to request any more recent documents as mentioned below under "Information for Unitholders". Subscribers are also recommended to seek advice on the laws and regulations (such as those relating to taxation and exchange control) applicable to the subscription, purchase, holding and redemption of units in their country of origin, residence or domicile.

The Prospectus is only valid if accompanied by the latest audited annual report as well as the latest interim report if the latter is more recent than the annual report.

If there is any inconsistency or ambiguity regarding the meaning of a word or sentence in any translation of the Prospectus, the English version shall prevail.

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An information section is available relating to each particular sub-fund. It specifies each sub-fund's investment policy and objective, the features of the units, their accounting currency, valuation day, methods of subscription, redemption and/or conversion, applicable fees, and, if applicable, the history and other specific characteristics of the sub-fund in question. Investors are reminded that, unless otherwise stated in Book II, the general regulations stipulated in Book I will apply to each sub-fund.

**NOTE:** This appendix provides additional information for investors resident, who have permanent residence or registered office in the Federal Republic of Germany. The shares are based solely on the information contained in this Prospectus, the most recently published annual report and, if published, the subsequent half-yearly report.

**For the following sub-funds of BNP PARIBAS ISLAMIC FUND no notification for distribution in the Federal Republic of Germany was submitted and shares in these sub-funds may NOT be offered to investors within the scope of the German investment law. As a consequence, the following sub-funds are NOT available to investors in Germany:**

**BNP PARIBAS ISLAMIC FUND – EQUITY ASEAN  
BNP PARIBAS ISLAMIC FUND – EQUITY OPTIMISER**

BNP Paribas Investment Partners Belgium S.A., Zweigniederlassung Deutschland, Europa-Allee 12, 60327 Frankfurt am Main, has undertaken the function of Information Agent in the Federal Republic of Germany (hereinafter the “German Information Agent”).

Applications for the redemptions and conversion of shares may be sent to BNP Paribas Securities Services, Luxembourg Branch, 60, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg (hereinafter “the Paying Agent”).

All payments to investors, including redemption proceeds and potential distributions may, upon request, be paid through the Paying Agent.

The prospectus, the key investor information documents, the articles of association of the company and the annual and semi-annual reports may be obtained, free of charge, in hardcopy form at the office of the German Information Agent during normal opening hours.

Issue, redemption and conversion prices of shares and any other information to the shareholders are also available, free of charge, from the Paying Agent.

No units of EU UCITS will be issued as printed individual certificates.

“The issue, redemption and conversion prices of shares are published on [www.bnpparibas-ip.de](http://www.bnpparibas-ip.de) and any other information to the shareholders will be published in Germany in the Federal Gazette (“[www.bundesanzeiger.de](http://www.bundesanzeiger.de)”).”

In addition, communications to investors in the Federal Republic of Germany will be by means of a durable medium (section 167 of the Investment Code) in the following cases:

- suspension of the redemption of the units,
- termination of the management of the fund or its liquidation,
- any amendments to the company rules which are inconstant with the previous investment principles, which affect material investor rights or which relate to remuneration and reimbursement of expenses that may be paid or made out of the asset pool,
- merger of the fund with one or more other funds and
- the change of the fund into a feeder fund or the modification of a master fund.

# BOOK I OF THE PROSPECTUS

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## GENERAL INFORMATION

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### REGISTERED OFFICE

BNP PARIBAS ISLAMIC FUND  
33 rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### MANAGEMENT COMPANY

BNP Paribas Investment Partners Luxembourg  
33 rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

BNP Paribas Investment Partners Luxembourg is a Management Company as defined by Chapter 15 of the Luxembourg Law of 17 December 2010 concerning undertakings for collective investment.

The Management Company performs the administration, portfolio management and marketing duties.

### THE MANAGEMENT COMPANY'S BOARD OF DIRECTORS

#### Chairman

Mr Marc RAYNAUD, Head of Global Funds Solutions, BNP Paribas Investment Partners, Paris

#### Members

Mrs. Sylvie BAIJOT, Deputy Chief Executive Officer, BNP Paribas Investment Partners Luxembourg, Hesperange  
Mr. Pascal BIVILLE, Head of Strategy and Finance, BNP Paribas Investment Partners, Paris  
Mr. Stéphane BRUNET, Chief Executive Officer, BNP Paribas Investment Partners Luxembourg, Hesperange  
Mr. Anthony FINAN, Head of Marketing, Communication & Group Networks, BNP Paribas Investment Partners, Paris  
Mr. Carlo THILL, Chairman of the Management Board, BGL BNP Paribas Luxembourg, Luxembourg

### NAV CALCULATION

BNP Paribas Investment Partners Luxembourg  
33 rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### TRANSFER AGENT, BEARER SHARES DEPOSITARY AND REGISTRAR

BNP Paribas Securities Services- Luxembourg branch  
33 rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### DEPOSITARY / PAYING AGENT

BNP Paribas Securities Services - Luxembourg branch  
33 rue de Gasperich  
L-5826 Hesperange  
Grand Duchy of Luxembourg

### INVESTMENT MANAGER

- **THEAM S.A.S**  
1 boulevard Haussman, F-75009 Paris, France  
A French company, incorporated on 27 December 1999
- **BNP Paribas Investment Partners 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**

- (a) Sheikh Nizam Yaquby
- (b) Dr. Abdul Sattar Abu Ghuddah
- (c) Dr. Mohamed Daud Bakar

**INDEPENDENT AUDITOR**

PricewaterhouseCoopers Société Coopérative  
2, rue Gerhard Mercator  
B.P. 1443  
L-2182 Luxembourg  
Grand Duchy of Luxembourg

**AMENDMENTS TO THE MANAGEMENT REGULATIONS**

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 8 December 2014, with publication of a notice in the *Mémorial*.

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](http://www.rcsl.lu)).

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## TERMINOLOGY

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For purposes of this document, the following terms shall have the following meanings. The below terminology is a generic list of terms. Some of them may therefore not be used in the present document.

<b><u>Accounting Currency:</u></b>	Currency in which the assets of a sub-fund are stated for accounting purposes, which may be different of the unit category valuation currency
<b><u>Active Trading:</u></b>	Subscription, conversion, or redemption in the same sub-fund over a short period of time and involving substantial amounts, usually with the aim of making a quick profit. This activity is prejudicial to other unitholders as it affects the sub-fund's performance and disrupts management of the assets.
<b><u>ASEAN countries:</u></b>	The following countries are deemed to be part of the ASEAN (Association of South East Asian Nations): Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.
<b><u>Authorised Investors:</u></b>	Investors specially approved by the Management Company
<b><u>Circular 08/356:</u></b>	Circular issued by the CSSF on 4 June 2008 concerning the rules applicable to undertakings for collective investment when they utilise certain techniques and instruments based on transferable securities and money market instruments. This document is available on the CSSF website ( <a href="http://www.cssf.lu">www.cssf.lu</a> ).
<b><u>Circular 11/512:</u></b>	Circular issued by the CSSF on 30 May 2011 concerning: a) The presentation of the main regulatory changes in risk management following the publication of the CSSF Regulation 10-4 and ESMA clarifications; b) Further clarification from the CSSF on risk management rules; c) Definition of the content and format of the risk management process to be communicated to the CSSF. This document is available on the CSSF website ( <a href="http://www.cssf.lu">www.cssf.lu</a> ).
<b><u>Commodities Investments:</u></b>	Investments in instruments based on commodities
<b><u>Closed-ended REIT:</u></b>	Real Estate Investment Trust which complies with the provisions of article 2 of the Grand Ducal Regulation dated 8 February 2008, the units of which are listed on a Regulated Market is classified as a transferable security listed on a Regulated Market, investments in closed-ended REITs which are not listed on a Regulated Market, are currently limited to 10% of the net assets of a sub-fund.
<b><u>CSSF:</u></b>	<i>Commission de Surveillance du Secteur Financier</i> , the regulatory authority for UCI in the Grand Duchy of Luxembourg
<b><u>Currencies:</u></b>	
<b><u>CHF:</u></b>	Swiss Franc
<b><u>EUR:</u></b>	Euro
<b><u>GBP:</u></b>	Pound Sterling
<b><u>USD:</u></b>	United States Dollar
<b><u>Dealing Day:</u></b>	means such Business Day or Business Days as the Management Company may determine and notify in advance to Unitholders and as is or are specified in Book II for the relevant Fund provided there will be at least one Dealing Day per fortnight;
<b><u>Directive 78/660:</u></b>	European Council Directive 78/660/EEC of 25 July 1978 concerning the annual accounts of certain forms of companies, as amended
<b><u>Directive 83/349:</u></b>	European Council Directive 83/349/EEC of 13 June 1983 concerning consolidated accounts, as amended
<b><u>Directive 2003/48:</u></b>	European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments
<b><u>Directive 2004/39:</u></b>	European Council Directive 2004/39/EC of 21 April 2004 on markets in financial instruments
<b><u>Directive 2006/48:</u></b>	European Council Directive 2006/48/EC of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions
<b><u>Directive 2009/65:</u></b>	European Council Directive 2009/65/EC of 13 July 2009 regarding the coordination of legislative, regulatory and administrative provisions concerning undertakings for collective investment in transferable securities (UCITS IV)
<b><u>Distribution Fee:</u></b>	Fee calculated and deducted monthly from the average net assets of a sub-fund, unit category, or unit class, paid to the Management Company and serving to cover remuneration of the distributors, supplemental to the unit of the management fee that they receive
<b><u>EEA:</u></b>	European Economic Area
<b><u>Emerging markets:</u></b>	non OECD countries prior to 1 January 1994 together with Turkey
<b><u>ESMA:</u></b>	European Securities and Markets Authority
<b><u>ESMA/2011/112:</u></b>	Guidelines to competent authorities and UCITS management companies on risk measurement and the calculation of global exposure for certain types of structured UCITS issued by the ESMA on April 14, 2011. This document is available on the ESMA website ( <a href="http://www.esma.europa.eu">www.esma.europa.eu</a> ).
<b><u>Extraordinary Expenses:</u></b>	Expenses other than management, performance, distribution and other fees described below borne by each sub-fund. These expenses include but are not limited to Sharia supervisory committee fees, legal fees, taxes, assessments or miscellaneous fees levied on sub-funds and not considered as ordinary expenses.
<b><u>Fatwa:</u></b>	Legal opinion or ruling issued by an Islamic scholar
<b><u>Fund Name:</u></b>	BNP PARIBAS ISLAMIC FUND

<b><u>GCC:</u></b>	Gulf Cooperation Council, a political and economic union of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
<b><u>Indirect Fee:</u></b>	Ongoing charges incurred in underlying UCITS and/or UCIs the Fund is invested in and included in the Ongoing Charges mentioned in the KIID
<b><u>Institutional Investors:</u></b>	Legal entities who hold their own account or hold an account on behalf of physical persons in connection with a group savings scheme or an equivalent scheme and UCI. Portfolio managers subscribing within the scope of discretionary individual portfolios management mandates are not included in this category ("Managers").
<b><u>Investment Grade:</u></b>	These bond investments correspond to the ratings assigned by the rating agencies for borrowers rated between AAA and BBB- on the Standard & Poor's or Fitch rating scale and Aaa and Baa3 on the Moody's rating scale. In the case of securities rated by two agencies, the best rating among the two available will be taken. In the case of securities rated by three agencies, the two best ratings among the three available will be taken.
<b><u>KIID:</u></b>	Key Investor Information Document
<b><u>Law:</u></b>	Luxembourg law of 17 December 2010 concerning undertakings for collective investment. This law implements Directive 2009/65/EC (UCITS IV) of 13 July 2009 into Luxembourg law.
<b><u>Law of 10 August 1915:</u></b>	Luxembourg law of 10 August 1915 on commercial companies, as amended
<b><u>Management Fee:</u></b>	Fee calculated and deducted monthly from the average net assets of a sub-fund, unit category, or unit class, paid to the Management Company and serving to cover remuneration of the asset managers and also distributors in connection with the marketing of the Fund's units.
<b><u>Managers:</u></b>	Portfolio managers subscribing within the scope of discretionary individual portfolios management mandates.
<b><u>Market Timing:</u></b>	Arbitrage technique whereby an investor systematically subscribes and redeems or converts units or shares in a single UCITS within a short space of time by taking advantage of time differences and/or imperfections or deficiencies in the system of determining the NAV of the UCITS. This technique is not authorised by the Management Company.
<b><u>Money Market Instruments:</u></b>	Instruments normally dealt on the money market that are liquid and whose value can be accurately determined at any time.
<b><u>NAV:</u></b>	Net Asset Value
<b><u>OECD:</u></b>	Organisation for Economic Co-operation and Development
<b><u>Other Fees:</u></b>	Fees calculated and deducted monthly from the average net assets of a sub-fund, unit category, or unit class and serving 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, interest and bank fees, extraordinary expenses, and the <i>taxe d'abonnement</i> in force in Luxembourg, as well as any other specific foreign tax and other regulators levy.
<b><u>Performance Fee:</u></b>	The positive difference between the annual performance of the sub-fund/category/class (i.e. over the accounting year) and the hurdle rate (this can be a reference index performance, a fixed rate or another reference). This fee is payable to the Management Company. The performance fee will be calculated daily and provision will be adjusted on each valuation day during the financial year with the application of the "high water mark with hurdle rate" method. Hurdle rate means the performance of a reference index (or other references) as specified at the level of the sub-fund/category/class whereas high water mark means the highest NAV of the sub-fund/category/class as at the end of any previous financial year on which performance fees becomes payable to the Management Company, after deducting any performance fee. Performance fee will be accrued if the performance of the sub-fund/category/class exceeds the hurdle rate and the high water mark. Furthermore, if units are redeemed during the financial year, the fraction of the provisioned performance fee that corresponds to the total amount redeemed shall be granted and shall be paid at the end of the financial year.
<b><u>Prospectus:</u></b>	The present document
<b><u>Real Estate Investments:</u></b>	Investments in Real Estate certificates, shares of companies linked to Real Estate, closed-ended REITs.
<b><u>Reference Currency:</u></b>	Main currency when several valuation currencies are available for a same unit category
<b><u>Regulated Market:</u></b>	means any stock exchange or regulated market in the EU or a stock exchange or regulated market which is set forth in Appendix 3 to this Prospectus, or such other markets as the Management Company may from time to time determine in accordance with the Regulations
<b><u>Sharia Supervisory Committee:</u></b>	means the supervisory committee appointed to provide periodic supervision and adjudication of all Sharia matters to the Fund;
<b><u>STP:</u></b>	Straight-Through Processing, process transactions to be conducted electronically without the need for re-keying or manual intervention
<b><u>UCI:</u></b>	Undertaking for Collective Investment
<b><u>UCITS:</u></b>	Undertaking for Collective Investment in Transferable Securities
<b><u>Valuation Currenc(ies):</u></b>	Currency in which the net asset values of a sub-fund, unit category, or unit class are calculated. There may be several valuation currencies for the same sub-fund, unit category, or unit class (so called "Multi-Currency" facility). When the currency available in the unit category, or unit class is different



from the accounting currency, subscription/conversion/redemption orders may be taken into account without suffering exchange rate charges.

