



## AXA WORLD FUNDS

(the "Sicav")

A Luxembourg Société d'Investissement à Capital Variable

Registered Office: 49, avenue J. F. Kennedy  
L-1855 Luxembourg  
Commercial Register: Luxembourg, B-63.116

29 April 2020

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**  
**IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.**

Dear Shareholders,

We would like to inform you of the enhanced disclosures in respect of the sub-funds as listed in the Annex of this notice (the "**Sub-Funds**").

*Except as otherwise specified in this notice, words and expressions contained hereafter shall have the same meaning as in the Hong Kong Offering Memorandum.*

**I. Clarification of the use of a benchmark index in the investment objective and strategy of the Sub-Funds**

Please also refer to Annex of this notice for further details on the changes.

<b>I. Clarification of the use of a benchmark index in the investment objective and strategy of the Sub-Funds</b>
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The Directors have decided to enhance the investment strategy of the Sub-Funds by inserting the wording as set out in the Annex below to the section headed “*Investment Objective and Strategy*” in the Hong Kong Offering Memorandum and the Product Key Facts Statements of the Sub-Funds (collectively, the “**Hong Kong Offering Documents**”) in order to clarify their respective use or non-use of benchmark indices. The section headed “*How has the Sub-Fund performed?*” in the Product Key Facts Statements will also be updated accordingly for the relevant Sub-Funds.

For the avoidance of doubt, such enhanced disclosures are inserted for compliance with the latest regulatory requirements applicable to UCITS, and there is no change in the current investment strategy or management process of the Sub-Funds.

The Hong Kong Offering Documents will be updated to reflect the changes mentioned in this notice, and the revised Hong Kong Offering Documents will be available for inspection free of charge at any time during normal business hours at the office of the Hong Kong Representative in due course. The revised Hong Kong Offering Documents will also be available online at: [www.axa-im.com.hk](http://www.axa-im.com.hk) in due course. Shareholders should note that the website has not been reviewed by the SFC.

Shareholders in Hong Kong may contact the Hong Kong Representative, AXA Investment Managers Asia Limited, at Suites 3603 – 06, 36/F, One Taikoo Place, Taikoo Place, 979 King’s Road, Quarry Bay, Hong Kong (Tel: (852) 2285 2000) should you have any questions.

The Board of Directors of the Sicav accepts full responsibility for the accuracy of the contents of this document.

Yours faithfully,

The Board of Directors  
AXA World Funds

## **Annex**

The following enhanced disclosures will be inserted to the section headed “*Investment Objective and Strategy*” of the relevant Sub-Funds:

### **Framlington Europe Real Estate Securities**

*“The Sub-Fund is actively managed in order to capture opportunities in the regulated European real estate markets, by mainly investing in equities of companies that are part of the FTSE EPRA/NAREIT Developed Europe Capped 10% Total Return benchmark index (“the Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.”*

### **Framlington Global Real Estate Securities**

*“The Sub-Fund is actively managed in order to capture opportunities in the international real estate market, by mainly investing in equities of companies that are part of the FTSE EPRA/NAREIT Developed Total Return Net benchmark index (“the Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.”*

### **Framlington Euro Opportunities**

*“The Sub-Fund is actively managed in order to capture opportunities in the Euro zone equities market, by mainly investing in equities of companies that are part of the EURO STOXX Total Return Net benchmark index (“the Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.”*

### **Framlington American Growth**

*“The Sub-Fund is actively managed in order to capture opportunities in North American equities market, by investing at least one third of its net assets in equities of companies that are part of the S&P 500 Total Return Net benchmark index (“the Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant.”*

### **Framlington Emerging Markets**

*“The Sub-Fund is actively managed in order to capture opportunities in emerging market equities worldwide, by mainly investing in equities of companies that are part of the MSCI Emerging Markets Total Return Net benchmark index (“the Benchmark”) universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take,*

*based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark's composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant."*

#### **Framlington Longevity Economy**

*"The Sub-Fund is actively managed and references MSCI AC World Total Return Net (the "Benchmark") for comparative purposes only. The Investment Manager has full discretion over the composition of the portfolio of the Sub-Fund and can take exposure to companies, countries or sectors not included in the Benchmark. There are no restrictions on the extent to which the Sub-Fund's portfolio and performance may deviate from the ones of the Benchmark."*

#### **Asian High Yield Bonds**

*"The Sub-Fund is actively managed in order to capture opportunities in transferable debt securities issued in the Asian fixed income market, by mainly investing in securities that are part of the JP Morgan Asia Credit Non-Investment Grade benchmark index (the "Benchmark") universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant."*

#### **Asian Short Duration Bonds**

*"The Sub-Fund is actively managed without reference to any specific benchmark."*

#### **Global High Yield Bonds**

*"The Sub-Fund is actively managed in order to capture opportunities in international high yield corporate debt market, primarily investing in securities that are part of the ICE BofAML Global High Yield Hedged USD benchmark index (the "Benchmark") universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant."*

#### **Global Inflation Bonds**

*"The Sub-Fund is actively managed in reference to the Bloomberg Barclays World Inflation-Linked Hedged EUR benchmark index (the "Benchmark") in order to capture opportunities in the inflation-linked bonds market. The Sub-Fund invests at minimum one third of its net assets in the components of the Benchmark. Depending on its investment convictions and after comprehensive macroeconomic and microeconomic analysis of the market, the Investment Manager can take more active positioning in terms of duration (duration measures in numbers of years, the portfolio's sensitivity to interest rate variations), geographical allocation and/or sector or issuer selection compared to the Benchmark. Thus, the deviation from the Benchmark is expected to be significant. However, in certain market conditions (high credit market volatility, turmoil...), the Sub-Fund's positioning on the above indicators may be close to the Benchmark."*

#### **US High Yield Bonds**

*"The Sub-Fund is actively managed in order to capture opportunities in the US high yield debt market, primarily investing in securities that are part of the ICE BofAML US High Yield Master II benchmark index (the "Benchmark") universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment*

*convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant."*

#### **Emerging Markets Short Duration Bonds**

*"The Sub-Fund is actively managed without reference to any benchmark."*

# AXA WORLD FUNDS SICAV

A LUXEMBOURG INVESTMENT FUND



## Hong Kong Offering Memorandum

May 2020



Investment  
Managers

# Contents

<b>Sub-Fund Descriptions</b>	<b>3</b>
Framlington Europe Real Estate Securities	4
Framlington Global Real Estate Securities	6
Framlington Euro Opportunities	8
Framlington Europe Opportunities	10
Framlington American Growth	12
Framlington Emerging Markets	13
Framlington Global Convertibles	15
Framlington Longevity Economy	17
Asian High Yield Bonds	19
Asian Short Duration Bonds	21
Global High Yield Bonds	23
Global Inflation Bonds	25
US High Yield Bonds	27
Emerging Markets Short Duration Bonds	29
<b>Notes on Sub-Fund's Costs</b>	<b>31</b>
<b>Risk Descriptions</b>	<b>36</b>
<b>Risk Management Process</b>	<b>46</b>
<b>More about Derivatives</b>	<b>54</b>
<b>More about Efficient Portfolio Management</b>	<b>57</b>
<b>General Investment Rules for UCITS</b>	<b>60</b>
<b>Investing in the Sub-Funds</b>	<b>66</b>
<b>The SICAV</b>	<b>74</b>
<b>The Management Company</b>	<b>77</b>
<b>Terms with Specific Meanings</b>	<b>82</b>

## Sub-Fund Descriptions

All of the funds described on the following pages are sub-funds of AXA World Funds. AXA World Funds exists to provide investors, through the Sub-Funds, with access to a diverse range of investments, strategies and worldwide financial markets.

The investment objective and policy of each Sub-Fund begin on the next page. In addition, all Sub-Funds are subject to the general investment policies and restrictions that appear, at the end of this “Sub-Fund Descriptions” section, notably in “General Investment Rules for UCITS”.

The management company, which has overall management responsibility for AXA World Funds, and the investment managers, which handle the day-to-day management of the Sub-Funds, are all AXA Group companies. More information about AXA World Funds and other service providers can be found in sections “The SICAV” and “The Management Company”.

## A Word to Potential Investors

### All Investments Involve Risk

An investment in AXA World Funds involves risk, including the possibility that investors could lose money. AXA World Funds cannot guarantee the performance of, or any future return on, the Shares. For more information, see “Risk Descriptions”.

Before investing in any Sub-Fund, investors should assess how well its objective and risk characteristics align with their own financial circumstances and tolerance for investment risk. Investors should also inform themselves about all applicable legal, tax and foreign exchange considerations associated with their investment, such as those imposed by the jurisdictions in which investors live or have tax residence. We recommend that every investor consult an investment adviser and a tax adviser before investing.

### Who Can Invest in Sub-Funds of AXA World Funds

The AXA World Funds and its Sub-Funds as described in this document have been authorized by the SFC. The SFC authorization is not a recommendation or endorsement of the AXA World Funds and the Sub-Funds nor does it guarantee the commercial merits of the AXA World Funds and the Sub-Funds or their performance. It does not mean the AXA World Funds and the Sub-Funds are suitable for all investors nor is it an endorsement of their suitability for any particular investors or class of investors.

The Shares are not registered in the US; thus they are not offered to US Persons, Benefit Plan Investors and Canadian Prohibited Investors, as defined in this document.

For more information on Shareholder restrictions, including which Sub-Funds and Share Classes investors may be eligible to invest in see “Available Share Classes” in section “Investing in the Sub-Funds”.

### Which Information to Rely On

In deciding whether to invest in any of these Sub-Funds, investors should rely only on the information in this document, the Product Key Facts Statements of the Sub-Funds, the Articles of Incorporation and the most recent financial report(s). By buying Shares in any of these Sub-Funds, investors are considered to have accepted the terms described in these documents. If investors are in any doubt about these documents, please seek independent professional advice.

Together, all these documents contain the only approved information about AXA World Funds and the Sub-Funds. The Board is liable for any statements or information about AXA World Funds and its Sub-Funds that is contained in these documents. The directors of the SICAV whose names appear in “Members of the Board of Directors” section of this document have taken all reasonable care to ensure that the facts stated in this document and the Product Key Facts Statements of the Sub-Funds are true and accurate in all material respects and that there are no material facts the omission of which would make misleading statement herein, whether fact or opinion. The directors accept responsibility accordingly.

Investors should note that websites cited or referred to in this document and the Product Key Facts Statements of the Sub-Funds have not been reviewed by the SFC and may contain information of the funds not authorized by the SFC.

### Responsible Investing

The SICAV complies with the exclusion policies of AXA Investment Managers and applies the “Sector Investment Guidelines” available on the following website: [www.axa-im.com/hk](http://www.axa-im.com/hk). The exclusion policies cover certain sectors such as controversial weapons, coal, etc. The intention is to ensure responsible investing in managing the Sub-Funds.

AXA World Funds



# Framlington Europe Real Estate Securities<sup>#</sup>

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in EUR, from an actively managed listed equity, equity-related securities and derivatives on such securities portfolio.

### Investment Strategy

The Sub-Fund invests in equities of companies that are in the real estate sector.

Specifically, at all times the Sub-Fund invests at least two-thirds of net assets in transferable securities of companies that are in the real estate sector, and are domiciled or do most of their business in Europe. The Sub-Fund invests mainly in securities that are negotiated on European regulated markets. On an ancillary basis, the Sub-Fund may invest on markets outside the Europe. The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 5% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager combines a "bottom-up" research process for selecting securities and, to a lesser extent, a "top-down" approach for geographical asset allocation. The investment manager uses a strategy that combines macro-economic, industry analysis and company selection. The

securities selection process relies on a rigorous analysis of the companies' business model, growth prospects, underlying assets and risk/return profile.

**Reference Currency** EUR.

### Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Investments in specific sectors or asset classes risk
- Investments in real estate securities and REITs risk
- Investments in specific countries or geographical zones risk
- Eurozone political, regulatory, economic and convertibility risks
- Derivative and leverage risk
- Distribution out of/effectively out of capital risk
- Investments in small and/or micro-capitalisation universe risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Real Estate Investment Managers SGP.

**Inception** 16 Aug 2005.

<sup>#</sup> AXA World Funds – Framlington Europe Real Estate Securities is authorized under the SFC Code on Unit Trusts and Mutual Funds but not under the Code on Real Estate Investment Trusts. SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investors or class of investors.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	5.50%*	1.50%	0.50%
F	2.00%	0.75%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (EUR), Class A Capitalisation (USD Hedged 95%), Class A Distribution quarterly (USD Hedged 95%), Class A Distribution quarterly (HKD Hedged 95%) and Class F Capitalisation (EUR) are available to the Hong Kong investors. For the currency hedged share class(es), the class currency will be hedged at least at 95% against the reference currency of the Sub-Fund.

\* 5.25% maximum for Class A Distribution quarterly (USD Hedged 95%) and Class A Distribution quarterly (HKD Hedged 95%)

# Framlington Global Real Estate Securities<sup>#</sup>

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in EUR, from an actively managed listed equity, equity-related securities and derivatives portfolio.

### Investment Strategy

The Sub-Fund invests in equities of real estate companies anywhere in the world.

Specifically, at all times the Sub-Fund invests at least two-thirds of net assets in transferable securities issued by companies engaged in the real estate sector.

The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment. For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund may expose itself via derivatives to equities, equity-related securities, bonds and other fixed income instruments, indexes and currencies. The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager combines a "bottom-up" research process for selecting securities and, to a lesser extent, a "top-down" approach for geographical and thematic asset allocation.

The securities selection process relies on a rigorous analysis of sector, companies' business model, management quality, growth prospects, underlying assets and risk/return profile.

**Reference Currency** EUR.

### Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Emerging markets risk
- Global investments risk
- Investments in specific sectors or asset classes risk
- Investments in real estate securities and REITs risk
- Derivatives and leverage risk
- Distribution out of / effectively out of capital risk
- Investments in small and/or micro-capitalisation universe risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Real Estate Investment Managers SGP.

**Inception** 29 Aug 2006.

<sup>#</sup> AXA World Funds – Framlington Global Real Estate Securities is authorized under the SFC Code on Unit Trusts and Mutual Funds but not under the Code on Real Estate Investment Trusts. SFC authorization is not a recommendation or endorsement of the Sub-Fund nor does it guarantee the commercial merits of the Sub-Fund or its performance. It does not mean the Sub-Fund is suitable for all investors nor is it an endorsement of its suitability for any particular investors or class of investors.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	5.50%	2.00%	0.50%
F	2.00%	1.00%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD), Class A Distribution monthly (USD) and Class F Capitalisation (USD) are available to Hong Kong investors.

# Framlington Euro Opportunities

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in EUR, from an actively managed listed equity, equity-related securities and derivatives portfolio.

### Investment Strategy

The Sub-Fund invests mainly in equities of large and medium sized companies based in the Eurozone.

Specifically, at all times the Sub-Fund invests at least 66% of net assets in equities that are denominated in EUR. The Sub-Fund may invest up to 10% of net assets in companies not based in the Eurozone. The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund may invest up to one-third of net assets in money market instruments and up to 10% in bonds, including convertible bonds and Sub-Investment Grade and/or unrated sovereign debt securities issued or guaranteed by any single country.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

## Management Process

The investment manager uses a strategy that combines macro-economic, sector and company specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Investments in small and/or micro capitalisation universe risk
- Investments in specific countries or geographical zones risk
- Eurozone political, regulatory, economic and convertibility risks
- Derivatives and leverage risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 1 Apr 1988.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	5.50%	1.50%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (EUR) is available to the Hong Kong investors.

# Framlington Europe Opportunities

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in EUR, from an actively managed listed equity, equity-related securities and derivatives portfolio.

### Investment Strategy

The Sub-Fund seeks to capture opportunities in European equity markets, primarily investing in securities which are part of the MSCI Europe Total Return Net benchmark index ("the Benchmark") universe. The Investment Manager also considers the allocation in terms of country and sector in the Benchmark. However, as the portfolio is invested in a relatively small number of equities and the Investment Manager can take, based on its investment convictions, large overweight or underweight positions on the sectors and countries compared to the Benchmark's composition and also invest in securities that are not part of the Benchmark, the deviation from the Benchmark is likely to be significant.

The Sub-Fund invests essentially (i.e. at least 66% of net assets) in equities and equity-related securities of companies domiciled or listed in the European geographical area.

The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈20%; max, 100%

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager uses a strategy that combines macro-economic, sector and company specific analysis. The portfolio is relatively concentrated and based on companies' outlook rather than on a country or sector basis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile. On a tactical basis, a portion of the Sub-Fund is invested in companies offering opportunities presented by merger & acquisition, management change, spin-off and asset disposal activities.

**Reference Currency** EUR.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Investments in specific countries or geographical zones risk
- Eurozone political, regulatory, economic and convertibility risks
- Derivatives and leverage risk
- Investments in small and/or micro-capitalisation universe risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 9 March 2001.

Maximum one-off charges  
taken when you invest

Maximum recurrent charges taken from  
the Sub-Fund over a year

<b>Class</b>	<b>Entry Charge</b>	<b>Management Fee</b>	<b>Applied Service Fee</b>
A	5.50%	1.50%	0.50%
F	2.00%	0.75%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (EUR) and Class F Capitalisation (EUR) are available to the Hong Kong investors.



# Framlington American Growth

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in USD, from an actively managed listed equity, equity-related securities and derivatives portfolio.

### Investment Strategy

The Sub-Fund invests in equities of American companies (including companies in the United States of America, Canada and Mexico) of any capitalisation, that, the investment manager believes, appear to offer above-average profitability and growth prospects.

Specifically, at all times the Sub-Fund invests at least two-thirds of net assets in equities and equity-related securities of companies that are domiciled or do most of their business in the Americas.

The Sub-Fund may invest up to one-third of net assets in money market instruments and up to 10% in bonds, including convertible bonds and Sub-Investment Grade and/or unrated sovereign debt securities issued or guaranteed by any single country.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager uses a strategy that combines macro-economic, sector and companies' specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, profitability, growth prospects and risk/return profile.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Investments in small and/or micro-capitalisation universe risk
- Investments in specific countries or geographical zones risk
- Derivatives and leverage risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 1 Oct 2009.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	5.50%	1.70%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD) is available to Hong Kong investors.

# Framlington Emerging Markets

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in USD, from an actively managed listed equity, equity-related securities and derivatives portfolio.

### Investment Strategy

The Sub-Fund invests in equities of companies in emerging markets.

Specifically, the Sub-Fund invests at least two-thirds of net assets in equities and equity-related securities of companies that are domiciled or do most of their business in emerging countries. Emerging countries are generally considered low or middle income countries by the World Bank or countries included in any recognised emerging market index. Investment is made in developing countries in companies which in the investment manager's opinion, show above average profitability, management quality and growth. The Sub-Fund may invest in equity securities of any market capitalisation (including small and micro-sized companies).

The Sub-Fund may invest up to one-third of net assets in money market instruments, up to 10% in A Shares listed in the Shanghai Hong Kong Stock Connect and up to 10% in bonds, including convertible bonds and Sub-Investment Grade and/or unrated sovereign debt securities that might be issued or guaranteed by any single country (including its government and any public or local authority there).

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager uses a strategy that combines macro-economic, sector and companies' specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile.

**Reference Currency** USD.

## Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Emerging markets risk
- Derivatives and leverage risk
- Investments in small and/or micro-capitalisation universe risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 27 Nov 2007.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee

A	5.50%	1.70%	0.50%
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See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD) and Class A Capitalisation (EUR) are available to Hong Kong investors.

# Framlington Global Convertibles<sup>#</sup>

## Investment Objective and Strategy

### Objective

To seek medium to long-term growth of your investment from an actively managed convertible security portfolio.

### Investment Strategy

The Sub-Fund invests in convertible securities of issuers anywhere in the world that, the investment manager believes, appear to have undervalued credit ratings.

Specifically, at all times the Sub-Fund invests at least two-thirds of net assets in convertible securities of which the underlying shares may be issued by companies of any capitalisation or sector. The Sub-Fund invests at least 51% of net assets in Investment Grade convertible securities, taking into account that the Sub-Fund may invest up to 49% of net assets in Sub-Investment Grade securities.

However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated, they must be judged equivalent to those levels by the investment manager. In case of a credit downgrade below the minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to one-third of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or are unrated.

The Sub-Fund may invest in listed equities and equity-related securities, and up to one-third of net assets in money market instruments.

The Sub-Fund may invest its net assets in 144A securities in a substantial way (i.e. may be 30% or more of its net assets) depending on the opportunity.

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance with

the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund uses derivatives for partially hedging the currency risk.

Derivatives may also be used for such purposes as:

- adjusting credit exposures (credit default swaps (CDSs))
- gain exposure to or hedge against equities, equity-related securities, bonds and other fixed income instruments, indices and currencies.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are bonds and equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager uses a strategy that combines macro-economic, sector and issuer selection. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Convertible securities risk
- Derivatives and leverage risk
- Global investments risk
- High yield debt securities risk
- Sovereign debt risk
- 144A securities risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 3 Nov 2010.

# Please note that no share class of AXA World Funds – Framlington Global Convertibles is currently available for subscription by Hong Kong investors.

# Framlington Longevity Economy

## Investment Objective and Strategy

### Objective

To seek long-term growth of your investment, in USD, from an actively managed listed equity, equity-related securities and derivatives portfolio.

### Investment Strategy

The Sub-Fund invests in equities of companies anywhere in the world that are linked to the ageing of the population and increasing life expectancy.

Specifically, at all times the Sub-Fund invests at least two-thirds of its net assets in equities and equity-related securities of companies that focus on aged care, wellness and medical treatments. The Sub-Fund also aims at benefiting from the increasing silver spending (including leisure activities, financial planning and aesthetics).

The Sub-Fund may invest in equity securities of any market capitalisation.

The Sub-Fund is not subject to any limitation on the portion of its net assets that may be invested in any one country or region.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and hedging.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%

Main types of assets in scope are equities.

The Sub-Fund uses neither securities borrowing transactions nor repos/reverse repos.

### Management Process

The investment manager uses a strategy that combines macro-economic, sector and company specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile, with a focus on medium to long-term benefits from the expanding long-term demographic trend of the ageing of the population.

**Reference Currency** USD.

### Risks

**Risk Profile** High risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Global investments risk
- Investments in specific sectors or asset classes risk
- Investments in small and/or micro-capitalisation universe risk
- Derivatives and leverage risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

### Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Inception** 12 Jan 2007.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	5.50%	1.75%	0.50%
F	2.00%	0.90%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD) and Class F Capitalisation (USD) are available to Hong Kong investors.



# Asian High Yield Bonds

## Investment Objective and Strategy

### Objective

To seek performance, in USD, through dynamic exposure to the Asian fixed income market.

### Investment Strategy

The Sub-Fund invests in Sub-Investment Grade bonds (high yield bonds) from Asia that are denominated in Hard Currency. If the bonds are unrated (i.e. neither the security itself nor its issuer has a credit rating), they must be judged equivalent to those levels by the investment manager.

Specifically, the Sub-Fund invests at least 70% of net assets in Sub-Investment Grade transferable debt securities (including, but not limited to, fixed or floating rate bonds with fixed maturity and callable bonds) that are issued by governments, supranational entities, public or private companies in Asia.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade.

The selection of credit instruments is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell assets is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest less than 30% of net assets in Investment Grade transferable debt securities that may include bonds denominated in CNY (directly through the RQFII Quota or indirectly through investments in other Sub-Funds of the SICAV which are not authorized by the SFC) or in other local currencies.

The Sub-Fund may also invest in the following, in the portion of net assets as shown below:

- money market instruments: less than 30%
- convertible bonds: up to 10%
- equity instruments: up to 5%

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to 10% of net assets in units of UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund may invest in Over the Counter (OTC) financial derivative instruments including, but not limited to, options, swaps, credit derivatives such as credit default swap (single name CDS or CDS index), futures and Non deliverable and Forex forwards. Under no circumstances shall these operations cause the Sub-Fund to diverge from its investment objective.

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%
- securities borrowing: expected, ≈25%; max, 50%
- repos/reverse repos: expected, ≈10%; max, 100%

Main types of assets in scope are bonds and equities.

For clarification, it is the current intention of the investment manager to enter into securities lending, securities borrowing and repurchase or reverse repurchase agreement transactions for less than 30% of net assets in aggregate.

### Management Process

The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The investment manager also manages the Sub-Fund's credit curve positioning and its exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage risk
- Emerging markets risk
- High yield debt securities risk
- Investments in specific countries or geographical zones risk
- Sovereign debt risk
- China market risk
- Convertible securities risk
- PRC tax consideration risk
- Offshore RMB bond market risk
- RMB currency risk
- Currency conversion risk for RMB denominated share class
- RQFII Quota risk
- Reliability of credit ratings
- Distribution out of / effectively out of capital risk
- Contingent convertible bonds risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.



**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and Hong Kong.

**Investment Manager** AXA Investment Managers Asia Limited (Hong-Kong SAR).

**Inception** 28 Nov 2016.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	3.00%	1.25%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD), Class A Capitalisation (EUR Hedged 95%), Class A Distribution monthly (USD), Class A Distribution monthly (AUD Hedged 95%), Class A Distribution monthly (CNH Hedged 95%)<sup>^</sup> and Class A Distribution monthly (HKD Hedged 95%) are available to the Hong Kong investors. For the currency hedged share class(es), the class currency will be hedged at least at 95% against the reference currency of the Sub-Fund.

<sup>^</sup> The investment manager is responsible for managing the currency hedging of this share class.

# Asian Short Duration Bonds

## Investment Objective and Strategy

### Objective

To seek performance of your investment, in USD, from an actively managed Asian short duration bond portfolio.

### Investment Strategy

The Sub-Fund invests in Asian short duration bonds issued by Asian governments, public or private companies and supra-national entities that are denominated in Hard Currency.

Specifically, the Sub-Fund invests at least two-thirds of net assets in Asian transferable debt securities (including but not limited to fixed or floating rate bonds with fixed maturity and callable bonds). The Sub-Fund may invest up to 15% of net assets in bonds denominated in local currency and, out of this limit, up to 10% of net assets in securities denominated in offshore RMB.

The investment manager anticipates that the average duration of the Sub-Fund will generally be 3 years or less.

The Sub-Fund invests mainly in Investment Grade securities (i.e. at least 51% of net assets). The Sub-Fund may also invest up to 49% of net assets in Sub-Investment Grade securities (i.e. high yield securities). However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent ratings by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated (i.e. neither the security itself nor its issuer has a credit rating), they must be judged equivalent to those levels by the investment manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one-third of net assets in money market instruments.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will

then themselves not invest in securities rated in accordance with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

Derivatives may include options, swaps, credit derivatives (such as credit default swaps (CDS), futures and Forex forwards). The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%
- securities borrowing: expected, ≈25%; max, 50%
- repos/reverse repos: expected, ≈10%; max, 100%

Main types of assets in scope are bonds.

