

法銀巴黎證券投資顧問股份有限公司 函

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受文者：如行文單位

發文日期：中華民國 113 年 10 月 16 日

發文字號：法巴顧字第 1130108 號

速別：

密等及解密條件或保密期限：普通

附件：投資人通知

主旨：謹通知本公司所代理之法巴基金(BNP Paribas Funds)公開說明書更新之投資人通知相關事項，詳如說明，請查照。

說明：

- 一. 法巴基金(BNP Paribas Funds) 公開說明書將於 2024 年 10 月 31 日更新，相關變更之投資人通知書將於 2024 年 10 月 18 日進行公告。
- 二. 投資人通知書事項如下：
 1. 釐清說明分類為「永續主題」基金之定義。
 2. 修改法巴永續高評等債券基金之永續投資政策與衍生性工具運用範圍。
 3. 修改法巴美元短期債券基金之投資政策。

附件:投資人通知書中英文版本

正本：永豐商業銀行股份有限公司(理財信託處)、台灣中小企業銀行、彰化商業銀行、兆豐國際商業銀行、華泰商業銀行、台北富邦商業銀行股份有限公司、華南商業銀行股份有限公司、渣打國際商業銀行股份有限公司、玉山商業銀行股份有限公司、凱基銀行、陽信商業銀行、台新國際商業銀行、星展(台灣)商業銀行股份有限公司、中國信託商業銀行、第一商業銀行股份有限公司、遠東國際商業銀行、台灣土地銀行、合作金庫商業銀行股份有限公司、聯邦商業銀行股份有限公司、安泰商業銀行股份有限公司、國泰世華商業銀行股份有限公司、元大商業銀行股份有限公司、台灣新光商業銀行股份有限公司、京城商業銀行股份有限公司、台中商業銀行股份有限公司、群益金鼎證券股份有限公司、上海商業儲蓄銀行、三信

商業銀行股份有限公司、法商法國巴黎銀行台北分行、復華證券投資信託股份有限公司、國泰證券投資信託股份有限公司、群益證券投資信託股份有限公司、富邦綜合證券股份有限公司、永豐金證券股份有限公司、萬寶證券投資顧問股份有限公司、中租證券投資顧問股份有限公司、安聯人壽保險股份有限公司、高雄銀行股份有限公司(信託部)、台灣人壽保險股份有限公司、統一證券股份有限公司、凱基證券股份有限公司、元富證券股份有限公司、國票綜合證券股份有限公司、元大證券股份有限公司、第一金人壽保險股份有限公司、康和證券股份有限公司、法商法國巴黎人壽保險股份有限公司台灣分公司、富邦人壽保險股份有限公司、柏瑞證券投資信託股份有限公司、臺灣銀行、板信商業銀行、匯豐(台灣)商業銀行股份有限公司、合庫人壽保險股份有限公司、兆豐證券股份有限公司、全球人壽保險股份有限公司、合作金庫證券投資信託股份有限公司、合作金庫人壽保險股份有限公司、元大證券投資信託股份有限公司、安達國際人壽保險股份有限公司、安聯證券投資信託股份有限公司、鉅亨證券投資顧問股份有限公司、中國信託證券投資信託股份有限公司、富盛證券投資顧問股份有限公司、基富通證券股份有限公司、富達證券投資信託股份有限公司、台新證券投資信託股份有限公司、國泰綜合證券股份有限公司、富蘭克林華美證券投資信託股份有限公司、凱基投信股份有限公司、公務人員退休撫卹基金管理局、華南產物保險股份有限公司、南山人壽保險股份有限公司、台新人壽保險股份有限公司、台灣人壽保險股份有限公司、國泰人壽保險股份有限公司、明台產物保險股份有限公司

總經理 陳能耀

法巴基金 BNP Paribas Funds

中文簡譯

Luxembourg SICAV – UCITS category (the “Company”)
Registered office: 10 rue Edward Steichen, L-2540 Luxembourg
Luxembourg Trade and Companies Register No. B 33363
VAT No. LU22943885

投資人通知

2024 年 10 月 18 日, 盧森堡

致投資人,

茲此通知您, 下列變更將會併入 2024 年 10 月發布之下一版本的公開說明書(「**公開說明書**」)中, 將於 2024 年 10 月 31 日生效, 除非以下文字另有敘述。

