

# BNP PARIBAS ISLAMIC FUND FCP



ANNUAL REPORT at 31/12/2020  
R.C.S. Luxembourg K 642



**BNP PARIBAS**  
**ASSET MANAGEMENT**

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world



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ASSET MANAGEMENT

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The asset manager for a changing world

# BNP PARIBAS ISLAMIC FUND

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No subscription can be received on the basis of the financial statements alone. Subscriptions are only valid if made on the basis of the current prospectus, accompanied by the latest annual report and the most recent semi-annual report, if published thereafter.

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## Organisation

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### **Management Company**

BNP PARIBAS ASSET MANAGEMENT Luxembourg, 10 Rue Edward Steichen, L-2540 Luxembourg, Grand Duchy of Luxembourg

### **Board of Directors of BNP PARIBAS ASSET MANAGEMENT Luxembourg**

#### *Chairman*

Mr. Fabrice SILBERZAN, Chief Operating Officer, BNP PARIBAS ASSET MANAGEMENT France, Paris (until 10 February 2020)

Mr. Pierre MOULIN, Global Head of Products and Strategic Marketing, BNP PARIBAS ASSET MANAGEMENT France, Paris (since 24 February 2020)

#### *Members*

Mrs. Isabelle BOURCIER, Head of Quantitative and Index (MAQS), BNP PARIBAS ASSET MANAGEMENT France, Paris

Mr. Stéphane BRUNET, Chief Executive Officer, BNP PARIBAS ASSET MANAGEMENT Luxembourg, Luxembourg

Mr. Georges ENGEL, Independent Director, Vincennes, France

### **Net Asset Value Calculation**

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

### **Depository, Transfer and Registrar Agent**

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

### **Auditor**

PricewaterhouseCoopers, Société coopérative, 2 Rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg, Grand Duchy of Luxembourg

### **Effective Investment Managers**

- BNP PARIBAS ASSET MANAGEMENT France, 1, Boulevard Haussmann, F-75009 Paris, France
- BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd, Suite 1005, 10<sup>th</sup> Floor, Wisma Hamzah-Kwong Hing, No. 1 Leboh Ampang, 50100 Kuala Lumpur, Malaysia

### **Fund's Sharia Supervisory Committee**

Sheikh Nizam Yaquby

Dr. Abdul Sattar Abu Ghuddah

Dr. Mohamed Daud Bakar

# BNP PARIBAS ISLAMIC FUND

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## Information

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BNP PARIBAS ISLAMIC FUND (the “Fund”) is a Sharia-compliant Mutual Investment Fund (*fonds commun de placement* - abbreviated to “FCP”), created under Luxembourg law on 10 February 2006 for an indefinite period.

The Fund is currently governed by the provisions of Part I of the law of 17 December 2010, as amended, governing undertakings for collective investment as well as by the Directive 2009/65/EC as amended by the Directive 2014/91.

The Fund was created on 10 February 2006 and a notice was published in the “*Mémorial, Recueil Spécial des Sociétés et Associations* (the “*Mémorial*”).

The Management Regulations have been modified at various times, most recently on 19 November 2020, to be published in the *Memorial*.

The latest version of the Management Regulations has been filed with the Trade and Companies Registrar of Luxembourg, where any interested party may consult it and obtain a copy (website [www.rcsl.lu](http://www.rcsl.lu)).

As to net asset values and dividends, the Management Company publishes the Fund's legally required information in the Grand Duchy of Luxembourg and in all other countries where the units are publicly offered. The information is also available on the website: [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

The Management Regulations, the Prospectus, the KIID and the periodic reports may be consulted at the Fund's registered office and at the establishments responsible for the Fund's financial services. Copies of the Management Regulations and the annual and interim reports are available upon request.

Except for the newspaper publications required by Law, the official media to obtain any notice to unitholders from will be the website [www.bnpparibas-am.com](http://www.bnpparibas-am.com).

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

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## Manager's report

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### **BNP PARIBAS ISLAMIC FUND - Equity Optimiser**

#### **ECONOMIC AND FINANCIAL CLIMATE**

2020 started well, with major equity indices hitting highs in January. Then came the unimaginable event that was to turn life - and the economic outlook - upside down. After news of the COVID-19 epidemic broke, fears of global contagion led to an equity sell-off in late February. This intensified drastically in March as it became clear a worldwide pandemic was unfolding.

The brutal nature of the sell-off, which brought the threat of a liquidity crisis across all financial markets, meant governments and central banks were faced with urgent and unprecedented monetary and fiscal policy decisions. By the third week of March, global equities had plunged to their lowest since mid-2016. But the extraordinary measures taken by the authorities helped equities to regain a toehold. Tentative at first, the recovery in equity prices strengthened in April and May amid market expectations of a rapid recovery in economic activity once the COVID-19 lockdown measures were eased. In addition, by ensuring that long-term interest rates would remain very low for a very long time to support activity, central banks actually improved the relative valuation of equities.

The rebound was sharp. By early June, the MSCI AC World index in US dollar terms had recovered 42% from the lows of March. Subsequently, the trend became more hesitant. Despite some improvement in economic indicators, governments and central banks insisted that the unprecedented nature of the crisis would leave deep scars. While equities continued to gain over the summer, investors became more cautious.

After posting a fifth consecutive monthly gain in August, driven in particular by less weak-than-expected corporate results, the climb in global equities became more hesitant. September saw profit-taking, particularly on US technology stocks, which had skyrocketed. In the autumn, concerns over the continuing pandemic and doubts about just how sustainable the economic recovery would be weighed on equities.

In the fourth quarter, advances in medical research supported equities. In November, several major pharmaceutical companies announced promising results from their clinical testing of coronavirus vaccines. This convinced investors that an efficient and safe vaccine would soon be available. Seemingly beyond hope just a few months earlier, this prospect kept markets from succumbing to bad news around COVID-19 and its impact on the economy. December saw the resolution of a number of political issues (Brexit, budget wrangles) in both Europe and the US. This also reassured investors.

Against this favourable background, the MSCI AC World index in US dollar terms posted its strongest monthly gain in November (+12.2%) and gained a further 4.5% in December to finish at an all-time high, up by 14.3% in 12 months. Performing even better than that over the year, the MSCI Emerging Market index gained 15.9% in US dollar terms. This was mainly achieved over the second half. Emerging Asia strongly outperformed thanks to the steady recovery of the Chinese economy and the region's better control of the pandemic than in the developed world.

Among developed markets, US equities outperformed (+16.3% for the S&P 500), driven by the surge in technology stocks (+43.6% for the NASDAQ composite). The main European markets failed to recover all their losses and the Euro STOXX 50 lost 5.1% from the end of 2019. The underperformance of the financial sector partly explains this year-on-year decline, which may have been exacerbated by the euro's 9% rise against the US dollar in 2020. In Japan, the Topix rose by 4.8% and ended at a two-year high.

Globally, the technology and consumer discretionary sectors strongly outperformed, while the energy, banking and listed real estate sectors posted the biggest declines.

#### **OUTLOOK**

December was bittersweet in terms of the COVID-19 pandemic. It saw surging numbers of infected cases in Europe and the US, including a serious outbreak of a mutated 'UK' version of the virus. Yet optimism rose as vaccination campaigns began in many countries amid plans to significantly increase the pace of inoculations in the first few months of 2021.