It is the current intention of the investment manager to enter into securities lending transactions and repurchase or reverse repurchase agreement transactions for less than 30% of net assets in aggregate.

### Management Process

The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The investment manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage risk
- Emerging markets risk
- Investments in specific countries or geographical zones risk
- High yield debt securities risk
- Sovereign debt risk
- Contingent convertible bonds risk
- Distribution out of / effectively out of capital risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and Hong Kong.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Asia Limited (Hong-Kong SAR).

**Inception** 10 March 2015.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	3.00%	1.00%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD), Class A Capitalisation (EUR Hedged 95%), Class A Distribution quarterly (USD), Class A Distribution quarterly (SGD Hedged 95%), Class A Distribution quarterly (HKD Hedged 95%), Class A Distribution monthly (USD) and Class A Distribution monthly (HKD Hedged 95%) are available to the Hong Kong investors. For the currency hedged share class(es), the class currency will be hedged at least at 95% against the reference currency of the Sub-Fund.

# Global High Yield Bonds

## Investment Objective and Strategy

### Objective

To seek high income, in USD, from an actively managed bond portfolio. Capital growth is a secondary objective.

### Investment Strategy

The Sub-Fund invests in international fixed and floating rate securities mainly issued by European or American companies.

Specifically, the Sub-Fund mainly (i.e. at least 51% of net assets) invests in corporate high yield bonds. The Sub-Fund may invest up to 100% of net assets in fixed income debt securities that are rated Sub-Investment Grade or if unrated (i.e. neither the security itself nor its issuer has a credit rating) then deemed to be so by the investment manager. The Sub-Fund will not invest more than 10% of net assets in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest in 144A securities, in a substantial way (i.e. may be 30% or more of its net assets) depending on the opportunity.

The Sub-Fund may invest up to 5% of net assets in units of UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

Derivatives may include credit default swaps (single name CDS and CDS index). The use of CDS not used for hedging purpose does not exceed 20% of net assets.

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%
- securities borrowing: expected, ≈25%; max, 50%
- repos/reverse repos: expected, ≈10%; max, 100%

Main types of assets in scope are bonds.

For clarification, it is the current intention of the investment manager to enter into securities lending, securities borrowing and repurchase or reverse repurchase agreement transactions for less than 30% of net assets in aggregate.

### Management Process

The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The investment manager also manages the credit curve positioning and the exposure to different geographical areas, sectors and types of instruments.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage risk
- Global investments risk
- High yield debt securities risk
- Eurozone political, regulatory, economic and convertibility risks
- 144A securities risk
- Reliability of credit ratings
- Distribution out of / effectively out of capital risk
- Contingent convertible bonds risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Sub-Investment Manager** AXA Investment Managers Inc. (Greenwich, USA) for American fixed income securities.

**Inception** 12 Mar 2001.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	3.00%	1.25%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD), Class A Capitalisation (EUR Hedged 95%), Class A Distribution monthly (USD) and Class A Distribution monthly (HKD Hedged 95%) are available to the Hong Kong investors. For the currency hedged share class(es), the class currency will be hedged at least at 95% against the reference currency of the Sub-Fund.

# Global Inflation Bonds

## Investment Objective and Strategy

### Objective

To seek performance of your investment, in EUR, from an actively managed inflation-linked bond portfolio.

### Investment Strategy

The Sub-Fund invests mainly in inflation-linked bonds issued in the OECD.

Specifically, at all times the Sub-Fund invests at least two-thirds of net assets in inflation-linked bonds issued by governments, public institutions or companies in the OECD countries. The remaining part of the portfolio may be invested in debt securities that are not inflation-linked to reduce its exposure to inflation-linked bonds in anticipation of periods of lower inflation.

The Sub-Fund invests at least 90% of net assets in Investment Grade securities and less than 10% in Sub-Investment Grade securities. However, the Sub-Fund does not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch. Ratings are based on the lower of two ratings or the second highest of three ratings depending on how many ratings are available. If securities are unrated (i.e. neither the security itself nor its issuer has a credit rating), they must be judged equivalent to those levels by the investment manager. In case of a credit downgrade below such minimum, securities will be sold within 6 months.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to 100% of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or unrated.

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest up to one-third of net assets in money market instruments.

The Sub-Fund may invest its net assets in 144A securities, in a substantial way (i.e. may be 30% or more of its net assets) depending on the opportunity.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs that are managed by an AXA IM group entity and will then themselves not invest in securities rated in accordance

with the above rating limits. The Sub-Fund may not invest in external UCITS or UCIs.

The Sub-Fund is managed within Interest Rate Sensitivity ranging from 5 to 15 years.

Exposure of the Sub-Fund's assets denominated in a currency other than the Sub-Fund's Reference Currency is systematically hedged. There is no guarantee that such hedging be a perfect hedge at 100% of the net assets at all times.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

The Sub-Fund may use derivatives for such purposes as:

- hedging currency risk within the portfolio (futures, currency forwards, currency swaps). The Sub-Fund does not take any active currency exposure and uses foreign exchange derivatives for currency hedging only.
- adjusting exposure to various types or maturities of bonds and sectors (futures, buying calls and puts on interest rate futures, interest rate swaps)
- adjusting exposure to inflation (inflation swaps)
- adjusting specific credit exposures (single-name or index credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈50%; max, 100%
- securities borrowing: expected, ≈25%; max, 50%
- repos/reverse repos: expected, ≈10%; max, 10%

Main types of assets in scope are bonds.

### Management Process

The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and inflation trends. The investment manager also manages the positioning on the inflation-linked yield curve, the Interest Rate Sensitivity and the exposure to different geographical areas.

**Reference Currency** EUR.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in “General Risks”, as well as to the following specific risks (described in “Specific Risks”):

- Derivatives and leverage risk
- Global investments risk
- Inflation-linked bonds risk
- Sovereign debt risk
- 144A securities risk
- Contingent convertible bonds risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full

bank Business Day in Luxembourg, the United States of America and the United Kingdom except 31 December.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Paris.

**Inception** 13 Sep 2005.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	3.00%	0.60%	0.50%

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (EUR) and Class A Capitalisation (USD Hedged 95%) are available to the Hong Kong investors. For the currency hedged share class(es), the class currency will be hedged at least at 95% against the reference currency of the Sub-Fund.



# US High Yield Bonds

## Investment Objective and Strategy

### Objective

To seek high income and long-term growth of your investment, in USD, from an actively managed bond portfolio.

### Investment Strategy

The Sub-Fund invests in Sub-Investment Grade corporate bonds (high yield bonds) that are issued by US companies.

Specifically, at all times the Sub-Fund invests at least two-thirds of net assets in Sub-Investment Grade fixed income transferable debt securities issued by private or public companies domiciled in the United States. If securities are unrated (i.e. neither the security itself nor its issuer has a credit rating), they must be judged equivalent to those levels by the investment manager.

The Sub-Fund may invest up to one-third of net assets in sovereign debt securities but does not invest more than 10% in securities issued or guaranteed by a single country (including its government and any public or local authority there) that are Sub-Investment Grade or are unrated.

The selection of debt securities is not exclusively and mechanically based on their publicly available credit ratings but also on an internal credit or market risk analysis. The decision to buy or sell securities is also based on other analysis criteria of the investment manager.

The Sub-Fund may invest up to one-third of net assets in securities domiciled or listed in Canadian or European markets.

The Sub-Fund may also invest in the following, up to the portion of net assets shown:

- money market instruments: one-third
- convertible securities: one-quarter
- equities: one-tenth

The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).

The Sub-Fund may invest its net assets in 144A securities, in a substantial way (i.e. may be 30% or more of its net assets), depending on the opportunity.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management and investment.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

Derivatives may include credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be

over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%
- securities borrowing: expected, ≈25%; max, 50%
- repos/reverse repos: expected, ≈10%; max, 100%

Main types of assets in scope are bonds and equities.

### Management Process

The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The investment manager also manages the credit curve positioning and the exposure to different sectors.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- High yield debt securities risk
- Convertible securities risks
- Investments in specific countries or geographical zones risk
- Sovereign debt risk
- Eurozone political, regulatory, economic and convertibility risks
- Derivatives and leverage risk
- 144A securities risk
- Contingent convertible bonds risk
- Distribution out of / effectively out of capital risk

**Method for Calculating Global Exposure** Commitment approach.

## Additional Features

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward Pricing Basis.

**Investment Manager** AXA Investment Managers Inc. (Greenwich, USA).

**Inception** 29 Nov 2006.



Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	3.00%	1.50%	0.50%

See "Notes on Sub-Fund's Costs" following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD) and Class A Distribution monthly (USD) are available to the Hong Kong investors.

# Emerging Markets Short Duration Bonds

## Investment Objective and Strategy

### Objective

To seek performance, in USD, from an actively managed short duration emerging debt securities portfolio.

### Investment Strategy

The Sub-Fund invests in short duration bonds from emerging markets.

Specifically, the Sub-Fund invests mainly (i.e. at least 51% of net assets) in transferable debt securities (including but not limited to fixed or floating rate bonds with fixed maturity and callable bonds) that are issued by governments, supranational entities, private or public companies in emerging countries (including but not limited to Brazil, Russia, Turkey, China, Colombia, Mexico, Kazakhstan, Argentina, Croatia, Panama, Hungary, Arab Emirates, South Africa, Chile, Kuwait, Peru, Sri Lanka, Costa Rica, Indonesia, Serbia, Romania, India, Kenya, Lithuania, Poland, Dominican Republic, Pakistan, Latvia, Philippines, Qatar, Egypt) in non-local currencies. For the avoidance of doubt, there is no credit rating criteria for the Sub-Fund's investment in high yield debt securities, and hence, the Sub-Fund may invest up to 100% of net assets in debt securities which is Sub-Investment Grade or unrated (i.e. neither the security itself nor its issuer has a credit rating).

The Sub-Fund may invest up to 15% of net assets in local currency bonds.

The Sub-Fund may invest up to 100% in sovereign debt securities but it is not the current intention that the Sub-Fund will invest more than 10% of net assets in Sub-Investment Grade securities issued or guaranteed by any single country (including its government, public or local authority of that country).

The Sub-Fund may invest up to 5% of net assets in contingent convertible bonds (CoCos).

Typically, the Sub-Fund may invest up to one-third of net assets in money market instruments for cash flow management purposes. In anticipation of or during unfavourable market conditions, the Sub-Fund may defensively hold up to 49% of net assets in money market instruments.

The Sub-Fund's average duration is expected to be three years or less.

The Sub-Fund does not invest in equity and equity-related instruments.

The Sub-Fund applies the AXA Investment Managers' Environmental, Social and Governance standards policy ("ESG Standards") available on [www.axa-im.com.hk](http://www.axa-im.com.hk) according to which the Investment Manager aims at integrating the ESG Standards in the investment process by applying specific sectorial exclusions such as tobacco and white phosphorus weapons and by excluding investments in securities issued by companies in severe breach of the United Nations Global Compact principles and with the lowest ESG scores as described in the policy document. The Investment Manager bindingly applies at all times the ESG Standards in the securities selection process with the exception of derivatives and underlying eligible UCIs.

The Sub-Fund may invest up to 10% of net assets in UCITS and/or UCIs.

### Derivatives and Techniques

The Sub-Fund may use derivatives for efficient portfolio management, hedging and investment.

For the avoidance of doubt, the Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value. The net derivative exposure is calculated in accordance with the SFC Code on Unit Trusts and Mutual Funds and the requirements and guidance issued by the SFC which may be updated from time to time.

Derivatives may include credit default swaps (single name CDS and CDS index).

Such derivatives with underlying indexes will not have significant rebalancing costs. In exceptional market conditions, the Sub-Fund's exposure to a single issuer in an underlying index may be over 20%, and up to 35% of net assets, especially when underlying indexes are highly concentrated. Although the maximum exposure of the Sub-Fund to CDS may not exceed 100% of net assets, it is the current intention of the investment manager to enter into CDS transactions for less than 30% of net assets.

The Sub-Fund does not use total return swaps.

All derivatives usage will be consistent with the terms in "More about Derivatives and Efficient Portfolio Management".

For the purpose of efficient portfolio management, the Sub-Fund may use the following techniques (as a % of net assets):

- securities lending: expected, ≈25%; max, 100%
- securities borrowing: expected, ≈25%; max, 50%
- repos/reverse repos: expected, ≈10%; max, 100%

Main types of assets in scope are bonds.

It is the current intention of the investment manager to enter into securities lending transactions and repurchase or reverse repurchase agreement transactions for less than 30% of net assets in aggregate.

### Management Process

The investment manager selects investments based on a number of factors, including macro- and microeconomic analysis and credit analysis of issuers. The investment manager also manages the Interest Rate Sensitivity, the yield curve positioning and the exposure to different geographical areas.

**Reference Currency** USD.

## Risks

**Risk Profile** Risk of capital loss.

**Risk Factors** The Sub-Fund is subject to the risks described in "General Risks", as well as to the following specific risks (described in "Specific Risks"):

- Derivatives and leverage risk
- Emerging markets risk
- High yield debt securities risk
- Sovereign debt risk
- Contingent convertible bonds risk
- Distribution out of / effectively out of capital risk
- ESG risk

**Method for Calculating Global Exposure** Commitment approach.

**Investment Manager** AXA Investment Managers UK Limited (London).

**Sub-Investment Manager** AXA Investment Managers Asia Limited (Hong-Kong SAR) for Asian securities.

**Inception** 4 Sep 2012.

**Additional Features**

**NAV Calculation Frequency** Daily.

**Sub-Fund Business Day** Orders to subscribe, switch or redeem Sub-Fund Shares are processed every day that is a full bank Business Day in Luxembourg and the United States of America.

**Subscription, Switching and Redemption Orders** All orders are processed on a Forward-Forward Pricing Basis.

Maximum one-off charges taken when you invest		Maximum recurrent charges taken from the Sub-Fund over a year	
Class	Entry Charge	Management Fee	Applied Service Fee
A	3.00%	1.00%	0.50%

See “Notes on Sub-Fund’s Costs” following the last Sub-Fund Description. As at the date of the Hong Kong Offering Memorandum, Class A Capitalisation (USD), Class A Capitalisation (EUR Hedged 95%), Class A Capitalisation (SGD Hedged 95%), Class A Distribution quarterly (USD), Class A Distribution quarterly (GBP Hedged 95%), Class A Distribution monthly (HKD Hedged 95%), Class A Distribution quarterly (SGD Hedged 95%) and Class A Distribution monthly (AUD Hedged 95%) are available to the Hong Kong investors. For the currency hedged share class(es), the class currency will be hedged at least at 95% against the reference currency of the Sub-Fund.

# Notes on Sub-Fund's Costs

**General** The charges below reduce the performance of the Shareholder's investment.

**One-off charges taken before or after investors invest** The most investors will pay for entry, switching and exit charges are shown in the one-off charges in the "Sub-Fund Descriptions". Investors could be eligible to pay less than the maximum amounts shown; they should consult their financial advisor or distributor. These charges may be payable to financial advisors or distributors.

There is no charge for redemptions. While there is no switching charge in itself, investors could be charged up to 1% of the NAV of the switched Shares for additional switch in excess of 4 switches during a 12-month period. Also, if investors switch into a Sub-Fund with a higher entry charge within the first 12-month period following initial investment in the Sub-Fund, they might be charged any percentage rate difference between the entry charge they initially paid and the applicable entry charge on the Sub-Fund they are switching into.

## Recurrent charges taken from the Sub-Fund over a year

These charges are shown in the "Sub-Fund Descriptions". They reflect the management fees and the applied service fee. The management company is responsible for the payment of the fees to the investments managers and/or service providers to the Sub-Fund.

### Indirect fees

In addition to above fees, some Sub-Funds may also be subject to indirect fees (see "Additional Features" in "Sub-Fund Descriptions"). In such case, the SICAV will pay fees of the target UCITS and/or UCIs. No subscription or redemption fee may be charged on account of a Sub-Fund's investment in the units of other UCITS and/or UCIs that are managed directly or by delegation by the management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding. In any other case, the Sub-Fund will not invest in underlying UCIs which levy a subscription or a redemption fee higher than 1% and which are submitted to a management fee exceeding 3%.

### Applied service fee

In order to pay its ordinary operating expenses and to seek to protect the investors from fluctuations in these ordinary operating expenses, the SICAV will pay an applied service fee to the management company out of the assets of the relevant Share Class. The level of effective applied service fee might be set-out below the maximum level set-out in the "Sub-Fund Descriptions" with different fixed effective applied service fee rates applicable across Share Classes. The effective level of the applied service fee per Sub-Fund and per Share Class is defined taking into account different criteria such as, but not limited to, the costs charged to the Share Class and the variation of costs linked to a change of the NAV in respect of the relevant Share Class that might be due to market effects and/or dealing in Shares. The current levels of effective applied service fee for the share classes are set out below.

Sub-Fund / Share Class	Current level of effective Applied Service Fee
------------------------	--

Framlington Europe Opportunities - Class A capitalisation (EUR)	0.24%
Framlington Europe Opportunities - Class F capitalisation (EUR)	0.25%
Framlington Longevity Economy - Class A capitalisation (USD)	0.24%
Framlington Longevity Economy - Class F capitalisation (USD)	0.25%
Framlington Europe Real Estate Securities - Class A capitalisation (USD Hedged 95%)	0.28%
Framlington Europe Real Estate Securities - Class A capitalisation (EUR)	0.24%
Framlington Europe Real Estate Securities - Class A distribution quarterly (USD Hedged 95%)	0.28% <sup>1</sup>
Framlington Europe Real Estate Securities - Class A distribution quarterly (HKD Hedged 95%)	0.28%
Framlington Europe Real Estate Securities - Class F capitalisation (EUR)	0.24%
Framlington Global Real Estate Securities - Class A capitalisation (USD)	0.25%
Framlington Global Real Estate Securities - Class A distribution monthly (USD)	0.24%
Framlington Global Real Estate Securities - Class F capitalisation (USD)	0.24%
Framlington Euro Opportunities - Class A capitalisation (EUR)	0.25%
Framlington Emerging Markets - Class A capitalisation (USD)	0.33%
Framlington Emerging Markets - Class A capitalisation (EUR)	0.34%
Framlington American Growth - Class A capitalisation (USD)	0.24%
Global High Yield Bonds – Class A Capitalisation (USD)	0.23%
Global High Yield Bonds - Class A Capitalisation (EUR Hedged 95%)	0.26%
Global High Yield Bonds - Class A Distribution monthly (USD)	0.23%
Global High Yield Bonds - Class A Distribution monthly (HKD Hedged 95%)	0.26%

<sup>1</sup> Until 19 May 2020 inclusive, the Applied Service Fee for Framlington Europe Real Estate Securities - Class A distribution quarterly (USD Hedged 95%) shall be 0.27%.

Global Inflation Bonds - Class A capitalisation (USD Hedged 95%)	0.25%
Global Inflation Bonds - Class A capitalisation (EUR)	0.23%
US High Yield Bonds - Class A capitalisation (USD)	0.23%
US High Yield Bonds - Class A distribution monthly (USD)	0.23%
Asian High Yield Bonds - Class A capitalisation (USD)	0.24%
Asian High Yield Bonds - Class A Capitalisation (EUR Hedged 95%)	0.27%
Asian High Yield Bonds - Class A Distribution monthly (USD)	0.24%
Asian High Yield Bonds - Class A Distribution monthly (AUD Hedged 95%)	0.27%
Asian High Yield Bonds - Class A Distribution monthly (CNH Hedged 95%)	0.27%
Asian High Yield Bonds - Class A Distribution monthly (HKD Hedged 95%)	0.27%
Asian Short Duration Bonds - Class A capitalisation (USD)	0.23%
Asian Short Duration Bonds - Class A capitalisation (EUR Hedged 95%)	0.26%
Asian Short Duration Bonds - Class A distribution quarterly (HKD hedged 95%)	0.26%
Asian Short Duration Bonds - Class A distribution monthly (USD)	0.23%
Asian Short Duration Bonds - Class A distribution monthly (HKD hedged 95%)	0.26%
Emerging Markets Short Duration Bonds - Class A capitalisation (USD)	0.23%
Emerging Markets Short Duration Bonds - Class A capitalisation (EUR Hedged 95%)	0.26%
Emerging Markets Short Duration Bonds - Class A capitalisation (SGD hedged 95%)	0.26%
Emerging Markets Short Duration Bonds - Class A distribution quarterly (USD)	0.23%
Emerging Markets Short Duration Bonds - Class A distribution quarterly (GBP hedged 95%)	0.26%

Emerging Markets Short Duration Bonds - Class A distribution monthly (HKD hedged 95%)	0.26%
Emerging Markets Short Duration Bonds - Class A distribution quarterly (SGD hedged 95%)	0.26%
Emerging Markets Short Duration Bonds - Class A distribution monthly (AUD hedged 95%)	0.26%

By way of a Board resolution, the current or maximum levels of applied service fee may be increased at any time upon at least one month prior notice to the relevant Shareholders.

The applied service fee is fixed in the sense that the management company will bear the excess in actual ordinary operating expenses to any such applied service fee charged to the Share Classes. Conversely, the management company will be entitled to retain any amount of applied service fee charged to the Share Classes exceeding the actual ordinary operating expenses incurred by the respective Share Classes. The effective applied service fee is accrued at each calculation of the NAV and included in the ongoing charges of each Share Class. In return of the applied service fee received from the SICAV, the management company then provides and/or procures, on behalf of the SICAV, the following services and bears all expenses (including any reasonable out-of-pocket expenses) incurred in the day-to-day operations and administration of the Share Classes, including but not limited to:

- depositary fees except transaction related fees;
- auditor's fees;
- directors' fees and expenses, and remuneration of officers and employees of the SICAV: any director of the SICAV will be entitled to a fee in remuneration for his services as a director or in his capacity as a member of any committee of the Board;
- the Luxembourg "*Taxe d'abonnement*";
- Share Class currency hedging cost;
- the registrar agent, the domiciliary and administrative agent, any paying agent, the depositary of already issued bearer shares, and of any representatives in jurisdictions where the Shares are qualified for sale, and of all other agents employed on behalf of the SICAV; such remuneration may be based on the net assets of the SICAV or on a transaction basis or may be a fixed sum;
- the cost of preparing, printing and publishing in such languages as are necessary, and distributing offering information or documents concerning the SICAV, annual and semi-annual reports and such other reports or documents, as may be allowed or required under the applicable laws or regulations of the jurisdictions or the authorities where the Shares are qualified for sale;
- registrar's fees;
- the cost of printing certificates and proxies;
- the cost of preparing and filing the Articles of Incorporation and all other documents concerning the SICAV, including registration statements and offering circulars with all authorities (including local securities dealers' associations) having jurisdiction over the SICAV or the offering of Shares;
- the cost of qualifying the SICAV or the sale of Shares in any jurisdiction or of a listing on any exchange;
- the cost of accounting and bookkeeping;
- legal fees;
- the cost of preparing, printing, publishing and distributing public notices and other communications to the Shareholders;
- the cost of calculating the NAV of each Share Class;

- insurance, postage, telephone and telex and any communication mean;
- distribution and sales support costs (including costs charged by local routing order platforms, local transfer agent costs, local representative agent and the translation costs); and
- all similar charges and expenses.

In the cases where any of the ordinary operating expenses listed above might be directly paid out of the assets of the SICAV the applied service fee amount due by the SICAV to the management company will be reduced accordingly.

The applied service fee does not cover any cost or expense incurred by a Share Class or Sub-Fund in respect of:

- all taxes which may be due on the assets and the income of the SICAV (to the exception of the Luxembourg “*Taxe d’abonnement*” listed above);
- the cost of investment dealing (including usual banking and brokerage fees due on transactions involving portfolio securities of each Sub-Fund, the latter to be included in the acquisition price and to be deducted from the selling price);
- Correspondent and other banking charges;
- Securities lending fees - the agent carrying out securities lending and repurchase agreement activities for its services. The details of the remuneration will figure out in the annual report of the SICAV relative to the relevant Sub-Fund;
- extraordinary expenses including but not limited to expenses that would not be considered as ordinary expenses: litigation expenses, exceptional measures, particularly legal, business or tax expert appraisals or legal proceedings undertaken to protect Shareholders’ interests, any expense linked to non-routine arrangements made by the domiciliary agent, the registrar and transfer agent and the listing agent in the interests of the investors and all similar charges and expenses.

Marketing and advertising expenses will not be paid out of the assets of the Sub-Funds whilst the Sub-Funds are authorized by the SFC.

All expenses that are paid from Shareholders’ assets are reflected in NAV calculations, and the actual amounts paid are documented in the SICAV’s annual reports.

Each Sub-Fund pays all costs it incurs directly and also pays, based on the NAV of the SICAV, a *pro rata* portion of costs not attributable to a specific Sub-Fund. For each Share Class whose currency is different from the Reference Currency of the Sub-Fund, all costs associated with maintaining the separate Share Class currency (such as currency hedging and foreign exchange costs) will be charged to that Share Class.

Each Sub-Fund may amortise its own launch expenses over the first five years of its existence. All launch expenses of the SICAV have been fully amortized.

The management fee and applied service fee are calculated based on each Sub-Fund’s NAV and are paid monthly in arrears to the management company.

#### **Other charges taken from the Sub-Fund**

The others costs or expense incurred by a Share Class or Sub-Fund are in respect of:

- all taxes which may be due on the assets and the income of the SICAV (to the exception of the Luxembourg “*Taxe d’abonnement*” listed above);
- the cost of investment dealing (including usual banking and brokerage fees due on transactions involving portfolio securities of each Sub-Fund, the latter to be included in the acquisition price and to be deducted from the selling price);
- correspondent and other banking charges;
- securities lending fees for the services of the agent carrying out securities lending and repurchase agreement activities.

The details of the remuneration will figure out in the annual report of the SICAV relative to the relevant Sub-Fund;

- extraordinary expenses including but not limited to expenses that would not be considered as ordinary expenses: litigation expenses, exceptional measures, particularly legal, business or tax expert appraisals or legal proceedings undertaken to protect Shareholders’ interests, any expense linked to non-routine arrangements made by the domiciliary agent, the registrar and transfer agent and the listing agent in the interests of the investors and all similar charges and expenses.

A portion of commissions paid to selected brokers for certain portfolio transactions may be repaid to the Sub-Funds which generated the commissions with these brokers and may be used to offset expenses.



## TAXES

The following is a summary of certain relevant taxation provisions on current law and practice in Luxembourg and Hong Kong only, it does not address the tax consequences for the SICAV or Shareholders in any other jurisdiction and does not constitute legal or tax advice. It is based on current law and practice and may not endure indefinitely.

