

# BNP PARIBAS FLEXI III

*Investment Company with Variable Capital – Specialised Investment Fund “SICAV-SIF”  
Incorporated under Luxembourg law*

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## Offering Document

No notification for distribution in the Federal Republic of Germany was submitted for distribution of the below sub-funds. As a consequence, the following sub-funds are NOT available to investors in Germany:

CHINESE EQUITY “A”, EQUITY CHINA A SELECTED, EQUITY GREATER CHINA, EQUITY GREATER CHINA ENVIRONMENTAL, EURO GOVERNMENT LONG-DATED PASSIVE BOND FUND, EUROPEAN SENIOR CORPORATE LOANS, REGA 1, SENIOR SECURED BANK LOAN FUND MOGLIANO, SHORT TERM BOND FUND RMB and SHORT TERM RMB.

**A P R I L 2 0 1 7**

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## INFORMATION REQUESTS

BNP PARIBAS FLEXI III  
10 RUE EDWARD STEICHEN  
L-2540 LUXEMBOURG  
GRAND DUCHY OF LUXEMBOURG

## NOTICE

BNP PARIBAS FLEXI III, hereinafter referred to throughout this document as “the Company”, is an investment company with variable capital – specialised investment fund (*abbreviated to SICAV-SIF*), governed by the Luxembourg law of 13 February 2007 as amended for the last time by the law of March 26, 2012 concerning Specialised Investment Funds (referred to throughout this document as “the Law”), as well as by the provisions of the law of 12 July 2013 on Alternative Investment Fund Managers (referred to throughout this document as the “AIFM Law”).

Consequently, shares of the Company are restricted exclusively to persons qualifying as well informed investors (“Well Informed Investors” or “Investors”) as defined in article 2 of the Law. Well Informed Investors shall be an institutional investor, a professional investor or any other investor who meets the following conditions:

- a) he has confirmed in writing that he adheres to the status of well informed investor, and
- b) (i) he invests a minimum of EUR 125,000 in the specialised investment fund, or  
(ii) he has been the subject of an assessment made by a credit institution within the meaning of the Directive 2006/48/EC, by an investment firm within the meaning of Directive 2004/39/EC or by a management company within the meaning of Directive 2001/107/EC certifying his expertise, his experience and his knowledge in adequately appraising an investment in the specialized investment fund.

The Company will refuse to issue shares to investors who do not meet these characteristics. Furthermore, the Company will refuse to make any transfer of shares to the extent that such transfer would result in the legal or beneficial ownership of such shares to a non-such investor. The Company, at its sole discretion, may refuse the issue or the transfer of shares if there is no sufficient evidence that the person or company to which the shares should be issued or transferred is a qualifying person within the meaning of the Law. In order to determine whether a purchaser or transferee of shares may be qualified as a qualifying person, the Company will refer to the recommendations made by the relevant supervisory authorities. Generally, the Company may at its sole discretion, reject any application for subscription of shares and proceed, at any time, with the compulsory redemption of all the shares held by a non-qualified investor.

This Offering Document 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 solicitation is not authorized by the competent authority. The content of this Offering Document has not been reviewed by any foreign regulatory authority.

In particular, the Company's shares 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 Company's shares may not be offered or sold to such persons.

**THIS OFFERING DOCUMENT IN NO WAY CONSTITUTES AN OFFER OR SOLICITATION TO THE PUBLIC IN JURISDICTIONS IN WHICH SUCH AN OFFER OR SOLICITATION TO THE PUBLIC IS ILLEGAL. THIS OFFERING DOCUMENT IN NO WAY CONSTITUTES AN OFFER OR SOLICITATION TO A PERSON TO WHOM IT WOULD BE ILLEGAL TO MAKE SUCH AN OFFER OR SOLICITATION.**

The Company has received marketing authorisation under the Directive 2011/61 (European Council Directive 2011/61/EC of 8 June 2011 on Alternative Investment Fund Managers) in Austria, Belgium, Cyprus, Czech Republic, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Spain, Slovakia, Sweden and United Kingdom, although not all sub-funds are necessarily authorised.

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

Lastly, the Offering Document may be updated to take account of additional or closed sub-funds or any significant changes to the Company's structure and operating methods. Therefore, subscribers are recommended to request any more recent documents as mentioned below under “Information for Shareholders”. 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 shares in their country of origin, residence or domicile and to consult their own financial or legal advisor or accountant on any issue relating to the content of this Offering Document or any doubt about any of the content of the Offering Document.

The Offering Document is only valid if accompanied by the latest audited annual report.

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

**Warning for Hong Kong investors:**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

**Information regarding the Qualified Foreign Institutional Investors (QFII) investing in China securities:**

With effect from 1 December 2002, new regulations enabled “Qualified Foreign Institutional Investors” (QFII) to invest in the People’s Republic of China in type “A” shares, government bonds, convertible bonds, corporate bonds and any other financial instruments authorised by the “China Securities Regulatory Commission” (CSRC).

The initial QFII quota was granted by the State Administration of Foreign Exchange (“SAFE”) on 21 November 2004 and is currently held and managed by BNP Paribas Investment Partners Asia Limited.

The Company is considered as an open-ended China Fund under the Chinese regulation on QFII, effective from 28 April 2014, and up to 20% of the total onshore assets in China of the following sub-funds can be repatriated on a monthly basis:

BNP Paribas Flexi III Chinese Equity “A”  
BNP Paribas Flexi III Equity China A Selected  
BNP Paribas Flexi III Equity Greater China  
BNP Paribas Flexi III Equity Greater China Environmental  
BNP Paribas Flexi III Short Term Bond Fund RMB  
BNP Paribas Flexi III Short Term RMB

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## CONTENTS

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GENERAL INFORMATION	6
GENERAL PROVISIONS	11
MANAGEMENT AND ADMINISTRATION	12
INVESTMENT POLICY, OBJECTIVES, RESTRICTIONS AND TECHNIQUES	14
THE SHARES	15
NET ASSET VALUE	19
FEES PAYABLE BY THE SUB-FUNDS	22
TAX PROVISIONS	23
INFORMATION FOR SHAREHOLDERS	25
APPENDIX 1 – INVESTMENT RESTRICTIONS	27
APPENDIX 2 – FINANCIAL TECHNIQUES AND INSTRUMENTS	28
APPENDIX 3 – INVESTMENTS RISKS	30
APPENDIX 4 – LIQUIDATION, MERGER, TRANSFER AND SPLIT PROCEDURES	38
BOOK II	39
CHINESE EQUITY “A”	40
DEPOSIT EUR	41
EQUITY CHINA A SELECTED	44
EQUITY GREATER CHINA	46
EQUITY GREATER CHINA ENVIRONMENTAL	48
EURO GOVERNMENT LONG-DATED PASSIVE BOND FUND	49
EUROPEAN SENIOR CORPORATE LOANS	52
GLOBAL SENIOR CORPORATE LOANS FUND	55
REGA 1	62
SENIOR SECURED BANK LOAN FUND MOGLIANO	64
SHORT TERM BOND FUND RMB	68
SHORT TERM RMB	70

An information section is available for each of these sub-funds. It specifies each sub-fund's investment policy and objective, the features of the shares, 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 of the Offering Document, the general regulations stipulated in Part I of the Offering Document will apply to each sub-fund.

# BOOK I

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## GENERAL INFORMATION

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### REGISTERED OFFICE

BNP PARIBAS FLEXI III  
10, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

### ALTERNATIVE INVESTMENT FUND MANAGER (“AIFM”)

BNP Paribas Investment Partners Luxembourg  
10, rue Edward Steichen  
L-2540 Luxembourg  
Grand Duchy of Luxembourg

### THE COMPANY’S BOARD OF DIRECTORS

#### Chairman

Mr Anthony FINAN, Deputy, Head of Distributors Business Line, BNP Paribas Investment Partners, Paris

#### Members

Mrs Claire COLLET-LAMBERT, Head of Fund Legal BNP Paribas Investment Partners Luxembourg, Luxembourg  
Mr Bruno PIFFETEAU, Chief Operating Officer, Global Fund Solutions, BNP Paribas Investment Partners, Paris  
Mr Hans STEYAERT, Head of Operational Change Management, BNP Paribas Investment Partners Belgium, Brussels.

### THE BOARD OF DIRECTORS OF THE AIFM

#### Chairman

Mr Anthony FINAN, Deputy – Deputy-Head of Distributors Business Line, BNP Paribas Investment Partners, Paris

#### Members

Mrs Sylvie BAIJOT, Deputy Chief Executive Officer, BNP Paribas Investment Partners Luxembourg, Luxembourg  
Mr Stéphane BRUNET, Chief Executive Officer, BNP Paribas Investment Partners Luxembourg, Luxembourg  
Mr Georges ENGEL, Independent Director, Vincennes, France

### NAV CALCULATION

BNP Paribas Securities Services, Luxembourg Branch  
60 avenue J.F Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### TRANSFER AND REGISTRAR AGENT

BNP Paribas Securities Services, Luxembourg Branch  
60 avenue J.F Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### DEPOSITARY / PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch  
60 avenue J.F Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

### INVESTMENT MANAGERS

- **BNP Paribas Investment Partners Belgium** ( in abbreviated form: BNPP IP Belgium)  
Rue du Progrès, 55, 1210 Brussels, Belgium  
A Belgian company incorporated on 30 June 2006
- **BNP Paribas Asset Management S.A.S.**  
1 Boulevard Haussmann, F-75009 Paris, France  
A French company incorporated on 28 July 1980.
- **Fischer Francis Trees & Watts, Inc.**  
200 Park Avenue, 11<sup>th</sup> floor, New York, NY 10166, USA

An US company, incorporated on 24 August 1972

- **BNP Paribas Investment Partners Asia Limited**

30/F, Three Exchange Square, 8 Connaught Place, Central Hong-Kong

A Hong Kong Company incorporated on 29 October 1991.

Function delegated to:

- **HFT INVESTMENT MANAGEMENT (HK) LIMITED**

30/F Three Exchange Square, 8 Connaught Place, Central, Hong-Kong

The company is a licensed corporation under the Hong Kong Securities and Futures Ordinance ("SFO"), incorporated and domiciled in Hong-Kong on 14 April 2010 under Hong Kong law.

In particular, HFT Investment Management (HK) Limited is acting as investment manager for the sub-funds: Chinese Equity "A", Equity China A Selected, , Equity Greater China, Equity Greater China Environmental, , and Short Term Bond Fund RMB.

- **BNP PARIBAS INVESTMENT PARTNERS UK LIMITED**

5 Aldermanbury Square, London EC2V 7BP, United Kingdom

A UK company incorporated on 27 February 1990.

- **THEAM S.A.S**

1 boulevard Haussman, F-75009 Paris, France

A French company incorporated on 27 December 1999.

Investment advice may also be sought from:

**AUDITOR**

PricewaterhouseCoopers, Société coopérative

2, rue Gerhard Mercator

B.P. 1443

L – 2182 Luxembourg

Grand Duchy of Luxembourg

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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>Absolute Return Investments:</u></b>	Investments seek to make positive returns by employing investment management techniques that differ from traditional mutual funds, such as short selling, futures, options, financial derivative instruments, arbitrage, and leverage.
<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 share 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 shareholders as it affects the sub-fund's performance and disrupts management of the assets.
<b><u>ADR / GDR:</u></b>	ADR / GDR refer to all categories of American Depositary Receipts and Global Depositary Receipts, mirror substitutes for shares which cannot be bought locally for legal reasons. ADRs and GDRs are not listed locally but on such markets as New York or London and are issued by major banks and/or financial institutions in industrialised countries in return for deposit of the securities mentioned in the sub-fund's investment policy.
<b><u>Alternatives Investments:</u></b>	Investments outside of the traditional asset classes of equities, debt securities and cash: they include Hedge Funds, Managed Futures, Real Estate Investments, Commodities Investments, Inflation-linked Products and Derivatives Contracts. Alternative investments strategies may pursue the following strategies: Equity Long / Short, Equity Market Neutral, Convertible Arbitrage, Fixed Income Arbitrage (yield curve arbitrage or corporate spread arbitrage), Global Macro, Distressed Securities, Multi-strategy, Managed Futures, Take-over / merger arbitrage, Volatility arbitrage, and Total return.
<b><u>AIFM Law:</u></b>	The Luxembourg law of 12 July 2013 related to Alternative Investment Fund Managers
<b><u>AIFM Regulation:</u></b>	Commission delegated Regulation (EU) No 213/2013 of 19 December 2012 supplementing Directive 2011/61 of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision
<b><u>Alternative Investment Fund</u></b>	
<b><u>Manager Agreement:</u></b>	The agreement between the Fund and the Alternative Investment Fund Manager as amended, supplemented or otherwise modified from time to time
<b><u>Circular 07/309:</u></b>	Circular issued by the CSSF on 3 August 2007 concerning the diversification of risks for the specialised investment funds ("FIS"). This document is available on the CSSF website ( <a href="http://www.cssf.lu">www.cssf.lu</a> ).
<b><u>Authorised Investors:</u></b>	Investors specially approved by the Board of Directors of the Company
<b><u>CDS:</u></b>	Credit Default Swap.
<b><u>CFD:</u></b>	Contract for Difference.
<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>Commodities Investments:</u></b>	Investments in instruments based on commodities.
<b><u>Company Name:</u></b>	BNP PARIBAS FLEXI III
<b><u>CSRC:</u></b>	China Securities Regulatory Commission.
<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>	<p><b><u>CNH:</u></b> Chinese Yuan Renminbi Offshore (outside of the PRC)</p> <p><b><u>CNY:</u></b> Chinese Yuan Renminbi Onshore (inside of the PRC)</p> <p><b><u>EUR:</u></b> Euro</p> <p><b><u>HKD:</u></b> Hong Kong Dollar</p> <p><b><u>JPY:</u></b> Japanese Yen</p> <p><b><u>RMB:</u></b> Chinese Renminbi, unless otherwise stipulated refers either to CNY traded onshore or CNH traded offshore. Both may have a value significantly different to each other since currency flows in/out of mainland China are restricted.</p> <p><b><u>USD:</u></b> US Dollar</p>



<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 2011/16:</u></b>	European Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation as amended by the Directive 2014/107
<b><u>Directive 2011/61:</u></b>	Commission delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61 of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (AIFMD Directive).
<b><u>Directive 2014/107:</u></b>	European Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16 as regards mandatory automatic exchange of information (AEOI) in the field of taxation
<b><u>EDS:</u></b>	Equity Default Swap.
<b><u>Emerging markets:</u></b>	Non OECD countries prior to 1 January 1994 together with Turkey.
<b><u>Equity:</u></b>	A stock or any other security representing an ownership interest.
<b><u>Equity equivalent security:</u></b>	ADR, GDR and investment certificates.
<b><u>High Yield Bonds:</u></b>	These bond investments correspond to the ratings assigned by the rating agencies for borrowers rated below BBB- on the Standard & Poor's or Fitch rating scale and below Baa3 on the Moody's rating scale. Such high-yield bond issues are loans that generally take the form of bonds with a 5-, 7- or 10-year maturity. The bonds are issued by companies with a weak financial base. The return on the securities, and their level of risk, is significant, making them highly speculative. In the case of securities rated by two or more agencies, the worst rate available will be considered.
<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 Bonds:</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>IRS:</u></b>	Interest Rate Swap.
<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>Mainland China Securities:</u></b>	Securities traded in People's Republic of China included but not limited to China 'A' Shares (Shares listed in CNY in the Shanghai or Shenzhen stock exchanges and which are exclusively reserved to Chinese or Qualified Foreign Institutional Investors), China 'B' Shares (Shares listed in foreign currencies in the Shanghai or Shenzhen stock exchanges and reserved to foreign investors) and/or any other equities and debt securities issued or settled in CNY and/or Participatory-Notes linked to those securities. China 'H' shares (Shares listed in HKD in Hong Kong Stock exchange) are not concerned.
<b><u>Managers:</u></b>	Portfolio managers and insurance companies 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 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>Money Market Fund:</u></b>	Money markets funds compliant with ESMA guidance (CESR/10-049 of 19 May 2010).
<b><u>NAV:</u></b>	Net Asset Value.
<b><u>OECD:</u></b>	Organisation for Economic Co-operation and Development.

<b><u>Offering Document:</u></b>	The present document.
<b><u>OTC:</u></b>	Over The Counter.
<b><u>PBOC:</u></b>	means the People's Bank of China.
<b><u>PRC:</u></b>	People's Republic of China.
<b><u>QFII:</u></b>	A qualified foreign institutional investor approved under the "Regulations on Domestic Securities Investments by Qualified Foreign Institutional Investors" issued by the CSRC, the PBOC and SAFE and effective from 1 September 2006.
<b><u>QFII sub-funds</u></b>	Collective investment schemes which can fully or partially invest into Mainland Chinese domestic securities via the QFII License: BNP Paribas Flexi III Chinese Equity "A", BNP Paribas Flexi III Equity China A Selected, BNP Paribas Flexi III Equity Greater China, BNP Paribas Flexi III Equity Greater China Environmental, BNP Paribas Flexi III Short Term Bond Fund RMB, BNP Paribas Flexi III Short Term RMB.
<b><u>Real Estate Investments:</u></b>	Investments in Real Estate certificates, shares of companies linked to Real Estate REITs.
<b><u>Reference Currency:</u></b>	Main currency when several valuation currencies are available for a same share
<b><u>RQFII:</u></b>	Renminbi Qualified Foreign Institutional Investor pursuant to the RQFII Regulations.
<b><u>RQFII Regulations:</u></b>	The PRC (People's Republic of China) laws, rules, regulations, circulars, orders, notices, directives or directions formulated specifically to deal with RQFII, as may be promulgated and/or amended from time to time.
<b><u>RQFII sub-funds:</u></b>	Collective investment schemes which can fully or partially invest into mainland Chinese domestic securities via the RQFII License: BNP Paribas Flexi III, BNP Paribas Flexi III Short Term Bond Fund RMB, BNP Paribas Flexi III Equity Greater China Environmental, BNP Paribas Flexi III Chinese Equity "A", BNP Paribas Flexi III Equity China A Selected
<b><u>SAFE:</u></b>	The Chinese State Administration of Foreign Exchange of the PRC. <b><u>Stock Connect:</u></b> The Stock Connect is a program which aims to achieve mutual stock market access between Mainland China and Hong Kong. Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKex"), Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). Hong Kong and overseas investors (including the QFII/RQFII sub-funds), through their Hong Kong brokers and a securities trading service company to be established by The Stock Exchange of Hong Kong Limited ("SEHK"), may be able to trade certain predefined eligible shares listed on SSE/SZSE by routing orders to SSE/SZSE. It is expected that the list of eligible shares in respect of Stock Connect will be subject to review from time to time. Trading under the Stock Connect will be subject to a daily quota ("Daily Quota"). The trading quota rules may be subject to review.
<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>TRS:</u></b>	Total Return Swap.
<b><u>UCI:</u></b>	Undertaking for Collective Investment.
<b><u>UCITS:</u></b>	Undertaking for Collective Investment in Transferable Securities.
<b><u>Valuation Currency(ies):</u></b>	Currency in which the net asset values of a sub-fund, share category, or share class are calculated. There may be several valuation currencies for the same sub-fund, share category, or share class (so called "Multi-Currency" facility). When the currency available in the share category, or share class is different than the Accounting Currency, subscription/conversion/redemption orders may be taken in account without suffer exchange rate charges.
<b><u>Valuation Day:</u></b>	Each open bank day in Luxembourg and subject to exceptions available in the I:  It corresponds also to: <ul style="list-style-type: none"> <li>• Date attached to the NAV when it is published</li> <li>• Trade date attached to orders</li> <li>• With regards to exceptions in the valuation rules, closing date prices used for the valuation of the underlying assets in the sub-fund's portfolios.</li> </ul>
<b><u>VaR:</u></b>	Value-at-Risk, specific risk valuation method of a sub-fund (see Appendix 2).

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## GENERAL PROVISIONS

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BNP Paribas Flexi III is an investment company with variable capital – specialised investment fund (*abbreviated to SICAV-SIF*) governed by the Law of 13 February 2007 as amended for the last time by the law of March 26, 2012, as well as by the provisions of the AIFM Law and constituted for an unlimited duration on 18 July 2007.

Its Articles of Incorporation have been published on 4 September 2007 in the *Mémorial, Recueil des Sociétés et Associations* (the "*Mémorial*"). The latest version of the Articles of Association 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)).

The Company's capital is expressed in euros ("EUR") and is at all times equal to the total net assets of the various sub-funds. It is represented by fully paid-up shares issued without a designated par value, described below as "The Shares". The capital varies automatically without the notification and specific recording measures required for increases and decreases in the capital of limited companies. Its minimum capital is defined by the Law.

The Company is registered in the Luxembourg Trade and Companies Register under the number B 130 436.

The Company is an umbrella fund, which comprises multiple sub-funds, each with distinct assets and liabilities of the Company. Each sub-fund shall have an investment policy and an Accounting Currency that shall be specific to it as determined by the Board of Directors.

The Company is a single legal entity.

In accordance with Article 71 (5) of the Law:

- the rights of shareholders 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 shareholders in that sub-fund and of creditors where the credit arises from the constitution, operation or liquidation of the sub-fund;
- in relations between shareholders, each sub-fund is treated as a separate entity.

The Board of Directors may at any time create new sub-funds, investment policy and offering methods of which will be communicated at the appropriate time by an update to the Offering Document. Shareholders may also be informed via press publications if required by regulations or if deemed applicable by the Board of Directors. Similarly, the Board of Directors may close sub-funds, in accordance with the provisions of Appendix 4.

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## MANAGEMENT AND ADMINISTRATION

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The Company is directed and represented by the Board of Directors acting under the authority of the General Shareholders' Meeting. The Company outsources management, administration, audit services, and asset custody. The roles and responsibilities associated with these functions are described below. The composition of the Board of Directors and the names, addresses and detailed information about the service providers is listed above in the section entitled "General Information".

