

BNP PARIBAS ISLAMIC FUND

FCP



ANNUAL REPORT at 31/12/2019
R.C.S. Luxembourg K 642



BNP PARIBAS
ASSET MANAGEMENT

The asset manager
for a changing
world

BNP PARIBAS ISLAMIC FUND

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BNP PARIBAS ISLAMIC FUND

Organisation

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

Members

Mrs. Sylvie BAIJOT, Deputy Chief Executive Officer, BNP PARIBAS ASSET MANAGEMENT Luxembourg, Luxembourg (until 14 February 2019)

Mrs. Isabelle BOURCIER, Head of Quantitative and Index (MAQS), BNP PARIBAS ASSET MANAGEMENT France, Paris (since 3 June 2019)

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, 10th 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

Information

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 22 October 2018, published on 8 October 2018 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.rcl.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.

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.

The documents and information are also available on the website: www.bnpparibas-am.com.

Manager's report

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

ECONOMIC AND FINANCIAL CLIMATE

Following very choppy movements in equities in 2019, the MSCI AC World index rose by 24.1% and the MSCI Emerging index rose by 15.4% in US dollar terms. After a sharp fall in the markets at the end of 2018 caused by the prospect of monetary tightening, the change in tone of the central banks, which led to hopes of new easing measures, reassured investors and led to a spectacular rebound in equities in January (+7.8%) compared to a low starting point. From that moment on, two themes dominated the exchanges and explained the successive bullish and bearish phases: On the one hand, the state of trade relations between the US and China, and, on the other, monetary policy announcements and concerns on global economic growth.

After the rebound in January, the equity rally continued at a more measured pace before being called into question in early May by the resurgence of protectionist fears. Trump then threatened to raise tariffs on Chinese products again and tax imports from Mexico. The rapid fall in global equities in May (-6.2%) probably explains the reaction of central banks. Their very dovish rhetoric, underscoring the low level of inflation, was understood as a firm commitment to further measures, which again led to a strong rally in equities. News flow from the trade conflict front also reassured investors. President Trump removed, at least temporarily, the threat of imposing tariffs on Mexican products after progress on illegal immigration. On the other hand, both United States and Chinese statements quickly led to hopes of a bilateral meeting on the sidelines of the G-20 summit in Osaka at the end of June, which ended with a trade truce.

As the months passed, and with the trade negotiations going through numerous twists and turns, investors' bewilderment grew. This first led to a run on the markets, as illustrated by the 6.2% fall in global equities between 26 July and 15 August. However, it also helped markets to regain ground in September, despite the lack of improvement in fundamentals and potentially destabilising political and geopolitical events. The start of Q4 was difficult due to the release of a number of disappointing economic indicators. However, it soon became clear that business surveys did not reflect the resilience of domestic demand.

After easing monetary policy during the summer, the major central banks made it clear that they would remain accommodative in 2020. Although monetary policy no longer appears to be a panacea, this reassured investors, who thus took calmly in their stride the announcement of a "very large trade deal" between the US and China. Progress in the negotiations between the two parties has made it possible to cancel the further tariff increases that should have entered into force in mid-December and to reduce taxes on certain imported products. This agreement, which could be signed in January 2020, is said to be 'phase 1', which means that another wave of negotiations will have to take place. Nevertheless, investors have welcomed these initial steps, which have removed some uncertainties. The same is true of the BREXIT 'saga'. While the Conservative Party's large victory in the election on 12 December does not resolve all questions, it should at least mean an end to the legislative deadlock.

Within the major developed equity markets, the full-year movements (index prices in local currencies, excluding dividends reinvested) were as follows: +28.9% for the S&P 500 and +35.2% for the Nasdaq, which set new all-time highs; +24.8% for the EUROSTOXX 50 and +18.2% for the Japanese Nikkei 225. The technology sector outperformed significantly worldwide.