關於 SFDR 第八條與第九條基金之“永續主題”內部分類

關於 SFDR 第八條與第九條基金之“永續主題”內部分類之定義將釐清說明如下:

“此類子基金尋求對於轉型至**更永續**經濟的特定主題**配置資本**, 並可受惠於這些主題所預期的未來成長。它們投資於其產品、服務或營運可正向貢獻於主題所強調的環境及/或社會挑戰的公司或專案”。

以下為分類為“永續主題”之子基金:

- 水資源基金
- 能源轉型股票基金
- 全球環境基金
- 社會包容成長基金
- 永續亞洲城市債券基金

此釐清說明對於相關子基金之管理與投資組合組成均無影響。

永續高評等企業債券基金

子基金永續投資政策將修改, 將根據低 ESG 分數與產業排除, 至少排除 **25%**(取代原本為 20%)之投資範圍, 以符合比利時 Towards Sustainability 標籤之要求。

此項修改並未影響 (i) 投資組合組成, (ii) 基金管理方式及 (iii) 子基金 SRI (風險指標摘要)。

此外, 子基金“衍生性工具及有價證券融資交易”章節將修改, 增加可運用 swaptions (交換)做為避險用途。



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若是您不同意該變更，則可於 2024 年 11 月 18 日之前要求免費贖回您的股份。此變更將於 2024 年 11 月 19 日生效。

美元短期債券基金

子基金投資政策第七段敘述將修改如下：

"投資組合修正存續期間不超過四年"

此修改不影響 (i) 投資組合組成, (ii) 基金管理方式 (iii) 子基金 SRI (風險指標摘要)。

其他資訊

增加文字，用以更新及增加公開說明書整體文字的完整性，以符合新的法規。未於此投資人通知所定義之辭彙或表達，與公開說明書中之辭彙或表達具有相同之意義。

若您的股份由清算機構所持有，我們建議您獲取經由此類中間機構確認之申購、贖回及轉換之方式。

請注意除了於法規所要求之報章公告外，可以獲取後續任何投資人通知的媒體，為法國巴黎資產管理的網站 www.bnpparibas-am.com。

如有任何問題，請洽本公司客服 (+ 352 26 46 31 21 / AMLU.ClientService@bnpparibas.com)。

董事會

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BNP Paribas Funds

Luxembourg SICAV – UCITS category (the "Company")
Registered office: 10 rue Edward Steichen, L-2540 Luxembourg
Luxembourg Trade and Companies Register No. B 33363
VAT No. LU22943885

Notice to shareholders

Luxembourg, 18 October 2024,

Dear Shareholders,

We hereby inform you of the following changes that will be incorporated in the next version of the prospectus to be dated October 2024 (the "Prospectus") and will be effective on 31 October 2024, unless otherwise indicated below.

"Sustainable Thematic" internal classification in relation to article 8 and article 9 SFDR sub-funds

The definition of the "Sustainable Thematic" internal classification for article 8 and article 9 SFDR sub-funds will be clarified to better encompass all sub-funds falling into this category as follows:

"These sub-funds seek to allocate ~~contribute~~ capital towards specific themes of the transition towards a more sustainable ~~low-carbon, inclusive~~ economy (e.g. ~~the energy transition, inclusive growth, etc.~~) and to benefit from future growth anticipated in these themes. They invest in companies or projects which products, services or operations positively contribute to the environmental and/or social challenges addressed by the theme."

The following sub-funds are categorised "Sustainable Thematic" sub-funds:

- Aqua
- Climate Impact (to be renamed Climate Change – please see below)
- Ecosystem Restoration
- Emerging Markets Climate Solutions (to be renamed Emerging Markets Environmental Solutions – please see below)
- Energy Transition
- Environmental Absolute Return Thematic Equity (EARTH)
- Euro Corporate Green Bond
- Euro Government Green Bond
- Global Climate Solutions (to be renamed Environmental Solutions – please see below)
- Global Environment
- Green Bond
- Green Tigers
- Inclusive Growth
- SMaRT Food
- Social Bond
- Sustainable Asian Cities Bond

This clarification will not impact the way the relevant sub-funds will be managed nor their portfolio composition.