The AIFM, the Investment Managers, the Depositary, the NAV Calculation agent, Distributors and other service providers and their respective affiliates, directors, officers and shareholders 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 Company. 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 Directors and the relevant Parties involved shall endeavour to resolve it fairly, within reasonable time and in the interest of the Company.

### **Board of Directors**

The Board of Directors assumes ultimate responsibility for the management of the Company and is therefore responsible for the Company's investment policy definition and implementation.

### **AIFM**

Acting as AIFM, 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. Its share capital is EUR 3 million, fully paid up. The Board of Directors has appointed the AIFM as to serve as the Company's alternative investment fund manager within the meaning of Chapter II of Directive 2011/61 and Chapter 2 of the AIFM Law and in accordance with the provisions of the 2007 Law.

The AIFM performs the administration, portfolio management and marketing duties.

### **Alternative Investment Fund Manager Agreement**

The Alternative Investment Fund Manager Agreement is subject to Luxembourg law and any dispute may be raised before Luxembourg competent jurisdiction. Each of the parties may terminate the Alternative Investment Fund Manager Agreement subject to three months notice.

In order to cover potential liability risks resulting from professional negligence, the AIFM holds appropriate additional own funds in accordance with the provisions of the AIFM Law. Among the functions assigned to it, the AIFM shall in particular be responsible for the following duties towards the Company:

- Risk Management function;
- Administration of the Company;
- Marketing and distribution (if applicable) of the shares of the Company.

In accordance with applicable laws and regulations and with the prior consent of the CSSF, the AIFM is empowered to delegate, under its responsibility, part of its duties and powers to any person or entity, which it may consider appropriate and which disposes of the requisite expertise and resources.

Any such delegation will be performed in compliance with the provisions of Book II of the 2007 Law and the AIFM Law.

At the date of the current Offering Document, the AIFM has delegated:

- the portfolio management of the Company'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 Company's periodic reports. Investors may request an up-to-date list of investment managers specifying the portfolios managed by each;
- within the administration functions, the functions of NAV calculation, Registrar (both for registered and bearer shares) and Transfer Agent are delegated to BNP Paribas Securities Services, Luxembourg branch;

Investment advice is also sought from the Advisors mentioned above in "General Information".

In accordance with AIFM Law, the AIFM ensures that the delegates carry out the delegated functions effectively and in compliance with applicable law and regulatory requirements and must establish methods and procedures for reviewing on an ongoing basis the services provided by the delegates. The AIFM shall supervise effectively the delegated functions and manage the risks associated with the delegation and take appropriate action if it appears that the delegates cannot carry out the functions effectively or in compliance with applicable laws and regulatory requirements.

The AIFM shall:

- (a) act honestly, with due skill, care and diligence and fairly in conducting their activities;
- (b) act in the best interests of the Company or the investors of the Funds they manage and the integrity of the market;
- (c) have and employ effectively the resources and procedures that are necessary for the proper performance of their business activities;
- (d) take all reasonable steps to avoid conflicts of interest and, when they cannot be avoided, to identify, manage and monitor and, where applicable, disclose those conflicts of interest in order to prevent them from adversely affecting the interests of the Company and their investors and to ensure that the Funds they manage are fairly treated;
- (e) comply with all regulatory requirements applicable to the conduct of their business activities so as to promote the best interests of the Company or the investors of the Funds they manage and the integrity of the market; and
- (f) treat all the Company's investors fairly.

In executing securities transactions and in selecting any broker, dealer, or other counterparty, the AIFM 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 Group so long as they appear to offer the best overall terms available.

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

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

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

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

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

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

### **Depository**

Cash monitoring, safekeeping of the Company's assets and supervision are entrusted to a depository, which fulfils the obligations and duties prescribed by Luxembourg law.

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

The Depository must also ensure that:

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

### **Auditor**

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

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## INVESTMENT POLICY, OBJECTIVES, RESTRICTIONS AND TECHNIQUES

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The Company'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 Company will principally invest its assets in a range of transferable securities, money market instruments, units, or shares in undertakings for collective investment, credit institution deposits, and financial derivative instruments, denominated in various currencies and issued in different countries and other assets permitted by the Law of 2007.

Since the Company may invest its assets in undertakings for collective investment, the investor is exposed to the risk of dual fees (such as the management fees for the undertakings for collective investment in which the Company invests).

The Company's investment policy is determined by the Board of Directors 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 Company will be subject to a series of investment restrictions as stipulated for each sub-fund in Book II. In this respect, the attention of investors is drawn to the investment risks described for each sub-fund in Book II.

The assets of the Company are subject to normal market risks and no assurance can be given that the objectives set out above will be achieved.

Furthermore, the Company is authorised to use techniques and instruments on transferable securities and money market instruments under the conditions and limits defined for each sub-fund in Book II, provided that these techniques and instruments are employed for the purposes of efficient portfolio management. When these operations involve the use of financial derivative instruments, these conditions and limits must comply with the provisions of the law and regulation. Under no circumstances can these operations cause the Company and its sub-funds to deviate from the investment objectives as described in the Offering Document.

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 SHARES

### SHARE CATEGORIES, SUB-CATEGORIES AND CLASSES

#### A. CATEGORIES

Within each sub-fund, the Board of Directors will be able to create and issue the share categories listed below and add new valuation currencies to the existing shares:

Category	Investors	Initial subscription price per share <sup>(1)</sup>	Minimum holding <sup>(2)</sup>	Maximum fees payable by the investors <sup>(3)</sup>		
N	Well-informed investors	Please refer to Book II for initial subscription price per share applicable for each particular sub-fund.	EUR 125,000	Entry (max)	Conversion (max)	Exit (max)
Privilege	Well-informed investors		None	Not possible	none	
I	Institutional Investors and UCIs					
I Plus	Institutional and authorized Investors					
X	Authorized Investors					

(1) Entry fees excluded, if any

(2) At the discretion of the Board of Directors and unless otherwise specified in Book II. However, the equal treatment of shareholders shall be preserved at all times.

(3) Unless otherwise specified in Book II

#### B. SUB-CATEGORIES

##### 1. Hedged

These sub-categories aimed at hedging the currency exchange risks exposure of the portfolio of the sub-fund against their Reference Currency. In the event of changes in the net asset value of the portfolio and/or subscriptions and/or redemptions, hedging will be operated to the extent possible within specific bandwidths (should those limits not be respected from time to time, hedging readjustment will be operated). The currency exchange risk cannot be completely neutralized as the hedging technique is based on the sub-fund NAV.

The currency of these sub-categories appears in their denomination (for example, "IH EUR" for a category hedged in EUR and the accounting currency of the sub-fund is USD).

If the assets of one of these categories/classes in any sub-fund fall below EUR 1,000,000 or equivalent, the Board of Directors reserves the right to close the category and merge it with the same non hedged category of the same sub-fund.

##### 2. Mono-Currency

These sub-categories are valued and issued solely in the Reference Currency, indicated by the denomination of the sub-category, which is different from the Accounting Currency of the sub-fund. (for example "Classic USD" for a category issued and valued only in USD when the Accounting Currency of the sub-fund is EUR).

Other characteristics of these sub-categories as well as the fee structure are the same as those of their mother-category in the same sub-fund.

#### C. CAPITALISATION / DISTRIBUTION CLASSES

Any of the above share categories / sub-categories are issued in Capitalisation ("CAP") and/or Distribution ("DIS") classes as defined below.

##### 1. CAP

CAP shares retain their income to reinvest it.

##### 2. DIS

DIS shares may pay dividend to shareholders on an annual, monthly or quarterly basis.

The general meeting of shareholders holding DIS shares for each sub-fund concerned decides each year on the Board of Directors' proposal to pay a dividend, which is calculated in accordance with the limitations defined by law and the Articles of Association. In this respect, the general meeting reserves the right to distribute the net assets of each of the Company's sub-funds up to the limit of the legal minimum capital. The nature of the distribution (net investment income or capital) will be mentioned in the Company's financial statements.

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

If it deems it advisable, the Board of Directors may decide to distribute interim dividends.

The Board of Directors determines the payment methods for the dividends and interim dividends that have been 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 shareholders 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 Company on behalf of the shareholders of the sub-fund for the duration of the legal limitation period.

#### **D. SHARE LEGAL FORMS**

All the shares are issued in registered form.

They cannot be issued in bearer form.

The shares are all listed into specific registers kept in Luxembourg by the Registrar Agent indicated in the section "General Information". Unless otherwise specified, shareholders will not receive a certificate representing their shares. Instead, they will receive a confirmation of their entry into the register.

#### **E. GENERAL PROVISION AVAILABLE FOR ALL CATEGORIES**

The Board of Directors reserves the right to redeem, at any time, shares held by persons who are not authorised to buy or hold the Company's shares.

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

Fractions of shares may be issued up to three decimals for all sub-funds, except for the following sub-funds, for which no fractions of shares may be issued :

- BNP Paribas Flexi III Chinese Equity A
- BNP Paribas Flexi III Equity China A Selected
- BNP Paribas Flexi III Equity Greater China

Fractions of shares may be issued up to five decimals for the following sub-fund:

- BNP Paribas Flexi III Deposit EUR

The shares of each sub-fund and/or each category and/or class have an equal right to the liquidation proceeds of the sub-fund and/or each category and/or class concerned.

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

#### **Preliminary information**

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

The Board of Directors 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, shares held by persons who are not authorised to buy or hold the Company's shares;
- (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 in the Company, notably by charging additional exit fees up to 2% of the order amount, to be retained by the sub-fund.

The Board of Directors 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 share 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 shares held by a shareholder to below the number or value decided upon by the Board of Directors, the Company may redeem all the shares.

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

**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 Articles of Association; and by an extract from the trade and companies register for a legal entity, in the following cases:**

1. **direct subscription to the Company;**
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 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 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 Company. 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 shareholder requests, and providing them with information on other Company products and services. Neither the Company nor its AIFM will disclose confidential information on shareholders unless required to do so by specific regulations.

#### **Subscriptions**

The shares will be issued at a price corresponding to the net asset value per share plus the entry fees described in the above list.

For an order to be executed at the net asset value on a given valuation day, it must be received by the 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 Company, the order must include all necessary information relating to the identification of the subscribed shares and the identity of the subscriber as described above.

Unless otherwise specified for a particular sub-fund, the subscription price of each share is payable in one of the valuation currencies of the shares concerned within the time period defined in Book II, increased, where necessary, by the applicable entry fees. At the shareholder'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 shareholder.

The 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 Board of Directors or its agent may process the request by applying an additional charge to reflect interest owed at the customary market rates; or cancelling the share allotment, as applicable accompanied by a request for compensation for any loss owing to failure to make payment before the stipulated time limit. The shares 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. If payment is made by uncertified cheque, the shares will be assigned after receipt of confirmation of payment. If payment is made in a currency other than the valuation currency for the shares subscribed, the exchange fees will be borne by the subscriber. The Company cannot be held responsible for the delayed processing of incomplete orders.

The Board of Directors may accept the issue of shares in exchange for the contribution in kind, in accordance with the conditions defined by Luxembourg law, in particular with respect to the obligation for the submission of a valuation report by the Auditor mentioned under "General Information" above, and provided that these transferable securities meet the Company's investment policy and restrictions for the sub-fund concerned as described in Book II. Unless otherwise specified, the costs of such a transaction will be borne by the applicant.

#### **Conversions**

Without prejudice to the specific provisions of a sub-fund and/or category and/or class such as specified in the detailed conditions for each sub-fund in Book II, shareholders may request the conversion of some or all of their shares into shares of another sub-fund and/or category and/or class. The number of newly issued shares and the costs arising from the transaction are calculated in accordance with the formula described below.

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

#### **Conversion Formula**

The number of shares 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 shares to be allocated in the new sub-fund;

*B* being the number of shares of the original sub-fund to be converted;

*C* being the prevailing net asset value per share of the original sub-fund on the relevant Valuation Day;

*D* being the prevailing net asset value per share 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.

#### **Redemptions**

Subject to the exceptions and limitations prescribed in the Offering Document, all shareholders are entitled, at any time, to have their shares redeemed by the Company.

For a redemption order to be executed at the net asset value on a given valuation day, it must be received by the 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.

Unless otherwise specified for a particular sub-fund, the redemption amount for each share will be reimbursed in one of the valuation currencies of the shares concerned and within the timeframe specified in Book II, less, where necessary, the applicable exit costs and back-end load where applicable.

At the shareholder's request, the payment may be made in a currency other than the valuation currencies of the redeemed shares, in which case the exchange costs will be borne by the shareholder and charged against the redemption price. The redemption price of shares 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 Company reserves the right to postpone redemption requests if the order is incomplete. The Company cannot be held responsible for the delayed processing of incomplete orders.

The Board of Directors is entitled to meet payment of the redemption price for each consenting shareholder, by the allocation in kind of assets from the relevant sub-fund, provided that the remaining shareholders are not prejudiced and that a valuation report is produced by the Company's Auditor. The type and kind of assets that may be transferred in such cases will be determined by the manager, taking into account the investment policy and restrictions of the sub-fund in question. The costs of such transfers will be borne by the applicant.

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 Board of Directors may decide to split and/or defer the redemption/conversion applications on a pro-rata basis so as to reduce the number of shares redeemed/converted to date to 10% of the net assets of the sub-fund concerned. Any redemption/conversion applications deferred shall be given priority in relation to redemption/conversion applications received on the next Valuation Day, again subject to the limit of 10% of net assets.

### **Stock Exchange listing**

By decision of the Board of Directors, the shares may be admitted to official listing on the Luxembourg Stock Exchange and/or as applicable on another securities exchange.

At the date of this Offering Document, there are no shares listed on any stock exchange.

**CALCULATION OF THE NET ASSET VALUE PER SHARE**

Each net asset value calculation will be made as follows under the responsibility of the Board of Directors:

1. The net asset value per share of each sub-fund, category and/or class will be calculated at a frequency set by the Board of Directors and mentioned in Book II.

It will be calculated in the currencies specified in Book II for each sub-fund.

2. The net asset value per share will be calculated with reference to the total net assets of the corresponding sub-fund, category and/or class. The total net assets of each sub-fund, category and/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 debts and commitments will be subtracted, all in accordance with the description in point 4, paragraph 4, below.
3. The net asset value per share of each sub-fund, category and/or class will be calculated by dividing its respective total net assets by the number of shares in issue, up to two decimal places for all sub-funds, except for those currencies for which decimals are not used and except for the sub-fund BNP Paribas Flexi III Deposit EUR, for which the net asset value per share will be calculated up to four decimals.
4. Internally, in order to ensure the overall financial and administrative management of the set of assets belonging to one or more sub-funds, categories and/or classes of shares, the Board of Directors may create as many internal sub-portfolios as there are sets of assets to be managed (the "internal sub-portfolios").

Accordingly, one or more sub-funds, categories and/or classes of shares that have entirely or partially the same investment policy may combine the assets acquired by each of them in order to implement this investment policy in a sub-portfolio created for this purpose. The portion held by each sub-fund, category and/or class of shares within each of these internal sub-portfolios may be expressed either in terms of percentages or in terms of entitlements, as specified in the following two paragraphs. The creation of an internal sub-portfolio will have the sole objective of facilitating the Company's financial and administrative management.

The holding percentages will be established solely on the basis of the contribution ratio of the assets of a given internal sub-portfolio. These holding percentages will be recalculated on each valuation day to take account of any redemptions, issues, conversions, distributions or any other events generally of any kind affecting any of the sub-funds, categories and/or classes of shares concerned that would increase or decrease their participation in the internal sub-portfolio concerned.

The entitlements issued by a given internal sub-portfolio will be valued as regularly and according to identical methods as those mentioned in points 1, 2 and 3, above. The total number of entitlements issued will vary according to the distributions, redemptions, issues, conversions, or any other events generally of any kind affecting any of the sub-funds, categories and/or classes of shares concerned that would increase or decrease their participation in the internal sub-portfolio concerned.

5. Whatever the number of categories and/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 Articles of Association and/or the Offering Document. The total net assets of each sub-fund will be calculated by adding together the total net assets of each category and/or class created within the sub-fund.
6. 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 Company's assets primarily include:

- (1) cash in hand and cash deposit including interest accrued but not yet received and interest accrued on these deposits until the payment date;
- (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, bonds, options or subscription rights and other investments and securities which are the property of the Company;
- (4) all dividends and distributions to be received by the Company in cash or securities that the Company is aware of;
- (5) all interest accrued but not yet received and all interest generated up to the payment date by securities which are the property of the Company, unless such interest is included in the principal of these securities;
- (6) the Company's formation expenses, insofar as these have not been written down;
- (7) 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 cash in hand and cash deposit, bills and drafts payable at sight and accounts receivable, prepaid expenses, and dividends and interest 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 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;
- (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 last known closing price in Luxembourg, on the valuation day, and, if the securities concerned are traded on several markets, on the basis of the last known closing price on the major market on which they are traded; if price last known closing price is not a true reflection, the valuation will be based on the probable sale price estimated by the Board of Directors 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 Board of Directors;

- (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) If permitted by market practice, liquid assets, money market instruments and all other instruments may be valued at their nominal value plus accrued interest or according to the linear amortisation method. Any decision to value the assets in the portfolio using the linear amortisation method must be approved by the Board of Directors, which will record the reasons for such a decision. The Board of Directors will put in place appropriate checks and controls concerning the valuation of the instruments.
- (7) the Board of Directors is authorised to draw up or amend the rules in respect of the relevant valuation rates. Decisions taken in this respect shall be included in the Book II;
- (8) IRS shall be valued on the basis of the difference between the value of all future interest payable by the Company to its counterparty on the valuation date at the zero coupon swap rate corresponding to the maturity of these payments and the value of all future interest payable by the counterparty to the Company on the valuation date at the zero coupon swap rate corresponding to the maturity of these payments;
- (9) the internal valuation model for CDS utilises as inputs the CDS rate curve, the recovery rate and a discount rate (LIBOR or market swap rate) to calculate the mark-to-market. This internal model also produces the rate curve for default probabilities. To establish the CDS rate curve, data from a certain number of counterparties active in the CDS market are used. The manager uses the valuation of the counterparties' CDS to compare them with the values obtained from the internal model. The starting point for the construction of the internal model is parity between the variable portion and fixed portion of the CDS on signing the CDS.
- (10) since EDS (Equity Default Swaps) are triggered by an event affecting a share, their valuation depends mainly on the volatility of the share and its asymmetrical position. The higher the volatility, the greater the risk that the share will reach the 70% threshold and therefore the greater the EDS spread. The spread of a company's CDS also reflects its volatility, since high volatility of the share indicates high volatility of the assets of the company in question and therefore a high probability of a credit event. Given that the spreads of both EDS and CDS are correlated with the implicit volatility of the shares, and that these relations have a tendency to remain stable over time, an EDS can be considered as a proxy for a CDS. The key point in the valuation of an EDS is to calculate the implicit probability of a share event. Two methods are generally accepted: the first consists of utilising the market spread of the CDS as input in a model to evaluate the EDS; the second utilises the historic data of the share in question to estimate the probability. Although historic data are not necessarily a good guide as to what may happen in the future, such data can reflect the general behaviour of a share in crisis situation. In comparing the two approaches, it is very rare to see historic probabilities higher than the shares' implicit probabilities;
- (11) the valuation of a CFD (Contract for Difference) and TRS (Total Return Swap) shall at any given time reflect the difference between the latest known price of the underlying stock and the valuation that was taken into account when the transaction was signed.
- (12) the valuation of the Leveraged Loans will be made by multiplying the Principal Balance of the Collateral Obligation (loan) by the average bid price value determined by Loan Pricing Corporation or LoanX Mark-It Partners, in the case of loans, or LoanX Mark-It Partners, FT Interactive, Bridge Information Systems, KDP or IDC, in the case of bonds, or, in either case, any other Independent pricing service designated by the manager; if such service is not available, then an average of the bid side prices determined by independent broker-dealers active in the trading of such Collateral Obligation will be used for the valuation.
- (13) the valuation of the mid price for a particular CDO (Collateralised Debt Obligations) will be done using the normal and customary method of pricing for determining the price at which a manager would purchase similar type seasoned assets for its own portfolio. This generally involves developing assumptions in respect of the pool (e.g. of mortgage loans) underlying the relevant CDO, including as to the frequency and timing of defaults across the pool, or across different product types within the pool, the severity of the loss on each loan that has defaulted or is assumed to default, the prepayment speed across the pool, or across different product types within the pool, and the level of future interest rates. Will also be taken into account the impact of any derivatives, triggers, call rights and other factors that are considered as relevant or appropriate to review and that are embedded in, or are part of, the underlying transaction. It will be applied what it is believed to be a then-current market-based discount (based on Bids or Mids provided by structuring banks as above) rate to the cash flows generated using the assumptions so developed to determine a bid price for the relevant CDO residual.

## COMPOSITION OF LIABILITIES

The Company's liabilities primarily include:

- (1) all 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 Company but yet to be paid;
- (3) all reserves, authorised or approved by the Board of Directors, including reserves set up in order to cover a potential capital loss on certain of the Company's investments;
- (4) any other undertakings given by the Company, except for those represented by the Company's equity. For the valuation of the amount of these liabilities, the Company shall take account of all the charges for which it is liable, including, without restriction, the costs of amendments to the Articles of Association, the Offering Document and any other document relating to the Company, management, advisory, 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 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 Company's shares which is in the process of being redeemed shall be considered as a share issued and existing until closure on the Valuation Day relating to the redemption of such share and its price shall be considered as a liability of the Company as from closing on the date in question until such time as the price has been duly paid. Each share to be issued by the Company in accordance with subscription applications received shall be considered as being an amount due to the Company until such time as it has been duly received by the Company. As far as possible, account shall be taken of any investment or divestment decided by the Company until the Valuation Day.