# BNP PARIBAS ISLAMIC FUND

## Manager's report

New restrictions put in place to combat the continuing surge of COVID-19 infections, particularly in Europe and the US, will likely weigh on the economy. However, governments' efforts to help their economies get through the next few months are likely to reassure investors, so the cyclical recovery expected this year should still come about. Vaccination campaigns should at some point end the lockdown-on/off see-saw that is hitting consumption and household and business confidence.

Financial markets should continue to benefit from the highly accommodative monetary policies that look set to remain in place in 2021, as well as from persistently low long-term rates and additional fiscal support. Finally, the end of 2020 saw closure for a number of long-running political issues that had been clouding the horizon. In the short term, concerns about the epidemic and uncertainties over vaccination campaigns are the main risks.

The discovery of more contagious mutated forms of the virus is worrying, but these concerns can be expected to diminish over coming months. While in 2020, investors were often reluctant to participate in the equity rally, the consensus now looks strongly bullish, as shown by the large inflows of recent weeks. Any market consolidation in the short term can be seen as a buying opportunity given the favourable medium-term outlook.

### INVESTMENT POLICY

To seek medium to Long Term capital gain by investing in a basket of stocks selected from the components of the Dow Jones Islamic Market Developed Markets Top Cap Index ("the Base Index"). The Selection is objectively and systematically selected from the Base Index components according to valuation, profitability, momentum and volatility criteria, and is considered to be in compliance with Sharia principles. The Selection is rebalanced at least quarterly. This rebalancing will take place after the Sharia Board review of the index.

Since 14 September 2015, the strategy implemented in the fund is a Multi-Factor approach based on Equity Risk Allocation. The benchmark is the DJ Islamic Market Developed Markets Top Cap Net Total Return.

	30/12/2019	31/12/2020	Change
<b>DJ Islamic Market Developed Markets Top Cap NTR</b>	3 422.88	4 356.86	+27.29%
<b>BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "Classic - Capitalisation"</b>	2 139.98	2247.22	+5.01%
<b>BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "Privilege - Capitalisation"</b>	23 348.40	24 736.04	+5.94%
<b>BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "I - Capitalisation"</b>	244 892.30	260 240.55	+6.27%
<b>BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "Classic - Distribution"</b>	123.25	128.17	+3.99%
<b>BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit "I - Distribution"</b>	127 766.70	133 826.56	+4.74%

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## Manager's report

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### **BNP PARIBAS ISLAMIC FUND - Hilal Income**

Global sukuk market kicked off the year with an unlikely confluence of events. By February, it was clear that the spread of COVID-19 had gained significant traction in Europe and the US, risk assets including global sukuk asset class capitulated, with large scale asset outflows, significant market illiquidity and severe spikes in volatility. Oil prices fell dramatically over the month, driven by a dual demand shock and supply shock. While the spread of COVID-19 decimated demand for oil, increased supply driven by disagreements between Saudi Arabia and Russia exacerbated the sell-off.

To stem the slide, central banks and governments globally embarked on unprecedented emergency actions in order to cushion the significant adverse economic impact from COVID-19, including the US passing a record USD 2 trillion stimulus package. Across EM economies, central banks from India to Mexico embarked on rate cuts. In addition, various EM central banks including in the Philippines, South Africa and Poland announced bond purchase programs, following the lead of various developed market quantitative easing policies. Finally, expansive fiscal policies were also unveiled, with Asian economies such as Malaysia and Singapore leading the way.

By early Q2, with large scale commitments by central banks to asset purchases, proper functioning financial markets returned with buying focused on Investment Grade sukuku and as we approached the year end, focus had shifted to High Yield sukuku as news of viable vaccine rollout and return of multi-lateralism under President Elect Biden buoyed sentiment.

The Fund returned full year gross return of 7.51% against benchmark return (ICE LIBOR USD 3 month) of 0.67%, this represents relative outperformance of 5.45%. The performance were driven by strong performance across the board in all sukuku, in particular UAE sukuku and Saudi sukuku.

### **SIGNIFICANT EVENT**

The COVID-19 pandemic outbreak has led to an unprecedented global sanitary and economic crisis. The Board continues to follow the efforts of governments to contain the spread of the virus and to monitor the economic impact on the companies in the portfolio of the Fund.

The Board of Directors

Luxembourg, 4 March 2021

*Note: The information stated in this report is historical and not necessarily indicative of future performance.*

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Sharia Supervisory Committee's Report

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Complying with written guidelines relating to Islamic Sharia criteria, the Fund does not invest in equity securities where the issuer's core activity or activities relate to conventional banking or any other interest-related activity, alcohol, tobacco, gaming, gambling, leisure, biotechnology companies involved in human/animal genetic engineering, arms manufacturing, life insurance, pork production, packaging and processing or any other activity relating to pork and sectors/companies significantly affected by the above, hotels and hospitality (unless no alcohol served), music, films, entertainment.

In addition, the Fund does not invest in any issuer that is unacceptable under Islamic Sharia principles due to excessive debt. The current criteria exclude issuers whose gross interest-bearing debt to gross assets ratio exceeds the percentage permitted under Islamic Sharia from time to time (which currently is 33 per cent).

Furthermore, it is not permissible for the Fund to pay or receive interest, although the receipt and payment of dividends from equity securities is acceptable.

However, dividends received by the Fund from its investments may comprise an amount which is attributable, for Islamic Sharia purposes, to interest income earned or received by the underlying investee companies as well as to the interest-bearing debt. In this case, the amount of the dividend will be calculated in accordance with Islamic Sharia criteria (dividend cleansing procedure). In accordance with Islamic Sharia, the amount of dividend income so attributed will be donated once a year by the Fund to charities with no direct or indirect benefit accruing to the Fund at the absolute discretion of the Directors. Since that dividend income received by the Fund will be accumulated and rolled up outside the capital of the Fund.

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Sharia Supervisory Committee's Report

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**Shari'a Opinion**

The BNP Paribas' Fund Shari'ah Supervisory Committee (the "FSSC"), chaired by Sheikh Nizam Yaquby, issued the following Shari'ah opinion on 31 January 2021 on the BNP PARIBAS ISLAMIC FUND - Equity Optimiser (the "Fund"), sub-fund of the BNP PARIBAS ISLAMIC FUND, after a detailed discussion and review of the Fund's Documents.

**In the name of Allah, the Most Gracious, the Most Merciful All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon the Prophet of Allah, on his family and all his companions.**

**BNP PARIBAS ISLAMIC FUND - Equity Optimiser  
Quarter 1, 2, 3 & 4 2020 Shari'ah Compliance Report**

With reference to the Shari'ah Opinion issued on the 16 February 2006, based on its view of the structure and investment process of the Fund and on the information provided by the Fund's Manager, the FSSC hereby confirm that the Fund's portfolio holding as well as its transactions during the year (ended 31 December 2020) are in compliance with the Islamic investment guidelines required by the FSSC.