OUTLOOK

In 2019, global equities grew by 24.1% (MSCI AC World index in US dollar terms), the fourth largest annual increase since 1987, the index's inception date. The rally was widespread across stock markets, and bonds rose too. So much for the past; now comes the time to look ahead. Although some risks seem to have receded in the short run, the events at the end of 2019 do not seem to us to be a game changer. A Phase 1 US-China trade agreement in January would be good news, but other aspects of relations between the two giants will continue to be negotiated, and US pressure may be exerted on other trading partners. The election year in the US is opening a phase of uncertainty in which equity investors should focus on the Democratic Party presidential primaries. Polls and the results of Democratic voter consultations in the key states may lead to erratic equity movements. Donald Trump's impeachment trial, which will begin in January, is likely to move to a vote on acquittal, given that the Republican Party has a majority in the Senate. This very particular situation for an outgoing president is likely, however, to reinforce doubts about the outcome of the November elections, with every step of the process giving rise to many comments. From an economic point of view, the outlook has improved in recent weeks. The improvement in business surveys has reduced fears of a recession, which had brought long bond yields to very low levels over the summer. We reiterate our message of modest but tangible growth in 2020. Central banks should maintain a dovish stance but the risk of an acceleration in inflation cannot be ruled out entirely.

BNP PARIBAS ISLAMIC FUND

Manager's report

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.

	28/12/2018	30/12/2019	Change
DJ Islamic Market Developed Markets Top Cap NTR	2 580.45	3 422.88	+32.65%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “Classic - Capitalisation”	1 720.77	2 139.98	+24.36%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “Privilege - Capitalisation”	18 605.62	23 348.40	+25.49%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “I - Capitalisation”	194 573.57	244 892.30	+25.86%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “Classic - Distribution”	99.78	123.25	+23.52%
BNP PARIBAS ISLAMIC FUND - Equity Optimiser Unit “I - Distribution”	103 398.83	127 766.70	+23.57%

Manager's report

BNP PARIBAS ISLAMIC FUND - Hilal Income

2019 ended on a high note for emerging markets and capped off a strong year of Emerging Market Fixed Income returns, with all market segments delivering strong performance in December. The broad based risk-on market rally was largely brought about by positive developments in US-China trade relations, with both sides agreeing to a Phase 1 trade deal, which is scheduled to be signed in mid-January. As per current disclosures, the deal entails aborting additional US tariff hikes on USD 160 billion worth of Chinese imports that were scheduled to go into effect on December 15 and cutting tariffs by half (7.5%) on USD 120 billion worth of Chinese imports. China is expected to increase purchases of American goods and services by USD 200 billion over the next two years with specific emphasis on agricultural imports. China is also expected to reduce nontariff barriers, and we've already seen some evidence of this with the recent announcement that China approved a new strain of genetically modified soybeans for imports from the US. Furthermore, the phase 1 trade deal is also expected to have commitments, legal protections and/or enforcement around intellectual property rights, currency competitiveness and opening up of China's financial services market. While duration weighed on returns with US Treasury bond yields rising towards the end of the year, Emerging Market spreads tightened (rallied) considerably, with high yield spreads significantly outperforming investment grade spreads.

Overall, growth in global sukuk issuances was healthy, with 8.1% growth YoY (USD 17.9 billion issued) of which sovereign issuances accounted for 1/3 of the 2019 issuances. After bumper months of new issues both sukuk and conventional, the GCC market went on holiday mood early, with trading activity declining by mid-month. IG sukuk generally stayed biddish without any offers, whilst risk on sentiment was reflected in Oman and Bahrain sukuk curves towards month end when news of positive development in trade talks between US and China was released.

The Fund returned full year gross return of 10.78% against benchmark return (ICE LIBOR USD 3 month) of 2.38%, this represents relative outperformance of 8.40%. The performance was driven by strong performance especially on long duration GCC sukuk such as Saudi Electricity, Saudi Telecom, Majid Al Futtaim and Aldar29.

SUBSEQUENT EVENT: COVID-19

Since the year end, the development of the coronavirus COVID-19 outbreak initially in China is now reaching all continents leading to an unprecedented sanitary and economic crisis. At present it is not possible to assess the detailed impact of this crisis on the companies in the portfolio but there is growing concern about the magnitude of its impact on the world economy. The Board continues to follow the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in the portfolio of the funds. The current situation does not have any impact on the financial statements of the fund as the net asset value used is dated on 31 December 2019.

The Board of Directors

Luxembourg, 26 March 2020

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

Sharia Supervisory Committee's Report

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.

