



**PROTECTED TARGET ALPHA
FUND**

Annual Report as at 31 December
2019

Management Company: BNP PARIBAS ASSET MANAGEMENT
FRANCE

Registered office: 1 boulevard Haussmann, 75009 Paris, France

Custodian: BNP PARIBAS SECURITIES
SERVICES

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PROTECTED TARGET ALPHA FUND

STRATEGY

IDENTIFICATION

➤ **Exposure level in UCITS or investment funds**

Maximum 10% of net assets.

➤ **Guarantee**

No.

➤ **MANAGEMENT OBJECTIVE**

The Fund's management objective is to provide unitholders with:

- On a recommended investment horizon of one year, a variable synthetic exposure to a quantitative strategy (hereinafter the "Strategy") consisting of three underlying strategies supported by the commodities market;
- A sliding protection mechanism described below, in respect of which the net asset value will be, on each Fund valuation day, at least equal to 80% of the net asset value observed on the last working day of the previous month.

➤ **BENCHMARK INDEX**

Because of its management objective and the strategy pursued, the Fund cannot be compared to any benchmark. However, the Fund's performance may be compared subsequently with that of the monetary rate, i.e. the capitalised EONIA rate (Bloomberg code EONCAPL7 Index).

EONIA is the Euro Overnight Index Average. EONIA represents the overnight money market rate in the eurozone.

➤ **Benchmark index as defined in the Benchmark Regulation**

As part of its investment strategy, the Fund uses the indices set out in the table below, as defined in (EU) regulation 2016/1011 of the European Parliament and of the Council (the "Benchmark Regulation").

Name of the indices used in the Regulation as defined in the Benchmark	Names of the administrators
BNP Paribas Strategy TX Index	BNP Paribas SA
Bloomberg Commodity Index	Bloomberg Index Services Limited

In accordance with (EU) regulation 2016/1011 of the European Parliament and of the Council of 8 June 2016, the administrators listed in the table above have until 1 January 2020, for administrators located within the European Union, to apply to their competent authority for authorisation or registration in order to serve as a benchmark administrator or, for administrators located outside the European Union, to comply with Articles 30, 32 or 33 of the Benchmark Regulation. As at the date of this prospectus, i.e., on 11 February 2019, they have not yet been recorded in the register of administrators and benchmark indices held by the European Securities and Markets Authority (ESMA).

For further information about these indices, investors are asked to consult the following websites: <https://indx.bnpparibas.com> and <https://www.bloomberg.com>.

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The Management Company has a procedure for monitoring the benchmark indices used, which describes the measures to be implemented in the event that substantial changes are made to an index or if the index should cease to be provided.

➤ INVESTMENT STRATEGY

1. Strategy employed

In order to achieve its management objective, the Fund will notably conclude a contract for the exchange of cash flows by mutual agreement allowing it to benefit from a variable synthetic exposure to the performance of the Strategy as well as the sliding protection mechanism as described below:

In addition to this swap contract used to expose the Fund to the quantitative strategy, and in order to achieve its management objective, the Fund may use effective portfolio management techniques such as temporary sales or purchases of securities. The Fund may also invest in financial instruments (equities, bonds, etc.) whose yield will be exchanged against a monetary rate via the conclusion of swap contracts.

In this way, the Fund may be exposed to money market returns (through the above-mentioned temporary sales or purchases of securities or swap contracts), which will be supplemented by the strategy's performance, generated via the swap contract used to expose it to the quantitative strategy, from which management fees will be deducted.

Sliding protection mechanism

- ✚ At each Fund valuation date, the net asset value shall be at least equal to 80% of the net asset value observed on the last working day of the previous month.

Variable exposure mechanism to the Strategy

The investment strategy put in place, through the futures financial instrument, consists of a variable synthetic exposure to the Strategy's performance. Exposure to the Strategy will be determined by the application of a quantitative allocation algorithm that is readjusted monthly according to a specific algorithm. It will vary between 0 and 100% and will evolve daily depending on the one hand on the changes to the performance of the Strategy and on the other hand on the levels of protection acquired under the sliding protection mechanism as detailed above.

Description of the "Strategy"

The Strategy offers exposure to three underlying strategies endorsed in the commodities market. These three underlying strategies described below comprise index tracking, roll optimisation, and term curve strategies. They are divided into two categories:

- a "beta" strategy to track the development of the raw materials market;
- two "alpha" type or absolute performance strategies.

Exposure to the Strategy will be achieved through a strategy index developed by BNP Paribas in accordance with current regulations (BNP Paribas Strategy TX Index, Bloomberg Code: BNPITXCI Index) (hereinafter "Strategy Index").

The investment universe of these different strategies is the universe of main commodities deemed to have sufficient liquidity in respect of the strategies applied. This universe will be included in the universe of commodities that comprise the Bloomberg Commodity Index TR (Bloomberg Code: BCOMTR index).

The Strategy uses a quantitative allocation mechanism adjusted monthly according to a determined algorithm to reduce the allocation between the three strategies semi-annually to 50%, 25%, 25% respectively for the "beta" strategy and the two "alpha" strategies.

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“Beta” underlying strategy: the objective of this strategy is to provide exposure to the commodities that make up the Bloomberg Commodity Index TR. The quantitative allocation mechanism reallocates the weights of each commodity annually according to the weights of the Bloomberg Commodity Index TR and daily a quantitative mechanism ensures that the weights remain within the maximum thresholds tolerated by the current regulations. Each commodity in the “Beta” strategy is represented by a “Bloomberg @ 3 Month Forward” benchmark index which materialises an investment in a 3-month forward contract.

“Roll” optimisation “alpha” underlying strategy: this underlying strategy aims to offer exposure to the term structure of a basket of commodities, while remaining uncorrelated to changes in the commodities markets. Exposure to the term structure will be achieved for a given commodity by taking a “long” position on a contract with an “optimised” maturity and a “short” position on the contract with the nearest maturity.

For a given commodity, the contract with an optimised maturity will be determined by applying a quantitative mechanism with the aim of locating on the futures curve, the commodity considered as having the least costly “roll”.

The “roll” is defined as the rolling of a forward position on the closest maturity, which arises as a cost/gain equal to the price difference between the futures contract that is held and the futures contract to which the position is “rolled”. The maturity of the futures contracts for the commodity in question is determined on a monthly basis using a purely quantitative algorithm, which aims to minimise the “roll” costs in “contango” (increasing forward curve) and maximise “roll” profits in backwardation (decreasing forward curve) scenarios.

The underlying “roll” optimisation strategy will therefore be based on the deviation of the yield curve of the relevant commodity rather than the rise or fall in the price of this commodity.

“Alpha” underlying curve arbitrage strategy: this underlying strategy uses a quantitative daily allocation mechanism designed to generate positive performance regardless of market conditions through the implementation of a synthetic “long” exposure to the futures indices of commodities offering a downwards sloping forward curve (“backwardation”) and a synthetic “short” exposure to the futures indices of commodities offering an upwards sloping forward curve (“contango”). In this way, each commodity is categorised according to its “roll” cost, which may be positive or negative. “Long” positions will be allocated to commodities with the most significant “roll” gains (or the lowest roll costs in a “contango” market) and vice versa.

The total weighting of indices from the energy sector (WTI crude oil, Brent oil, diesel fuel, domestic fuel and petrol) will range between 0% and 35%, in accordance with the provisions set out in Article 53 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as the energy sector plays a dominant role in the commodities market.

Lastly, the short-term volatility of the risky portfolio is checked daily in order to maintain it at a maximum annualised rate of 11%.

The strategy index is calculated, published and maintained by BNP Paribas in accordance with the regulations in force. It was created in July 2013. For further information about the Strategy Index, investors are invited to consult the following website <https://indicesglobalmarkets.bnpparibas.com> on the page corresponding to the strategy index. Comprehensive information about the composition of this index can be obtained from this page.

The method of calculating the index is available directly at: <https://indices-globalmarkets.bnpparibas.com/nr/ITXCIER.pdf>.

Exposure to the Strategy may also be reviewed based on events of a fiscal, regulatory or other nature affecting the ability to be exposed to the various underlying strategies.

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On the one hand, there are the costs of replication and implementation and on the other hand the costs of managing the sliding protection mechanism by the counterparty of the forward financial instrument. These costs initially estimated at 1.1% will reduce the Fund's performance.

2. Asset classes to be included in the composition of the assets

✓ **Assets (excluding embedded derivatives):**

The Fund will be invested in financial instruments (equities, bonds, debt securities, etc.) and/or money market instruments.