**Valuation Day:**

Each open bank day in Luxembourg and subject to exceptions available in the Book II.

It corresponds also to:

- Date attached to the NAV when it is published
- Trade date attached to orders
- With regards to exceptions in the valuation rules, closing date prices used for the valuation of the underlying assets in the sub-funds' portfolios

**VaR:**

Value-at-Risk, specific risk valuation method of a sub-fund (see Appendix 3)

**Sukuk:**

Sharia compliant fixed income securities that represent undivided shares in the ownership of underlying assets.

# BNP PARIBAS ISLAMIC FUND

## BOOK I OF THE PROSPECTUS

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### GENERAL PROVISIONS

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BNP Paribas Islamic Fund is a Sharia-compliant common 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 governing undertakings for collective investment as well as by Directive 2009/65.

The total net assets of the Fund are expressed in United States Dollars (“USD”) and are at all times equal to the total net assets of the various sub-funds. They are represented by fully paid-up units issued without a designated par value, described below under “The Units”. The net assets vary automatically without the notification and specific recording measures required for increases and decreases in the net assets of a common fund. Its minimum net assets are defined by the Law.

The Fund is an umbrella fund, which comprises multiple sub-funds, each with distinct assets (made up of transferable Sharia-compliant securities) and liabilities of the Fund. Each sub-fund shall have an investment policy and a reference currency that shall be specific to it as determined by the Management Company. The structure of the Fund entails the joint and undivided co-ownership of all the transferable securities and other assets of the Fund. It is managed in the interest of the joint owners, referred to in all documents as the “unitholders” by the Management Company. The unitholders of a sub-fund possess equal rights in relation to the sub-fund in which they hold units, proportional to the number of units they hold.

In accordance with Article 181 of the Law:

- the rights of unitholders and creditors in relation to a sub-fund or arising from the constitution, operation or liquidation of a sub-fund are limited to the assets of that sub-fund;
- the assets of a sub-fund are the exclusive property of unitholders in that sub-fund and of creditors where the credit arises from the constitution, operation or liquidation of the sub-fund;
- in relations between unitholders, each sub-fund is treated as a separate entity.

The Management Company may at any time create new sub-funds, investment policy and offering methods which will be communicated at the appropriate time by an update to the Prospectus. Unitholders may also be informed via press publications, if required by regulations or if deemed appropriate by the Management Company. Similarly, the Management Company may close sub-funds, in accordance with the provisions of Appendix 5.

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## ADMINISTRATION AND MANAGEMENT

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The Fund is directed and represented by the Management Company. The Management Company outsources management, audit and asset custody services. The roles and responsibilities associated with these functions are described below. The composition of the Board of Directors of the Management Company and the names, addresses and detailed information about the service providers are listed above in "General Information".

The Management Company, the Investment Managers, the Depositary, the Administrative agent, Distributors and other service providers and their respective affiliates, directors, officers and unitholders are or may be involved in other financial, investment and professional activities that may create conflicts of interest with the management and administration of the Fund. These include the management of other funds, purchases and sales of securities, brokerage services, depositary and safekeeping services, and serving as directors, officers, advisors or agents for other funds or other companies, including companies in which a sub-fund may invest. Each of the Parties will ensure that the performance of their respective duties will not be impaired by any such other involvement that they might have. In the event that a conflict of interest does arise, the Management Company and the relevant Parties involved shall endeavour to resolve it fairly, within reasonable time and in the interest of the Fund.

### **Management Company**

BNP Paribas Investment Partners Luxembourg was incorporated as a limited company (société anonyme) in Luxembourg on 19 February 1988. Its Articles of Association have been modified at various times, most recently at the Extraordinary General Meeting held on 31 July 2014 with publication in the *Mémorial* on 11 August 2014. Its share capital is EUR 3 million, fully paid up.

The Management Company performs administration, portfolio management and marketing tasks on behalf of the Fund.

Under its own responsibility and at its own expense, the Management Company is authorised to delegate some or all of these tasks to third parties of its choice.

It has used this authority to delegate:

- the functions of Transfer Agent, Depositary of bearer shares and Registrar to BNP Paribas Securities Services, Luxembourg branch;
- the management of the Fund's holdings, and the observance of its investment policy and restrictions, to the investment managers listed above in "General Information". A list of the investment managers effectively in charge of management and details of the portfolios managed are appended to the Fund's periodic reports. Investors may request an up-to-date list of investment managers specifying the portfolios managed by each.

In executing securities transactions and in selecting any broker, dealer, or other counterparty, the Management Company and any investment managers will use due diligence in seeking the best overall terms available. For any transaction, this will involve consideration of all factors deemed relevant, such as market breadth, security price and the financial condition and execution capability of the counterparty. An investment manager may select counterparties from within BNP Paribas so long as they appear to offer the best overall terms available. The investment managers are authorised to buy and sell blocks of Sharia-compliant securities for allocation to the structures managed by them.

In addition, the Management Company may decide to appoint Distributors/Nominees to assist in the distribution of the Fund's units in the countries where they are marketed.

Distribution and Nominee contracts will be concluded between the Management Company and the various Distributors/Nominees.

In accordance with the Distribution and Nominee Contract, the Nominee will be recorded in the register of unitholders in place of the end unitholders.

Unitholders who have invested in the Fund through a Nominee can at any time request the transfer to their own name of the units subscribed via the Nominee. In this case, the unitholders will be recorded in the register of unitholders in their own name as soon as the transfer instruction is received from the Nominee.

Investors may subscribe to the Fund directly without necessarily subscribing via a Distributor/Nominee.

The Management Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Fund if the investor is registered himself and in his own name in the unitholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in his own name but on behalf of the investor, it may not always be possible for the investor to exercise certain unitholder rights directly against the Fund. Investors are advised to take advice on their rights.

### **Depositary**

Custody and supervision of the Fund's assets are entrusted to a Depositary, which fulfils the obligations and duties prescribed by Luxembourg law.

In accordance with standard banking practices and current regulations, the Depositary may, under its responsibility, entrust some or all of the assets in its safekeeping to other banking establishments or financial intermediaries.

The Depositary must also:

- (a) ensure that the sale, issue, redemption, conversion and cancellation of the Fund's units are conducted in accordance with the Law and the Management Regulations;
- (b) ensure that the value of units is calculated in accordance with the Law and the Management Regulations;
- (c) carry out the instructions of the Management Company, unless they conflict with the Law and the Management Regulations;
- (d) ensure that in transactions involving the Fund's assets, any consideration is remitted to it within the usual time limits;
- (e) ensure that the Fund's income is applied in accordance with Management Regulations.

### **Auditor**

All the Fund's accounts and transactions are subject to an annual audit by the Auditor.

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## THE FUND'S SHARIA SUPERVISORY COMMITTEE

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A supervisory committee (the "Fund's Sharia Supervisory Committee") has been appointed by the Management Company to advise the Investment Manager on matters pertaining to the Sharia pursuant to a letter agreement between the Management Company, the Manager and the Fund's Sharia Supervisory Committee.

The role of the Fund's Sharia Supervisory Committee is to provide ongoing and continuous supervision and make final decisions in all matters pertaining to the Sharia for the Fund, including, but not limited to:

- (1) providing assistance to the Fund with respect to the development of the legal and operational structure of the Fund, including its investment objectives, criteria and strategy, such that they comply with the principles of the Sharia;
- (2) reviewing and ensuring that the legal and operational structure of the Fund/Sub-fund, including its investment objectives, criteria and strategy, comply with the principles of the Sharia and issuing an initial certificate at the launch of the Fund/Sub-fund declaring that the Fund/Sub-fund is in compliance with the Sharia;
- (3) providing ongoing support to the Fund in respect of questions or queries the investors and their representatives may raise in respect of the ongoing Sharia compliance of the Fund;
- (4) providing ongoing assistance to the Fund so that it remains in compliance with the principles of the Sharia and assistance in correcting and/or mitigating any potential errors; and
- (5) undertaking, on a quarterly basis, at a time and location mutually agreed by the Investment Manager and the Fund's Sharia Supervisory Committee, an audit of the Fund to ensure its operational activities and all investments transactions, its investment objectives, criteria and strategy, are or were made in accordance with the principles of the Sharia, and issuing a quarterly certificate declaring that the Fund is in compliance with the Sharia.

The Fund's Sharia Supervisory Committee reserves the right to make final decisions, with regard to the Sharia compliance of all business and investment activities of the Fund, as well as to interpret the results of the audit of the Fund's investment portfolios with regard to Sharia compliance.

The members of the Fund's Sharia Supervisory Committee (the "Members") are:

**Sheikh Nizam Yaquby** - *Independent Sharia Consultant, Manama, Bahrain* – Sheikh Nizam Yaquby is a renowned Sharia scholar and adviser to numerous Islamic banks and companies, including Abu Dhabi Islamic Bank, Islamic Investment Trust of the Gulf, Bahrain, and the Arab Islamic Bank, Bahrain, and iHilal Financial Services, Dubai, U.A.E. He pursued traditional Islamic studies in Mecca, India and Morocco under the guidance of eminent Islamic scholars including Sheikh Abdullah Al-Farisi and Sheikh Muhammad Saleh al-Abbasi. He has a BA in Economics and Comparative Religion from McGill University, Montreal, Quebec. He is a PhD candidate in Islamic Law at the University of Wales. Sheikh Yaquby has published several books on Islam and Islamic law and is a frequent speaker at Islamic conferences.

**Dr. Abdul Sattar Abu Ghuddah**, *Syria (based in Saudi Arabia)* - Dr. Abu Ghuddah is an Islamic Scholar educated in both Damascus and Al Azhar University, Egypt. He is a member of several Sharia Boards of financial institutions internationally, including The Dow Jones Islamic Index and has researched and published numerous papers on Islamic banking. Dr. Abu Ghuddah is a member of the International Islamic Fiqh Academy as well as the Islamic Accounting & Auditing Standards Board.

**Dr. Mohamed Daud Bakar** - *Malaysia* - Dr. Daud Bakar is an Islamic scholar educated at the University of Kuwait and the University of St. Andrews in Scotland. Dr. Daud Bakar is the Deputy Rector and an Associate Professor in Islamic Law, at the International Islamic University in Malaysia. He has published a considerable number of research papers and has participated in numerous seminars and conferences on Islamic banking and finance. Dr. Daud Bakar is also a Sharia consultant and adviser for several financial institutions around the world including, Bank Negara Malaysia (Central Bank of Malaysia) and the International Islamic Financial Market in Bahrain.

The Management Company has appointed the Members for the term of the Fund.

The Management Company may appoint or replace the Members from time to time pursuant to the Advisory Agreement between the Management Company, the Investment Manager and the Fund's Sharia Supervisory Committee (the "Advisory Agreement"). In any event, the Fund's Sharia Supervisory Committee shall at all times comprise a minimum of two Members.

The meetings of the Fund's Sharia Supervisory Committee shall be valid if attended by a minimum of two members. When the Committee is constituted by more than two members, a chairman shall be appointed by mutual agreement of the members, and resolutions, passed by a simple majority vote, shall be binding upon the Investment Manager.

The Investment Manager shall select investments for the Fund which are consistent with the advice given by the Fund's Sharia Supervisory Committee. Investment decisions shall not require the prior approval of the Fund's Sharia Supervisory Committee as long as the investments comply with the investment parameters established further to the Fund's Sharia Supervisory Committee advice.

The Investment Manager is authorised to execute its investment decisions on behalf of the Management Company through its local trading facilities and approved brokers, under the supervision of the Management Company.

The Investment Manager may consult any one member of the Fund's Sharia Supervisory Committee to determine whether the level of impure income of any company is material. The appointed member will respond within five working days. If the appointed member of the Fund's Sharia Supervisory Committee is unable to respond within five working days, the Investment Manager will act in good faith until the next official meeting of the Fund's Sharia Supervisory Committee.