The FSSC has reviewed and endorsed the methodology used by the Fund's Manager to calculate a pro rate of the Fund's earnings arising from interest income earned or received by the underlying investee companies as well as to the interest-bearing debt, and the earnings arising from restricted activities for the period under review which were as follows:

First, Second, Third & Fourth Quarter 2020

Total Impure Income:

USD 5 054.01

In accordance with the Fund prospectus, the above total amount will be donated to a charity. This donation will have neither direct nor indirect benefit accruing to the Fund.

A copy of this proposal has been filed with BNP Paribas' Shari'ah Supervisory Committee secretary.

And Allah Knows best.

  
Sheikh Nizam Yaquby

  
Dr. Mohamed Daud Bakar

Dated: 31 January 2021

Prospective investors should not rely on the Pronouncement above in deciding to make an investment in the Fund and should consult their own Shari'ah advisers to assess the Shari'ah compliance of the Fund.

# BNP PARIBAS ISLAMIC FUND

## Sharia Supervisory Committee's Report

### Shari'a Pronouncement

The BNP Paribas' Fund Shari'a Supervisory Committee (the "FSSC"), chaired by Sheikh Nizam Yaquby, issued the following Shari'a opinion on the 19 January 2021 on the BNP Paribas Islamic Fund Hilal Income (the "Fund"), after a detailed discussion and review of the Fund's Documents.

**In the name of Allah, the Most Gracious, the Most Merciful All praise is due to Allah, the Cherisher of the world, and peace and blessing be upon the Prophet of Allah, on his family and all his companions.**

### BNP PARIBAS ISLAMIC FUND - Hilal Income Year 2020 Shari'a Compliance Report

With reference to the Shari'a Opinion issued on the 19 January 2021, based on its view of the structure and investment process of the Fund and on the information provided by the Fund's Manager, the FSSC hereby confirm that the Fund's investment objectives, criteria, strategy and the portfolio holding as well as its transactions during the year (ended the 31 December 2020) are in compliance with the Islamic investment guidelines required by the FSSC.

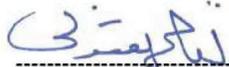
This ruling is based on the document presented to us under the title:

BNP PARIBAS ISLAMIC FUND Hilal Income - Annual Audit (FY2020) - Shari'a Board Presentation Pack, dated January 2021, which includes the following:

- Fund Performance & Management Comments
- Fund Audit

A copy of this proposal has been filed with BNP Paribas' Shari'a Supervisory Committee secretary.

And Allah Knows best.



Sheikh Nizam Yaquby



Dr. Mohamed Daud Bakar

Dated: 19 January 2021

Prospective investors should not rely on the Pronouncement above in deciding to make an investment in the Fund and should consult their own Shari'a advisers to assess the Shari'a compliance of the Fund.



## Audit report

To the Unitholders of  
**BNP PARIBAS ISLAMIC FUND**

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### Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of BNP PARIBAS ISLAMIC FUND (the “Fund”) and of each of its sub-funds as at 31 December 2020, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2020;
- the securities portfolio as at 31 December 2020;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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### Other information

The Board of Directors of the Management Company is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### **Responsibilities of the Board of Directors of the Management Company for the financial statements**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Management Company is responsible for assessing the Fund's and each of its sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Management Company either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

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#### **Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Management Company;



- conclude on the appropriateness of the Board of Directors of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's or any of its sub-funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund or any of its sub-funds to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 19 April 2021

Electronically signed by:  
Frédéric Botteman

A handwritten signature in blue ink, appearing to read 'Botteman', is written over a horizontal line.

Frédéric Botteman

# BNP PARIBAS ISLAMIC FUND

## Financial statements at 31/12/2020

		BNP PARIBAS ISLAMIC FUND - Equity Optimiser	BNP PARIBAS ISLAMIC FUND - Hilal Income	Combined
	Expressed in Notes	USD	USD	USD
<b>Statement of net assets</b>				
Assets		<b>61 044 683</b>	<b>16 295 248</b>	<b>77 339 931</b>
<i>Securities portfolio at cost price</i>		53 311 934	14 294 748	67 606 682
<i>Unrealised gain/(loss) on securities portfolio</i>		7 010 722	827 884	7 838 606
Securities portfolio at market value	4	60 322 656	15 122 632	75 445 288
Cash at banks and time deposits		612 994	1 013 448	1 626 442
Other assets		109 033	159 168	268 201
Liabilities		<b>220 973</b>	<b>18 696</b>	<b>239 669</b>
Net Unrealised loss on financial instruments	4,10	4	0	4
Other liabilities		220 969	18 696	239 665
Net asset value		<b>60 823 710</b>	<b>16 276 552</b>	<b>77 100 262</b>
<b>Statement of operations and changes in net assets</b>				
Income on investments and assets		<b>700 095</b>	<b>470 573</b>	<b>1 170 668</b>
Management fees	6	716 589	111 028	827 617
Extraordinary expenses	7	8 999	4 500	13 499
Other fees	8	196 876	38 622	235 498
Taxes	9	47 524	14 048	61 572
Transaction fees	14	36 966	0	36 966
Total expenses		<b>1 006 954</b>	<b>168 198</b>	<b>1 175 152</b>
Net result from investments		<b>(306 859)</b>	<b>302 375</b>	<b>(4 484)</b>
Net realised result on:				
Investments securities	4	4 265 243	8 237	4 273 480
Financial instruments	4	548	0	548
Net realised result		<b>3 958 932</b>	<b>310 612</b>	<b>4 269 544</b>
Movement on net unrealised gain/(loss) on:				
Investments securities		(1 029 331)	469 720	(559 611)
Financial instruments	4,10	(4)	0	(4)
Change in net assets due to operations		<b>2 929 597</b>	<b>780 332</b>	<b>3 709 929</b>
Net subscriptions/(redemptions)		<b>(800 165)</b>	<b>2 662 709</b>	<b>1 862 544</b>
Dividends paid	12	<b>(9 029)</b>	<b>(30)</b>	<b>(9 059)</b>
Increase/(Decrease) in net assets during the year/period		<b>2 120 403</b>	<b>3 443 011</b>	<b>5 563 414</b>
Net assets at the beginning of the financial year/period		<b>58 703 307</b>	<b>12 833 541</b>	<b>71 536 848</b>
Net assets at the end of the financial year/period		<b>60 823 710</b>	<b>16 276 552</b>	<b>77 100 262</b>

## BNP PARIBAS ISLAMIC FUND

### Key figures relating to the last 3 years

#### BNP PARIBAS ISLAMIC FUND - Equity Optimiser

	USD	USD	USD	Number of units
	31/12/2018	31/12/2019	31/12/2020	31/12/2020
Net assets	48 344 829	58 703 307	60 823 710	
Net asset value per unit				
Units "Classic - Capitalisation"	1 734.36	2 143.48	2 250.81	20 688.308
Units "Classic - Distribution"	100.59	123.44	128.37	1.405
Units "I - Capitalisation"	196 129.12	245 300.39	260 664.30	31.920
Units "I - Distribution"	104 225.47	127 979.57	134 044.47	4.000
Units "Privilege - Capitalisation"	18 753.95	23 387.15	24 776.15	218.011