• **Equities**

Within the limits set by the regulations, the Fund may be invested in capital securities and similar securities (shares, ADRs, GDRs, certificates and/or others, shares of closed-end funds, etc.):

- issued by listed and/or unlisted companies (up to a limit of 10% of the Fund's net assets) on regulated markets;
- issued in euros or in other currencies;
- of all nationalities;
- issued by large-, mid- or small-cap companies;
- regardless of business sector.

Direct investments in the securities mentioned above will be systematically hedged through the use of total return swaps or other derivative financial instruments with the same characteristics so as to avoid exposing the Fund to additional equity risk. Such investments are made within the scope of the Fund's investment strategy.

• **Debt securities and money market instruments**

The Fund may be invested in money market instruments (such as in particular, French fixed-rate treasury bills (BTFs), French annual interest treasury bills (BTANs) with a residual duration of less than one year, ECPs, CDNs, etc.) denominated in euros. These instruments comprise securities acquired outright or under repurchase agreements.

INTEREST RATE SENSITIVITY RANGE	From 0 to 0.5
CURRENCY OF SECURITIES	All currencies*
LEVEL OF CURRENCY RISK	None**
EXPOSURE RANGES CORRESPONDING TO THE GEOGRAPHIC AREA OF THE ISSUERS OF SECURITIES	Eurozone countries: 0% to 100% of net assets
	Countries outside the eurozone: 0% to 10% of net assets

* The Fund is primarily invested in euros.

** Assets denominated in a currency other than the euro are matched with one or more currency swaps in order to systematically hedge them against currency risk.

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Within the limits set by the regulations, the Fund may be invested in bonds of any kind: fixed-rate bonds, variable-rate bonds, indexed bonds (inflation, CMRs, CMSs). These instruments comprise securities acquired outright or under repurchase agreements.

Direct investments or repurchase transactions for the securities mentioned above will be systematically hedged so as to avoid exposing the Fund to additional interest rate risk. Such investments are made within the scope of the Fund's investment strategy.

Private debt may account for up to 100% of the Fund's net assets. Investments outside the eurozone may account for up to 10% of the Fund's net assets.

• **Units or shares of UCITS**

The Fund may invest up to 10% of its assets in units or shares of UCITS or investment funds.

These UCITS and investment funds include:

- UCITS compliant to the directive of French or foreign law;
- UCITS or French or foreign investment funds that do not comply with the community directive but that meet the criteria set out in Article R.214-13 of the French Monetary and Financial Code.

The UCITS mentioned above may be managed by the Management Company or by companies affiliated to it within the meaning of Article L. 233-16 of the French Commercial Code.

✓ **Derivatives**

The Fund may trade in regulated, French or foreign or over-the-counter forward financial instruments.

Where swap contracts are concerned, the Fund may enter into over-the-counter financial contracts (swaps), including total return swaps that exchange the performance of the Fund's assets against a fixed or variable rate, or one or more swaps that exchange a fixed or variable rate, as required, against the performance of the investment strategy.

Maximum proportion of assets under management that may be the subject of a Total Return Swap: 120% of net assets.

Proportion of assets under management expected to be the subject of a Total Return Swap: 100% of net assets.

These financial instruments will be entered into with counterparties selected by the Management Company in line with its best execution and best selection policy from among those institutions with their registered office located in an OECD or European Union Member State referred to in Article R. 214-19 of the French Monetary and Financial Code, and who are rated as good quality issuers. These counterparties may be companies related or affiliated to the Management Company.

✓ **Securities with embedded derivatives**

The Fund does not plan to use securities with embedded derivatives (warrants, Credit Linked Notes, EMTNs, etc.). Any warrants or rights obtained following transactions affecting the securities in the portfolio are authorised; however, the Fund does not intend to directly acquire this type of asset.

✓ **Deposits**

The Fund reserves the right to make deposits during the life of the Fund as part of its cash investments, up to a limit of 10% of its net assets.

✓ **Cash borrowings**

Within the context of its cash management, the Fund may temporarily borrow cash, up to a limit of 10% of its net assets.

PROTECTED TARGET ALPHA FUND

✓ *Temporary purchases and sales of securities*

Types of transactions used: for the purposes of managing the Fund efficiently, the Management Company reserves the right to carry out temporary purchases and sales of securities, in particular: repurchase agreements, reverse repurchase agreements against cash, lending/borrowing of debt securities, capital securities and money market instruments, in accordance with the provisions of Article R. 214-18 of the French Monetary and Financial Code.

Types of transactions, all of which must be limited to achieving the management objective: all transactions are conducted so as to achieve the management objective or to optimise cash management and to comply at all times with constraints relating to the nature of the securities held.

Maximum proportion of assets under management that may be subject to such transactions or contracts: up to 100% of the Fund's assets.

Proportion of assets under management expected to be the subject of such transactions or contracts: nil.

Potential leverage related to temporary purchases and sales of securities: no.

Compensation: see the "Fees and Costs" section below.

All transactions will be conducted under market conditions and any income generated will be paid in full to the Fund.

These transactions will be entered into in line with the Management Company's best execution policy, and will be entered into with counterparties selected by the Management Company from among those institutions whose registered office is located in an OECD or European Union Member State referred to in Article R. 214-19 of the French Monetary and Financial Code, and who are rated as good quality issuers. These transactions may be conducted with companies affiliated to the BNP Paribas Group.

✓ *Information about contracts constituting collateral*

To achieve its management objective, the Fund may obtain or grant the collateral referred to in Article L. 211-38 of the French Monetary and Financial Code in accordance with the Management Company's risk policy. This collateral may therefore be cash (not reinvested), money market instruments, bonds issued or guaranteed by an OECD member or by their domestic governments or by supranational institutions, bonds issued by private or public institutions or companies, equities, ADRs, GDRs and units of UCITS offering daily liquidity that are listed on a regulated market. This collateral will be subject to a discount appropriate to each asset class (e.g.: 2% for a bond issued by the French government with a maturity of 1-10 years).

As collateral, the Fund may receive up to 100% of its net assets, securities issued or guaranteed by a member country of the OECD in accordance with the Management Company's risk policy. Therefore, the Fund may be fully guaranteed by securities issued or guaranteed by a single eligible OECD member country.

Only collateral received in cash may be reinvested in accordance with the regulations in force. As such, cash received may be held on deposit, invested in high-quality government bonds, used in reverse repurchase agreements or invested in short-term money market UCITS.

The collateral received must be sufficiently diversified. Securities received from a single issuer may not exceed 20% of net assets. Notwithstanding the foregoing, the Fund may receive as collateral, to the value of up to 100% of its net assets, securities issued or guaranteed by an OECD member state in accordance with the Management Company's risk policy. Therefore, the Fund may be fully guaranteed by securities issued or guaranteed by a single eligible OECD member country.

In addition to the collateral outlined above, the Management Company provides collateral on the Fund's assets (financial securities and cash) in favour of the depositary in respect of its financial obligations to the depositary.

➤ RISK PROFILE

Investors' money will be primarily invested in financial instruments selected by the Management Company. These instruments will be subject to market fluctuations and risks.

Due to its structure, the Fund will be subject to the main risks described below:

Risk of capital loss

Due to the sliding protection mechanism, the net asset value of the Fund may not decrease daily more than 20% from the net asset value observed on the last working day of the previous month. Thus, if the Fund's net asset value decreases, the acquired levels of protection will also fall. There is therefore a risk that holders will lose almost all of their capital after a long holding period.

Model risk related to the Strategy

The allocation models for each of the Strategy's sub-strategies are based on quantitative and systematic mechanisms. There is therefore a risk that these models will not be efficient, resulting in a fall in the Fund's net asset value. Their use is not a guarantee of future results.

Market risk

Given the Fund's investment strategy, its valuation will depend on changes in its underlying strategies, some of which are "Long/Short" strategies. Thus, it is possible that the net asset value of the Fund may fall even though the commodity market as a whole may show positive performance.

Risk associated with a commodity futures index

The Strategy's portfolio may consist of commodity futures indices, so the Fund is exposed to liquidity risk specific to the trading of these financial instruments that may adversely affect the performance of the Fund.

Changes in the components of commodity futures indices may differ significantly from those in the markets of traditional financial instruments (equities and bonds).

In fact, changes in the price of commodities futures are strongly linked to the current and future production levels of the underlying asset, and even to estimated natural reserves, specifically in the case of energy products. Climatic and geopolitical factors can also affect the levels of supply and demand of the underlying asset in question or, in other words, may change the latter's expected rarity on the market. These factors specifically and directly influence commodity prices, explaining the lack of correlation between commodity markets and traditional markets.

Counterparty risk

Counterparty risk refers to losses incurred by the Fund as a result of over-the-counter transactions concluded with a counterparty if that counterparty defaults. This risk exists primarily for futures contracts (including total return swaps), repurchase agreements, etc. that the Fund may enter into with BNP Paribas or any other counterparty. However, counterparty risk is limited by the implementation of a guarantee granted to the Fund in accordance with the regulations in force.