Due to the fact that the investment parameters established by the Fund's Sharia Supervisory Committee are subject to interpretation and may be changed by the Committee itself, the Fund's Sharia Supervisory Committee or the Investment Manager may determine that a particular holding either is not or is no longer in line with the Sharia guidelines at that time, and require the holding to be liquidated as soon as reasonably possible but not later than three months after the date of notification by the Fund's Sharia Supervisory Committee or the date of such determination by the Investment Manager.

Furthermore, on the advice of the Fund's Sharia Supervisory Committee, the Investment Manager will estimate, in relation to each Sub-fund, the amounts ("impure income") attributable to activities by investee companies which are not in compliance with the Sharia principles and determine the appropriate proportion of such amounts by reference to the fund's holdings in each investee company. These amounts are expected to derive either from interest received by investee companies, or from incidental activities of investee companies which do not comply with the principles of Sharia according to the Fund's Sharia Supervisory Committee. In accordance with the Islamic Sharia, the amount of dividend income so attributed will be donated once a year by the Fund to the Arab World Institute ("Institut du Monde Arabe" or "IMA"), Paris, or any other charities with no direct or indirect benefit accruing to the Fund, as decided from time to time at the absolute discretion of the Management Company. This amount (if any) will be deposited into a separate account. 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.

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## INVESTMENT POLICY, OBJECTIVES, RESTRICTIONS AND TECHNIQUES

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The Fund's general objective is to provide its investors with the highest possible appreciation of capital invested while offering them a broad distribution of risks. To this end, the Fund will principally invest its assets in a range of transferable Sharia-compliant securities, but also in units or shares of Sharia-compliant UCIs, and in Sharia-compliant money market instruments, institution deposits, and financial derivative instruments denominated in various currencies and issued in different countries for hedging purposes only.

The Fund's investment policy is determined by the Management Company in light of current political, economic, financial and monetary circumstances. The policy will vary for different sub-funds, within the limits of, and in accordance with, the specific features and objective of each as stipulated in Book II.

The investment policy will be conducted with strict adherence to the principle of diversification and spread of risks. To this end, without prejudice to anything that may be specified for one or more individual sub-funds, the Fund will be subject to a series of investment restrictions as stipulated in Appendix 2. In this respect, the attention of investors is drawn to the investment risks described in Appendix 4.

The Management Company has adopted a corporate governance policy that includes voting at shareholders' meetings of companies in which sub-funds invest. The main principles governing the Management Company's voting policy relate to a company's ability to provide shareholders with transparency and accountability with respect to the shareholders' investments and that a company should be managed to assure growth and return of the shares over the long term. The Management Company shall execute the voting policy in good faith taking into account the best interest of the unitholders of the Fund. For further reference please consult also the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

Unless otherwise specified in each sub-fund's investment policy, no guarantee can be given on the realisation of the investment objectives of the sub-funds, and past performance is not an indicator of future performance.

## THE UNITS

### UNIT CATEGORIES AND CLASSES:

Within each sub-fund, the Management Company will be able to create the following unit categories, and classes of units ("categories" and "classes"):

<b>Category</b>	<b>Class</b>	<b>Registered</b>	<b>Bearer <sup>(1)</sup></b>	<b>Investors</b>	<b>Initial subscription price per unit <sup>(2)</sup></b>	<b>Minimum holding<sup>(3)</sup></b>
Classic	Capitalisation (CAP) Distribution (DIS)	Yes	Yes	All	100.- in the Reference Currencies	None
Privilege	Capitalisation (CAP) Distribution (DIS)	Yes	Yes	All	100.- in the Reference Currencies	Equivalent of USD 1 million per sub-fund <u>Managers:</u> none
I	Capitalisation (CAP) Distribution (DIS)	Yes	No	Institutional Investors UCIs	100.- in the Reference Currencies	<u>Institutional Investors:</u> Equivalent of USD 3 million per sub-fund or Equivalent of USD 10 million for the whole Fund  <u>UCIs:</u> none
I Plus	Capitalisation (CAP) Distribution (DIS)	Yes	No	Authorized Investors	100.- in the Reference Currencies	<u>Authorized investors:</u> Equivalent of USD 10 million per sub- fund
X	Capitalisation (CAP)	Yes	No	Authorised Investors	100.- in the Reference Currencies	None

(1) *Uncertificated*

(2) *Subscription fee excluded, if any*

(3) *At the discretion of the Management Company*

### Mono-Currency categories

The currency a given category is issued and valued in is indicated by the denomination of the category (for example "Classic USD" for a category issued and valued only in USD). Other characteristics of these sub-categories are the same as those of their mother-category in the same sub-fund.

### General dispositions available for all categories

The Management Company also has the option of adding new valuation currencies to existing categories or classes. Such a decision will not be published but the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com) and the next version of the prospectus will be updated accordingly.

The Management Company may also decide at any time to split or consolidate the units issued within one same sub-fund, category, or class into a number of units determined by the Management Company itself. The total net asset value of such units must be equal to the net asset value of the subdivided/consolidated units existing at the time of the splitting/consolidation event.

If the assets of a category/class fall below EUR 1.000.000 or equivalent, the Board of Directors reserves the right to liquidate it or merge it with another category/class if it decides it is in the best interest of shareholders.

Before subscribing, the investor should check in Book II which categories and classes are available for each sub-fund.

If it transpires that units are held by persons other than those authorised, they will be converted to the appropriate category, class or currency.

### Bearer units

New bearer units are issued in dematerialised form. Physical bearer units certificates issued in the past have to be immobilised to BNP Paribas Securities Services-Luxembourg branch on 18 February 2016 at the latest. Voting's rights and dividend's distribution attached to physical bearer shares are suspended as long as they are not immobilised. Physical bearer units not immobilised by 18 February 2016 shall be automatically cancelled.

### Registered units

The register of unitholders is kept in Luxembourg by the registrar indicated above in "General Information". Unless otherwise specified, unitholders whose units are held in registered form will not receive a certificate representing their units. Instead, they will be sent confirmation of their entry in the register.

The units must be fully paid-up, are issued without a par value. Unless otherwise indicated, there is no limitation on their number. The rights attached to the units are those described in the law of 10 August 1915, unless exempted by the Law.

Fractions of units may be issued up to one-thousandth of a unit.

The units of each sub-fund, category, or class have an equal right to the liquidation proceeds of the sub-fund, category, or class.

If no specific information is given by the investor, orders received will be processed in the reference currency of the category.

**Before subscription, investors are invited to seek information on the opening of the categories, their currencies and the sub-funds in which they are open.**

## **DIVIDENDS**

Capitalisation units retain their income to reinvest it.

The Management Company decides each year to pay a dividend, which is calculated in accordance with the limitations defined by law, Islamic Sharia Criteria, and the Management Regulations. In this respect, the Management Company reserves the right to distribute the net assets of each of the Fund's sub-funds up to the limit of the legal minimum net assets. The nature of the distribution (net investment income or capital) will be mentioned in the Fund's Financial Statements.

If, given market conditions, it is in the unitholders' interest not to distribute a dividend, and then no such distribution will be carried out.

If it deems it advisable, the Management Company may decide to distribute interim dividends.

The Management Company determines the payment methods for the dividends and interim dividends that are decided upon. Dividends will, in principle, be paid in the reference currency of the class (exchange costs incurred for payments in different currencies will be borne by the investor).

Declared dividends and interim dividends not collected by unitholders within a period of five years from the payment date will lapse and revert to the sub-fund concerned.

Interest will not be paid on declared and unclaimed dividends or interim dividends, which will be held by the Fund on behalf of the unitholders of the sub-fund for the duration of the legal limitation period.

## **SUBSCRIPTION, CONVERSION AND REDEMPTION OF UNITS**

### **Preliminary Information**

Subscriptions, conversions and redemptions of units are made with reference to their unknown net asset value (NAV). They may concern a number of units or an amount.

The Management Company reserves the right to:

- (a) refuse a subscription, or conversion request for any reason whatsoever in whole or in part;
- (b) redeem, at any time, units held by persons who are not authorised to buy or hold the Fund's units;
- (c) reject subscription, conversion or redemption requests from any investor who it suspects of using practices associated with Market Timing and Active Trading, and, where applicable, take the necessary measures to protect the other investors of the Fund, notably by charging an additional exit costs up to 2% of the order amount, to be retained by the sub-fund.

The Management Company is authorised to set minimum amounts for subscription, conversion, redemption and holding.

Subscriptions from entities which submit subscription applications and whose names show that they belong to one and the same group, or which have one central decision-making body, will be grouped together to calculate these minimum subscription amounts.

Should a unit redemption or conversion request, a merger/splitting procedure, or any other event, have the effect of reducing the number or the total net book value of the units held by a unitholder to below the number or value decided upon by the Management Company, the Management Company may redeem all the units.

In certain cases stipulated in the section on suspension of the calculation of the NAV, the Management Company is authorised to temporarily suspend the issue, conversion and redemption of units and the calculation of their net asset value.

The Management Company may decide, in the interest of the unitholders, to close a sub-fund, category and/or class for subscription or conversion in, under certain conditions and for the time it defines. Such a decision will not be published but the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com) will be updated accordingly.

**In connection with anti-money laundering procedures, the subscription form must be accompanied, in the case of an individual, by the identity card or passport of the subscriber, authenticated by a competent authority (for example, an embassy, consulate, notary, police superintendent) or by a financial institution subject to equivalent identification standards to those applicable in Luxembourg or the Management Regulations; and by an extract from the trade and companies register for a legal entity, in the following cases:**

1. direct subscription to the Fund;
2. subscription through a professional financial sector intermediary resident in a country that is not subject to an obligation for identification equivalent to Luxembourg standards as regards preventing the use of the financial system for the purposes of money laundering;
3. subscription through a subsidiary or branch office, the parent company of which would be subject to an obligation for identification equivalent to that required under Luxembourg law, if the law applicable to the parent company does not oblige it to ensure that its subsidiaries or branch offices adhere to these provisions.

The Management Company is also bound to identify the source of funds if they come from financial institutions that are not subject to an obligation for identification equivalent to those required under Luxembourg law. Subscriptions may be temporarily frozen pending identification of the source of the funds.

It is generally accepted that finance sector professionals resident in countries that have signed up to the conclusions of the FATF (Financial Action Task Force) on money laundering are deemed to have an obligation for identification equivalent to that required under Luxembourg law.

### **Processing of Personal Information**

In submitting a subscription request, the investor authorises the Management Company to store and utilise all of the confidential information that it may acquire on the investor with a view to managing its account or their business relationship. To the extent that this usage so requires, the investor also authorises the sharing of this information with different service providers of the Fund. It is to be noted that some service providers established outside of the European Union may be subject to less stringent rules on the safeguarding of information. The information may be used for purposes of filing, order processing, responding to unitholder requests, and providing them with information on other Fund products and services. The Management Company will not disclose confidential information on unitholders unless required to do so by specific regulations.

### **Subscriptions**

The units will be issued at a price corresponding to the net asset value per unit plus the entry costs as described in Book II.

For an order to be executed at the net asset value on a given valuation day, it must be received by the Management Company before the time and date specified in the detailed conditions for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next valuation day.



In order to be accepted by the Management Company, the order must include all necessary information relating to the identification of the subscribed units and the identity of the subscriber as described above.

Unless otherwise specified for a particular sub-fund, the subscription price of each unit is payable in one of the valuation currencies of the units concerned within the time period defined in Book II, increased, where necessary, by the applicable entry costs. At the unitholder's request, the payment may be made in a currency other than one of the valuation currencies. The exchange expenses will then be borne by the unitholder.

The Management Company reserves the right to postpone, and/or cancel subscription requests if it is not certain that the appropriate payment will reach the Depositary within the required payment time or if the order is incomplete. The Management Company or its agent may process the request by applying an additional charge to reflect actual cost; or cancelling the unit allotment, as applicable accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit. The units will not be assigned until the duly completed subscription request has been received accompanied by the payment or a document irrevocably guaranteeing that the payment will be made before the deadline. The Management Company cannot be held responsible for the delayed processing of incomplete orders.

Any outstanding balance remaining after subscription will be reimbursed to the unitholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be retained by the relevant sub-fund.

The Management Company will not accept the issue of units in exchange for the contribution in kind of transferable securities.

### **Conversions**

Without prejudice to the specific provisions of a sub-fund, category, or class, unitholders may request the conversion of some or all of their units into units of another sub-fund, category, or class. The number of newly issued units and the costs arising from the transaction are calculated in accordance with the formula described below.

Conversions are only permitted between the following categories:

<b>From \ To</b>	<b>Classic</b>	<b>Privilege</b>	<b>I</b>	<b>I Plus</b>	<b>X</b>
<b>Classic</b>	Yes	Yes	Yes	Yes	No
<b>Privilege</b>	Yes	Yes	Yes	Yes	No
<b>I</b>	Yes	Yes	Yes	Yes	No
<b>I Plus</b>	Yes	Yes	Yes	Yes	No
<b>X</b>	Yes	Yes	Yes	Yes	Yes

For a conversion order to be executed at the net asset value on a given valuation day, it must be received by the Management Company before the time and date specified for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next valuation day.

Conversion requests for bearer units can only be processed if accompanied by representative securities, if applicable, with unexpired coupons attached.

### **Conversion Formula**

The number of units allocated to a new sub-fund, category or class will be established according to the following formula:

$$A = \frac{B \times C \times E}{D}$$

- A* being the number of units to be allocated in the new sub-fund;  
*B* being the number of units of the original sub-fund to be converted;  
*C* being the prevailing net asset value per unit of the original sub-fund on the relevant Valuation Day;  
*D* being the prevailing net asset value per unit of the new sub-fund on the relevant Valuation Day; and  
*E* being the exchange rate applicable at the time of the transaction between the currencies of the two concerned sub funds

Investors will be charged for any foreign exchange transactions carried out at their request.