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Climate Impact

This sub-fund being a thematic sub-fund and not an impact sub-fund and to avoid any confusion, it has been decided to rename the sub-fund "*Climate Change*".

This name change will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Emerging Markets Climate Solutions

It has been decided to rename the sub-fund "*Emerging Markets Environmental Solutions*" to better reflect the breadth of environmental solutions that the sub-fund invests in. In addition, the investment objective of the sub-fund will be clarified as follows:

"Increase the value of its assets over the medium term by investing primarily in companies engaging in environmental climate-solutions across emerging markets".

These clarifications will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Euro Bond Opportunities

The Board has decided to transform the sub-fund into a global income bond. The performances of the sub-fund have been disappointing, and the sub-fund faced important outflows over the last years and limited new client interest. The revamping is an opportunity for the sub-fund to be transitioned into a more relevant, highly demanded strategy which better meets the needs of prospective clients and will aim to deliver better long-term value-add.

The investment objective and policy of the sub-fund will be amended to allow the investment manager to increase diversification of the portfolio of the sub-fund through multi-sector global fixed income exposure and seek to provide consistent higher income levels. The investment manager will no longer have a bias to Eurozone issuers and issues and will utilise an unconstrained approach. In addition, the sub-fund currently has a duration range of 3-9 years over a market cycle while with the new characteristics, the duration range will be 0-8 years.

The method used for the calculation of the global exposure will change from the absolute value-at-risk to the commitment approach with a significative decrease of the level of leverage given that derivative instruments will no longer be used for investment purpose.

The SRI of the sub-fund will remain at 3. The list of risk factors will slightly be amended to (i) remove the risk factor relating to distressed securities as the investment manager will not invest in distressed securities anymore and (ii) add the risk factor relating to contingent convertible bonds given that the sub-fund will have the possibility to be exposed to a maximum of 10% of the sub-fund's assets to these instruments.

The name of the sub-fund will change to "Global Income Bond".

A full comparison of the current and new characteristics of the sub-fund is contained in Appendix I to this notice.

In addition, given the change of reference currency at the sub-fund level (from EUR to USD), it has been decided to rename all current share classes into RH hedged share classes to maintain the current currency exposure for existing shareholders as follows:

| ISIN Code | Current name | New name |
|--------------|-----------------|------------------------|
| LU1956132143 | Classic – CAP | Classic RH EUR – CAP |
| LU1956132226 | Classic – DIS | Classic RH EUR – DIS |
| LU1956132499 | N – CAP | N RH EUR – CAP |
| LU1956132739 | I – CAP | I RH EUR – CAP |
| LU1956132572 | Privilege – CAP | Privilege RH EUR – CAP |

Given the new strategy, there will be an increase of the maximum management fee and a decrease of the maximum other fee as follows:



| Category of shares | Management fee (max) | Other fee (max) |
|--------------------|----------------------|--------------------|
| Classic | 0.75% <u>0.90%</u> | 0.30% <u>0.25%</u> |
| N | 0.75% <u>0.90%</u> | 0.30% <u>0.25%</u> |
| Privilege | 0.40% <u>0.45%</u> | No change |

The current portfolio composition of the sub-fund is not compliant with the new investment policy and the portfolio rebalancing will start five Luxembourg business days before the effective date of the changes.

Should you do not approve these changes, you may request the redemption of your shares, free of charge, until 18 November 2024. This change will become effective on 19 November 2024.

Euro Corporate Bond, Euro Corporate Bond Opportunities, Euro Corporate Green Bond, Euro High Yield Short Duration Bond

The "Derivatives and Securities Financing Transactions" section of the sub-fund will be amended to provide that swaptions may be used for hedging.

Should you do not approve this change, you may request the redemption of your shares, free of charge, until 18 November 2024. This change will become effective on 19 November 2024.

Euro Government Green Bond

The benchmark used for performance comparison for this sub-fund will be changed from the 50% JPM EMU ex PERIPHERAL + 50% Euro-Aggregate Government-Related (LEGVTRU Index) to the Bloomberg Euro Aggregate Treasury Total Return Index Value Unhedged EUR.