BNP PARIBAS ISLAMIC FUND

Sharia Supervisory Committee's Report

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 27 February 2020 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 2019 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 2019) 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 2019
Total Impure Income:

USD 4 082.85

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. Abdul Sattar Abu Ghuddah



Dr. Mohamed Daud Bakar

Dated: 27 February 2020

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.

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 15 January 2020 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 2019 Shari'a Compliance Report

With reference to the Shari'a Opinion issued on 15 January 2020, 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 2019) 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:

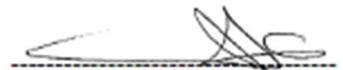
BNP Paribas Islamic Fund Hilal Income - Shari'a Board Presentation Pack for the year 2019 dated January 2020, which includes the following:

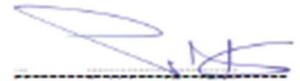
- Fund Performance & Management Comments
- Fund Audit

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

And Allah Knows best.


Sheikh Nizam Yaquby


Dr. Abdul Sattar Abu Ghuddah


Dr. Mohamed Daud Bakar

Dated: 15 January 2020

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

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 2019, 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 2019;
- the securities portfolio as at 31 December 2019;
- 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.

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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

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.



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.

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.

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, 21 April 2020

Frédéric Botteman

BNP PARIBAS ISLAMIC FUND

Financial statements at 31/12/2019

		BNP PARIBAS ISLAMIC FUND - Equity Optimiser	BNP PARIBAS ISLAMIC FUND - Hilal Income	Combined
	Expressed in Notes	USD	USD	USD
Statement of net assets				
Assets		58 923 224	12 846 826	71 770 050
<i>Securities portfolio at cost price</i>		50 260 042	11 750 394	62 010 436
<i>Unrealised gain/(loss) on securities portfolio</i>		8 040 053	358 164	8 398 217
Securities portfolio at market value	4	58 300 095	12 108 558	70 408 653
Cash at banks and time deposits		522 933	632 255	1 155 188
Other assets		100 196	106 013	206 209
Liabilities		219 917	13 285	233 202
Other liabilities		219 917	13 285	233 202
Net asset value		58 703 307	12 833 541	71 536 848
Statement of operations and changes in net assets				
Income on investments and assets		847 234	559 420	1 406 654
Management fees	6	688 783	97 786	786 569
Extraordinary expenses	7	9 000	4 500	13 500
Other fees	8	189 683	36 697	226 380
Taxes	9	46 371	11 136	57 507
Transaction fees	13	26 395	0	26 395
Total expenses		960 232	150 119	1 110 351
Net result from investments		(112 998)	409 301	296 303
Net realised result on:				
Investments securities	4	1 653 700	190 761	1 844 461
Financial instruments	4	3 949	0	3 949
Net realised result		1 544 651	600 062	2 144 713
Movement on net unrealised gain/(loss) on:				
Investments securities		9 839 308	844 891	10 684 199
Financial instruments		(798)	0	(798)
Change in net assets due to operations		11 383 161	1 444 953	12 828 114
Net subscriptions/(redemptions)		(1 013 706)	(3 990 745)	(5 004 451)
Dividends paid	11	(10 977)	(8)	(10 985)
Increase/(Decrease) in net assets during the year/period		10 358 478	(2 545 800)	7 812 678
Net assets at the beginning of the financial year/period		48 344 829	15 379 341	63 724 170
Net assets at the end of the financial year/period		58 703 307	12 833 541	71 536 848

BNP PARIBAS ISLAMIC FUND

Key figures relating to the last 3 years

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

	USD	USD	USD	Number of units
	31/12/2017	31/12/2018	31/12/2019	31/12/2019
Net assets	57 873 921	48 344 829	58 703 307	
Net asset value per unit				
Units "Classic - Capitalisation"	1 954.54	1 734.36	2 143.48	20 442.799
Units "Classic - Distribution"	115.13	100.59	123.44	1.000
Units "I - Capitalisation"	218 412.47	196 129.12	245 300.39	36.236
Units "I - Distribution"	118 471.21	104 225.47	127 979.57	5.000
Units "Privilege - Capitalisation"	20 945.35	18 753.95	23 387.15	229.010