In the case of units held in account (with or without attribution of fractions of units), any outstanding balance remaining after conversion will be reimbursed to the unitholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be deemed belonging to the relevant sub-fund.

### **Redemptions**

Subject to the exceptions and limitations prescribed in the Prospectus, all unitholders are entitled, at any time, to have their units redeemed by the Fund.

For an order to be executed at the net asset value on a given valuation day, it must be received by the Management Company before the time and date specified in the conditions for each sub-fund in Book II. Orders received after this deadline will be processed at the net asset value on the next valuation day.

In order to be accepted by the Management Company, the order must include all necessary information relating to the identification of the units in question and the identity of the unitholder as described above.

Unless otherwise specified for a particular sub-fund, the redemption amount for each unit will be reimbursed in the subscription currency, less, where necessary, the applicable exit costs.

At the unitholder's request, the payment may be made in a currency other than the subscription currency of the redeemed units, in which case the exchange costs will be borne by the unitholder and charged against the redemption price.

The redemption price of units may be higher or lower than the price paid at the time of subscription (or conversion), depending on whether the net asset value has appreciated or depreciated in the interval.

The redemption proceeds will only be paid when the Depositary has received the bearer securities representing the redeemed units, with unexpired coupons attached, or a guarantee from an independent depositary of the forthcoming delivery of the securities.

The Management Company reserves the right to postpone redemption requests if the order is incomplete. The Management Company cannot be held responsible for the delayed processing of incomplete orders.

Neither the Management Company nor the Custodian may be held responsible for any non-payment whatsoever resulting from the application of possible exchange controls or other circumstances beyond their control which may limit or render impossible the transfer of the redemption proceeds to other countries.

The Management Company will not pay the redemption price by the allocation in kind of transferable securities.

In the event that the total net redemption/conversion applications received for a given sub-fund on a Valuation Day equals or exceeds 10% of the net assets of the sub-fund in question, the Management Company may decide to split and/or defer the redemption/conversion applications on a pro-rata basis so as to reduce the number of units redeemed/converted to date to 10% of the net assets of the sub-fund concerned. Any redemption/conversion applications deferred shall be given in priority in relation to redemption/conversion applications received on the next Valuation Day, again subject to the limit of 10% of net assets.

In the case of units held in account (with or without attribution of fractions of units), any outstanding balance remaining after redemption will be reimbursed to the unitholder, unless the amount is less than EUR 15 or its currency equivalent, as the case may be. Amounts thus not reimbursed will be deemed belonging to the relevant sub-fund.

**Stock exchange listing**

By decision of the Management Company, the units of the sub-funds and categories of the Fund may be admitted to official listing on the Luxembourg Stock Exchange and/or as applicable on another securities exchange.

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## NET ASSET VALUE

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### CALCULATION OF THE NET ASSET VALUE PER UNIT

Each net asset value calculation will be made as follows under the responsibility of the Management Company:

1. The net asset value will be calculated as specified in Book II.
2. The net asset value per unit will be calculated with reference to the total net assets of the corresponding sub-fund, category, or class. The total net assets of each sub-fund, category, or class will be calculated by adding all the asset items held by each (including the entitlements or percentages held in certain internal sub-portfolios as more fully described in point 4, below) from which any related liabilities and commitments will be subtracted, all in accordance with the description in point 4, paragraph 4, below.
3. The net asset value per unit of each sub-fund, category, or class will be calculated by dividing its respective total net assets by the number of units in issue, up to two decimal places, except for those currencies for which decimals are not used and except for the sub-fund BNP Paribas Islamic Fund Hilal Income for which decimals will be calculated up to four decimals.
4. Whatever the number of categories, or classes created within a particular sub-fund, the total net assets of the sub-fund will be calculated at the intervals defined by Luxembourg Law, the Management Regulations, or the Prospectus. The total net assets of each sub-fund will be calculated by adding together the total net assets of each category, or class created within the sub-fund.
5. Without prejudice to the information in point 4, above, concerning entitlements and holding percentages, and without prejudice to the particular rules that may be defined for one or more particular sub-funds, the net assets of the various sub-funds will be valued in accordance with the rules stipulated below.

### COMPOSITION OF ASSETS

The Fund's assets primarily include:

- (1) Non-interest bearing cash in hand and non-remunerated deposits;
- (2) all notes and bills payable on demand and accounts receivable (including the results of sales of securities before the proceeds have been received);
- (3) all securities, units, shares, fixed income instruments or subscription rights and other investments and securities which are the property of the Fund;
- (4) all dividends and distributions to be received by the Fund in cash or securities that the Fund is aware of;
- (5) the Fund's formation expenses, insofar as these have not been written down;
- (6) all other assets, whatever their nature, including prepaid expenses.

### VALUATION RULES

The assets of each sub-fund shall be valued as follows:

- (1) 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;
- (2) 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;
- (3) 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 closing price on the Valuation Day, and, if the securities concerned are traded on several markets, on the basis of the most recent 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;
- (4) 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;
- (5) 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;
- (6) all liquid instruments may be valued at their nominal value;
- (7) 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. Decisions taken in this respect shall be included in the Book II.

### COMPOSITION OF LIABILITIES

The Fund's liabilities primarily include:

- (1) all non-interest bearing loans, matured bills and accounts payable;
- (2) all known liabilities, whether or not due, including all contractual obligations due and relating to payment in cash or kind, including the amount of dividends announced by the Fund but yet to be paid;
- (3) all reserves, authorised or approved by the Management Company, including reserves set up in order to cover a potential capital loss on certain of the Fund's investments;
- (4) any other undertakings given by the Fund, except for those represented by the Fund's equity. For the valuation of the amount of these liabilities, the Management Company shall take account of all the charges for which it is liable, including, without restriction, the costs of amendments to the Management Regulations, the Prospectus and any other document relating to the Fund, management, performance and other fees and extraordinary expenses, any taxes and duties payable to government departments and stock exchanges, the costs of financial charges, bank charges or brokerage incurred upon the purchase and sale of assets or otherwise. When assessing the amount of these liabilities, the Management Company shall take account of regular and periodic administrative and other expenses on a prorata temporis basis.

The assets, liabilities, expenses and fees not allocated to a sub-fund, category or class shall be apportioned to the various sub-funds, categories, or classes in equal parts or, subject to the amounts involved justifying this, proportionally to their respective net assets. Each of the Fund's units which is in the process of being redeemed shall be considered as a unit issued and existing until closure on the Valuation Day relating to the redemption of such unit and its price shall be considered as a liability of the Fund as from closing on the date in question until such time as the price has been duly paid. Each unit to be issued by the Fund in accordance with subscription applications received shall be considered as being an amount due to the Fund until such time as it has been duly received by the Fund. As far as possible, account shall be taken of any investment or divestment decided by the Fund until the Valuation Day.

### SUSPENSION OF THE CALCULATION OF NET ASSET VALUE AND THE ISSUE, CONVERSION AND REDEMPTION OF UNITS

Without prejudice to legal causes for suspension, the Management Company may at any time temporarily suspend the calculation of the net asset value of units of one or more sub-funds, as well as the issue, conversion and redemption in the following cases:

- (a) during any period when one or more currency markets, or a stock exchange, which are the main markets or exchanges where a substantial portion of a sub-fund's investments at a given time are listed, is/are closed, except for normal closing days, or during which trading is subject to major restrictions or is suspended;
- (b) when the political, economic, military, currency, social situation, or any event of *force majeure* beyond the responsibility or power of the Fund makes it impossible to dispose of one assets by reasonable and normal means, without seriously harming the unitholders' interests;
- (c) during any failure in the means of communication normally used to determine the price of any of the Fund's investments or the going prices on a particular market or exchange;
- (d) when restrictions on foreign exchange or transfer of capital prevents transactions from being carried out on behalf of the Fund or when purchases or sales of the Fund's assets cannot be carried out at normal exchange rates;
- (e) as soon as a decision has been taken to either liquidate the Fund or one or more sub-funds, categories or classes;
- (f) to determine an exchange parity under a merger, partial business transfer, splitting or any restructuring operation within, by or in one or more sub-funds, categories, or classes
- (g) for a "Feeder" sub-fund, when the net asset value, issue, conversion, or redemption of units, or shares of the "Master" sub-fund are suspended;
- (h) any other cases when the Management Company estimates by a justified decision that such a suspension is necessary to safeguard the general interests of the unitholders concerned.

In the event the calculation of the net asset value is suspended, the Management Company shall immediately and in an appropriate manner inform the unitholders who requested the subscription, conversion or redemption of the units of the sub-fund(s) in question.

In exceptional circumstances which could have a negative impact on unitholders' interests, or in the event of subscription, redemption or conversion applications exceeding 10% of a sub-funds' net assets, the Management Company reserves the right not to determine the value of a unit until such time as the required purchases and sales of securities have been made on behalf of the sub-fund. In that event, subscription, redemption and conversion applications in the pipeline will be processed simultaneously on the basis of the net asset value so calculated.

Pending subscription, conversion and redemption applications may be withdrawn by written notification provided that such notification is received by the Fund prior to lifting of the suspension. Pending applications will be taken into account on the first calculation date following lifting of the suspension. If all pending applications cannot be processed on the same calculation date, the earliest applications shall take precedence over more recent applications.

#### **SWING PRICING**

**In certain market conditions, taking account of the volume of purchase and sale transactions in a given sub-fund and the size of these transactions, the Management Company may consider that it is in the interest of unitholders to calculate the NAV per unit based on the purchase and sale prices of the assets and/or by applying an estimate of the difference between the buy and sell price applicable on the markets on which the assets are traded. The Management Company may further adjust the NAV for transaction fees and sales commissions, provided these fees and commissions do not exceed 1% of the NAV of the sub-fund at that time.**

#### **COSTS TO BE BORNE BY THE FUND**

The following costs will be charged to the Fund:

- remuneration of the Fund's Sharia Supervisory Committee;
- the annual registration tax, taxes or other fees payable to the supervisory authorities, and costs relating to the distribution of dividends (cf. Section "Tax Provisions");
- annual fees payable for stock exchange listing, if any;
- subscriptions to professional associations and other organisations that are part of the financial market of Luxembourg (hereafter referred to as the "Market") and which the Management Company will decide to join in the interest of the Fund and in that of its Unitholders.

Costs related to the establishment of any new Sub-fund will be borne by such new Sub-fund and amortised over a period of one year from the date of establishment of such Sub-fund or over any other period as the Management Company may determine, with a maximum of 5 years starting on the date of the Sub-fund's establishment.

In principle, these costs and expenses will be paid out of the assets of the various Sub-funds in proportion to their net assets.

The Management Company assumes its own operating expenses and reimbursement of reasonable expenses in relation to Board meetings.

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## TAX PROVISIONS

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### TAXATION OF THE FUND

At the date of the Prospectus, 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 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 recognised 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.

### TAXATION OF THE FUND'S INVESTMENTS

Some of the Fund's portfolio income, especially income in dividends, as well as certain capital gains, may be subject to tax at various rates and of different types in the countries in which they are generated. This income and capital gains may also be subject to withholding tax. Under certain circumstances, the Fund may not be eligible for the international agreements preventing double taxation that exist between the Grand Duchy of Luxembourg and other countries. Some countries will only consider that persons taxable in Luxembourg qualify under these agreements.

### TAXATION OF UNITHOLDERS

#### a) Residents of the Grand Duchy of Luxembourg

On the date of the Prospectus, the dividends earned and capital gains made on the sale of units by residents of the Grand Duchy of Luxembourg are not subject to withholding tax.

Dividends are taxable at the base rate.

Capital gains made on the sale of units are not subject to income tax if the units are held for a period of over six months, except in the case of resident unitholders holding over 10% of the units of the Fund.

#### b) Non-residents

In principle, according to current law and in the event that the provisions of Directive 2003/48 as specified in item c) below do not apply:

- the dividends earned and the capital gains made on the sale of units by non-residents are not subject to withholding tax;
- the capital gains made by non-residents on the sale of units are not subject to Luxembourg income tax.

Nevertheless, if there is a dual tax convention between the Grand Duchy and the unitholder's country of residence, the capital gains made on the sale of units are tax-exempt in principle in Luxembourg, with the taxation authority being attributed to the unitholder's country of residence.

#### c) Residents of another member state of the European Union, including the French overseas departments, the Azores, Madeira, the Canary Islands, the Åland Islands and Gibraltar.

Any individual who receives dividends from the Fund or the proceeds from the sale of units in the Fund through a paying agent based in a state other than the one in which he resides is advised to seek information on the legal and regulatory provisions applicable to him.

Most countries covered by Directive 2003/48 will report to the tax authorities in the state of residence of the beneficial owner of the income the amounts of income from debt claims included in the amount distributed by the Fund (if the sub-fund invests more than 15% of its assets in debt claims as defined by Article 6 of Directive 2003/48) or included in the capital gain from the sale, refund or redemption of units in the Fund (if the sub-fund invests more than 25% of its assets in debt claims as defined by Article 6 of Directive 2003/48).

Instead of such reporting, certain countries, including Austria and Switzerland, will generally apply a withholding tax on income paid to a beneficial owner resident in another member state. This withholding tax will be 35%. Such withholding will be taken into consideration for tax purposes by the tax authority of the state of residence of the individual, in accordance with applicable tax law. The beneficial owner may instruct the paying agent to submit to the information-exchange system or to use a tax certificate as an alternative to the withholding tax.

