Notice to the shareholders of

BNP Paribas Funds

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

MERGER NOTICE TO THE SHAREHOLDERS OF THE MERGING AND RECEIVING SUB-FUNDS

BNP PARIBAS FUNDS MERGING SUB-FUND	BNP PARIBAS FUNDS RECEIVING SUB-FUND	EFFECTIVE DATE OF MERGER*	LAST ORDER DATE*	FIRST NAV VALUATION DATE*	FIRST NAV CALCULATION DATE*
EURO SHORT TERM BOND OPPORTUNITIES	EURO FLEXIBLE BOND	**29-APR-2022**	22-APR-2022	29-APR-2022	02-MAY-2022

* Dates:

- Effective Date of Merger – Date at which the merger is effective and final.
- Last Order Date – Last date at which subscriptions, redemptions and conversions orders are accepted until cut-off time into the Merging Sub-fund.
  Orders received into the merging sub-fund after this date will be rejected.
  Shareholders of the Merging and Receiving sub-funds who do not accept the merger may instruct redemption of their shares free of charge until this date (see item 7).
- First NAV Valuation Date – Date of valuation of the underlying assets for the calculation of the first NAV post-merger.
- First NAV calculation Date – Date at which the first NAV post-merger (with merged portfolios) will be calculated

Luxembourg, March 22, 2022

Dear Shareholders,

We hereby inform you that the Board of Directors of BNP Paribas Funds (the **Company**), decided to **merge**, on the basis of Article 34 of the Company's Articles of Association, the following share classes (the **Merger**):

BNP Paribas Funds Merging Sub-fund				*BNP Paribas Funds Receiving Sub-fund*			
ISIN code	*Sub-fund*	*Class*	*Cur.*	*Sub-fund*	*Class*	*Cur.*	*ISIN code*
LU0212175227	Euro Short Term Bond Opportunities	Classic-CAP	EUR	Euro Flexible Bond	Classic-CAP	EUR	LU2355554416
LU0212175060		Classic-DIS	EUR		Classic-DIS	EUR	LU2355554507
LU0212176621		N-CAP	EUR		N-CAP	EUR	LU2355554689
LU0212177199		Privilege-CAP	EUR		Privilege-CAP	EUR	LU2355554762
LU0823382683		Privilege-DIS	EUR		Privilege-DIS	EUR	LU2355554846
LU0212176118		I-CAP	EUR		I-CAP	EUR	LU2355554929
LU0212177439		X-CAP	EUR		X-CAP	EUR	LU2355556114

1) *Background to and rationale for the Merger*

The Merger is conducted in the interest and advantages of the Merging shareholders:

The Receiving Sub-fund has more leeway in terms of sources of added value such as duration management, yield curve positioning, country allocation, issuer selection and on OECD currencies.

This flexible management seek to achieve higher return than Euro Money Market over a recommended investment horizon of around 36 Months.

Warning:

- ✓ **Past results are not an indicator or guarantee of future results.**
- ✓ **There is no guarantee that this objective will be achieved.**

2) *Impact of the Merges on the Merging Shareholders*

Please note the following **impacts** of the Merger:

- ✓ The shareholders of the Merging Sub-fund, who do not make use of their shares redemption right explained below on point 7), will become shareholders of the Receiving Sub-fund.
- ✓ The Merging Sub-fund will be dissolved without liquidation by transferring all of their assets and liabilities into the Receiving Sub-fund.