**Shareholders and prospective Shareholders should consult their own professional advisers on the consequences of acquiring, holding, redeeming, transferring, selling or converting Shares under the relevant laws of the jurisdictions to which they are subject, including any exchange control requirements.**

### Taxes Paid from Sub-Fund's Assets

The SICAV is subject to a "*Taxe d'abonnement*" at the following rates:

- "Liquidity" Sub-Funds (the portfolio of which is composed of any debt securities and instruments, irrespective of whether they are transferable securities or not, including bonds, certificates of deposits, deposit receipts and all other similar instruments, provided that, at the time of their acquisition by the relevant Sub-Fund, their initial or residual maturity does not exceed twelve months, taking into account the financial instruments connected therewith, or the terms and conditions governing those securities provided that the interest rate applicable thereto is adjusted at least annually on the basis of market conditions) and institutional Sub-Funds or Share Classes as per Luxembourg Tax regulation: 0.01%
- All other Sub-Funds or Share Classes: 0.05%

This tax is calculated and payable quarterly, on the aggregate NAV of the outstanding Shares of the Sub-Fund or Share Class at the end of each quarter. The SICAV is not currently subject to any Luxembourg taxes on income, withholding or capital gains. However, the SICAV may be subject to non-recoverable withholding taxes on dividend and interest the SICAV receives from their countries of origin and it may be subject to other taxation levied by foreign tax authorities where the SICAV or the Sub-Funds are registered or distributed.

Any amendments to the Articles of Incorporation are as a rule subject to a fixed registration duty of €75.

**Taxes Paid Directly by Shareholders** Investors who are not Luxembourg taxpayers are not currently subject to any Luxembourg capital gains, income, withholding, gift, estate, inheritance or other taxes. Investors whom Luxembourg considers to be residents or otherwise to have permanent establishment there, either currently or in the past, may be subject to Luxembourg taxes.

**Hong Kong Tax Consideration** Under current law and practice in Hong Kong, AXA World Funds will not be expected to be subject to any Hong Kong profits tax arising from the carrying on of its activities as described in this document. Shareholders whether or not resident in Hong Kong will not be liable for Hong Kong tax in respect of any income or gains made on the issue, redemption, conversion or other disposal of Shares in Hong Kong, save that persons carrying on in Hong Kong a business of trading in securities may be subject to Hong Kong profits tax if those gains form part of such business.

### Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No.3) Ordinance (the "Ordinance") came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information ("AEOI"). The AEOI requires financial institutions ("FI") in Hong Kong to collect information relating to non-Hong

Kong tax residents holding accounts with FI, and to file such information with the Hong Kong Inland Revenue Department ("IRD") who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement; however, FI may further collect information relating to residents of other jurisdictions.

By investing in the SICAV and/or continuing to invest in the SICAV through FI in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor's information (and information on beneficial owners, beneficiaries, direct or indirect Shareholders or other persons associated with such Shareholders that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each Shareholder and prospective investor should consult its own professional adviser(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Fund through FI in Hong Kong.

**Foreign Account Tax Compliance Act** The foreign account tax compliance provisions ("FATCA") of the Hiring Incentives to Restore Employment Act 2010 ("HIRE Act") which apply to certain payments are essentially designed to require reporting of US tax person's direct and indirect ownership of non-US accounts and non-US entities to the US Internal Revenue Service ("IRS"), with any failure to provide the required information resulting in a 30% US withholding tax on direct US investments (and possibly indirect US investments). In order to avoid being subject to US withholding tax, both US investors and non-US investors are likely to be required to provide information regarding themselves and their investors. In this regard, the Luxembourg and US Governments signed an intergovernmental agreement with respect to the implementation of FATCA designed to facilitate compliance with FATCA by Foreign Financial Institutions ("FFI") in Luxembourg.

The basic terms of FATCA provisions currently appear to include the SICAV as a FFI. The SICAV has already been registered with the IRS as registered FFI. In order to comply, the SICAV may require all Shareholders to provide mandatory documentary evidence of their US and/or non-US status and may thus be required to, inter alia, disclose the name, address and taxpayer identification number of certain US tax persons that own, directly or indirectly, an interest in the SICAV, as well as certain other information relating to such interest, including amounts paid by the SICAV, to the United States IRS.

While the SICAV will attempt to satisfy any obligations imposed on it to avoid the imposition of the 30% withholding tax, no assurance can be given that the SICAV will be able to satisfy all obligations imposed by FATCA. If the SICAV is not able to comply with the requirements imposed by FATCA and the SICAV may become subject to a withholding tax on its US investments (if any) as a result of FATCA, the value of Shares held by all Shareholders may be materially affected and Shareholders may suffer significant loss as a result.

A Shareholder that fails to provide the documentation evidencing its US and/or non-US tax status as requested by the SICAV may lead to a payment of taxes (including US withholding tax) by the SICAV attributable to such Shareholder's non-compliance under the HIRE Act and such tax liability may be re-charged to such non-compliant Shareholder. Provided that the SICAV is acting in good faith and on reasonable grounds, the SICAV may compulsorily redeem the shares owned by such Shareholders pursuant to the Articles of Incorporation of the SICAV. In addition, the SICAV will have the right to withhold, set-off or deduct any reasonable amounts (including any tax obligations) from the redemption proceeds as permitted by applicable laws and regulations.

Each Shareholder and prospective investor should consult its own tax advisers regarding the requirements under FATCA and the possible implication of FATCA on their investment in the SICAV. In particular, Shareholders who hold their shares through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer US withholding tax on their investment returns.

**Common Reporting Standard** Capitalised terms used in this section should have the meaning as set forth in the Luxembourg law dated 18 December 2015 (the “CRS Law”), unless provided otherwise herein.

On 9 December 2014, the Council of the EU adopted the Directive 2014/107/EU amending the Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation which now provides for an automatic exchange of financial account information between EU member states (“DAC Directive”). The adoption of the aforementioned directive implements the OECD’s CRS and generalizes the automatic exchange of information within the EU as of 1 January 2016.

In addition, Luxembourg signed the OECD’s multilateral competent authority agreement (“Multilateral Agreement”) to automatically exchange information under the CRS. Under this Multilateral Agreement, Luxembourg will automatically exchange financial account information with other participating jurisdictions as of 1 January 2016. The CRS Law implements the DAC Directive introducing the CRS in Luxembourg law.

Under the terms of the CRS Law, the SICAV may be required to annually report to the Luxembourg tax authorities the name, address, member state(s) of residence, TIN(s), as well as the date and place of birth of i) each Reportable Person that is an Account Holder within the meaning of CRS Law, ii) and, in the case of a Passive NFE within the meaning of the CRS Law, of each Controlling Person(s) that is a Reportable Person. Such information may be disclosed by the Luxembourg tax authorities to foreign tax authorities.

The SICAV’s ability to satisfy its reporting obligations under the CRS Law will depend on each Shareholder providing the SICAV with the information, including information regarding direct or indirect owners of each Shareholder, along with the required supporting documentary evidence. Upon request of the SICAV, each Shareholder shall agree to provide the SICAV such information.

Although the SICAV will attempt to satisfy any obligation imposed on it to avoid any fines or penalties imposed by the CRS Law, no assurance can be given that the SICAV will be able to satisfy these obligations. If the SICAV becomes subject to a fine or penalty as result of the CRS Law, the value of the Shares held by the Shareholders may suffer material losses.

Any Shareholder that fails to comply with the SICAV’s documentation requests may be charged with any fines and penalties imposed on the SICAV attributable to such Shareholder’s failure to provide the information and the SICAV may, in its sole discretion, redeem the Shares of such Shareholder.

Shareholders should consult their own tax advisor or otherwise seek professional advice regarding the impact of the CRS Law on their investment.

## **POOLING OF ASSETS**

In pursuing management efficiency, the SICAV may choose to pool some or all assets of a Sub-Fund with assets of other Sub-Funds or of other Luxembourg investment funds to lower SICAV costs and increase diversification.

The pooling is likely to be beneficial to Shareholders overall, but there is no guarantee that this will be the case over any given period of time.



# Risk Descriptions

Consistent with the 2010 Law and applicable regulations, the SICAV uses a risk-management process that enables it to assess each Sub-Fund's exposure to market, liquidity and counterparty risks, and to all other risks that are material for the Sub-Funds (for example, operational risk). The internal auditor of the SICAV and the management company verify the risk management procedures used by the SICAV and the management control framework.

**Any of these risks could cause a Sub-Fund to lose money, to perform less well than similar investments, to experience high volatility (ups and downs in the NAV), or to fail to meet its objective over any given period of time. In general, the greater the potential reward from an investment, the higher the level of risk.**

Any of these risks may be present in normal market conditions. Unusual market conditions or large unpredictable events can amplify the risks of ordinary market conditions. In addition, certain risks may change in nature and in relative importance during unusual market conditions.

All Sub-Funds are potentially exposed to the general risks referred to below. For specific risk considerations relating to any Sub-Fund, see "Specific Risk Considerations". The Sub-Funds' investment portfolios may fall in value due to any of the risks factors below and therefore your investment in the Sub-Funds may suffer losses. There is no guarantee of the repayment of principal.

## GENERAL RISKS

**Cash** Under the UCITS V Directive, cash is to be considered as a third category of assets beside financial instruments and other assets, where the UCITS V Directive related obligations are only those covered by the cash flow monitoring obligations. On the other side, non-short term cash deposits could be considered as an investment and consequently should fall within the category of other assets.

**Central securities depositories** In accordance with the UCITS Directive, entrusting the custody of the SICAV's assets to the operator of a securities settlement system (SSS) is not considered as a delegation by the depository. Therefore the depository is exempted from the strict liability of restitution of assets. A central securities depository (CSD) being a legal person that operates a SSS and provides in addition other core services should not be considered as a delegate of the depository irrespective of the fact that the custody of the SICAV's assets have been entrusted to it. There is however some uncertainty around the meaning to be given to such exemption, the scope of which may be interpreted narrowly by some supervisory authorities, notably the European supervisory authorities.

**Collateral management** Counterparty risk arising from investments in OTC financial derivative instruments and securities lending, repurchase and reverse repurchase agreements is generally mitigated by the transfer or pledge of collateral in favour of the Sub-Fund. However, transactions may not be fully collateralised. Fees and returns due to the Sub-Fund may not be collateralised. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realise a loss due, inter alia, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of

such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

**Concentration risk** Sub-Funds may focus their investments in certain companies, groups of companies, sectors of the economy, countries or geographical regions, or ratings. This may lead to adverse consequences for such a Sub-Fund when such companies, sectors, countries or ratings become less valued. The value of the Sub-Funds may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the companies, groups of companies, sectors of the economy, countries or geographical regions that the Sub-Funds are focused on. The value of the Sub-Funds with a focus on certain companies, groups of companies, sectors of the economy, countries or geographical regions, or ratings may be more volatile than that of a fund having a more diverse portfolio of investments.

**Valuation risk** Valuation of a Sub-Fund's investments may involve uncertainties and judgemental determinations. If such valuation turns out to be incorrect, this may affect the NAV calculation of the Sub-Fund.

**Counterparty risk** Some Sub-Funds are exposed to a counterparty risk associated to counterparties with which, or brokers, dealers and exchanges through which, they deal, whether they engage in exchange-traded or OTC transactions. This is the risk of default (or counterparty's failure to perform any of its obligations) of any counterparties of the Sub-Funds. The counterparty's default (or the counterparty's failure to perform any of its obligations) under these transactions may have a material adverse effect on the NAV of the Sub-Funds. In the case of insolvency or failure of any such party, such a Sub-Fund might recover, even in respect of property specifically traceable to it, only a pro rata share of all property available for distribution to all of such party's creditors and/or customers. Such an amount may be less than the amounts owed to the Sub-Fund. The Sub-Fund may suffer significant losses.

**Credit risk** The ability of the issuer of securities to honor its commitments depends on the financial condition of the issuer. An adverse change in the financial condition of the issuer could lower the quality of the securities, leading to greater price volatility of the securities. The Sub-Fund may be subject to the risk that the issuer of securities is not making payment on interest and principal of the securities, causing the value of the investment to go down. If a security issuer defaults, the Sub-Fund may experience both delays in liquidating the securities and losses resulting from a decline in value of the securities during the period when the Sub-Fund seeks to enforce its rights leading to the Sub-Fund potentially suffering substantial losses.

Issuers include but are not limited to corporates, banks, sovereign or special purpose vehicles depending on the security. Securities include but are not limited to obligations, notes, Asset Backed Securities, Collateralized Debt Obligations, etc.

**Cross-class liabilities for all Share Classes risk** Although there is an accounting attribution of assets and liabilities to the relevant Share Class, there is no legal segregation with respect to Share Classes of the same Sub-Fund. Therefore, if the liabilities of a Share Class exceed its assets, creditors of said Share Class of the Sub-Fund may seek to have recourse to the assets attributable to the other Share Classes of the same Sub-Fund.

As there is an accounting attribution of assets and liabilities without any legal segregation amongst Share Classes, a transaction relating to a Share Class could affect the other Share Classes of the same Sub-Fund.

**Custody risk** Custodian or sub-custodians are appointed for the purpose of safekeeping assets, which exposes the Sub-Funds to risks of loss associated to this function if those entities fail to perform their duties or if those entities default. In particular, custodian or sub-custodians may be appointed in local markets; where a Sub-Fund invests in markets where custodial and/or settlement systems are not fully developed, the assets of the Sub-Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Sub-Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Sub-Fund may even be unable to recover all of its assets. The costs borne by the Sub-Fund in investing and holding investments in such markets will be generally higher than in more developed securities markets.

**Risk on termination** In the event of the early closure of a Sub-Fund, the Sub-Fund would have to distribute to the Shareholders their pro rata interest in the assets of the Sub-Fund. It is possible that at the time of such sale or distribution, certain investments held by the Sub-Fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the Shareholders. Moreover, any organisational expenses with regard to the Sub-Fund that had not yet become fully amortised would be debited against the Sub-Fund's capital at that time.

The circumstances under which the Sub-Fund may be liquidated are set out under the "Liquidation or Merger" section of this document.

**Derivative transactions risk** Each Sub-Fund may engage in derivative transactions as part of its investment strategy for hedging and efficient portfolio management purpose. These strategies currently include the use of listed and OTC derivatives, including but not limited to futures and forward contracts, swaps, options and warrants.

Derivatives are volatile and may be subject to various types of risks such as market, liquidity, credit, counterparty, legal and operations risks.

Furthermore, there may be an imperfect correlation between derivative instruments used as hedging vehicles and the investments or market sectors to be hedged. This might result in an imperfect hedge of these risks and a potential loss of capital.

In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the underlying contract may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. The global exposure to the said instruments may not exceed 100% of the NAV of the relevant Sub-Fund in the case of Sub-Funds using the commitment approach in order to control the market risk associated with the use of derivative instruments. Accordingly, the global risk associated with the investments of the Sub-Fund may amount to 200% of the NAV of the Sub-Fund. As temporary borrowings may be allowed up to a maximum of 10%, the global risk may never exceed 210% of the NAV of the relevant Sub-Fund. For Sub-Funds using the Value-at-Risk approach, the risk associated with the use of derivative instruments may not exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section of each Sub-Fund in order to control the risk associated with the use of said instruments. However, for Sub-

Funds which are currently authorized by the SFC, value-at-risk approach will not be used.

Also, the ability to use these strategies may be limited by market conditions and regulatory limits and there can be no guarantee that any of these strategies will meet their expected target.

**Equity risk** Shares' prices on equity markets may fluctuate namely pursuant to investor's expectations or anticipations, changes in market sentiment, political and economic conditions and issuer-specific factors, causing high potential volatility risk. Volatility on equity markets has historically been much greater than the volatility of fixed income markets. Should the price of Shares fall within the Sub-Fund's portfolio, the NAV of the Sub-Fund will also fall.

**Foreign exchange and currency risk** *At portfolio level:* Many Sub-Funds invest in foreign securities, i.e. securities denominated in currencies different from the Reference Currency in which Sub-Funds are denominated.

Movements of foreign exchange rates affect the value of securities held by such a Sub-Fund, as expressed in the Sub-Fund's Reference Currency, and bring additional volatility. If the currency in which a security is denominated appreciates in relation to the Reference Currency of the Sub-Fund, the exchange value of the security in the Reference Currency will appreciate; conversely, a depreciation of the denomination currency will lead to a depreciation in the exchange value of the security and may adversely affect the NAV of the Sub-Fund. Also, changes in exchange rate controls may unfavourably affect the NAV of the Sub-Fund.

In the circumstances when the investment manager intends to hedge the currency exchange risk of a transaction, there is no guarantee that such hedging strategy will be effective and that such hedging be a perfect hedge. In an adverse situation, the Sub-Fund may suffer significant losses.

The successful execution of a hedging strategy which mitigates exactly this risk cannot be assured. The implementation of the hedging strategy described above may generate additional costs for the Sub-Fund.

*At share class level:* Many Sub-Funds have Share Classes denominated in currencies different from the Sub-Fund's Reference Currency. When the concerned Share Class is not hedged, its value follows fluctuations of the exchange rate between the Share Class currency and the Sub-Fund's Reference Currency. Therefore, this can generate additional volatility at Share Class level. A Share Class may be affected unfavourably by fluctuations in the exchange rates between the Sub-Fund's Reference Currency and the currencies the Share Classes are denominated in and by changes in exchange rate controls. For currency hedged Share Classes, there is no guarantee that the hedging strategy will be effective and will be a perfect hedge.

**Contagion risk:** Currency hedged Share Classes may incur losses due to their specific hedging strategy, which will primarily be borne by their Shareholders but may, in specific adverse scenario and despite mitigation procedures in place, impact the other Shareholders in the Sub-Fund.

The Share Class aims at hedging the foreign exchange risk resulting from the divergence between the reference currency of the Sub-Fund and the currency of this Share Class by using derivative instruments, which may generate additional costs. The successful execution of a hedging strategy which mitigates exactly the risk cannot be assured.

Where the SICAV seeks to hedge against currency fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the SICAV. However, over-hedged positions will not exceed 105%,

and under-hedged position will not fall short of 95% of the NAV of the Share Class. Hedged positions will be kept under review to ensure that over-hedged positions do not exceed and under-hedged positions do not fall short the permitted level. This review will also incorporate a procedure to ensure that positions materially in excess of 100% of NAV of the Share Class will not be carried forward from month to month.

**Interest rate risk** The market value of financial instruments and, therefore, the NAV of the concerned Sub-Funds may change in response to fluctuations in interest rates.

Interest rate risk involves the risk that, when interest rates increase, the market value of fixed income securities tends to decline. Conversely, when interest rates decline, the market value of fixed income securities tends to increase. As a result, the NAV of the Sub-Funds may be adversely affected. Long-term fixed income securities will normally have more price volatility caused by this risk than short-term securities.

**Volatility and liquidity risk** Some markets, on which Sub-Funds may invest, may prove at times to be insufficiently liquid or illiquid and highly volatile compared to more developed markets. The prices of securities traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Sub-Funds may incur significant trading costs. This affects the market price of such a Sub-Fund's securities and therefore its NAV.

Furthermore, there is a risk that, because of a lack of liquidity and efficiency in certain markets due to unusual market conditions or unusual high volumes of repurchase requests or other reason, Sub-Funds may experience some difficulties in purchasing or selling holdings of securities and, therefore, meeting subscriptions and redemptions in the time scale indicated in this document.

In such circumstances, the management company may, in accordance with the Articles of Incorporation and in the investors' interest, suspend subscriptions and redemptions or extend the settlement timeframe.

**Loss of capital risk** Except where this document explicitly references the existence of a capital guarantee at a given date, and subject to the terms thereof, no guarantee is made or supplied to investors with respect to the restitution of their initial or subsequent investments in a Sub-Fund.

Loss of capital may be due to direct exposure, counterparty exposure or indirect exposure (e.g. exposure to underlying assets through the use of derivative instruments, securities lending and borrowing or repurchase agreement).

**Management risk** For any given Sub-Fund, there is a risk that investment techniques and or strategies are unsuccessful and may incur losses for the Sub-Fund. Shareholders will have no right or power to participate in the day-to-day management or control of the business of the Sub-Funds, nor an opportunity to evaluate the specific investments made by the Sub-Funds or the terms of any of such investments.

Past performance is not a reliable indicator as to future performance. The nature of and risks associated with the Sub-Fund's future performance may differ materially from those investments and strategies historically undertaken by the investment manager. There can be no assurance that the investment manager will realise returns comparable to those achieved in the past or generally available on the market.

**Market risk** Some markets in which Sub-Fund may invest may prove at times to be highly volatile or insufficiently liquid. This may affect significantly the market price of such a Sub-Fund's securities and, therefore its NAV.

**Political, regulatory, economic and convertibility risk** Some geographical areas in which the Sub-Funds may invest (including

but not limited to Asia, the Eurozone and the US) may be affected by economic or political events or measures, changes in government policies, laws or tax regulations, currency convertibility, or by currency redenomination, restrictions on foreign investments, and more generally by economic and financial difficulties. In such contexts, volatility, liquidity, credit, and currency risks may increase and adversely impact the NAV of the Sub-Fund.

**Rating downgrade risk** Downgrades of a rating of securities issue or issuer may lead to a drop in the value of securities in which the Sub-Fund has invested and subsequently experiencing a drop in the NAV of the Sub-Funds. Such securities may have less liquidity, making it more difficult to sell and their values may be more volatile. The investment manager may or may not be able to dispose of the debt instruments that are being downgraded.

**Securities financing transactions (temporary purchase and sale of securities, total return swaps) risk and financial guarantees (collateral) risk** Securities financing transactions (SFT) and related collateral may create risks for the Sub-Fund such as (i) counterparty risk (as described above), ii) legal risk, iii) custody risk, iv) liquidity risk (i.e. risk resulting from the difficulty to buy, sell, terminate or value an asset or a transaction due to a lack of buyers, sellers, or counterparties), and, if relevant, v) risks arising from the reuse of such collateral (i.e. mainly the risk that such collateral posted by the Sub-Fund might not be returned due to the failure of the counterparty for example).

**Securities lending and repurchase or reverse repurchase agreement transactions risk** The Sub-Fund may enter into securities lending and repurchase or reverse repurchase agreement transactions, and may be subject to counterparty risk. The loaned securities may not be returned or returned in a timely manner and/or at a loss of rights in the collateral if the borrower or the lending agent defaults or fails financially and/or the value of the collateral may fall below the value of the securities lent out. The Sub-Fund may suffer significant losses.

In respect of repurchase agreements, in the event of the failure of the counterparty with which collateral has been placed, the Sub-Fund may suffer losses as there may be delays in recovering collateral placed out or the cash originally received may be less than the collateral placed with the counterparty due to inaccurate pricing of the collateral and/or market movements.

In respect of reverse repurchase agreements, in the event of the failure of the counterparty with which cash has been placed, the Sub-Fund may suffer losses as there may be delay in recovering cash placed out or difficulty in realising collateral or proceeds from the sale of the collateral may be less than the cash placed with the counterparty due to inaccurate pricing of the collateral and/or market movements.

## SPECIFIC RISKS

For specific risk considerations applicable to any Sub-Fund, please refer to the "Sub-Fund Descriptions" section.

**144A securities risk** Some Sub-Funds may invest in restricted securities, in particular in 144A securities. 144A securities benefit from an exemption from the registration obligation laid down by the 1933 "Securities Act" of the United States of America. These securities are restricted for resale to Qualified Institutional Buyers (QIBs), as defined by the 1933 "Securities Act" of the United States of America; therefore, administrative expenses are reduced due to this exemption. The 144A securities are traded between a limited number of QIBs, which may cause a higher price volatility and a lower asset liquidity of certain 144A securities.

**China market risk** Some Sub-Funds may invest in the Chinese domestic market. Investing in the securities markets in the PRC is subject to the risks of investing in emerging markets with a greater



degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors, as described hereunder.

China domestic securities may be substantially less liquid and more volatile than those of mature markets. This may adversely affect the timing and pricing of the Sub-Fund's acquisition or disposal of securities.

The existence of a liquid trading market for A Shares may depend on whether there is a supply of, and demand for such A Shares. Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band are imposed by the stock exchanges in China on A Shares, where trading in any A share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the investment manager to liquidate positions and can thereby expose the concerned Sub-Fund to losses. Further, when the suspension is subsequently lifted, it may not be possible for the investment manager to liquidate positions at a favorable price. The price at which securities may be purchased and sold by the Sub-Fund and the Net Asset Value of a Sub-Fund may be adversely affected if trading markets for A Shares are limited or absent.

Many of the PRC economic reforms are subject to adjustment and modification that may not always have a positive effect on foreign investment in the PRC market.

The legal infrastructure in PRC may not provide with the same degree of investors' protection or information to investors, as would generally apply to major securities markets. The recognized accounting, auditing, financial reporting practices and regulatory requirements may be significantly different from those in developed markets. Further, regulations continue to develop and may change quickly which may further delay redemptions or restrict liquidity.

PRC government may also exercise substantial influence over the private economic sector and investments may be affected by political and economic instability. In the past the PRC Government applied nationalization, expropriation, confiscatory levels of taxation and currency blockage. Such event could adversely affect the interests of the SICAV and there is no assurance that such events will not occur in the future.

Moreover, factors such as PRC government policy, fiscal policy, interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the PRC financial markets and the level and volatility of equity prices could significantly affect the value of the SICAV's underlying investments and thus its share price.

Practices in relation to settlement of securities transactions involve higher risks than those in developed markets, in part because the SICAV needs to use local brokers, depository and counterparties subject to different regulations compared to the other international developed markets. However, the depository is responsible for the proper selection and supervision of its correspondent banks in all relevant markets, in accordance with Luxembourg law and regulations. The SICAV will seek, where possible, to use counterparties whose financial status is such that this risk is reduced.

Moreover, as securities purchase transactions in China markets may require cash to be available in the custody account before trading, there may be a time lag before market exposure can be obtained after and the pricing point of a subscription; consequently the Sub-Fund may be under-exposed and subject to performance dilution risk. i.e. If markets rise between the day of the pricing point of the subscription into the Sub-Fund and the day the Sub-Fund is able to invest, Shareholders may see the performance of their

investments diluted. Conversely, if markets fall between those two dates, Shareholders may benefit.

Both the Shanghai and Shenzhen securities markets are in the process of development and change. This may lead to trading volatility, difficulty in the settlement and recording of transactions and difficulty in interpreting and applying the relevant regulations. The PRC government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve uncertainties.

Investments in the PRC will be sensitive to any significant change in political, social or economic policy in the PRC. Such sensitivity may, for the reasons specified above, adversely affect the capital growth and thus the performance of these investments.