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

Without prejudice to legal causes for suspension, the Board of Directors may at any time temporarily suspend the calculation of the net asset value of shares 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 Company makes it impossible to dispose of one assets by reasonable and normal means, without seriously harming the shareholders' interests;
- (c) during any failure in the means of communication normally used to determine the price of any of the Company'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 Company or when purchases or sales of the Company's assets cannot be carried out at normal exchange rates;
- (e) as soon as a decision has been taken to either liquidate the Company 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 Board of Directors estimates by a justified decision that such a suspension is necessary to safeguard the general interests of the shareholders concerned.

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

In exceptional circumstances which could have a negative impact on shareholders' interests, or in the event of subscription, redemption or conversion applications exceeding 10% of a sub-funds' net assets, the Board of Directors reserves the right not to determine the value of a share 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 company 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 Board of Directors may consider that it is in the interest of shareholders to calculate the NAV per share 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 Board of Directors 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.

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## FEES PAYABLE BY THE SUB-FUNDS

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Please see Book II of this Offering Document for detailed information on fees and charges.

Each sub-fund is charged costs or expenses specifically attributable to it. Costs and expenses not attributable to any particular sub-fund are allocated among all the sub-funds pro rata to their respective net asset values.

### **Administrative Services**

Fee calculated on each Valuation Day on the net asset value of each sub-fund at a rate which shall be agreed from time to time with the AIFM and paid to the AIFM monthly. This fee shall cover the services of the Administrative Agent, Domiciliary and Corporate Agent and the Registrar & Transfer Agent as well as of service providers and fees incurred in places where the Company is registered.

### **Custodian charge**

Charge calculated on the net asset value of each sub-fund and paid by the Company. The rate will depend on the market in which the assets are invested and typically range from 0.003% of the net assets of the sub-fund in developed markets to 0.35% of the net assets of the sub-fund in emerging markets (excluding transaction charges and reasonable disbursements and out-of-pocket expenses), plus VAT if any. Certain sub-funds and share classes may pay higher custody fees applicable to investment in emerging markets.

The maximum Custodian charge shall amount to 0.025% for the sub-funds China Sovereign Bond RMB and Short Term Bond Fund RMB, 0.075% for the sub-fund Equity Greater China Environmental and 0.12% for the sub-funds Chinese Equity "A", Equity China A Selected and Equity Greater China.

### **Distribution Fee**

Fee calculated and deducted monthly from the average net assets of a sub-fund, share category, or share class, paid to the AIFM and serving to cover remuneration of the distributors, supplemental to the share of the management fee that they receive.

### **Extraordinary and Other Expenses**

Expenses other than management, performance, distribution and administrative services:

They will be borne by the Company and include stamp duties, taxes, commissions and other dealing costs, foreign exchange costs, bank charges, registration fees in relation to investments, insurance and security costs, fees and expenses of the Auditors, the remuneration and expenses of its directors and officers, all expenses incurred in the collection of income and in the acquisition, holding and disposal of investments. The Company will also be responsible for the costs of preparing, translating, printing and distributing all rating agencies statements, notices, accounts, Prospectuses/offering documents, annual and semi-annual reports and relevant documents as required by relevant local laws, as well as certain other expenses incurred in the administration of the sub-fund such as but not limited to rating agency fees.

Certain sub-funds and share classes will also pay specific additional costs, without limitation, such as hedging expenses.

Moreover, the Company bears any extraordinary expenses including, without limitation, litigation expenses and the full amount of any tax, levy, duty or similar charge and any unforeseen charges imposed on the Company or its assets, in the countries where the Company is marketed.

### **Management Fee**

Fee calculated and deducted monthly from the average net assets of a sub-fund, share category, or share class, paid to the AIFM and serving to cover remuneration of the asset managers and also distributors in connection with the marketing of the Company's stock.

### **Performance Fee**

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 AIFM. 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 AIFM, after deducting any performance fee. Performance fee will be accrued if the performance of the sub-fund exceeds the hurdle rate and the high water mark. Furthermore, if shares are redeemed during the financial year, the fraction of the provisioned performance fee that corresponds to the total amount redeemed shall be granted definitively to the AIFM.

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## TAX PROVISIONS

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### TAXATION OF THE COMPANY

At the date of the Offering Document, the Company is not liable to any Luxembourg income tax or capital gains tax.

However, the Company is liable to an annual *taxe d'abonnement* in Luxembourg representing 0,01% of the net asset value.

Are exempt from the *taxe d'abonnement*:

- a) the value of the assets represented by units, or shares held in other undertakings for collective investment, provided that these units or shares have already been subject to the subscription tax provided for by the Article 174 of the law of 17 December, 2010 relating to undertakings for collective investment;
- b) specialised investment funds as well as individual sub-funds of specialised investment funds with multiple sub-funds:
  - (i) the exclusive object of which is the collective investment in money market instruments and the placing of deposits with credit institutions, and,
  - (ii) the weighted residual portfolio maturity of which does not exceed 90 days, and,
  - (iii) that have obtained the highest possible rating from a recognised rating agency;
- c) specialised investment funds the securities of which are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, set up on one or several employer's initiative for the benefit of their employees and (ii) companies of one or several employers investing the funds they own, in order to provide their employees with retirement benefits.
- d) specialised investment funds as well as individual sub-funds of specialised investment funds with multiple sub-funds the main object of which is the investment in microfinance institutions.

A grand-ducal regulation shall determine the conditions necessary for the application of the exemption, and fix the criteria with which the money market instruments referred to above must comply.

The provisions of c) above apply *mutatis mutandis* to:

- individual sub-funds of a specialised investment fund with multiple sub-funds the securities of which are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, set up on one or several employer's initiative for the benefit of their employees and (ii) companies of one or several employers investing the funds they own, in order to provide their employees with retirement benefits, and,
- individual classes created within a specialised investment fund or within a sub-fund of a specialised investment fund with multiple sub-funds the securities of which are reserved for (i) institutions for occupational retirement provision, or similar investment vehicles, set up on one or several employer's initiative for the benefit of their employees and (ii) companies of one or several employers investing the funds they own, in order to provide their employees with retirement benefits.

A grand-ducal regulation shall lay down the criteria which specialised investment funds as well as individual sub-funds of specialised investment funds with multiple sub-funds referred to in d) above, shall fulfil.

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.

### TAXATION OF THE COMPANY'S INVESTMENTS

Some of the Company's portfolio income, especially income in dividends and interest, 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 Company 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 SHAREHOLDERS

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

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

Dividends are subject to income tax at the personal tax rate.

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

#### b) Non-residents

According to current law and in the event that the provisions of Directive 2011/16 as specified in item c) below do not apply:

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

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

### EXCHANGE OF INFORMATION

#### a) 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 Company or the proceeds from the sale of shares in the Company 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.

In most countries covered by Directive 2011/16 and Directive 2014/107, the total gross amount distributed by the Company and/or the total gross proceeds from the sale, refunding or redemption of shares in the Company will be reported to the tax authorities in the state of residence of the beneficial owner of the income.

Austria and Switzerland, will apply the exchange of information as of 1<sup>st</sup> January 2018 on the basis of the data collected in 2017.

b) Residents of third countries or territories

No withholding tax is levied on interest paid to residents of third countries or territories. Nevertheless, in the framework of Automatic Exchange of Information package (AEOI) covering fiscal matters elaborated by OECD, the Company may need to collect and disclose information about its shareholders to third parties, including the tax authorities of the participating country in which the beneficiary is tax resident, for the purpose of onward transmission to the relevant jurisdictions. The data of financial and personal information as defined by this regulation which will be disclosed may include (but is not limited to) the identity of the shareholders and their direct or indirect beneficiaries, beneficial owners and controlling persons. A shareholder will therefore be required to comply with any reasonable request from the Company for such information, to allow the Company to comply with its reporting requirements. The exchange will be made in 2017 on the basis of data collected in 2016 for the "early adopters" countries and in 2018 on the basis of the data collected in 2017 for the other AEOI participating countries.

The list of AEOI participating countries is available on the website: <http://www.oecd.org/tax/automatic-exchange/>

c) 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 might be subject to a 30% US withholding tax.

To avoid such withholding tax the United States have entered, on 28<sup>th</sup> 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 US investors to the Luxembourg Tax authorities. Such information will be onward reported by the Luxembourg tax authorities to the US Internal Revenue Service ("IRS").

**The foregoing provisions are based on the Law and on the practices currently in force, and are subject to change. Potential investors are advised to seek information in their country of origin, place of tax 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 Company markets its shares.**



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## INFORMATION FOR SHAREHOLDERS

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### GENERAL SHAREHOLDERS' MEETINGS

The Annual General Shareholders' Meeting is held at 3.00 pm on the fourth Thursday of April at the Company's registered office or any other location in Luxembourg specified in the notice to attend the meeting. If that day is not a bank business day in Luxembourg, the Annual General Meeting will be held on the following bank business day. Other General Meetings may be convened in accordance with the prescriptions of Luxembourg law and the Company's Articles of Association.

Notices inviting shareholders to attend General Meetings will be published according to the forms and times prescribed in Luxembourg law and the Company's Articles of Association.

Similarly, General Meetings will be conducted as prescribed by Luxembourg law and the Company's Articles of Association.

Every share, irrespective of its unit value, entitles its holder to one vote. All shares have equal weight in decisions to be taken at the General Meeting when decisions concern the Company as a whole. When decisions concern the specific rights of shareholders of one sub-fund, one category or one class, only the holders of shares of that sub-fund, category or class may vote.

### INFORMATION FOR SHAREHOLDERS

#### Net asset values and dividends

The Company is not required to publish the net asset value on a regular basis according to the Law.

The latest net asset value per Share of each sub-fund, together with subscription and redemption prices are available on any bank business day in Luxembourg (the "Business Day") at the registered office of the Company.

#### Financial year

The Company's financial year starts on 1st January and ends on 31 December.

#### Financials reports

The Company publishes an annual report closed on the last day of the financial year, certified by the auditors.

The financial reports of each sub-fund are published in the Accounting Currency of the sub-fund, although the consolidated accounts of the Company are expressed in euro.

The annual report is made public within six months of the end of the financial year.

#### Documents for consultation

The Articles of Association, the Offering Document and financial reports may be consulted at the Company's registered office and at the establishments responsible for the Company's financial service. Copies of the Articles of Association and the annual reports are available upon request.

Information on changes to the Company will be published in a Luxembourg newspaper and any other journal deemed appropriate by the Board of Directors in countries in which the Company markets its shares.

#### Indemnifications

**The Company is required to indemnify, out of the assets of the Company only, the investment managers, officers, employees and agents of the Company, the Board of Directors and the AIFM for any claims, damages and liabilities to which they may become subject because of their status as investment managers, officers, employees or agents of the Company, the Board of Directors, or the AIFM, or by reason of any actions taken or omitted to be taken by them in connection with the Company, except to the extent caused by their gross negligence, fraud or willful misconduct or their material breach of the provisions of the Offering Document.**

#### Conflict of Interests

The AIFM, the NAV calculation, Registrar and Transfer Agent, the Depositary or any delegate may from time to time act for other undertakings for collective investments or collective investment schemes which have similar investment objectives to those of the Company or any sub-fund.

It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the Company or any Sub-Fund. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or any Sub-Fund.

In particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any dealings or investments where conflicts of interest may arise, each will respectively endeavor to ensure that such conflicts are resolved fairly.

There is no prohibition on the Company entering into any transactions with the AIFM, the NAV calculation, Registrar and transfer Agent or the Depositary or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, on terms no less favorable to the Company than could reasonably have been obtained had such transactions been effected with an independent party in compliance with applicable laws.

#### Reports and Notices

The following disclosures will be made in the Company's financial statements in accordance with applicable regulations' provisions, or in another appropriate periodic reporting, and where necessary on an ad hoc basis:

- Where available, the historical performance of each sub-fund;
- Changes to the Depositary' liability;

- The loss of an asset or financial instrument;
- Any changes to the maximum level of leverage which the AIFM may employ on behalf of each sub-fund as well as any right of the re-use of collateral or any guarantee granted under the leveraging arrangement, if any;
- The total amount of leverage employed by each sub-fund;
- Any new arrangements for managing the liquidity of each sub-fund;
- The percentage of each sub-fund's assets which are subject to special arrangements arising from their illiquid nature;
- The risk profile of each sub-fund and the risk management systems employed by the AIFM to manage those risks;
- Any changes to risk management systems employed by the AIFM in accordance with point (c) of Article 23(4) of the AIFM Directive as well as its anticipated impact on each sub-fund and their Shareholders.

The following documents will be made available for inspection by Shareholders or their representatives at the registered office of the Company:

- The Offering Document of the Company;
- The Articles of Incorporation of the Company;
- The annual reports of the Company;
- The agreement between the Depositary, the Company and the AIFM;
- The agreement between the NAV calculation, Registrar and Transfer Agent and the AIFM;
- The agreement between the AIFM and the Company.

Copies of the Articles of Incorporation and the annual and interim reports can also be sent free of charge to prospective investors and to Shareholders upon request.

Any notice to Shareholders shall be published according to the forms and times prescribed in Luxembourg law and the Company's Articles of Association.

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## APPENDIX 1 – INVESTMENT RESTRICTIONS

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1. A sub-fund may not invest more than 30% of its assets in assets of same kind issued by the same issuer (\*).

This restriction is not applicable to:

- Investments in assets issued or guaranteed by member States of the OECD or its local authorities or by public international bodies with EU, regional or worldwide scope;
- Investments in UCI which are subject to risk diversification requirements comparable to those applicable to UCI which are subject to the Law.

For the present restriction, each sub-fund of a target UCI with multiple sub-funds is to be considered as a distinct target UCI on the condition that the principle of segregation of the commitments of the different sub-funds towards third parties is ensured.

2. Short sales may, in principle, not result in a sub-fund having a short position on transferable securities which represent more than 30% of the assets of same kind issued by the same issuer (\*).
3. The Company does not allow borrowings exceeding 100% of the total net assets of the sub-fund concerned to be contracted in any sub-fund (\*).
4. A sub-fund can invest up to 100% of its assets in deposits invested in a single entity

**(\*) These restrictions are subject to exception in accordance with the specific features and objective of each sub-fund as stipulated in Book II of the present Offering Document in accordance with the provisions of the CSSF Circular 07/309.**

## APPENDIX 2 – FINANCIAL TECHNIQUES AND INSTRUMENTS

Without prejudice to any stipulations for one or more particular sub-funds, the Company is authorised, for each sub-fund and in conformity with the conditions set out below, to use derivative financial instruments.

### I. GUIDELINES TO FOLLOW WHEN USING FINANCIAL DERIVATIVE INSTRUMENTS

#### 1. Counterparty Risk:

1.1. The counterparty risk exposure in an OTC derivative transaction may not exceed 30% of its assets if the counterparty is a first class rated counterparty and 10% of its assets in other cases.

1.2. Calculation of counterparty risk linked to OTC derivative instruments.

The counterparty risk linked to OTC financial derivatives shall be based as the positive mark to market value of the contract.

#### 2. Collateral

Recognition of collateral to reduce the total risk linked to the use of financial derivative instruments is permitted.

#### 3. Risk's management

In accordance with the Luxembourg Law of 12 July 2013, the AIFM must functionally and hierarchically separate the functions of risk management from the operating units and the portfolio management function.

The Alternative Investment Fund manager (AIFM) shall implement and review, at least once a year, adequate risk management systems in order to identify measure, manage, and monitor appropriately all risks relevant to each AIF investment strategy and to which each AIF is or may be exposed. The risk profile of each sub-fund shall correspond to the size, portfolio structure and investment strategy of each respective sub-fund.

#### 4. Leverage

Each sub-fund may use leverage according to the investment policy defined in Appendix 1 and 2 of the Offering Document and guidelines specified for cash borrowings' reinvestments, repo or reverse repo agreements, securities lending/borrowing and derivative's operations.

Leverage will be used within the limits set forth in the table here under which sets the maximum commitment leverage and the possibility of re-use of collateral for each sub-fund. The AIFM sets a maximum level of leverage it may employ on behalf of each AIF it manages as well as the extent of the right to re-use collateral or guarantee that could be granted under the leveraging arrangements.

The AIFM must for each AIF it manages, provide a description of the associated risks, the circumstances in which it uses leverage, the type and sources of leverages; it provides on a regular basis any change to the maximum level of leverage.

Sub-funds	AIF Maximum Commitment Leverage	AIF Maximum Gross Leverage	Re-use of collateral
BNPP FLEXI III CHINESE EQUITY "A"	130%	200%	Not Allowed
BNPP FLEXI III DEPOSIT EUR	110%	150%	Not Allowed
BNPP FLEXI III EQUITY CHINA A SELECTED	130%	200%	Not Allowed
BNPP FLEXI III EQUITY GREATER CHINA	130%	200%	Not Allowed
BNPP FLEXI III EQUITY GREATER CHINA ENVIRONMENTAL	130%	200%	Not Allowed
BNPP FLEXI III EURO GOVERNMENT LONG-DATED PASSIVE BOND FUND	110%	110%	Not Allowed
BNPP FLEXI III EUROPEAN SENIOR CORPORATE LOANS FUND	130%	200%	Not Allowed
BNPP FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND	130%	200%	Not Allowed
BNPP FLEXI III REGA 1	210%	220%	Not Allowed
BNPP FLEXI III SENIOR SECURED BANK LOAN FUND MOGLIANO	110%	200%	Not Allowed
BNPP FLEXI III SHORT TERM BOND FUND RMB	120%	200%	Not Allowed
BNPP FLEXI III SHORT TERM RMB	120%	200%	Not Allowed

In case the leverage calculated according to the commitment methodology exceeds three times its net asset value, the AIFM shall make available information about the overall level of leverage, the break down between leverage arising from borrowing of cash or securities and leverage embedded in financial derivatives.

#### 5. Liquidity Management

The AIFM employs appropriate liquidity management methods and adopts procedures which enable it to monitor the liquidity risk of each sub-fund; it ensures that the liquidity profile of the investments complies with its underlying obligations and conducts stress tests on a regular basis.

The AIFM ensures that the investment strategy, the liquidity profile and the redemption policy are consistent; it provides a description of the AIF's liquidity risk management.

The above shall not apply to un-leveraged closed-ended AIF.

## **II. OTHER TECHNIQUES**

### **1. Securities Lending**

The Company may engage in loan transactions on securities provided that the following rules are respected:

#### **1.1. Rules designed to ensure the successful conclusion of loan transactions**

The Company may only loan securities in the context of a standardised loan system structured by a recognised clearing organisation or by a leading financial institution specialising in this type of transaction. For loan transactions, the Company must in principle receive a guarantee, the value of which at the time that the loan contract is concluded is at least equal to the overall value of the securities loaned.

This guarantee must be given in the form of liquidities and/or securities issued or guaranteed by a member state of the OECD or its national public authorities, or by international institutions and organisations with a community, regional or global remit, frozen in the name of the Company until the expiration of the loan. Other forms of guarantee are also authorised provided that the Board of Directors is satisfied with the protection.

### **2. Repurchase Agreements / Reverse Repurchase Agreements**

Each sub-fund may engage in repurchase agreements and/or reverse repurchase agreements.

Repurchase agreements transactions consist of a forward transactions at the maturity of which the sub-fund has the obligation to repurchase the asset sold and the buyer (the counterparty) the obligation to return the asset received under the transaction.

Reverse repurchase agreements consist of a forward transaction at the maturity of which the seller (counterparty) has the obligation to repurchase the asset sold and the sub-fund the obligation to return the asset received under the transaction.

However, the involvement of a sub-fund in such agreements is subject to the following rules:

a) Each sub-fund may buy or sell securities with repurchase options only if the counterparties in these agreements are first-rank financial institutions specialising in this type of transaction; and

b) During the lifetime of a reverse repurchase agreement, a sub-fund may not sell the securities forming the subject of the contract until the counterparty's repurchase option has been exercised or the reverse repurchase term has expired.

In addition, each sub-fund must ensure that the value of the reverse repurchase agreement transactions is at a level that the sub-fund is capable at all times to meet its redemption obligation towards shareholders/unitholders.

### **3. Temporary Acquisition of Securities**

Each sub-fund may:

(I) borrow securities (via a repurchase agreement) for a given period and accepting physical delivery;

(II) sell these securities;

(III) repurchase them afterwards;

(IV) in order to then return the borrowed securities to the original lender;

provided such transactions do not represent more than 20% of its net assets and be only made with first-rank financial institutions.

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## APPENDIX 3 – INVESTMENTS RISKS

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Potential investors are asked to read the Offering Document 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-fund 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 case those risks are mentioned specifically in the Book II of the Offering Document.

### **I. SPECIFIC MARKET RISKS**

#### **A. Specific Risks impacting only some sub-funds (please refer to Book II)**

##### **Alternative Investment Strategies Risks:**

Alternative investment strategies involve risks that depend on the type of investment strategy: investment risk (specific risk), model risk, portfolio construction risk, valuation risk (when OTC derivative), counterparty risk, credit risk, liquidity risk, leverage risk (risk that losses exceed the initial investment), financial derivative instruments short selling risk (cf. risks due to short selling via financial derivative instruments).

##### **Counterparty Risk**

This risk relates to the quality or the default of the counterparty with which the AIFM negotiates, in particular involving payment for/delivery of financial instruments and the signing of agreements involving forward financial instruments. This risk is associated with the ability of the counterparty to fulfil its commitments (for example: payment, delivery and reimbursement). If a counterparty does not live up to its contractual obligations, it may affect investor returns.

##### **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.

##### **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 Offering Document (in particular, warrants on securities, exchange contracts of the securities, interest 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 the sub-fund is increased.

##### **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.

### **B. Generic risks present in all sub-funds:**

##### **Conflict of Interests:**

A policy of conflict of interests has been established with the AIFM.

With a view to adequately detect and manage conflicts of interests, the AIFM 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 AIFM 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 AIFM's conflicts of interest policy is available on the website [www.bnpparibas-ip.com](http://www.bnpparibas-ip.com).

### **Currency Exchange Risk**

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

A sub-fund may hold assets denominated in currencies that differ from its Accounting Currency, and may be affected by exchange rate fluctuations between the Accounting 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 Accounting Currency of the sub-fund, the exchange value of the security in the Accounting Currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security.