  The Merging Sub-fund will cease to exist at the effective date of the merger.
- ✓ The assets of the Merging Sub-fund are compliant with the investment policy of the Receiving Sub-fund and the Merger will be done in kind. No significant or material rebalancing are expected before the Merger.
- ✓ As in any merger, the operation might involve a risk of performance dilution for the Merging shareholders, especially as consequence of the differences of targeted assets (explained below under point 5).
- ✓ Your first orders will be accepted in the Receiving Sub-fund on April 29, 2022 after 16:00, and will be processed according to the NAV Valuation Day of May 2, 2022 calculated on May 3, 2022, provided that the new positions have been taken into account by your financial intermediary.
- ✓ **The OCR of Receiving shares, excepted for the "X" shares, will be higher than those of the Merging shares as explained in the table on below point 5).**

3) *Impact of the Merger on Receiving Shareholders*

Please note the following points:

- ✓ The Mergers will have no impact for the shareholders of the Receiving Sub-fund.
- ✓ The "Classic-DIS", "N-CAP", "Privilege-CAP", "Privilege-DIS", and "X-CAP" Receiving Classes will be activated with this Merger.

  First orders will be accepted at the First NAV Valuation Date mentioned in the initial above calendar table.

4) *Organisation of the exchange of shares*

- ✓ You will receive, in the Receiving Sub-fund, a **number of new shares** calculated by multiplying the number of shares you held in the Merging Sub-fund by the **exchange ratio**.
- ✓ The exchange ratios will be calculated on Friday April 29, 2022 by dividing the net asset value (NAV) per share of the Merging classes by the NAV per share of the corresponding Receiving classes, based on the valuation of the underlying assets set on Thursday April 28, 2022.

  For the calculation of the exchange ratio, the NAV of not yet active share classes of the Receiving Sub-Fund will be set at EUR 100.00.
- ✓ The criteria adopted for valuation of the assets and, where applicable, the liabilities on the date for calculating the exchange ratio will be the same as those used for the NAV calculation as described in the chapter "Net Asset Value" of the Book I of the prospectus of the Company.
- ✓ **Registered shareholders** will receive registered shares.

  Bearer shareholders will receive bearer shares.
- ✓ No balancing cash adjustment will be paid for the fraction of the Receiving share attributed beyond the third decimal.

5) *Material differences between Merging and Receiving Sub-funds*

The **differences** between the Merging and Receiving Sub-funds are the following:

features	***"Euro Short Term Bond Opportunities" Merging sub-fund***	***"Euro Flexible Bond" Receiving sub-fund***
Investment objective	Increase the value of its assets by appreciating the performance on 2 axes (income and/or dividend coming from by investments and capital appreciation coming from market price changes) over the medium term by investing primarily in euro denominated bonds while maintaining the duration at a low level.	Achieve return that are higher than Euro Money Market over a recommended investment horizon of around 36 Months.
Investment policy	The sub-fund invests at least 2/3 of its assets in bonds or securities treated as equivalent to bonds denominated in euro. The sub-fund will run an average maturity that does not exceed 3 years. The remaining portion, namely a maximum of 1/3 of its assets, may be invested in any other transferable securities, Investment Grade structured debt limited to 20% of the assets, money market instruments or cash, and also, within a limit of 10% of the assets, in UCITS or UCIs.	In order to achieve its investment objective, the sub-fund enforces a flexible bond strategy which is an actively managed strategy that seeks a higher return than money market funds while still maintaining a high level of liquidity. The investment process of the sub-fund is based on a flexible approach combining active and fundamental approach on duration management, yield curve position, country allocation, issuer selection as well as on OECD Currencies. This process is combined with internal sustainability extra- financial research capabilities, as well as macro and credit research and quantitative analysis forces. The fixed income investment process comprises four phases: 1) A 'macro economic' committee, comprising all the managers of the management teams by asset class, meets monthly. It identifies the global view of financial market participants on macroeconomic trends (market consensus), then determines the economic scenario of the bond department based on the findings of BNP PARIBAS ASSET MANAGEMENT's macroeconomic research team as well as on certain independent external sources. 2) On this basis, the Fixed Income Investment Committee, composed of the Heads of Fixed Income and headed by the Head of the Global Multi Strategies Fixed Income team, establishes views on each of the major fixed income asset classes at its disposal (German rates, Italian rates, US rates, Euro Investment Grade corporate bonds, High yield, US, foreign exchange, covered debt, etc.) and gives a degree of conviction associated with each of these views 3) Based on the views defined by the investment committee, the allocation committee then decides on the allocation by sector, country and maturity as well as the risk budget to be allocated to the model portfolio to benefit from the divergence between views and market consensus (incorporating the level of conviction). This allocation part is complemented by a selection part with the choice of issuers by country, curve segment and sectors. Issuers are selected by the managers based on the recommendations of credit analysts and relative value views while taking into account the views of non financial analysts: - Credit spreads* of the main issuers by maturity bucket and rating category are analysed in relative value relative to their historical average as well as to their government bond yields. * Credit spread is the yield spread between a security issued by a private issuer and the swap rate of comparable maturity. - The selection of issuers by country, curve segment, sectors and rating is ultimately carried out using the above elements