BNP PARIBAS ISLAMIC FUND - Hilal Income

	USD	USD	USD	Number of units
	31/12/2017	31/12/2018	31/12/2019	31/12/2019
Net assets	21 513 098	15 379 341	12 833 541	
Net asset value per unit				
Units "Classic - Capitalisation"	1 440.721	1 428.723	1 561.488	5 695.566
Units "I - Capitalisation"	151 283.075	151 190.182	0	0
Units "Privilege - Capitalisation"	14 868.855	14 826.180	16 292.899	241.761
Units "Classic QD - Distribution"	0	0	99.673	10.000

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2019

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			58 300 095	99.31
Shares			58 300 095	99.31
<i>United States of America</i>			<i>34 334 799</i>	<i>58.50</i>
3 147	AIR PRODUCTS AND CHEMICALS INC	USD	739 514	1.26
7 591	ALEXION PHARMACEUTICALS INC	USD	820 967	1.40
1 714	APPLE INC	USD	503 316	0.86
14 540	APPLIED MATERIALS INC	USD	887 522	1.51
4 771	AUTOMATIC DATA PROCESSING	USD	813 456	1.39
656	AUTOZONE INC	USD	781 499	1.33
36 096	BAKER HUGHES A GE CO	USD	925 139	1.59
10 193	BEST BUY CO INC	USD	894 944	1.52
1 937	BIOGEN INC	USD	574 766	0.98
12 680	CADENCE DESIGN SYS INC	USD	879 485	1.50
7 295	CHEVRON CORP	USD	879 120	1.50
2 957	CINTAS CORP	USD	795 670	1.36
16 110	CISCO SYSTEMS INC	USD	772 636	1.32
3 884	CONOCOPHILLIPS	USD	252 577	0.43
3 867	COPART INC	USD	351 665	0.60
4 824	CUMMINS INC	USD	863 303	1.47
4 570	DELTA AIR LINES INC	USD	267 254	0.46
24 562	EBAY INC	USD	886 934	1.51
1 912	EXPEDIA INC	USD	206 764	0.35
4 059	GILEAD SCIENCES INC	USD	263 754	0.45
3 070	HENRY SCHEIN INC	USD	204 830	0.35
2 925	HERSHEY CO/THE	USD	429 917	0.73
859	HOME DEPOT INC	USD	187 588	0.32
4 551	HONEYWELL INTERNATIONAL INC	USD	805 527	1.37
3 436	IDEXX LABORATORIES INC	USD	897 242	1.53
3 819	INCYTE CORP	USD	333 475	0.57
2 280	INTEL CORP	USD	136 458	0.23
3 348	INTUIT INC	USD	876 942	1.49
3 491	KIMBERLY-CLARK CORP	USD	480 187	0.82
2 979	LAM RESEARCH CORP	USD	871 060	1.48
18 359	MASCO CORP	USD	881 048	1.50
9 637	MERCK & CO INC	USD	876 485	1.49
1 128	METTLER - TOLEDO INTERNATIONAL	USD	894 819	1.52
5 624	MICROSOFT CORP	USD	886 905	1.51
6 520	MOHAWK INDUSTRIES INC	USD	889 198	1.51
4 800	MONSTER BEVERAGE CORP	USD	305 040	0.52
3 726	MOODYS CORP	USD	884 590	1.51
1 512	MOTOROLA SOLUTIONS INC	USD	243 644	0.42
14 735	NUCOR CORP	USD	829 286	1.41
1 247	OREILLY AUTOMOTIVE INC	USD	546 510	0.93
8 807	PAYCHEX INC	USD	749 123	1.28
3 982	PFIZER INC	USD	156 015	0.27
7 743	PHILLIPS 66	USD	862 648	1.47
4 102	PROCTER & GAMBLE CO.	USD	512 340	0.87
594	REGENERON PHARMACEUTICALS	USD	223 035	0.38
8 048	SOUTHWEST AIRLINES CO	USD	434 431	0.74
8 866	SPIRIT AEROSYSTEMS HOLD - A	USD	646 154	1.10
4 708	STARBUCKS CORP	USD	413 927	0.71
5 098	TARGET CORP	USD	653 615	1.11
7 329	UNITED PARCEL SERVICE- B	USD	857 933	1.46
2 682	VERTEX PHARMACEUTICALS INC	USD	587 224	1.00
8 956	VF CORP	USD	892 555	1.52
4 608	VISA INC - A	USD	865 843	1.47
4 341	VMWARE INC - A	USD	658 920	1.12