This benchmark change will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Euro Medium Term Income Bond

The second sentence of the investment policy of this sub-fund will be amended as follows:

*"The sub-fund will run an average **modified** duration between 0 to 6 years."*

This amendment will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Euro Short Term Corporate Bond Opportunities

The fifth paragraph of the investment policy of the sub-fund will be amended as follows:

*"The sub-fund will run an average **modified** duration below 2 years."*

This amendment will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

In addition, the "Derivatives and Securities Financing Transactions" section of the sub-fund will be amended to provide that swaptions may be used for hedging.

Should you do not approve this change, you may request the redemption of your shares, free of charge, until 18 November 2024. This change will become effective on 19 November 2024.

Global Climate Solutions

The sub-fund will be renamed "*Environmental Solutions*" to better reflect the breadth of environmental solutions that the sub-fund invests in.

In addition, the investment objective of the sub-fund will be clarified as follows:



"Increase the value of its assets over the medium term by investing primarily in companies engaging in environmental ~~climate~~ solutions across global markets".

These clarifications will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

Sustainable Global Corporate Bond

The sustainable investment policy of the sub-fund will be amended to provide that at least **25%** (instead of 20%) of the investment universe is eliminated based on the low ESG scores and/or sectors exclusions to comply with the requirements of the Belgian Towards Sustainability label.

This amendment will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

In addition, the "Derivatives and Securities Financing Transactions" section of the sub-fund will be amended to provide that swaptions may be used for hedging.

Should you do not approve this change, you may request the redemption of your shares, free of charge, until 18 November 2024. This change will become effective on 19 November 2024.

USD Short Duration Bond

The seventh paragraph of the investment policy of the sub-fund will be amended as follows:

"The average modified duration of the portfolio does not exceed four years."

This amendment will not have any impact (i) on the portfolio composition, (ii) the way the sub-fund is managed and (iii) on the SRI of the sub-fund.

ADDITIONAL INFORMATION

Additional clerical changes have been made to update and enhance the general wording of the Prospectus or to comply with new laws and regulations. Terms or expression not defined in the present notice have the same meaning as in the Prospectus.

If a clearinghouse holds your shares, we advise you to enquire about the specific terms applying to subscriptions, redemptions and conversions made via this type of intermediary.

Please note that except for the newspaper publications required by Law, the official media going forward to obtain any notice to shareholders will be our website www.bnpparibas-am.com.

In case of any question, please contact our Client Service (+ 352 26 46 31 21 / AMLU.ClientService@bnpparibas.com).

Best regards,

The Board of Directors

Appendix 1 – Details of the changes impacting the Euro Bond Opportunities sub-fund.

Changes are highlighted in bold.