		4) Portfolio construction: The sub-fund's portfolio is then calibrated and constructed by the fixed income team based on the risk allocation choices and issuer choices made above, incorporating some short term tactical decisions, the potential diversification into convertible bonds as well as the possibility of using systematic quantitative models. <u>Description of the assets</u> 1. Main assets categories I) Investment Grade Fixed Income and money market instruments: The sub-fund may be exposed to the following investment Grade securities (bond and/or money market), in a range comprised between 50% to 100% of its assets in regulated market, across regulated markets denominated in Euro and/or other OECD currencies: - Government bonds (including inflation linked bonds) and supra national bills and notes with a minimum of 10% for debt securities of euro zone countries; - Investment grade structured debts (including ABS/MBS & other structured products) are limited to 20%; - Investment grade bonds issued by public entities or guaranteed by public entities; - Investment grade covered bonds; - Corporate bonds (including financials) not benefitting from a guarantee from a state; - Green Bonds II) Non-Investment Grade Fixed Income: the sub-fund may also be exposed to High Yield debt instruments in a range between 0% and 30% of the sub-fund's assets, across regulated markets denominated in Euro and/or other OECD currencies. A cumulated limit applies for HY and non-rated debt instruments in a range of 0% to 40%. 2. Ancillary assets I) Convertible bonds up to 10% of the assets II) Foreign Exchange instruments, III) Other money market instruments The sub-fund may be invested through over UCITS and/or UCIs up to 10% of its assets. The sub-fund may invest in perpetual callable bonds up to 20% of the assets The sub-fund is not invested or exposed to equities The sub-fund is managed within an interest rates sensitivity range of -3 to +7 years. After hedging, the remaining exposure to currencies other than the EUR will be less than 40%.
Sustainable Investment Policy	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, falling under the Sustainable category, as set out in Book I. The sub-fund respects the Minimum Extra-Financial Analysis coverage rate, as set out in Book I.	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, falling under the Sustainable category, as set out in Book I. The sub-fund respects the Minimum Extra-Financial Analysis coverage rate, as set out in Book I.