**Convertible securities risk** Certain Sub-Funds may invest in convertible securities which are corporate securities, being a hybrid between debt and equity, generally offering fixed interest or dividend yields which may be converted either at a stated price or rate for common or preferred stock at specified times during the life of the convertible securities. Although to a lesser extent than with fixed income securities generally, the market value of convertible securities tends to decline as interest rates rise. Because of the conversion feature, the market value of convertible securities also tends to vary with fluctuations in the market value of the underlying common or preferred stock and is more volatile than straight bond investments. Convertible bonds may also have call provisions and other features which may give rise to the risk of a call. The value and performance of the Sub-Fund may also be adversely affected as a result.

Investments in convertible securities are subject to the same interest rate risk, credit risk, liquidity risk and prepayment risks associated with comparable conventional corporate bonds. Price changes in fixed interest securities are influenced significantly by interest rate developments in the capital markets, which in turn are influenced by macro-economic factors. The value of convertible securities also may be affected by changes in the credit rating, liquidity or financial condition of the issuer. The Sub-Fund may also be exposed to the credit and insolvency risks of the issuers of the securities. The NAV of the Sub-Fund may be adversely affected.

**Derivatives and leverage risk** A Sub-Fund may use both listed (including but not limited to futures and options) and OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) as part of its investment strategy for investment, hedging or efficient portfolio management purposes, but also repurchase, reverse repurchase or securities lending agreement. These instruments are volatile and may be subject to various types of risks, including but not limited to market risk, liquidity risk, credit risk, counterparty risk, valuation risk, volatility risk, legal risk and operations risks. In addition, the use of derivatives can involve significant economic leverage and may, in some cases, involve a significant risk of loss. The low initial margin deposits normally required to establish a position in such instruments permits leverage. As a result, a relatively small movement in the price of the contract and/or of one of its parameters may result in a profit or a loss that is high in proportion to the amount of assets actually placed as initial margin and may result in unlimited further loss exceeding any margin deposited. Investments in OTC derivatives may have limited secondary market liquidity and it may be difficult to assess the value of such a position and its exposure to risk. There can be no guarantee that strategies using derivative instruments will meet this expected

target. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Transactions in OTC derivatives, such as credit derivatives, may involve additional risk, as there is no exchange market on which to close out an open position. It may be difficult to assess the value of a position and its exposure to risk or to liquidate an existing position.

In addition to derivative instruments, the investment manager may use repurchase or securities lending agreements in the investment program of the Sub-Fund. These techniques may increase the leverage of the Sub-Fund and its volatility. Moreover, the costs associated with leverage and borrowings will affect the operating results of the Sub-Fund.

Whether any margin deposit will be required for OTC options and other OTC instruments, such as currency forwards, swaps and certain other derivative instruments will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

**Downgrading of securities into Sub-Investment Grade and/or unrated debt securities risk** A Sub-Fund may invest in Investment Grade debt securities. Investment Grade debt securities which the Sub-Fund acquired may subsequently be downgraded to Sub-Investment Grade. Downgrading of such debt securities will lead to reduced value of the securities concerned thereby causing losses to the Sub-Fund. The market of Sub-Investment Grade and/or unrated debt securities may be less active, making it more difficult to sell the securities. Larger credit spreads will generally be adopted in the valuation of securities issued by issuers with lower credit rating. Valuation of such securities is more difficult and thus the Sub-Fund's price may be more volatile. The investment value of such securities held by the Sub-Funds may be adversely affected. Sub-Investment Grade and/or unrated debt securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than Investment Grade securities.

**Emerging markets risk** Some of the securities held in the concerned Sub-Fund may involve a greater degree of risk than generally associated with similar investments in major securities markets, due, in particular, to political and regulatory factors, as described hereunder.

The prospects for economic growth in a number of these markets are considerable and returns have the potential to exceed those in mature markets where growth is achieved. Investments in emerging markets offer diversification opportunities as correlations between those markets and major markets are generally quite low. However, price and currency volatility are generally higher in emerging markets.

Emerging markets securities may be substantially less liquid and more volatile than those of mature markets. Securities of companies located in emerging markets may be held by a limited number of persons. This may adversely affect the timing and pricing of the Sub-Funds' acquisition or disposal of securities.

Practices in relation to settlement of securities transactions in emerging markets involve higher risks than those in developed markets, in part because the Sub-Funds will need to use brokers and counterparties, which are less well capitalised, and custody and registration of assets in some countries may be unreliable. However, the depositary is responsible for the proper selection and supervision of its correspondent banks in all relevant markets, in accordance with Luxembourg laws and regulations.

The SICAV will seek, where possible, to use counterparties, whose financial status is sound such that this risk is reduced. However, there can be no certainty that the SICAV will be successful in eliminating this risk for the Sub-Funds, particularly

as counterparties operating in emerging markets frequently lack the substance or financial resources of those in developed countries.

The legal infrastructure in certain countries in which investments may be made may not provide the same degree of investors' protection or information to investors as would generally apply to major securities markets. Generally accepted accounting, auditing and financial reporting practices in emerging markets may be significantly different from those in developed markets. Compared to mature markets, some emerging markets may have a low level of regulations, enforcement of regulations and monitoring of investors' activities. Those activities may include practices such as trading on material non-public information.

Some governments exercise substantial influence over the private economic sector and investments may be affected by political and economic instability. In adverse social and political circumstances, governments have been involved in policies of expropriation, confiscatory taxation, nationalization, intervention in the securities market and trade settlement and imposition of foreign investment restrictions and exchange controls, and these could be repeated in the future. In addition to withholding taxes on investment income, some emerging markets may impose differential capital gain taxes on foreign investors.

For example, in the Russian Federation, registrars are not subject to effective government supervision, nor are they always independent from issuers. The possibility of fraud, negligence, undue influence being exerted by the issuer or refusal to recognize ownership exists, which, along with other factors, could result in the registration of a shareholding being completely lost. Therefore, investors should be aware that the Sub-Funds may suffer loss arising from this type of registration problem and may have no successful claim for compensation.

**ESG risk** Applying ESG and sustainability criteria to the investment process may exclude securities of certain issuers for non-investment reasons and therefore some market opportunities available to funds that do not use ESG or sustainability criteria may be unavailable for the relevant Sub-Funds, and the relevant Sub-Funds' performance may at times be better or worse than the performance of comparable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on a proprietary ESG scoring process or ban lists that rely partially on third party data. The lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at EU level may result in different approaches by managers when setting ESG objectives and determining that these objectives have been met by the funds they manage. This also means that it may be difficult to compare strategies integrating ESG and sustainability criteria to the extent that the selection and weightings applied to select investments may to a certain extent be subjective or based on metrics that may share the same name but have different underlying meanings. Investors should note that the subjective value that they may or may not assign to certain types of ESG criteria may differ substantially from the Investment Manager's methodology. The lack of harmonised definitions may also potentially result in certain investments not benefitting from preferential tax treatments or credits because ESG criteria are assessed differently than initially thought.

**Global investments risk** Investments in foreign securities, i.e. securities denominated in a currency different from the Sub-Fund's Reference Currency, offer potential benefits not available from investments solely in securities denominated in the Sub-Fund's Reference Currency. However, it also involves significant risks that are not typically associated with investing in securities denominated in the Sub-Fund's Reference Currency. Indeed, foreign investments may be affected by movements of exchange rates, changes in laws or restrictions applicable to such

investments and changes in exchange control regulations (e.g. currency blockage).

In addition, if a Sub-Fund offers unhedged currency Share Classes denominated in a currency different from the Sub-Fund's Reference Currency, the investor is exposed to foreign exchange risks at Share Class level as the value of this kind of Shares depends on the prevailing spot foreign exchange rate between the two currencies.

Issuers are generally subject to different accounting, auditing and financial reporting standards in different countries throughout the world. The volume of trading, the volatility of prices and the liquidity of issuers may vary in the markets of different countries. In addition, the level of government supervision and regulation of securities exchanges, securities dealers and listed and unlisted companies is different throughout the world. The laws of some countries may limit the Sub-Fund's ability to invest in securities of certain issuers located in those countries.

Different markets have different clearance and settlement procedures. Delays in settlement could result in temporary periods when a portion of the Sub-Fund's assets is uninvested and no return is earned thereon. The inability of the Sub-Fund to make intended securities purchases due to settlement problems could cause the Sub-Fund to miss attractive investments opportunities. Inability to dispose of Sub-Fund's securities due to settlement problems could result either in losses to the Sub-Fund, due to subsequent declines in value of the Sub-Fund's securities, or, if the Sub-Fund has entered into a contract to sell the securities, could result in possible liability to the purchaser.

With respect to certain countries, there is a possibility of expropriation or confiscatory taxation, imposition of withholding taxes on dividend or interest payments, limitations on the removal of Sub-Funds or other assets of the Sub-Funds, political or social instability or diplomatic developments, which could affect investments in those countries.

An issuer of securities may be domiciled in a country other than a country in which currency the instrument is denominated.

The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Investments in sovereign debt obligations by the Sub-Funds involve risks not present in debt obligations of corporate issuers. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest, when due in accordance with the terms of such debt, and the Sub-Funds may have limited recourse to compel payment in the event of a default.

Periods of economic uncertainty may result in volatility of market prices of sovereign debt and in turn the Sub-Fund's NAV. A sovereign debtor's willingness or ability to repay principal and pay interests in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward international lenders and the political constraints to which a sovereign debtor may be subject.

**Eurozone political, regulatory, economic and convertibility risks** Eurozone area in which some Sub-Funds may invest may be affected by economic or political events or measures, changes in government policies, laws or tax regulations, currency convertibility, or by currency redenomination, restrictions on foreign investments, and more generally by economic and financial difficulties. More especially, economic and financial difficulties in Europe may spread within and outside Europe, the measures taken by the governments of the European countries,

central banks and other authorities to address the economic and financial problems, such as austerity measures and reforms, may not work and such failure may result in adverse consequences, and there may be currency fluctuation. In such contexts, volatility, liquidity, credit, and currency risks may increase and adversely impact the NAV of the relevant Sub-Funds.

In light of the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the relevant Sub-Funds' investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the relevant Sub-Funds.

**Hedging and income enhancement strategies risk** Each Sub-Fund may engage in various portfolio strategies to attempt to reduce certain risks of its investments and to attempt to enhance return or may hold financial derivative instruments for hedging only. These strategies currently include the use of options, warrants, forward currency exchange contracts, swap and futures contracts and options on futures contracts. The ability to use these strategies may be limited by market conditions and regulatory limits and there can be no assurance that any of these strategies will meet the expected target. The success of the Sub-Fund's hedging strategy will depend, in part, on the investment manager's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Sub-Fund's hedging strategy will also be subject to the investment manager's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Sub-Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Sub-Fund than if it had not engaged in such hedging transactions.

The adverse consequences of the use of options, warrants, foreign currency, swap and futures contracts and options on futures contracts may cause a loss to the Sub-Funds higher than the amount invested in these instruments. The global exposure to the said instruments may not exceed 100% of the NAV of the relevant Sub-Fund in the case of Sub-Funds using the commitment approach. Accordingly, the global risk associated with the investments of a Sub-Fund may amount to 200% of the NAV of the Sub-Fund. As temporary borrowing is allowed up to a maximum of 10%, the global risk can never exceed 210% of the NAV of the relevant Sub-Fund.

For Sub-Funds using the Value-at-Risk approach, the risk associated with the use of derivative instruments may not cause the Sub-Fund to exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section.

If the investment manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-Fund may leave the Sub-Fund in a worse position than if such strategies were not used.

For a variety of reasons, the investment manager may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent the Sub-Fund from achieving the intended hedge or expose the Sub-Fund to a risk of loss. The investment manager may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. In adverse situation, the Sub-Fund's use of financial derivative instruments may



become ineffective in hedging and the Sub-Fund may suffer significant losses.

Where a Sub-Fund enters into swap transactions it is exposed to a potential counterparty risk. In the case of insolvency or default of the swap counterparty, such event would affect the assets of the Sub-Fund.

**Warrants** Certain Sub-Funds may invest in equity-linked securities or equity-linked instruments such as warrants. The gearing effect of investment in warrants and the volatility of warrant prices make the risk attached to the investment in warrants higher than in the case with investment in equities.

**Inflation-linked bonds risk** Inflation-linked bonds are special types of indexed bonds that are tied to indices that are calculated based on the rates of inflation for prior periods. The value of inflation-linked bonds generally fluctuates in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked bonds. Conversely, if inflation rises at a faster rate than nominal interest rates, real interest rates might decline and result in an increase in value of inflation-linked bonds.

If the Sub-Fund purchases inflation-linked bonds in the secondary market whose principal values have been adjusted upward due to inflation since issuance, the Sub-Fund may experience a loss if there is a subsequent period of deflation. Additionally, if the Sub-Fund purchases inflation-linked bonds in the secondary market which price has been adjusted upward due to real interest rates increasing, the Sub-Fund may experience a loss if real interest rates subsequently increase. If inflation is lower than expected during the period the Sub-Fund holds an inflation-linked bond, the Sub-Fund may earn less on the security than on a conventional bond.

If real interest rates rise (i.e. if interest rates rise for reasons other than inflation), the value of the inflation-linked bonds in the Sub-Fund's portfolio and the NAV of the Sub-Fund will decline. Moreover, because the principal amount of inflation-linked bonds would be adjusted downward during a period of deflation, the Sub-Fund will be subject to deflation risk with respect to its investments in these securities and the NAV of the Sub-Fund may be adversely affected. There can be no assurance that such indices will accurately measure the real rate of inflation.

Additionally, the market for inflation-linked bonds may be less developed or liquid, and more volatile, than certain other securities markets. There are a limited number of inflation-linked bonds that are currently available for the Sub-Funds to purchase, thus making the market less liquid and more volatile.

**Contingent convertible bonds risk** In the framework of new banking regulations, banking institutions are required to increase their capital buffers and have therefore issued certain types of financial instrument known as subordinated contingent capital securities (often referred to as "CoCo" or "CoCos"). The main feature of a CoCo is its ability to absorb losses as required by banking regulations, but other corporate entities may also choose to issue them.

Under the terms of a CoCo, the instruments become loss absorbing upon certain triggering events, including events under the control of the management of the CoCo issuer which could cause the permanent write-down to zero of principal investment and / or accrued interest, or a conversion to equity that may coincide with the share price of the underlying equity being low. These triggering events may include (i) a deduction in the issuing bank's capital ratio below a pre-set limit, (ii) a regulatory authority making a subjective determination that an institution is "non-viable" or (iii) a national authority deciding to inject capital.

Furthermore, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group and the application of these policies. Any such changes, including changes over which the issuer or its group has a discretion, may have a material adverse impact on its reported financial position and accordingly may give rise to the occurrence of a trigger event in circumstances where such a trigger event may not otherwise have occurred, notwithstanding the adverse impact this will have on the position of holders of the CoCos.

CoCos are valued relative to other debt securities in the issuer's capital structure, as well as equity, with an additional premium for the risk of conversion or write-down. The relative riskiness of different CoCos will depend mainly on the distance between the current capital ratio and the effective trigger level, which once reached would result in the CoCo being automatically written-down or converted into equity.

It is possible in certain circumstances for interest payments on certain CoCos to be cancelled in full or in part by the issuer, without prior notice to bondholders. Therefore, there can be no assurances that investors will receive payments of interest in respect of CoCos. Unpaid interest may not be cumulative or payable at any time thereafter.

Notwithstanding that interest not being paid or being paid only in part in respect of CoCos or the principal value of such instruments may be written down to zero, there may be no restriction on the issuer paying dividends on its ordinary shares or making pecuniary or other distributions to the holders of its ordinary shares or making payments on securities ranking pari passu with the CoCos resulting in other securities by the same issuer potentially performing better than CoCos.

CoCos generally rank senior to common stock in an issuer's capital structure and are consequently higher quality and entail less risk than the issuer's common stock; however, the risk involved in such securities is correlated to the solvency level and / or the access of the issuer to liquidity of the issuing financial institution.

The structure of CoCos is yet to be tested and there is some uncertainty as to how they may be impacted in regards to liquidity challenges and industry concentration in a stressed environment of deteriorating financial condition.

**Investments in small and/or micro-capitalisation universe risk** Investing in the small and/or micro-capitalisation universe implies specific liquidity risk. The possible lack of a liquid market may inhibit the ability of the relevant Sub-Funds to purchase or sell such investment at an advantageous price. The NAV of the Sub-Funds may be adversely affected. The stock of small and/or micro-capitalisation companies may have lower liquidity and their prices are more volatile to adverse economic developments than those of larger capitalisation companies in general.

**Investments in specific countries or geographical zones risk** Sub-Funds concentrating their investments in certain countries or geographical regions are therefore subject to the risks associated with concentrating investments in regions and the value of the Sub-Funds may be more volatile. The value of the Sub-Funds may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the regions. This type of strategy may lead to adverse consequences when target markets drop or encounter liquidity issues.

**Investments in specific sectors or asset classes risk** Certain Sub-Funds concentrate their investments in certain asset classes (commodities, real estate) or in companies of certain sectors of the economy (such as healthcare, consumer staples and services, telecommunications or real estate) and are therefore subject to the risks associated with concentrating investments in such classes and sectors. This type of strategy may lead to adverse

consequences when such asset classes or sectors become less valued or less liquid and may be more volatile than that of a fund having a more diverse portfolio of investments.

**Investments in real estate securities and REITs risk** Investors should note that investing in Sub-Funds that are investing in listed securities of companies engaged in the real estate industry are subject to certain risks associated with direct ownership of real estate and with the real estate sector in general. For example, overbuilding; oversupply of, or reduced demand for, commercial and residential real estate; changes in market rental rates; potential declines in the value of real estate; risks related to general, local and international economic conditions; possible lack of availability of mortgage funds; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes or other natural disasters; limitations on and variations in rents; increases in interest rates; and depreciation of buildings over time, etc.

Besides, the value of real estate securities and REITs may be affected by the condition of the economy as a whole and by the changes related to the state and valuation of the real estate businesses which is of a cyclical nature, mainly sensitive to interest rate level and rental income. The REITs are impacted by the creditworthiness of the issuer of the investments and the level of taxes, liquidity of the credit markets and the real estate regulatory environment.

**Investment through the Stock Connect program risk** Some Sub-Funds may invest in the Chinese domestic market through the Stock Connect program.

#### *Regulatory risk*

The current regulations are subject to change which may have potential retrospective effect and there can be no assurance that the Stock Connect will not be abolished. New regulations may be issued from time to time by the regulators/stock exchanges in the PRC and Hong Kong in connection with operations, legal enforcement and cross-border trades under the Stock Connect. The concerned Sub-Fund may be adversely affected as a result of such changes.

#### *Investment limitations*

The Stock Connect is subject to quota limitations on daily basis. In particular, once the remaining balance of the relevant quota drops to zero or the daily quota is exceeded, buy orders will be rejected (although investors will be permitted to sell their cross-boundary securities regardless of the quota balance) and there is no certainty that the quota might be extended in the future. Therefore, quota limitations may restrict the concerned Sub-Fund's ability to invest in A Shares through the Stock Connect on a timely basis, and the concerned Sub-Fund may not be able to effectively pursue its investment strategy.

In addition, stock may be recalled from the scope of eligible stocks for trading via the Stock Connect and in such a case the stock can only be sold but restricted from being bought. This may affect the ability of the Sub-Fund to implement its investment strategy.

It is contemplated that Hong Kong stock exchange and PRC stock exchanges markets would reserve the right to suspend trading if necessary for ensuring an orderly and fair market and that risks are managed prudently. Consent from the relevant regulator would be sought before a suspension is triggered. Where a suspension is effected, the concerned Sub-Fund's ability to access the PRC market via Stock Connect will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

The Stock Connect will only operate on days when both the PRC and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the PRC market but the concerned Sub-Fund cannot carry out any A Shares trading via the Stock Connect where that day is not a trading day in Hong Kong. The concerned Sub-Fund may be subject to a risk of price fluctuations in A Shares during the time when the Stock Connect is not trading as a result.

#### *Pre-trade checking*

PRC regulations require that before an investor sells any share, there should be sufficient shares in the account; otherwise the Chinese Market Stock Exchange will reject the sell order concerned. Pre-trade checking will be carried out on A Share sell orders to ensure there is no over-selling.

#### *Operational risk*

The Stock Connect is premised on the functioning of the operational systems of the relevant market participants. Market participants are permitted to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house. The securities regimes and legal systems of Hong Kong stock exchange and PRC stock exchanges differ significantly and market participants may need to address issues arising from the differences on an on-going basis.

There is no assurance that the system of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems fail to function properly, trading in both markets through the program could be disrupted. The concerned Sub-Fund's ability to access the A Share market via the Stock Connect (and hence to pursue its investment strategy) may be adversely affected.

#### *Execution issues*

Stock Connect trades may, pursuant to the Stock Connect rules, be executed through one or multiple brokers. Given the pre-trade checking requirements, the investment manager may determine that it is in the interest of the concerned Sub-Fund that it only executes Stock Connect trades through a broker who is affiliated to the SICAV's sub-depositary that is an exchange participant. In that situation, whilst the investment manager will be cognizant of its best execution obligations, it will not have the ability to trade through multiple brokers and any switch to a new broker will not be possible without a commensurate change to the SICAV's sub-custody arrangements.

#### *Ownership of Stock Connect securities*

The recognition of the concerned Sub-Fund's ownership on the Stock Connect securities will be subject to applicable requirements, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. It is uncertain whether the Chinese courts would recognise the ownership interest of the investors to allow them standing to take legal action against the Chinese entities in case disputes arise.

**Net Asset Value fall risk** Under certain market conditions, the NAV variation of certain Sub-Funds may be very low or even negative.

**PRC tax consideration risk** Regarding the investment in the Chinese domestic market, some Sub-Funds may be affected by some tax considerations.

Under the prevailing PRC tax policy, there are certain tax incentives available to PRC companies with foreign investments. There can be no assurance, however, that the aforesaid tax incentives will not be abolished in the future. In addition, the SICAV may be subject to withholding and other taxes imposed in



the PRC. The value of the SICAV's investments will be affected by taxation levied through the Stock Connect, which the SICAV will be required to reimburse to the investment manager.

The tax laws, regulations and practice in the PRC are subject to change, and may be changed with retrospective effect. The interpretation and applicability of the tax law and regulations by PRC tax authorities are not as clear and transparent as those of more developed countries and may vary from region to region. In particular, effective from 17 November 2014 the PRC tax authorities have temporarily suspended the income tax payable on capital gains arising from securities trading of the Stock Connect. Relevant tax authorities may in the future re-activate such a tax or withholding tax on realised gains through the Stock Connect from dealing in PRC securities. In light of this uncertainty and in order to meet this potential tax liability for capital gains, the management company reserves the right to provide for the tax on such gains and withhold the tax for the account of the SICAV. With respect to any provisions for tax which may become payable by the SICAV, the assessment of the likelihood of materializing and activating such provisions is performed by the management company at its sole discretion having regard to independent professional tax advice. The amount of any such tax provision will be disclosed in the accounts of the SICAV. If the actual applicable tax levied by PRC tax authorities is greater than that provided for by the SICAV so that there is a shortfall in the tax provision amount, investors should note that the NAV of the SICAV may suffer more than the tax provision amount as the SICAV will ultimately have to bear the additional tax liabilities. In this case, the existing and new Shareholders will be disadvantaged. On the other hand, if the actual applicable tax levied by PRC tax authorities is less than that provided for by the SICAV so that there is an excess in the tax provision amount, Shareholders who have redeemed the shares before PRC tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the SICAV's overprovision. In this case, the existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability can be returned to the account of the SICAV as assets thereof. In addition, the value of the SICAV's investment in the PRC and the amount of its income and gains could also be adversely affected by an increase in rates of taxation or changes in the basis of taxation.

**Offshore RMB bond market risk** The offshore RMB bond market is a relatively small market which is more susceptible to volatility and illiquidity. The operation of the offshore RMB bond market as well as new issuances could be disrupted causing a fall in the NAV of a Sub-Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalization of the offshore RMB market by the relevant regulator(s).

**RMB Currency risk** A majority of the concerned Sub-Fund's assets will be invested into investments denominated in RMB. There can be no assurance that RMB will not be subject to devaluation or revaluation. These may expose the Sub-Fund to exchange rate fluctuation and currency risk. RMB is currently not a freely convertible currency and subject to exchange controls and restrictions, the concerned Sub-Fund may be subject to higher transaction costs associated with currency conversion.

**Currency conversion risk for RMB denominated share class** Subscription and redemption of the shares of the Sub-Fund's RMB share class may involve currency conversion. Currency conversion will be conducted at the applicable exchange rate and subject to the applicable spread. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (e.g.

HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. The RMB is traded in both onshore and offshore markets. Although offshore RMB ("CNH") and onshore RMB ("CNY") are the same currency, they are traded in different and separate markets and may be traded at different rates. When converting the base currency of the Sub-Fund to RMB for the purposes of calculating the net asset value of a share class with a RMB reference currency, the CNH rate will be applied. Any divergence between CNH and CNY may adversely impact investors. As RMB is not freely convertible and is subject to exchange controls and restrictions, under exceptional circumstances, payment of redemptions and/or dividend payment in RMB may be delayed.

**RQFII Quota risk** Some Sub-Fund may invest directly in the Chinese domestic market via the RQFII Quota.

#### *Quota risk*

Under the prevailing regulations in the PRC, the SICAV's investment will be made through the RQFII Quota granted to AXA Investment Managers Paris qualified as "RQFII Quota holder". The RQFII regime is governed by rules and regulations as promulgated and amended from time to time by the mainland Chinese authorities, i.e. the CSRC, the SAFE and the PBOC. The investment manager has obtained a RQFII license and has been granted a RQFII Quota through which the SICAV may invest in Chinese domestic securities (Chinese "A" shares, debt instruments securities traded on the PRC's interbank bond market and other domestic securities as permitted). There can however be no assurance that additional RQFII Quota can be obtained to fully satisfy subscription requests in the relevant Sub-Fund. This may result in a need to reject and/or (pending receipt of additional RQFII Quota) defer all or part of any new subscription requests, subject to the terms of this document. On the other hand, the size of the quota may generally be reduced or cancelled by the relevant Chinese authorities if the RQFII is unable to use its RQFII Quota effectively within one (1) year since the quota is granted. Also, regulatory sanctions may be imposed on RQFIIs if the latter (or the RQFII local depository) breach any provision of the RQFII regulations, which could potentially result in the revocation of the RQFII Quota or other regulatory sanctions that may impact on the portion of the RQFII Quota made available for investment by the RQFII Sub-Funds. Should the "RQFII Quota holder" lose its RQFII status or retire or be removed, or its RQFII Quota be revoked or reduced, the SICAV may not be able to invest in the PRC market, and the SICAV may be required to dispose of its holdings, which would likely have a material adverse effect on the SICAV. There can be no assurance that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations, including changes in RQFII repatriation restrictions. Such restrictions may result in suspension of dealings of the SICAV.