#### d) Residents of third countries or territories

In principle, no withholding tax is levied on income paid to residents of third countries or territories.

However, withholding tax is levied, in accordance with Directive 2003/48, on income paid out to beneficial owners resident in the Netherlands Antilles, Aruba, Guernsey, Jersey, the Isle of Man, the British Virgin Islands and Montserrat.

#### e) US Tax

Under the Foreign Account Tax Compliance Act ("FATCA") provisions which came into force as from 1<sup>st</sup> July 2014, in the case the Company invests directly or indirectly in US assets, income received from such US investments could be subjected to a 30% US withholding tax.

To avoid such withholding tax the United States have entered, on 28th March 2014, into an intergovernmental agreement (the "IGA") with the Grand Duchy of Luxembourg under which the Luxembourg financial institutions undertake due diligence to report certain information on their direct or indirect U.S. investors to the Luxembourg Tax authorities. Such information will be onward reported by the Luxembourg tax authorities to the U.S. Internal Revenue Service ("IRS"). The foregoing provisions are based on the Law and practices currently in force, and are subject to change. Potential investors are advised to seek information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment. The attention of investors is also drawn to certain tax provisions specific to individual countries in which the Fund publicly markets its units.

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## INFORMATION FOR UNITHOLDERS

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### **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.

This information is also available on the website: [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

### **Financial Year**

The Fund's financial year starts on 1<sup>st</sup> January and ends on 31<sup>st</sup> December.

### **Financial Reports**

The Fund publishes an annual report closed on the last day of the financial year, certified by the auditors, as well as a non-certified, semi-annual interim report closed on the last day of the sixth month of the financial year. The Fund is authorised to publish a simplified version of the financial report when required.

The financial reports of each sub-fund are published in the accounting currency of the sub-fund, although the consolidated accounts of the Fund are expressed in USD.

The annual report is made public within four months of the end of the financial year and the interim report within two months of the end of the half-year.

### **Documents for Consultation**

The Management Regulations, the Prospectus, the KIID, and 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.

Information on changes to the Fund will be published in the *Luxemburger Wort* newspaper and in any other newspapers deemed appropriate by the Management Company in countries in which the Management Company publicly markets the Fund's units.

Documents and information are also available on the website: [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

**SHARIA GUIDELINES**

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

The requirements of the Islamic Sharia are broadly that 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 the Arab World Institute ("Institut du Monde Arabe" or "IMA"), Paris, or any other charities with no direct or indirect benefit accruing to the Fund or any of its advisers, as decided from time to time, at the absolute discretion of the Management Company. 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.

The Fund will not invest in fixed income investments and moneys received on behalf of the Fund will not be held in interest-bearing bank accounts. Borrowings at interest are prohibited. Investments in companies which engage or are connected with certain activities (as set out below) are also prohibited under the Sharia.

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).



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## APPENDIX 2 – INVESTMENT RESTRICTIONS

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The restrictions described below apply to the Fund as a whole as well as to each sub-fund. If specific restrictions or particular derogations apply to specific sub-funds, these will be more extensively described in Book II of this prospectus.

The investment policy of each sub-fund shall comply with the rules and restrictions set out below.

To improve understanding of this section, the following definitions will apply:

**Regulated Market:** a market whose key characteristic is a clearing system, which implies the existence of a central market organisation for executing orders, and which is further distinguished by a general system for matching buy and sell orders permitting a single price, transparency and a neutral organiser

**Transferable Sharia-compliant securities:** Transferable securities compliant with Sharia Guidelines as described under Appendix I to the prospectus.

### A. The Fund may invest in:

- (1) Transferable Sharia-compliant securities listed or dealt in on a Regulated Market.
- (2) Transferable Sharia-compliant securities dealt in on another regulated market which operates regularly and is recognised and open to the public in a Member State of the European Union ("EU").
- (3) Transferable Sharia-compliant securities admitted to official listing on a stock exchange of a non-Member State of the EU or dealt in on another regulated market in a non-Member State of the EU that operates regularly and is recognised and open to the public;
- (4) Recently issued transferable Sharia-compliant securities provided:
  - the terms of issue include an undertaking that application shall be made for admission to official listing on an official stock exchange or on any other regulated market that operates regularly and is recognised and open to the public;
  - such admission is secured within one year of the first issue.
- (5) Units or shares in UCITS and/or other UCIs within the meaning of Article 1(2), first and second indents, of the Directive 2009/65, whether or not they have their head office in an EU Member State, provided such UCITS and/or other UCIs are compatible with Sharia principles and subject to the following conditions and restrictions:
  - these other UCIs have been approved in accordance with a law stipulating that such undertakings are subject to supervision the CSSF considers equivalent to the supervision provided for under Community legislation and cooperation between the authorities is adequately guaranteed;
  - the level of protection guaranteed to the unitholders or shareholders in such other UCIs is equivalent to that provided for the unitholders or shareholders in UCITS and, particularly, the rules on division of assets, borrowings, loans and short sales of transferable Sharia-compliant securities that comply with the requirements of Directive 2009/65;
  - the activities of such other UCIs are reported in semi-annual and annual reports permitting valuation of the assets and liabilities, profits and transactions during the period under review;
  - the aggregate proportion of assets of UCITS or other UCIs whose acquisition is contemplated which, in accordance with their incorporation documents, may be invested in the units or shares of other UCITS or UCIs does not exceed 10%.
- (6) Sharia-compliant money market instrument.
- (7) Sharia-compliant derivative instruments for hedging purposes only.

### B. Moreover, in each Sub-fund the Fund may:

- (1) invest up to 10% of the net assets of the Sub-fund in transferable Sharia-compliant securities other than those referred to in section A, points (1) to (4).
- (2) hold, on an ancillary basis, non-interest bearing cash and other cash-equivalent instruments.
- (3) borrow up to 10% of the Sub-fund's net assets provided this borrowing is without interest, i.e. done in accordance with Sharia principles.
- (4) acquire movables, and immovable property indispensable for the direct performance of its activity.

Without prejudice to the application of points A., B., and Appendix 3, a sub-fund may not grant credits or stand surety for a third party.

### C. As regards issuers of the net assets held by each sub-fund, the Fund shall moreover comply with the following investment restrictions:

#### (a) risk division rules

For the purpose of calculating the restrictions described under points (1) to (6) below, the companies included in the same group of companies shall be considered a single issuer.

Insofar as an issuer is a legal entity with several sub-funds where the assets of a given sub-fund are exclusively subject to the rights of investors in such sub-fund and of creditors with a claim arising from the creation, operation or liquidation of said sub-fund, each sub-fund must be considered a separate issuer for the application of the risk division rules.

#### Transferable Sharia-compliant securities

- (1) A sub-fund may not buy additional transferable Sharia-compliant securities from one and the same issuer if, after their purchase:
  - (i) more than 10% of its net assets are transferable Sharia-compliant securities issued by said entity;
  - (ii) the total value of the transferable Sharia-compliant securities from issuers in each of which it invests more than 5% exceeds 40% of its net asset value. This limit does not apply to deposits with financial institutions subject to prudential supervision.

- (2) The limit of 10% stipulated in point (1)(i) is raised to 20% if transferable Sharia-compliant securities are issued by the same group of companies.
- (3) The limit of 10% stipulated in point (1)(i) is raised to 35% if the transferable Sharia-compliant securities are issued or guaranteed by an EU Member State, by its regional authorities, by a third State or by international public organisations of which several EU Member States are a member.
- (4) The values mentioned under point (3) above are not taken into consideration when calculating the limit of 40% stipulated under point (1)(ii).

The limits stipulated in clauses (1), (2), and (3) cannot be combined; consequently, investments in Sharia-compliant transferable securities or money market instruments issued by a single entity, or in deposits or derivative instruments made with this entity in accordance with clauses (1), (2), and (3), may not in total exceed 35% of the sub-fund's assets.

Companies that are grouped together into a consolidated accounting entity as defined by Directive 83/349 or in accordance with recognised international accounting rules are considered as a single entity for the calculation of the limits stipulated in present clauses (1), (2), (3) and (4).

A single sub-fund may invest a cumulative total of up to 20% of its assets in Sharia-compliant transferable securities or money market instruments of a single group.

- (5) Without prejudice to the limits stipulated in section (b) below, the limits set out under point (1) are raised to 20% maximum for investments in non interest securities issued by any one entity if the purpose of the sub-fund's investment policy is to reproduce the composition of a precise stock which is recognised by the CSSF, based upon the following principles:
  - the composition of the index is adequately diversified;
  - the index provides a representative sample of its benchmark market;
  - it is published in an appropriate way.

The limit of 20% is raised to 35% when justified by exceptional market conditions, particularly on regulated markets dominated by certain transferable Sharia-compliant securities. Investment up to this limit is limited to one issuer only.

#### **Bank deposits**

- (6) The Fund may not invest more than 20% of the net assets of each sub-fund in deposits placed with the same entity. Such deposit will be not remunerated.

#### **Units in open-ended funds**

- (7) As defined in section A,
  - a) A sub-fund may acquire units, or shares in UCITS and/or other UCIs specified in clause A.5), provided that it is compatible with Sharia principles and that it does not invest more than 20% of its assets in a single UCITS or other UCI. For the purposes of the application of this investment limit, each sub-fund in a multi-sub-fund UCI, as defined by Article 181 of the Law, is considered as a separate issuer, provided that the principle of segregation of the commitments of the different sub-funds with regard to third parties is assured.
  - b) Investments in units, or shares of UCIs other than UCITS may not in total exceed 30% of the assets of a sub-fund. If a sub-fund has acquired units, or shares in UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits stipulated in point C here over, under item denominated "Transferable Sharia-compliant Securities".
  - c) Due to the fact that the Fund may invest in Sharia-compliant UCI units or shares, the investor is exposed to a risk of fees doubling (for example, the subscription, redemption, conversion, depositary, administration and management fees of the UCI in which the Fund is invested).  
A sub-fund may not invest in a UCITS, or other UCI (underlying), with a management fee exceeding 3% per annum. When a sub-fund invests in other UCITS, and/or other UCIs, which are managed, directly or by delegation, by the same management company or by any other company with which the management company is associated within the context of a management or control community, or significant direct or indirect ownership, the sub-fund will not incur any subscription or redemption fee for the units, or shares of these underlying assets.  
The maximum annual management fee payable directly by the sub-fund is defined in Book II.

#### **Master/Feeder Funds**

- (8) A sub-fund designed as "the Feeder" may invest:
  - a) at least 85% of its assets in units, or shares of another Sharia-compliant UCITS or another sub-fund of Sharia-compliant UCITS (the "Master");
  - b) up to 15% of its assets in one or more of the following:
    - cash, on an ancillary basis,
    - financial derivative instruments, which may be used only for hedging purpose, in accordance with point A. and Appendix 3;
    - movable and immovable property which is essential for the direct pursuit of its business.
    - A sub-fund may acquire units of one or more other sub-funds of the Fund (the target sub-fund), provided that:
      - the target sub-fund does not, in turn, invest in the sub-fund;
      - the proportion of assets that each target sub-fund invests in other target sub-funds of the Fund does not exceed 10%;

- any voting rights attached to the units of the target sub-funds shall be suspended as long as they are held by the sub-fund and without prejudice of appropriate treatment in the accounting and periodic reports;
- in all cases, as long as these target sub-fund units are held by the Fund, their value shall not be taken into account for the calculation of the net assets of the Fund for purposes of verifying the minimum threshold of net assets required by law;
- there shall be no duplication of management/subscription commissions or redemption between these commissions at the level of the sub-fund that invested in the target sub-fund and this target sub-fund.

#### **Combined limits**

(9) Notwithstanding the individual limits stipulated under points (1) and (6) above, a sub-fund may not combine:

- investments in non interest securities issued by the same entity,
- deposits with the same entity,

exceeding 20% of its net assets.

(10) The limits stipulated under points (1), (3), (6), and (9) above may not be combined. Consequently, the aggregate investments of each sub-fund in transferable Sharia-compliant securities issued by the same entity or in deposits of such entity traded with this entity in accordance with points (1), (3), (6), and (9) may not exceed 35% of the Net Asset Value of said sub-fund.

#### **(b) Limits on control**

(11) The Management Company may not buy shares with voting rights entitling it to exercise a significant influence over the issuer's management.

(12) The Management Company may not buy (i) more than 10% of the non-voting shares issued by any single issuer; or (ii) more than 25% of the units of any single UCITS and/or other UCI.

The maximum limits stipulated under points (11) and (12) do not apply to:

- Transferable Sharia-compliant securities issued or guaranteed by an EU Member State or its regional authorities;
- Transferable Sharia-compliant securities issued or guaranteed by a State which is not part of the EU;
- Transferable Sharia-compliant securities issued by international public organisations of which one or more EU Member States are a member;
- Shares held in the capital of a company in a third State not a member of the EU, provided (i) said company invests its assets mainly in the securities of issuers residing in said State if (ii) by virtue of the laws of said State, such an interest is the only way for the Fund to invest in the securities of issuers from said State, and (iii) the investment policy of said company complies with the rules on risk diversification and limits on control set out in section C, points (1), (3), (6), (7), (9), (10), (11) and (12) and section D;
- The shares held in the capital of subsidiaries carrying on management, consulting or marketing activities exclusively on behalf of the Fund in the country where the subsidiary is based, when buying back shares at the request of the Unitholders.

#### **D. The Fund shall moreover comply with the following investment restrictions per instrument:**

Aggregate investment in the units of UCIs other than UCITS may not exceed 30% of the Fund's Net Asset Value.