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2019

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
<i>Japan</i>				
19 900	ASTELLAS PHARMA INC	JPY	7 517 856	12.81
1 300	COSMOS PHARMACEUTICAL CORP	JPY	342 425	0.58
5 900	DAITO TRUST CONSTRUCTION CO LTD	JPY	269 869	0.46
7 700	GLORY LTD	JPY	731 833	1.25
2 800	GOLDWIN INC	JPY	234 525	0.40
5 800	GOLDWIN INC	JPY	206 634	0.35
9 300	GUNGHO ONLINE ENTERTAINMENT	JPY	123 605	0.21
9 300	HOYA CORP	JPY	894 272	1.52
4 900	KAKEN PHARMACEUTICAL CO LTD	JPY	272 335	0.46
7 000	KOBE BUSSAN CO LTD	JPY	241 546	0.41
5 800	MORINAGA & CO LTD	JPY	279 660	0.48
21 900	NEXON CO LTD	JPY	292 201	0.50
10 100	NIHON UNISYS LTD	JPY	318 311	0.54
10 600	NIPPON ELECTRIC GLASS CO LTD	JPY	238 092	0.41
4 100	NS SOLUTIONS CORP	JPY	135 818	0.23
4 200	ORACLE CORP JAPAN	JPY	384 541	0.66
23 300	PERSOL HOLDINGS CO LTD	JPY	439 736	0.75
44 800	SANTEN PHARMACEUTICAL CO LTD	JPY	859 929	1.46
19 100	SEIKO EPSON CORP	JPY	290 872	0.50
4 200	SERIA CO LTD	JPY	114 783	0.20
7 500	SUNDRUG CO LTD	JPY	272 947	0.46
9 700	TIS INC	JPY	573 922	0.98
<i>Canada</i>				
7 843	CANADIAN NATL RAILWAY CO	CAD	3 144 305	5.35
912	CONSTELLATION SOFTWARE INC	CAD	710 483	1.21
4 329	DOLLARAMA INC	CAD	886 971	1.51
9 267	GILDAN ACTIVEWEAR INC	CAD	148 991	0.25
15 822	GILDAN ACTIVEWEAR INC	CAD	274 348	0.47
12 960	OPEN TEXT CORP	CAD	698 158	1.19
12 960	SUNCOR ENERGY INC	CAD	425 354	0.72
<i>Australia</i>				
9 937	CIMIC GROUP LTD	AUD	2 104 506	3.59
186 633	EVOLUTION MINING LTD	AUD	231 489	0.39
78 637	EVOLUTION MINING LTD	AUD	498 533	0.85
44 882	HARVEY NORMAN HOLDINGS LTD	AUD	224 980	0.38
12 629	NEWCREST MINING LTD	AUD	954 376	1.64
12 629	ORICA LTD	AUD	195 128	0.33
<i>United Kingdom</i>				
27 013	ANTOFAGASTA PLC	GBP	1 832 049	3.12
76 759	BARRATT DEVELOPMENTS PLC	GBP	328 073	0.56
11 571	BARRATT DEVELOPMENTS PLC	GBP	759 173	1.29
11 571	BERKELEY GROUP HOLDINGS/THE	GBP	744 803	1.27
<i>Switzerland</i>				
3 715	COCA-COLA HBC AG-DI	GBP	1 773 568	3.03
354	COCA-COLA HBC AG-DI	GBP	126 232	0.22
9 273	GEBERIT AG - REG	CHF	198 573	0.34
1 754	NOVARTIS AG - REG	CHF	880 020	1.50
1 754	ROCHE HOLDING AG GENUSSSCHEIN	CHF	568 743	0.97
<i>France</i>				
920	HERMES INTERNATIONAL	EUR	1 240 427	2.11
841	HERMES INTERNATIONAL	EUR	687 985	1.17
841	KERING	EUR	552 442	0.94
<i>Spain</i>				
2 987	AENA SA	EUR	1 221 734	2.08
18 414	INDUSTRIA DE DISENO TEXTIL	EUR	571 671	0.97
18 414	INDUSTRIA DE DISENO TEXTIL	EUR	650 063	1.11
<i>Ireland</i>				
4 028	ACCENTURE PLC - A	USD	1 017 758	1.73
1 136	ACCENTURE PLC - A	USD	848 176	1.44
1 136	JAZZ PHARMACEUTICALS PLC	USD	169 582	0.29
<i>Finland</i>				
4 437	KONE OYJ - B	EUR	902 921	1.53
13 225	KONE OYJ - B	EUR	290 265	0.49
13 225	ORION OYJ - B	EUR	612 656	1.04