Risk of conflicts of interest

Entities belonging to the BNP Paribas Group calculate and publish the Strategy Index. The UCITS is exposed to this Strategy Index via financial contracts, the counterparty of which also belongs to this group. No control external to the BNP Paribas Group is exercised on the Strategy Index and conflicts of interest may arise. The Fund may also be exposed to the risk of conflicts of interest, when making temporary sales or purchases of securities with counterparties linked to the group to which the Management Company belongs.

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Risks associated with collateral management

Management of collateral received in connection with securities financing transactions and over-the-counter forward financial instruments (including total return swaps) may involve certain specific risks such as operational risks or custody risk. As such, these transactions may have a negative effect on the Fund's net asset value.

Legal risk

The use of temporary purchases and sales of securities and/or forward financial instruments (including total return swaps (TRS)) may result in a legal risk related in particular to the execution of contracts.

➤ TOTAL RISK

The Management Company uses the commitment method to calculate the total risk of the Fund it manages.

➤ RECOMMENDED MINIMUM INVESTMENT PERIOD

1 year.

MANAGEMENT REPORT

STATUTORY AUDITOR

PRICEWATERHOUSECOOPERS

INVESTMENT POLICY

The Fund's management objective is to provide unitholders with a recommended investment horizon of at least one year with the benefit of:

- (i) a variable synthetic exposure to a quantitative strategy (hereinafter the "Strategy") consisting of three underlying strategies supported by the commodities strategies;
- (ii) a sliding protection mechanism described below in respect of which the net asset value shall be, on each Fund valuation day, at least equal to 80% of the net asset value observed on the last working day of the preceding month.

In order to achieve its management objective, the Fund entered into an OTC swap agreement allowing it to benefit from a variable synthetic exposure to the performance of the Strategy and the sliding protection mechanism.

Exposure to the Strategy is determined by the application of a quantitative allocation algorithm that is readjusted to a specific algorithm. It varies between 0 and 100% and evolves daily depending on changes to the performance of the Strategy and on the other hand on the levels of protection acquired under the sliding protection mechanism.

The three strategies underlying the Strategy consist of index tracking, roll optimisation, and term curve strategies applied to the commodities market. They are divided into two categories:

- 1/ a "beta" type strategy to monitor changes on the commodities market;
- 2/ two "alpha" or absolute performance types of strategies.

Exposure to the Strategy is achieved through a strategy index developed by BNP Paribas in accordance with current regulations (BNP Paribas Strategy TX Index, Bloomberg Code: BNPITXCI Index).

The investment universe of these different strategies is the universe of main commodities deemed to have sufficient liquidity in respect of the strategies applied. This universe is included in the universe of commodities that comprise the Bloomberg Commodity Index TR (Bloomberg Code: BCOMTR index).

The Strategy uses a quantitative allocation mechanism adjusted monthly according to a determined algorithm to reduce the allocation between the three strategies semi-annually to 50%, 25%, 25% respectively for the "beta" strategy and the two "alpha" strategies.

Lastly, the short-term volatility of the Strategy is checked daily in order to maintain it at a maximum annualised rate of 11%.

The Fund (formerly "BNP Paribas Multi Asset Trend Fund" and then "BNP Paribas Commodity Target Alpha Fund") was created on 30 December 2011, with an original net asset value of €1,000. The minimum subscription requirement is 1,000 units, with the exception of the Management Company, the liquidity contributor and BNPP Participations.

At 31 December 2019, the Fund had a net asset value of €810.99¹, an increase of 0.41% compared to that of 31 December 2018 and a decrease of 18.90% compared to the net asset value at the launch on 30 December 2011.

The coronavirus (COVID-19) epidemic, which began in China at the end of the year, has affected every continent, leading to an unprecedented health and economic crisis. It is impossible for the time being to accurately assess the impact of this crisis on holding companies, but there is increasing concern about its impact on the global economy.

The Management Company remains responsive to measures taken by governments to stem the epidemic and continues to assess its potential economic impact on companies in the fund portfolios.

¹ Unpublished accounting technical NAV

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The current situation does not affect the Fund's annual financial statements to the extent that the net asset value used is set at 31 December 2019.

Performance

Annual performance amounted to: **0.41%**.

The UCI's past performance is no indication of its future performance.

ESMA

Underlying exposure achieved through derivatives		
Transaction type	Counterparty	Amount in portfolio currency
SWAP	BNP PARIBAS SECURITIES SERVICES	69,218,505.00

Counterparty identity, type and amount of financial collateral received		
Name of counterparty	Type of financial collateral	Valuation in portfolio currency
BNP PARIBAS LONDRES (OTC BILAT)	CASH COLLATERAL	-2,010,000.00
BNP PARIBAS LONDRES	GOVERNMENT BONDS COLLATERAL	-67,483,113.32

Securities financing transactions pursuant to the SFTR Regulation

General information		
Name of the Fund	PROTECTED TARGET ALPHA FUND	Any asset awarded to another party by this Fund is considered committed and taken over by this party.
Currency of the Fund	EUR	All amounts below are expressed in the portfolio currency.
Transaction type	Total return swaps	
Settlement and clearing	Bilateral	SFTs and TRS are always settled bilaterally.
Information regarding the transaction		
Absolute value of assets committed		69,218,505.00
Total assets committed as a proportion of assets under management		123.22%
Securities lent as a proportion of loanable assets	No securities loaned during the period	0.00%
Commodities lent as a proportion of loanable assets	No commodities loaned during the period	0.00%

PROTECTED TARGET ALPHA FUND

Transaction – breakdown of information	Additional information	Value
Counterparty		
BNP PARIBAS SECURITIES SERVICES	France	69,218,505.00
Maturity		
Three months to one year		69,218,505.00
Collateral received – breakdown of information	Additional information	Value
Type of instrument		
Cash		2,010,000.00
Bonds		68,280,233.40
Currency (valued in reference currency)		
EUR		58,816,994.54
GBP		11,473,238.86
Rating		
Aa2	Moody's	35,559,106.94
Aa1	Moody's	20,220,006.30
Aaa	Moody's	12,501,120.16
Maturity		
More than one year		68,280,233.40
Less than one day		2,010,000.00
Counterparty		
BNP PARIBAS LONDRES		55,615,912.86
BNP PARIBAS LONDRES (OTC BILAT)		14,674,320.54
Issuer		
FRANCE (REPUBLIC OF)		24,085,868.08
AUSTRIA (REPUBLIC OF)		20,220,006.30
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (GOVERNMENT)		11,473,238.86
THE NETHERLANDS (KINGDOM OF)		10,301,243.36
GERMANY (FEDERAL REPUBLIC OF)		2,199,876.80
Total		70,290,233.40
<i>Note: collateral exchanged during the period covers the entirety of the Fund's OTC derivative activity and not just TRS.</i>		
Collateral received – Information regarding custody	Name	Absolute value
Depository	BNP PARIBAS SECURITIES SERVICES	70,290,233.40
Collateral provided – Information regarding custody	Absolute value of collateral provided	Additional information
Separate accounts	0.00	
Combined accounts	0.00	

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Financial performance of this type of transaction	Absolute value	As a percentage of total income generated by this type of transaction
Other accounts	0.00	
Undertaking for collective investment		
Income	0.00	0.00%
Expenditure	0.00	0.00%
Manager		
Income	0.00	0.00%
Expenditure	0.00	0.00%
Third Party		
Income	0.00	0.00%
Expenditure	0.00	0.00%
There is no agreement on how TRS-related fees are allocated. The costs and income are included in full in the Fund's income statement under the headings "Other financial income" and "Other financial expenses".		
Collateral received – Re-use of collateral	Value	Additional information
Amount of securities collateral reused	0.00	This Fund has not reused the securities collateral it received during the period.
Income from cash collateral	0.00	This Fund has not reused the cash collateral it received during the period.

* * *

Group financial instruments held in the UCI

This information appears in the appendix to the annual report – Additional information.

* * *

Details of the main changes in the portfolio are available on request from the Management Company.
BNP PARIBAS ASSET MANAGEMENT France – Service Client – TSA 47000 – 75318 Paris Cedex 09 – France

* * *

When managing collective investment schemes, transaction fees are invoiced when deals are executed on financial instruments (purchases and sales of securities, repurchase agreements, futures and swaps).