When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective.

### **Emerging Markets Risk**

Sub-funds investing in emerging markets (defined as non OECD countries prior to 1 January 1994 together with Turkey) 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.

### **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 an investment's purchasing power.

### **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.

### **Low Interest Rate Consequence**

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

A very low level of interest rates may affect the return on short term assets held by monetary funds which may not be sufficient to cover the management costs leading there a structural decrease of the net asset value of the sub-fund.

### **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. Operational risk addresses the risk of trading, back office, operational, custody and administration issues that may result in a loss to the sub-fund. This could be the result of oversight, ineffective securities processing procedures, computer systems problems or human error.

### **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.

Some sub-funds may invest in initial public offerings ("IPOs"). In this case, there is a risk that the price of the newly floated share may see greater volatility as a result of factors such as the absence of an existing public market, non-seasonal transactions, the limited number of securities that can be traded and a lack of information about the issuer. A sub-fund may hold such securities for only a very short time, which tends to increase the costs.

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 the sub-fund invests is experiencing excessive volatility, a persistent general decline, or other unfavourable conditions. In such circumstances, the sub-fund may be unable to pursue its investment objective.

### **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, economic or monetary policy in the countries concerned. As such, no guarantee can be given that the financial objectives will actually be achieved.

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

Investments in some countries (China, India, Indonesia, Japan, Saudi Arabia and 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 shares may not be available to the sub-fund due to the number of foreign shareholders authorised or if the total investments permitted for foreign shareholders have been reached. In addition, the repatriation by foreign investors of their share 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.

#### **Risks due to short selling on transferable securities**

A sub-fund can short sell transferable securities: selling a security that isn't owned by the seller, but that is promised to be delivered (decrease in share price anticipation).

Short selling can be motivated by 2 strategies: hedging to protect long positions with offsetting short positions; Trading to profit from an overpriced stock or market.

By short selling, the investor faces high risks for potentially high returns for the following reasons. Short selling is a very risky technique as it involves precise timing and goes contrary to the historical overall direction of the market; shorting transferable securities is more risky since it involves using borrowed money; finally if price goes up, his losses could mount without limit; If a large number of short sellers try to cover their positions in a stock, it can drive up the price even faster (short squeeze).

#### **Risk linked to AIF Leverage**

Leverage represents any method by which the AIFM increases the AIF's exposure whether through borrowing of cash or transferable securities, or derivatives positions or by any other means.

Leverage generates an opportunity for higher return and therefore more important income, but, at the same time, increases the volatility of the value of the assets of the sub-fund hence a risk to lose capital.

#### **Tracking Error Risk**

The performance of the sub-fund may deviate from the actual performance of the underlying index due to factors including but not limited to liquidity of the index constituents, possible stock suspensions, trade band limits decided by the stock exchanges, changes in taxation of capital gains and dividends, discrepancies between the tax rates applied to the sub-fund and to the index on capital gains and dividends, limitations or restrictions on foreign investors ownership of shares imposed by the governments, fees and expenses, changes to the underlying index and operational inefficiencies. In addition, the sub-fund may not be able to invest in certain securities included in the underlying index or invest in them in the exact proportions they represent of the index due to legal restrictions imposed by the governments, a lack of liquidity on stock exchanges or other reasons. There could be other factors which can impact the tracking error.

#### **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.

## **II. SPECIFIC RISKS RELATED TO INVESTMENTS IN MAINLAND CHINA**

Certain sub-funds ("the "QFII sub-funds" and "RQFII sub-funds", collectively "QFII/RQFII sub-funds") may invest in Chinese domestic securities market, i.e. China A-shares, debt instruments traded on the Chinese Interbank Bond market and other permitted domestic securities in accordance with the investment policies of the relevant sub-fund. Investing in the PRC carries a high degree of risk. Apart from the usual investment risks, investing in the PRC is also subject to certain other inherent risks and uncertainties.

#### ***China A Share Access Product Risks***

"China A share Access Products" are securities (such as notes, participation notes, warrants, options, equity linked notes and participation certificates which are likely to be denominated in US Dollars) linked to China A Shares or portfolio of China A Shares offered or issued by one or more issuers which aim to synthetically replicate the economic benefit of the relevant China A Shares. The sub-fund may enter into transaction(s) with one or more counterparties which may expose the sub-fund to the credit risk of the counterparties.

Exposure to shares may be obtained through investment in China A Share Access Products and other similar securities and instruments. Theoretically, the change in the value of a China A Share Access Product is the same as the price change of the underlying asset.

China A Share Access Products may not be listed and are subject to the terms and conditions imposed by their issuer. These terms may lead to delays in implementing the Manager's investment strategy due to restrictions on the issuer acquiring or disposing of the securities underlying the China A Share Access Products.

Investment in China A Share Access Products can be illiquid as there is no active market in China A Share Access Products. In order to meet redemption requests, the sub-fund relies upon the counterparty issuing the China A Share Access Products to quote a price to unwind any part of the China A Share Access Products. This price will reflect the market liquidity conditions and the size of the transaction. In exceptional circumstances such as changes to the rules by regulator or other cases, the investment in China A Share Access Products could become non-tradable.



By seeking exposure to investments in certain listed securities through China A Share Access Products, the sub-fund is exposed to the credit risk of the issuer of the China A Share Access Products. There is a risk that the issuer will not settle a transaction due to a credit or liquidity problem, thus causing the sub-fund to suffer a loss. In addition, in the case of a default, the sub-fund could become subject to adverse market movements while replacement transactions are executed.

An investment in a China A Share Access Product entitles the holder to certain cash payments calculated by reference to the shares to which the China A Share Access Product is linked. It is not an investment directly in the shares themselves. An investment in the China A Share Access Products does not entitle the Access Products holder to the beneficial interest in the shares nor to make any claim against the company issuing the shares.

Investment through China A Share Access Products may incur costs which may in turn lead to a dilution of performance of the sub-fund when compared to a fund investing directly in similar assets. In addition, when the sub-fund intends to invest in a particular China A Share through China A Share Access Products, there is no guarantee that subsequent subscriptions in the sub-fund can be immediately invested in such share through China A Share Access Products. This may impact on the performance of the sub-fund.

In addition, fluctuation in the exchange rate between the denomination currency of the underlying shares and the China A Share Access Products will affect the value of the China A Share Access Products, the redemption amount and the distribution amount on the China A Share Access Products.

#### *Government intervention and restriction risk*

The economy of China, which has been in a state of transition from a planned economy to a more market oriented economy, differs from the economies of most developed countries in many respects, including the level of government involvement, state of development, growth rate, control of foreign exchange and allocation of resources. Such interventions or restrictions by the PRC government may affect the trading of Chinese domestic securities and have an adverse effect of the relevant QFII/RQFII sub-funds.

The PRC government has in recent years implemented economic reform measures emphasising the utilisation of market forces in the development of the PRC's economy and a high level of management autonomy. However, there can be no assurance that the PRC government will continue to pursue such economic policies or, if it does, that those policies will continue to be successful. Any adjustment and modification of those economic policies may have an adverse impact on the securities markets in the PRC as well as on overseas companies which trade with or invest in the PRC. Moreover, the PRC government may intervene in the economy, possible interventions include restrictions on investment in companies or industries deemed sensitive to relevant national interests. In addition, the PRC government may also intervene in the financial markets by, such as but not limited to, the imposition of trading restrictions or the suspension of short selling for certain stocks. Such interventions may induce a negative impact on the market sentiment which may in turn affect the performance of the QFII/RQFII sub-funds. Investment objective of the QFII/RQFII sub-funds may be failed to achieve as a result.

The PRC legal system may not have the level of consistency or predictability as in other countries with more developed legal systems. Due to such inconsistency and unpredictability, if the QFII/RQFII sub-funds were to be involved in any legal dispute in the PRC, it may experience difficulties in obtaining legal redress or in enforcing its legal rights. Thus, such inconsistency or future changes in legislation or the interpretation thereof may have adverse impact upon the investments and the performance of the QFII/RQFII sub-funds in the PRC.

#### *PRC Political, Economic and Social Risks*

The economy of the PRC has experienced significant growth in the past twenty years, but growth has been uneven both geographically and among various sectors of the economy. Economic growth has also been accompanied by periods of high inflation. The PRC government may from time to time adopt corrective measures to control inflation and restrain the rate of economic growth, which may also have an adverse impact on the capital growth and performance of the QFII/RQFII sub-funds. Further, political changes, social instability and adverse diplomatic developments in the PRC could result in the imposition of additional government restrictions including the expropriation of assets, confiscatory taxes or nationalisation of some or all of the investments held by the underlying securities in which the QFII/RQFII sub-funds may invest.

#### *Government control of currency conversion and future movements in exchange rates*

Currently, the RMB is traded in two different and separated markets, i.e. one in the Mainland China, and one outside the Mainland China (primarily in Hong Kong). The two RMB markets operate independently where the flow between them is highly restricted. Though the CNH is a proxy's of the CNY, they do not necessarily have the same exchange rate and their movement may not be in the same direction. This is because these currencies act in separate jurisdictions, which leads to separate supply and demand conditions for each, and therefore separate but related currency markets. While the RMB traded outside the Mainland China, the CNH, is subject to different regulatory requirements and is more freely tradable, the RMB traded in the Mainland China, the CNY, is not a freely convertible currency and is subject to foreign exchange control policies of and repatriation restrictions imposed by the central government of the Mainland China. Investors should note that such restrictions may limit the depth of the RMB market available outside of Mainland China. If such policies or restrictions change in the future, the position of the QFII/RQFII sub-funds or its shareholders may be adversely affected. Generally speaking, the conversion of CNY into another currency for capital account transactions is subject to SAFE ("State Administration of Foreign Exchange") approvals. Such conversion rate is based on a managed floating exchange rate system which allows the value of CNY to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Any divergence between CNH and CNY may adversely impact investors who intend to gain exposure to CNY through investments in a QFII/RQFII sub-funds.

#### *Accounting and Reporting Standards*

PRC companies which may issue RMB securities to be invested by the QFII/RQFII sub-funds are required to follow PRC accounting standards and practices which follow international accounting standards to a certain extent. However, the accounting, auditing and financial reporting standards and practices applicable to PRC companies may be less rigorous, and there may be significant differences between financial statements prepared in accordance with the PRC accounting standards and practice and those prepared in

accordance with international accounting standards. As the disclosure and regulatory standards in China are less stringent than in more developed markets, there might be substantially less publicly available information about Chinese issuers. Therefore, less information may be available to the QFII/RQFII sub-funds and other investors. For example, there are differences in the valuation methods of properties and assets and in the requirements for disclosure of information to investors.

*Change in PRC taxation risk:*

Investment in the QFII/RQFII sub-funds may involve risks due to unclear fiscal measures in the PRC. According to PRC tax laws, regulations and policies ("PRC Tax Rules"), QFIIs/RQFIIs without an establishment or place in China are temporarily exempt from withholding income tax on capital gains derived from the trading of equity investments assets (including A-shares).

There are no specific PRC Tax Rules which govern the taxation of gains on the disposal of other investments, such as debt securities, futures and listed fund investments and the current practice of exemption may not be consistently applied to all such investments and is based on verbal comments and practice of the tax administration. The PRC Tax Rules may not be interpreted and applied as consistent and transparent as those of more developed countries and may vary from city to city and in some cases certain taxes which could be considered payable are not actively enforced for collection, nor is any mechanism provided for payment. Moreover, the existing PRC Tax Rules and practices in relation to QFII/RQFII may be changed or amended in the future, e.g.: the PRC government may abolish temporary tax incentives that are currently offered to foreign investors, and they may be changed with retrospective effect and could be applied along with penalties and / or late payment interest. Such new PRC Tax Rules may operate to the advantage or disadvantage of the investors.

Tax provisions could be made for the QFII/RQFII sub-funds. Investors should be aware that the net asset value of the QFII/RQFII sub-funds on any Valuation Day may not accurately reflect Chinese tax liabilities. Depending on the actual tax liabilities payable, it may bring positive or negative impact to the performance and net asset value of the QFII/RQFII sub-funds. In the event penalties or late payment interest could be applicable due factors such as retrospective amendments, changes in practice or uncertain regulations, this could impact the net asset value at the time of settlement with the PRC tax authorities. In the case where the amount of tax provisions made is less than the tax liabilities payable, the amount of shortfall will be deducted from the QFII/RQFII sub-fund's assets and affecting the QFII/RQFII sub-fund's net asset value adversely. In the opposite case where the amount of tax provisions made is more than the tax liabilities payable, the return release of extra tax provision will affect the QFII/RQFII sub-fund's net asset value positively. This will only benefit existing investors; Investors who have redeemed their Shares before the tax liabilities amount is determined will not be entitled to any part of such return release of extra tax provision.

*Currency fluctuation risks*

The majority of the investments made by some sub-funds and the income received by some sub-funds are expressed in Chinese currency. Investors should be aware of the possibility of the sudden devaluation or revaluation of this currency.

*Specific risks related to investments in Mainland China equity securities*

In common with other emerging markets, the Chinese market may be faced with relatively low transaction volumes, and endure periods of lack of liquidity or considerable price volatility. The existence of a liquid trading market for China A-Shares may depend on whether there is supply of, and demand for, such China A-Shares. The price at which securities may be purchased or sold by the QFII/RQFII sub-funds and the net asset value of the QFII/RQFII sub-funds may be adversely affected if trading volumes on markets for China A-Shares (Shanghai Stock Exchange and Shenzhen Stock Exchange) are limited or absent. The China A-Share market may be more volatile and unstable (for example, due to government intervention or in the case where a particular stock resumes trading at a very different level of price after its suspension). Market volatility and settlement difficulties in the China A-Share markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of the QFII/RQFII sub-funds. Subscriptions and redemptions of Shares in the QFII/RQFII sub-funds may also be disrupted accordingly.

*Trading limitations Risk:*

Trading band limits are imposed by the stock exchanges in the PRC on China A-Shares, where trading in any China A-Share on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. Considering that PRC securities markets can be frequently affected by trading halts and low trading volume, investors should be aware that A-share markets are more likely to suffer from illiquidity and greater price volatility, which is mostly due to greater government restriction and control relating to A-share markets. A suspension (or a sequence of suspensions) will render the management of the securities involved complicated or make it impossible for the Investment Manager to liquidate positions and/or sell its positions at a favorable price at the worst moment.

**Risks related to QFII/RQFII investments:**

*QFII Regulations:*

The application and interpretation of QFII investment regulations are relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

*RQFII Regulations:*

The RQFII Regulations are relatively new. The application and interpretation of such investment regulations are therefore relatively untested and there is no certainty as to how they will be applied as the PRC authorities and regulators have been given wide discretion in such investment regulations and there is no precedent or certainty as to how such discretion may be exercised now or in the future.

#### *QFII Quota:*

The Investment Manager of the relevant QFII sub-funds has obtained a QFII license and has been granted a QFII investment quota (the “QFII Quota”) through which the Investment Manager may invest on behalf of QFII sub-funds directly in China domestic securities. To the extent the Investment Manager has, on behalf of the QFII sub-funds, utilised its entire QFII Quota, the Investment Manager may, subject to any applicable regulations, apply for an increase of its QFII quota. There can however be no assurance that additional QFII quota can be obtained to fully satisfy subscription requests in a QFII sub-fund, which may result in a need to close such QFII sub-fund to further subscriptions, to reject and/or (pending receipt of additional QFII Quota) to defer all or part of any new subscription requests, subject to the provisions of this Prospectus. On the other hand, the size of the quota may generally be reduced or cancelled by the relevant Chinese authorities if the QFII is unable to use its QFII Quota effectively within one (1) year since the quota is granted. Also, regulatory sanctions may be imposed on QFIIs if the latter (or the PRC Custodian – please see “PRC Custodian Risks” below) breach any provision of the QFII Regulations, which could potentially result in the revocation of the QFII Quota or other regulatory sanctions that may impact on the portion of the QFII Quota made available for investment by the QFII sub-funds. Should the Investment Manager lose its QFII status or its investment quota is revoked or reduced, a QFII sub-fund may no longer be able to invest directly in China or may be required to dispose of its investments in the Chinese domestic securities markets held through the QFII Quota, which could have an adverse effect on its performance or result in a significant loss.

#### *RQFII Quota:*

The Investment Manager of the relevant RQFII sub-funds has obtained a RQFII license and has been granted a RQFII investment quota (the “RQFII Quota”) through which the Investment Manager may invest on behalf of RQFII sub-funds directly in China domestic securities. To the extent the Investment Manager has, on behalf of the RQFII sub-funds, utilised its entire RQFII Quota, the Investment Manager may, subject to any applicable regulations, apply for an increase of its RQFII quota. There can however be no assurance that additional RQFII quota can be obtained to fully satisfy subscription requests in a RQFII sub-fund, which may result in a need to close such RQFII sub-fund to further subscriptions, to reject and/or (pending receipt of additional RQFII Quota) to defer all or part of any new subscription requests, subject to the provisions of this Prospectus. On the other hand, the size of the quota may generally be reduced or cancelled by the relevant Chinese authorities if the RQFII is unable to use its RQFII Quota effectively within one (1) year since the quota is granted. Also, regulatory sanctions may be imposed on RQFIIs if the latter (or the PRC Custodian – please see “PRC Custodian Risks” below) breach any provision of the RQFII Regulations, which could potentially result in the revocation of the RQFII Quota or other regulatory sanctions that may impact on the portion of the RQFII Quota made available for investment by the RQFII sub-funds. Should the Investment Manager lose its RQFII status or its investment quota is revoked or reduced, a RQFII sub-fund may no longer be able to invest directly in China or may be required to dispose of its investments in the Chinese domestic securities markets held through the RQFII Quota, which could have an adverse effect on its performance or result in a significant loss.

#### *Investment Restrictions and Repatriation Risks:*

A QFII/RQFII sub-fund may be impacted by the rules and restrictions under the QFII/RQFII Regulations (including investment restrictions, limitations on foreign ownership or holdings), which may have an adverse impact on its performance and/or its liquidity. The SAFE regulates and monitors the repatriation of funds out of the PRC by QFIIs/RQFIIs pursuant to the QFII/RQFII Regulations. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the QFII/RQFII sub-funds' ability to meet redemption requests from the Shareholders. In extreme circumstances, the QFII/RQFII sub-funds may incur significant loss due to limited investment capabilities, or may not be able fully to implement or pursue its investment objectives or strategies, due to QFII/RQFII investment restrictions, illiquidity of the PRC's securities markets, and delay or disruption in execution of trades or in settlement of trades.

#### *PRC Custodian Risks:*

The Investment Manager (in its capacity as a QFII/RQFII's license holder) and the Depositary have appointed a local sub-custodian approved by Chinese authorities (the “PRC Custodian”) to maintain the QFII/RQFII sub-funds' assets in custody in the PRC, pursuant to relevant laws and regulations. Onshore PRC securities are registered in the name of “the full name of the Investment Manager – the name of the QFII/RQFII sub-fund” in accordance with the relevant rules and regulations, and maintained by the PRC Custodian in electronic form via a securities account with the China Securities Depository and Clearing Corporation Limited (“ChinaClear”) and cash shall be maintained in a cash account with the PRC Custodian.

The Depositary will make arrangements to ensure that the PRC Custodian has appropriate procedures to properly safe-keep the QFII/RQFII sub-funds' securities, including maintaining records that clearly show that such QFII/RQFII sub-funds' securities are recorded in the name of such QFII/RQFII sub-fund and segregated from the other assets of the PRC Custodian. Investors should however note that cash deposited in the cash account of the QFII/RQFII sub-funds with the PRC Custodian will not be segregated but will be a debt owing from the PRC Custodian to the QFII/RQFII sub-funds. Such cash will be co-mingled with cash belonging to other clients of the PRC Custodian. In the event of bankruptcy or liquidation of the PRC Custodian, the QFII/RQFII sub-funds will not have any proprietary rights to the cash deposited in such cash account, and will be treated and ranked an unsecured creditor, ranking pari passu with all other unsecured creditors, of the PRC Custodian. The QFII/RQFII sub-funds may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the QFII sub-funds will suffer losses. Also, the QFII/RQFII sub-funds may incur losses due to the acts or omissions of the PRC Custodian in the execution or settlement of any transaction or in the transfer of any funds or securities.

#### *PRC Brokerage Risk:*

The execution and settlement of transactions or the transfer of any funds or securities may be conducted by brokers (“PRC Brokers”) appointed by the Investment Manager. Reasonably competitive commission rates and prices of securities will generally be sought to execute the relevant transactions in PRC markets. It is possible that, in circumstances where only a single PRC Broker is appointed where it is considered appropriate to do so by the Investment Manager, the QFII/RQFII sub-funds may not necessarily pay the lowest

commission or spread available, but the transaction execution will be consistent with best execution standards and in the best interest of the Shareholders. Notwithstanding the foregoing, the Investment Manager will seek to obtain the best net results for the QFII/RQFII sub-funds, taking into account such factors as prevailing market conditions, price (including the applicable brokerage commission or dealer spread), size of order, difficulties of execution and operational facilities of the PRC Broker involved and the PRC Broker's ability to position efficiently the relevant block of securities.

#### **PRC Settlement Agent Risks:**

The PRC Settlement Agent is appointed to provide trading and agency services of China Interbank Bond Market ("CIBM") investments for the RQFII sub-funds pursuant to the relevant laws and regulations. The QFII/RQFII sub-funds will have to rely on the PRC Settlement Agent to perform its duties. If the PRC Settlement Agent fails to perform any part of its duties, the CIBM transactions of the QFII/RQFII sub-funds may be affected.

#### **Liquidity risks**

The Chinese market is less liquid than developed markets. Investors should be aware that this is a long-term investment and payments and redemptions may not always be made within the expected timescales.

In view of the risks outlined above and the specific QFII regulations, the Board of Directors may, for long or short periods and with immediate effect, have to suspend subscriptions, conversions and redemptions. In this case, the values of the net assets will continue to be calculated but for information purposes only.