#### *RQFII Regulations*

The application of the RQFII regulations is subject to interpretation. The CSRC and the SAFE have been given wide discretions in the RQFII regulations and there is no precedent or certainty as to how these discretions might be exercised. Moreover, the RQFII regulations may be subject to further revisions in the future, there is no assurance whether such revisions will prejudice the RQFII Quota of AXA Investment Managers Paris used by the SICAV which is subject to review from time to time by CSRC and SAFE and which may be removed substantially or entirely. The RQFII regulations impose strict investment guidelines such as investments restrictions or limitation on foreign ownership of holdings that might impact the performance and/or liquidity of the RQFII Sub-Funds. Repatriations by RQFIIs in respect of an open-ended RQFII fund, such as the RQFII Sub-Funds, conducted in RMB are currently

conducted daily and are not subject to repatriation restrictions or prior approval. There is no assurance, however, that PRC rules and regulations will not change or that repatriation restrictions will not be imposed in the future. Any restrictions on repatriation of the invested capital and net profits may impact on the RQFII Sub-Funds' ability to meet redemption requests from the Shareholders. In extreme circumstances, the SICAV may incur significant loss due to limited investment capabilities, or may not be able to fully implement or pursue its investment objectives or strategy, due to RQFII investment restrictions.

#### *PRC Broker*

As RQFII holder, the Investment manager will also select brokers ("PRC Brokers") to execute transactions for the SICAV in the PRC markets. There is a possibility that the SICAV may only appoint one PRC Broker.

If a single PRC Broker is appointed, the concerned Sub-Fund may not always pay the lowest commission available in the market. However the SICAV shall, in the selection of PRC Brokers, have regard to factors such as the competitiveness of commissions rates, size of the relevant orders and execution standards. The SICAV may incur losses due to the acts or omissions of the PRC Brokers or the PRC depositary in the execution or settlement of any transaction or in the transfer of any funds or securities.

#### *Depositary*

The Depositary has appointed a sub-depositary for the SICAV (the "PRC Sub-Depositary"), where the PRC Sub-Depositary will hold the assets of the SICAV invested in the PRC through the RQFII Quota held by AXA Investment Managers Paris. Subject to the PRC investment regulations, RQFII Quota holder could be the party entitled to the securities in such securities account(s) (albeit that this entitlement does not constitute an ownership interest or preclude the RQFII Quota holder from purchasing the securities on behalf of the SICAV), such securities may not be as well protected as if they were registered solely in the name of the SICAV. Investors should note that cash deposited in the cash account of the SICAV with the PRC sub-depositary will not be segregated but will be a debt owing from the PRC sub-depositary to the SICAV as a depositor. Such cash will be co-mingled with cash belonging to other clients of the PRC sub-depositary. In the event of bankruptcy or liquidation of the PRC sub-depositary, the SICAV will not have any proprietary rights to the cash deposited in such cash account, and the SICAV will become an unsecured creditor, ranking *pari passu* with all other unsecured creditors of the PRC sub-depositary. The SICAV may face difficulty and/or encounter delays in recovering such debt, or may not be able to recover it in full or at all, in which case the SICAV will suffer losses.

**Sovereign debt risk** The Sub-Funds may invest in sovereign debt. Certain countries are especially large debtors to commercial banks and foreign governments. Investment in such debt obligations, i.e. sovereign debt, issued or guaranteed by such governments or governmental entities involves a higher degree of risk including but not limited to political, social and economic risks. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. The value of investments of the Sub-Funds may be adversely affected. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject. Governmental entities may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce

principal and interest on their debt. In addition, there are no bankruptcy proceedings for such sovereign debt on which money to pay the debt obligations may be collected in whole or in part. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers.

Certain Sub-Funds may be further subject to the risk of high concentration in debt securities issued by and/or guaranteed by a single sovereign issuer which is Sub-Investment Grade and/or unrated which is also subject to higher credit / default risk. In the event of a default of the sovereign issuer, these Sub-Funds may suffer significant loss.

**Sub-Investment Grade and unrated debt securities (High Yield) risk** Some of the Sub-Investment Grade securities and unrated debt securities (i.e. high yield securities) held in the Sub-Funds may involve increased credit and market risk; such securities are subject to greater risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) than Investment-Grade debt securities and may also be subject to higher price volatility and lower liquidity due to such factors as Interest Rate Sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. The NAV of the Sub-Funds may be adversely affected. In selecting securities, the Sub-Funds will consider among other things, the price of the securities, and the issuer's financial history, condition, management and prospects. The Sub-Funds will endeavor to mitigate the risks associated with Sub-Investment Grade securities, by diversifying their holdings by issuer, industry and credit quality.

**No guarantee equivalent to deposit protection** Investors should appreciate that investment in the Sub-Funds are not equivalent to placing the funds on deposit with a bank or deposit-taking company and is not protected by any government, government agency or other guarantee scheme which may be available to protect the holder of a bank deposit account.

**Reliability of credit ratings** Debt securities in which the Sub-Funds may invest are not required to be rated by a recognized rating agency. Investment Grade securities are securities rated at least BBB- by Standard & Poor's or equivalent rating by Moody's or Fitch or, in the case of unrated securities, debt securities that are, in the opinion of the investment manager, of equivalent quality. Investment Grade securities may be subject to the risk of being downgraded to securities which are rated below "Investment grade" and/or have a lower credit rating.

The ratings of fixed-income securities by Standard & Poor's, Moody's and Fitch are a generally accepted barometer of credit risk. They are, however, subject to certain limitations from an investor's standpoint. The rating on an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is frequently a lag between the time the rating is assigned and the time it is updated. In addition, there may be varying degrees of difference in credit risk of securities within each rating category. As such, credit ratings assigned by rating agencies do not guarantee the creditworthiness of the security and/or issuer at any times.

**Distribution out of / effectively out of capital risk** For distribution Shares, investors should be aware that dividends may be paid directly or effectively out of a Sub-Fund's capital at the management company's discretion. This may result in an immediate decrease in the NAV per Share of the distribution Shares. Payment of distribution out of a Sub-Fund's capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, which may further decrease the NAV per Share and may also reduce the capital available for the Sub-Fund for future investment and capital growth.

# Risk Management Process

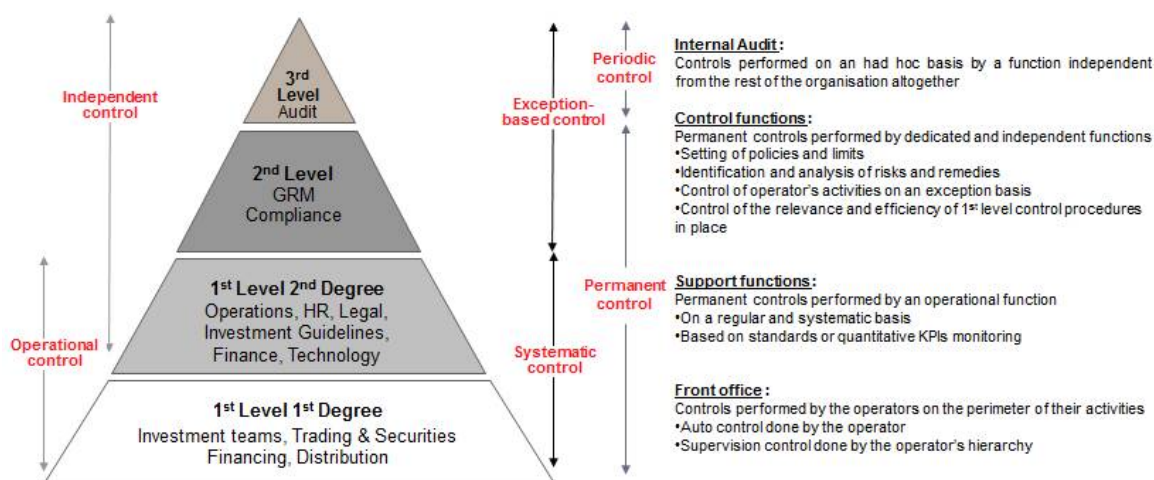
In accordance with the 2010 Law and the applicable regulations, the SICAV shall use a risk-management process which enables it to assess the exposure of each Sub-Fund to market, liquidity and counterparty risks, and to all other risks, including operational risks, which are material for the Sub-Funds.

As part of the risk management process, the SICAV uses the commitment approach to monitor and measure the global exposure of each Sub-Fund unless otherwise provided for under the “Sub-Fund Descriptions” section of this document. This approach measures the global exposure related to positions on derivatives and other efficient portfolio management techniques which may not exceed the total net value of the portfolio of the relevant Sub-Fund.

## Organization of the control levels and description of the teams

The Global Risk Management department (GRM) within the AXA IM Group is a global and fully integrated function, with local representatives contributing to the global risk management framework of the company, as it is the case in Luxembourg. This function is the main organ for risk management but other departments contribute to the global control structure of the company. This is the case amongst others for Compliance, Audit, Trade Management, Portfolio Controlling or Investment Guidelines monitoring.

The chart below presents the organization of the different levels of controls within AXA IM.



A high level description of the teams which form part of the global control infrastructure for AXA Funds Management's funds is presented below:

## 1) Global Risk Management

### 1.1) Senior Expertise Risk Managers (SERM)

Senior Expertise Risk Managers (SERM) are independent risk management experts, specialized by expertise, with a broad mandate to provide an independent oversight and assessment of all keys risks, current and emerging, which each expertise may be directly or indirectly exposed to, and to act as the key contact point between any such expertise and AXA IM's global risk management.

Within this mandate, SERM provide independent risk assessments on existing and new business, review investment processes implemented across each expertise, perform liquidity, capacity and performance reviews of investment strategies, and report on significant risk matters to global risk management governance bodies.

### 1.2) Investment Risk Analysis and Standards (IRAS)

Investment Risk Analysis and Standards (IRAS) is responsible for the identification, analysis, mitigation and second level control of investment and modeling risks throughout the fixed income, equity, structured finance, funds of hedge funds and investment solutions expertise.

IRAS is also responsible for the definition and validation of investment risk methodologies and valuation models used by AXA IM Group.

### 1.3) Global Operational Risk

Operational Risk Management is responsible for the identification, monitoring, reporting, assessment and second level, control of operational risks throughout the organization, as well as consequent mitigations' recommendation and monitoring.

## 2) Operational Support & Service Management

This section does not present all the teams of the department but mainly focuses on teams dealing with daily controls.

### 2.1) Portfolio Control

Portfolio controllers are organized by portfolio management expertise, they are responsible for the portfolios, mandates and funds' inventories, market parameters, new monies and NAV monitoring, validation or review.

### 2.2) Third Party Relationship Management

This team manages the service level agreements (SLA) with major service providers and to oversee their quality of service



and improve the transversal process set up (delivery of the NAV, proxy voting).

### 2.3) Trade Management

Trade managers are responsible for flawless trade in and outflows between the different parties (traders, brokers and State Street as middle office). Trade managers also manage control processes during the different steps of settlements (orders, execution, matching with the counterparty, final decisions with the custodians and management of claims) and the operational relationship with brokers.

### 2.4) Investment Guidelines

The Investment Guidelines team ("IG") is in charge of the monitoring of all applicable regulatory, client (as detailed in the fund's legal documentation) and internal restrictions on the funds under management, rules implementation and the development of associated processes. The purpose is the prevention, the follow-up and the regularization of all breaches.

The investment constraints are monitored at two levels:

- by the portfolio manager (level 1, 1st degree) who is responsible for ensuring compliance with the investment guidelines,
- and the Investment Guidelines team (with potential internal delegation to Portfolio Control teams) (level 1, 2nd degree) who is responsible for a systematic and independent control with respect to investment guidelines. IG monitors investment guidelines, analyses alerts and ensures timely remediation of all breaches. On top of its own monitoring of investment constraints, the team receives, as the management company breaches detected by the fund administrators on a daily basis and reconciles it with its records.

## 3) Legal and Compliance

### 3.1) Compliance

All AXA IM entities undertaking investment activities have their own Compliance departments that are responsible for ensuring compliance with the regulatory requirements applicable to their entity and operations, the application of market best practices, as well as the preservation of the interest of all its customers. Compliance policies and requirements are monitored through specific controls by Compliance departments.

Each Compliance department is integrated in the AXA IM group global compliance function which is responsible for setting standards and overseeing regulatory matters. This function is headed by Global Head of Risks and Controls.

### 3.2) Legal

The legal department is organized around two main expertises: Legal Corporate and Legal Business. The Legal Corporate department deals with the legal affairs of the AXA IM Group and its subsidiaries. Within the AXA IM Group or AXA Funds Management (hereinafter "AFM"), this department provides support concerning management company and SICAV governance. The Legal Business department deals with funds' legal affairs. This department coordinates the elaboration of all "legal" documents relative to funds (contracts, prospectuses, ISDA, investment management agreements, etc.) and coordinates registration works.

### 4) Global Internal Audit (GIA)

The AXA IM Global Internal Audit function exists to provide an independent and objective assurance and consulting activity designed to add value and improve the organization's operations. It helps the organization to meet its objectives by bringing a systematic, disciplined approach to evaluate the

effectiveness of risk management, control and governance processes.

This recognizes two roles for internal audit:

- To provide an independent assurance service to the Board, Audit and Risk Committee and Senior Management; focusing on reviewing the effectiveness of the governance, risk management and control processes that management has put in place; and,
- To provide advice to management on governance, risks and controls as part of its consulting role

The assurance provided generally covers whether:

- The organization has a formal governance process which is operating as intended: values and goals are established and communicated, the accomplishment of goals is monitored, accountability is ensured and the Group's values are preserved.
- Significant risks are being managed and controlled to an acceptable level as determined by the Board.

AXA IM GIA's mission extends to those subsidiaries, businesses, activities and endeavours of the AXA IM Group where audit rights exist.

### 5) Locally, within AXA Funds Management S.A.

AFM has permanent interactions with all the departments and functions presented above. GRM is purely a global function with employees in all locations. For risk matters, AFM does not formally report to the Head of GRM but acts as the entry point in Luxembourg and as a coordinator with the different global and local teams. Concerning operational risk and business contingency plan management, these functions are directly managed in Luxembourg with the support of local and global teams.

For risk matters, AFM reports to the Board of Directors of the management company or the SICAV it manages. Some statistics and indicators are presented, together with ad-hoc specific subjects (projects, issues, changes of processes and regulation changes, etc.). Meanwhile, a representative of GRM may, from time to time, present subjects or give updates on risk matters to the Board of Directors. For any risk matters surrounding a fund managed by AFM, AFM may be invited to participate to any Global Committee.

### 6) Liquidity Risk Management

The management company has established a risk management policy and processes which enable it to identify, monitor and manage the risks of each Sub-Fund (including liquidity risk) and to ensure that the liquidity profile of the investments of each Sub-Fund will facilitate compliance with the SICAV's obligation to meet redemption requests. Such policy, combined with the liquidity management tools of the management company, also seeks to achieve fair treatment of Shareholders and safeguard the interests of the remaining Shareholders in case of sizeable redemptions.

In seeking to manage the liquidity risk of the Sub-Funds, the management company's risk management policy takes into account the investment strategy, the liquidity profile, the redemption policy, the dealing frequency, the ability to enforce redemption limitations and the fair valuation policies of the Sub-Funds. These measures seek to ensure fair treatment and transparency for all investors.

Management of the liquidity risk of the Sub-Funds involves monitoring the profile of investments held by each Sub-Fund on an on-going basis to ensure that such investments are appropriate to the redemption policy as stated under the

“Redeeming Shares” section of this document and will facilitate compliance with the SICAV’s obligation to meet redemption requests. Further, periodic stress testing is carried out to manage the liquidity risk of the Sub-Funds under normal and exceptional market conditions.

The following tools may be employed by the management company to manage liquidity risks:

- each Sub-Fund shall not be bound to redeem on any Business Day more than 10% of the number of Shares relating to any Sub-Fund then in issue, as further described under the “Redeeming Shares” section of this document. If such limitation is imposed, this would restrict the ability of a Shareholder to redeem in full the Shares he intends to redeem on a particular Dealing Day;
- the management company may adopt a swing pricing mechanism. If the net subscriptions and redemptions based on the last available NAV on any Valuation Day exceed a certain threshold of the value of a Sub-Fund or a Share Class on that Valuation Day, as determined and reviewed on a periodic basis by the management company, the NAV may be adjusted respectively upwards or downwards to reflect the dealing and other costs that may be deemed to be incurred in buying or selling assets to satisfy net daily transactions, as further described under the “Swing Pricing” section of this document. As a result, the subscription price and redemption price may be adjusted upwards or downwards (as the case may be);
- the management company may temporarily suspend redemption under exceptional circumstances as set out under the “How NAV is Calculated” section of this document. During such period of suspension, Shareholders would not be able to redeem their Shares in the relevant Sub-Fund; and
- the management company may borrow up to 10% of the net assets of a Sub-Fund to meet redemption requests, provided that this borrowing is on a temporary basis. Please note that borrowing involves an increased degree of financial risk and may increase the exposure of the relevant Sub-Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. There can be no assurance that the relevant Sub-Fund will be able to borrow on favourable terms.

Investors should note that there is a risk that the above tools may be ineffective in managing liquidity and redemption risks in the Sub-Funds.

Overview of the controls in place

The below table summarises the controls in place for Luxembourg UCITS:

Risks in scope	Party responsible for controlling these risks	Key controls performed by the entity responsible for controlling such risk	Frequency of controls	Board's and Management Company's / Management of the Fund's monitoring procedures and controls	Frequency of monitoring controls
Risk of breach of regulatory investment restrictions or non compliance with the fund's investment policy, including overdraft monitoring	1 <sup>st</sup> level Investment Managers	All controls in front office system to prevent or monitor constraints.	Daily	Organization of an <u>incident committee</u> if the breach implies a negative impact above 50 000 Euro. AFM participates systematically when the breach concerns the Luxembourg funds.	On occurrence  Daily
	2 <sup>nd</sup> level, 1 <sup>st</sup> degree Administrative Agent	Post-compliance check: investment restriction breaches are communicated on a daily basis to AFM, and AXA IM Investment Guidelines team by the Administrative Agent.	Daily		
	Investment Guidelines	Then Investment Guidelines team monitors the breaches and arrange for regularization plan with Front Office functions.	On occurrence and weekly follow-up	Escalation to the incident committee and the Board when a breach is not resolved in a timely manner.	Quarterly Yearly
	2 <sup>nd</sup> level, 2 <sup>nd</sup> degree: AXA Funds Management	Coordination of the breaches resolution and escalation in case of delay in the regularization. Validation of impact calculation and coordination of compensations.		Compliance report presented during Board Meetings which includes an overview and statistics about breaches and compensation occurred during the previous period.	
Stale prices	1 <sup>st</sup> level: Investment Managers	Illiquid and staled price report sent weekly and monthly by the administrator to AFM, portfolios controllers and fund managers.	Continuous Weekly Monthly	Escalation to the Board for fair valuation process if necessary.	At each Board Meeting
	2 <sup>nd</sup> level, 1 <sup>st</sup> degree: Portfolio Controllers	Ensure that price updates are received in a timely manner.	Continuous		
	2 <sup>nd</sup> level, 2 <sup>nd</sup> degree: AXA Funds Management	Prepare statistics based on the report from the fund administrators. Chase the fund managers and portfolio controllers to get prices update from brokers and escalate to the Board.	On occurrence	Compliance report presented during Board Meetings which includes an overview and statistics about stale prices.	
	Global Risk Management	There is a Price Source Agreement (PSA) in place with the third party responsible for the fund accounting which outlines how all our securities should be	On occurrence		

		<p>priced. If however, a security cannot be priced using the PSA, these are considered as exceptions and price source is obtained by AXA IM from an external provider/source.</p>			
Liquidity Risk	<b>1<sup>st</sup> level:</b> Investment Managers	<p>Asset and portfolio liquidity is part of the asset selection and portfolio allocation processes.</p> <p>Fund managers are informed about daily net inflows and outflows by the transfer agent.</p> <p>In case of big outflows, the fund manager has to assess if this can be met in one shot, or if the application of the gating process is necessary (scaling down to the next applicable NAV the part of the outflows above 10% of the asset under management of the concerned fund).</p>	<p>Continuous</p> <p>Daily</p> <p>On occurrence</p>	<p>Escalation to senior risk committees in case of breaches and periodic status.</p> <p>Reporting to the Board on significant issues</p>	<p>Under definition</p> <p>At each Board Meeting</p>
	<b>2<sup>nd</sup> level, 1<sup>st</sup> degree:</b> Global Risk Management	<p>The liquidity risk is monitored by an in-house tool called Liquidity Portfolio Score (LIPS). The objective is to score the ability of a fund to meet its needs in cash. The LIPS represents the mismatch between its needs and its ability to generate cash. A score of 0 means no liquidity issue (i.e. all positions can be sold in 1 day) whereas a score of 250 means that the fund totally illiquid (i.e. no position can be sold).</p>	Continuous		
	Operations	<p>After discussion with the fund managers, calculates and applies the gating process and monitors the correct application on the next applicable NAVs.</p>	On occurrence		
	AXA Funds Management				
	<b>2<sup>nd</sup> level, 2<sup>nd</sup> degree</b> Global Risk Management	<p>Investigates the roots of any breach, monitors and follow up scenarios. Reporting of significant issues to senior risk committees.</p>	On occurrence		
	AXA Funds Management	<p>Coordination of the breaches resolution and escalation in case of delay in the regularization. Reporting of breaches to the Board.</p>	On occurrence		
Coverage rules	<b>1<sup>st</sup> level:</b> Investment Manager	<p>The fund manager has to ensure that the funds continuously hold sufficient cash and liquid asset to face the derivatives instrument commitment.</p>	Continuous	Escalation to senior Risk committees in case of breaches and periodic status.	On occurrence
	<b>2<sup>nd</sup> level, 1<sup>st</sup> degree</b>	<p>State Street Bank International GmbH, Luxembourg Branch</p>	Daily	Reporting to the Board on	At each Board Meeting

	Fund administrator  Investment Guidelines	monitors the coverage rule on a daily basis. In case of breaches an alert is immediately sent to AFM and AXA IM Investment Guidelines. The latter will then monitor the regularization of the breach with the fund manager.		significant issues	
	<b>2<sup>nd</sup> level, 2<sup>nd</sup> degree</b> Global Risk Management	In case of breach, further analysis can be needed. Periodic update to senior risk committees.	On occurrence		
	AXA Funds Management	Coordination of the breaches resolution and escalation in case of delay in the regularization. Reporting of breaches to the Board.	On occurrence		
Market risk	<b>1<sup>st</sup> level</b> Investment Manager	The investment manager takes investment decisions in regards to market risks the fund is exposed to. A system of internal rules and indicators has been set by GRM to monitor the significant market risks the fund is exposed to. This gives support the investment manager in monitoring the market risks.	Continuous		
	<b>2<sup>nd</sup> level, 1<sup>st</sup> degree</b> Investment Guidelines  Portfolio Controllers	Monitoring of the systems limits and coordination of the regularization plans.	On occurrence		Weekly and on occurrence
	<b>2<sup>nd</sup> level, 2<sup>nd</sup> degree</b> Global Risk Management         AXA Funds Management	For the purpose of market risk management and monitoring, GRM proposes, in coordination with the investment teams, investment guidelines at product level.  The guidelines cover a wide range of risks and indicators, such as (but not limited to): <ul style="list-style-type: none"> <li>• Leverage</li> <li>• Independent valuation checks of complex OTC derivatives</li> <li>• Stress-testing</li> <li>• Tracking error</li> </ul> Significant breaches are reported by GRM to senior risk committees.  Follow up the adequate resolution of deficiencies identified. Reporting to the Board	On occurrence	Escalation to senior risk committees in case of breaches and periodic status.  Reporting to the Board on significant issues.	On occurrence
Credit / counterparty risk	<b>1<sup>st</sup> level</b> Investment manager	Based on rules and standards defined by GRM, monitoring of exposure to issuer and counterparties. The list of	Continuous		



	Stock lending agent	authorized counterparties is defined by GRM.			
	<b>2<sup>nd</sup> level, 1<sup>st</sup> degree:</b> Investment Guidelines	Monitoring of limits set forth by GRM and coordination of remediation plans.	On occurrence	Escalation to senior Risk committees in case of breaches and periodic status.	Weekly and on occurrence
	<b>2<sup>nd</sup> level, 2<sup>nd</sup> degree:</b> Global Risk	Credit risk is the aggregation of issuer risk and counterparty risk. GRM: <ul style="list-style-type: none"> <li>Assess risk of new issuers and counterparties</li> <li>Define thresholds and limits</li> <li>Analyse issuer and counterparty exposures reaching or exceeding thresholds and limits and propose remediation plans</li> </ul> Significant breaches are reported by GRM to senior risk committees.	Counterparty risk (monthly monitoring)  Credit Risk (daily monitoring)  On occurrence	Reporting to the Board on significant issues.	On occurrence
	AXA Funds Management	Follow up the adequate resolution of deficiencies identified. Reporting to the Board.			
Settlement risk	<b>1<sup>st</sup> level:</b> Investment manager and trading	Ensure that settlement cycles of the assets are in line with funds ones and deal with counterparties approved by GRM.	Continuous	Failed and late trade reports are part of the MIS pack produced by the fund administrator, available to senior management	Monthly On occurrence
	Fund administrator	Manages trade matching with counterpart and instructs the trade for settlement to the funds custodian.			
	<b>2<sup>nd</sup> level, 1<sup>st</sup> degree:</b> Trade manager  Transfer Agent  Fund administrator and depositary	Monitors failed trades and coordinates with the fund administrator in securing the timely market settlement. Monitor and report and manage late payment of subscriptions.  Manages and report late of failed settlement on the asset side.	On occurrence  Daily  Monthly	Significant cases are reported to the board	
	<b>2<sup>nd</sup> level, 2<sup>nd</sup> degree:</b> AXA Funds Management	Monitor and manages significant late or failed settlement and reporting to the Board of significant issues	On occurrence		
Operational Risk	<b>1<sup>st</sup> level:</b> Investment managers, support functions, middle office, fund administrator, transfer agent, depositaries	All departments and involved parties should have the adequate process to identify, monitor and resolve operational issues. In case of issues, descriptive memos are written to the attention of AFM and AXA IM Operational Risk department.	Continuous	Organization of an <u>incident committee</u> if the breach implies a negative impact above 50 000 Euro. AFM participates systematically when the issue concerns Luxembourg funds.	On occurrence

	<b>2<sup>nd</sup> level, 1<sup>st</sup> degree:</b> Global New Business Committee	When a new fund is launched or <b>modified in such a way that it requires</b> a new process or a change of process, operational risk <b>impacts</b> are assessed.	On occurrence	Escalation to the incident committee and the Board when a breach is not resolved in a timely manner.	Daily
	Portfolio controllers, fund administrator, transfer agent	Analysis of issues, impact assessment and reporting to Operational Risk and AFM.	On occurrence		
	<b>2<sup>nd</sup> level, 2<sup>nd</sup> degree:</b> Operational Risk	Monitors and coordinates resolution of operational issues. Yearly consolidated mapping exercise at company level and reporting to senior management.	On occurrence and yearly	Compliance report presented during Board Meetings which includes a description of significant issues.	Quarterly Yearly
	AXA Funds Management	Monitors and coordinates resolution of operational issues. Reporting to senior management and to the Board.	On occurrence		

# More about Derivatives

## TYPES OF DERIVATIVES THE SUB-FUNDS USE

Although the Sub-Funds do not rule out the use of any type of derivative, they generally expect to use the following types, among others:

- financial futures and options, such as futures or options on equities, interest rates, indices, bonds, currencies, commodity indices or other instruments
- forwards, such as foreign exchange contracts (currency forwards)
- swaps (contracts where two parties exchange the returns from two different assets, indices, or baskets of the same), such as foreign exchange, commodity index, interest rate, volatility and variance swaps
- total return swaps (contracts where one party transfers to another party the total performance of a reference obligation, including all interest, fee income, market gains or losses, and credit losses)
- credit derivatives, such as credit default derivatives, credit default swaps (contracts where a bankruptcy, default, or other “credit event” triggers a payment from one party to the other) and credit spread derivatives
- warrants
- mortgage TBAs (securities based on a pool of mortgages that has not yet been finalised but whose overall characteristics are specified)
- structured financial derivatives, such as credit-linked and equity-linked securities

Futures are generally exchange-traded. All other types of derivatives are generally OTC. For any index-linked derivatives, the index provider determines the rebalancing frequency. The cost is not significant to a Sub-Fund when an index is rebalanced.