#### **E. Lastly, the Fund must make sure the investments of each Sub-fund comply with the following rules:**

- (1) The Fund may not buy commodities, precious metals or certificates representing the same.
- (2) The Fund may not use its assets to guarantee securities.
- (3) The Fund may not issue warrants or other instruments granting their holders the right to acquire Units in the Fund.
- (4) The Fund may not grant loans or offer guarantees to third parties. This restriction does not bar the purchase of transferable Sharia-compliant securities, or other financial instruments which are not fully paid up.
- (5) The Fund may not purchase securities on margin, except that it may obtain any short-term credit necessary for the clearance of purchase or sale of portfolio securities in accordance with Sharia principles.
- (6) The Fund may not use the Fund's assets to underwrite or sub-underwrite any securities with a view to placing them.

#### **F. Notwithstanding the above provisions:**

- (1) The foregoing limits do not apply when exercising subscription rights connected with transferable Sharia-compliant securities included in the portfolio of the Sub-fund in question.

- (2) If limits are exceeded for reasons beyond the Fund's control or as a result of the exercise of subscription rights, the Fund must aim, as a priority objective in its future sales transactions, to remedy that situation, taking due account of the interests of its Unitholders.

The Management Company has the right to determine other investment restrictions insofar as such limits are necessary to comply with the laws and regulations of the countries where the Fund's Units are offered or sold.

As a general rule, the Management Company reserves the right to introduce other investment restrictions at any time when indispensable for conforming to the laws and regulations in force in certain states where the Fund's units may be offered and sold. On the other hand, where permitted by current regulations applicable to the Fund, the Management Company reserves the right to exempt one or more sub-funds from one or more of the investment restrictions specified above, provided that it is compliant with Sharia rules and guidelines. These exceptions will be mentioned in the investment policies summarised in Book II for each of the sub-funds concerned.

**1. General Information**

The Fund may invest in Islamic Sharia-compliant financial derivative instruments **for hedging purposes only**.

**1.1. Determination of the global exposure**

According to the **CSSF/11-512** circular, the management company must calculate the sub-funds' global exposure at least **once a day**;

**1.2. Risk Measurement methodology according to the sub-funds' risk profile**

The sub-funds are classified after a self-assessment of their risk profile resulting from their investments policy including their inherent derivative investment strategy that determines two risk measurements methodologies:

- The advanced risk measurement methodology such as the Value-at-Risk (VaR) approach to calculate global exposure where:
  - (a) a sub-fund engages in complex investment strategies which represent more than a negligible part of its investment policy;
  - (b) a sub-fund has more than a negligible exposure to exotic derivatives; or
  - (c) The commitment approach doesn't adequately capture the market risk of the portfolio.
- The commitment approach methodology to calculate the global exposure should be used in every other case.

**All existing sub-funds use the commitment approach methodology;**

**1.3. Calculation of the global exposure****1.3.1. For sub-funds that use the **commitment approach methodology**:**

As the Fund may invest in Islamic Sharia-compliant financial derivative instruments, but for hedging purposes only, the derivative global exposure will be close to zero.

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## APPENDIX 4 – INVESTMENT RISKS

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Potential investors are asked to read the prospectus carefully in its entirety before making an investment. Any investments may also be affected by changes relating to rules governing exchange rate controls, taxation and deductions at source, as well as those relating to economic and monetary policies.

Investors are also warned that sub-funds' performance may not be in line with stated aims and that the capital they invest (after subscription commissions have been deducted) may not be returned to them in full.

Sub-funds are exposed to various risks that differ according to their investment policies. The main risks that sub-funds are likely to be exposed to are listed below.

Some sub-funds may be particularly sensitive to one or several specific risks which are increasing their risk profiles compared to sub-funds sensitive only to generic risk; in such cases those risks are specifically mentioned in the Book II.

### **Credit Risk**

*This risk is present in each sub-fund having debt securities in its investment universe.*

This is the risk that may derive from the rating downgrade or the default of a bond issuer to which the sub-funds are exposed, which may therefore cause the value of the investments to go down. Such risks relate to the ability of an issuer to honour its debts.

Downgrades of an issue or issuer rating may lead to a drop in the value of bonds in which the sub-fund has invested.

Some strategies utilised may be based on bonds issued by issuers with a high credit risk (junk bonds).

Sub-funds investing in high-yield bonds present a higher than average risk due to the greater fluctuation of their currency or the quality of the issuer.

### **Liquidity Risk**

*This risk may concern all financial instruments and impact one or several sub-funds.*

There is a risk that investments made by the sub-funds may become illiquid due to an over-restricted market (often reflected by a very broad bid-ask spread or by substantial price movements), if their "rating" declines or if the economic situation deteriorates; consequently, it may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in these sub-funds.

### **Counterparty Risk**

This risk relates to the quality or the default of the counterparty with which the management company negotiates, in particular involving payment for/delivery of financial instruments. This risk is associated with the ability of the counterparty to fulfil its commitments (for example: payment, delivery and reimbursement).

This risk relates also to efficient portfolio management techniques. If a counterparty does not live up to its contractual obligations, it may affect investor returns.

### **Derivatives Risk**

In order to hedge (hedging derivative investments strategy) and/or to leverage the yield of the sub-fund (trading derivative investment strategy), the sub-fund is allowed to use derivative investments' techniques and instruments under the circumstances set forth in Appendices 1 and 2 of the prospectus (in particular, warrants on securities, agreements regarding the exchange of securities, rates, currencies, inflation, volatility and other financial derivative instruments, contracts for difference [CFDs], credit default swaps [CDSs], futures and options on securities, rates or futures).

The investor's attention is drawn to the fact that these financial derivative instruments include leveraging. Because of this, the volatility of these sub-funds is increased.

### **Operational & Custody Risk:**

Some markets (emerging markets) are less regulated than most of the developed countries regulated markets; hence, the services related to custody and liquidation for the funds on such markets could be more risky.

### **Risk related to efficient portfolio management techniques**

*This risk is present in each sub-fund using efficient portfolio management techniques.*

Efficient portfolio management techniques, such as securities lending, repurchase and reverse repurchase transactions, and particularly with respect to the quality of the collateral received / reinvested, may lead to several risks such as liquidity risk, counterparty risk, issuer risk, valuation risk and settlement risk, which can have an impact on the performance of the sub-fund concerned.

### **Risk Linked to Equity Markets:**

*This risk is present in each sub-fund having equities in its investment universe.*

The risks associated with investments in equity (and similar instruments) include significant fluctuations in prices, negative information about the issuer or market and the subordination of a company's shares to its bonds. Moreover, these fluctuations are often amplified in the short term.

The risk that one or more companies suffer a downturn or fail to grow can 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 and the income they generate may go down as well as up and it is possible that investors will not recover their initial investment.

There is no guarantee that the investment objective will actually be achieved.

Sub-funds investing in growth stocks may be more volatile than the market in general and may react differently to economic, political and market developments and to specific information about the issuer. Growth stocks traditionally show higher volatility than other stocks, especially over short periods. These stocks may also be more expensive in relation to their profits than the market in general. Consequently, growth stocks may react with more volatility to variations in profit growth.

Some sub-funds may base their objective on simple equity market growth, which produces higher than average volatility.

Managers may temporarily adopt a more defensive attitude if they consider that the equity market or economy of the countries in which a sub-fund invests is experiencing excessive volatility, a persistent general decline, or other unfavourable conditions. In such circumstances, such sub-fund may be unable to pursue its investment objective.

### **Interest Rate Risk**

*This risk is present in each sub-fund having debt securities in its investment universe.*

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.

The investor's attention is drawn to the fact that an increase in interest rates results in a decrease in the value of investments in bonds and debt instruments.

### **Currency Exchange Risk**

*This risk is present in each sub-fund having positions denominated in currencies that differ from its reference currency.*

A sub-fund may hold assets denominated in currencies that differ from its reference currency, and may be affected by exchange rate fluctuations between the reference currency and the other currencies and by changes in exchange rate controls. If the currency in which a security is denominated appreciates in relation to the reference currency of such sub-fund, the exchange value of the security in the reference currency will appreciate; conversely, a depreciation of the denomination currency will lead to 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.

### **Inflation Risk**

*All types of investments are concerned by this risk.*

Over time, yields of investments may not keep pace with inflation, leading to a reduction in investor's purchasing power.

### **Commodity Market Risk**

*This risk is present in each sub-fund having commodities (indirectly invested) in its investment universe.*

Commodity markets may experience significant, sudden price variations that have a direct effect on the valuation of shares and securities that equate to the shares in which a sub-fund may invest and/or indices that a sub-fund may be exposed to.

Moreover, the underlying assets may evolve in a markedly different way from traditional securities markets (equity markets, bond markets etc.)

### **Emerging Market Risk**

*This risk is present in each sub-fund investing in emerging markets.*

Sub-funds investing in emerging markets are likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions (social, political and economic conditions). In addition, some emerging markets offer less security than the majority of international developed markets and certain markets are not currently considered to be regulated markets. For this reason, services for portfolio transactions, liquidation and conservation on behalf of funds invested in emerging markets may carry greater risk. The Fund and investors agree to bear these risks.

### **Small Cap, Specialised or Restricted Sectors Risk**

*This risk is present in each sub-fund having small caps, specialised or restricted sectors investments in its investment universe.*

Sub-funds investing in small caps or specialised or restricted sectors are likely to be subject to a higher than average volatility due to a high degree of concentration, greater uncertainty because less information is available, there is less liquidity, or due to greater sensitivity to changes in market conditions.

Smaller companies may find themselves unable to generate new funds to support their growth and development, they may lack vision in management, or they may develop products for new, uncertain markets.

The Fund and investors agree to bear these risks.

### **Risks related to Investments restrictions in some countries**

Investments in some countries (China, India, Indonesia, Japan, Saudi Arabia, Thailand...) involve risks linked to restrictions imposed on foreign investors and counterparties, higher market volatility and the risk of lack of liquidity for some lines of the portfolio. Consequently, some units may not be available to the sub-funds, due to the number of foreign unitholders authorised or if the total investments permitted for foreign unitholders have been reached. In addition, the repatriation by foreign investors of their units of net profits, capital and dividends may be restricted or require the approval of the government. The Company will only invest if it considers that the restrictions are acceptable. However, no guarantee can be given that additional restrictions will not be imposed in future.

### **Conflict of Interests**

A policy of conflict of interests has been established with the Management Company.

With a view to adequately detect and manage conflicts of interests, the Management Company applies a policy that contains:

- A methodology for identification of potential conflicts situations;
- Standards on organizational arrangements to prevent, adequately manage or disclose conflicts of interests.

Potential conflicts of interest situations include situations linked to efficient portfolio management techniques.

The Management Company keeps and updates periodically a register with the details of established or potential conflicts of interest that may have arisen or are likely to arise.

A summary of the Management Company's conflicts of interest policy is available on the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

### **Taxation Risk**

*This is a generic risk.*

The value of an investment may be affected by the application of tax laws in various countries, including withholding tax, or changes in government or economic or monetary policy in the countries concerned. As such, no guarantee can be given that the financial objectives will actually be achieved.

#### **Sharia Compliance Risk**

The performance of the Fund may possibly be lower than other investment funds that do not seek to strictly adhere to the Islamic investment criteria. The Sharia Guidelines may require in certain circumstances for the Fund to dispose of certain investments and also may prohibit the investment into well-performing securities due to non-compliance to Sharia. These requirements may place the Fund at a relatively less advantageous position compared to other investment funds that do not have to adhere to the Sharia principles. In addition, the requirement to "purify" cash holdings or dividend income will likely result in payments being made to charities that have been approved by the Sharia Supervisory Board. To the extent such payments are made, the return to investors will be reduced by the amount of such payments, adversely affecting the Fund's performance compared to funds with a similar investment objective that do not have to make such payments.

Although the Fund fully intends to observe the Sharia Guidelines at all times, no such assurance can be given, as there may be occasions when the Fund's investment may accidentally become non-compliant to the Sharia for factors that are outside the control of the Fund.

#### **Sukuk Investment Risk**

Sukuk price changes are mostly influenced by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. Sukuk could suffer when capital market interest rates rise, while they could increase in value when capital market interest-rate falls. The price changes also depend on the term or residual time to maturity of the Sukuk. In general, Sukuk with shorter terms have less price risks than Sukuk with longer terms. However, they generally have lower returns and, because of the more frequent due dates of the securities portfolios, involve higher re-investment costs. Investments in Sukuks (Ijara, Istisna'a, Murabaha, Musharakah, Wakala, Wakala Bel-Istithmar) involves credit risk, interest rate risk, foreign exchange risk, liquidity risks and Shari'ah compliance risk.

#### **Warrant Risk**

The investor's attention is drawn to the fact that warrants are complex, volatile, high-risk instruments: the risk of a total loss of the invested capital is great. In addition, one of the principal characteristics of warrants is the "leverage effect", which is seen in the fact that a change in the value of the underlying asset can have a disproportionate effect on the value of the warrant. Finally, there is no guarantee that, in the event of an illiquid market, it will be possible to sell the warrant on a secondary market.