#### BNP PARIBAS ISLAMIC FUND - Hilal

	USD	USD	USD	Number of units
	31/12/2018	31/12/2019	31/12/2020	31/12/2020
Net assets	15 379 341	12 833 541	16 276 552	
Net asset value per unit				
Units "Classic - Capitalisation"	1 428.723	1 561.488	1 657.052	7 313.470
Units "Classic QD - Distribution"	0	99.673	102.629	10.000
Units "I - Capitalisation"	151 190.182	0	0	0
Units "Privilege - Capitalisation"	14 826.180	16 292.899	17 385.988	239.085

# BNP PARIBAS ISLAMIC FUND - Equity Optimiser

## Securities portfolio at 31/12/2020

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or traded on another regulated market			60 321 255	99.18
<b>Shares</b>			<b>60 321 255</b>	<b>99.18</b>
<i>United States of America</i>			<i>37 505 874</i>	<i>61.70</i>
1 180	3M CO	USD	206 252	0.34
1 923	ACTIVISION BLIZZARD INC	USD	178 551	0.29
1 764	ADOBE SYSTEMS INC	USD	882 212	1.45
2 412	AIR PRODUCTS AND CHEMICALS INC	USD	659 007	1.08
4 214	AKAMAI TECHNOLOGIES INC	USD	442 428	0.73
1 124	ALPHABET INC - C	USD	1 969 113	3.25
2 080	AMGEN INC	USD	478 234	0.79
31 229	APPLE INC	USD	4 143 775	6.82
2 448	APPLIED MATERIALS INC	USD	211 262	0.35
6 108	BEST BUY CO INC	USD	609 517	1.00
1 987	BIOGEN INC	USD	486 537	0.80
5 323	CADENCE DESIGN SYS INC	USD	726 217	1.19
4 799	CERNER CORP	USD	376 626	0.62
10 788	CISCO SYSTEMS INC	USD	482 763	0.79
4 452	CITRIX SYSTEMS INC	USD	579 205	0.95
3 700	CLOROX COMPANY	USD	747 104	1.23
7 424	COLGATE-PALMOLIVE CO	USD	634 826	1.04
3 771	DOLLAR GENERAL CORP	USD	793 041	1.30
3 016	DOLLAR TREE INC	USD	325 849	0.54
8 771	EBAY INC	USD	440 743	0.72
2 944	ELI LILLY & CO	USD	497 065	0.82
1 974	EMERSON ELECTRIC CO	USD	158 650	0.26
517	EQUINIX INC	USD	369 231	0.61
4 889	FASTENAL CO	USD	238 730	0.39
11 124	GILEAD SCIENCES INC	USD	648 084	1.07
1 672	HERSHEY CO/THE	USD	254 696	0.42
3 269	HOME DEPOT INC	USD	868 312	1.43
1 560	HUNT (JB) TRANSPRT SVCS INC	USD	213 174	0.35
13 533	INTEL CORP	USD	674 214	1.11
1 058	INTUIT INC	USD	401 881	0.66
6 109	JOHNSON & JOHNSON	USD	961 434	1.58
6 332	KIMBERLY-CLARK CORP	USD	853 744	1.40
1 306	LOWES COS INC	USD	209 626	0.34
2 838	MASCO CORP	USD	155 891	0.26
1 841	MASTERCARD INC - A	USD	657 127	1.08
1 391	MCDONALDS CORP	USD	298 481	0.49
10 478	MERCK & CO INC	USD	857 100	1.41
250	METTLER - TOLEDO INTERNATIONAL	USD	284 920	0.47
17 423	MICROSOFT CORP	USD	3 875 224	6.38
394	MSCI INC	USD	175 933	0.29
5 611	NEWMONT MINING CORP	USD	336 043	0.55
1 563	NVIDIA CORP	USD	816 199	1.34
4 521	PEPSICO INC	USD	670 464	1.10
20 871	PFIZER INC	USD	768 262	1.26
11 631	PROCTER & GAMBLE CO.	USD	1 618 337	2.67
415	PUBLIC STORAGE	USD	95 836	0.16
192	REGENERON PHARMACEUTICALS	USD	92 757	0.15
1 164	RESMED INC	USD	247 420	0.41
10 791	ROLLINS INC	USD	421 604	0.69
1 263	SKYWORKS SOLUTIONS INC	USD	193 087	0.32
732	SYNOPSYS INC	USD	189 764	0.31
1 033	TARGET CORP	USD	182 355	0.30
4 939	TEXAS INSTRUMENTS INC	USD	810 638	1.33
649	THERMO FISHER SCIENTIFIC INC	USD	302 291	0.50
2 795	TRACTOR SUPPLY COMPANY	USD	392 921	0.65
3 538	UNITED PARCEL SERVICE- B	USD	595 799	0.98

# BNP PARIBAS ISLAMIC FUND - Equity Optimiser

## Securities portfolio at 31/12/2020

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
1 387	VERTEX PHARMACEUTICALS INC	USD	327 804	0.54
4 623	VISA INC - A	USD	1 011 189	1.67
1 608	VMWARE INC - A	USD	225 538	0.37
1 533	WASTE MANAGEMENT INC	USD	180 787	0.30
	<i>Japan</i>		<i>5 681 623</i>	<i>9.33</i>
10 500	CALBEE INC	JPY	316 286	0.52
2 400	COSMOS PHARMACEUTICAL CORP	JPY	387 738	0.64
600	DAIKIN INDUSTRIES LTD	JPY	133 198	0.22
6 700	FUJIFILM HOLDINGS CORP	JPY	352 894	0.58
4 400	KAKEN PHARMACEUTICAL CO LTD	JPY	169 829	0.28
13 600	KS HOLDINGS CORP	JPY	189 158	0.31
3 100	MEIJI HOLDINGS CO LTD	JPY	217 986	0.36
6 200	NEXON CO LTD	JPY	190 963	0.31
300	NINTENDO CO LTD	JPY	191 283	0.31
5 200	NISSIN FOODS HOLDINGS CO LTD	JPY	445 232	0.73
10 100	RECRUIT HOLDINGS CO LTD	JPY	422 704	0.69
8 700	SANWA SHUTTER CORP	JPY	101 287	0.17
2 700	SECOM CO LTD	JPY	248 883	0.41
5 900	SERIA CO LTD	JPY	216 582	0.36
4 100	SUGI HOLDINGS CO LTD	JPY	274 008	0.45
7 300	SUNDRUG CO LTD	JPY	291 307	0.48
11 600	SUNTORY BEVERAGE AND FOOD LTD	JPY	410 092	0.67
11 300	TOYO SUISAN KAISHA LTD	JPY	549 431	0.90
5 400	UNICHARM CORP	JPY	255 865	0.42
8 400	WELCIA HOLDINGS CO LTD	JPY	316 897	0.52
	<i>Switzerland</i>		<i>5 469 197</i>	<i>9.01</i>
140	GIVAUDAN - REG	CHF	590 761	0.97
2 899	KUEHNE & NAGEL INTL AG - REG	CHF	658 547	1.08
13 832	NESTLE SA - REG	CHF	1 631 465	2.69
5 503	NOVARTIS AG - REG	CHF	520 764	0.86
3 274	ROCHE HOLDING AG GENUSSCHEIN	CHF	1 144 491	1.89
1 581	ROCHE HOLDING AG-BR	CHF	554 458	0.91
9 864	STMICROELECTRONICS NV	EUR	368 711	0.61
	<i>Canada</i>		<i>2 838 871</i>	<i>4.67</i>
114 220	B2GOLD CORP	CAD	639 239	1.05
10 708	BARRICK GOLD CORP	CAD	243 746	0.40
6 437	CANADIAN NATL RAILWAY CO	CAD	707 061	1.16
200	CONSTELLATION SOFTWARE INC	CAD	259 486	0.43
9 307	DOLLARAMA INC	CAD	379 002	0.62
16 679	SAPUTO INC	CAD	466 463	0.77
3 448	WHEATON PRECIOUS METALS CORPORATION	CAD	143 874	0.24
	<i>Sweden</i>		<i>2 380 007</i>	<i>3.91</i>
13 560	ALFA LAVAL AB	SEK	373 650	0.61
7 011	BOLIDEN AB	SEK	248 765	0.41
15 370	ELECTROLUX AB-SER B	SEK	358 115	0.59
11 679	ESSITY AKTIEBOLAG - B	SEK	376 142	0.62
15 167	GETINGE AB - B	SEK	354 771	0.58
14 033	HUSQVARNA AB - B	SEK	181 979	0.30
5 816	ICA GRUPPEN AB	SEK	290 992	0.48
3 866	KINNEVIK AB - B	SEK	195 593	0.32
	<i>Australia</i>		<i>1 818 361</i>	<i>2.98</i>
1 841	CSL LTD	AUD	402 295	0.66
41 444	EVOLUTION MINING LTD	AUD	159 584	0.26
35 143	FORTESCUE METALS GROUP LTD	AUD	635 388	1.04
10 786	NORTHERN STAR RESOURCES LTD	AUD	105 621	0.17
13 254	WESFARMERS LTD	AUD	515 473	0.85