| | Euro Bond Opportunities | Global Income Bond |
|-----------------------------|--|--|
| Investment Objective | Generate returns by actively managing a portfolio using a wide set of strategies within the global fixed income universe with a bias, over time, to Eurozone issues. | Earn a high, stable level of income while seeking capital preservation over the long term. |
| Benchmark | / | The Bloomberg Global Aggregate Index (hedged in USD) benchmark is used for performance comparison only. The sub-fund is not benchmark-constrained and its performance may deviate significantly from that of the benchmark. |
| Investment Policy | <p>This fixed income sub-fund aims to generate returns by actively managing a portfolio using a wide set of strategies within the global fixed income universe with a bias, over time, to Eurozone issues.</p> <p>The sub-fund intends to use the widest range of strategies across the sub-asset classes listed below with a focus on combining directional, arbitrage, relative value, quantitative and/or qualitative approaches, and with the aim to ensure diversification and flexibility. The weighting of the different strategies in the portfolio may vary over time according to the evolution of market conditions and to reflect the anticipations of the Investment Manager.</p> <p><u>Strategies used</u></p> <p>The investment strategies include:</p> <ol style="list-style-type: none"> a range of directional positions (long and/or short) on the global universe of developed and emerging markets for bonds, interest rates, inflation, credit, structured securities, currencies, market indices, etc. as well as positions on the volatility of targeted assets; a range of arbitrage and relative value strategies that can be applied to the same asset classes as for the directional strategies. a range of strategies that are based on qualitative and/or quantitative approaches, top-down macro and/or bottom-up selection and varying time horizons, from very short-term tactical allocation to long-term views. <p><u>Description of the assets</u></p> <p>1. Main assets categories</p> <p>A maximum of 100% of the sub-fund assets may be invested in the following instruments:</p> <ol style="list-style-type: none"> Domestic government bonds, Supranational bills & notes (defined as securities issued by international organisations, whereby member states transcend national boundaries), Structured Debts Securities, of which, the majority would be Investment Grade at the time of purchase and all would be dealt in Regulated Markets worldwide. If during the holding period they fall below Investment Grade and/or in the event the portfolio ends up with any distressed securities as a result of a restructuring event or any event beyond the control of the company, the Investment Manager will assess the situation and, if he believes necessary, promptly adjust the composition of the portfolio in order to preserve the best interest of the shareholders (in any case, distressed securities will never represent more than 5% of the assets). <p>The following structured debt instruments will be used:</p> <p>Agency Mortgage Backed Securities, being those issued by the Government National Mortgage Association (Ginnie Mae), the Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (Freddie Mac), or their successor institutions</p> <p>Non-agency Mortgage Backed Securities</p> <p>Collateralized mortgage obligations, including interest-only ("IO"), inverse interest-only ("inverse IO"), and principal-only ("PO") mortgage strips, and</p> | <p>The sub-fund invests dynamically across the global fixed income universe in sectors, and securities, that the Investment Manager believes have high income generation potential, consistent with rigorous risk management. The sub-fund pursues a flexible global remit with no structural bias to any sectors or regions.</p> <p>The sub-fund invests dynamically in USD and non-USD denominated fixed income securities without constraints. All non-USD exposure is hedged back to USD.</p> <p>The sub-fund manages absolute duration to a range of 0-8 years over the long term.</p> <p>The sub-fund intends to exploit opportunities in a wide range of securities and instruments of any maturity.</p> <p>The typical average rating of the underlying assets over time will be BBB- or above.</p> <p>1. Main assets categories:</p> <p>The sub-fund will be mainly invested in, or be exposed to, the following asset classes up to the percentage assets indicated:</p> <ol style="list-style-type: none"> 100% of its assets in securities issued by developed market governments, their agencies and instrumentalities. 100% of its assets in developed market investment grade corporate bonds. 100% of its assets in senior structured debts securities, consisting of agency mortgage-backed securities, non-agency mortgage-backed securities, collateralized mortgage obligations, commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS) including consumer receivables. The issue limit for non-agency securitizations is 3%. 50% of its assets in CDS derivatives where the underlying is a senior ABS or CMBS, and baskets of these CDS ("ABX" and "CBX" respectively), wholly or in tranches (Synthetic structured debt), as well as TBA mortgage-backed security derivatives. 50% of its assets in high yield assets. 30% of its assets in emerging market countries. 100% of its assets in money market instruments. Money market instruments may represent 100% of the sub-fund's assets only in exceptional market circumstances and temporarily for capital preservation and liquidity reasons. <p>2. Ancillary assets:</p> <p>A maximum of 10% of the sub-fund's assets can be invested separately in convertible bonds and fixed income senior, mezzanine and junior (sub-investment grade) tranches of collateralised loans obligations, ABS and collateralised debt obligations.</p> <p>Up to 10% of the sub-fund's assets can be held in equity exposures resulting from previously-held fixed income exposures, junior subordinated instruments, or where these exposures serve to hedge or isolate a fixed income or market risk efficiently, such as proceeds from fixed income restructurings – either through a voluntary exchange, or in the event of a default, a restructuring may result in equity being issued to bondholders. It may be in the interests of the sub-fund holders for the Investment Manager to agree to the terms of such an exchange if voluntary, or to hold the proceeds of a restructuring if involuntary.</p> <p>The sub-fund may invest up to 30% of its assets in green bonds and/or perpetual bonds, and up to 10% of its assets in contingent convertible bonds.</p> |