In deciding when to use derivatives, and which ones to use, a Sub-Fund will consider such factors as liquidity, cost, efficiency, capacity to trade quickly, size, maturity of the investment and other relevant factors.

Any possible use of a total return swap or similar derivative by any Sub-Fund is described in “Sub-Fund Descriptions.”

## PURPOSES OF DERIVATIVES USE

Each Sub-Fund can use derivatives for the following purposes:

- hedging against market risk and currency risk
- gaining exposure to market, securities or issuer as described in the Sub-Fund’s “Objective and Investment Strategy” section
- efficient portfolio management (described below in “More About Efficient Portfolio Management”)
- any other legally permissible purpose that is described in the Sub-Fund’s “Objective and Investment Strategy” section, along with information about the general extent, nature and conditions of the usage.

## RISKS ASSOCIATED WITH INVESTMENTS IN FINANCIAL DERIVATIVE INSTRUMENTS (“FDI”)

**General risk** Certain Sub-Funds may use both listed (including but not limited to futures and options) and OTC derivatives (including but not limited to options, forwards, interest rate swaps and credit derivatives) extensively for investment purposes as well as for hedging or efficient portfolio management purposes. No

specific strategy relating to FDI is adopted by the management company and the investment managers of the Sub-Funds.

Risks associated with financial derivative instruments include counterparty/credit risk, liquidity risk, valuation risk, volatility risk, and OTC risk. The leverage element of a financial derivative instrument can result in a loss significantly greater than the amount invested in the financial derivative instrument by the Sub-Funds. Exposure to financial derivative instruments may lead to a high risk of significant loss by the Sub-Funds.

Should the extensive use of derivatives be incorrect, ineffective or unsuccessful due to market conditions, the Sub-Fund may suffer a substantial loss or even a total loss, which will lead to an adverse effect on the NAV of the Sub-Fund. The prices of derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The Sub-Funds may be invested in certain derivative instruments, which may involve the assumption of obligations as well as rights and assets. Assets deposited as margin with brokers may not be held in segregated accounts by the brokers and may therefore become available to the creditors of such brokers in the event of their insolvency or bankruptcy.

The Sub-Funds may from time to time utilize both exchange-traded, such as collateralized debt obligations, and OTC credit derivatives, such as credit default swaps as part of its investment policy and for hedging purposes. These instruments may be volatile, involve certain special risks and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, a relatively small movement in the price of a contract may result in a profit or a loss that is high in proportion to the amount of funds actually placed as initial margin and may result in loss substantially exceeding any margin deposited. Furthermore, when used for hedging purposes, there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position. The relevant Sub-Funds’ ability to use derivatives may be limited by market conditions, regulatory limits and tax considerations. These instruments involve certain special risks and may expose investors to a high risk of loss. Should the use of FDI be incorrect, ineffective or unsuccessful due to market conditions, the relevant Sub-Funds may suffer a substantial loss, having an adverse effect on the NAV of the relevant Shares.

**Counterparty risk** Some transactions in FDI by the Sub-Funds may be entered into with counterparties on an off exchange basis, more commonly referred to as OTC transactions. It should be noted that all OTC transactions expose the investor to the credit risk of the counterparty. In the event that the counterparty to the transaction is unable to meet or otherwise defaults on its obligations (for example due to bankruptcy or other financial difficulties), the relevant Sub-Funds may be exposed to significant

losses greater than the cost of the FDI. The risk of default of the counterparty is directly linked to the creditworthiness of that counterparty. In respect of a default on a foreign exchange transaction, it is possible that the entire principal of a transaction could be lost in the event of a counterparty default.

Since the Sub-Funds are UCITS IV compliant, the relevant Sub-Funds' exposure to single individual counterparty may not exceed 10% of the relevant Sub-Funds' FDI exposure on an aggregated basis. Counterparty risk may be further mitigated through the use of collateral agreements. However, collateral arrangement is still subject to the insolvency risk and credit risk of the issuers of the collateral. The management company ensures that a rigorous counterparty assessment and approval process is followed.

**Volatility risk** The relevant Sub-Funds may invest in FDI with different degree of volatility. The prices of derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

**Valuation risk** Investors should note that the relevant Sub-Funds may invest in FDI which can be difficult to value and may entail increased market risk. Incorrect valuation or pricing of derivatives may occur as many derivatives are complex and frequently valued subjectively. Independent pricing information may not at times be available. Such investments could expose the relevant Sub-Funds to losses greater than the cost of the FDI and may increase substantially the Sub-Funds' volatility, compared with a corresponding Sub-Fund which only uses FDI for hedging purposes.

**Leverage risk** The use of FDI may lead to a leverage effect. Higher degree of leverage may be inherent in trading of derivatives (i.e. the loan margin deposits normally required in derivative trading means that the derivative trading may be highly leveraged). Accordingly, a relatively small price movement in derivatives may result in an immediate and substantial loss to the relevant Sub-Funds; and may result in greater fluctuations and volatility of the NAV of the relevant Sub-Funds.

**Liquidity risk** The possible absence of a liquid market for any particular instrument at any particular time may inhibit the ability of the relevant Sub-Funds to value and liquidate the derivatives at an advantageous price.

**Other risks** The use of techniques and instruments also involves certain special risks, including:

1. dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, securities prices and currency markets,
2. imperfect correlation between the price movements of the derivatives and price movements of related investments,
3. the fact that skills needed to use these instruments are different from those needed to select the Sub-Funds' securities
4. the possible absence of a liquid market for any particular instrument at any particular time,
5. possible impediments to effective portfolio management or the ability to meet redemptions,

6. the possible inability of the Sub-Funds to purchase or to sell a portfolio security at a time that otherwise would be favourable for it to do so,
7. possible losses arising from an unexpected application of law or regulation or arising as a result of the unenforceability of a contract,
8. possible legal risks arising in relation to derivative contract documentation, particularly issues arising relating to enforceability of contracts and limitations thereto and
9. settlement risk as when dealing with futures, forwards, swaps, contracts for differences the relevant Sub-Funds' liability may be potentially unlimited until the position is closed.

A list of FDI most commonly used and the additional risks involved are set out below:

- **Liquidity of futures contracts risk** Futures positions, such as bond futures contracts, may be illiquid because certain exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Sub-Fund from liquidating unfavourable positions.
- **Futures and option risk** The investment manager may engage in various portfolio strategies on behalf of the Sub-Funds through the use of futures and options, including call and put options on interest rate futures. Due to the nature of futures, cash to meet margin monies will be held by a broker with whom each Sub-Fund has an open position. In the event of the insolvency or bankruptcy of the broker, there can be no guarantee that such monies will be returned to each Sub-Fund. On execution of an option, the Sub-Funds may pay a premium to a counterparty. In the event of the insolvency or bankruptcy of the counterparty, the option premium may be lost in addition to any unrealised gains where the contract is in the money.
- **Forward trading** Forward contracts and options thereon, including foreign exchange forward contracts, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Sub-Fund.
- **Over-the-Counter markets risk** Where any Sub-Fund acquires securities on over-the-counter markets, there is no guarantee that the Sub-Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.
- **Credit Default Swap risk** Sub-Funds may in particular engage in the credit derivatives market by entering, i.e., into credit default swaps in order to sell or buy protection. A credit default swap ("CDS") is a bilateral financial contract in which one counterparty (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer acquires the right to sell a particular bond or other

designated reference obligations issued by the reference issuer for its par value or the right to receive the difference between par value and market price of the said bond or other designated reference obligations (or some other designated reference or strike price) when a credit event occurs. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The International Swap and Derivatives Association (ISDA) have produced standardized documentation for these derivatives transactions under the umbrella of its ISDA Master Agreement. The Sub-Fund may use credit derivatives in order to hedge the specific credit risk of some of the issuers in its portfolio by buying protection. In addition, the Sub-Fund may, provided it is in its exclusive interest, buy protection under credit derivatives without holding the underlying assets. Provided it is in its exclusive interest, the Sub-Fund may also sell protection under credit derivatives in order to acquire a specific credit exposure. The Sub-Fund will only enter into OTC credit derivatives transactions with highly rated financial institutions specialized in this type of transaction and only in accordance with the standard terms laid down by the ISDA Master Agreement. The maximum exposure of the Sub-Fund may not exceed 100% of its net assets in the case it is using the commitment approach. For Sub-Funds using the Value-at-Risk approach, the risk associated with the use of derivative instruments may not cause the Sub-Fund to exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section of each Sub-Fund using the Value-at-Risk approach in order to control the risk associated with the use of said instruments.

**Total return swaps (TRS) risk** The Sub-Fund may enter into TRS or other financial derivative transactions with similar characteristics. TRS are bilateral financial contracts whose purpose is to swap specific periodic payments over a certain period of time. The purpose of these transactions is set out in the Sub-Fund's Descriptions.

The Sub-Fund may enter into these contracts with any eligible financial institutions as selected in accordance with the order execution policy/ conflicts of interest policy details of which are available on our website.



# More about Efficient Portfolio Management

## GENERAL

### Instruments and Techniques

In conducting efficient portfolio management operations, the Sub-Funds may use securities financing transactions (SFTs) such as securities lending, securities borrowing, repurchase and reverse repurchase transactions, and (as noted above) may use any allowable derivatives (including without limitation listed and OTC derivatives such as total return swaps), provided that such transactions and instruments are specifically described in the Sub-Fund Descriptions and are used under the conditions set out in this section "More about Efficient Portfolio Management" and CSSF circulars. The assets subject to SFTs and total return swaps and collateral received are safe-kept with the Depositary or, failing that, by any third party depositary (such as Euroclear Bank SA/NV) which is subject to a prudential supervision.

The Sub-Fund shall enter into any SFT or financial derivative instruments (including total return swaps) with counterparties subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and selected by the management company in accordance with its order execution policy available on its internet website. In this context, the management company will enter into any SFT or financial derivative instruments (including total return swaps) with credit institutions established under any legal form in an OECD member state having a long term debt rated at least BBB- according to the ratings scale of Standard & Poor's (or deemed equivalent by the management company).

Under no circumstances shall efficient portfolio management operations cause a Sub-Fund to diverge from its investment objective nor shall they entail any substantial supplementary risk.

The use of SFTs may incur fixed or variable brokerage fees and transaction costs relative to such techniques that will be disclosed in the annual report.

### Revenues

Any revenues from efficient portfolio management techniques will be returned to the SICAV, minus direct and indirect operational costs.

Each Sub-Fund may incur costs and fees in connection with efficient portfolio management techniques. In particular, a Sub-Fund may pay fees to agents and other intermediaries, which may be affiliated with the depositary or the investment manager to the extent permitted under applicable laws and regulations, in consideration for the functions and risks they assume. The amount of these fees may be fixed or variable. Information on direct or indirect operational costs and fees incurred by each Sub-Fund in this respect, as well as the identity of the entities to which such costs and fees are paid and any affiliation they may have with the depositary or the investment manager or the management company, if applicable, will be available in the annual report.

In consideration for its services:

- AXA Investment Managers GS Limited will receive a remuneration equal to 35% of the securities lending and borrowing transactions income/repurchase agreements or reverse repurchase agreements income, to be borne by the respective Sub-Fund. Such remuneration may be calculated as a percentage of gross revenues earned by the SICAV through the use of such techniques;

- On the contrary, 65% of the revenues generated by such securities lending and borrowing transactions/repurchase agreements or reverse repurchase agreements will benefit to the respective Sub-Fund. Respective Sub-Fund, details of which are included in the annual report of the SICAV.

### Risks

Securities lending and repurchase transactions can carry counterparty risk, as defined in "Risk Descriptions". Repurchase transactions also have risks similar to those of derivative transactions. The risks associated with derivatives are described in other risk languages to be found in many places throughout this document.

## SECURITIES LENDING AND BORROWING

Unless further restricted by the investment policy of a specific Sub-Fund as described in the Sub-Fund Descriptions and provided that it complies with the following rules and the relevant CSSF circulars, each Sub-Fund may enter into securities lending and borrowing transactions governed by an agreement whereby a party transfers securities subject to a commitment that the borrower will return equivalent securities on a future date or when requested to do so by the transferor, that transaction being considered as a securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred.

### Securities lending

All the securities lending transactions carried out on behalf of the SICAV will be on arm's length basis and that transactions will be limited to 100% of each Sub-Fund's NAV in any Valuation Day, unless otherwise specified in the investment strategy of the Sub-Funds in the "Sub-Fund Descriptions" section of this document.

The Sub-Fund may enter into any securities lending transaction with counterparty selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes, available credit spreads and analyses and/or external credit ratings.

A Sub-Fund may only enter into securities lending transactions provided that (i) it is entitled at all times to request the return of the securities lent or to terminate any securities lending transactions and (ii) that these transactions do not jeopardize the management of the Sub-Fund's assets in accordance with its investment policy.

The risk exposure to a counterparty generated through a securities lending transaction or other efficient portfolio management techniques and OTC financial derivatives must be combined when calculating the limits referred to below under "Limits to Promote Diversification".

### Securities borrowing

The Sub-Fund may enter into any securities borrowing transaction with counterparties selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes, available credit spreads and analysis and/or external credit ratings.

The securities borrowed by the Sub-Fund may not be disposed of during the time they are held by the Sub-Fund, unless they are covered by sufficient financial instruments which enable the Sub-Fund to reconstitute the borrowed securities at the close of the transaction.

The borrowing transactions may not exceed 50% of the NAV of the Sub-Fund.

The Sub-Fund may borrow securities under the following circumstances in connection with the settlement of a sale

transaction: (a) during a period where the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time and (c) to avoid a failed settlement when the depositary fails to make delivery.

## REPURCHASE AGREEMENT TRANSACTIONS

### Repurchase/reverse repurchase agreement transactions (repos/reverse repos)

All the repurchase agreement transactions carried out on behalf of the Sub-Funds will be on arm's length basis and that transactions will be limited to 100% of each Sub-Fund's NAV in any valuation day unless otherwise specified in the investment strategy of the Sub-Funds in the "Sub-Fund Descriptions" section of this document.

Unless further restricted by the investment policy of a specific Sub-Fund as described in the Sub-Fund Descriptions, a Sub-Fund may within the limit set out in the relevant CSSF circulars enter into repurchase agreement transactions which consist of transactions governed by an agreement whereby a party sells securities or instruments to a counterparty, with a clause reserving the counterparty or the Sub-Fund the right to repurchase or substitute securities or instruments of the same description, from respectively the Sub-Fund or the counterparty to a specified price on a future date specified, or to be specified, by the transferor.

Such transactions are commonly referred to as temporary purchases and sales of securities (also known as SFTs).

These transactions shall be conducted in accordance with the limit set out in the relevant circulars issued by the CSSF. They shall be carried out as part of the achievement of the management objective of the Sub-Fund, hedging, cash management and/or efficient portfolio management.

The Sub-Fund may enter into any repurchase agreement or reverse repurchase agreement with a counterparty selected on the basis of the following combined criteria: regulatory status, protection provided by local legislation, operational processes, available credit spreads and analysis and/or external credit ratings.

A Sub-Fund may only enter into a repurchase agreement and/or a reverse repurchase agreement provided that it shall be able at any time (i) to recall any securities subject to the repurchase agreement respectively the full amount of cash in case of reverse repurchase agreement or (ii) to terminate the agreement in accordance with the relevant CSSF circulars being understood that fixed-term repurchase and reverse repurchase agreements that do not exceed seven days should be considered as arrangements on terms that allow the assets to be recalled at any time by the Sub-Fund.

Securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be compliant with the relevant CSSF circulars and the Sub-Fund's investment policy and must together with the other securities that the Sub-Fund holds in its portfolio, globally respect the Sub-Fund's investment restrictions.

The risk exposure to a counterparty generated through those transactions or other efficient portfolio management techniques and OTC financial derivatives must be combined when calculating the limits referred to below "Limits to Promote Diversification".

See also the sub-section "Collateral Policies" below.

## TOTAL RETURN SWAPS

Unless further restricted by the investment policy of a specific Sub-Fund as described in the Sub-Fund Descriptions above, the SICAV may enter into total return swaps which are swap

agreements in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. These instruments will be carried out as part of the achievement of the management objective of the Sub-Fund, hedging, cash management and/or efficient portfolio management.

Each Sub-Fund may incur costs and fees in connection with total return swaps, upon entering into total return swaps and/or any increase or decrease of their notional amount. The SICAV may pay fees and costs, such as brokerage fees and transaction costs, to agents or other third parties for services rendered in connection with total return swaps. Recipients of such fees and costs may be affiliated with the SICAV, the management company or the investment manager, as may be applicable, as permitted by applicable laws. Fees may be calculated as a percentage of revenues earned by the SICAV through the use of such total return swaps. The overall revenues or losses generated by the total return swaps agreements will be for the benefit of the Sub-Fund only. Details on these revenues/losses, the fees and costs incurred by the use of such total return swaps as well as the identity of the recipients thereof are contained in the SICAV's annual report.

The expected range of the proportion of the Sub-Fund's NAV subject to these instruments and disclosed in the Sub-Fund Descriptions is expressed as the mark-to-market value of the total return swap divided by the relevant Sub-Fund's NAV.

## COLLATERAL POLICIES

As part of OTC financial derivative transactions and securities lending and repurchase agreement transactions, a Sub-Fund may receive collateral with a view to reduce its counterparty risk.

### Eligible collateral

#### General principles

Collateral received by a Sub-Fund may be used to reduce its counterparty risk exposure with a counterparty if it complies with the criteria listed in circulars issued by the CSSF from time to time in terms of liquidity, valuation, issuer credit quality, correlation, risks linked to the management of collateral and enforceability. In particular, collateral should comply with the following conditions:

- Any collateral received other than cash should be of high quality, highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation.
- It should be valued on a daily basis on a mark-to-market price basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place. Margin calls will be implemented in accordance with the terms negotiated in the collateral arrangements.
- It should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.
- It should be sufficiently diversified in terms of country, markets and issuers and shall not entail on an aggregate basis an exposure to a given issuer for more than 20% of its NAV. By way of derogation, a Sub-Fund may be fully collateralised in different transferable securities or money market instruments issued or guaranteed by any of the member states, one or more of their local authorities, a third party sovereign country such as Canada, Japan, Norway, Switzerland and the United States of America, or any public international body to which one or more member state(s)

belong(s) such as the European Investment Bank, provided that it receives such securities from at least six different issues and that securities from any single issue should not account for more than 30% of such Sub-Fund's Net Asset Value. The collateral shall further comply with the limits in relation to "Limits to Prevent Concentration of Ownership" below.

- The financial guarantees received by the Sub-Fund will be kept by the depositary or, failing that, by any third party depositary (such as Euroclear Bank SA/NV) which is subject to a prudential supervision and that has no link with the guarantee provider.
- It should be capable of being fully enforced by the SICAV for the account of the Sub-Fund at any time without reference to or approval from the counterparty.

#### Eligible assets

As long as it complies with the above-mentioned conditions, the collateral may consist of (i) sovereign OECD bonds; and/or (ii) direct investment in bonds issued or guaranteed by first class issuers offering an adequate liquidity or shares listed or dealt on a regulated market of a member state of the EU or on a stock exchange of a member state of the OECD provided that they are included in a main index.

#### Level of collateral

The management company will determine the required level of collateral for OTC financial derivative transactions and stock lending and repurchase agreement transactions according to the nature and the characteristics of the executed transactions, the counterparties and the market conditions.

The management company may carry out OTC financial derivative transactions with a level of collateral lower than 100% subject to be compliant with the counterparty risk authorised by the applicable regulations. For certain types of transactions such as, but not limited to, foreign exchange forward, the level of collateral may be equal to zero.

As part of its lending transactions, the Sub-Fund must in principle receive previously or simultaneously to the transfer of the securities lent a guarantee the value of which must at the conclusion of and constantly during the contract be at least equal to 90% of the global valuation of the securities lent.

#### Reinvestment of collateral

The Sub-Fund will be able to reinvest the financial guarantees received in cash in accordance with the applicable regulation. The financial guarantees other than cash cannot be sold, reinvested or pledged. The counterparty will be able to reinvest the financial guarantee received from the Sub-Fund in accordance with any regulation applicable to the counterparty. In particular, reinvested cash collateral must comply with the diversification requirements set forth here above under the section "Eligible collateral" and may only be (i) placed or deposited with entities eligible for deposit, (ii) invested in high-quality government bonds, (iii) used for the purpose of reverse repurchase transactions entered into with credit institutions subject to prudential supervision or (iv) invested in short term money market funds.

#### Haircut policy

In accordance with its internal policy relating to the management of the collateral, the management company shall determine:

- the required level of collateral; and
- the level of haircut applicable to the assets received as collateral, taking into account in particular the type of assets, the credit standing of the issuers, the maturity, the currency, the liquidity and the price volatility of the assets.

Despite the creditworthiness of the issuer of the assets received as collateral or the assets acquired by the Sub-Fund on the basis of cash collateral re-invested, the Sub-Fund may be subject to a risk of loss in case of default of the issuers of such assets or in case of default of the counterparties to transactions in which such cash has been re-invested.

Haircuts typically applied:

- OTC derivatives and repurchase agreements transactions:

Collateral Instrument Type	Haircut
Cash	0%
Sovereign debt	0 to 20%

- Securities lending transactions:

Collateral Instrument Type	Haircut
Cash	0%
Equities	10%
Sovereign debt	2 to 5%

AXA IM's Global Risk Management will specifically authorise any other type of collateral instruments and applicable haircuts.



## General Investment Rules for UCITS

This section summarises the rules for all UCITS concerning the assets in which they may legally invest and the limits and restrictions that they must follow. For more complete information, see the Articles of Incorporation or the 2010 Law itself.

Except to the extent that more restrictive rules are provided for in connection with a specific Sub-Fund as described in the relevant “Sub-Fund Descriptions” section, the investment policy of each Sub-Fund will comply with the rules described here.

Except where noted, all percentages and restrictions apply to each Sub-Fund individually, and all asset percentages are measured as a percentage of total net assets of the specific Sub-Fund.

Each Sub-Fund and any sub-fund of target UCITS/UCI referred to below shall be considered as a separate UCITS/UCI provided that segregation of assets is ensured at the level of the Sub-Fund or the sub-fund of the target UCITS/UCI.

### Eligible Securities and Transactions

Each Sub-Fund's usage of any security, derivative, technique or transaction must be consistent with its investment strategy and must comply with applicable Luxembourg laws and regulations. No Sub-Fund can acquire assets that come with unlimited liability attached. No Sub-Fund can underwrite securities of other issuers. No Sub-Fund may issue warrants or other rights to subscribe for Shares in such Sub-Fund. No Sub-Fund may grant loans or guarantees in favor of a third party.