# BNP PARIBAS ISLAMIC FUND - Equity Optimiser

## Securities portfolio at 31/12/2020

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>United Kingdom</i>				
6 045	BERKELEY GROUP HOLDINGS/THE	GBP	391 839	0.64
710	LINDE PLC	USD	187 092	0.31
12 530	PEARSON PLC	GBP	116 537	0.19
3 848	PERSIMMON PLC	GBP	145 544	0.24
5 526	RIO TINTO PLC	GBP	413 189	0.68
<i>Finland</i>				
6 915	ELISA OYJ	EUR	379 638	0.62
6 438	KONE OYJ - B	EUR	523 520	0.86
2 578	ORION OYJ - B	EUR	118 381	0.19
<i>France</i>				
1 454	AIR LIQUIDE SA	EUR	238 836	0.39
6 423	THOMSON REUTERS CORP	CAD	525 235	0.86
<i>Denmark</i>				
1 489	COLOPLAST - B	DKK	227 530	0.37
2 626	GN STORE NORD A/S	DKK	210 305	0.35
1 474	NOVO NORDISK A/S - B	DKK	103 375	0.17
<i>Germany</i>				
1 583	SAP SE	EUR	207 672	0.34
5 527	UNITED INTERNET AG - REG	EUR	232 835	0.38
<i>Belgium</i>				
4 091	COLRUYT SA	EUR	242 619	0.40
<i>Singapore</i>				
136 500	SINGAPORE TELECOMMUNICATIONS	SGD	238 578	0.39
<i>Ireland</i>				
477	ACCENTURE PLC - A	USD	124 597	0.20
Other transferable securities			1 401	0.00
<b>Shares</b>			<b>1 401</b>	<b>0.00</b>
<i>Canada</i>				
371	TOPICUS COM INC	CAD	1 401	0.00
<b>Total securities portfolio</b>			<b>60 322 656</b>	<b>99.18</b>

# BNP PARIBAS ISLAMIC FUND - Hilal Income

## Securities portfolio at 31/12/2020

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or traded on another regulated market			15 122 632	92.91
<b>Bonds</b>			<b>13 901 258</b>	<b>85.40</b>
<i>Cayman Islands</i>			<i>8 135 501</i>	<i>49.99</i>
300 000	ALDAR SUKUK 4.750% 18-29/09/2025	USD	334 500	2.06
315 000	BOUBAYAN SUKUK 2.593% 20-18/02/2025	USD	324 450	1.99
210 000	DIB SUKUK LTD 2.950% 19-20/02/2025	USD	218 925	1.35
300 000	DIB SUKUK LTD 2.950% 20-16/01/2026	USD	313 500	1.93
300 000	DP WORLD CRESCEN 3.875% 19-18/07/2029	USD	329 250	2.02
270 000	DP WORLD CRESCEN 3.908% 16-31/05/2023	USD	284 766	1.75
200 000	DP WORLD CRESCEN 4.848% 18-26/09/2028	USD	232 500	1.43
500 000	EI SUKUK CO LTD 1.827% 20-23/09/2025	USD	500 000	3.07
300 000	EMG SUKUK LTD 4.564% 14-18/06/2024	USD	314 344	1.93
370 000	FAB SUKUK CO LTD 2.500% 20-21/01/2025	USD	385 494	2.37
300 000	FAB SUKUK CO LTD 3.875% 19-22/01/2024	USD	323 531	1.99
200 000	KSA SUKUK LTD 2.894% 17-20/04/2022	USD	206 200	1.27
300 000	KSA SUKUK LTD 3.628% 17-20/04/2027	USD	336 750	2.07
200 000	MAF SUKUK LTD 3.982% 19-28/02/2030	USD	214 688	1.32
200 000	MAF SUKUK LTD 4.500% 15-03/11/2025	USD	219 563	1.35
240 000	MAF SUKUK LTD 4.638% 19-14/05/2029	USD	269 700	1.66
250 000	MAR SUKUK LTD 2.210% 20-02/09/2025	USD	254 219	1.56
530 000	MAR SUKUK LTD 3.025% 19-13/11/2024	USD	553 683	3.39
200 000	QIB SUKUK LTD 3.982% 19-26/03/2024	USD	214 625	1.32
400 000	QIIB SR SUKUK LT 4.264% 19-05/03/2024	USD	431 375	2.65
250 000	SAUDI ELEC 1.740% 20-17/09/2025	USD	251 250	1.54
300 000	SAUDI ELECTRICITY GLO 5.060% 13-08/04/2043	USD	380 156	2.34
200 000	SHARJAH SUKUK 2.942% 20-10/06/2027	USD	206 750	1.27
200 000	SHARJAH SUKUK 3.234% 19-23/10/2029	USD	208 875	1.28
200 000	SIB SUKUK CO III 2.850% 20-23/06/2025	USD	207 563	1.28
300 000	SIB SUKUK CO III 4.231% 18-18/04/2023	USD	319 594	1.96
300 000	UNITY 1 SUKUK LT 2.394% 20-03/11/2025	USD	299 250	1.84
<i>Malaysia</i>			<i>1 585 141</i>	<i>9.74</i>
400 000	AXIATA SPV2 2.163% 20-19/08/2030	USD	404 125	2.48
250 000	MALAYSIA SOVEREI 3.043% 15-22/04/2025	USD	273 438	1.68
250 000	MY SUKUK GLOBAL 3.179% 16-27/04/2026	USD	279 688	1.72
250 000	MY SUKUK GLOBAL 4.080% 16-27/04/2046	USD	330 156	2.03
250 000	TNB GLOBAL VC 4.851% 18-01/11/2028	USD	297 734	1.83
<i>United Arab Emirates</i>			<i>1 356 813</i>	<i>8.34</i>
400 000	ALDAR SUKUK NO 2 3.875% 19-22/10/2029	USD	430 750	2.65
300 000	DUBAI ISLAMIC BANK 3.625% 18-06/02/2023	USD	313 500	1.93
300 000	EQUATE SUKUK 3.944% 17-21/02/2024	USD	321 000	1.97
250 000	TABREED SUKUK 5.500% 18-31/10/2025	USD	291 563	1.79
<i>Indonesia</i>			<i>1 222 313</i>	<i>7.51</i>
300 000	SBSN INDO III 2.800% 20-23/06/2030	USD	318 000	1.95
200 000	SBSN INDO III 3.750% 18-01/03/2023	USD	213 125	1.31
400 000	SBSN INDO III 4.150% 17-29/03/2027	USD	457 500	2.81
200 000	SBSN INDO III 4.400% 18-01/03/2028	USD	233 688	1.44
<i>Saudi Arabia</i>			<i>920 943</i>	<i>5.64</i>
290 000	SAUDI ELECTRICITY 4.222% 18-27/01/2024	USD	314 922	1.93
530 000	SAUDI TELECOM CO 3.890% 19-13/05/2029	USD	606 021	3.71
<i>Kuwait</i>			<i>364 984</i>	<i>2.24</i>
350 000	WARBA SUKUK 2.982% 19-24/09/2024	USD	364 984	2.24
<i>Qatar</i>			<i>315 563</i>	<i>1.94</i>
300 000	SOQ SUKUK A Q.S. 3.241% 12-18/01/2023	USD	315 563	1.94