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## APPENDIX 5 – LIQUIDATION, MERGER, TRANSFER AND SPLITTING PROCEDURES

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### **Liquidation, Merger, Transfer, and Splitting of Sub-funds**

The Management Company shall have sole authority to decide on the effectiveness and terms of the following, under the limitations and conditions prescribed by the Law:

- 1) either the pure and simple liquidation of a sub-fund;
- 2) or the closure of a sub-fund (merging sub-fund) by transfer to another sub-fund of the Fund;
- 3) or the closure of a sub-fund (merging sub-fund) by transfer to another UCI, whether incorporated under Luxembourg law or established in another member state of the European Union;
- 4) or the transfer to a sub-fund (receiving sub-fund) a) of another sub-fund of the Fund, and/or b) of a sub-fund of another collective investment undertaking, whether incorporated under Luxembourg law or established in another member state of the European Union, and/or c) of another collective investment undertaking, whether incorporated under Luxembourg law or established in another member state of the European Union;
- 5) or the splitting of a sub-fund.

Items 2), 3), and 4) need prior acceptance of the Fund's Sharia Supervisory Committee

The splitting techniques will be the same as the merger one foreseen by the Law.

In the two-month period preceding above mentioned operations, the investment policy of the concerned sub-fund as described in Book II may be departed from.

In the event of the pure and simple liquidation of a sub-fund, the net assets shall be distributed at the time of the closure of the liquidation and at the latest between the eligible parties in proportion to the assets they own in said sub-fund. The assets not distributed within nine months of the date of the decision to liquidate shall be deposited with the Public Trust Office (*Caisse de Consignation*) until the end of the legally specified limitation period.

Pursuant to this matter, the decision adopted at the level of a sub-fund may be adopted similarly at the level of a category or a class.

### **Liquidation of a Feeder Sub-fund**

A Feeder sub-fund will be liquidated:

- when the Master is liquidated, unless the CSSF grants approval to the feeder to:
  - invest at least 85% of the assets in units, or shares of another Master; or
  - amend its investment policy in order to convert into a non-Feeder.
- when the Master merges with another UCITS, or sub-fund or is divided into two or more UCITS, or sub-fund unless the CSSF grants approval to the feeder to:
  - continue to be a Feeder of the same Master or the Master resulting from the merger or division of the Master;
  - invest at least 85% of its assets in units, or shares of another Master; or
  - amend its investment policy in order to convert into a non-Feeder.

### **Dissolution and Liquidation of the Fund**

The dissolution and liquidation of the Fund shall take place:

- a) By decision of the management Company;
- b) In the event of cessation of their duties by the Management Company or by the Depositary in accordance with Article 21, points b), c), d) and e) of the Law, if they have not been replaced within two months without prejudice to the specific circumstance addressed in point c) below;
- c) In the event of bankruptcy of the Management Company;
- d) If the net assets of the Fund have fallen for more than six months below one quarter of the legal minimum provided by the Law;
- e) By decision of the CSSF.

If the Fund's net assets fall below two-thirds of the minimum legal net assets, the Management Company may decide the Fund's dissolution.

In the event of the Fund's dissolution, the liquidation will be conducted by one or more liquidators that may be individuals or legal entities. They will be appointed by the Management Company, which will determine their powers and remuneration, without prejudice to the application of the Law.

The net proceeds of the liquidation of each sub-fund, category, or class will be distributed by the liquidators to the unitholders of each sub-fund, category, or class in proportion to the number of shares they hold in the sub-fund, category, or class.

In the case of straightforward liquidation of the Fund, the net assets will be distributed to the eligible parties in proportion to the units held in the Fund. Net assets not distributed at the time of the closure of the liquidation and at the latest within a maximum period of nine months effective from the date of the liquidation will be deposited at the Public Trust Office (*Caisse de Consignation*) until the end of the legally specified limitation period.

The calculation of the net asset value, and all subscriptions, conversions and redemptions of shares in these sub-funds, categories, or classes will also be suspended throughout the liquidation period.

# BOOK II

## **BNP PARIBAS ISLAMIC FUND EQUITY ASEAN**

### **Investment objective**

To increase the value of the invested assets over the medium to long term.

### **Investment Policy**

The sub-fund will seek medium to long term capital appreciation by investing primarily in equities of companies that have their registered offices or conduct the majority of their business activities in, or have a substantial part of their revenues derived from ASEAN countries, and are considered to be in compliance with Sharia principles.

The Sub-fund may keep up to 30% of its total assets, at any time, in a non-remunerated cash account and/or money market instruments that comply with Sharia principles (e.g. Murabaha). It may also invest up to 10% in equity warrants, which are financial derivative instruments.

The composition of the Sub-fund's portfolio, as well as the investment process, is validated by the Fund's Sharia Supervisory Committee.

The sub-fund may invest up to 10% of its assets in other UCITS or UCI (including ETF) with similar investment policies.

### **Risk Profile**

Specific sub-fund risks:

- Market risk
- Derivative risk
- Emerging Market risk
- Operational & Custody Risk
- Risks related to efficient portfolio management techniques
- Sharia Compliance Risk
- Risks related to Investments restrictions in some countries
- Warrant Risk

For an overview of generic risks, please refer to the Appendix 4 of Book I of the Prospectus.

### **Investor type profile**

The units of the sub-fund are available to investors who want to invest according to the investment objective. Authorized investors are eligible for specific share categories subject to minimum subscription amounts and/or eligibility criteria.

### **Accounting and reference currency**

**USD**

### **Unit Categories**

Category	Class	ISIN code	Dividend	Accounting and Reference Currency	Other Valuation Currencies
Classic	CAP	LU1308712675	No	USD	
Classic	DIS	LU1308712758	Yes		
Privilege	CAP	LU1308712915	No		
	DIS	LU1308713053	Yes		
I	CAP	LU1308713210	No		
	DIS	LU1308713301	Yes		
I Plus	CAP	LU1308713483	No		
X		LU1308713640			

All these units are not necessarily active. For each active class, a KIID is available which mentions, among other, the launch date, the reference/accounting currency and the historical performance. The KIIDs are available on the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com)

## **BNP PARIBAS ISLAMIC FUND EQUITY ASEAN**

### **Fees and Costs**

Category	Fees payable by the sub-fund					Costs payable by the investors			
	Management (max)	Performance	Distribution (maximum)	Other (maximum)	TAB (1)	Entry (maximum)	Conversion (2) (maximum)	Redemption fee (maximum)	
Classic	1.50%	No	none	0.40%	0.05%	3%	1.5%	none	
Privilege	0.75%			0.35%	0.01%	None	None		
I	0.60%								
I Plus	0.35%								
X	none			0.50%					

- (1) Taxe d'abonnement: 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.
- (2) In the event of conversion to a sub-fund with a higher subscription fee, the difference may be payable.

### **Additional information:**

#### **Valuation day:**

For each day of the week on which banks are open for business in Luxembourg and Malaysia (a "Valuation Day"), there is a corresponding NAV which is dated the same day unless 50% or more of the underlying assets cannot be valued."It is available at the Management Company's registered office, from local agents, and in any newspapers designated by the Management Company and the web site [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

#### **Terms of subscription / conversion / redemption:**

Subscription, redemption and conversion orders will be processed at an unknown net asset value in accordance with the rules set out below, only on trading days in Luxembourg, and the time mentioned is Luxembourg time.

Centralisation of orders	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date
16:00 CET for STP orders or 12:00 CET for non STP orders on the NAV Valuation Day (D).	Valuation Day (D)	The day after the Valuation Day (D+1)	Maximum three bank business days after the Valuation Day (D+3) (1)

- (1) If the settlement day is a currency holiday, the settlement will occur the following business day.

#### **Listing:**

None

#### **Historical information:**

None

#### **Taxation:**

Potential unitholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

#### **Specific information:**

None

## **BNP PARIBAS ISLAMIC FUND EQUITY OPTIMISER**

### **Investment objective**

The investment objective of the Sub-fund is to increase the value of invested assets in the medium to long term.

It is possible that this objective may not be achieved, and no guarantee can be given in this respect.

### **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.

The Sub-fund may keep up to 5% of its total assets, at any time, in a non-remunerated cash account. Depending on the evolution of the market, The Sub-fund may also invest up to 10% of its assets in UCITS or UCI sharia compliant.

The composition of the Sub-fund's portfolio, as well as the investment process, is validated by the Fund's Sharia Supervisory Committee.

<sup>(1)</sup> Dow Jones" and "Dow Jones Islamic Market Index (SM)" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by the Licensee. BNP Paribas Islamic Fund Equity Optimiser based on the Dow Jones Islamic Market Index (SM), is not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in such product.

### **Selection methodology**

The sub-fund is managed using a systematic stock picking strategy on the global developed Islamic equity universe. The stock selection methodology is based on the combination of 4 factors:

- Value: buy companies at a reasonable price
- Profitability: buy companies with a profitable business model
- Momentum: buy companies with recent positive trends
- Low volatility: buy companies with a low risk profile

A systematic analysis of the valuation, profitability, price momentum and volatility of each stock in the investment universe is performed on a quarterly basis using official public data. A score is given to every stock for each of these four factors, which are combined to calculate an overall score for each stock. These scores are then used to construct a well-diversified portfolio.

#### **a. Exceptional Rebalancing Rules**

In order to comply with the investment restrictions, the Manager will adjust the Selection as described below:

- when a stock issued by one issuer represents 9% or more of the Sub-fund's net assets on any valuation date, there will be an exceptional rebalancing on the next business day. An amount of the relevant stock equivalent to 1% of the Sub-fund's net assets will be sold. The proceeds of this sale will be invested in the remaining portfolio stocks having less than 4% weighting.
- when the total value of stocks exceeding 5% of the Sub-fund's net assets represents 39% of the Sub-fund's net assets on any valuation date, there will also be an exceptional rebalancing on the next business day. The stock exceeding 5% of the Sub-fund's net assets and having the highest weight in the Sub-fund's net assets will be sold for an amount equivalent to 1% of the Sub-fund's net assets. The proceeds of this sale will be invested in the remaining portfolio stocks having less than 4% weighting.
- In case any one of the stocks in the portfolio is no longer compliant with sharia principles or no longer a component of the Base Index, the relevant stock will be sold. The proceeds of this sale will be invested in the remaining portfolio constituents in accordance with the previous rules.

#### **b. First Selection**

The initial Selection will be based on the latest Index composition, following the latest Index rebalancing..

### **Base Index**

#### **Disappearance of the Base Index**

If the Base Index is no longer available, or in case of termination of the Base Index license agreement (the "Event"), the Sub-fund will remain invested in the Selection until the determination of a new investment policy (included but not limited to a new index) or the decision of the Management Company's Board of Directors to liquidate the Sub-fund, subject to the prior CSSF's approval.

## **BNP PARIBAS ISLAMIC FUND EQUITY OPTIMISER**

The Unitholders will be informed of the modification of the investment policy and of the liquidation of the Sub-fund in accordance with the provisions of section "Information for unitholders", and Appendix 4 "Liquidation, Merger, Transfer and Splitting procedures" of the Book I.

### **Dow Jones Disclaimer**

Dow Jones and Dow Jones Islamic Market Index SM are service marks of Dow Jones & Company, Inc. Dow Jones has no relationship to the Licensee, other than the licensing of the Dow Jones Islamic Market Index and its service marks for use in connection with BNP Paribas Islamic Fund - Equity Optimiser.

Dow Jones does not:

- Sponsor, endorse, sell or promote BNP Paribas Islamic Fund - Equity Optimiser,
- Recommend that any person invest in BNP Paribas Islamic Fund - Equity Optimiser or any other securities,
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of BNP Paribas Islamic Fund - Equity Optimiser,
- Have any responsibility or liability for the administration, management or marketing of BNP Paribas Islamic Fund - Equity Optimiser,
- Consider the needs of BNP Paribas Islamic Fund - Equity Optimiser or the owners of BNP Paribas Islamic Fund - Equity Optimiser in determining, composing or calculating the Dow Jones Islamic Market Developed Markets Top Cap Index or have any obligation to do so.

Dow Jones will not have any liability in connection with the Fund.

Specifically,

- Dow Jones does not make any warranty, express or implied, and Dow Jones disclaims any warranty about:
  - The results to be obtained by BNP Paribas Islamic Fund - Equity Optimiser the owner of the BNP Paribas Islamic Fund - Equity Optimiser or any other person in connection with the use of the Dow Jones Islamic Market Developed Markets Top Cap Index and the data included in the Dow Jones Islamic Market Developed Markets Top Cap Index;
  - The accuracy or completeness of the Dow Jones Islamic Market Developed Markets Top Cap Index and its data;
  - The merchantability and the fitness for a particular purpose or use of the Dow Jones Islamic Market Developed Markets Top Cap Index and its data, compliance with Sharia law or other Islamic principles.
- Dow Jones will have no liability for any errors, omissions or interruptions in the Dow Jones Islamic Market Developed Markets Top Cap Index or its data;
  - Under no circumstances will Dow Jones be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if Dow Jones knows that they might occur.

The licensing agreement between the Licensee and Dow Jones is solely for their benefit and not for the benefit of the owners of the BNP Paribas Islamic Fund - Equity Optimiser or any other third parties.

### **Risk profile**

The company draws the investors' attention to the fact that this compartment uses the commitment approach methodology for the calculation of the global exposure to derivative financial instruments and that the use of the derivatives is allowed for hedging purposes only, according to the present version of the appendix II and III of the prospectus.

The commitment approach methodology is suitable to sub-funds that use less complex positions on derivative financial instruments or use derivative financial instruments used for hedging purposes only.

### **Specific sub-fund risks:**

- Operational & custody risk
- Emerging markets risk
- Risks related to efficient portfolio management techniques
- Risk related to investments restrictions in some countries
- Sharia Compliance risk

For an overview of generic risks, please refer to the Appendix 4 of Book I of the Prospectus.