* * *

INCORPORATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CRITERIA

General approach

BNP Paribas Asset Management's general approach to incorporating environmental, social and governance (ESG) criteria is indicated in reporting 173 online at: <https://docfinder.bnpparibas-am.com/api/files/9B8A91FD-D198-45D4-8B78-D375AC8B82DA>

PROTECTED TARGET ALPHA FUND

All of our funds apply our sustainable investment strategy, which is based on four pillars:

ESG Integration:

Our analysts and managers systematically take into account the most relevant ESG factors, regardless of the investment process. Our ESG guidelines and integration policy apply to all of our investment processes (and therefore to funds, mandates and thematic funds). However, they are not applicable to index funds and exchange traded funds (ETFs). In line with BNPP AM's convictions, this approach allows them to identify risks and opportunities that other market participants may not have knowledge of, thus providing them with a comparative advantage. The process of integrating ESG factors is guided by formal common principles and monitored by an ESG validation committee. Our objective is that by the end of 2020, each investment process—and by definition, any investment strategy—will have been reviewed and approved by this committee.

In the event of controversy, ESG analysts may initiate a specific monitoring procedure (setting up a specific list). Managers are therefore alerted and any new purchase or increase of positions on this monitored security is prohibited until a new ESG recommendation is provided by ESG analysts. This process allows us to maintain a maximum level of alert when a controversy occurs. The more controversies a company faces, the greater the reputation risk for our funds. All controversies are classified from level 1 (least severe) to level 5 (most severe). The classification takes into account the impact of the incident (severity and number), the level of recurrence, liability and uniqueness, response and management by the company. A company is automatically penalised if it faces one or more level 3 or higher controversies. If the controversy was extremely serious or had particularly negative consequences, then the company could be excluded from our investment universe.

In the event of an exclusion, the Manager will divest the asset as soon as possible and in the interest of the investors.

Vote, dialogue and commitment:

We invest wisely and have established detailed voting guidelines on a number of ESG issues. In addition, we believe that enhanced dialogue with issuers can improve our investment processes and enable us to better control long-term risks. Our managers and experts from the BNPP AM Sustainability Centre engage with the companies we invest in, with the goal of encouraging them to adopt responsible and environmentally friendly practices. In addition, we aim to meet frequently with governments to discuss ways of fighting global warming. Our voting policy is available online at: <https://docfinder.bnpparibas-am.com/api/files/E5F49195-9D9E-41A0-B553-89EED19FBB11>.

Responsible Business Conduct and Industry Exclusions:

BNPP AM applies ESG exclusions based on the 10 principles of the United Nations Global Compact for all its investments. The Global Compact is a universal reference framework for business evaluation and is applicable to all industrial sectors, based on international conventions on the areas of respect for human rights, labour rights, the environment and the fight against corruption.

In addition to the principles of the United Nations Global Compact, BNPP AM applies specific ESG standards that companies operating in certain sensitive sectors must respect in terms of social and environmental impacts. They are defined in sectoral policies that concern palm oil, pulp, coal, nuclear energy, mining, asbestos, agriculture and tobacco to date. Failure to comply with ESG standards defined by BNPP AM leads to the exclusion of companies from the scope of investment. Lastly, in accordance with applicable regulations, some sectors such as controversial weapons (anti-personnel mines and cluster munitions) are banned from any investment.

A forward-looking vision:

We believe that three key points underpin a more sustainable and inclusive economic system: energy transition, environmental protection and equality. We have defined a set of objectives and developed performance indicators to measure how we will align our research, our portfolios, and our commitment to businesses and governments on these three issues, the "3Es".

Our detailed approach is described in our "Responsible Business Conduct Policy" at: <https://docfinder.bnpparibas-am.com/api/files/D8E2B165-C94F-413E-BE2E-154B83BD4E9B>

Our voting practices at general meetings and engagement with issuers are described in our Company's reporting 173 at: <https://docfinder.bnpparibas-am.com/api/files/9B8A91FD-D198-45D4-8B78-D375AC8B82DA>

PROTECTED TARGET ALPHA FUND

Means used to inform customers

We provide investors with extensive information on our commitments and achievements as a responsible investor on the BNP Paribas Asset Management website: <https://www.bnpparibas-am.com/en>.

Several publications are also available online at: <https://www.bnpparibas-am.com/en/sustainability/as-an-investor/>, and are listed in BNP Paribas Asset Management's reporting 173: <https://docfinder.bnpparibas-am.com/api/files/9B8A91FD-D198-45D4-8B78-D375AC8B82DA>

Documents are available on our website on the Fund page, including regulatory documents (KIID, prospectus) and monthly and annual reports.

Percentage of assets under management that incorporate ESG criteria

We aim to ensure that 100% of the assets under management in our funds incorporate ESG criteria.

Adherence to charters, codes, initiatives or labels

Our adherence to charters, codes or initiatives is listed in reporting 173 online at: <https://docfinder.bnpparibas-am.com/api/files/9B8A91FD-D198-45D4-8B78-D375AC8B82DA>

Internal procedures for identifying risks associated with ESG criteria and exposure of its activities to these risks.

Key ESG risks are addressed through the ESG minimum standards required prior to each investment as defined by our responsible investment policy. Companies that do not meet our ESG requirement criteria are considered to be at high ESG risk and are excluded from our investment scope barring exceptions (index funds that replicate the index). As part of the adoption of our climate strategy, consideration was given internally to incorporating 2°C scenarios in our investment policy and taking into account the various risks associated with climate change. We have identified three kinds of carbon risks:

- Transition risks: the risks incurred by a process of adjusting to a low-carbon economy. Policy changes, technological and physical risks could result in a revaluation of the value of a large number of assets as costs and/or opportunities materialise.
- Physical risks: the consequences of climate and/or weather events such as floods and storms that cause property damage or disrupt trade.
- Liability risks: consequences that could occur if parties that have suffered losses or damage from the effects of climate change take action against the companies they believe to be responsible in order to obtain compensation. Such actions could occur against companies that extract and emit carbon and, if such companies are covered by liability insurance, their insurers.

Since there is not yet a marketplace method to assess the impact of the physical risks of climate change, BNPP AM is unable to fully assess its exposure to such risks. For this reason, we are co-financing the development of an innovative methodology and tool, Climate Risk & Impact Screening (CRIS), launched at the initiative of Carbon 4. This assessment method will ultimately allow us to objectively assess our exposure to the physical risks of climate change.

* * *

INFORMATION ON THE MANAGEMENT COMPANY'S REMUNERATION POLICY

Qualitative aspects of remuneration

Information regarding the remuneration policy adopted during the 2018 financial year is available on request from the Management Company: BNP PARIBAS ASSET MANAGEMENT France – TSA 47000 – 75318 Paris Cedex 09, France. In addition, detailed information regarding the Management Company's remuneration policy is available online at <https://www.bnpparibas-am.com/en/footer/remuneration-policy/>.

PROTECTED TARGET ALPHA FUND

Quantitative aspects of remuneration

Quantitative information regarding remuneration is outlined below, as required by Article 22 of the AIFM Directive (Directive 2011/61/EU 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 that complies with the recommendations of the AFG (Association Française de Gestion, the French asset management association)².

Aggregated remuneration of employees of BNP PARIBAS ASSET MANAGEMENT France (“BNPP AM France”) (Article 22-2-e of the AIFM Directive and Article 69-3 (a) of the UCITS V Directive):

	Number of employees	Total remuneration (€k) (fixed + variable)	Of which total variable remuneration (€k)
All employees of BNPP AM France ³	772	86,447	29,076

Aggregated remuneration of employees of BNPP AM France whose activity has a significant impact on the risk profile and who are therefore “Identified Staff”⁴ (Article 22-2-f of the AIFM Directive and Article 69-3 (b) of the UCITS V Directive):

Business sector	Number of employees	Total remuneration (€k)
Identified Staff employed by BNPP AM France :	152	29,351
<i>including Alternative Investment Fund managers/UCITS managers/managers of European discretionary funds</i>	128	23,876

Other information:

➤ Number of UCITS and AIFs under management:

	Number of funds (31/12/2018)	Assets under management (€ billion) as at 31/12/2018 ⁵
UCITS	252	72
Alternative investment funds	352	46

- An independent central audit of the overall BNP Paribas Asset Management remuneration policy and its implementation in 2017/2018 was conducted between May and July 2018, under the supervision of the remuneration committee of BNP PARIBAS ASSET MANAGEMENT Holding Group and its Board of Directors. The results of this audit, which covered the entities within the BNP Paribas Asset Management integrated scope

² Note 1: the above remuneration amounts cannot be reconciled directly with the accounting data for the year because they reflect the sums awarded at the end of the annual variable remuneration campaign in May 2018, based on the number of employees on 31 October 2017. Therefore, for example, these amounts include all the variable remuneration awarded during this campaign, regardless of whether or not it was deferred, and regardless of whether or not the employees ultimately remained in the company.