# BNP PARIBAS ISLAMIC FUND - Hilal Income

## Securities portfolio at 31/12/2020

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<b>Floating rate bonds</b>		<b>1 221 374</b>	<b>7.51</b>
	<i>Saudi Arabia</i>		<i>1 021 874</i>	<i>6.28</i>
500 000	ARAB NATIONAL BK 20-28/10/2030 FRN	USD	512 499	3.15
500 000	RIYAD BANK 20-25/02/2030 FRN	USD	509 375	3.13
	<i>Kuwait</i>		<i>199 500</i>	<i>1.23</i>
200 000	KIB SUKUK LTD 20-30/11/2030 FRN	USD	199 500	1.23
	<b>Total securities portfolio</b>		<b>15 122 632</b>	<b>92.91</b>

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## Notes to the financial statements

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Notes to the financial statements at 31/12/2020

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**Note 1 - General**

BNP PARIBAS ISLAMIC FUND (“the Fund”) has been established for an undetermined period. The Fund may be dissolved at any time by agreement between the Management Company and the Depositary. The Fund may further be dissolved in any circumstances imposed by Luxembourg law. The liquidation of the Fund may not be requested by its Unitholders or by their heirs and beneficiaries.

The net asset values are expressed in US Dollar (USD).

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

The Fund is an Umbrella Fund containing two sub-funds, open for subscriptions:

- BNP PARIBAS ISLAMIC FUND - Equity Optimiser
- BNP PARIBAS ISLAMIC FUND - Hilal Income

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

The Fund will observe the following guidelines in its investment activities:

- it will not invest in equity securities where the issuer’s core activity or activities relate to any of the following sectors:
  - a) conventional banking or any other interest-related activity
  - b) alcohol
  - c) tobacco
  - d) gaming
  - e) gambling
  - f) leisure
  - g) biotechnology companies involved in human/animal genetic engineering
  - h) arms manufacturing
  - i) life insurance
  - j) pork production, packaging and processing or any other activity relating to pork
  - k) sectors/companies significantly affected by the above
  - l) hotels and hospitality (unless no alcohol served)
  - m) music
  - n) films
  - o) entertainment.
  
- it will not invest in any issuer that is unacceptable under Islamic Sharia principles due to excessive debt.

The current criteria exclude issuers whose gross interest-bearing debt to gross assets ratio exceeds the percentage permitted under Islamic Sharia from time to time (which currently is 33 per cent).

In addition, it is not permissible for the Fund to pay or receive interest, although the receipt and payment of dividends from equity securities is acceptable. However, dividends received by the Fund from its investments may comprise an amount which is attributable, for Islamic Sharia purposes, to interest income earned or received by the underlying investee companies as well as to the interest-bearing debt. Where this is the case, the amount of any dividend that is so attributed will be calculated in accordance with Islamic Sharia criteria (dividend cleansing procedure). In accordance with the Islamic Sharia, the amount of dividend income so attributed will be donated once a year by the Fund to the Arab World Institute (“Institut du Monde Arabe” or IMA), Paris. For any other charities with no direct or indirect benefit accruing to the Fund or any of its advisers, the donation will be performed from time to time, by the Management Company with the prior approval of the Supervisory Sharia Committee. Since that dividend income received by the Fund will be capitalised and rolled up outside the capital of the Fund, a donation of dividend income to charities will have no effect on the net asset value of the Fund.

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## Notes to the financial statements at 31/12/2020

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### Note 2 - General Information

BNP PARIBAS ISLAMIC FUND may be officially subscribed and may solicit public savings in the countries in which it has obtained a commercial distribution licence:

- Luxembourg (10 February 2006)
- Austria (2 September 2007)
- France (7 July 2009)
- Switzerland (30 July 2009)
- Singapore (21 September 2010)
- United Kingdom (11 December 2013)
- Ireland (15 May 2015)
- Germany (11 November 2015)

In addition, BNP PARIBAS ISLAMIC FUND is a restricted recognized scheme in Singapore (since 5 April 2006).

Before making any subscription in a country in which BNP PARIBAS ISLAMIC FUND is registered, it is necessary to verify the unit categories and classes that are authorized for commercial distribution.

### Note 3 - The Fund's Units

The Fund's capital is represented by the assets of its various sub-funds. Subscriptions are invested in the assets of the relevant sub-fund.

In each sub-fund, the Management Company may issue Units of the following categories, their main difference being the various commissions and fees charged:

- "Classic": offered to all types of investors.
- "Privilege": offered to all types of investors. This category differs from the "Classic" category in that a specific management fee is charged and a minimum holding amount may be applied.
- "I": reserved to institutional investors and undertakings for collective investment and a minimum holding amount may be applied.
- "I Plus": reserved to authorized investors and a minimum holding amount may be applied.
- "X": reserved to authorized investors.

The categories "Classic", "Privilege", "I" and "I Plus" may offer two classes of Units: Capitalisation units and Distribution units. The category "X" offers only Capitalisation units.

### Note 4 - Principal accounting methods

The financial statements of the Fund are prepared in accordance with the regulatory requirements applicable in the Grand Duchy of Luxembourg.