BNP PARIBAS ISLAMIC FUND - Equity Optimiser

Securities portfolio at 31/12/2019

Expressed in USD

Quantity	Denomination	Quotation currency	Market value	% of net assets
	<i>Denmark</i>		<i>899 768</i>	<i>1.54</i>
6 229	COLOPLAST - B	DKK	773 266	1.32
2 178	NOVO NORDISK A/S - B	DKK	126 502	0.22
	<i>Sweden</i>		<i>840 898</i>	<i>1.43</i>
9 097	BOLIDEN AB	SEK	241 491	0.41
24 447	HENNES & MAURITZ AB - B	SEK	497 452	0.85
2 183	ICA GRUPPEN AB	SEK	101 955	0.17
	<i>Germany</i>		<i>547 155</i>	<i>0.93</i>
1 682	ADIDAS AG	EUR	547 155	0.93
	<i>Italy</i>		<i>406 606</i>	<i>0.69</i>
9 040	MONCLER SPA	EUR	406 606	0.69
	<i>Hong Kong</i>		<i>360 513</i>	<i>0.61</i>
61 000	MTR CORP	HKD	360 513	0.61
	<i>Portugal</i>		<i>155 232</i>	<i>0.26</i>
9 430	JERONIMO MARTINS	EUR	155 232	0.26
Total securities portfolio			58 300 095	99.31