Security/Transaction	Requirements	
<b>1. Transferable securities and money market instruments</b>	<ul style="list-style-type: none"> <li>Must be listed or traded on a regulated market as defined in the Council Directive 2004/39/EC dated 21 April 2004 on investment services in the securities field or on another regulated stock exchange that operates regularly and is recognized and open to the public, namely, a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching; transparency; (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that State or by that public authority such as a professional association and (iv) on which the securities dealt in are accessible to the public.</li> </ul>	<ul style="list-style-type: none"> <li>Must be admitted to official listing on a stock exchange in an Other State or dealt in on another regulated stock exchange (as defined in the point above) in an Other State.</li> <li>Recently issued securities must pledge to seek a listing on an official stock exchange or another regulated stock exchange satisfying to the conditions set out at left, and must receive it within 12 months of issue.</li> </ul>
<b>2. Money market instruments that do not meet the requirements in row 1</b>	<ul style="list-style-type: none"> <li>Must be subject (either at the instrument level or the issuer level) to investor protection and savings regulation.</li> <li>Must be one of the following: <ul style="list-style-type: none"> <li>issued or guaranteed by the central bank of the EU or any sovereign power, any EU State's regional or local authority, or any international authority to which at least one EU State belongs</li> <li>issued by an issuer or undertaking whose securities qualify under row 1 above</li> <li>issued or guaranteed by any establishment that is subject to EU prudential supervision rules or to other prudential rules the CSSF considers to be at least as stringent</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>issued by an issuer that belongs to a category recognized by the CSSF, that offers an investor protection equivalent and that meets the following criteria: <ul style="list-style-type: none"> <li>it has at least EUR 10 million in capital and reserves and publishes annual accounts consistent with fourth Directive 78/660/EEC</li> <li>it is dedicated to financing a group of companies at least one of which is publicly listed</li> <li>it is dedicated to financing securitization vehicles that benefit from a banking liquidity line</li> </ul> </li> </ul>
<b>3. Transferable securities and money market instruments that do not meet the requirements in rows 1 and 2</b>	<ul style="list-style-type: none"> <li>Limited to 10% of the Sub-Fund's assets</li> </ul>	
<b>4. Shares of UCITS or UCIs</b>	<ul style="list-style-type: none"> <li>UCIs must meet the following cumulative criteria: <ul style="list-style-type: none"> <li>must be authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured</li> <li>the target UCITS/UCI is prohibited from investing more than 10% of its assets in another UCITS/UCI</li> <li>must issue yearly and half-yearly financial reports</li> <li>must offer investor protections that are equivalent to those of a UCITS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The SICAV will pay fees of the target UCITS and/or UCI but the Sub-Fund will not invest in underlying UCIs which levy a subscription or a redemption fee higher than 1%. The Sub-Fund will not invest in underlying UCIs which are themselves submitted to a management fee exceeding 3%.</li> <li>The management company or any person acting on behalf of the SICAV or the management company may not obtain a rebate on any fees or charges levied by the target UCITS and/or UCIs or its management company, or any quantifiable monetary benefits in connection with investments in the target UCITS and/or UCIs.</li> </ul>
<b>5. Units of other Sub-Funds of the SICAV</b>	<ul style="list-style-type: none"> <li>The target Sub-Fund cannot invest in the acquiring Sub-Fund (reciprocal ownership) and must limit investments in other target Sub-Funds to 10% of its net assets.</li> <li>Voting rights of the relevant Shares are suspended for as long as those Shares are held by the acquiring Sub-Fund.</li> </ul>	<ul style="list-style-type: none"> <li>The target Sub-Fund cannot charge a Sub-Fund any fees for management, buying or redeeming Shares.</li> <li>The value of the relevant target Sub-Fund's Shares do not count as assets of the acquiring Sub-Fund when determining whether the SICAV meets its minimum asset level.</li> </ul>
<b>6. Derivatives and equivalent cash-settled instruments (exchange-traded or OTC)</b>	<ul style="list-style-type: none"> <li>The underlying instruments must be the investments described in rows 1 - 5 and row 10, or must be financial indexes, interest rates, foreign exchange rates or currencies that are in scope for the Sub-Fund's investments.</li> <li>Global derivatives exposure must not exceed 100% of the net assets of the relevant Sub-Fund in the case it is using the commitment approach. For Sub-Funds using the Value-at-Risk approach, the risk associated with the use of derivative instruments may not cause the Sub-Fund to exceed the level of Value-at-Risk indicated in the relevant "Sub-Fund Descriptions" section.</li> <li>OTC derivatives (those that do not trade on an eligible market for transferable securities, as defined above) must have reliable and verifiable daily valuation and must be able to be sold, liquidated or closed by an offsetting transaction at any time at fair value at the SICAV's initiative.</li> </ul>	<ul style="list-style-type: none"> <li>Counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to the categories approved by the CSSF.</li> <li>Under no circumstances shall these operations cause the Sub-Funds to diverge from their investment objectives.</li> <li>See also the sub-section "Collateral Policies" above.</li> </ul>

<b>7. Real estate</b>	<ul style="list-style-type: none"> <li>Investment exposure is allowed only through investments described in rows 1 - 7.</li> </ul>	<ul style="list-style-type: none"> <li>The SICAV may directly purchase real estate or other movable or immovable property only if it is directly necessary to its business.</li> </ul>
<b>8. Precious metals and commodities</b>	<ul style="list-style-type: none"> <li>Investment exposure is allowed only through investments described in rows 1 - 7.</li> </ul>	<ul style="list-style-type: none"> <li>Ownership, directly or through certificates, is prohibited.</li> </ul>
<b>9. Deposits with credit institutions</b>	<ul style="list-style-type: none"> <li>Must be repayable on demand or have the right to be withdrawn.</li> <li>Must mature in 12 months or less.</li> </ul>	<ul style="list-style-type: none"> <li>Credit institutions either must be located in an EU State or be subject to prudential rules the CSSF considers being at least as stringent as European law.</li> </ul>
<b>10. Cash and cash equivalent assets</b>	<ul style="list-style-type: none"> <li>Allowed on an ancillary basis. Such restriction may exceptionally and temporarily be exceeded if the Board considers this to be in the best interest of the Shareholders.</li> </ul>	
<b>11. Securities borrowing and lending, sale with right of repurchase, repurchase agreement, reverse repurchase agreement</b>	<p>Securities lending and repurchase agreements:</p> <ul style="list-style-type: none"> <li>up to 100% of Sub-Fund's net assets.</li> </ul> <p>Securities borrowing:</p> <ul style="list-style-type: none"> <li>Borrowing transactions may not exceed 50 % of the global valuation of the securities portfolio of the Sub-Fund.</li> </ul>	<p>Reverse repurchase agreement transactions:</p> <ul style="list-style-type: none"> <li>up to 100% of Sub-Fund's net assets.</li> </ul> <p>See the sub-section "More about Efficient Portfolio Management" and the sub-section "Collateral Policies".</p>
<b>12. Techniques and instruments for efficient portfolio management</b>	<ul style="list-style-type: none"> <li>See the sub-section "Efficient Portfolio Management" above.</li> </ul>	
<b>13. Borrowing and foreign currency</b>	<ul style="list-style-type: none"> <li>The SICAV may acquire foreign currency by means of back-to-back loans.</li> <li>Other than this, the SICAV can borrow only on a temporary basis</li> </ul>	<p>The direct pursuit of its business. No Sub-Fund can borrow more than 10% of total assets for either of these purposes or more than 15% of total assets for both purposes combined. Collateral arrangements regarding the writing of options or the purchase or sale of forward or future contracts do not constitute borrowings.</p>
<b>14. Uncovered short sales</b>	<ul style="list-style-type: none"> <li>Direct short sales are prohibited</li> </ul>	<ul style="list-style-type: none"> <li>Short exposure is allowed only through derivatives described in row 6.</li> </ul>

### Feeder funds

The SICAV can create one or more Sub-Funds that qualify as a master fund or a feeder fund. The rules below apply to any Sub-Fund that is a feeder fund.

Security	Investment Requirements	Other Terms and Requirements
<b>Shares/Units of the master fund</b>	At least 85% of assets.	The master fund must be a UCITS or a Sub-Fund of such UCITS, which shall neither itself be a feeder fund nor hold units/shares of a feeder fund and has, among its shareholders, at least one feeder UCITS. The master fund cannot charge any fees for buying or redeeming shares/units.
<b>Derivatives, ancillary liquid assets and movable or immovable property only if it is directly necessary to the SICAV's business.</b>	Up to 15% of assets.	Derivatives must only be used for hedging. In measuring derivatives exposure, the feeder fund must combine its own direct exposure with either the actual or potential maximum global exposure of its holdings in the master UCITS.

### Limits to Prevent Concentration of Ownership

These limits are intended to prevent a Sub-Fund from the risks that could arise for the Sub-Fund and the issuer if the Sub-Fund were to own a significant percentage of a given security or issuer. For purposes of this table and the next, companies that share consolidated accounts in accordance with Directive 2013/34/UE or with recognized international rules are considered a single issuer.

Category of securities	Maximum ownership, as a % of the total value of the securities issue
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<b>Shares carrying voting rights</b>	Less than would allow the Sub-Fund's significant management influence.
<b>Non-voting shares of any one issuer</b>	10%
<b>Debt securities of any one issuer</b>	10%
<b>Money market instruments of any one issuer</b>	10%
<b>Shares/units of any one UCITS /UCI (per Article 2 (2) of the 2010 Law)</b>	25%

These limits can be disregarded at purchase if the amount of securities in issue are not calculable at that time.

These rules do not apply to:

- securities described in row A (next table)
- shares of non-EU companies that represent the only way to indirectly invest in securities of issuers of the non-EU country
- Shares created by local paying agents to enable investors in their country to invest in the Sub-Fund

## Limits to Promote Diversification

To help ensure diversification, a Sub-Fund cannot invest more than a defined percentage of its net assets in one issuer or one category of securities. These rules of diversification do not apply during the first six months following a Sub-Fund's launch, although the principle of risk spreading remains. The ceilings set forth below may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio. If such ceilings are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, such Sub-Fund must adopt as its priority objective in its sale transactions the remedying of such situation, taking due account of the best interests of its Shareholders. The Board has the right to determine additional investment restrictions to the extent that those restrictions are necessary to comply with the laws and regulations of countries where Shares of the SICAV are offered or sold. The limits in vertical brackets indicate the maximum total investment in any one issuer or body for all bracketed rows.

Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the limits below.

Maximum investment, as a % of Sub-Fund's net assets:		
Category of securities	In any one issuer	Other
<b>A. Transferable securities and money market instruments issued or guaranteed by an EU State, a public local authority within the EU, an OECD (Organisation for Economic Cooperation and Development) or G20 (Group of Twenty) member state or Singapore or Hong Kong, an international body to which at least one EU member belongs, or any other non-EU member state recognized in this context by the CSSF</b>	35%	<ul style="list-style-type: none"> <li>100% in at least six issues provided that: <ul style="list-style-type: none"> <li>the issues are transferable securities or money market instruments being at least one of the categories listed in A</li> <li>the Sub-Fund invests no more than 30% in any one single issue</li> </ul> </li> </ul>
<b>B. Bonds subject to special public supervision designed to protect bondholders* and issued by a credit institution domiciled in the EU</b>	25%	
<b>C. Transferable securities and money market instruments other than those described in rows A and B</b>	10%**	<ul style="list-style-type: none"> <li>80% in total in such bonds if a Sub-Fund has invested more than 5% of its net assets in such bonds issued by a single issuer.</li> </ul>
<b>D. Credit institution deposits</b>	20%	
<b>E. OTC derivatives and efficient portfolio management techniques with a counterparty that is a credit institution as defined in row 9. above</b>	10% exposure	<ul style="list-style-type: none"> <li>20% in all companies belonging to the same single issuer group.</li> <li>40% in those issuers or bodies in which a Sub-Fund has invested more than 5% of its net assets.</li> </ul>
<b>F. OTC derivatives and efficient portfolio management techniques with any other counterparty</b>	5% exposure	
<b>G. Units of UCITS or UCIs as defined in rows 4 and 5 above</b>	20% in any one UCITS or UCI	<ul style="list-style-type: none"> <li>If investing more than 10% in any UCITS or UCI: <ul style="list-style-type: none"> <li>there is an aggregate limit of 30% in all UCITS, and</li> <li>an aggregate limit of 100% in all UCITS</li> </ul> </li> <li>Target sub-funds whose assets are segregated are each considered a separate UCITS or UCI.</li> <li>Assets held by the UCITS or UCIs do not count for purposes of complying with rows A - F of this table.</li> <li>For master-feeder exception, see table above.</li> </ul>

\* Bonds must invest the proceeds from their offerings to maintain full liability coverage during the entire life of the bond and to give priority to the obligations to bond investors in case of issuer bankruptcy.

\*\* The Sub-Funds for which the investment strategy is to replicate the composition of a certain stock or bond index may increase to 20%, so long as the index is a published, sufficiently diversified index that is adequate as a benchmark for its market and is recognized by the CSSF. This 20% increases to 35% (but for one issuer only) in exceptional circumstances, such as when the security is highly dominant in the regulated market in which it trades.

## Monitoring of the Global exposure

The management company uses a risk-management process that enables it to monitor and measure the risk profile of each Sub-Fund. As part of the risk management process, the SICAV uses the commitment approach to monitor and measure the global exposure of

each Sub-Fund unless otherwise provided for under the relevant “Sub-Fund Description”. This approach measures the global exposure related to positions on financial derivative instruments and other efficient portfolio management techniques, which may not exceed the total net value of the portfolio of the relevant Sub-Fund.

When otherwise provided for under the relevant “Sub-Fund Descriptions”, the SICAV uses the Value-at-Risk (VaR) approach which is the percentage of NAV that a portfolio may lose on a given time horizon, at a given confidence level. The VaR used by the investment manager will have a five Business Days horizon and 95% confidence level parameters; where the VaR is complemented with the monitoring of the leverage, based on the sum of the notional approach which is defined as the sum of the absolute value of the notional of all financial derivatives in the Sub-Fund.

# Investing in the Sub-Funds

## SHARE CLASSES

### Available Share Classes

The table below describes all of the Share Classes currently in existence within the SICAV. All variants of a particular Share Class, such as the hedged, different distribution frequencies, capitalisation vs distribution, are considered to be included in that Share Class for purposes of the table. The currency of the minimums is the Reference Currency of the Sub-Fund except otherwise set out below. For Share Classes denominated in a different currency than the one in which minimums are indicated, the minimum amount is the equivalent value in the Share Class currency unless indicated otherwise in "Sub-Fund Descriptions".

The "Sub-Fund Descriptions" section shows which Share Classes are available for each Sub-Fund and provides information about costs and other characteristics.

### Dividend Policy

Each Share Class may be sub-divided into two categories: distribution Shares and capitalisation Shares.

Capitalisation Shares retain all income in the NAV.

Distribution Shares declare dividends at the discretion of the Board and subject to Shareholders general meeting approval and may pay them annually in the currency of the Share Class, except for distribution Shares which pay dividends monthly or quarterly ("Distribution monthly" or "Distribution quarterly" Share). Additional interim dividends may also be declared as permitted by Luxembourg law. Dividends shall be paid out of the investment income gains and/or realised capital gains, or out of any other funds available for distribution.

The distribution of some "Distribution monthly" Shares may be managed with the intention to provide a stable payment over the fiscal year. In determining the level at which the stable distribution should be set, consideration will be given to the securities held in the Sub-Fund and the gross income that these are estimated to generate. The amount distributed each month may not be consistent with the actual income earned during that month. Investors should be aware that any distributions including payment directly or effectively out of a Sub-Fund's capital (as the case may be) results in an immediate decrease in the NAV per Share. Payment of distribution out of a Sub-Fund's capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment may further decrease the NAV per Share and may also reduce the capital available for the Sub-Fund for future investment and capital growth. As a result, such investors' investment in the Sub-Fund may be adversely affected.

The compositions of the dividends (i.e. the relative amounts paid out of net distributable income and/ or capital) for the last 12 months are available from the Hong Kong representative upon request and also on [www.axa-im.com.hk](http://www.axa-im.com.hk).

The SICAV may amend the distribution policy described above subject to the SFC's prior approval and by giving not less than one month's prior notice to investors.

In general, all dividends are reinvested in Shares of the same Sub-Fund and Share Class. Investors will receive a contract note detailing all reinvestments in their account. However, investors will receive their dividends in cash if they specifically request dividend payment in cash on their Application Form.

If investors do receive dividends in cash, they can have them converted to a different currency, at their own expense and risk

and subject to approval by the management company. Normal banking rates are used for calculating currency exchange values. Unclaimed dividend payments will be returned to the SICAV after five years. Dividends are paid only on Shares owned as at the record date.

No Sub-Fund will make a dividend payment if the assets of the SICAV are below the minimum capital requirement, or if paying the dividend would cause that situation to occur.

Each Sub-Fund may use equalization to prevent the net undistributed income per Share from fluctuating solely by reason of transactions in Shares. Under this accounting technique, an equalization account is credited with that portion of the proceeds of purchased Shares representing the net undistributed income per Share of those Shares, and is debited with that portion of any redemption payment representing the net undistributed income per Share of the redeemed Shares.

### Currency Hedged Share Classes

Any Sub-Fund can issue any Share Class in currency hedged form, meaning that the hedged version of the Share Class is denominated in a currency that is different from the Sub-Fund's Reference Currency, and is hedged to that currency. The currency risk between the Sub-Fund's NAV and the currency of the hedged Share Class will be hedged at least at 95%. Hedged Share Classes are designated with a "Hedged".

All costs specifically associated with offering each hedged Share Class (such as currency hedging and foreign exchange costs) will be charged to that Share Class.

If investors invest in a hedged Share Class, they could experience losses from currency exchange fluctuations to the extent that the Share Class' hedging is incomplete, and they will give up any potential gains from currency exchange fluctuations to the extent that hedging is effective.

### Other Share Class Policies

Each whole Share gets one vote in all matters brought before a general meeting of Shareholders. A Sub-Fund may issue fractional Shares of as little as one thousandth of a Share (three decimal places). Fractional Shares do not have voting rights but do receive their pro rata portion of any dividends, reinvestments and liquidation proceeds.

Shares are issued in registered form (meaning that their ownership is recorded in the SICAV's register of Shareholders) and are usually issued in non-certificated form. Owners of registered Shares have their name written in the register of the SICAV. Registered Shares will be issued as non-certificated Shares or, upon written request, certificated Shares; ownership of registered non-certificated Shares will be evidenced by written confirmation after completion of the subscription. Ownership of certificated registered Shares will be evidenced by a share certificate sent to the Shareholder against payment of a fee of up to USD 85 for Hong Kong investors in relation to handling costs incurred by the SICAV. It is recommended that investors hold non-certificated Shares, since the latter offer the possibility to be redeemed and converted by simple instruction to the SICAV or its agents.

Shares carry no preferential or preemptive rights.

The Board reserves the right to list any Shares on the Luxembourg Stock Exchange or any other stock exchange.



Information on whether a class of Shares is listed on the Luxembourg or other stock exchange can be obtained from the administrative agent or the Hong Kong representative or on the website of the relevant Stock Exchange. For the avoidance of doubt, all classes of Shares available to Hong Kong investors are not currently listed on the Stock Exchange of Hong Kong.

The SICAV reserves the authority re-allocate the assets and liabilities of that class to those of one or several other classes within the Company and to re-designate the shares of the class(es) concerned as shares of such other share class(es) (following a split or consolidation, if necessary, and the payment to Shareholders of the amount corresponding to any fractional entitlement) if, for any reason, the value of the net assets of any Share Class within a Sub-Fund has decreased to, or has not reached, an amount determined by the Board to be the minimum level for such Share Class, to be operated in an economically efficient manner or as a matter of economic rationalisation. Such decision will be subject to the right of the relevant Shareholders to request, without any charge, the redemption of their Shares or, where possible, the conversion of those Shares into Shares of other Share Classes within the same Sub-Fund or into Shares of same or other Share Classes within another Sub-Fund. The Shareholders of the class of shares concerned will be informed of the reorganisation by way of a notice and/or in any other way as required or permitted by applicable laws and regulations.

Notwithstanding the powers conferred on the Board by the preceding paragraph, the shareholders may decide on such reorganisation by resolution taken by the general meeting of shareholders of the share class concerned. The convening notice to the general meeting of shareholders will indicate the reasons for and the process of the reorganisation. Such general meeting will decide by resolution taken with no quorum and adopted by a simple majority of the votes validly cast at the meeting.

### Seed Money

Shares of a Sub-Fund may be held (i) by a French fund in which AXA Investment Managers is a majority Shareholder (hereinafter

the "AXA IM Fund") and/or (ii) by companies which are part of the AXA Group and/or (iii) by investment funds which are managed by investment management companies in which AXA IM group directly or indirectly holds a shareholding ("AXA IM Group Managed Funds") for the purposes of building a track record or a specific marketing action on the Sub-Fund.

AXA IM Fund and/or companies of the AXA Group and/or AXA IM Group Managed Funds may, at any time, choose to redeem their Shares in the Sub-Fund which may result in a material decrease in the total assets of the Sub-Fund and/or a restructuring of the Sub-Fund including but not limited to restructuring causing the winding up of the Sub-Fund or its merger with another Sub-Fund. Specific rules have been established by the management company with a view to preserve an equal treatment between the Shareholders of the Sub-Fund and will be applied in such case.

The foregoing does not prevent Shares of a Sub-Fund from being held by other investors including external seed investors.

### Subscription, conversion and redemption of Shares via financial intermediaries / other electronic means / use of nominee services

Investors may incur fees as a result of investing through their financial intermediaries, such as, but not limited to, platforms, or by other electronic means or for the use of nominee services. Such fees are not fees payable to the management company in respect of a subscription, conversion or redemption of Shares.

### Minimum Subscriptions and Holdings

Amounts of minimum subscriptions and holdings are expressed in the Reference Currency of the Sub-Fund or the equivalent in the currency of the Share Class.

Class	Designed For	Minimum Initial Investment	Minimum Additional Investment	Minimum Total Balance in All Sub-Funds	Minimum Balance in any Share Class of any one Sub-Fund	
A	All investors	None	None	None	None	
F	Only offered: (i) through financial intermediaries which according to either regulatory requirements (e.g. in the European Union, financial intermediaries providing discretionary portfolio management or investment advice on an independent basis) or separate fee arrangements with their clients, are not allowed to keep trail commissions, and/ or (ii) to Institutional Investors investing on their own behalf.	None	None	None	None	

The SICAV reserves the right to reduce or waive any stated minimum investments or account balances for any Sub-Fund.

## BUYING, SWITCHING, REDEEMING AND TRANSFERRING SHARES

### Information that Applies to All Transactions Except Transfers of Shares

Investors can place requests to buy, switch or redeem Shares on any Business Day through a financial adviser or financial intermediary qualified to act in that capacity. Investors can also place requests directly with the registrar agent by FTP, SWIFT, fax or post or with the Hong Kong representative. Requests to buy, switch or redeem Shares sent to the Hong Kong representative must be received by it no later than 16:00 Hong Kong time on a Hong Kong Business Day if they are to be forwarded to the registrar agent in Luxembourg on that day. Investors should note that while they may submit applications by fax, the original application form should still be signed and posted to the Hong Kong representative.

Different procedures and time limits may apply if applications for Shares are made through a financial adviser or a financial intermediary. In such instances, investors should obtain from such financial adviser or financial intermediary information about the procedure relevant to their application together with any time limit by which the order must be received. Investors should note that subscription, redemption or conversion of Shares through a financial adviser or financial intermediary may not be possible on days that such financial adviser and financial intermediary are not open for business.

Subscriptions, redemptions and conversions are dealt with at an unknown NAV. Any request received in good order is deemed irrevocable after the Sub-Funds cut-off.

Each request will be processed at the next NAV to be calculated after the request has been accepted (meaning that the request has arrived at the registrar agent and is considered complete and authentic). Orders received and accepted by the registrar agent by 15:00 Luxembourg time on a Business Day will be traded at the Dealing Price applicable to such Valuation Day (Forward Pricing Basis) or the following Valuation Day thereafter (Forward-Forward Pricing Basis) as indicated in "Sub-Fund Descriptions". All requests received by the registrar agent after 15:00 Luxembourg time shall be deemed to have been received on the following Business Day. The registrar agent processes all requests in the sequence in which they are received. A confirmation notice will be sent to Shareholders or their financial advisers in the form of a contract note after completion of each transaction.

If a request to buy, switch or redeem is placed a day which is not a Valuation Day, the request will be dealt with on the next day which is a Valuation Day.

Monies can be paid by bank transfer to the relevant accounts as provided by the Hong Kong representative. Hong Kong investors should note that subscription monies should be paid no later than three (3) Business Days after the date of subscription or they may be charged interest. Shares issued can be cancelled by the Hong Kong representative if payment for Shares is not matched within this period and the applicant will indemnify the SICAV, the management company, investment manager or other relevant parties the difference between payment for the Share application and redemption plus any bank charges. No money should be paid to any person in Hong Kong who is not licensed by or registered with the SFC to conduct Type 1 (dealing in securities) Regulated Activity under Part V of the Hong Kong Securities and Futures Ordinance. The Hong Kong representative is so licensed. Only the Sub-Funds set out in the "Sub-Fund Descriptions" section of this document are authorised in Hong Kong for public sale.

Investors who seek an in-kind purchase or redemption of Shares must obtain Board approval and such transaction is subject to all applicable laws, namely with respect to a special audit report prepared by the auditor of the SICAV, confirming the value of the assets in kind and their compliance with the investment policy and restrictions of the SICAV and the relevant Sub-Fund. Any costs incurred in connection with a redemption in kind of securities shall be borne by the relevant investor.

When placing any request, investors must include all necessary information and instructions as to the Sub-Fund, Share Class, account, and size and direction of transaction (buying, redeeming or switching). Investors must promptly inform the SICAV or the Hong Kong representative of any changes in personal or bank information.

Any transaction may involve fees, such as an entry charge or certain other fees. See "Sub-Fund Descriptions" for more information or ask a financial adviser. Investors are responsible for all costs and taxes associated with each request placed on their account.

In the event that the order has been made in a currency other than the Reference Currency of the relevant Sub-Fund and/or Share Class, the registrar agent will perform the necessary foreign exchange transactions. Investors should be aware that the amount of currency involved and the time of day at which such foreign exchange is transacted will affect the rate of exchange. No liability shall be accepted by the depositary, registrar agent or the SICAV for any losses arising from adverse currency fluctuations. Foreign exchange transactions may be carried out by a company within AXA.

The SICAV will not issue Shares of (or effect any switching into) Classes restricted to Institutional Investors to any investor who may not be considered as an Institutional Investor. The Board may, at its discretion, delay the acceptance of any subscription for Share Classes restricted to Institutional Investors until such date as the registrar agent has received sufficient evidence on the qualification of the relevant investor as an Institutional Investor. If it appears at any time that a holder of Share Classes restricted to Institutional Investors is not an Institutional Investor, the Board will instruct the registrar agent to propose that the said holder convert its Shares into Shares of a Share Class within the relevant Sub-Fund which is not restricted to Institutional Investors (provided that there exists such a Share Class with similar characteristics). In the event that the Shareholder refuses such switching, the Board will, at its discretion, instruct the registrar agent to redeem the relevant Shares in accordance with the provisions under this section.

The SICAV reserves the right to do any of the following at any time:

- **Reject any request to buy, redeem or switch Shares as well as forcibly switch or redeem Shares of which an ineligible or unqualified investor is a beneficial owner** (whether sole or partial). This applies if the SICAV knows or believes any of the following to be true:
  - the investor is a US Person or a Restricted Person in the terms provided within the Articles of Incorporation (including, but not limited to, Canadian Prohibited Investors);
  - the investor has failed to make the representations and warranties required by the Board;
  - the investor has failed to supply any information or declarations required by the Board with respect to corruption, anti-money laundering and terrorism financial matters;
  - the investor has made certain prohibited practices such as market timing and late trading;

- the investor has failed to remain true to representations and warranties that were made.
- **In any case where it appears that, a non-institutional investor has come to hold Shares designated for institutional investors**, the SICAV will either forcibly redeem the Shares or switch them for retail Shares of the same Sub-Fund (which Shares may have higher fees and expenses) depending on whether a retail Share Class is available or not.

#### *US Persons, Benefit Plan Investors and Canadian Prohibited Investors*

In order to invest in the SICAV, any prospective investor must certify that, except as otherwise authorised by the Board, (i) it is not a US Person, (ii) it is a Non-US Person, (iii) it is not a Canadian Prohibited Investor, and (iv) it is not subscribing for Shares on behalf of US Persons or Canadian Prohibited Investors. In order to invest in the SICAV, any prospective investor must also certify that it is not subject to Title 1 of ERISA or the prohibited transactions provisions of Section 4975 of the US Internal Revenue Code, and does not qualify as a Benefit Plan Investor.

Shareholders are required to notify the SICAV through the distributors, immediately in the event that they become US Persons, Benefit Plan Investors (or become subject to Title 1 of ERISA) or Canadian Prohibited Investors, or they cease to be a Non-US Person, or they hold Shares on behalf of US Persons, Benefit Plan Investors or Canadian Prohibited Investors and their Shares may be compulsorily redeemed by the SICAV, or they may otherwise be required by the SICAV to dispose of their Shares in the manner outlined below.

