



# PRODUCT KEY FACTS

**BNP Paribas Funds Asia ex-Japan Bond**  
**April 2021**

- ***This statement provides you with key information about this product.***
- ***This statement is a part of the offering document and should be read in conjunction with the Prospectus, Hong Kong Covering Document and Information for Hong Kong Investors.***
- ***You should not invest in this product based on this statement alone.***

## Quick facts

<b>Management Company:</b>	BNP PARIBAS ASSET MANAGEMENT Luxembourg		
<b>Fund Manager:</b>	Internal and/or external delegation to one or more portfolio managers as described in the "General Information" section of the Prospectus and the "Management and Sub-Delegation" section of the Hong Kong Covering Document and Information for Hong Kong Investors		
<b>Custodian:</b>	BNP Paribas Securities Services, Luxembourg Branch		
<b>Ongoing charges over a year#:</b>	Classic		1.63%
	Privilege		1.03%
<b>Base currency:</b>	USD	<b>Dealing frequency:</b>	Daily
<b>Financial year end of this sub-fund:</b>	31 December	<b>Dividend policy:</b>	Capitalisation shares – No dividend distribution (income, if any, will be reinvested)
			Distribution shares - Dividend, if declared, will be paid Distributions may be paid out of capital which may result in an immediate reduction of the sub-fund's net asset value per share
		<b>Min. investment:</b>	None
		<b>Min. holding:</b>	"Privilege" categories – EUR 3 million or equivalent

# The ongoing charges figure is calculated based on expenses for the year ended at 31 December 2020. This figure may vary from year to year. The ongoing charge is calculated by adding all direct fees, indirect fees and external fees of the sub-fund and then divided by the average net assets. Direct fees refer to charges and payment directly borne by the sub-fund such as operating costs, remuneration and payment to key operators and service providers. Indirect fees refer to the ongoing charges of the underlying funds which the sub-fund invests. External fees refer to any remuneration of the management company or other party that derives from fee-sharing arrangement.

## What is this product?

This sub-fund is a fund constituted in the form of a mutual fund. It is incorporated under Luxembourg law and regulated by the Commission de Surveillance du Secteur Financier (CSSF).

### Objective and Investment Strategy

#### Objective

To increase the value of its assets over the medium term by investing primarily in Asian (excluding Japan) bonds.

#### Strategy

This sub-fund invests at least 2/3 of its assets in bonds or other similar securities (such as floaters), denominated in various currencies, of issuers that have their registered offices in or conduct the majority of their business activity in Asia (excluding Japan).

The remaining portion, namely a maximum of 1/3 of its assets, may be invested in any other securities, money market instruments or cash, and up to 10% of its assets may be invested in collective investment schemes.

In respect of the above investments limits, the sub-fund's investments into debt securities traded on the China Interbank Bond market may reach up to 25% of its assets.

To further elaborate, the investment manager adopts a multi-layered investment process relying on specialist skill-sets. The first layer originates in the construction of an enhanced underlay of cash bonds. The second layer superimposes active portfolios of corporate, quasi-sovereign, sovereign and foreign exchange securities. The last layer consists of incorporating top-down driven inputs into the portfolio, including for risk management purposes.

**The sub-fund may invest more than 10% and up to 25% of its NAV in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade and/or unrated (for example Pakistan and Sri Lanka).**

The reason for such concentration is that the composite index (i.e, 50% JPM Asia Credit Index + 50% Markit iBoxx Asia Local Bond Index) will already have exposure to countries rated below investment grade, and hence by sheer benchmark replication activities, the sub-fund will have exposure to below investment grade rated countries. Finally, the sub-fund makes investments based on internal credit assessments and does not explicitly rely on external credit ratings. As such, where the investment team sees mis-pricings and/or opportunities for credit rating upgrades due to a more favorable assessment versus credit rating agencies, it may hold positions in those countries even if they have a below investment grade credit rating.