- *Valuation of the securities portfolio*

- a) The value of non-interest bearing cash in hand, non-remunerated deposits, bills and drafts payable at sight and accounts receivable, prepaid expenses, and dividends due but not yet received, shall comprise the nominal value of these assets, unless it is unlikely that this value could be received; in that event, the value will be determined by deducting an amount which the Management Company deems adequate to reflect the actual value of these assets;
- b) The value of shares or units in undertakings for collective investment shall be determined on the basis of the last net asset value available on the Valuation Day. If this price is not a true reflection, the valuation shall be based on the probable sale price estimated by the Management Company in a prudent and bona fide manner;

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Notes to the financial statements at 31/12/2020

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- c) The valuation of all securities listed on a stock exchange or any other regulated market, which functions regularly, is recognised and accessible to the public, is based on the last known closing price 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 this price is not a true reflection, the valuation shall be based on the probable sale price estimated by the Management Company in a prudent and bona fide manner;
- d) Unlisted securities or securities not traded on a stock exchange or another regulated market which functions in a regular manner, is recognised and accessible to the public, shall be valued on the basis of the probable sale price estimated in a prudent and bona fide manner by a qualified professional appointed for this purpose by the Management Company;
- e) 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;
- f) All liquid instruments may be valued at their nominal value;
- g) At its sole discretion, the Management Company's Board of Directors may permit the use of another valuation method if it believes that this valuation reflects the fair value of one of the Fund's assets more accurately.

Security transactions are accounted for on the date the securities are purchased or sold. Realized gains or losses on investments sold are computed on a weighted average cost basis.

- ***Income on investment assets***

Dividends are recorded as income on the ex-dividend date.

The caption "Income on investments and assets" in the "Statement of operations and changes in net assets" only includes dividends net of withholding tax.

- ***Presentation of the financial statements***

This annual report is prepared on the basis of the last net asset value for BNP PARIBAS ISLAMIC FUND - Hilal Income and on the last unofficial technical net asset value for BNP PARIBAS ISLAMIC FUND - Equity Optimiser as at 31 December 2020. In accordance with the prospectus, the net assets were calculated using the latest exchange rates known at the time of calculation.

The stock market prices and exchange rates used to value the securities portfolio at the date of the report are the latest available as at 31 December 2020.

- ***Valuation of forward foreign exchange contracts***

Forward foreign exchange contracts remaining open at the closing date are valued by reference to the forward foreign exchange rate corresponding to the remaining life of the contract. Any unrealised gains and losses are included when determining the result of the transactions.

To calculate the net positions per currency, the positions are converted at the forward exchange rates corresponding to the remaining life of the contract.

## **Note 5 - Exchange rates**

As at 31 December 2020, all sub-funds and unit classes were denominated in USD.

# BNP PARIBAS ISLAMIC FUND

## Notes to the financial statements at 31/12/2020

### Note 6 - Management fees

The management fee is defined for each unit class as mentioned below:

Sub-fund	Category	Management fee
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic	Max. 1.50%
	Privilege	Max. 0.75%
	I	Max. 0.60%
	X	-
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic	Max. 1.00%
	Privilege	Max. 0.60%
	I	Max. 0.35%
	X	-

Management fees are calculated and deducted monthly from the average net assets of a sub-fund, unit category, or unit class, are paid to the Management Company and serve to cover remuneration of the asset managers and also distributors in connection with the marketing of the Fund's units.

### Note 7 - Extraordinary expenses

Expenses other than management, performance, distribution and other fees described below borne by each sub-fund. These expenses include but are not limited to Sharia supervisory committee fees, legal fees, taxes, assessments or miscellaneous fees levied on sub-funds and not considered as ordinary expenses.

### Note 8 - Other fees

Other fees are calculated and deducted monthly from the average net assets of a sub-fund, unit category, or unit class and serve to cover general custody assets expenses (remuneration of the depositary) and daily administration expenses (NAV calculation, record and book keeping, notices to the unitholders, providing and printing the documents legally required for the unitholders, domiciliation, auditors cost and fees...), except for brokerage fees, commissions for transactions not related to the deposit, Fund's Sharia Supervisory Committee fees, bank fees, extraordinary expenses, and the "taxe d'abonnement" in force in Luxembourg, as well as any other specific foreign tax and other regulators levy.

Maximum other fees payable by the sub-fund:

Sub-fund	Category	Other fees
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic	Max. 0.40%
	Privilege	Max. 0.25%
	I	Max. 0.35%
	X	Max. 0.50%
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic	Max. 0.40%
	Privilege	Max. 0.20%
	I	Max. 0.40%
	X	Max. 0.40%

# BNP PARIBAS ISLAMIC FUND

## Notes to the financial statements at 31/12/2020

### Note 9 - Taxes

The Fund is not liable to any Luxembourg income tax or capital gains tax.

The Fund is liable to an annual “*taxe d’abonnement*” in Luxembourg representing 0.05% of the net asset value. This rate is reduced to 0.01% for:

- a) Sub-funds with the exclusive objective of collective investments in money market instruments and deposits with institutions;
- b) Sub-funds with the exclusive objective of collective investments with credit institutions;
- c) Sub-funds, categories, or classes reserved for Institutional Investors, Managers, and UCIs.

The following are exempt from this “*taxe d’abonnement*”:

- a) The value of assets represented by units, or shares in other UCIs, provided that these units or shares have already been subject to the “*taxe d’abonnement*”;
- b) Sub-funds, categories and/or classes:
  - (i) whose securities are reserved to Institutional Investors, Managers, or UCIs and
  - (ii) whose sole object is the collective investment in money market instruments and the placing of deposits with institutions, and
  - (iii) whose weighted residual portfolio maturity does not exceed 90 days, and
  - (iv) that have obtained the highest possible rating from a recognized rating agency;
- c) Sub-funds, categories and/or classes reserved to:
  - (i) institutions for occupational retirement pension or similar investment vehicles, set up at the initiative of one or more employers for the benefit of their employees, and
  - (ii) companies having one or more employers investing funds to provide pension benefits to their employees;
- d) Sub-funds whose main objective is investment in microfinance institutions;
- e) Sub-funds, categories and/or classes:
  - (i) whose securities are listed or traded on at least one stock exchange or another regulated market operating regularly that is recognized and open to the public, and
  - (ii) whose exclusive object is to replicate the performance of one or several indices.

When due, the “*taxe d’abonnement*” is payable quarterly based on the relevant net assets and calculated at the end of the quarter for which it is applicable.

In addition, the Fund may be subject to foreign UCI’s tax, and/or other regulators levy, in the country where the sub-fund is registered for distribution.

### Note 10 - Forward foreign exchange contracts

As at 31 December 2020, the total amount purchased per currency and the total amount sold per currency in the context of forward foreign exchange contracts were as follows:

#### **BNP PARIBAS ISLAMIC FUND - Equity Optimiser**

Currency	Purchase amount	Currency	Sale amount
USD	63 808	JPY	6 588 000
Net unrealised loss (in USD)			(4)

As at 31 December 2020, the latest maturity of all outstanding contracts is 5 January 2021.

#### **Counterparties to Forward foreign exchange contracts:**

BNP Paribas Paris

### Note 11 - Changes in the composition of the securities portfolio

The list of changes in the composition of the securities portfolio during the year is available free of charge at the Management Company’s registered office and from local agents.