#### **Specific risks related to Stock Connect:**

##### ***Eligible securities***

Stock Connect comprises a Northbound trading link and a Southbound trading link. Under the Northbound trading link, Hong Kong and overseas investors will be able to trade certain stocks listed on the Shanghai Stock Exchange ("SSE") and the Shenzhen Stock Exchange ("SZSE") market. These include:

1. All the constituent stocks from time to time of the SSE 180 Index and SSE 380 Index,
2. All the constituent stocks from time to time of the SZSE Component Index and SZSE Small / Mid Innovation Index with market capitalization at least RMB 6 billion,
3. All the SSE-listed and SZSE-listed China A-Shares that are not included as constituent stocks of the relevant indices but which have corresponding H-Shares listed on Hong Kong Exchanges and Clearing Limited ("SEHK"), except the following:

(a) SSE-listed or SZSE-listed shares which are not traded in RMB; and

(b) SSE-listed or SZSE-listed shares which are "risk alert" shares.

It is expected that the list of eligible securities will be subject to review. If a stock is recalled from the scope of eligible securities for trading via Stock Connect, the stock can only be sold and cannot be bought. This may affect the investment portfolio or strategies of investors. Investors should therefore pay close attention to the list of eligible securities as provided and renewed from time to time by SSE and SEHK.

##### ***Differences in trading day***

Stock Connect will only operate on days when both the Mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland China market but the sub-funds cannot carry out any China A-Shares trading. The sub-funds may be subject to a risk of price fluctuations in China A-Shares during the time when the Stock Connect is not trading as a result. This may adversely affect the sub-funds' ability to access mainland China and effectively pursue their investment strategies. This may also adversely affect the sub-funds' liquidity.

##### ***Settlement and Custody***

The Hong Kong Securities Clearing Company Limited ("HKSCC") will be responsible for the clearing, settlement and the provision of depository, nominee and other related services of the trades executed by Hong Kong market participants and investors.

The China A-Shares traded through Stock Connect are issued in scriptless form, so sub-funds will not hold any physical China A-Shares. Sub-funds should maintain the China A-Shares with their brokers' or custodians' stock accounts with CCASS (the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK).

##### ***Trading fees***

In addition to paying trading fees in connection with China A-Shares trading, the sub-fund may be subject to new fees which are yet to be determined by the relevant authorities.

##### ***Quota limitations***

The Stock Connect is subject to quota limitations. In particular, once the Daily Quota is exceeded during the opening call session, new buy orders will be rejected (though investors will be allowed to sell their cross-boundary securities regardless of the quota balance). Therefore, quota limitations may restrict the sub-fund's ability to invest in China A-Shares through Stock Connect on a timely basis, and the sub-fund may not be able to effectively pursue its investment strategies.

##### ***Operational risk***

The Stock Connect provides a new channel for investors from Hong Kong and overseas to access the China stock market directly. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. Due to their recent implementation and the uncertainty about their efficiency, accuracy and security, there is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be disrupted. The sub-fund's ability to access the China A-Share market (and hence to pursue its investment strategy) will be adversely affected. Consequently, investors in the China A-Share market should be aware of the economic risk of an investment in those shares, which may lead to a partial of total loss of the invested capital.

#### *Clearing and settlement risk*

The HKSCC and ChinaClear will establish the clearing links and each will become a participant of each other to facilitate clearing and settlement of cross-boundary trades. Should ChinaClear be declared as a defaulter, HKSCC's liabilities in trades under its market contracts with clearing participants will be limited to assisting clearing participants in pursuing their claims against ChinaClear. In that event, the sub-funds may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

#### *Regulatory risk*

The Stock Connect is novel in nature, and will be subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in the PRC and Hong Kong from time to time. The regulations are untested and there is no certainty as to how they will be applied.

#### *Ownership of China A-Shares*

China A-Shares acquired by the sub-funds through the Stock Connect are recorded in the name of HKSCC in its omnibus account held with ChinaClear. The China A-Shares are held in custody under the depository of CSDCC and registered in the shareholders' register of the relevant listed companies. HKSCC will record such China A-Shares in the CCASS stock account of the clearing participant.

Under Hong Kong law, HKSCC will be regarded as the legal owner (nominee owner) of the China A-Shares holding the beneficial entitlement to the China A-Shares on behalf of the relevant clearing participant. Under PRC law there is a lack of a clear definition of, and distinction between, "legal ownership" and "beneficial ownership". The regulatory intention appears to be that the concept of "nominee owner" is recognised under PRC laws and that the overseas investors should have proprietary rights over the China A-Shares. However, as the Stock Connect is a recent initiative there may be some uncertainty surrounding such arrangements. Accordingly, the sub-fund's ability to enforce its rights and interests in the China A-Shares may be adversely affected or suffer delay.

#### *Investor compensation*

Since the QFII sub-funds will carry out Northbound trading through securities brokers in Hong Kong but not PRC brokers, they are not protected by the China Securities Investor Protection Fund (中國投資者保護基金) in the PRC.

Further information about Stock Connect is available online at the website:

<http://www.hkex.com.hk/eng/csm/chinaConnect.asp?LangCode=en>

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## APPENDIX 4 – LIQUIDATION, MERGER, TRANSFER AND SPLIT PROCEDURES

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### ***Liquidation, Merger, Transfer, and split of sub-funds***

The Board of Directors 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 Company;
- 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 Company, 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.

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

As an exception to the foregoing, if the Company should cease to exist as a result of such a merger, the effectiveness of this merger must be decided by a General Meeting of Shareholders of the Company resolving validly whatever the portion of the capital represented. The resolutions are taken by a simple majority of the votes expressed. The expressed votes do not include those attached to the shares for which the shareholder did not take part in the vote, abstained or voted white or no.

To avoid any investment breach due to merger, and in the interest of the shareholders, the investment manager might need to rebalance the portfolio of the Merging sub-fund before the merger. Such rebalancing shall be compliant with the investment policy of the Receiving sub-fund.

In the event of the pure and simple liquidation of a sub-fund, the net assets shall be distributed 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.

### ***Dissolution and Liquidation of the Company***

The Board of Directors may, at any time and for any reason whatsoever, propose to the General Meeting the dissolution and liquidation of the Company. The General Meeting will give its ruling in accordance with the same procedure as for amendments to the Articles of Association.

If the Company's capital falls below two-thirds of the minimum legal capital, the Board of Directors may submit the question of the Company's dissolution to the General Meeting. The General Meeting, for which no quorum is applicable, will decide based on a simple majority of the votes of shareholders present or represented, account shall not be taken of abstentions.

If the Company's capital falls below one-quarter of the minimum legal capital, the Board of Directors shall submit the question of the Company's dissolution to the General Meeting. The General Meeting, for which no quorum is applicable, will decide based on a part of one-quarter of the votes of shareholders present or represented, account shall not be taken of abstentions.

In the event of the Company'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 General Shareholders' Meeting, 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 shareholders 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 Company, the net assets will be distributed to the eligible parties in proportion to the shares held in the Company. 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.

The General Meeting must be held within forty days of the date on which it is ascertained that the Company's net assets have fallen below the minimum legal threshold of two-thirds or one-quarter, as applicable.

# BOOK II

## BNP PARIBAS FLEXI III CHINESE EQUITY “A”

### **Investment policy**

This sub-fund invests mainly in shares or partnership shares in the capital of companies based in the People's Republic of China, or in divisions of shares, fully or partially paid up, in registered or bearer form, issued by such companies and listed on the Shanghai or Shenzhen Stock Exchange. The sub-fund may not own more than 50% of the outstanding stock of any one company.

On an ancillary basis, it may also invest in Chinese government bonds, bonds, convertible bonds and warrants issued by companies based in the People's Republic of China and, if deemed appropriate by the manager, in any other transferable securities admitted on the official list of a stock market.

The sub-fund will pursue a full investment strategy limiting the cash positions to a maximum of 10% of the assets.

Since the sub-fund invests in warrants, potential investors should be aware of the greater volatility of these instruments and consequently of the net asset value of the sub-fund. The sub-fund will not invest more than 10% of its assets in one single share warrant or single new share subscription right.

The sub-fund will not short-sell transferable securities, money market instruments or other financial instruments.

To achieve its objectives, the sub-fund may invest up to 5% of its assets in other UCITS or collective investment undertakings or investment trust funds.

As an exception to Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund can engage in a loan for maximum 10% of its assets.

The investment manager may not engage in a transaction which is not in the best interest of shareholders, such as transactions for the benefit of the investment manager.

### **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

Specific market risks:

- Alternative Investment Strategies Risks
- Counterparty risk
- Operational & Custody risk
- Derivative risk
- Risked linked to warrants
- Emerging markets risk
- Risks related to investment restrictions in some countries

Specific risks related to investments in Mainland China

- Specific risks related to Stock Connect
- Risks related to QFII/RQFII
- China A Share Access Product Risks

### **Accounting Currency:**

JPY

### **Share Category**

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0416158003	No	JPY	EUR

Reserved for Fund of Funds. This category in this sub-fund is exclusively reserved for authorised investors.



## BNP PARIBAS FLEXI III CHINESE EQUITY “A”

### Fees and costs

Category	Fees payable by the sub-fund			
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement
I	1.10%	No	0.125%	0.01%

### Valuation Day:

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

### Terms of subscription and redemption:

Orders will be processed exclusively based at an unknown NAV calculated on a daily basis in accordance with the rules set out below, only on Valuation days in Luxembourg. If this day is not a Valuation Day, orders will be processed at the NAV calculated on the next full bank business day.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
12:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	Valuation Day (D)	Maximum three bank business days after the Valuation Day (D+3)

(1) Orders received after this deadline will be processed at the next order processing day.

(2) If the settlement day is not a trading day for the currency of payment, the settlement will occur the following business day.

The issue of shares in exchange for a contribution in kind of transferable securities is not authorised for this sub-fund, except if the Board of Directors exceptionally permitted it. Conversions from this sub-fund to other sub-fund within the Company and conversely are not authorised.

Payment will be in JPY and EUR. Payment will, in principle (note risks outlined above), take place the same day that the order settlement date, within three business days after the valuation day. If the day that is determined this way is not a business day for the currency of payment, then the payment will take place on the first business day after this day.

### Historical information:

The sub-fund was launched on 30 March 2009. The first NAV was set at JPY 10,000 per share.

## BNP PARIBAS FLEXI III DEPOSIT EUR

### **Investment objective**

The investment objective of this sub-fund is to offer shareholders a return (before commissions and fees) in line with its benchmark index: Euribor 1 Month (Euro Interbank Offered Rate, the rate at which Euro interbank term deposits are offered by one prime bank to another prime bank within the EMU zone). This sub-fund is a money market fund.

### **Investment policy**

To achieve this objective, the sub-fund may invest in term deposits, money market instruments, bonds, financial derivative instruments and/or other transferable securities denominated in the currency of expression of the sub-fund.

The sub-fund seeks to invest in money market instruments and bonds, issued by any entity of the BNP Paribas Group, and in money market UCI/UCITS or equivalent.

The weighted average maturity of the portfolio is less than 6 months, and no investment will have a residual maturity exceeding 12 months.

After hedging, the sub-fund's exposure to currencies other than the euro may not exceed 5%.

Contrary to point 1 of Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund has the possibility to invest up to 100% of its assets in a cash account and/or deposit with one single entity.

### **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

*Specific market risks:*

- Alternative Investment Strategies Risks
- Counterparty risk
- Derivative risk

### **Accounting Currency:**

EUR

### **Share Categories**

Category	Class	ISIN code	Dividend	Reference Currency	Minimum holding	Other Valuation Currencies
Privilege	CAP	LU0753966273	No	EUR	EUR 250,000	none
I Plus		LU0753966190			EUR 5,000,000	
I Plus	DIS	LU0753966356	Annual			

Capitalisation and distribution shares are issued in registered form.

The first minimum subscription amount shall never be less than EUR 5,000,000 – and the total maximum holding per investor shall never be more than the equivalent of 10,000 shares for the "I Plus" category and of 20.000 shares for the "Privilege" category. These amounts apply to the final investor.

## BNP PARIBAS FLEXI III DEPOSIT EUR

### Fees and costs

Category	Fees payable by the sub-fund				Maximum fees payable by the investors		
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement	Entry (max)	Conversion (max)	Exit (max)
Privilege	0.50%	No	0.05%	0.01%	2%	Not possible	none
I Plus	0.30%						

### Valuation Day:

For each day of the week on which banks are open for business in Luxembourg and Paris (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 (due to, but not limited to stock exchange closure for listed assets).

### Terms of subscription and redemption:

Orders will be processed exclusively at an unknown NAV calculated each day in accordance with the rules set out below, only on Valuation days in Luxembourg and the time mentioned is Luxembourg time.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
14.30 CET on the Valuation Day (D)	Valuation Day (D)	Valuation Day (D)	Valuation Day (D)

(1) Orders received after this deadline will be processed at the next order processing day.

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

Payment will be made in EUR and will take place on the valuation day.

### Historical information:

The « DA » category was launched on March 19, 2012 at a price of EUR 1,000 per share with payment date on March 19, 2012. The first NAV was calculated on March 20, 2012.

The « I » category was launched on March 19, 2012 at a price of EUR 10,000 per share with payment date on March 19, 2012. The first NAV was calculated on March 20, 2012.

2 June 2014: "DA" category is renamed "Privilege" category.

The « I » category was renamed on November 2<sup>nd</sup>, 2015 as « I Plus ».

## BNP PARIBAS FLEXI III EQUITY CHINA A SELECTED

### **Investment policy**

This sub-fund has the intention to invest mainly in shares or partnership shares in the capital of companies based in the People's Republic of China, or in divisions of shares, fully or partially paid up, in registered or bearer form, issued by such companies and listed on the Shanghai or Shenzhen Stock Exchange. The sub-fund may not own more than 50% of the outstanding stock of any one company. Instead of direct investment, the sub-fund can choose to obtain exposure to these shares through the use of Participation Notes, issued by one or several issuers of good quality. On an ancillary basis, it may also invest in Chinese government bonds, bonds, convertible bonds and warrants issued by companies based in the People's Republic of China and, if deemed appropriate by the manager, in any other transferable securities admitted on the official list of a stock market.

The sub-fund will pursue a full investment strategy limiting the cash positions to a maximum of 10% of the assets.

Since the sub-fund invests in warrants, potential investors should be aware of the greater volatility of these instruments and consequently of the net asset value of the sub-fund.

The sub-fund will not short-sell transferable securities, money market instruments or other financial instruments.

To achieve its objectives, the sub-fund may invest up to 10% of its assets in other UCITS or collective investment undertakings with similar investment policies.

As an exception to Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund can engage in a loan for maximum 10% of its assets.

The investment manager may not engage in a transaction which is not in the best interest of shareholders, such as transactions for the benefit of the investment manager.

### **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

#### *Specific market risks:*

- Alternative Investment Strategies Risks
- Counterparty risk
- Operational & custody risk
- Derivative risk
- Risks linked to warrants
- Emerging markets risk
- Risks related to investments restrictions in some countries

#### *Specific risks related to investments in Mainland China*

- Specific risks related to Connect
- Risks related to QFII/RQFII
- China A Share Access Product Risks

### **Accounting Currency:**

JPY

## BNP PARIBAS FLEXI III EQUITY CHINA A SELECTED

### Share Category

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0435082457	No	JPY	EUR and USD

Reserved for Fund of Funds.

This category in this sub-fund is exclusively reserved for authorised investors.

### Fees and costs

Category	Fees payable by the sub-fund			
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement
I	1.30%	No	0.125%	0.01%

### Valuation Day:

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

### Terms of subscription and redemption:

Orders will be processed exclusively at an unknown NAV calculated on a daily basis in accordance with the rules set out below, only on Valuation days in Luxembourg. If this day is not a Valuation Day, orders will be processed at the NAV calculated on the next full bank business day.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
14:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	Valuation Day (D)	Maximum three bank business days after the Valuation Day (D+3)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

<sup>(2)</sup> If the settlement day is a China holiday or is not a trading day for the currency of payment, the settlement will occur the following business day.

The issue of shares in exchange for a contribution in kind of transferable securities is not authorised for this sub-fund, except if the Board of Directors exceptionally permitted it.

Conversions from this sub-fund to other sub-fund within the Company and conversely are not authorised.

Payment will be in JPY. Payment will, in principle (note risks outlined above), take place the same day that the order settlement date, within three business days after the valuation day. If the day that is determined this way is not a business day for the currency of payment or in China, then the payment will take place on the first business day after this day.

### Historical information:

The sub-fund was launched on 22 June 2009. The first NAV was set at JPY 10,000 per share.

# BNP PARIBAS FLEXI III EQUITY GREATER CHINA

## **Investment policy**

This sub-fund has the intention to invest mainly in shares or partnership shares in the capital of companies based in the Greater China region, viz China A-shares, China B-shares, H Share Companies and Red Chip Companies listed in Hong Kong; or in divisions of shares, fully or partially paid up, in registered or bearer form, issued by such companies and listed on the Shanghai, Shenzhen and Hong Kong Stock Exchanges. The sub-fund may not own more than 50% of the outstanding stock of any one company. Instead of direct investment, the sub-fund can choose to obtain exposure to these shares through the use of Participation Notes, issued by one or several issuers of good quality.

On an ancillary basis, it may also invest in Chinese government bonds, bonds, convertible bonds and warrants issued by companies based in the People's Republic of China and, if deemed appropriate by the manager, in any other transferable securities admitted on the official list of a stock market.

The sub-fund will pursue a full investment strategy limiting the cash positions to a maximum of 10% of the assets.

Since the sub-fund invests in warrants, potential investors should be aware of the greater volatility of these instruments and consequently of the net asset value of the sub-fund.

The sub-fund may use financial derivative instruments for hedging and trading purpose.

The sub-fund will not short-sell transferable securities, money market instruments or other financial instruments.

To achieve its objectives, the sub-fund may invest up to 10% of its assets in other UCITS or collective investment undertakings with similar investment policies.

As an exception to Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund can engage in a loan for maximum 10% of its assets.

The investment manager may not engage in a transaction which is not in the best interest of shareholders, such as transactions for the benefit of the investment manager.

## **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

### *Specific market risks:*

- Alternative Investment Strategies Risks
- Counterparty risk
- Operational & Custody risk
- Derivative risk
- Risk linked to warrants
- Emerging market risk
- Risks related to investments restrictions in some countries

### *Specific risks related to investments in Mainland China*

- Specific risks related to Stock Connect
- Risks related to QFII/RQFII
- China A Share Access Product Risks

## **Accounting Currency:**

JPY

## **Share Category**

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0442751557	No	JPY	EUR and USD

Reserved for Fund of Funds. This category in this sub-fund is exclusively reserved for authorised investors.

## **Fees and costs**

Category	Fees payable by the sub-fund			
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement
I	0.75%	No	0.125%	0.01%

## BNP PARIBAS FLEXI III EQUITY GREATER CHINA

### **Valuation Day:**

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

### **Terms of subscription and redemption:**

Orders will be processed exclusively at an unknown NAV calculated on a daily basis in accordance with the rules set out below, only on Valuation days in Luxembourg. If this day is not a Valuation Day, orders will be processed at the NAV calculated on the next full bank business day.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
14:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	Valuation Day (D)	Maximum three bank business days after the Valuation Day (D+3)

*(1) Orders received after this deadline will be processed at the next order processing day.*

*(2) If the settlement day is a China holiday or is not a trading day for the currency of payment, the settlement will occur the following business day.*

The issue of shares in exchange for a contribution in kind of transferable securities is not authorised for this sub-fund, except if the Board of Directors exceptionally permitted it.

Conversions from this sub-fund to other sub-fund within the Company and conversely are not authorised.

Payment will be in JPY. Payment will, in principle (note risks outlined above), take place the same day that the order settlement date, within three business days after the valuation day. If the day that is determined this way is not a business day for the currency of payment or in China, then the payment will take place on the first business day after this day.

### **Historical information:**

The sub-fund was launched on 5 August 2009. The first NAV was set at JPY 10,000 per share.

## BNP PARIBAS FLEXI III EQUITY GREATER CHINA ENVIRONMENTAL

### **Investment policy**

The sub-fund has the intention to invest mainly in shares or partnership shares in the capital of companies whose technologies, products and services bring sustainable development solutions to environmental problems in China.

These companies are mainly based in the Greater China region, and their shares can be quoted on the A-share market in China, the B-share market in China, in Hong Kong (H-shares), or in Taiwan or in any other stock exchange worldwide.

The sub-fund may not own more than 50% of the outstanding stock of any one company.

Instead of direct investment, the sub-fund can choose to obtain exposure to these shares through the use of Participation Notes, issued by one or several issuers of good quality.

On an ancillary basis, it may also invest in Chinese government bonds, corporate bonds, convertible bonds and warrants issued by companies based in the People's Republic of China and, if deemed appropriate by the manager, in any other transferable security admitted on the official listing of a stock exchange.

The sub-fund will pursue a full investment strategy limiting the cash position to a maximum of 15% of the assets.

Since the sub-fund will invest in warrants, potential investors should be aware of the greater volatility of these instruments and consequently of the net asset value of the sub-fund.

The sub-fund may use financial derivative instruments for hedging and for trading purposes.

As an exception to Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund will not short-sell transferable securities, money market instruments or other financial instruments.

To achieve its objectives, the sub-fund may invest up to 10% of its assets in other UCITS or collective investment undertakings with similar investment policies.

As an exception to Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund can engage in a loan for maximum 10% of its assets.