Note 2: for the record, the level 3 provisions of the UCITS V regulation (in particular, the setting of minimum deferred amounts, etc.) were published in March 2016 and applied for the first time to performance for 2017, i.e., to the variable remuneration awarded in March 2018.

³ In addition to these employees and the corresponding amounts, we should not overlook

- the seven employees of the Austrian branch, none of whom has the status of “Identified Staff”, and whose total remuneration and total variable remuneration amounted to €1,243,000 and €432,000 respectively in 2017;
- the 59 employees of the Italian branch, seven of whom have the status of “Identified Staff”, and whose total remuneration and total variable remuneration amounted to €6,256,000 and €1,831,000 respectively in 2017.

⁴ The list of Regulated Employees is determined in the light of the review conducted at year-end.

⁵ These amounts take master-feeder funds into account.

PROTECTED TARGET ALPHA FUND

Holders of an AIFM and/or UCITS licence, resulted in the rating “Generally Satisfactory”. No major problems were identified. However, in accordance with the continuous improvement approach of BNP Paribas Asset Management, a recommendation was made to better align the deferred remuneration conditions for a director of BNP Paribas Asset Management, who is also subject to the remuneration framework provided for under the transposition into French law of the CRD IV directive.

- In 2018, the remuneration policy was changed, under the supervision of the AMF and in accordance with the requirements of the UCITS Directive, to improve the alignment of the interests of identified employees through the use of deferred remuneration instruments. In particular, the performance of the funds most representative of BNP Paribas Asset Management has an increased weighting in these new instruments.
- Additional information regarding the way in which variable remuneration is set and regarding deferred remuneration instruments can be found in the wording of the remuneration policy, which is published on the management company's website.

* * *

INFORMATION ON THE POLICY FOR SELECTING AND EVALUATING ORDER EXECUTION SERVICES AND SERVICES TO AID INVESTMENT DECISIONS

Information on BNP Paribas Asset Management France's policy for selecting and evaluating entities that provide services to aid investment decisions and order execution is available on the website www.bnpparibas-am.com.

* * *

REPORT ON INTERMEDIARY FEES

The latest report on intermediary fees is available online at www.bnpparibas-am.com.

* * *

BNP PARIBAS ASSET MANAGEMENT FRANCE (BNPP AM FRANCE) BEST SELECTION AND BEST EXECUTION POLICY

The selection and execution policy is available online at www.bnpparibas-am.com.

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PROTECTED TARGET ALPHA FUND

**STATUTORY AUDITOR'S REPORT ON THE
ANNUAL FINANCIAL STATEMENTS
Financial year ended 31 December 2019**

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.



**STATUTORY AUDITOR'S REPORT
ON THE ANNUAL FINANCIAL STATEMENTS
Financial year ended 31 December 2019**

PROTECTED TARGET ALPHA FUND
UCITS ESTABLISHED IN THE FORM OF A MUTUAL FUND
(Fonds Commun de Placement) Governed by the French Monetary and
Financial Code

Management company
BNP PARIBAS ASSET MANAGEMENT France
14, rue Bergère
75009 Paris, France

Opinion

In performing the task entrusted to us by the Management Company, we have audited the annual financial statements of the UCITS established as PROTECTED TARGET ALPHA FUND mutual fund for the financial year ended 31 December 2019, as attached to this report.

We certify that the annual financial statements provide a true and fair description, in accordance with French accounting rules and principles, of the performance of the past financial year as well as the financial position and the assets and liabilities of the UCITS established in the form of a mutual fund at the end of the said financial year.

Basis of opinion

Audit framework

We have conducted our audit in accordance with the standards of professional practice applicable in France. We believe that the evidence gathered is sufficient and appropriate to justify our opinion. Our responsibilities pursuant to these standards are set out in the “*Statutory Auditor's responsibilities regarding the audit of the annual financial statements*” section of this report.

Independence

We conducted our audit assignment in line with the applicable rules of independence, from 01/01/2019 until the date our report was issued, and in particular we did not provide any services forbidden by the French Code of Ethics for Statutory Auditors.

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PROTECTED TARGET ALPHA FUND

Justification of assessments

In accordance with the provisions of Articles L. 823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following assessments which, in our professional opinion, were the most significant for the audit of the year's annual financial statements.

1. Over-the-counter financial agreements:

The over-the-counter financial agreements held in the portfolio are valued in accordance with the methods described in the note on accounting methods and rules. Prices are calculated by the counterparties to the agreements and validated by the management company using financial models. Applied mathematical models are based on external data and market assumptions. Based on the elements leading to the determination of the valuations made, we have conducted an assessment of the approach implemented by the management company.

2. Other financial instruments in the portfolio:

The assessments we performed related to the appropriateness of the accounting principles adopted and to the reasonableness of the significant estimates used.

The assessments thus made fall within the scope of the audit of the annual financial statements taken as a whole and the formation of our opinion as expressed above. We do not express an opinion on items in these annual financial statements taken individually.

Specific verifications

In accordance with the standards of professional practice applicable in France, we have also conducted the specific verifications required by the legal and regulatory provisions.

We have no observations to make concerning the fairness and the consistency with the annual financial statements of the data provided in the management company's management report.

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PROTECTED TARGET ALPHA FUND

Responsibilities of senior management and those persons in charge of corporate governance relating to the annual financial statements

It is the management company's responsibility to prepare annual financial statements that give a true and fair view, in accordance with French accounting rules and principles, and to implement the internal controls it deems necessary for the preparation of annual financial statements that do not include any material misstatement, whether due to fraud or error.

When preparing the annual financial statements, it is the management company's responsibility to assess the UCI's ability to continue as a going concern, to present in said financial statements, where applicable, the necessary information relating to its viability as a going concern, and to apply the going concern accounting policy unless it intends to wind up the UCI or to cease trading.

The annual financial statements have been prepared by the management company.

Statutory Auditor's responsibilities regarding the audit of the annual financial statements

Audit objective and methodology

It is our responsibility to draught a report on the annual financial statements. Our aim is to obtain reasonable assurance that the annual financial statements taken as a whole do not contain any material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit performed in accordance with the standards of professional practice will systematically detect any material misstatement. Misstatements may arise from fraud or error and are considered material where it can reasonably be expected that, taken individually or together, they may influence the economic decisions made by users of the annual financial statements that are based thereon.

As specified by Article L. 823-10-1 of the French Commercial Code, our task is to certify the financial statements and not to guarantee the viability or quality of management of the UCI.

As part of an audit conducted in accordance with the professional standards applicable in France, the statutory auditor exercises their professional judgement throughout this audit. In addition:

- they identify and assess the risks that the annual financial statements may contain material misstatement, whether due to fraud or error, set out and implement the audit procedures intended to counter these risks, and collate the items that they deem sufficient and appropriate to justify their opinion. The risk of non-detection of a material misstatement due to fraud is higher than that of a material misstatement due to an error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation or the circumvention of internal control processes;

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PROTECTED TARGET ALPHA FUND

- they take note of the internal control processes relevant to the audit so as to set out audit procedures that are appropriate to the circumstances, and not to express an opinion on the effectiveness of the internal control processes;
- they assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management company, as well as the information provided in their regard in the annual financial statements;
- they assess the appropriateness of the application by the management company of the going concern accounting policy and, based on the evidence gathered, whether or not there is significant uncertainty relating to events or circumstances that may affect the UCI's ability to continue as a going concern. This assessment is based on the evidence gathered up to the date of their report, on the understanding that subsequent events or circumstances may affect its viability as a going concern. If it concludes that there is significant uncertainty, it draws the attention of readers of its report to the information provided in the annual financial statements about this uncertainty or, if this information is not provided or is not relevant, it issues a certification with a reservation or a refusal to certify;
- they appraise the overall presentation of the annual financial statements and assess whether said statements reflect the transactions and underlying events such that they provide a true and fair view thereof.

In view of the delay in obtaining certain additional information required for the completion of our work, this report is issued on the date of its electronic signature.