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| | <p>other fixed-rate, floating-rate, and subordinated tranches</p> <p>Commercial Mortgage Backed Securities (CMBS), Asset-Backed Securities (ABS) including consumer receivables – e.g auto loans, credit cards, student loans – and commercial receivables – e.g dealer floor plans, equipment leases, sea containers, cell towers),</p> <p>Covered bonds,</p> <p>CDS derivatives where the underlying is an ABS or CMBS, and baskets of these CDS ("ABX" and "CMBX" respectively), wholly or in tranches (Synthetic structured debt)</p> <p>Mortgage-Backed Security derivatives.</p> <p>(iv) Corporate bonds including high yield corporate bonds,</p> <p>(v) Foreign exchange instruments,</p> <p>(vi) Money market instruments.</p> <p>2. Ancillary assets</p> <p>A maximum of 35% of the sub-fund assets may be invested in the following instruments:</p> <p>(i) Convertible bonds</p> <p>(ii) Equity exposures resulting from previously-held fixed income exposures, junior subordinated instruments, or where these exposures serve to hedge or isolate a fixed income or market risk efficiently, such as proceeds from fixed income restructurings – either through a voluntary exchange, or in the event of a default, a restructuring may result in equity being issued to bondholders. It may be in the interests of the sub-fund holders for the Investment Manager to agree to the terms of such an exchange if voluntary, or to hold the proceeds of a restructuring if involuntary</p> <p>(iii) Equity tranches of ABS, CLOs, CDOs - up to 10%. – the investment approach of the sub-fund predominantly focuses on fixed-income senior and mezzanine tranches of such issues, but the flexibility is retained to participate in the junior equity tranche.</p> <p>The sub-fund will not invest more than 10% of its net assets in shares or units issued by UCITS or UCIs.</p> <p>In respect of the above investments limits, the sub-fund's investments into debt securities traded on the Bond Connect may reach up to 20% of its assets.</p> <p>The sub-fund may be exposed to emerging markets up to 20% of its assets, including exposure to China.</p> <p>The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7.</p> | <p>The sub-fund will not invest more than 10% of its net assets in shares or units issued by UCITS or UCIs.</p> <p>In respect of the above investment limits, the sub-fund's investments into debt securities traded on the Bond Connect may reach up to 20% of its assets.</p> <p>The sub-fund may hold ancillary liquid assets within the limits and conditions described in Book I, Appendix 1 – Eligible Assets, point 7.</p> |
| Sustainable Investment Policy | <p>The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, as set out in Book I.</p> <p>The sub-fund respects the Minimum Extra-Financial Analysis coverage rate, as set out in Book I.</p> <p>The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being all the debt and money market issuers.</p> | <p>The Investment Manager applies BNP PARIBAS ASSET MANAGEMENT's Sustainable Investment Policy, which takes into account Environmental, Social and Governance (ESG) criteria in the investment process of the sub-fund, as set out in Book I.</p> <p>The sub-fund respects the Minimum Extra-Financial Analysis coverage rate, as set out in Book I.</p> <p>The average portfolio ESG score of the sub-fund is higher than the one of its benchmark.</p> |
| Repurchase transactions / reverse repurchase transactions | <p>Repurchase transactions and Reverse Repurchase transactions are used, for investment purpose with the aim of generating extra returns while optimizing cash positions, as described in Appendix 2 of Book I.</p> | / |
| Derivative Instruments | <p>Financial derivative instruments on assets listed above may be employed, typically for hedging purposes for any of a single instrument or trade, of a sector, of the whole portfolio, or any combination of these. Derivatives may also be used for outright position-taking, where it is economically advantageous or efficient to do so, in terms of reduced trading costs, expected liquidity, or exposure to or isolation from other risks or sets of risks.</p> <p>TRS* can be used as described on point 5 in Appendix 2 of Book I.</p> | <p>Core financial derivative instruments and CDS may be used for efficient portfolio management and hedging as described in points 2 and 3 of Appendix 2 of Book I.</p> |