As of end of May 2018, the reference index comprised approximately 12% below investment grade and/or unrated bonds, in which the largest exposure is from China (approximately 33% of the reference index).

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

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

### Use of Derivatives/Investment in Derivatives

The sub-fund's net derivative exposure may be up to 50% of the sub-fund's NAV.

### What are the key risks?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

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### **Geographical Concentration Risk**

- The sub-fund's investments are concentrated in Asia (excluding Japan). This may result in greater volatility than funds which comprise broad-based global investments. The sub-fund may be more susceptible to adverse fluctuations in value resulting from adverse condition in Asia (excluding Japan) and the sub-fund's value may be adversely affected.

### **Risk Related to Investments in Some Countries**

- Investments in some countries (China, India, Indonesia, Japan, Saudi Arabia and Thailand) involve risks linked to the restrictions imposed on foreign investors and counterparties, higher market volatility and the risk of lack of liquidity.

### **Emerging Market Risk**

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

### **Interest Rate Risk**

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

### **Credit Risk**

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

### **Counterparty Risk**

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

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

- The sub-fund may invest in non-investment grade and/or unrated debt securities. Investing in non-investment grade and/or unrated debt securities may subject the sub-fund to higher credit risk/risk of default than investment grade debt securities. The sub-fund may be exposed to significant losses if the issuers of securities of the sub-fund default payments. The market of non-investment grade and/or unrated debt securities may be less active, making it more difficult to sell the securities. Valuation of such securities is more difficult and thus the sub-fund's price may be more volatile.

### **Risk in connection with Investments in Sovereign Debt**

- The sub-fund may invest in sovereign debt. Investment in sovereign debt issued or guaranteed by governments or governmental entities largely in-debt involves a higher degree of risk. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. The value of investments of the sub-fund may be adversely affected.

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- The sub-fund may be subject to the risk of high concentration in debt securities issued by and/or guaranteed by a single sovereign issuer which is below investment grade and/or unrated (for example Indonesia and Philippines) which is also subject to higher credit/default risk. In the event of a default of the sovereign issuer, the sub-fund may suffer significant loss.

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

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

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

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

### **Risk associated with investments in financial derivative instruments**

- Risk associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instruments by the sub-fund. Exposure to financial derivative instruments may lead to a high risk of significant loss by the sub-fund.

### **Liquidity Risk**

- Investments made by the sub-fund may become illiquid. It may not be possible to sell or buy these investments quickly enough to prevent or minimize a loss in the sub-fund.

### **Currency Exchange Risk**

- The sub-fund may hold assets denominated in currencies that differ from the base currency, and may be affected by exchange rate fluctuations between the base currency and the other currencies and by changes in exchange rate controls. A depreciation of the denomination currency will lead to a depreciation in the exchange value of the security. When the manager is willing to hedge the currency exchange risk of a transaction, there is no guarantee that such operation will be completely effective and the sub-fund's value may be adversely affected.

### **Operational & Custody Risk**

- Some markets are less regulated than most of the international markets; hence, the services related to custody and liquidation for the sub-fund on such markets could be more risky. In the event of a custodian default, the sub-fund may suffer a delay in recovering its assets, pending the resolution of the relevant default or bankruptcy proceedings.