Neuilly-sur-Seine, France, date of electronic signature

Document authenticated by electronic signature
The Statutory Auditor
PricewaterhouseCoopers Audit
Amaury Couplez

PROTECTED TARGET ALPHA FUND

Assets

	Financial year 31/12/2019	Financial year 31/12/2018
Net fixed assets	-	-
Deposits	-	-
Financial instruments	123,675,387.86	111,131,723.65
Equities and equivalent securities	-	-
Traded on a regulated or equivalent market	-	-
Not traded on a regulated or equivalent market	-	-
Bonds and equivalent securities	67,483,113.32	58,962,662.39
Traded on a regulated or equivalent market	67,483,113.32	58,962,662.39
Not traded on a regulated or equivalent market	-	-
Debt securities	-	-
Traded on a regulated or equivalent market – Negotiable debt securities	-	-
Traded on a regulated or equivalent market – Other debt securities	-	-
Not traded on a regulated or equivalent market	-	-
Securities in undertakings for collective investment	-	-
Retail UCITS and AIFs and their equivalents from other European Union member states intended for non-professional investors	-	-
Other funds and their equivalents from other European Union member states intended for non-professional investors	-	-
Professional retail investment funds and their equivalents from other European Union member states and listed securitisation undertakings	-	-
Other professional investment funds and their equivalents from other European Union member states and unlisted securitisation undertakings	-	-
Other non-European undertakings	-	-
Temporary securities transactions	-	-
Receivables representing securities received under repurchase agreements	-	-
Receivables representing loaned securities	-	-
Borrowed securities	-	-
Securities assigned under repurchase agreements	-	-
Other temporary transactions	-	-
Forward financial instruments	56,192,274.54	52,169,061.26
Transactions on a regulated or equivalent market	-	-
Other transactions	56,192,274.54	52,169,061.26
Other financial instruments	-	-
Receivables	11,519,473.50	740,326.50
Forward foreign exchange transactions	-	-
Other	11,519,473.50	740,326.50
Financial accounts	2,755,565.00	192,895.81
Cash	2,755,565.00	192,895.81
TOTAL ASSETS	137,950,426.36	112,064,945.96

PROTECTED TARGET ALPHA FUND

Liabilities

	Financial year 31/12/2019	Financial year 31/12/2018
Shareholders' equity	-	-
Capital	58,884,149.16	58,901,282.04
Undistributed previous net capital gains or losses (a)	-	-
Balance carried forward (a)	-	-
Net capital gains or losses for the financial year (a, b)	-2,513,152.51	-6,773,530.65
Profit/loss for the financial year (a, b)	-195,485.04	-2,425.19
Total shareholders' equity (= Amount representing net assets)	56,175,511.61	52,125,326.20
Financial instruments	67,483,113.32	58,962,662.39
Disposals of financial instruments	-	-
Temporary securities transactions	67,483,113.32	58,962,662.39
Debts representing securities assigned under repurchase agreements	-	-
Debts representing borrowed securities	-	-
Other temporary transactions	67,483,113.32	58,962,662.39
Forward financial instruments	-	-
Transactions on a regulated or equivalent market	-	-
Other transactions	-	-
Debts	14,291,801.43	976,957.37
Forward foreign exchange transactions	-	-
Other	14,291,801.43	976,957.37
Financial accounts	-	-
Bank loans and overdrafts	-	-
Borrowings	-	-
TOTAL LIABILITIES	137,950,426.36	112,064,945.96

(a) Including accruals and deferrals.

(b) Fewer interim payments made during the year.

PROTECTED TARGET ALPHA FUND

Off-balance sheet

	Financial year 31/12/2019	Financial year 31/12/2018
Hedging transactions		
Commitments on regulated or equivalent markets		
Over-the-counter commitments		
Other commitments		
Other transactions		
Commitments on regulated or equivalent markets		
Over-the-counter commitments		
Performance swaps		
purchase of TOTAL RETURN EQUITY SWAP 8	69,218,505.00	-
purchase of TOTAL RETURN EQUITY SWAP 7	-	64,538,400.00
Other commitments		

PROTECTED TARGET ALPHA FUND

Income statement

	Financial year 31/12/2019	Financial year 31/12/2018
Income from financial transactions		
Income from equities and equivalent securities	-	-
Income from bonds and equivalent securities	-	-
Income from debt securities	-	-
Income from temporary purchases and sales of securities	-	-
Income from forward financial instruments	550,206.89	667,564.51
Income from deposits and financial accounts	519.86	0.32
Other financial income	784.77	72.28
TOTAL I	551,511.52	667,637.11
Expenses on financial transactions		
Expenses on temporary purchases and sales of securities	-	-
Expenses on forward financial instruments	-	-
Expenses on financial debts	-2,624.69	-1,235.66
Other financial expenses	-	-
TOTAL II	-2,624.69	-1,235.66
Profit/loss on financial transactions (I + II)	548,886.83	666,401.45
Other income (III)	-	-
Management fees and provisions for depreciation (IV)	-748,689.23	-666,396.45
Net income for the financial year (I + II + III + IV)	-199,802.40	5.00
Accrued income for the financial year (V)	4,317.36	-2,430.19
Interim dividends paid during the financial year (VI)	-	-
Profit/loss (I + II + III + IV + V + VI)	-195,485.04	-2,425.19

Accounting principles and policies

The annual financial statements are presented in the form provided for by ANC Regulation No. 2014-01, as amended.

The accounting currency is the euro.

All transferable securities held in the portfolio are recognised at historical cost, excluding charges.

Securities, futures and options held in the portfolio denominated in a foreign currency are converted into the accounting currency based on the exchange rates in Paris on the valuation day.

The portfolio's value is appraised whenever the net asset value is calculated and at the end of the accounting period using the following methods:

Transferable securities

Listed securities: at stock market value – including accrued coupons (at the day's closing price).

However, transferable securities for which the price is not established on the valuation day or which are quoted by contributors and for which the price has been adjusted, and securities that are not traded on a regulated market, are valued under the responsibility of the Management Company (or the Board of Directors for a SICAV), at their likely trading value. Prices are adjusted by the Management Company based on its knowledge of the issuers and/or markets.

UCIs: at their last known net asset value or, if unavailable, at their last estimated value. The net asset values of the securities of foreign undertakings for collective investment valued on a monthly basis are confirmed by the fund administrators. Valuations are updated weekly based on the estimate issued by the administrators of these UCIs and validated by the fund manager.

Negotiable debt securities and equivalent securities that are not traded in high volumes are valued using an actuarial method at a rate applicable to issues of equivalent securities, to which a variance representative of the intrinsic features of the issuer is assigned, if appropriate. In the absence of sensitivity, securities with a residual term of three months are valued at the most recent rate until maturity; for those acquired for periods of less than three months, the interest is calculated on a straight-line basis.

Temporary purchases and sales of securities:

- Securities lending: the receivable representing the securities loaned is valued at the securities' market value.
- Securities borrowing: the borrowed securities and their corresponding debt are valued at the securities' market value.
- Collateral: with regard to securities received as collateral when lending securities, the UCI has chosen to include these securities in the balance sheet using the value of the debt corresponding to the repayment commitment.
- Repurchase agreements with a residual term of three months or less: individualisation of the receivable based on the contract price. In this case, the remuneration is calculated on a straight-line basis.
- Long-term repurchase agreements: these are recorded and valued at their nominal amount, even if their maturity date extends beyond three months. Any associated accrued interest is added to this amount. However, some contracts specify special terms in the event of early repayment in order to take into account the impact of the increase in the counterparty's financing curve. Accrued interest may then be reduced by this impact, with no applicable floor. The impact is in proportion to the residual maturity of the agreement and the difference between the contractual margin and the market margin for the same maturity date.
- Reverse repurchase agreements with a residual maturity of three months or less: stock market value. The debt valued on the basis of the contractual value is recorded as a balance sheet liability. In this case, the remuneration is calculated on a straight-line basis.

Futures and options

Futures: at the day's settlement price.

The off-balance sheet valuation is calculated on the basis of the nominal value, its settlement price and, where appropriate, the exchange rate.

PROTECTED TARGET ALPHA FUND

Options: the day's closing price or, failing this, the last known price.

Over-the-counter options: these options are valued at their market value, based on prices reported by the counterparties. These valuations are subject to audits by the Management Company.

The off-balance sheet valuation is calculated as an underlying equivalent based on the delta and the price of the underlying asset and, where appropriate, the exchange rate.

Term deposits: these are recorded and valued at their nominal amount, even if their maturity date extends beyond three months. Any associated accrued interest is added to this amount. However, some contracts specify special terms in the event of early repayment in order to take into account the impact of the increase in the counterparty's financing curve. Accrued interest may then be reduced by this impact, but cannot be negative. Term deposits are valued at least at their nominal value.

Interest rate swaps:

- For swaps with a maturity of less than three months, interest is calculated on a straight-line basis.
- Swaps with a maturity of more than three months are revalued at market value.

Synthetic products (a security linked to a swap) are recognised as a whole. Interest accrued on swaps forming part of these products is valued on a straight-line basis.

Asset swaps and synthetic products are valued on the basis of their market value. The valuation of asset swaps is based on the valuation of hedged securities, less the impact of changes in credit spreads. This impact is valued using the average of the spreads reported monthly by four counterparties, adjusted by a margin that depends on the rating of the issuer.