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| | <p>* <i>TRS could be used to get exposure to the reference universe of the sub-fund. For purely representative purposes, one of the strategy indices (The "Strategy Index") that might be used to get exposure to the sub-fund universe is the J.P. Morgan Emerging Market Bond Index Global. The index tracks total returns for traded external debt instruments in the emerging markets. The strategy indices could be used either for investment purposes or for efficient portfolio management purposes with the objective of an efficient management of cash flows and better coverage of markets. The allocation is discretionary and will be determined on the basis of a risk budget type approach. The allocated risk budget may vary over time according to market fluctuations and their interpretation in terms of risks by the Investment Manager. The rebalancing of the index (the last US business day of the month) does not involve any cost for the sub-fund. Additional information on the strategy indices provided by J.P. Morgan, its composition, calculation and rules for periodical review and rebalancing and on the general methodology behind, can be sourced by emailing index.research@jpmorgan.com.</i></p> <p>The main derivatives instruments may be used as follows:</p> <ul style="list-style-type: none"> - Interest Rate Futures and Interest Rate Swaps (IRS), used to express views on market direction, and to hedge duration (interest rate sensitivity), with underlying exposures to Global Government Bonds and markets of varying maturities - Inflation Swaps, used to express views on the pricing of inflation risk on an outright and a relative basis, and the hedging of those risks - Currency Forwards and Non-Deliverable Forwards (NDFs), used to hedge currency risk and to take positions on expected market movements in foreign currencies - Credit Default Swaps (CDS), used to express views on market expectations of changes in perceived or actual creditworthiness of borrowers including companies, agencies, and governments, and the hedging of those risks - Credit Default Swap Tradable Indices and Credit Default Swap index tranches, used to express views on market expectations of changes in perceived or actual creditworthiness of baskets or indices of similar borrowers including companies, agencies, and governments, and the hedging of those risks - TBA Mortgage-Backed Securities, being the trading of new Agency MBS prior to the underlying mortgage loans being allocated to the pool and so functioning as a derivative although operating in a manner similar to WI (When Issued) US Treasuries for a longer time period, used to express views on the direction of mortgage markets, and the hedging of those risks - Commercial Mortgage-Backed Security Tradable Indices (CMBX), used to express views on market expectations of changes in perceived or actual creditworthiness of baskets or indices of Commercial Mortgage-Backed Securities, and the hedging of those risks - Swaptions, options on Interest Rate Swaps, used to express views including but not limited to expectations of changes in the volatility of Interest Rate Swaps, as a proxy for market volatility more widely, and the hedging of those risks - Warrants, including GDP-linked warrants - Equity index futures, used to express views including but not limited to expectations of changes in market volatility, risk-seeking or risk-averse behaviour, and the hedging of those risks - Options or baskets of options (such as but not limited to the VIX Volatility Index) on any of the above, used to express views including but not limited to expectations of changes in the volatility of bonds, securities, or other derivatives in the sub-fund, or as a proxy for market volatility more widely, and the hedging of those risks <p><u>Leverage details:</u></p> <p>a) Expected leverage, estimated at 4.5, is defined as the sum of the absolute values of the derivatives notional (with neither netting nor hedging arrangement) divided by the NAV. A higher leverage level (notional methodology) could be reached during the life of the sub-fund's investment strategy.</p> <p>b) <u>Higher leverage:</u> under certain circumstances higher reported leverage may be reached. This will normally be a function of an increasing volume of trade, but these may be offsetting risks. In the normal course of business leverage would fall once</p> | |