### **Investor type profile**

The units of the sub-fund are available to investors who want to invest according to the investment objective. Authorized investors are eligible for specific share categories subject to minimum subscription amounts and/or eligibility criteria.

### **Accounting and reference currency**

**USD**

## **BNP PARIBAS ISLAMIC FUND EQUITY OPTIMISER**

### **Unit Categories**

Category	Class	ISIN code	Dividend	Accounting and Reference Currency	Other Valuation Currencies
Classic	CAP	LU0245286777	No	USD	EUR, GBP, CHF
Classic	DIS	LU0781589642	Yes		
Privilege	CAP	LU0245286934	No	GBP	None
Privilege GBP		LU1140480119			
I		LU0245287403		USD	EUR, GBP, CHF
I	DIS	LU0781589725	Yes		
X	CAP	LU0781590061	No		

All these units are not necessarily active. For each active class, a KIID is available which mentions, among other, the launch date, the reference/accounting currency and the historical performance. The KIIDs are available on the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com)

### **Fees and Costs**

Category	Fees payable by the sub-fund					Costs payable by the investors			
	Management (max)	Performance	Distribution (maximum)	Other (maximum)	TAB (1)	Entry (maximum)	Conversion (2) (maximum)	Redemption fee (maximum)	
Classic	1.50%	No	none	0.40%	0.05%	3%	1.5%	none	
Privilege	0.75%			0.35%	0.01%	None	None		
I	0.60%								
X	none								

- (1) Taxe d'abonnement: 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.
- (2) In the event of conversion to a sub-fund with a higher subscription fee, the difference may be payable.

### **Additional information:**

#### **Valuation day:**

For each day of the week on which banks are open for business in Luxembourg (a "Valuation Day"), there is a corresponding NAV which is dated the same day unless 10% or more of the underlying assets cannot be valued (due to, but not limited to stock exchange closure for listed assets).

It is available at the Management Company's registered office, from local agents, and in any newspapers designated by the Management Company and the web site [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

#### **Terms of subscription / conversion / redemption:**

Subscription, redemption and conversion orders will be processed at an unknown net asset value in accordance with the rules set out below, only on trading days in Luxembourg, and the time mentioned is Luxembourg time.

Centralisation of orders	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date
16:00 CET for STP orders or 12:00 CET for non STP orders on the NAV Valuation Day (D).	Valuation Day (D)	The day after the Valuation Day (D+1)	Maximum three bank business days after the Valuation Day (D+3) (1)

- (1) If the settlement day is a currency holiday, the settlement will occur the following business day.

#### **Listing:**

None

#### **Launch date:**

The sub-fund was launched in the "Classic", "Privilege" and "I" categories, capitalisation classes, on May 24, 2006.

The "Classic" category, distribution class, was launched on September 23, 2013.

The "I" category, distribution class, was launched on November 12, 2013.

The "X" and "Privilege GBP" categories will be launched at a date yet to be defined by the Management Company. Investors should check their launch date before subscribing.

#### **Historical information:**

None

#### **Taxation:**

Potential unitholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

## **BNP PARIBAS ISLAMIC FUND EQUITY OPTIMISER**

### **Specific information:**

None



### ***Investment objective***

The investment objective of the sub-fund is to attempt to achieve attractive returns over the medium to long-term through capital appreciation and income relative to the returns of its benchmark, USD 3 Month LIBOR by investing in and actively managing a portfolio of Sharia compliant Sukuk transferable securities disclosed in this Prospectus.

There can be no assurance that the sub-fund will achieve its investment objective.

### ***Investment policy***

To achieve its investment objective, the sub-fund will allocate its assets to the Sharia compliant investments detailed below and will seek to achieve returns exceeding USD 3 Month LIBOR over the medium to long-term.

The sub-fund seeks to achieve its objective by actively managing a portfolio of Sharia compliant Investment Grade (as described below in the section entitled "Credit Quality Standards of the sub-fund's investments"), or deemed by the Investment Manager to have an equivalent rating, fixed income products known as "Sukuks". Such investments shall be listed or traded on Regulated Markets worldwide. The sub-fund will invest its assets in Sukuk transferable securities (such as Ijara, Wakala, Wakala Bel-Istithmar, Musharakah, Istisna'a, and Murabaha), compliant with both Sharia Committee policy and the sub-fund's investment objective and policies, and in accordance with the investment restrictions set out below. Sukuks are certificates, representing a beneficial ownership in an underlying asset, which are similar to fixed income securities such as bonds.

The sub-fund will invest mainly in Sukuk Wakala which are an agent-for-investment format involving one party entrusting another to invest its assets on its behalf, and in Sukuk Ijara, a contract whereby the owner of an asset leases it to another party in return for a specific rental payment over a specific period, both agreed in advance.

The sub-fund will invest solely in Sharia compliant Sukuks ("Sharia Compliant Structures") in respect of which a Sharia Supervisory Committee has issued a Fatwa. The Sharia Compliant Structures will primarily consist of investments in respect of which a Sharia board have issued a Fatwa. Any new investment in any Sukuk in a non-GCC country will be reported to Sharia Committee at the time of the issuance. The Investment Manager will cause to be prepared a report of all investments in Sukuk in non-GCC countries, which report will be provided to the Sharia Committee for approval on an annual basis. The sub-fund may also hold ancillary liquid assets, particularly during periods of perceived uncertainty or volatility.

The sub-fund is permitted to invest in instruments denominated in a currency or issued by a country other than that of the Accounting Currency of the Fund.

The sub-fund may invest in Sukuk transferable securities issued by or with entities that are listed or traded on level 1 or level 2 of the Moscow Exchange MICEX-RTS, headquartered or having their primary business operations in Russia up to a maximum of 20% of the Fund's Net Asset Value.

### ***Credit Quality Standards of the sub-fund's Investments***

Subject to the internal credit screening process established by the Investment Manager (as described below) on behalf of the sub-fund will invest in securities rated at least Baa3 or the short term equivalent by Moody's Investor Services ("Moody's") or BBB- or the short term equivalent by Standards & Poor's ("S&P") or BBB- or the short term equivalent by Fitch Ratings Service ("Fitch") at the time of the sub-fund's investment. In case of a split rating, the higher credit rating will generally apply.

Given the large amount of Islamic Sukuk issues that are not rated by recognised rating agencies, the Investment Manager has established an Internal Credit Screening Process ("ICSP") to determine the level at which these issues rank within the investment grade scale.

The ICSP includes five qualifying requirements each weighted as per their level of significance:

- Structure (35%) – This is related to the reliability of the cash flow structure which includes the quality of guarantee(s) given; quality of underlying project; quality of return(s) and rating (if) given by an Internationally recognised rating agency;
- Issuer (40%) – This is related to the financial quality of the entity issuing the certificates whereby the quality of debt; liquidity and profitability ratios are measured as the quality of the financials themselves (audited by a recognised accounting firm, clarity of contents and availability);
- Country (10%) – This is a measure of the country risk of the issuer dependant on rating(s) given by internationally recognised rating agencies;
- Letter of Credit (10%) – This is a measure of the quality of the guarantee given on the issue whether it is sovereign, corporate or individual; and
- Sharia Board (5%) – This measures the level of confidence in the Sharia Board due to strictness of the GCC-based Sharia Boards vs non-GCC-based Sharia Boards who are more lenient.

The scoring is carried out using a weighted average method to ensure a conservative and fair result of the final rating given by this screening process. The internal rating has also been benchmarked against Moody's and S&P to ensure that the method is fair and transparent and consistent with rating standards. The relative weighting ascribed to the factors outlined above may change over time in to reflect changes in the market or in rating standards. For the avoidance of doubt, in the case of an issue which is also rated by a recognised

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rating agency, the Investment Manager may determine that the ICSP rating shall take priority over the rating issued by such recognised rating agency.

Accordingly, it is possible that the Fund may invest in securities that are deemed to be of sufficient investment grade by the Investment Manager based on the ICSP rating of the securities ("ISCP Grade Securities") which are also below the Recognised Agency Rating. For the avoidance of doubt, more than 30% of the Fund's Net Asset Value may be invested in ISCP Grade Securities which may be below the Recognised Agency Rating.

The assessment of credit rating for the purposes of the above investment restrictions will be taken at the time of the sub-fund's investment in such securities and in the case of Sukuk transferable securities will be based on the reliability of the cash flow structure, the financial stability of the issuer, country specific risks, letters of credit supporting the Sukuk (if any) and the Investment Manager's level of confidence in the relevant Sharia board. Subsequent to the sub-fund's investment the sub-fund is not obliged to divest itself of any investment which may subsequently be subject to credit rating downgrades, or be issued with credit ratings below the thresholds disclosed above.

### ***Investment Restrictions***

The sub-fund will only invest in Sharia compliant investments.

The sub-fund may, at the election of the Fund's Sharia Supervisory Committee, be subject to an annual audit by the Fund's Sharia Supervisory Committee and, to the extent that the sub-fund invests only in Sharia compliant investments or otherwise complies with the Sharia investment guidelines and requirements, it is expected that the Fund's Sharia Supervisory Committee will issue annually a Fatwa declaring that the sub-fund is Sharia compliant.

Investment decisions shall not require the prior approval of the sub-fund's Sharia Supervisory Committee as long as the investments are consistent with the Sharia compliant investment restrictions established by the sub-fund's Sharia Supervisory Committee and the investment restrictions disclosed in the Prospectus. In the event that Fund's Sharia Supervisory Committee determines that an investment or asset of the sub-fund is inconsistent the Fund's Sharia Supervisory Committee may require the sub-fund to divest or sell any asset or investment as soon as reasonably possible but not later than three months from the date of notification by the Fund's Sharia Supervisory Committee.

In addition to the UCITS investment restrictions set out in Appendix 2, the sub-fund will also be subject to the following investment restrictions:

- no more than 10% of the sub-fund's assets under management shall be invested in aggregate in Sukuk with equity underlyings; and

In circumstances where the limits set out above are exceeded for reasons beyond the control of the sub-fund, such as market movements or a result of the exercise of subscription rights, the Investment Manager shall adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of the Unitholders. In any event the Investment Manager shall ensure the remedying of the situation is completed within twenty (20) Business Days of its becoming aware of the relevant breach

### ***Risk profile***

The company draws the investors' attention to the fact that this sub-fund uses the commitment approach methodology for the calculation of the global exposure to derivative financial instruments and that the use of the derivatives is allowed for hedging purposes only, according to the present version of the appendix II and III of the prospectus.

The commitment approach methodology is suitable to sub-funds that use less complex positions on derivative financial instruments or use derivative financial instruments used for hedging purposes only.

### ***Specific sub-fund risks:***

- Operational & custody risk
- Emerging markets risk
- Risk related to investments restrictions in some countries
- Sharia Compliance risk
- Risk linked to investment in Sukuks

For an overview of generic risks, please refer to the Appendix 4 of Book I.

### ***Investor type profile***

The units of the sub-fund are available to investors who want to invest according to the investment objective. Authorized investors are eligible for specific share categories subject to minimum subscription amounts and/or eligibility criteria.

### ***Accounting and reference currency***

#### **USD**

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### **Unit Categories**

Category	Class	ISIN code	Dividend	Accounting and Reference Currency	Other Valuation Currencies
Classic	CAP	LU1150255971	No	USD	EUR, GBP, CHF
Privilege		LU1150259296			
I		LU1150262910			
X		LU1150266580			

All these units are not necessarily active. For each active class, a KIID is available which mentions, among other, the launch date, the reference/accounting currency and the historical performance. The KIIDs are available on the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com)

### **Fees and Costs**

Category	Fees payable by the sub-fund					Costs payable by the investors (maximum)			
	Management (max)	Performance	Distribution (max)	Other (maximum)	TAB (1)	Entry	Conversion (2)	Exit	
Classic	1.00%	No	None	0.40%	0.05%	3%	1.5%	none	
Privilege	0.60%				0.01%	None	none		
I	0.35%								
X	None								

(1) Taxe d'abonnement: 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.

(2) In the event of conversion to a sub-fund with a higher subscription fee, the difference may be payable

### **Additional Information**

#### **Valuation Day:**

For each day of the week on which banks are open for business in Luxembourg and Malaysia (a "Valuation Day"), there is a corresponding NAV which is dated the same day.

It is available at the Company's registered office, from local agents, and in any newspapers designated by the Management Company and the web site [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

Terms of subscription / conversion / redemption:

Subscription, redemption and conversion orders will be processed exclusively based at an unknown net asset value calculated in accordance with the rules set out below, only on trading days in Luxembourg, and the time mentioned is Luxembourg time.

Centralisation of orders	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date
16:00 CET on the NAV one bank business day before the Valuation Day (D-1) for STP orders and 12:00 CET one bank business day before the Valuation Day (D-1) for non-STP orders	Valuation Day (D)	The day after the Valuation Day (D+1)	Maximum three bank business(1) days after the Valuation Day (D+3) (2)

(1) Business day: A day on which banks are open for normal business in Luxembourg and Malaysia, unless the Management Company at its discretion may determine otherwise and notify in advance to the unitholders.

(2) If the settlement day is a currency holiday, the settlement will occur the following business day.

#### **Listing:**

None

#### **Launch date:**

The sub-fund will be launched at a date yet to be defined by the Management Company. Investors should check its launch date before subscribing.

#### **Historical information:**

Sub-fund launched on 4 September 2015 by transfer of the same sub-fund launched on 22 July 2014 in BNP Paribas Hilal Fund.

#### **Taxation:**

Potential unitholders are recommended to seek full information in their country of origin, place of residence or domicile on the possible tax consequences associated with their investment.

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***Specific information:***

None