	The average portfolio ESG score of the sub-fund is higher than the one of its investment universe, being all the euro denominated debt and money market issuers. The sub-fund is categorized as Article 8 under SFDR*.	**The average portfolio ESG score of the sub-fund is higher than the one of its investment universe.** The sub-fund is categorized as Article 8 under SFDR*.
Derivatives and Securities Financing Transactions	Core financial derivative instruments, and CDS may be used for efficient portfolio management, hedging, and investment purposes as described in points 2 and 3 of Appendix 2 of Book I.	Core financial derivative instruments, CDS, and Other Swaps, may be used for efficient portfolio management, hedging, and Investment purposes, as described in points 2 and 3 of Appendix 2 of Book I.
Risk Management Process	**Relative VaR** and an expected leverage of **2.00** with Bloomberg Euro Aggregate 1-3 Years as reference portfolio	**Absolute VaR** and an expected leverage of **3.00**
Investor Type Profile	This sub-fund is suitable for investors who: ✓ Are looking for a diversification of their investments in fixed income securities; ✓ Can accept low to medium market risks	This sub-fund is suitable for investors who: ✓ Are looking for a diversification of their investments in fixed income securities; ✓ Can accept low to medium market risks
Specific Market Risks	Specific market risks: • Credit Risk • Environmental, Social and Governance (ESG) Investment Risk • Securitised Products Risk	Specific market risks: • **Collateral Management Risk** • **Counterparty Risk** • Credit Risk • **Currency Exchange Risk** • **Derivatives Risk** • Environmental, Social and Governance (ESG) Investment Risk • **High Yield Bond Risk** • Securitised Products Risk
SRRI	**2**	**3**
Summary of differences for: • Investment policies • Investment Strategy • Asset Allocation	<u>Asset Allocation</u> The Merging Sub-fund invests in Euro denominated bonds with an average maturity that does not exceed 3 years where the Receiving Sub-fund invests in Euro denominated bonds all maturities <u>Investment Horizon</u> The recommended investment horizon is 1 year minimum into the Merging Sub-fund where the one of the Receiving Sub-fund is 3 year. <u>SRRI:</u> The Receiving Sub-fund has a higher volatility (4.53%) than the Merging Sub-fund (1.26%), due notably to the difference between the bonds allocations as well as a higher leverage, which explains the difference of SRRI.	
OCR (latest published KIIDs): • "Classic" • "N" • "Privilege" • "I" • "X"	• 0.83% (including max. Man.Fees 0.50%) • 1.33% (including max. Man.Fees 0.50%) • 0.53% (including max. Man.Fees 0.25%) • 0.38% (including max. Man.Fees 0.20%) • 0.18%	estimated OCR as the classes are not yet active • **1.08%** (including max. Man.Fees 0.75%) • **1.58%** (including max. Man.Fees 0.75%) • **0.68%** (including max. Man.Fees 0.40%) • **0.46%** (including max. Man.Fees 0.30%) • 0.16%
NAV Cycle • Centralisation of Orders • Valuation Day • NAV Calculation • Orders Settlement Date	• D • D • D + 1 • D + 3	• D • D • D + 1 • D + 3

* SFDR stands for "Sustainable Finance Disclosure Regulation" referring to the Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability-related disclosures in the financial services sector. More information about this Regulation and the categorization are available in the Prospectus

6) *Tax Consequences*

This Merger will have **no Luxembourg tax impact** for you.

In accordance with the European Directive 2011/16 the Luxembourg authorities will report to the tax authorities in your state of residence the total gross proceeds from the exchange of shares in application of the Merger.

For more **tax advice or information** on possible tax consequences associated with the Merger, it is recommended that you **contact your local tax advisor or authority**.

7) *Right to redeem the shares*

Your options:

- ✓ Should you approve the Merger, you do **not need** to take any action,
- ✓ Should you not approve the Merger, you have the possibility to request the redemption of your shares free of charge until the cut-off time, on the dates detailed in the column "Last Order Date" in the above 1st table,
- ✓ In case of **any question**, please contact our **Client Service (+ 352 26 46 31 21 / AMLU.ClientService@bnpparibas.com)**.

8) *Other information*

- ✓ The costs and expenses of the Merger will be borne by BNP PARIBAS ASSET MANAGEMENT Luxembourg, the Management Company, except for banking and transaction related costs (including e.g. taxes and stamp duties) which may be charged to the Merging Sub-fund, provided that they are not material.
- ✓ The merging operation will be validated by PricewaterhouseCoopers, Société Coopérative, the auditor of the Company.
- ✓ The merger ratios will be available on the website https://www.bnpparibas-am.com/en/ as soon as they are known.
- ✓ The Annual and Semi-Annual Report and the legal documents of the Company, as well as the KIIDs of the Merging and Receiving sub-funds, and the Custodian and the Auditor reports regarding this operation are available at the Management Company. The KIIDs of the Receiving sub-fund are also available on the website https://www.bnpparibas-am.com where shareholders are invited to acquaint with them.
- ✓ The notice will also be communicated to any potential investor before confirmation of subscription.
- ✓ Please refer to the Prospectus of the Company for any term or expression not defined in this notice.

Best regards,

The Board of Directors