### **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

#### *Specific market risks:*

- Alternative Investment Strategies Risks
- Counterparty risk
- Operational & Custody risk
- Derivative risk
- Risk linked to warrants
- Emerging markets risk
- Risks related to investments restrictions in some countries

#### *Specific risks related to investments in Mainland China*

- Specific risks related to Stock Connect
- Risks related to QFII/RQFII
- China A Share Access Product Risks

### **Accounting Currency:**

JPY

### **Share Categories**

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0474635645	No	JPY	EUR and USD
Privilege USD		LU1028243183		USD	none



# BNP PARIBAS FLEXI III EQUITY GREATER CHINA ENVIRONMENTAL

## Fees and costs

Category	Fees payable by the sub-fund			
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement
I	0.80%	No	0.07%	0.01%
Privilege USD	1.00%		0.125%	

## Valuation Day:

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

## Terms of subscription and redemption:

Orders will be processed exclusively at an unknown NAV calculated on a daily basis in accordance with the rules set out below, only on Valuation days in Luxembourg. If this day is not a Valuation Day, orders will be processed at the NAV calculated on the next full bank business day.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
14:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	Valuation Day (D)	Maximum three bank business days after the Valuation Day (D+3)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

<sup>(2)</sup> If the settlement day is a China holiday or is not a trading day for the currency of payment, the settlement will occur the following business day.

The issue of shares in exchange for a contribution in kind of transferable securities is not authorised for this sub-fund, except if the Board of Directors exceptionally permitted it.

Conversions from this sub-fund to other sub-fund within the Company and conversely are not authorised.

Payment will be in one of the valuation currencies. Payment will, in principle (note risks outlined above), take place the same day that the order settlement date, within three business days after the valuation day. If the day that is determined this way is not a business day for the currency of payment or in China, then the payment will take place on the first business day after this day.

Taking into account the individual specification of this sub-fund, the demands for subscription, conversion and redemption are recorded on a waiting list and treated by applying the principle of "first arrived, first served".

Investors should bear in mind that subscription, holding, redemption and transactions involving shares may be subject to additional restrictions. These restrictions may have the effect of preventing the investor from freely subscribing, holding, exchanging and/or requesting redemption of shares.

In view of the restrictions imposed by the Chinese authorities in connection with the QFII status, the Board of Directors may decide to apply to the Chinese authorities for additional QFII quota or repatriation of QFII assets. The timing of these applications is at the discretion of the Chinese authorities.

In this respect, the Board of Directors may suspend requests for redemptions which are not compensated by subscription orders of an equal amount. These redemption orders will be recorded on a waiting list and treated later than originally intended or desired by applying the principle of "first arrived, first served". From a general point of view, redemption requests will be processed as soon as the liquidity level is deemed appropriate by the Board of Directors.

## Historical information:

The sub-fund was launched on 18 December 2009. The first NAV was set at JPY 10,000 per share.

The Privilege-USD share category will be launched at a date to be defined by the Board of Directors.

# BNP PARIBAS FLEXI III EURO GOVERNMENT LONG-DATED PASSIVE BOND FUND

## Investment policy

The sub-fund seeks to provide returns consistent with the performance of the benchmark, Barclays Euro Treasury 20+ year, which is a market weighted bond index of euro-denominated government fixed income securities.

The sub-fund employs a "passive management" strategy designed to track the performance of the index.

## Investment Restrictions

- The investment universe consists of all sovereign bonds included in the benchmark and matching the guidelines. All bonds are denominated in EUR.
- The objective of the manager is to minimize the tracking error of the fund versus the benchmark.
- The investment manager will adopt a passive strategy as to curve positioning in order to minimize tracking error.
- The portfolio has the aim to be duration neutral and the investment manager will maintain a Modified Duration as close as possible to the benchmark modified duration.
- The sub-fund will have no exposure to currencies outside the Euro - or one of its official components.
- The cash position (defined as the sum of the current accounts, term deposits and amounts to be settled) of the portfolio will be at any moment between 0 and 2% of the portfolio total market value.
- The total cash position can never be negative.
- Eurex listed futures can be used in the portfolio in order to maintain a Modified Duration that is close to benchmark.
- With the exception of Eurex listed futures, the use of derivatives is not allowed.
- The maximum ex-ante tracking error is 0.2 (annualised standard deviation)
- The sub-fund cannot engage in short selling.
- Borrowing is not allowed.

## Risk profile:

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

## Specific sub-fund risks:

### Specific market risks

- Alternative Investment Strategies risk
- Counterparty risk
- Derivative risk
- Tracking error risk

## Accounting Currency:

EUR

## Share Category

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0430389584	No	EUR	

This category in this sub-fund is exclusively reserved for authorised investors.

## Fees and costs

Category	Fees payable by the sub-fund			
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement
I	0.10%	No	0.07%	0.01%

## Valuation day:

For each day of the week on which banks are open for business in Luxembourg and Paris (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 (due to, but not limited to stock exchange closure for listed assets).

## Terms of subscription and redemption:

Orders will be processed exclusively at an unknown NAV calculated each day in accordance with the rules set out below, only on Valuation days in Luxembourg and the time mentioned is Luxembourg time.

## BNP PARIBAS FLEXI III EURO GOVERNMENT LONG-DATED PASSIVE BOND FUND

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
12:00 CET for STP orders, and for non STP orders on the Valuation Day (D)	Valuation Day (D)	1 day after the Valuation Day (D+1)	Maximum 3 bank business days after the Valuation Day (D+3)

*(1) Orders received after this deadline will be processed at the next order processing day.*

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

Payment will be made in EUR and will take place within three trading days of the valuation day for the currency of expression in the foreign exchange market.

**Historical information:**

The sub-fund was launched on 11 June 2009. The first NAV was set at EUR 1,000 per share.  
none

# BNP PARIBAS FLEXI III EUROPEAN SENIOR CORPORATE LOANS

## **Investment Objective**

The objective of this sub-fund is to construct a defensive portfolio of senior secured loans, providing a stable income stream. The sub-fund aims to offer its shareholders long-term returns, above comparable benchmark Index, over its life time. The portfolio will mainly consist of European senior secured bank loans to sub-investment grade issuers, also known as leveraged loans. These bank loans represent the highest ranking securities in the capital structure of the issuing companies.

The goals of the sub-fund are as follows:

- To provide attractive risk adjusted returns to its shareholder. The sub-fund seeks to provide an opportunity for the shareholders to achieve attractive levels of risk adjusted return, while seeking to minimize downside potential.
- To preserve the shareholder's capital by investment in a defensive portfolio of assets. The sub-fund will attempt to provide consistent returns with lower relative levels of risk than is typically achieved with respect to other asset classes. The sub-fund targets investments in proven, recession resilient companies with strong market positions and high recovery prospects in case of a default.
- To provide dividend distributions. The sub-fund intends to have an annual dividend distribution for the shareholders invested in distribution share classes.

The sub-fund aims to reach these goals using a blend of both qualitative and quantitative methods to monitor and control the levels of portfolio risk. This will include, but not be limited to:

- Preliminary and ongoing fundamental credit research and monitoring;
- Tracking of rating changes, bond and loan prices, LCDS and CDS spreads, and stock prices of the underlying companies;
- Diversification across a number of sectors and geographic regions, thereby lowering the overall exposure to any individual entity, region or sector.

There is no guarantee that the sub-fund will achieve its investment objective. The sub-fund's NAV will fluctuate with changes in the actual and perceived credit quality of the assets in which the sub-fund will invest and may be less than the NAV at the time of investment. Accordingly, shareholders can lose money investing in the sub-fund.

## **Investment Policy**

The main underlying assets targeted for investment will consist of senior secured bank loans.

Some of the assets the sub-fund is permitted to invest in may only be drawn down over time hence are not payable immediately on acquisition by the sub-fund (i.e. delayed draw securities). In addition, there is a certain period between the purchase of a bank loan and settlement of such bank loan which should be taken into consideration. For the purposes of efficient management, the sub-fund may also (i) hold cash or cash equivalents, or (ii) money market instruments managed by a manager of BNP Paribas Investment Partners or an external manager. No borrowing or short selling is allowed in this sub-fund.

The sub-fund will not use techniques and financial instruments described in Appendix 3 of the Offering Document.

## **Investment Restrictions**

The policy of the sub-fund is to spread investment risk.

The sub-fund is subject to but not limited to the following restrictions:

1. The sub-fund invests minimum 80% of its assets, excluding cash or cash equivalents, in Senior Secured Bank Loans.
2. The reference geographical allocation of the sub-fund is minimum of 80% for Europe and a maximum of 20% for North America .
3. The sub-fund cannot invest more than 5% of its assets in senior secured bank loans issued by a single issuer. However, this limit can be increased up to 10% provided that where the 5% limit is exceeded, the exposure to these issuers, when added together, does not exceed 40% of the fund's assets.
4. The sub-fund does not directly make investments in any one issuer or issuer group if, immediately after such investment, the sub-fund would own more than 20% of such issuer's outstanding debt.
5. The sub-fund does not directly invest more than 20% of its assets in securities/ asset class issued by issuers belonging to a single industry as defined by Moody's Investors Service.
6. The sub-fund may not invest in equity or equity like securities except as a result of the purchase or ownership of a loan (like receiving warrants as part of the remuneration) or in connection with a reorganization of a borrower.
7. The sub-fund undertakes to hedge at minimum 90% of its currency exchange rate exposure of the senior secured bank loans denominated in non Euro currencies against the sub-fund reference currency (Euro)
8. The minimum credit rating of the loan facility that the sub-fund can invest in is B3 (rated by Moody's) or B- (rated by S&P). In the case of no rating, an internal rating is applied. When a holding asset is down-graded to lower than B3/B-, such asset will be sold within 6 months.

In case of split rating between 2 agencies, the lower rating should be applicable.

With the exception of restriction 4 indicated above, the investment restrictions do not apply during the first 9 months period following the Launch Date and Liquidation Period (please see below for a definition of this term). When calculating the concentration limits in relation to the restrictions as indicated in this document, all agreed upon asset transactions are included in the calculation as if the settlement of such transactions had already occurred.

## **Investment risks**

An investment in the sub-fund involves certain risks relating to the sub-fund's structure and investment objectives which the prospective shareholder should evaluate before making a decision to invest in the sub-fund.

## BNP PARIBAS FLEXI III EUROPEAN SENIOR CORPORATE LOANS

The sub-fund is subject but not limited to the following risks:

- **Illiquidity of the sub-fund's shares:** This sub-fund is not a certificate of deposit or money market fund, and differs substantially from these products with respect to risks and liquidity, among other factors. The sub-fund's shares have no trading market and no market is expected to develop. There will be no public market for the sub-fund, the ability to withdraw one's investment is limited by the terms of the sub-fund's governing documents, and withdrawal proceeds may not be paid immediately.
  - **Illiquidity of the sub-fund's investments:** The majority of the sub-fund's investments are not liquid. The shareholder must be aware that this is a long-term investment and that payment of redemptions and dividends may be made later than the dates and periods envisaged. The illiquid nature of some loans and other assets invested in by the sub-fund may impair the sub-fund's ability to dispose of such assets in an expeditious manner. This may result in the sub-fund disposing of such assets on terms less favourable than the actual terms of the loan obtained by the fund on acquisition or reflected in the NAV.
  - **Credit quality:** Each asset class in which the sub-fund invests in carries its own risks. The sub-fund may invest all or a substantial portion of its assets in below investment-grade senior loans, which are considered speculative by rating agencies and also referred to as "leveraged loans". There is a risk of default or of unexpected changes regarding cash flow maturities or of the debt collection rate of the sub-fund's investments. In addition, the sub-fund's investments will be subject to different countries' legislation concerning the rights of creditors and the implementation of guarantees. Therefore, one should expect that the fund's NAV will fluctuate as a result of changes in the credit quality of borrowers and other factors.
  - **Collateral:** Collateral which secures senior loans might not be sufficient to satisfy the borrower's obligations in the event of non-payment of scheduled interest or principal and, in some cases, may be difficult to liquidate on a timely basis.
  - **Long-dated nature of most investments:** As the bulk of the assets purchased by the fund are long-dated in nature, a mismatch between redemptions and repayments of these assets might require the sale of these assets at less than favourable prices.
  - **Concentration:** Despite the mentioned restrictions the sub-fund may during its life, especially during the first 9 months following the Launch Date and Wind-down Period, be subject to concentration risk in the underlying investments.
  - **Market risk:** While the sub-fund is more focused towards a take-and-hold strategy versus a trading strategy, the sub-fund will be subject to market prices when acquiring, trading and disposing assets, in particular during the first 9 months period following the Launch Date of the portfolio.
  - In addition, the NAV is calculated based on market prices, which might over- or under-estimate the true value of the investment or not represent the actual price at which the investment could be sold.
  - **Interest rates:** An increase or decrease in interest rates may not be immediately reflected in the rates payable on the portfolio's underlying securities, while an increase in interest rates could have a negative impact on the quality of the sub-fund's investments.
  - **Foreign exchange rates and hedging:** The currency of the assets of the sub-fund might differ from the sub-fund's currency of expression and consequently the sub-fund is subject to currency exchange fluctuations, with the sub-fund undertaking to hedge a certain percentage of the assets for a certain period. However, there is no assurance that currency hedging will be fully effective, as any unhedged portion remains exposed to currency exchange fluctuations, while in case of significant redemptions the sub-fund might be temporarily over-hedged.
  - **Calculation of NAV:** The NAV per share of the sub-fund will be determined and communicated only after the value of its investments is determined.
- The NAV is based on data coming from a third party pricing service. The Investment Manager cannot opine on the accuracy of the prices obtained from a third party pricing service and by definition on the NAV based on such prices. There is no guarantee that the prices obtained from a third party pricing service represent fair value or will represent the value that will be realized by the sub-fund on the eventual disposal of the investment, a market price discovery, or that could in fact be realized upon an immediate disposal of the investment. Should the Company and/or the Investment Manager, change the method of valuation, than the same limitations as indicated above will hold for the new method of valuation.
- **Early redemption:** If the shareholder chooses to redeem its shares before the recommended investment horizon, an early redemption fee will be charged according to the investment period of the shareholder as defined in the section Fees and Costs.
  - **Reinvestment:** It is possible that the sub-fund will not be able to reinvest its net income or the capital generated by the realisation of assets in the aforementioned Underlying Asset Classes at a similar level of risk-return.
  - **Risk linked to warrants**
  - **Conflict of interest**

### Dividend Policy

Distribution share classes of the sub-fund intend to pay annual dividends starting 2017, provided that the underlying investments generated sufficient cash income during that period. Payment of the dividends will be made in November within 15 (fifteen) business days following the last Valuation Day of these months.

### Risk profile:

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

### Accounting and Reference Currency:

EUR

# BNP PARIBAS FLEXI III EUROPEAN SENIOR CORPORATE LOANS

## Share Category

Share Category	Class	ISIN code	Dividend	Reference Currency	Minimum Holding	Other Valuation Currencies
Privilege	CAP	LU1582324486	No	EUR	EUR 125,000	
I		LU1582324643			EUR 1,000,000	
I Plus		LU1582325459		EUR 5,000,000		
IH CHF Plus		LU1582324999		EUR 1,000,000		
IH GBP Plus		LU1582325293				
I	LU1582324726	EUR				
IH CHF Plus	DIS	LU1582325020	CHF	EUR 1,000,000		
IH GBP Plus		LU1582325376	GBP			
I Plus		LU1582325533	EUR 5,000,000			
Privilege		LU1582324569	EUR	EUR 125,000		

This category in this sub-fund is exclusively reserved for authorised investors.

## Fees and costs

Category	Fees payable by the sub-fund				Costs payable by the investors		
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement	Entry (max)	Conversion (max)	Exit (max)
Privilege	0.90%	No	0.125%	0.01%	None	Not possible	1%
I	0.60%						None
I Plus	0.50%						

## Valuation Day:

The NAV is calculated twice a month, based on the closing prices of the 15<sup>th</sup> calendar day of the month and the last Business Day of the month (the "Valuation Days") and such other days as the Board of Directors may from time to time determine at its discretion.

A "Business Day" is defined as any day on which banks are open for business in the Grand Duchy of Luxembourg, Paris, London and New York unless 50% or more of the underlying assets cannot be valued (due to, but not limited to stock exchange closure for listed assets). If the valuation day is not a business day, the calculation of the NAV will be based on the closing prices of the following business day.

The NAV per share of the sub-fund will be available at 5:00 p.m. 5 (five) business days after the Valuation Day and/or such other days as the Board of Directors may from time to time determine at its discretion ("Valuation Notification Day").

Pricing of investments will be made according to the pricing policy as indicated in Part I of the present Offering Document.

The Company has the right to change the valuation method of part or all of the sub-fund's assets, if in the opinion of the Company such other method better reflects the value of the relevant investments, with such decision to be communicated to the shareholder.

## Terms of subscription:

Orders will be processed exclusively at an unknown NAV calculated each month in accordance with the rules set out below, only on Valuation days in Luxembourg and the time mentioned is Luxembourg time.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
16:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	5 days after the Valuation Day (D+5)	Maximum 10 bank business days after the Valuation Day (D+10)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

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

Payment will take place within 10 business days of the Valuation Day.

## BNP PARIBAS FLEXI III EUROPEAN SENIOR CORPORATE LOANS

### **Terms of redemption:**

Unless in the event of suspension and/or exceptional circumstances, redemption requests must be received by the Company and/or the Transfer Agent **by 3:00 p.m. 30 business days prior to a Valuation Day**, and will be processed **on the basis of the net asset value on that Valuation Day**.

The redemption amount is paid within 10 business days following the applicable Valuation Day.

The net asset value of the sub-fund's assets on a given Valuation Day shall be calculated within 5 business days following the applicable Valuation Day.

### **Sub-fund liquidation**

After the declaration of the sub-fund liquidation, the sub-fund will distribute back to the shareholder substantially all moneys received from the disposal of assets via repayment, prepayment, cancellation, sale or by any other means ("Liquidation Period"). Such distributions will be defined on each Valuation Day, or such other day as agreed with the shareholder, and will be paid within 10 business days following the Valuation Day until the sub-fund is liquidated.

### **Minimum sub-fund size**

Should the sub-fund assets decrease below EUR 25,000,000 the Board of Directors reserves the right to liquidate the sub-fund.

### **Special subscription conditions:**

After the 9 months following the Launch date of the sub-fund, a subscription order in the following case is subject to the special subscription conditions:

Net Asset Value of the sub-fund ("AUM")	A single subscription order larger than
Less than 100 million €	20% of AUM
Equal to and bigger than 100 million €	30% of AUM

Manager has a right to choose between:

- to accept the order as any subscription order (as defined in "Terms of subscription"),
- or
- the special draw-down procedure that is (i) subject to a commitment letter signed by both parties; (ii) up to 3 installments (capital call) defined by the Manager with 7 business days notice (iii) over maximum 3 months.

### **Special redemption conditions:**

After the 9 months following the Launch date of the sub-fund of the sub-fund, a redemption order larger than 5% of AUM is subject to the following special redemption conditions:

- Manager has a right to choose between:
- accepting the order as any redemption order (as defined in "Terms of redemption"),
- or
- delaying the processing of such redemption order to next Valuation Day or **until such time as the required sales of securities have been made on behalf of the sub-fund**. If all pending applications cannot be processed on the same following calculation date, the earliest applications shall take precedence over more recent applications.

## BNP PARIBAS FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND

### Investment Objective

The objective of this sub-fund is to construct a defensive portfolio of senior secured loans, providing a stable income stream. The sub-fund aims to offer its shareholders long-term returns, above comparable benchmark indexes, over its life time. The portfolio will consist of global senior secured bank loans to sub-investment grade issuers, also known as leveraged loans. These bank loans represent the highest ranking securities in the capital structure of the issuing companies.

The goals of the sub-fund are as follows:

- **To provide attractive risk adjusted returns to its shareholder.** The sub-fund seeks to provide an opportunity for the shareholders to achieve attractive levels of risk adjusted return, while seeking to minimize downside potential.
- **To preserve the shareholder's capital by investment in a defensive portfolio of assets.** The sub-fund will attempt to provide consistent returns with lower relative levels of risk than is typically achieved with respect to other asset classes. The sub-fund targets investments in proven, recession resilient companies with strong market positions and high recovery prospects in case of a default.
- **To provide dividend distributions.** The sub-fund intends to have an annual dividend distribution for the shareholders invested in distribution share class.

The sub-fund aims to reach these goals using a blend of both qualitative and quantitative methods to monitor and control the levels of portfolio risk. This will include, but not be limited to:

- Preliminary and ongoing fundamental credit research and monitoring;
- Tracking of rating changes, bond and loan prices, LCDS and CDS spreads, and stock prices of the underlying companies;
- Diversification across a number of sectors and geographic regions, thereby lowering the overall exposure to any individual entity, region or sector.

There is no guarantee that the sub-fund will achieve its investment objective. The sub-fund's NAV will fluctuate with changes in the actual and perceived credit quality of the assets in which the sub-fund will invest and may be less than the NAV at the time of investment. Accordingly, the shareholder can lose money investing in the sub-fund.

### Investment Policy

The main underlying assets targeted for investment will consist of senior secured bank loans

Some of the assets the sub-fund is permitted to invest in may only be drawn down over time hence are not payable immediately on acquisition by the sub-fund (i.e. delayed draw securities). In addition, there is a certain period between the purchase of a bank loan and settlement of such bank loan which should be taken into consideration.

For the purposes of efficient management, the sub-fund may also (i) hold cash or cash equivalents, or (ii) money market instruments managed by a manager of BNP Paribas Investment Partners or an external manager.

No borrowing or short selling is allowed in this sub-fund.

The sub-fund will not use techniques and financial instruments described in Appendix 3 of the Offering Document.

### Investment Restrictions

The policy of the sub-fund is to spread investment risk.