The off-balance sheet commitment for swaps corresponds to their nominal value.

Structured swaps (swaps with optional components): these swaps are valued at their market value, based on prices reported by the counterparties. These valuations are subject to audits by the Management Company. The off-balance sheet commitment of these swaps corresponds to their nominal value.

The index swaps valuation, calculated by the OTC Pricing & Services team, is used to calculate the net asset value after checking consistency with the counterparty's valuation if it is received within the deadlines. If this is unavailable or inconsistent, OTC Pricing & Services approaches the counterparty to identify and resolve problems.

The off-balance sheet commitment of these swaps corresponds to their nominal value.

Financial management fees

- maximum 1.25% incl. tax

The fees are calculated on the basis of net assets. These fees, not including transaction fees, will be charged directly to the Fund's income statement.

These fees cover all of the costs invoiced directly to the UCI, except for transaction fees. Transaction fees include intermediary fees (e.g. brokerage fees, stock market taxes, etc.) as well as transaction fees, if any, that may be charged, in particular by the depositary and the Management Company.

Administrative fees not paid to the Management Company

- maximum 0.35% incl. tax

Outperformance fees

None.

Retrocessions of management fees

None.

PROTECTED TARGET ALPHA FUND

Method used to recognise interest

Interest received

Allocation of income

Accumulation.

Allocation of net realised capital gains

Accumulation.

Changes affecting the Fund

None.

Guarantee

BNP Paribas grants to the Fund, for a renewable period of one year, protection under which BNP Paribas guarantees to the Fund that for each Fund valuation day, the net asset value shall be at least equal to 80% of the net asset value observed on the last working day of the previous month. The initial protection level enjoyed by the Fund corresponds to 80% of the net asset value at the launch of the Fund, i.e. €800.

Any modification of the Protection, other than the annual renewal carried out under identical conditions, shall be subject to the prior approval of the Autorité des marchés financiers and the Management Company shall inform the Unitholders thereof under the conditions laid down in the regulations in force.

Facility providing Protection: BNP Paribas.

Governance methods: the Management Company will provide Protection on behalf of the Fund. In the event that, on each date of determination of the net asset value, the net assets of the Fund would not be sufficient to ensure that the net asset value is greater than or equal to the protected level as described above, BNP Paribas will pay to the Fund, at the first request of the Management Company, the necessary complement.

Protection shall be given in consideration of the tax and regulatory provisions in force at the date of signature. The protection may be subject to change in the event of a change in the aforementioned provisions leading the Fund to bear a direct or indirect financial burden of a fiscal or other nature.

PROTECTED TARGET ALPHA FUND

Change in net assets

	Financial year 31/12/2019	Financial year 31/12/2018
Net assets at the beginning of the financial year	52,125,326.20	49,710,408.19
Subscriptions (including subscription fees paid to the UCI)	19,178,016.15	14,096,744.06
Redemptions (after deduction of redemption fees paid to the UCI)	-15,314,677.69	-7,596,360.83
Capital gains realised on deposits and financial instruments	-	-
Capital losses realised on deposits and financial instruments	-	-
Capital gains realised on forward financial instruments	14,642,750.05	7,514,976.15
Capital losses realised on forward financial instruments	-18,279,331.54	-14,160,341.25
Transaction fees	-	-
Exchange differences	17.56	-1.40
Changes in the valuation differences of deposits and financial instruments	-	-
Valuation difference, financial year N	-	-
Valuation difference, financial year N-1	-	-
Change in the valuation difference of forward financial instruments	4,023,213.28	2,559,896.28
Valuation difference, financial year N	56,192,274.54	52,169,061.26
Valuation difference, financial year N-1	-52,169,061.26	-49,609,164.98
Distribution from the previous financial year on net capital gains or losses	-	-
Distribution from the previous financial year on income	-	-
Net income for the financial year before accruals and deferrals	-199,802.40	5.00
Interim dividend(s) paid during the financial year on net capital gains or losses	-	-
Interim dividend(s) paid during the financial year on income	-	-
Other items	-	-
Net assets at the end of the financial year	56,175,511.61	52,125,326.20

Additional information 1

	Financial year 31/12/2019
Commitments received or given	
Commitments received or given (capital surety or other commitments) (*)	-
Current value of financial instruments registered in the portfolio constituting collateral deposits	
Financial instruments received as collateral and not recorded on the balance sheet	-
Financial instruments given as collateral and kept under the original item	-
Financial instruments in the portfolio issued by the provider or entities in its group	
Deposits	-
Equities	-
Interest rate securities	-
UCIs	-
Temporary purchases and sales of securities	-
Swaps (nominal)	69,218,505.00
Current value of financial instruments under a repurchase agreement	
Securities acquired under repurchase agreements	-
Securities received under repurchase agreements	-
Borrowed securities	-

(*) For guaranteed UCIs, the information appears in the accounting principles and policies.

PROTECTED TARGET ALPHA FUND

Additional information 2

	Financial year 31/12/2019	
Issues and redemptions during the financial year	Number of securities	
A class (Currency: EUR)		
Number of securities issued		23,558
Number of securities redeemed		18,829
Subscription and/or redemption fees	Amount (EUR)	
Subscription fees paid to the UCI		-
Redemption fees paid to the UCI		-
Subscription fees received and shared		-
Redemption fees received and shared		-
Management fees	Amount (EUR)	% of average net assets
A class (Currency: EUR)		
Operating and management fees (*)	748,689.23	1.25
Performance fees	-	-
Other charges	-	-
Retrocessions of management fees (all units)	-	

(*) For UCIs with a financial year that is not 12 months, the percentage of average net assets corresponds to the average annualised rate.

PROTECTED TARGET ALPHA FUND

Breakdown of receivables and debts by type

	Financial year 31/12/2019
Breakdown of receivables by type	-
Deposit – EUR	-
Deposit – Other currencies	-
Cash collateral	-
Valuation of purchases of currency futures	-
Exchange value of forward sales	-
Other miscellaneous debtors	11,519,473.50
Coupons receivable	-
TOTAL RECEIVABLES	11,519,473.50
Breakdown of debts by type	-
Deposit – EUR	-
Deposit – Other currencies	-
Cash collateral	2,010,000.00
Provisions for loan charges	-
Valuation of sales of currency futures	-
Exchange value of forward purchases	-
Costs and expenses not yet paid	603,818.69
Other miscellaneous payables	11,677,982.74
Provisions for market liquidity risk	-
TOTAL DEBTS	14,291,801.43

PROTECTED TARGET ALPHA FUND

Breakdown of instruments by legal or economic type

	Financial year 31/12/2019
Assets	
Bonds and equivalent securities	67,483,113.32
Index-linked bonds	-
Convertible bonds	-
Equity securities	-
Other bonds and equivalent securities	67,483,113.32
Debt securities	-
Traded on a regulated or equivalent market	-
Treasury bills	-
Other negotiable debt securities	-
Other debt securities	-
Not traded on a regulated or equivalent market	-
Liabilities	
Disposals of financial instruments	-
Equities	-
Bonds	-
Other	-
Off-balance sheet	
Hedging transactions	
Interest rates	-
Equities	-
Other	-
Other transactions	
Interest rates	-
Equities	69,218,505.00
Other	-

PROTECTED TARGET ALPHA FUND

Breakdown of assets, liabilities and off-balance sheet items by interest rate type

	Fixed rate	Variable rate	Adjustable rate	Other
Assets				
Deposits	-	-	-	-
Bonds and equivalent securities	67,483,113.32	-	-	-
Debt securities	-	-	-	-
Temporary securities transactions	-	-	-	-
Financial accounts	-	-	-	2,755,565.00
Liabilities				
Temporary securities transactions	67,483,113.32	-	-	-
Financial accounts	-	-	-	-
Off-balance sheet				
Hedging transactions	-	-	-	-
Other transactions	-	-	-	-

PROTECTED TARGET ALPHA FUND

Breakdown of assets, liabilities and off-balance sheet items by residual maturity

	[0–3 months]]3 months– 1 year]]1–3 years]]3–5 years]	> 5 years
Assets					
Deposits	-	-	-	-	-
Bonds and equivalent securities	-	-	12,540,983.79	27,828,259.87	27,113,869.66
Debt securities	-	-	-	-	-
Temporary securities transactions	-	-	-	-	-
Financial accounts	2,755,565.00	-	-	-	-
Liabilities					
Temporary securities transactions	-	-	12,540,983.79	27,828,259.87	27,113,869.66
Financial accounts	-	-	-	-	-
Off-balance sheet					
Hedging transactions	-	-	-	-	-
Other transactions	-	-	-	-	-

PROTECTED TARGET ALPHA FUND

Breakdown of assets, liabilities and off-balance sheet items by listing currency

	GBP	CAD
Assets		
Deposits	-	-
Equities and equivalent securities	-	-
Bonds and equivalent securities	11,381,711.29	-
Debt securities	-	-
UCI securities	-	-
Temporary securities transactions	-	-
Other financial instruments	-	-
Receivables	-	-
Financial accounts	103.79	264.75
Liabilities		
Disposals of financial instruments	-	-
Debts	-	-
Temporary securities transactions	11,381,711.29	-
Financial accounts	-	-
Off-balance sheet		
Hedging transactions	-	-
Other transactions	-	-

Only the five currencies that are most representative of the net asset component are included in this table.