BNP PARIBAS ISLAMIC FUND - Hilal Income

Securities portfolio at 31/12/2019

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			12 108 558	94.35
Bonds			12 108 558	94.35
<i>Cayman Islands</i>			<i>6 530 690</i>	<i>50.89</i>
300 000	ALDAR SUKUK 4.750% 18-29/09/2025	USD	322 875	2.52
210 000	DIB SUKUK LTD 2.950% 19-20/02/2025	USD	207 900	1.62
270 000	DP WORLD CRESCEN 3.908% 16-31/05/2023	USD	278 438	2.17
200 000	DP WORLD CRESCEN 4.848% 18-26/09/2028	USD	219 125	1.71
300 000	DUBAI DOF SUKUK 3.875% 13-30/01/2023	USD	311 344	2.43
200 000	DUBAI DOF SUKUK 5.000% 14-30/04/2029	USD	229 000	1.78
300 000	EIB SUKUK LTD 3.542% 16-31/05/2021	USD	303 281	2.36
300 000	EMG SUKUK LTD 4.564% 14-18/06/2024	USD	314 531	2.45
300 000	FAB SUKUK CO LTD 3.875% 19-22/01/2024	USD	314 719	2.45
200 000	KSA SUKUK LTD 3.628% 17-20/04/2027	USD	211 200	1.65
200 000	MAF SUKUK LTD 3.933% 19-28/02/2030	USD	203 750	1.59
200 000	MAF SUKUK LTD 4.500% 15-03/11/2025	USD	213 188	1.66
240 000	MAF SUKUK LTD 4.638% 19-14/05/2029	USD	258 375	2.01
330 000	MAR SUKUK LTD 3.025% 19-13/11/2024	USD	327 525	2.55
250 000	QIB SUKUK LTD 3.251% 17-23/05/2022	USD	252 188	1.97
200 000	QIB SUKUK LTD 3.982% 19-26/03/2024	USD	208 250	1.62
400 000	QIB SR SUKUK LT 4.264% 19-05/03/2024	USD	419 999	3.27
250 000	SAUDI ELECTRICITY 4.211% 12-03/04/2022	USD	260 625	2.03
300 000	SAUDI ELECTRICITY GLO 5.060% 13-08/04/2043	USD	339 750	2.65
200 000	SHARJAH SUKUK 3.234% 19-23/10/2029	USD	201 314	1.57
200 000	SHARJAH SUKUK 3.854% 19-03/04/2026	USD	211 063	1.64
200 000	SIB SUKUK CO III 3.084% 16-08/09/2021	USD	200 625	1.56
300 000	SIB SUKUK CO III 4.231% 18-18/04/2023	USD	312 750	2.44
400 000	UNITY 1 SUKUK LT 3.860% 16-30/11/2021	USD	408 875	3.19
<i>United Arab Emirates</i>			<i>2 433 640</i>	<i>18.97</i>
400 000	ALDAR SUKUK NO 2 3.875% 19-22/10/2029	USD	408 875	3.19
300 000	DIFC SUKUK 4.325% 14-12/11/2024	USD	315 375	2.46
300 000	DUBAI ISLAMIC BANK 3.625% 18-06/02/2023	USD	305 250	2.38
300 000	EQUATE SUKUK 3.944% 17-21/02/2024	USD	312 656	2.44
500 000	ESIC SUKUK 3.939% 19-30/07/2024	USD	497 499	3.87
300 000	NOOR SUKUK 4.471% 18-24/04/2023	USD	314 063	2.45
250 000	TABREED SUKUK 5.500% 18-31/10/2025	USD	279 922	2.18
<i>Indonesia</i>			<i>1 173 749</i>	<i>9.15</i>
400 000	SBSN INDO III 3.750% 18-01/03/2023	USD	415 499	3.24
200 000	SBSN INDO III 4.150% 17-29/03/2027	USD	215 125	1.68
300 000	SBSN INDO III 4.325% 15-28/05/2025	USD	324 375	2.53
200 000	SBSN INDO III 4.400% 18-01/03/2028	USD	218 750	1.70
<i>Malaysia</i>			<i>756 844</i>	<i>5.89</i>
250 000	MY SUKUK GLOBAL 3.179% 16-27/04/2026	USD	259 453	2.02
250 000	MY SUKUK GLOBAL 4.080% 16-27/04/2046	USD	296 953	2.31
200 000	TNB GLOBAL VC 3.244% 16-19/10/2026	USD	200 438	1.56
<i>Saudi Arabia</i>			<i>552 635</i>	<i>4.30</i>
290 000	SAUDI ELECTRICITY 4.222% 18-27/01/2024	USD	307 110	2.39
230 000	SAUDI TELECOM CO 3.890% 19-13/05/2029	USD	245 525	1.91
<i>Kuwait</i>			<i>350 875</i>	<i>2.73</i>
350 000	WARBA SUKUK 2.982% 19-24/09/2024	USD	350 875	2.73
<i>Qatar</i>			<i>310 125</i>	<i>2.42</i>
300 000	SOQ SUKUK A Q.S. 3.241% 12-18/01/2023	USD	310 125	2.42
Total securities portfolio			12 108 558	94.35

Notes to the financial statements

Notes to the financial statements at 31/12/2019

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.

Notes to the financial statements at 31/12/2019

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.

Events that occurred during the financial year ended 31 December 2019

Since 1 January 2019, the Company has decided the following changes:

Sub-fund	Date	Events
BNP PARIBAS ISLAMIC FUND - Hilal Income	21 October 2019	Activation of the share class "Classic QD - 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.

Notes to the financial statements at 31/12/2019

- **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;
- 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 unofficial technical net asset value calculated for financial statements purpose as at 31 December 2019. 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 2019.

- **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.

BNP PARIBAS ISLAMIC FUND

Notes to the financial statements at 31/12/2019

Note 5 - Exchange rates

As at 31 December 2019, all sub-funds and unit classes were denominated in USD.

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 31/12/2019

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 - 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.

Note 11 - Dividends

Dividends paid on 27 September 2019 on the distribution shares outstanding as at 23 September 2019 with an ex-date 25 September 2019:

Sub-fund	Share class	Currency	Dividend
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	Classic - Distribution	USD	2.12
BNP PARIBAS ISLAMIC FUND - Equity Optimiser	I - Distribution	USD	2 194.88

Dividends paid on 31 December 2019 on the distribution shares outstanding as at 13 December 2019 with an ex-date 16 December 2019:

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

Notes to the financial statements at 31/12/2019

Note 12 - 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	<u>BNP PARIBAS ASSET MANAGEMENT France</u>
BNP PARIBAS ISLAMIC FUND - Hilal Income	<u>BNP PARIBAS ASSET MANAGEMENT Najmah Malaysia Sdn Bhd</u>

Note 13 - 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 14 - 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.