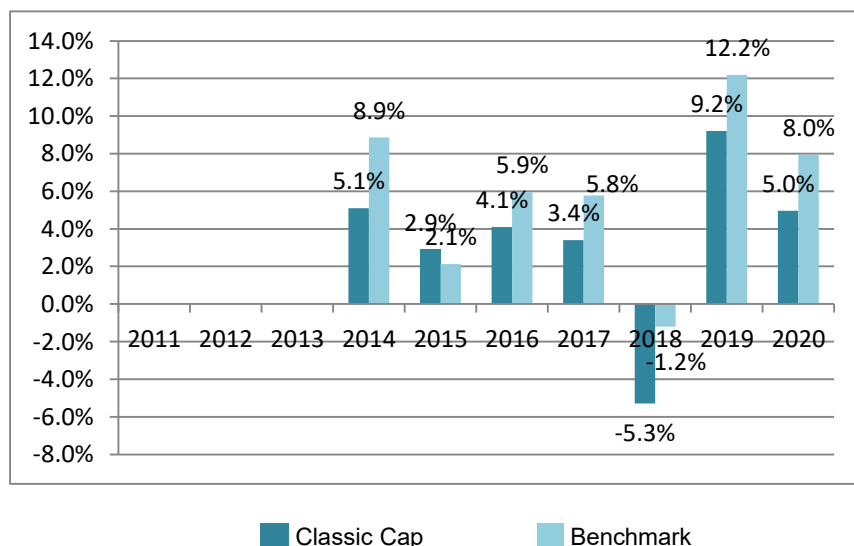
### **Risk in connection with Dividend Payment**

- The Management Company may at its discretion pay dividends out of the capital of the sub-fund. Payment of dividends out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any distributions involving payment of dividends out of the sub-fund's capital may result in an immediate reduction of the net asset value per share. The Management Company may amend the dividend policy subject to the SFC's prior approval and by giving not less than one month's notice to investors.

### **Investment Risk**

- When investing in a fund, there is a risk that the final outcome may deviate from the initial expectations. The sub-fund's investment portfolio may fall in value and therefore may suffer losses. In addition, there is no guarantee of principal repayment.

### How has the fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- Classic Capitalisation, being a share class with the same reference currency as the sub-fund with the longest track record among all share classes and not restricted to certain types of clients, is selected as the representative share class.
- These figures show by how much the Classic Capitalisation share class increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The benchmark of the sub-fund is JPM Asia Credit (RI) until 31 May 2018. With effect from 1 June 2018, the benchmark of the sub-fund is 50% JPM Asia Credit Index + 50% Markit iBoxx Asia Local Bond Index.
- BNP Paribas Funds Asia ex-Japan Bond launch date: 21 May 2013
- Classic Capitalisation share class launch date: 21 May 2013

### Is there any guarantee?

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

### What are the fees and charges?

#### Charges which may be payable by you

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

Fee	What you pay
<b>Subscription fee (Entry cost)</b>	Up to 3% of the net asset value of the relevant share class subscribed
<b>Switching fee (Conversion fee)</b>	Up to 1.5% of the net asset value of the relevant share class converted
<b>Redemption fee (Exit cost)</b>	Nil

#### Ongoing fees payable by the sub-fund

The following expenses will be paid out of the sub-fund. They affect you because they reduce the return you get on your investments.

	Annual rate (as a % of the net asset value of the relevant share category)
<b>Management fee</b>	“Classic” categories – Up to 1.25% “Privilege” categories – Up to 0.75%
<b>Custodian fee</b>	Included in Other costs
<b>Performance fee</b>	Not applicable
<b>Administration fee</b>	Included in Other costs
<b>Other costs</b> (Other costs cover the general asset custody expenses payable to the custodian and the daily administration expenses)	“Classic” categories – Up to 0.30% “Privilege” categories – Up to 0.20%

#### Other fees

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

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### Additional Information

- You generally buy and redeem shares at the sub-fund's next determined subscription price and redemption price through your authorised distributor after the transaction servicing agent receives your request via your authorised distributors in good order on or before 6 pm (Hong Kong time) on a Hong Kong business day. Investors should note that different distributors may have different dealing cut-off which may be earlier than the time specified in this document. Investors should check with the relevant authorised distributors accordingly.
- The net asset value of this sub-fund is calculated and the price of shares daily on the website at <http://www.bnpparibas-am.hk>.
- Investors may obtain the past performance information of other share classes offered to Hong Kong investors from the website at <http://www.bnpparibas-am.hk>.
- The compositions of the dividends for the last 12 months are available from the Hong Kong representative on request and also on the website at <http://www.bnpparibas-am.hk>.
- Investors may obtain information on the intermediaries from our hotline (852) 2533 0088.

### Important

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.