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| | <p>positions were closed or expired: using a gross methodology on contracts which roll on pre-defined calendar days, any new positions – even if these are implemented to offset existing positions – may have the effect of increasing the gross notional amount outstanding of any contracts;</p> <p>for example, we start with a long position of 100 futures contracts with a notional value of EUR10m. We then sell 50, giving a notional value of EUR5m. Gross leverage has fallen. But if we use FX forwards, this does not apply, because FX contracts do not get cancelled, they net out. So, a long position of USDJPY100m subsequently offset with a short position of the same amount to the same forward date may generate a gross exposure of USD200m, even if the net is zero. That will be the case until the forward date is reached, at which point both contracts will be extinguished. Even if an allowance is made for identical FX trades, it will be appreciated that the situation may arise where non-identical but economically offsetting trades may have the effect of increasing a nominal gross leverage, even if economic leverage has been reduced or eliminated, for the life of those positions.</p> <p>c) Leverage may be generated by the use of futures, options, swaps, swaptions, forward contracts, and other derivative contracts, on fixed income, currency, equity indices, and baskets of any of these. Typically these contracts will be used either to isolate or hedge risks associated with fixed income markets including interest rate risk, changes in the yield curve or curves, country spreads, credit risk, foreign currency exposures, and market volatility.</p> <p>d) There may be little relationship between interest rate risk and derivatives notionals, such that very short-dated interest rate futures may have little sensitivity to changes in interest rates ("duration"), but employ large amounts of notional to generate those exposures. Equally, futures on long-dated bonds will tend to have a higher sensitivity to changes in interest rates ("duration"), but require comparatively less notional exposure.</p> <p>e) <u>Leverage Risk warning:</u> leverage may under certain circumstances generate an opportunity for higher return and therefore more important income, but at the same time, may increase the volatility of the sub-fund and therefore the risk to lose capital.</p> <p>f) <u>Risk Management:</u> a risk management process supervises this investment strategy through a daily VaR (99%; 1-month) monitoring completed by monthly back test and stress tests.</p> | |
| Information relating to SFDR and Taxonomy Regulation | <p>The sub-fund promotes environmental and / or social characteristics, provided that the companies in which the investments are made follow good governance practices, in accordance with article 8 of SFDR, and it will have a minimum proportion of its assets considered as sustainable investments within the meaning of SFDR.</p> <p>INFORMATION ABOUT THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS RELATING TO THIS SUB-FUND IS AVAILABLE IN THE ANNEX OF THE PROSPECTUS SET OUT IN BOOK III.</p> <p>A summary of the commitments is also available in Appendix 5 of Book I.</p> | <p>The sub-fund promotes environmental and / or social characteristics, provided that the companies in which the investments are made follow good governance practices, in accordance with article 8 of SFDR, and it will have a minimum proportion of its assets considered as sustainable investments within the meaning of SFDR.</p> <p>INFORMATION ABOUT THE ENVIRONMENTAL OR SOCIAL CHARACTERISTICS RELATING TO THIS SUB-FUND IS AVAILABLE IN THE ANNEX OF THE PROSPECTUS SET OUT IN BOOK III.</p> <p>A summary of the commitments is also available in Appendix 5 of Book I.</p> |
| Risk Profile | <p>Specific market risks:</p> <ul style="list-style-type: none"> • Collateral Management Risk • Counterparty Risk • Credit Risk • Derivatives Risk • Distressed Securities Risk • Emerging Markets Risk • Extra-Financial Criteria Investment Risk • High Yield Bond Risk • Liquidity Risk • Risks Related to Investments in Some Countries • Securitised Products Risk • SFT Risks | <p>Specific market risks:</p> <ul style="list-style-type: none"> • Collateral Management Risk • Contingent Convertible Risks • Counterparty Risk • Credit Risk • Derivatives Risk • Emerging Markets Risk • Extra-Financial Criteria Investment Risk • High Yield Bond Risk • Liquidity Risk • Risks Related to Investments in Some Countries • Securitised Products Risk • SFT Risks |
| | <p>Specific risks related to investments in Mainland China</p> <ul style="list-style-type: none"> • Risk related to Bond Connect | <p>Specific risks related to investments in Mainland China</p> <ul style="list-style-type: none"> • Risk related to Bond Connect |



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| | For an overview of the generic risks, please refer to the Appendix 3 of the Book I of the Prospectus. | For an overview of the generic risks, please refer to the Appendix 3 of the Book I of the Prospectus. |
| <u>Investor type profile</u> | <p>This sub-fund is suitable for investors who:</p> <ul style="list-style-type: none"> ✓ Are looking for a diversification of their investments in fixed income securities; ✓ Can accept low to medium market risks; ✓ Have an investment horizon of 3 years. | <p>This sub-fund is suitable for investors who:</p> <ul style="list-style-type: none"> ✓ Are seeking an investment providing high current income; ✓ Are looking for diversified global fixed income exposure; ✓ Can accept low to medium market risks; ✓ Have an investment horizon of 4 years. |
| <u>Accounting Currency</u> | EUR | USD |