The sub-fund is subject to but not limited to the following restrictions:

1. The sub-fund does not invest less than 80% of its assets, excluding cash or cash equivalents, in Senior Secured Bank Loans.
2. The reference geographical allocation of the sub-fund is 50% for North America and 50% Europe, with a leeway of more or less 25%.
3. The sub-fund cannot invest more than 5% of its assets in senior secured bank loans issued by a single issuer. However, this limit can be increased up to 10% provided that where the 5% limit is exceeded, the exposure to these issuers, when added together, does not exceed 40% of the fund's assets.
4. The sub-fund does not directly make investments in any one issuer or issuer group if, immediately after such investment, the sub-fund would own more than 25% of such issuer's outstanding debt.
5. The sub-fund does not directly invest more than 20% of its assets in securities/ asset class issued by issuers belonging to a single industry as defined by Moody's Investors Service.
6. The sub-fund may not invest in equity or equity like securities except as a result of the purchase or ownership of a loan (like receiving warrants as part of the remuneration) or in connection with a reorganization of a borrower.
7. The sub-fund undertakes to hedge at minimum 90% of its currency exchange rate exposure of the senior secured bank loans denominated in non Euro currencies against the sub-fund reference currency (Euro)
8. The minimum credit rating of the loan facility that the sub-fund can invest in is B3 (rated by Moody's) or B- (rated by S&P). In the case of no rating, an internal rating is applied. When a holding asset is down-graded to lower than B3/B-, such asset will be sold within 6 months.

In case of split rating between 2 agencies, the lower rating should be applicable.

In case of split rating between 3 agencies, the middle rating should be applicable.

With the exception of restriction 4 indicated above, the investment restrictions do not apply during the Ramp-Up Period and Liquidation Period. When calculating the concentration limits in relation to the restrictions as indicated in this document, all agreed upon asset transactions are included in the calculation as if the settlement of such transactions had already occurred.



## BNP PARIBAS FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND

### Investment risks

An investment in the sub-fund involves certain risks relating to the sub-fund's structure and investment objectives which the prospective shareholder should evaluate before making a decision to invest in the sub-fund.

There is no guarantee that the sub-fund will achieve its investment objective. The sub-fund's NAV will fluctuate with changes in the actual and perceived credit quality of the assets in which the fund will invest and may be less than the NAV at the time of investment. Accordingly, the shareholder can lose money investing in the sub-fund.

The sub-fund is subject but not limited to the following risks:

- **Illiquidity of the sub-fund's shares:** This sub-fund is not a certificate of deposit or money market fund, and differs substantially from these products with respect to risks and liquidity, among other factors. The sub-fund's shares have no trading market and no market is expected to develop. There will be no public market for the sub-fund, the ability to withdraw one's investment is limited by the terms of the sub-fund's governing documents, and withdrawal proceeds may not be paid immediately.
- **Illiquidity of the sub-fund's investments:** The majority of the sub-fund's investments are not liquid. The shareholder must be aware that this is a long-term investment and that payment of redemptions and dividends may be made later than the dates and periods envisaged. The illiquid nature of some loans and other assets invested in by the sub-fund may impair the sub-fund's ability to dispose of such assets in an expeditious manner. This may result in the sub-fund disposing of such assets on terms less favourable than the actual terms of the loan obtained by the fund on acquisition or reflected in the NAV.
- **Credit quality:** Each asset class in which the sub-fund invests in carries its own risks. The sub-fund may invest all or a substantial portion of its assets in below investment-grade senior loans, which are considered speculative by rating agencies and also referred to as "leveraged loans". There is a risk of default or of unexpected changes regarding cash flow maturities or of the debt collection rate of the sub-fund's investments. In addition, the sub-fund's investments will be subject to different countries' legislation concerning the rights of creditors and the implementation of guarantees. Therefore, one should expect that the fund's NAV will fluctuate as a result of changes in the credit quality of borrowers and other factors.
- **Collateral:** Collateral which secures senior loans might not be sufficient to satisfy the borrower's obligations in the event of non-payment of scheduled interest or principal and, in some cases, may be difficult to liquidate on a timely basis.
- **Long-dated nature of most investments:** As the bulk of the assets purchased by the fund are long-dated in nature, a mismatch between redemptions and repayments of these assets might require the sale of these assets at less than favourable prices.
- **Concentration:** Despite the mentioned restrictions the sub-fund may during its life, especially during the Ramp-up Period and Wind-down Period, be subject to concentration risk in the underlying investments.
- **Market risk:** While the sub-fund is more focused towards a take-and-hold strategy versus a trading strategy, the sub-fund will be subject to market prices when acquiring, trading and disposing assets, in particular during the Ramp-up Period of the portfolio.
- In addition, the NAV is calculated based on market prices, which might over- or under-estimate the true value of the investment or not represent the actual price at which the investment could be sold.
- **Interest rates:** An increase or decrease in interest rates may not be immediately reflected in the rates payable on the portfolio's underlying securities, while an increase in interest rates could have a negative impact on the quality of the sub-fund's investments.
- **Foreign exchange rates and hedging:** The currency of the assets of the sub-fund might differ from the sub-fund's currency of expression and consequently the sub-fund is subject to currency exchange fluctuations, with the sub-fund undertaking to hedge a certain percentage of the assets for a certain period. However, there is no assurance that currency hedging will be fully effective, as any unhedged portion remains exposed to currency exchange fluctuations, while in case of significant redemptions the sub-fund might be temporarily over-hedged.
- **Calculation of NAV:** The NAV per share of the sub-fund will be determined and communicated only after the value of its investments is determined.

The NAV is based on data coming from a third party pricing service. The Investment Manager cannot opine on the accuracy of the prices obtained from a third party pricing service and by definition on the NAV based on such prices. There is no guarantee that the prices obtained from a third party pricing service represent fair value or will represent the value that will be realized by the sub-fund on the eventual disposal of the investment, a market price discovery, or that could in fact be realized upon an immediate disposal of the investment. Should the Company and/or the Investment Manager, change the method of valuation, than the same limitations as indicated above will hold for the new method of valuation.

- **Early redemption:** If the shareholder chooses to redeem its shares before the recommended investment horizon, an early redemption fee will be charged according to the investment period of the shareholder as defined in the section Fees and Costs.
- **Reinvestment:** It is possible that the sub-fund will not be able to reinvest its net income or the capital generated by the realisation of assets in the aforementioned Underlying Asset Classes at a similar level of risk-return.
- **Risk linked to warrants**
- **Conflict of interest**

### Ramp-Up Period

The "Ramp-Up Period" is defined as the first 6 (six) months after the launch date.

### Dividend Policy

# BNP PARIBAS FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND

Distribution share classes of the sub-fund intend to pay annual dividends starting 1 year after the Launch Date, provided that the underlying investments generated sufficient cash income during that period. Payment of the dividends will be made in November within 15 (fifteen) business days following the Valuation Day of these months.

## Accounting and Reference Currency:

EUR

## Share Categories

Category	Class	ISIN code	Dividend	Reference Currency	Minimum holding	Other Valuation Currencies
N 2016 <sup>(1)</sup>	CAP	LU1279470071	No	EUR	EUR 125,000	
N 2017 <sup>(1)</sup>		LU1517864721				
N USD 2016 <sup>(1)</sup>		LU1279470238		USD		
N USD 2017 <sup>(1)</sup>		LU1517864994				
I 2016 <sup>(1)</sup>		LU1279470402		EUR	EUR 1,000,000	
I 2017 <sup>(1)</sup>		LU1517865025			EUR 5,000,000	
I Plus 2015 <sup>(1)</sup>		LU1116584399				
I Plus 2016 <sup>(1)</sup>		LU1279470584				
I Plus 2017 <sup>(1)</sup>		LU1517865298				
IH CHF Plus 2017		LU1582325616		CHF		
IH GBP Plus 2017		LU1582325962		GBP		
I USD Plus 2016 <sup>(1)</sup>		LU1416548706		USD		
I USD Plus 2017 <sup>(1)</sup>		LU1517865371				
IH USD Plus 2016 <sup>(1)</sup>		LU1416548888				
IH USD Plus 2017 <sup>(1)</sup>		LU1517865454				
I 2015 <sup>(1)</sup>	DIS	LU1116584472	Annual	EUR	EUR 1,000,000	
I 2016 <sup>(1)</sup>		LU1279470667			EUR 5,000,000	
I 2017 <sup>(1)</sup>		LU1517865538				
I Plus 2014 <sup>(1)</sup>		LU0963670319				
I Plus 2015 <sup>(1)</sup>		LU1116584555				
I Plus 2016 <sup>(1)</sup>		LU1279470741				
I Plus 2017 <sup>(1)</sup>		LU1517865611				
IH CHF Plus 2017		LU1582325707		CHF		
IH GBP Plus 2017		LU1582326002		GBP		
I USD Plus 2016 <sup>(1)</sup>		LU1416548961		USD		
I USD Plus 2017 <sup>(1)</sup>		LU1517865702				
IH USD Plus 2016 <sup>(1)</sup>		LU1416549001				
IH USD Plus 2017 <sup>(1)</sup>		LU1517865884				
Privilege 2014 <sup>(1)</sup>		LU0963670665		EUR	EUR 125,000	
Privilege 2016 <sup>(1)</sup>		LU1279470824				
Privilege 2017 <sup>(1)</sup>		LU1517865967				

# BNP PARIBAS FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND

(1) These share categories are closed to subscription after the initial subscription period, ending on each December 31st of the year mentioned in the share class name and only redemption orders will be allowed afterwards, except for current investors who can still increase their holdings after this period has expired.

## Fees and costs

Category	Fees payable by the sub-fund				
	Management (max)	Performance	Distribution fee <sup>(1)</sup>	Administrative services (max)	Taxe d'abonnement
N 2016	0.60%	None	0.30%	0.125%	0.01%
N 2017					
N USD 2016					
N USD 2017					
Privilege 2014	0.90%		None		
Privilege 2016					
Privilege 2017					
I 2015	0.60%				
I 2016					
I 2017					
I Plus 2014	0.50%				
I Plus 2015					
I Plus 2016					
I Plus 2017					
I USD Plus 2016					
I USD Plus 2017					
IH USD Plus 2016					
IH USD Plus 2017					

(1) Fee calculated and deducted monthly from the average net assets of the share category, paid to the AIFM and serving to cover remuneration of the distributors, supplemental to the share of the management fee that they receive.

## Early Redemption Charge for “2014” shares (acquired by the Fund)

Period		
	Privilege 2014	I Plus 2014
From January 1 <sup>st</sup> 2017 until December 31 <sup>st</sup> 2017	2.00%	0%
From January 1 <sup>st</sup> 2018 until December 31 <sup>st</sup> 2018	1.00%	0%
As of 1 <sup>st</sup> January 2019	0%	0%

## Early Redemption Charge for “2015” shares (acquired by the Fund)

Period	Categories	
	I 2015	I Plus 2015
From January 1 <sup>st</sup> 2017 until December 31 <sup>st</sup> 2017	3.00%	0%
From January 1 <sup>st</sup> 2018 until December 31 <sup>st</sup> 2018	0%	0%
From January 1 <sup>st</sup> 2019 until December 31 <sup>st</sup> 2019	0%	0%
As of 1 <sup>st</sup> January 2020	0%	0%

# BNP PARIBAS FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND

## Early redemption charges for “2016” shares (acquired by the Fund)

Period	Categories		
	N 2016 N USD 2016 Privilege 2016	I 2016	I Plus 2016 I USD Plus 2016 IH USD Plus 2016
From January 1st 2017 until December 31st 2017	4.00%	4.00%	4.00%
From January 1st 2018 until December 31st 2018	3.00%	3.00%	0%
From January 1st 2019 until December 31st 2019	2.00%	0%	0%
From January 1st 2020 until December 31st 2020	1.00%	0%	0%
As of 1st January 2021	0%	0%	0%

## Early redemption charges for “2017” shares (acquired by the Fund)

Period	Categories		
	N 2017 N USD 2017 Privilege 2017	I 2017	I Plus 2017 I USD Plus 2017 IH USD Plus 2017
From inception until December 31st 2017	5.00%	5.00%	5.00%
From January 1st 2018 until December 31st 2018	4.00%	4.00%	4.00%
From January 1st 2019 until December 31st 2019	3.00%	3.00%	0%
From January 1st 2020 until December 31st 2020	2.00%	0%	0%
From January 1st 2021 until December 31st 2021	1.00%	0%	0%
As of 1st January 2022	0%	0%	0%

### Valuation Day:

The NAV is calculated monthly, based on the closing prices of the last Business Day of the previous month (the “**Valuation Day**”) and such other days as the Board of Directors may from time to time determine at its discretion.

A “Business Day” is defined as any day on which banks are open for business in the Grand Duchy of Luxembourg, Paris, London and New York unless 50% or more of the underlying assets cannot be valued (due to, but not limited to stock exchange closure for listed assets).

The NAV per share of the sub-fund will be available at 5:00 p.m. 5 (five) business days after the Valuation Day and/or such other days as the Board of Directors may from time to time determine at its discretion (“**Valuation Notification Day**”).

Pricing of investments will be made according to the pricing policy as indicated in Part I of the present Offering Document.

The Company has the right to change the valuation method of part or all of the sub-fund’s assets, if in the opinion of the Company such other method better reflects the value of the relevant investments, with such decision to be communicated to the shareholder.

### Terms of subscription:

Orders will be processed exclusively at an unknown NAV calculated each month in accordance with the rules set out below, only on Valuation days in Luxembourg and the time mentioned is Luxembourg time.

# BNP PARIBAS FLEXI III GLOBAL SENIOR CORPORATE LOANS FUND

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
16:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	5 days after the Valuation Day (D+5)	Maximum 10 bank business days after the Valuation Day (D+10)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

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

Payment will take place within 10 business days of the Valuation Day.

## **Special subscription conditions:**

After the ramp-up period of the sub-fund, a subscription order in the following case is subject to the special subscription conditions:

Net Asset Value of the sub-fund ("AUM")	A single subscription order larger than
Less than 100 million €	30% of AUM
Equal to and bigger than 100 million €	20% of AUM

Manager has a right to choose between:

- accepting the order as any subscription order (as defined in "Terms of subscription"),
- or
- the special draw-down procedure that is (i) subject to a commitment letter signed by both parties; (ii) up to 3 installments (capital call) defined by the Manager with 7 business days notice (iii) over maximum 3 months.

## **Terms of redemption:**

Unless in the event of suspension and/or exceptional circumstances, redemption requests must be received by the Company and/or the Transfer Agent **by 3:00 p.m. 60 business days prior to a Valuation Day**, and will be processed **on the basis of the net asset value on that Valuation Day**.

The redemption amount is paid within 10 business days following the applicable Valuation Day.

Unless otherwise specified in the appendix to the sub-fund in question the net asset value per share for each category and/or sub-fund is determined monthly, based on the closing prices of the last business day of the previous month (the "Valuation Day") in Luxembourg, Paris, London and New York by dividing the net asset value of the category and/or sub-fund concerned by the number of outstanding shares in said category or sub-fund, in accordance with the provisions of the relevant article in the Articles of Association.

The net asset value of the sub-fund's assets on a given Valuation Day shall be calculated within 5 business days following the applicable Valuation Day.

## **Minimum sub-fund size**

Should the sub-fund assets decrease below EUR 25,000,000 the Board of Directors reserves the right to liquidate the sub-fund.

## **Sub-fund liquidation**

After the declaration of the sub-fund liquidation, the sub-fund will distribute back to the shareholder substantially all moneys received from the disposal of assets via repayment, prepayment, cancellation, sale or by any other means ("Liquidation Period"). Such distributions will be defined on each Valuation Day, or such other day as agreed with the shareholder, and will be paid within 10 business days following the Valuation Day until the sub-fund is liquidated.

## **Historical information:**

The "I Plus 2014" categories have been launched on 30<sup>th</sup> December 2013.

The "Privilege 2014" category has been launched on 30<sup>th</sup> May 2014. The first NAV was set at EUR 1,000 per share.

2 June 2014: "I Plus", and "Privilege" categories are renamed respectively "I Plus 2014" and "Privilege 2014" categories.

2 November 2015: "I 2015" Capitalisation category is renamed "I Plus 2015".

The I 2015 categories have been launched on 29<sup>th</sup> May 2015. The first NAV was set at EUR 1,000 per share.

The "I Plus 2016" category has been launched on 29<sup>th</sup> February 2016.

The "IH USD 2016", "IH USD 2017", "I USD Plus 2016", "I USD Plus 2017", "I Plus 2017", "N 2016", "N 2017", "N USD 2016", "N USD 2017", "I 2016", "I 2017", "Privilege 2016" and "Privilege 2017" categories are not launched at the date of the present Offering Document.

# BNP PARIBAS FLEXI III REGA 1

## **Investment policy**

The sub-fund's objective is to enable shareholders to have an exposure to the Belgian Consumer Price Health Index (2004 = 100) (Bloomberg reference: BECPHLTH Index = BELGIAN INFLATION) <sup>(1)</sup> and, at maturity of the initial investment horizon, fixed at 16 February 2033, to recover as a minimum the initially established Net Asset Value of 1,000 EUR per share held (before deduction of taxes and fees).

<sup>(1)</sup> In accordance with the shareholder, the Board of Directors could decide to change the referenced index.

The sub-fund invests mainly in swap contracts like **inflation swaps** which are bilateral contracts that enable an investor to secure an inflation-protected return with respect to an inflation index. The inflation buyer (also called the inflation receiver) pays a predetermined fixed, floating rate (usually minus a spread) or upfront premium. In return, the inflation buyer receives from the inflation seller (also called the inflation payer) inflation-linked payment(s).

On an ancillary basis it may also invest in any debt securities, money market instruments, deposits with a credit institution that are redeemable on request or that may be withdrawn and have a maturity of twelve months or less, provided that the credit institution has its registered office in an European Union Member State, derivative financial instruments or cash.

For the financial derivative Instruments, the Company may only trade with leading financial institutions participating in these markets and specialising in this type of transaction.

The sub-fund may enter into swaps on any type of financial instrument or index.

The initial value of the BELGIAN INFLATION will be the one calculated by Belgostat published for October 2007.

The cashflows resulting from the swap contract will be calculated at the end of the annual observation periods in function of the calculated and published values of the BELGIAN INFLATION for October <sup>(2)</sup> of each year for the first time in 2008 and the last time in 2032.

<sup>(2)</sup> In accordance with the shareholder, the Board of Directors could decide to change the referenced month.

## **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

*Specific market risks:*

- Alternative Investment Strategies risk
- Counterparty risk
- Derivative risk

## **Accounting Currency:**

EUR

## **Share Category**

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0343415245	No	EUR	

Reserved for the Belgian company "Stichting Rega v.z.w."

## **Fees and costs**

Category	Fees payable by the sub-fund			
	Management (max)	Performance	Administrative services (max)	Taxe d'abonnement
I	0.40% <sup>(1)</sup>	No	0.016%	0.01%

<sup>(1)</sup> The management fee is charged over the notional amount, which amount can decrease on a yearly basis.

## **Valuation Day:**

On the 10<sup>th</sup> of each month on which banks are open for business in Luxembourg (a "Valuation Day"), there is a corresponding NAV which is dated the same day and calculated the 1<sup>st</sup> bank business day after the 10<sup>th</sup> unless 50% or more of the underlying assets cannot be valued. If the Valuation Day is not a day on which banks are open for business in Luxembourg, the day to be considered as a Valuation Day will be the previous bank business day.

## BNP PARIBAS FLEXI III REGA 1

**Terms of subscription and redemption:**

Orders will be processed exclusively at an unknown NAV calculated each month in accordance with the rules set out below, only on Valuation days in Luxembourg and the time mentioned is Luxembourg time.

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

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

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

Payment will be in one of the valuation currencies for the shares concerned. Payment will take place within three trading days of the valuation day for the currency of expression in the foreign exchange market.

**Historical information:**

The sub-fund was launched on 28 January 2008. The first NAV was set at EUR 1,000 per share.

none

## **Investment objective and policy of the sub-fund**

### **Investment Objective**

The objective of this sub-fund is to construct a defensive portfolio of senior secured loans, providing a stable income stream. The sub-fund aims to offer its shareholder long-term dividend returns, above comparable benchmark indexes, over its life time. The portfolio will consist of mostly European senior secured bank loans to sub-investment grade issuers, also known as leveraged loans. These bank loans represent the highest ranking securities in the capital structure of the issuing companies.

The goals of the sub-fund are as follows:

- **To provide excellent risk adjusted returns to its shareholder at an attractive entry point.** The sub-fund seeks to provide an opportunity for the shareholder to achieve excellent levels of risk adjusted return, while seeking to minimize downside potential. The current weakness in loan prices allows the sub-fund to purchase strong credits at discounted prices, thus making this an attractive entry point to pick up additional return from capital appreciation of such assets.
- **To preserve the shareholder's capital by investment in a defensive portfolio of assets.** The sub-fund will attempt to provide consistent returns with lower relative levels of risk than is typically achieved with respect to other asset classes. The sub-fund targets investments in proven, recession resilient companies with strong market positions and high recovery prospects in case of a default.
- **To provide dividend distributions.** The sub-fund intends to have a semi-annual dividend distribution.

**The sub-fund aims to reach these goals using a blend of both qualitative and quantitative methods to monitor and control the levels of portfolio risk.** This will include, but not be limited to:

- Preliminary and ongoing fundamental credit research and monitoring;
- Tracking of rating changes, bond and loan prices, LCDS and CDS spreads, and stock prices of the underlying companies;
- Diversification across a number of sectors and geographic regions, thereby lowering the overall exposure to any individual entity, region or sector.

### **Investment Policy**

The main underlying assets targeted for investment (collectively the **"Primary Underlying Asset Classes"**) will consist of **Senior secured bank loans**;

In addition, the sub-fund's investment strategy allows for investment in the following asset classes (**"Secondary Underlying Asset Classes"**):

- Second secured bank loans (like second lien and mezzanine, which rank before high yield debt and equity);
- Secured and unsecured fixed and floating rate corporate bonds and notes;
- AA-/Aa3 or higher rated tranches of collateralised loan obligations;

(the Primary Underlying Asset Classes and the Secondary Underlying Asset Classes are together referred to as **"Underlying Asset Classes"**).

Some of the assets the sub-fund is permitted to invest in may only be drawn down over time hence are not payable immediately on acquisition by the sub-fund (i.e. delayed draw securities). In addition, there is a certain period between the purchase of a bank loan and settlement of such bank loan which should be held into consideration.