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 15 - Subsequent events

Since the year end, the development of the coronavirus COVID-19 outbreak initially in China is now reaching all continents leading to an unprecedented sanitary and economic crisis. At present it is not possible to assess the detailed impact of this crisis on the companies in the portfolio but there is growing concern about the magnitude of its impact on the world economy. The Board continues to follow the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the companies in the portfolio of the funds. The current situation does not have any impact on the financial statements of the fund as the net asset value used is dated on 31 December 2019.

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 Company is not affected by SFTR instruments as at 31 December 2019.

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

Below are the quantitative information on remuneration, as required by Article 22 of the AIFM directive (Directive 2011/ 61 / EC of 8 June 2011) and by Article 69 (3) of the UCITS V directive (Directive 2014/91/EU of 23 July 2014), in a format compliant with the recommendations of the AFG (French Asset Management Association)¹.

Aggregate quantitative information for members of staff of BNP PARIBAS ASSET MANAGEMENT (“BNPP AM Luxembourg”) (art 22-2-e of AIFM directive and art 69-3 (a) of the UCITS V directive):

Business Area	Number of Staff	Total Remuneration (K EUR) (fixed + variable)	Of which total variable remuneration (K EUR)
All staff of BNPP AM Luxembourg	78	7 486	768

Aggregate quantitative information for members of staff whose actions have a material impact on the risk profile of the firm and who are indeed “Identified Staff”² (art 22-2-f of AIFM directive and art 69-3 (b) of the UCITS V directive):

Business Area	Number of Staff	Total Remuneration (K EUR)
Identified Staff of BNPP AM Luxembourg	4	834
<i>Of which AIF/ UCITS and European mandates Portfolio managers</i>	0	0

Other information about BNPP AM Luxembourg:

– Number of AIF and UCITS Funds under management:

	Number of sub-funds (31/12/2019)	AuM (billion EUR) (31/12/2019) ³
UCITS	179	85
AIFs	21	3

- Under the supervision of the BNP PARIBAS ASSET MANAGEMENT Holding’s remuneration committee and its board of directors, an independent and central audit of the Global BNP PARIBAS ASSET MANAGEMENT remuneration policy and its implementation over the 2018/2019 financial year was conducted between May and July 2019. The results of this audit, which covered BNP PARIBAS ASSET MANAGEMENT entities included in the integrated perimeter with an AIFM and/or UCITS licence, was rated “Satisfactory”.
- More information on the determination of the variable remuneration and in deferred instruments is set out in the qualitative disclosure on the remuneration policy, which is available on the website of the company.

¹ NB : The remuneration amounts above are not directly reconcilable with the accounting data of the year, as they reflect the amounts allocated at the closing, in May 2019, of the annual compensation review process (CRP). Thus, for example, these amounts include all variable remuneration awarded during this CRP, whether this variable remuneration is deferred or not, and whether the employees ultimately remained in the company or not.

² The identified staff is determined based on end of year review.

³ The amounts indicated take into account the master-feeder funds.

Unaudited appendix

Implication of Brexit

In response to the decision of the United Kingdom “UK” to trigger Article 50 of the Treaty of the European Union “EU” that led to its withdrawal from the EU on 31 January 2020 at 11.00pm (GMT), BNPP AM had set up a comprehensive contingency plan in order to continue to serve its clients without interruption, in all cases. Prior to 31 January 2020 the UK and the EU have approved and signed a treaty setting out the terms of the UK’s withdrawal from the EU (the “withdrawal agreement”) and which includes a “transition period” which applies from 1 February 2020 until 31 December 2020 (unless extended). During that period, nothing changes with respect to the way business is carried out between the UK and the EU: in term of eligibility, UK securities continue to be considered as EU securities, and the transitory contingency measures designed both on the UK and the EU sides and which BNPP AM had integrated in its own preparatory contingency plan (eg UK TPR, French temporary PEA eligibility) become obsolete and do not have to be activated. In the months ahead, BNPP AM will closely monitor the progress of the political negotiations and, in relation with the industry and the professional associations, will follow the work on the equivalence that will govern business after 2020, in order to take the appropriate measures to adapt to any change in the future environment.



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