# BNP PARIBAS ISLAMIC FUND

## Notes to the financial statements at 31/12/2020

### Note 12 - Dividends

For the “Classic QD” unit class, which pay quarterly dividends, the following dividends were paid:

- Payment dates:

Month	Record Date	NAV ex-Dividend Date	Payment Date
March	18	19	31 March 2020
June	16	17	30 June 2020
September	17	18	30 September 2020
December	17	18	31 December 2020

- Quarterly amounts:

Sub-fund	Unit class	Currency	Dividend
BNP PARIBAS ISLAMIC FUND - Hilal Income	Classic QD - Distribution	USD	0.75

Dividends paid on 28 September 2020 on the distribution units outstanding as at 18 September 2020 with an ex-date 23 September 2020:

Sub-fund	Unit class	Currency	Dividend
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic - Distribution	USD	1.74
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	I - Distribution	USD	1 805.39

### Note 13 - List of Investment managers

- BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd
- BNP PARIBAS ASSET MANAGEMENT France

Sub-fund	Investment managers
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	<b><u>BNP PARIBAS ASSET MANAGEMENT France</u></b>
BNP PARIBAS ISLAMIC FUND - Hilal Income	<b><u>BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd</u></b>

### Note 14 - Transaction fees

Transaction fees incurred by the Fund relating to purchase or sale of transferable securities, money market instruments, derivatives or other eligible assets are mainly composed of standard fees, sundry fees on transaction, stamp fees, brokerage fees, Depository fees, VAT fees, stock exchange fees and RTO fees (Reception and Transmission of Orders).

In line with bond market practice, a bid-offer spread is applied when buying and selling securities. Consequently, in any given transaction, there will be a difference between the purchase and sale prices quoted by the broker, which represents the broker's fee.

### Note 15 - Tax reclaims as part of the Aberdeen/Fokus Bank Project

In several European Union member states, community law grants undertakings for collective investments (UCIs) the right to file claims with a view to recovering taxes they have been unjustly forced to pay. When one member state imposes a greater tax burden on a foreign UCI than on a resident UCI, this constitutes discrimination under community law.

This principle was confirmed by the ruling of the Court of Justice of the European Union (CJEU) in the “Aberdeen” case (18 June 2009). This ruling acknowledges that a non-resident UCI can be subject to discriminatory taxation, which constitutes an obstacle to freedom of establishment and/or the free movement of capital. Other CJEU rulings have subsequently confirmed this jurisprudence. Key examples are the rulings in the Santander (10 May 2010) and Emerging Markets (10 April 2014) cases regarding French and Polish tax legislation, respectively.

In light of this jurisprudence and in order to safeguard the right of UCIs to receive tax rebates, the management company has decided to file claims with the tax authorities in several member states whose discriminatory legislation fails to comply with community law. Preliminary studies will be carried out to determine whether or not the claims are viable, i.e. for which funds, in which member states and over what period of time it is necessary to request a rebate.

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Notes to the financial statements at 31/12/2020

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To date, there is no European legislation establishing a uniform framework for this type of claim. As a result, the time taken to receive a rebate and the complexity of the procedure vary depending on the member state in question. This means that it is necessary to constantly monitor developments in this regard.

Due to the uncertainty of the recoverability of the amounts, no accrual is recorded and it is booked under the caption “Income on investments and assets” when received.

**Note 16 - Significant event**

The COVID-19 pandemic outbreak has led to an unprecedented global sanitary and economic crisis. The Board continues to follow the efforts of governments to contain the spread of the virus and to monitor the economic impact on the companies in the portfolio of the Fund.

## Unaudited appendix

### Global market risk exposure

The Management Company of the Fund, after a risk profile assessment, decided to adopt the commitment approach to determine the global market risk exposure.

### Information according to regulation on transparency of securities financing transactions

The Fund is not affected by SFTR instruments as at 31 December 2020.

### Information on the Remuneration Policy in effect within the Management Company / AIFM

We are providing below quantitative information concerning remuneration as required under Article 22 of the AIFM Directive (Directive 2011/61/EU of 8 June 2011) and Article 69(3) of the UCITS V Directive (Directive 2014/91/EU of 23 July 2014) in a format that is compliant with the recommendations of the association competent for the financial centre, the French Asset Management Association (Association Française de la Gestion financière - AFG)<sup>1</sup>.

#### Aggregate remuneration of employees of BNP PARIBAS ASSET MANAGEMENT LUXEMBOURG (“BNPP AM Luxembourg”) (point (e) of Article 22(2) of the AIFM Directive and point (a) of Article 69(3) of the UCITS V Directive):

	Number of employees	Total remuneration (fixed + variable) (EUR thousand)	of which total variable remuneration (EUR thousand)
All employees of BNPP AM Luxembourg	74	7 039	748

#### Aggregate remuneration of employees of BNPP AM Luxembourg whose work has a significant impact on the risk profile and who thus have the status of “Regulated Staff Members<sup>2</sup>” (point (f) of Article 22(2) of the AIFM Directive and point (b) of Article 69(3) of the UCITS V Directive):

Business sector	Number of employees	Total remuneration (EUR thousand)
Regulated Staff Members employed by BNPP AM Luxembourg:	3	672
<i>of whom managers of Alternative Investment Funds/UCITS/managers of European mandates</i>	0	0

#### Other information about BNPP AM Luxembourg:

##### – Information on AIF and UCITS under management

	Number of sub-funds (31/12/2020)	Assets under management (billions of euro) on 31/12/2020 <sup>3</sup>
UCITS	171	101.9
Alternative Investment Funds	21	3.4

- Under the supervision of the Remuneration Committee of BNP PARIBAS ASSET MANAGEMENT Holding and its Board of Directors, a centralised independent audit of the global remuneration policy of BNP Paribas Asset Management along with its implementation during the 2019/2020 financial year was carried out between May and July 2020. As a result of this audit, which covered the entities from the scope of consolidation of BNP Paribas Asset Management holding an AIFM and/or UCITS licence, a score of “Satisfactory” was awarded.
- Further information concerning the calculation of variable remuneration is provided in the description of the Remuneration Policy published on the Company's website.

<sup>1</sup> NB: the figures for remuneration provided below cannot be directly reconciled with the accounting data for the year as they reflect the amounts awarded based on staff numbers at the close of the annual variable remuneration campaign in May 2020. Thus, these amounts include for example all variable remuneration awarded during this campaign, whether deferred or not, and irrespective of whether or not the employees ultimately remained with the Company.

<sup>2</sup> The list of regulated staff members is drawn up on the basis of the review carried out at the end of the year.

<sup>3</sup> The amounts thus reported take into account master-feeder funds.

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

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

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

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

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

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

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

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

The issue, redemption and conversion prices of shares are published on [www.bnpparibas-am.de](http://www.bnpparibas-am.de) and any other information to the shareholders will be published in Germany in the Federal Gazette (“[www.bundesanzeiger.de](http://www.bundesanzeiger.de)”) and on the website “[www.wmdaten.de](http://www.wmdaten.de)”, except for the publications concerning the payment of dividends, the exchange ratio and the convening notices to General Meeting which are available via the website. In addition, communications to investors in the Federal Republic of Germany will be by means of a durable medium (section 167 of the Investment Code) in the following cases:

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



**BNP PARIBAS**  
**ASSET MANAGEMENT**

The asset manager  
for a changing  
world