PROTECTED TARGET ALPHA FUND

Allocation of income

A class (Currency: EUR)

Allocation table of distributable amounts relating to income

	Financial year 31/12/2019	Financial year 31/12/2018
Amounts still to be allocated		
Balance carried forward	-	-
Profit/loss	-195,485.04	-2,425.19
Total	-195,485.04	-2,425.19
Allocation		
Distribution	-	-
Balance carried forward for the financial year	-	-
Accumulation	-195,485.04	-2,425.19
Total	-195,485.04	-2,425.19
Information relating to securities with distribution rights		
Number of securities	-	-
Distribution per unit	-	-
Tax credits and tax benefits attached to the distribution of income		
Overall amount of tax credits and tax benefits		
originating in the year	-	-
originating in year N-1	-	-
originating in year N-2	-	-
originating in year N-3	-	-
originating in year N-4	-	-

PROTECTED TARGET ALPHA FUND

Allocation table of distributable amounts relating to net capital gains or losses

	Financial year 31/12/2019	Financial year 31/12/2018
Amounts still to be allocated		
Undistributed previous net capital gains or losses	-	-
Net capital gains or losses for the financial year	-2,513,152.51	-6,773,530.65
Interim payments on net capital gains or losses for the financial year	-	-
Total	-2,513,152.51	-6,773,530.65
Allocation		
Distribution	-	-
Undistributed net capital gains or losses	-	-
Accumulation	-2,513,152.51	-6,773,530.65
Total	-2,513,152.51	-6,773,530.65
Information relating to securities with distribution rights		
Number of securities	-	-
Distribution per unit	-	-

PROTECTED TARGET ALPHA FUND

Table of results and other characteristic items over the previous five years

A class (Currency: EUR)

	31/12/2015	30/12/2016	29/12/2017	31/12/2018	31/12/2019
Net asset value (in EUR)					
C units	829.37	857.41	870.93	807.66	810.99
Net assets (in EUR k)	26,108.65	33,023.34	49,710.41	52,125.33	56,175.51
Number of securities					
C units	31,480	38,515	57,077	64,538	69,267

	31/12/2015	30/12/2016	29/12/2017	31/12/2018	31/12/2019
Payment date					
Distribution per unit on net capital gains and losses	-	-	-	-	-
(including interim dividends) (in EUR)					
Distribution per unit on income	-	-	-	-	-
(including interim dividends) (in EUR)					
Tax credits per unit (*)	-	-	-	-	-
individuals (in EUR)					
Accumulation per unit on net capital gains or losses					
C units	76.90	-168.28	-315.14	-104.95	-36.28
Accumulation per unit on income					
C units	-11.99	-2.83	1.22	-0.03	-2.82

(*) "The tax credit per unit is calculated on the payment date, in accordance with the French tax instruction dated 04/03/93 (Inst. 4 K-1-93). The theoretical amounts, calculated in accordance with the rules applicable to individuals, are shown here for information purposes. "Instruction 4 J-2-99 of 08/11/99 also specifies that beneficiaries of tax credits other than individuals are solely responsible for calculating the amount of the tax credits to which they are entitled."

PROTECTED TARGET ALPHA FUND

Inventory of financial instruments as at 31 December 2019

Asset items and description of securities	Quantity	Price	Listing currency	Current value	Rounded % of net assets
Bonds and equivalent securities				67,483,113.32	120.12
Traded on a regulated or equivalent market				67,483,113.32	120.12
On guarantee-DEUTSCHLAND REP 4.25% 07-04/07/2039	1,210,000.0000	179.68	EUR	2,174,164.30	3.87
On guarantee-FRANCE O.A.T. (Treasury bonds) 0.75% 18-25/11/2028	7,940,000.0000	106.35	EUR	8,444,507.60	15.03
On guarantee-FRANCE O.A.T. (Treasury bonds) 1.25% 18-25/05/2034	10,954,000.0000	112.03	EUR	12,271,985.28	21.85
On guarantee-FRANCE O.A.T. (Treasury bonds) 4.25% 07-25/10/2023	2,755,000.0000	118.23	EUR	3,257,208.95	5.80
On guarantee-NETHERLANDS GOVT 3.75% 06-15/01/2023	8,810,000.0000	113.30	EUR	9,981,730.00	17.77
On guarantee-REP OF AUSTRIA 0% 16-15/07/2023	3,155,000.0000	101.67	EUR	3,207,609.63	5.71
On guarantee-REP OF AUSTRIA 3.5% 06-15/09/2021	11,725,000.0000	106.96	EUR	12,540,983.79	22.31
On guarantee-REP OF AUSTRIA 4.85% 09-15/03/2026	3,205,000.0000	131.77	EUR	4,223,212.48	7.52
On guarantee-UK TREASURY 2.75% 14-07/09/2024	8,774,000.0000	109.92	GBP	11,381,711.29	20.26
Temporary securities transactions				-67,483,113.32	-120.13
Other temporary transactions				-67,483,113.32	-120.13
On guarantee-DEUTSCHLAND REP 4.25% 07 - 04/07/2039	-1,210,000.0000	179.68	EUR	-2,174,164.30	-3.87
On guarantee-FRANCE O.A.T. (Treasury bonds) 0.75% 18-25/11/2028	-7,940,000.0000	106.35	EUR	-8,444,507.60	-15.03
On guarantee-FRANCE O.A.T. (Treasury bonds) 1.25% 18-25/05/2034	-10,954,000.0000	112.03	EUR	-12,271,985.28	-21.85
On guarantee-FRANCE O.A.T. (Treasury bonds) 4.25% 07-25/10/2023	-2,755,000.0000	118.23	EUR	-3,257,208.95	-5.80
On guarantee-NETHERLANDS GOVT 3.75% 06-15/01/2023	-8,810,000.0000	113.30	EUR	-9,981,730.00	-17.77
On guarantee-REP OF AUSTRIA 0% 16-15/07/2023	-3,155,000.0000	101.67	EUR	-3,207,609.63	-5.71
On guarantee-REP OF AUSTRIA 3.5% 06-15/09/2021	-11,725,000.0000	106.96	EUR	-12,540,983.79	-22.32
On guarantee-REP OF AUSTRIA 4.85% 09-15/03/2026	-3,205,000.0000	131.77	EUR	-4,223,212.48	-7.52
On guarantee-UK TREASURY 2.75% 14-07/09/2024	-8,774,000.0000	109.92	GBP	-11,381,711.29	-20.26
Forward financial instruments				56,192,274.54	100.03
Performance swaps				56,192,274.54	100.03
purchase of TOTAL RETURN EQUITY SWAP 8	-	-	EUR	56,192,274.54	100.03
Receivables				11,519,473.50	20.51
Debts				-14,291,801.43	-25.44

PROTECTED TARGET ALPHA FUND

Other financial accounts ¹¹	2,755,565.00	4.91
TOTAL NET ASSETS	56,175,511.61	100.00

Additional information for investors in the Federal Republic of Germany

Domestic Paying and Information Agent

BNP Paribas Securities Services S.A.,
Frankfurt branch
Europa-Allee 12
60327 Frankfurt am Main, Germany

Investors in the Federal Republic of Germany may submit redemption and conversion applications for units of the Fund which may be marketed in the Federal Republic of Germany to the German Paying and Information Agent.

All payments to investors in the Federal Republic of Germany (redemption proceeds, any disbursements or other payments) may be remitted via the German paying agent.

The sales prospectus, the Key Investor Information Documents (KIIDs), the management regulation of the Fund as well as the annual and semi-annual reports are available free of charge and in hardcopy at the German Paying and Information Agent during normal business hours.

Likewise, the issue, redemption and conversion prices of the units of the Fund as well as any notices to the investors in the Federal Republic of Germany are available free of charge and in hard copy at the German Paying and Information Agent during normal business hours.

Publications

The issue and redemption prices will be published daily on the following website: www.bnpparibas-am.de.

Any notices to the investors in the Federal Republic of Germany are published in the Federal Gazette (www.bundesanzeiger.de).