For the purposes of efficient management, the sub-fund may also (i) hold cash or cash equivalents, or (ii) invest in money market instruments each holding a minimum rating of AA/Aa2 by a recognised rating agency and in each case denominated in US dollars, Euros, British Pounds, or other currencies of countries holding a minimum rating of AA/Aa2 by a recognised rating agency ("Cash or Cash Equivalents").

No borrowing or short selling is allowed in this sub-fund.

The sub-fund will not use techniques and financial instruments described in Appendix 3 of the Offering Document.

### **Investment Restrictions**

The policy of the sub-fund is to spread investment risk.

The sub-fund is subject to but not limited to the following restrictions:

1. The sub-fund does not invest less than 80 (eighty) per cent of its assets, excluding cash or cash equivalents, in Primary Underlying Asset Classes.
2. The sub-fund does not invest more than 20 (twenty) per cent of its assets in Secondary Underlying Asset Classes.
3. The sub-fund does not directly invest more than 50 (fifty) per cent of its assets to issuers whose main holding company and fund counterparty is not resident within Europe.
4. The sub-fund does not directly invest more than 4 (four) per cent of its assets in securities/ asset classes issued by a single issuer or issuer group, with the exception of a maximum exposure of 6 (six) per cent for 3 (three) issuers or issuer groups each. This restriction replaces the single issuer concentration limit indicated in Appendix 1 of the Offering Document.
5. The sub-fund does not directly make investments in any one issuer or issuer group if, immediately after such investment, the sub-fund would own more than 25 (twenty-five) per cent of such issuer's outstanding debt.
6. The sub-fund does not directly invest more than 12 (twelve) per cent of its assets in securities/ asset class issued by issuers belonging to a single industry as defined by Moody's Investors Service, with the exception of a maximum exposure of 15 (fifteen) per cent for 2 (two) industries each, a maximum exposure of 20 (twenty) per cent for 1 (one) industry and a maximum exposure of 25 (twenty five) per cent for the healthcare industry.
7. The sub-fund may not invest in equity or equity like securities except as a result of the purchase or ownership of a loan (like receiving warrants as part of the remuneration) or in connection with a reorganization of a borrower.
8. The sub-fund undertakes to hedge at minimum 67 (sixty-seven) per cent of its currency exchange rate exposure.

With the exception of restriction 5 indicated above, the investment restrictions do not apply during the Ramp-Up Period and Wind-down Period. During the Ramp-Up Period and Wind-down Period, the Investment Manager will undertake to, as regards to restrictions 4 and 6,



## BNP PARIBAS FLEXI III SENIOR SECURED BANK LOAN FUND MOGLIANO

honour the maximum permitted amounts allowed under these restrictions as calculated (i) in the case of the Ramp-up Period based on the Initial Commitment Amount of EUR 200,000,000 (as increased by subsequent Subscriptions) that had been fully subscribed and invested, and (ii) in case of the Wind-down Period based on the net asset value of the fund when the Wind-down Period started.

When calculating the concentration limits in relation to the restrictions as indicated in this document, all agreed upon asset transactions are included in the calculation as if the settlement of such transactions had already occurred.

### Risks

An investment in the sub-fund involves certain risks relating to the sub-fund's structure and investment objectives which the prospective shareholder should evaluate before making a decision to invest in the sub-fund.

There is no guarantee that the sub-fund will achieve its investment objective. The sub-fund's NAV will fluctuate with changes in the actual and perceived credit quality of the assets in which the fund will invest and may be less than the NAV at the time of investment. Accordingly, the shareholder can lose money investing in the sub-fund.

The sub-fund is subject but not limited to the following risks:

- **Illiquidity of the sub-fund's shares:** This sub-fund is not a certificate of deposit or money market fund, and differs substantially from these products with respect to risks and liquidity, among other factors. The sub-fund's shares have no trading market and no market is expected to develop. There will be no public market for the sub-fund, the ability to withdraw one's investment is limited by the terms of the sub-fund's governing documents, and withdrawal proceeds may not be paid immediately.
- **Illiquidity of the sub-fund's investments:** The majority of the sub-fund's investments are not liquid. The shareholder must be aware that this is a long-term investment and that payment of redemptions and dividends may be made later than the dates and periods envisaged. The illiquid nature of some loans and other assets invested in by the sub-fund may impair the sub-fund's ability to dispose of such assets in an expeditious manner. This may result in the sub-fund disposing of such assets on terms less favourable than the actual terms of the loan obtained by the fund on acquisition or reflected in the NAV.
- **Credit quality:** Each asset class in which the sub-fund invests in carries its own risks. The sub-fund may invest all or a substantial portion of its assets in below investment-grade senior loans, which are considered speculative by rating agencies and also referred to as "leveraged loans". There is a risk of default or of unexpected changes regarding cash flow maturities or of the debt collection rate of the sub-fund's investments. In addition, the sub-fund's investments will be subject to different countries' legislation concerning the rights of creditors and the implementation of guarantees. Therefore, one should expect that the fund's NAV will fluctuate as a result of changes in the credit quality of borrowers and other factors.
- **Collateral:** Collateral which secures senior loans might not be sufficient to satisfy the borrower's obligations in the event of non-payment of scheduled interest or principal and, in some cases, may be difficult to liquidate on a timely basis.
- **Long-dated nature of most investments:** As the bulk of the assets purchased by the fund are long-dated in nature, a mismatch between redemptions and repayments of these assets might require the sale of these assets at less than favourable prices.
- **Concentration:** Despite the mentioned restrictions the sub-fund may during its life, especially during the Ramp-up Period and Wind-down Period, be subject to concentration risk in the underlying investments.
- **Market risk:** While the sub-fund is more focused towards a take-and-hold strategy versus a trading strategy, the sub-fund will be subject to market prices when acquiring, trading and disposing assets, in particular during the Ramp-up Period and Wind-down Period of the portfolio.

In addition, the NAV is calculated based on market prices, which might over- or under-estimate the true value of the investment or not represent the actual price at which the investment could be sold.

- **Subordination:** Some of the sub-fund's investments might be subject to the risk arising from a subordination mechanism.
- **Collateralized Loan Obligations:** The sub-fund may invest in collateralized loan obligations over which the sub-fund might only have limited or no control.
- **Interest rates:** An increase or decrease in interest rates may not be immediately reflected in the rates payable on the portfolio's underlying securities, while an increase in interest rates could have a negative impact on the quality of the sub-fund's investments. Further a change in interest rates will have an impact on the performance of the sub-fund.
- **Foreign exchange rates and hedging:** The currency of the assets of the sub-fund might differ from the sub-fund's currency of expression and consequently the sub-fund is subject to currency exchange fluctuations, with the sub-fund undertaking to hedge a certain percentage of the assets for a certain period. However, there is no assurance that currency hedging will be fully effective, as any unhedged portion remains exposed to currency exchange fluctuations, while in case of significant redemptions the sub-fund might be temporarily over-hedged.
- **Calculation of NAV:** The NAV per share of the sub-fund will be determined and communicated only after the value of its investments is determined.

The NAV is based on data coming from a third party pricing service. The Investment Manager can not opine on the accuracy of the prices obtained from a third party pricing service and by definition on the NAV based on such prices. There is no guarantee that the prices obtained from a third party pricing service represent fair value or will represent the value that will be realized by the sub-fund on the eventual disposal of the investment, a market price discovery, or that could in fact be realized upon an immediate disposal of the investment. Should the Company and/or the Investment Manager, change the method of valuation, than the same limitations as indicated above will hold for the new method of valuation.

- **Sub-fund repayment:** The rate of repayment of the sub-fund after the Reinvestment Period is among others dependent on the level of repayment, prepayment, cancellation, or sale of the underlying assets which the Investment Manager might not have control over.
- **Early redemption:** If the shareholder chooses to redeem its shares before the planned maturity date, the selling prices may not represent the intrinsic value of the sub-fund's assets. In addition, the sub-fund can be exposed to additional costs like the premature unwinding of currency hedges.

## BNP PARIBAS FLEXI III SENIOR SECURED BANK LOAN FUND MOGLIANO

- **Reinvestment:** It is possible that the sub-fund will not be able to reinvest its net income or the capital generated by the realisation of assets in the aforementioned Underlying Asset Classes at a similar level of risk-return.
- **Risks linked to warrants**
- **Conflict of interest**

### Ramp-Up Period, Reinvestment Period, Wind-down Period, Maturity Date

The "Ramp-Up Period" is defined as the shorter of the period during which the Initial Commitment Amount ("Initial Commitment Amount" hereinafter defined as the minimum level of aggregate subscription amounts the shareholder commits to invest in the sub-fund, being EUR 200,000,000) is not fully invested and the first 6 (six) months after the launch date.

The sub-fund targets to reinvest all moneys (excluding capital gains) received from the disposal of assets (via repayment, prepayment, cancellation, sale or by any other means) during the first 2 (two) years after the Launch Date ("Reinvestment Period"). The Reinvestment Period can be shortened or extended upon the common decision of the shareholder and the Investment Manager to be confirmed by board decision.

After the Reinvestment Period the sub-fund will distribute back to the shareholder substantially all moneys (excluding capital gains) received from the disposal of assets via repayment, prepayment, cancellation, sale or by any other means ("Wind-down Period"). Such distributions will be defined on each Valuation Day, or such other day as agreed with the shareholder, and will be paid within 5 (five) business days following the Valuation Day.

The maturity of the sub-fund is 10 (ten) years after the Launch Date ("Maturity Date").

### Dividend Policy

The sub-fund intends to pay semi annual dividends starting 6 (six) months after the Launch Date, provided that the underlying investments generated sufficient cash income during that period. Payment of the dividends will be made in February and August within 15 (fifteen) business days following the Valuation Day of these months.

### Accounting Currency:

EUR

### Share Category

Category	Class	ISIN code	Dividend	Minimum holding <sup>(1)</sup>	Reference Currency	Other Valuation Currencies
I	DIS	LU0374600871	Semi-annual	EUR 10,000,000	EUR	

(1) Entry fees excluded, if any

This category in this sub-fund is exclusively reserved for one institutional investor previously accepted by BNP Paribas Investment Partners.

### Fees and costs

Category	Fees payable by the sub-fund			
	Management (max)	Performance <sup>(1)</sup>	Administrative services (max)	Taxe d'abonnement
I	0.55%	15%	0.125%	0.01%

(1) 15% of the positive difference between the annual performance of the sub-fund (i.e. over the accounting year) and the performance of the benchmark index (1 month - EURIBOR + 3%). This commission is recognized each time the NAV is calculated using the "high water mark with hurdle rate" technique. This performance commission is payable to the Investment Manager.

The performance commission will not exceed 0.10% of the yearly average NAV.

### Valuation Day:

On the 22<sup>nd</sup> of each month on which banks are open for business in Luxembourg, Paris, London and New York (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 (due to, but not limited to stock exchange closure for listed assets).

In case the 22<sup>nd</sup> Calendar day is not a Business Day the NAV will be calculated on the following Business Day.

A "Business Day" is defined as any day on which banks are open for business in the Grand Duchy of Luxembourg, Paris, London and New York.

The NAV per share of the sub-fund will be available at 5.00 pm 5 (five) business days after the Valuation Day and/or such other days as the Board of Directors may from time to time determine at its discretion ("Valuation Notification Day").

Pricing of investments will be made according to the pricing policy as indicated in Part I of the present Offering Document. Swing pricing as indicated in the Chapter "Calculation of the Net Asset Value per Share" in the part I of this Offering Document is not allowed.

## BNP PARIBAS FLEXI III SENIOR SECURED BANK LOAN FUND MOGLIANO

If, however, no prices are provided under this pricing policy or the shareholder deems, in consultation with the Investment Manager, these quotations unreliable then the Company can, together with the Investment Manager, decide to use such other method for pricing the relevant investments as they seem fit with such decision to be communicated to the shareholder.

In addition, the Company has the right to change the valuation method of part or all of the sub-fund's assets, if in the opinion of the Company such other method better reflects the value of the relevant investments, with such decision to be communicated to the shareholder.

### **Terms of subscription:**

Orders will be processed exclusively at an unknown NAV calculated each month in accordance with the rules set out below, only on Valuation days in Luxembourg and the time mentioned is Luxembourg time.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
16:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	5 days after the Valuation Day (D+5)	Maximum 7 bank business days after the Valuation Day (D+7)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

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

Payment will take place within 7 business days of the Valuation Day.

### **Terms of redemption:**

Redemption requests will not be authorised during the first 6 (six) months from the Launch Date.

Requests for Redemptions must be received by a local agent, a placing agent or directly by the Transfer Agent before 4.00 pm on any business day ("Redemption Notification Day").

**Considering the composition of the portfolio of the sub-fund the shareholder should be aware that the Investment Manager will be able to redeem only when there is a possibility to sell the assets at prices approved by the shareholder and to pay the redemption price as soon as the sales are settled.**

For any redemption request received on a Redemption Notification Day, the Investment Manager will make a recommendation of the to-be-disposed investments ("Target Disposal Assets"), which are selected fully at the Investment Manager's discretion though the Investment Manager intends such Target Disposal Assets to be an average representation of the sub-fund's assets, and indicate potential sale price ranges on these Target Disposal Assets to the shareholder.

The shareholder will then decide whether (i) to proceed with the sale of part or all of the Target Disposal Assets and at which minimum selling price or (ii) alternatively might request the Investment Manager to (partly) propose a different set of to-be-disposed investments or (iii) to remove his redemption request.

The Investment Manager will then attempt to sell the Target Disposal Assets within the minimum agreed selling price, or notify the shareholder when part or all of the Target Disposal Assets can not be sold or can not be sold within the minimum agreed selling price.

The shareholder should be aware that the final settlement of bank loans could in certain circumstances take a longer time which in turn could delay the receipt of the net proceeds of such disposal.

Redemptions will only be allowed, provided that sufficient assets will remain in the sub-fund to cover outstanding purchase commitments and envisaged costs of the sub-fund (including but not limited to breaking costs for hedging agreements).

**Taking into account the individual specification of this sub-fund any redemption request will be processed by the board in collaboration with the shareholder, the amount and payment date of the redemption will be communicated by the board as soon as the redemption will be possible.**

### **Redemption in kind**

The shareholder has the option to request that part or all of the assets to be redeemed in kind.

Terms of payment of redemption in kind will be treated case by case by the Board of Directors.

### **Minimum sub-fund size**

Should the sub-fund assets decrease below EUR 100,000,000 the Board of Directors reserves the right to wind-up the sub-fund.

### **Historical information:**

The sub-fund was launched on 29 August 2008. The first NAV was set at EUR 1,000 per share.

# BNP PARIBAS FLEXI III SHORT TERM BOND FUND RMB

## **Investment policy**

This sub-fund invests its assets mainly in Chinese Government Bonds with a maximum time to maturity of 1 year, denominated in Chinese Renminbi (RMB) and cash.

Variable-rate investments having a residual maturity longer than 12 months but with a yearly rate adjustment where the rate is marked to market will be considered as having a maximum time to maturity of 1 year.

Investments in Private Equity, non-listed securities, illiquid securities, UCI's, mutual funds or trusts are not authorized.

In normal market circumstances the sub-fund will aim to have less than 20% of its net assets invested in cash, though this constraint will in some specific cases not be possible to uphold.

Contrary to point 1 of Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund has the possibility to invest up to 100% of its assets in a cash account and/or deposit with one single entity, or to invest up to 100% of its assets in bonds issued by the Chinese Government.

In addition to point 2 of Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund cannot engage in short sales of securities.

Lastly, in addition to point 3 of appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund does not allow borrowing exceeding 10% of its net assets.

## **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

### *Specific market risks:*

- Alternative Investment Strategies Risk
- Operational & custody risk
- Emerging markets risk
- Risks related to investments restrictions in some countries

### *Specific risks related to investments in Mainland China*

- Risks related to QFII/RQFII

## **Accounting Currency:**

JPY

## **Share Category**

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
I	CAP	LU0360680515	No	JPY	EUR and USD

Reserved for Fund of Funds.

## **This category in this sub-fund is exclusively reserved for authorised investors. Fees and costs**

Category	Fees payable by the sub-fund					Maximum fees payable by the investors		
	Management (max)	Performance	Administrative services (max)	Supporting Fee <sup>(1)</sup>	Taxe d'abonnement	Entry (max)	Conversion (max)	Exit (max)
I	0.9%	none	0.05%	0.40%	0.01%	5%	Not possible	none

(1) payable to BNP Paribas Investment Partners in remuneration for facilitating the treatment of redemption orders, in order to mitigate the risks of suspending redemption requests in view of the restrictions imposed by the Chinese authorities in connection with the QFII status

## **Valuation Day:**

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

## BNP PARIBAS FLEXI III SHORT TERM BOND FUND RMB

### **Terms of subscription and redemption:**

Orders will be processed exclusively at an unknown NAV calculated each Friday in accordance with the rules set out below, only on Valuation days in Luxembourg. If this day is not a Valuation Day, orders will be processed at the NAV calculated on the next full bank business day.

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
12:00 CET three bank business days before the Valuation Day (D-3) <sup>(3)</sup>	Valuation Day (D)	Valuation Day (D)	Maximum three bank business days after the Valuation Day (D+3)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

<sup>(2)</sup> If the settlement day is a China holiday or is not a trading day for the currency of payment, the settlement will occur the following business day.

<sup>(3)</sup> Until 2 July 2014: 12:00 CET two bank business days before the Valuation Day (D-2).

Taking into account the individual specification of this sub-fund, the demands for subscription, conversion and redemption are recorded on a waiting list and treated by applying the principle of "first arrived, first served".

The issue of shares in exchange for a contribution in kind of transferable securities is not authorised for this sub-fund, except if the Board of Directors exceptionally permitted it.

Conversions from this sub-fund to other sub-fund within the Company and conversely are not authorised.

Investors should bear in mind that subscription, holding, redemption and transactions involving shares may be subject to additional restrictions. These restrictions may have the effect of preventing the investor from freely subscribing, holding, exchanging and/or requesting redemption of shares.

In view of the restrictions imposed by the Chinese authorities in connection with the QFII status, the Board of Directors may decide to apply to the Chinese authorities for additional QFII quota or repatriation of QFII assets. The timing of these applications is at the discretion of the Chinese authorities.

In this respect, the Board of Directors may suspend requests for redemptions which are not compensated by subscription orders of an equal amount. These redemption orders will be recorded on a waiting list and treated later than originally intended or desired by applying the principle of "first arrived, first served". From a general point of view, redemption requests will be processed as soon as the liquidity level is deemed appropriate by the Board of Directors.

Payment will be in JPY, USD and EUR. Payment will, in principle (note risks outlined above), take place the same day that the order settlement date, within three business days after the valuation day. If the day that is determined this way is not a business day for the currency of payment or in China, then the payment will take place on the first business day after this day.

### **Historical information:**

The sub-fund was launched on 24 April 2008. The first NAV was set at JPY 1,000,000 per share.

## BNP PARIBAS FLEXI III SHORT TERM RMB

### **Investment policy**

This sub-fund invests its assets in money market instruments, Chinese Government Bonds, both denominated in Chinese Renminbi (RMB) and cash.

The average maturity of the portfolio is less than 12 months, and no investment will have a residual maturity exceeding 12 months.

Variable-rate investments having a residual maturity longer than 12 months will be permitted provided that rates are marked to market at least once a year. In such cases, the upcoming rate adjustment is considered equivalent to maturity.

To achieve its objectives, the sub-fund may invest in other UCITS or collective investment undertakings with similar investment policies.

Contrary to point 1 of Appendix 1 "Investment Restrictions" of the Offering Document, the sub-fund has the possibility to invest up to 100% of its assets in a cash account and/or deposit with one single entity, or to invest up to 100% of its assets in bonds issued by the Chinese Government.

### **Risk profile:**

For an overview of generic risks, please refer to the Appendix 3 of the Offering Document.

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

*Specific market risks:*

- Alternative Investment Strategies Risk
- Operational & Custody risk
- Emerging market risk
- Risks related to investments in some countries

*Specific risks related to investments in Mainland China*

- Risks related to QFII/RQFII

### **Accounting Currency:**

JPY

### **Share Category**

Category	Class	ISIN code	Dividend	Reference Currency	Other Valuation Currencies
X	CAP	LU0505064443	No	JPY	EUR and USD

This category in this sub-fund is exclusively reserved for authorised investors.

### **Fees and costs**

Category	Fees payable by the sub-fund					Maximum fees payable by the investors		
	Management (max)	Performance	Administrative services (max)		Taxe d'abonnement	Entry (max)	Conversion (max)	Exit (max)
X	none	none	0.05%		0.01%	5%	Not possible	none

### **Valuation Day:**

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

### **Terms of subscription and redemption:**

Orders will be processed exclusively based at an unknown NAV calculated on a daily basis in accordance with the rules set out below, only on Valuation days in Luxembourg. If this day is not a Valuation Day, orders will be processed at the NAV calculated on the next full bank business day.

## BNP PARIBAS FLEXI III SHORT TERM RMB

Centralisation of orders <sup>(1)</sup>	Orders Trade Date	NAV calculation and publication date	Orders Settlement Date <sup>(2)</sup>
17:00 CET one bank business day before the Valuation Day (D-1)	Valuation Day (D)	Valuation Day (D)	Maximum three bank business days after the Valuation Day (D+3)

<sup>(1)</sup> Orders received after this deadline will be processed at the next order processing day.

<sup>(2)</sup> If the settlement day is a China holiday or is not a trading day for the currency of payment, the settlement will occur the following business day.

The issue of shares in exchange for a contribution in kind of transferable securities is not authorised for this sub-fund, except if the Board of Directors exceptionally permitted it. Conversions from this sub-fund to other sub-fund within the Company and conversely are not authorised.

Payment will be in JPY, USD and EUR. Payment will, in principle (note risks outlined above), take place the same day that the order settlement date, within three business days after the valuation day. If the day that is determined this way is not a business day for the currency of payment or in China, then the payment will take place on the first business day after this day.

**Launch date:**

The sub-fund was launched on November 3<sup>rd</sup>, 2011 at a price of JPY 100,000 per share.

**Historical information:**

None