In addition, the Board may authorise the purchase by or transfer of Shares to a US Person resident outside the US if the US Person declares that they are making their application for the beneficial account of a person who is not a US Person. The Board may also authorise the purchase by or transfer of Shares to a Canadian investor resident outside Canada if it declares that it is making its application for the beneficial account of a person who is not a Canadian Prohibited Investor.

Each prospective investor (incl. a prospective transferee) who is a US Person or a Canadian Prohibited Investor will be required to provide such representations, warranties or documentation, including opinion of counsel, as may be required by the SICAV to ensure that such requirements are met prior to approval of such sale or transfer by the SICAV. The Board shall determine from time to time the number of US Persons or Canadian Prohibited Investors (if any) who may be admitted into the SICAV.

### **Buying Shares**

To make an initial investment, investors or their intermediary must submit a completed Application Form in writing to the registrar agent or the Hong Kong representative. Orders to buy Shares may be indicated in a currency amount or a Share amount.

The allotment of Shares is conditional upon receipt by the depositary of monies on the Settlement Day.

At the Shareholder's request, the SICAV may accept subscription in kind, having due regard to all applicable laws and regulations, all Shareholders' interest and each relevant Sub-Fund's investment policy. In such case of subscription in kind, the auditor of the SICAV shall deliver, if applicable, an audit report in accordance with applicable laws. Any costs incurred in connection with a subscription in kind of securities shall be borne by the relevant Shareholder.

### **Switching Shares**

Investors can switch (convert) Shares of any Sub-Fund and Share Class into Shares of any other Sub-Fund and Share Class, with the following conditions:

- investors must meet all eligibility requirements for the Share Class into which they are requesting to switch
- their switch must meet the minimum investment amount of the Sub-Fund and Share Class being switched into, and if it is a partial switch, must not leave less than the minimum investment amount in the Sub-Fund and Share Class being switched out of
- the switch must be consistent with any restrictions stated in "Sub-Fund Descriptions" or in the table above
- the switch of Shares of a Sub-Fund calculating its NAV on a weekly basis into Shares of another Sub-Fund calculating its NAV on a weekly basis is not authorised.

The SICAV switches Shares on a value-for-value basis, based on the NAVs of the two investments (and, if applicable, any currency exchange rates) at the time the SICAV processes the request.

There is no fee for switching in itself, although there are fees for excessive switching, and investors may need to pay the difference in any fees for buying Shares. See "Notes on Sub-Fund's Costs".

Any request for a conversion of Shares of any Sub-Fund into Shares of another Sub-Fund received by the registrar agent prior to 15:00 Luxembourg time on any Valuation Day (D) will be traded as follows:

- the redemption of the Shares to be converted will be traded on that Valuation Day (D); and
- the corresponding subscription of Shares in the other Sub-Fund will be traded on the Valuation Day of such other Sub-Fund immediately following the Valuation Day (D+1) on which the redemption has been traded.

Requests for conversion of Shares from one Share Class to another may be sent to the Hong Kong representative for forwarding to the registrar agent in Luxembourg in the same manner as subscription and redemption requests. In the application for conversion of Shares, Shareholders must specify the relevant Share Class as well as the number of Shares they wish to convert and the new Share Class to which their Shares are to be converted. Shareholders wishing to convert certificated Shares must attach the duly renounced Share certificate(s) and, in the case of partial conversion of certificated Shares, all existing certificates must be returned. New certificates will be issued for the balance holding of Shares.

### **Redeeming Shares**

Shareholders may submit redemption requests in the same manner as application requests to the Hong Kong representative together with, if applicable, the relevant Share certificates. Share certificates are forwarded to the Hong Kong representative at the cost and risk of the Shareholder. When redeeming Shares, investors can indicate either a number of Shares (including fractional Shares) or a currency amount. All requests will be dealt with in the order in which they are received.

When investors redeem Shares, the SICAV will send out payment by bank transfer in the Reference Currency of the Share Class. Payment will be sent within three (3) Business Days after the Valuation Day. In any event, payment will be made within 28 days thereof unless dealings are suspended.

At their request, and at their own risk and expense, investors can have their redemption payments converted to a different currency. To arrange for such conversions, contact the registrar agent for terms and fees prior to placing a redemption request.

Depending on Sub-Fund's performance and the effect of applicable fees, when investors redeem Shares, they could be worth less than the amount they invested.

If a Shareholder requests conversion or redemption of a number of Shares which causes the residual amount in the Sub-Fund to fall below the minimum holding requirements of the Sub-Fund, the

conversion/redemption instruction will automatically be applied to the total amount held in the Sub-Fund.

At the Shareholder's request, the SICAV may elect to pay redemption proceeds in kind, having due regard to all applicable laws and regulations and to all Shareholders' best interest. The Shareholder's request for redemption payment in kind is subject to the approval of the depositary. In such case of payment in kind, the auditor of the SICAV shall deliver, if applicable, an audit report in accordance with applicable laws. Further, the valuation of the assets to be transferred shall be confirmed by the auditor. Any costs incurred in connection with a redemption in kind of securities shall be borne by the relevant Shareholder.

Each Sub-Fund shall not be bound to redeem, on any Business Day, more than 10% of its issued number of Shares. In case of deferral of redemptions, the relevant Shares shall be redeemed at the Dealing Price per Share prevailing at the date on which the redemption is effected. Excess redemptions will be deferred to the next Valuation Day when they shall be dealt with as a priority.

### Transferring Shares

Investors may transfer ownership of their Shares to another investor through the registrar agent, together with, if applicable, the Share certificate. Transfers may also be submitted through the Hong Kong representative.

All transfers must meet any eligibility requirements and holding restrictions that may apply.

## HOW NAV IS CALCULATED

### Timing and Formula

The NAV of each Sub-Fund and Share Class is calculated each day that is a Valuation Day for that Sub-Fund (as described in "Sub-Fund Descriptions"). If the Valuation Day indicated in said "Sub-Fund Descriptions" is not a Business Day, the NAV calculation shall take place on the next Business Day. In such event, the NAV shall be calculated on the basis of the closing prices of the day preceding the concerned closed Business Day or the last available closing prices on this same day. Each NAV is stated in the Reference Currency of the respective Share Class, and is calculated to two decimal places.

The following formula is used to calculate the NAV for each Sub-Fund:

$$\frac{(\text{assets} - \text{liabilities})}{\text{number of outstanding Shares}} = \text{NAV}$$

The assets and liabilities of a Sub-Fund are allocated to the individual Share Classes, and the calculation is carried out by dividing the total net assets of the Sub-Fund by the total number of Shares outstanding for the relevant Sub-Fund or Share Class. If a Sub-Fund has more than one Share Class, that portion of the total net assets of the Sub-Fund attributable to the particular Share Class will be divided by the total number of issued Shares of that Share Class.

After consultation with the Depositary and having regard to the best interest of Shareholders, the SICAV reserves the right to temporarily suspend the calculation of NAVs and transactions in a Sub-Fund's Shares when any of the following is true:

- the principal exchanges or regulated markets that supply the prices of a material portion of the assets of a Sub-Fund's investments are closed when they would normally be open, or their trading is restricted or suspended or the information or calculation sources normally used to determine a material portion of the NAV are unavailable or for any other reason,

the prices or values of a material portion of the assets of a Sub-Fund cannot be accurately or promptly ascertained

- a master fund in which the Sub-Fund has invested material assets in quality of feeder fund has suspended its NAV calculations or share transactions or the underlying funds in which the Sub-Fund is invested have suspended their NAV calculations or share transactions
- a legal, political, economic, military or monetary environment or an event of force majeure, has made it impractical to value or trade Sub-Fund's assets
- there has been a breakdown or malfunction in the communications systems or IT media used by the SICAV, or by any securities exchange, in valuing assets
- the SICAV is unable to repatriate sufficient funds to make portfolio investments, transfer the capital or execute transactions at normal rates of exchange and conditions for such transactions or repatriation
- during the process of establishing exchange ratios in the context of a merger, a contribution of assets, an asset or share split or any other restructuring transaction
- during any period when the dealing of the shares of the SICAV or Sub-Fund or class of shares on any relevant stock exchange where such shares are listed is suspended or restricted or closed
- the SICAV is unable to deal with the SICAV's or Sub-Funds' assets at normal and/or fair conditions, whether for purposes of making portfolio investments or redemption payments; and
- after notice has been given of a Shareholders' meeting at which it will be decided whether or not to liquidate the SICAV or informing shareholders about the termination or liquidation of a Sub-Fund or class of shares.

A suspension could apply to any Share Class and Sub-Fund (or to all), and to any type of request (buy, switch, redeem).

Any such suspension and the termination thereof shall be notified to those Hong Kong Shareholders who have applied for subscription, redemption or conversion of their Shares and shall be published in the South China Morning Post and the Hong Kong Economic Times.

### Swing Pricing

When significant amounts of cash enter a Sub-Fund from new subscriptions, this often requires the portfolio manager to buy securities on behalf of the Sub-Fund to ensure that it is fully invested. Conversely, large redemption requests commonly need to be met by selling securities. The costs of these transactions can include "bid-ask" spreads, broker commissions, custody charges and/or taxes. Without a proper mechanism to deal with this spread impact, these extra costs are borne by the Sub-Fund, causing detriment to the existing shareholders, especially to long-term investors. This is largely because - in the absence of an anti-dilution mechanism - the Share Class' price reflects the close of business "mid" price of its underlying investments and does not include the costs of trading them.

To protect the interests of the existing shareholders of a Sub-Fund or a Share Class, the management company may apply a swing pricing mechanism across any and all Sub-Funds or Share Classes and on the portion of cash generated by a merger affecting a Sub-Fund.

The governance of the swing pricing mechanism is defined and applied by the management company through a dedicated committee. The management company has adopted a partial swing methodology, meaning that the swing pricing mechanism is applied at the level of the Sub-Fund or the Share Class only if a predetermined net capital activity threshold (the "swing threshold") is exceeded on any Valuation Day, irrespective of the specific circumstances of each individual investor transaction.



If the net subscriptions and redemptions based on the last available NAV on any Valuation Day exceed a certain threshold of the value of a Sub-Fund or a Share Class on that Valuation Day, as determined and reviewed on a periodic basis by the management company, the NAV will be adjusted by a swing factor respectively upwards or downwards to reflect the extra costs borne by the Sub-Fund, as described above.

The extent of the price adjustment will be set by the management company and will not exceed 2% of the NAV.

The fluctuation of the Sub-Fund's NAV may not reflect the true Sub-Fund's performance, and therefore where applicable, might deviate from the Sub-Fund's benchmark because of the application of the swing pricing mechanism.

### How the SICAV Values Assets

The SICAV determines the value of each Sub-Fund's assets as follows:

- **Cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued but not yet received.** Valued at full value, minus any appropriate discount the SICAV may apply based on its assessments of any circumstances that make full payment unlikely.
- **Transferable securities listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at the closing price on such markets. If a security is listed or traded on several markets, the closing price of the market which constitutes the main market for such securities, will be determining.
- **Transferable securities not listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at their last available market price.
- **Transferable securities for which no price quotation is available or for which the price referred to in point(s) 1. and/or 3. above is not representative of the fair market value.** Valued prudently and in good faith on the basis of their reasonably foreseeable sales prices. As far as collateralized debt obligations are concerned and insofar the price quotation is not representative of the fair market value, collateralized debt obligations will be valued at their NAV as transmitted to the investment manager by the arranging bank of each collateralized debt obligation in which the SICAV has invested.
- **Money market instruments listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at the closing price on such markets. If a security is listed or traded on several markets, the closing price of the market which constitutes the main market for such securities, will be determining.
- **Money market instruments not listed or traded on any regulated market, stock exchange in an Other State or another regulated market.** Valued at their last available price.
- **Liquidating value of futures, forward and options contracts.** When not traded on regulated markets, stock exchanges in an Other State or regulated markets shall mean their net liquidating value determined, pursuant to the policies established in good faith by the SICAV, on a basis consistently applied for each different variety of contracts. When traded on regulated markets, stock exchanges in an Other State or on another regulated markets shall be based upon the last available settlement prices of these contracts on regulated markets, stock exchanges in an Other State and another regulated markets on which the particular futures, forward or options contracts are traded by the SICAV; provided that if a futures, forward or options contract could not be liquidated on the day with respect to which net assets are

being determined, the basis for determining the liquidating value of such contract shall be such value as the SICAV may deem fair and reasonable.

- **Values expressed in a currency other than the Reference Currency of a Share Class or a Sub-Fund.** Those shall be translated to the Reference Currency of a Share Class or a Sub-Fund on the basis of the exchange rate provided by Reuters or another equivalent provider.
- **Swaps and all other securities and assets.** Valued at fair market value as determined prudently and in good faith by the SICAV.
- **Shares/units of UCITS and/or other UCIs** will be evaluated at their last available NAV per Share/unit. Open-ended funds will be valued at the actual NAV for such Shares or units as of the relevant Valuation Day, or based on the market value under the condition that this valuation reflects the most adequate price. If the latter is not the case, funds shall be valued at the estimated NAV as of such Valuation Day, or if no such estimated NAV is available, they shall be valued at the last available actual or estimated NAV provided that if events have occurred which may have resulted in a material change in the NAV of such Shares or units since the date on which such actual or estimated NAV was calculated, the value of such Shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board, such change in accordance with the "Fair Market Valuation" sub-section below.

The NAV per Share is determined by the administrative agent and made available at the registered office of the SICAV.

Each Sub-Fund shall be valued so that all agreements to purchase or sell securities are reflected as of the date of execution and all dividends receivable and distributions receivable are accrued as of the relevant ex-dividend dates.

### Liabilities of the SICAV

The liabilities of the SICAV shall be deemed to include:

- borrowings, bills and other amounts due;
- all costs and expenses to be borne by the SICAV;
- all known liabilities, due or not yet due, including the amount of all dividends declared, if any, but unpaid;
- an appropriate amount set aside for taxes due on the date of valuation and other provisions or reserves authorised and approved by the Board ; and
- all other liabilities of the SICAV of whatsoever kind due towards third parties.

### Fair Market Valuation

The fair value of an item is the price at which two people agree to exchange the item (security, bond, real estate, etc.). The purpose is then to define the price of an asset when the market is unable to provide the fair value (e.g. when the market is closed, when a security is delisted or when the market is not liquid, etc.) based on models or proxies, etc.

In the event that extraordinary circumstances render valuations impracticable or inadequate, the SICAV is authorised, prudently and in good faith, to follow other rules that the Board deems more accurate to achieve a fair valuation of the SICAV's assets.

Fair valuation might be used, for example, where the underlying markets are closed for business at the time of calculating the NAV of certain Sub-Funds or where governments choose to impose fiscal or transaction charges on foreign investment. The Board may set specific thresholds that, where exceeded, result in adjustment to the value of the SICAV's assets to their fair value. Moreover, if, since the time of determination of the NAV but prior to publication, there has been a material change in the valuation of a substantial proportion of the investments of the SICAV

attributable to a particular Sub-Fund or Share Class, the SICAV may, in order to safeguard the interests of the Shareholders and the SICAV, cancel the first valuation and carry out a second valuation, in which case all relevant subscription and redemption requests will be dealt on the basis of the second valuation. The SICAV has implemented internal procedures regarding the Fair Market Valuation.

In certain circumstances the Board may be required to provide fair value prices for certain assets of the SICAV and that, in such circumstances, the Board's "fair value" may diverge significantly from the next available market price of such assets.

The process and conduct of fair valuation adjustment will be done by the management company in consultation with the Depositary.

#### **Allocation of the assets of the SICAV**

The Board may establish a Sub-Fund in respect of each Share Class and may establish a Sub-Fund in respect of two or more Share Classes in the following manner:

- if two or more Share Classes relate to one Sub-Fund, the assets attributable to such Share Classes shall be invested pursuant to the specific investment policy of the Sub-Fund concerned
- the proceeds to be received from the issue of Shares of a Share Class shall be applied in the books of the SICAV to the Sub-Fund corresponding to that Share Class provided that if several Share Classes are outstanding in such Sub-Fund, the relevant amount shall increase the proportion of the net assets of such Sub-Fund attributable to the Share Class to be issued;
- where any asset is derived from another asset, such asset shall be applied in the books of the SICAV to the same Sub-Fund as the assets from which it was derived and on each revaluation of an asset, the increase or diminution in value shall be applied to the relevant Sub-Fund;
- where the SICAV incurs a liability which relates to any asset of a particular Sub-Fund or to any action taken in connection with an asset of a particular Sub-Fund, such liability could be allocated to the relevant Sub-Fund;
- in the case where any asset or liability of the SICAV cannot be considered as being attributable to a particular Sub-Fund, such asset or liability shall be allocated to all the Sub-Funds *pro rata* to the NAV; and
- upon the payment of distributions to the holders of any Share Class, the NAV of such Share Class shall be reduced by the amount of such distributions.

#### **Conflict of Interest**

The management company and its delegates may act in relation to, or be otherwise involved in, other funds which have similar investment objectives to those of the Sub-Funds. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interest with the SICAV. In such event, each will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the SICAV. In particular, but without limitation to its obligations to act in the best interests of the Shareholders when undertaking any dealings or investments where a conflict of interest may arise, each shall respectively endeavour to ensure that such conflict is resolved fairly.

The management company has also put in place a framework that allows it to detect and prevent conflict of interests that may

occur when providing investment services and other related activities.

#### **Complaints**

Shareholders may contact the Hong Kong representative if they have any queries or complaints in respect of the SICAV. Depending on the nature of an enquiry/complaint, it will be dealt with either by the Hong Kong representative directly, or referred to the management company for further handling. The Hong Kong representative will endeavor to revert to the relevant investor within 7 working days either orally or in writing.

The Hong Kong representative is AXA Investment Managers Asia Limited of Suites 3603 – 06, 36/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong. Hong Kong investors may also contact the Hong Kong representative by telephone at 852 2285 2000.

### **MEASURES TO COMBAT ILLICIT AND DETRIMENTAL ACTIVITIES**

#### **Market Timing and Excessive Trading**

Subscription and conversion of Shares should be made for investment purposes only. The SICAV does not permit market timing or other excessive trading practices such as late trading (i.e. subscription received after the Sub-Funds cut-off time). Excessive, short-term (market timing) trading practices may disrupt portfolio management strategies and harm SICAV's performance. To minimize harm to the SICAV and the Shareholders, the SICAV or the registrar agent on its behalf has the right to reject any subscription or conversion order, or levy in addition to any subscription or conversion fees, which may be charged according to the Sub-Funds' Descriptions, a fee of up to 2% of the value of the order for the benefit of the SICAV from any investor, who is engaging in excessive trading or has a history of excessive trading, or if an investor's trading, in the opinion of the SICAV, has been or may be disruptive to the SICAV or any of the Sub-Funds. In making this judgment, the SICAV may consider trading done in multiple accounts under common ownership or control. The SICAV also has the power to redeem all Shares held by a Shareholder who is or has been engaged in excessive trading. The SICAV will not be held liable for any loss resulting from rejected orders or mandatory redemptions.

Subscriptions, redemptions and conversions are dealt with at an unknown NAV. Any order received is deemed irrevocable after the Sub-Funds cut-off time.

#### **Money Laundering and Terrorist Financing**

The SICAV, the registrar agent, Hong Kong representative, any distributor and their officers are subject to the provisions of legislation currently in force in Luxembourg and the Hong Kong representative and the distributors in Hong Kong are subject to the provisions of legislation currently in force in Hong Kong, relating to monies which are derived directly or indirectly from criminal activity, including, but not limited to, activities relating to illegal substances and, where appropriate, to the provisions of similar legislation in force in any other relevant country. Applicants may be required to furnish independent documentary evidence of their identity (i.e. a copy of Hong Kong Identity Card or, if none available, a copy of passport, and in the case of a company, a copy of a board resolution), a permanent address, information relating to the source of the monies to be invested and any other documents as listed on the application form.

Failure to provide such information or documentation in a timely manner could result in delay in the allotment of Shares, or in a refusal to allot Shares.



If a distributor or its agents are not subject to anti-money laundering and anti-terrorist financing regulations, the necessary control will be carried out by the registrar agent of the SICAV.

## DATA PROTECTION

In accordance with the provisions of the law of 2<sup>nd</sup> August 2002 on the protection of persons with regard to the processing of personal data, as amended, together with the Regulation n°2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "Data Protection Laws"), the SICAV has to inform the Shareholders that their personal data is kept by means of a computer system.

The SICAV, acting as a data controller, collects, stores and processes by electronic or other means the data supplied by Shareholders at the time of their subscription for the purpose of fulfilling the services they required and complying with its legal obligations.

The data processed include the name, address and invested amount of each Shareholder, together with the contact details of the Shareholder's ultimate beneficial owners, directors, authorized signatories and persons that own, directly or indirectly, an interest in the SICAV (the "Personal Data"). Investors may, at their discretion, refuse to communicate their Personal Data to the SICAV. In this case, however, the SICAV may reject their request for subscription of Shares in the SICAV.

In particular, the Personal Data supplied by Shareholders is processed for the purposes of (i) maintaining the register of Shareholders, (ii) processing subscriptions, redemptions and conversions of Shares and payments of dividends to Shareholders, (iii) performing controls on late trading and market timing practices, (iv) complying with applicable anti-money laundering rules and (v) tax identification as may be required under Luxembourg or foreign laws and regulations (including laws and regulations relating to FATCA or CRS).

The SICAV can delegate to another entity (the administrative agent, the registrar agent and the management company) (the "Processors") the processing of the Personal Data, for the purpose of fulfilling the services required by the Shareholders, in compliance and within the limits of the applicable laws and regulations. These entities are located in the EU.

A Processor may engage another processor for carrying out specific processing activities on behalf of the SICAV, upon prior authorization from the latter. These entities may be located either in the EU or in countries outside of the EU and whose data protection laws may not offer an adequate level of protection, in

particular but not exclusively in India. Such sub-processor shall process the Personal Data under the same conditions and for the same purposes as the Processor. The investor may contact the Processor for more information regarding the transfer of its Personal Data performed by such Processor.

The Personal Data may also be disclosed to the Luxembourg tax authorities, which in turn may, acting as data controller, disclose the same to foreign tax authorities.

Shareholders have a right to access their Personal Data and may ask for a rectification thereof in cases where such data are inaccurate and incomplete. They may also object to processing of their Personal Data based on legitimate interests or ask for erasure of their Personal Data if the conditions provided under the Data Protection Laws are met. Each Shareholder may also ask, under the conditions provided under the Data Protection Laws, for data portability.

In relation thereto, Shareholders can exercise their rights by letter addressed to the SICAV.

Shareholders have a right of opposition regarding the use of their Personal Data for marketing purposes. This opposition can be made by letter addressed to the SICAV.

The Shareholder has a right to lodge a complaint with a data protection supervisory authority.

The Shareholder's Personal Data shall not be held for longer than necessary with regard to the purpose of data processing carried out under the present contractual relationship, observing legal periods of limitation.

# The SICAV

## OPERATIONS AND BUSINESS STRUCTURE

**SICAV name** AXA World Funds.

**Registered office**

49, Avenue J. F. Kennedy  
L-1855 Luxembourg, LUXEMBOURG

**Other contact information**

<http://www.axa-im.com>

**Fund type** *Société d'investissement à capital variable* (SICAV); open-ended.

**Incorporation** 24 December 1996, as a *fonds commun de placement*. Reorganized as a SICAV on 18 February 1998.

**Duration** Indefinite.

**Articles of incorporation** Most recently modified on 30 April 2020 and to be published in the *Recueil Electronique des Sociétés et Associations (RESA)* on 8 June 2020.

**Legal jurisdiction** Grand Duchy of Luxembourg.

**Regulatory authority**

*Commission de Surveillance du Secteur Financier* (CSSF)

283, route d'Arlon

L-1150 Luxembourg, LUXEMBOURG

**Registration number** RCS Luxembourg B 63 116.

**Financial year** 1 January – 31 December.

**Capital** Sum of the NAV of all the Sub-Funds.

**Minimum capital (under Luxembourg law)** EUR 1,250,000 or equivalent in any other currency. The capital of the SICAV varies automatically with the issue and redemption of Shares.

**Par value of Shares** None.

**Share capital currency** EUR.

## STRUCTURE AND GOVERNING LAW

The SICAV functions as an “umbrella” under which the Sub-Funds are created and operate. The assets and liabilities of each Sub-Fund are segregated from those of other Sub-Funds; there is no cross-liability between Sub-Funds, and assets of a Sub-Fund are invested only for that Sub-Fund's Shareholders. The SICAV qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS) under the 2010 Law, and is registered on the official list of collective investment undertakings maintained by the CSSF.

## MEMBERS OF THE BOARD OF DIRECTORS

**Chairman: Bettina Ducat**

Residing in France

Global Head of Product, Retail and Institutional Development  
AXA Investment Managers Paris

**Jean-Louis Laforge**

Residing in France

Deputy Chief Executive Officer  
AXA Investment Managers Paris

**Martin Burke**

Residing in France

Head of Product Lifecycle  
AXA Investment Managers Paris

**Emmanuel de Taffanel de la Jonquière**

Residing in France

Head of UL Investments

AXA France

**Paul Flavier**

Residing in France

Chief Risk Officer

AXA Investment Managers Paris

## THE BOARD OF DIRECTORS

The Board is responsible for the overall administration, control and management of the SICAV including the determination of the investment objective and policies of each Sub-Fund. In particular, the Board is responsible for the monitoring and the overall supervision and control of the management company. To this effect, the Board may give board recommendations to the management company in relation to, without limitation, the structure, promotion, administration, investment management and distribution of the SICAV and the contents of any documentation relating to the SICAV (including, but not limited to, this document, Product Key Facts Statements of the Sub-Funds and any marketing material).

The Board is responsible for the information in this document, Product Key Facts Statements of the Sub-Funds and has taken all reasonable care to ensure that it is materially true, accurate and complete.

Directors serve until their term ends, they resign, or they are revoked, in accordance with the Articles of Incorporation. Any additional directors will be appointed in accordance with the Articles of Incorporation and Luxembourg law.

## SHAREHOLDER MEETINGS

The annual general meeting is held at the registered office of the SICAV in Luxembourg within four (4) months after the end of the financial year. Other Shareholder meetings can be held at other places and times. Notices of all meetings will be distributed to Shareholders and published as required by law (in the *RESA* and the *d'Wort* in Luxembourg and in such other newspapers as the Board may determine), and will include the exact meeting location and time, the conditions of admission, the agenda, the quorum and the voting requirements and will be given at least eight (8) clear days prior to the meetings. Shareholders may vote by proxy or may attend the meeting and vote in person.

The Board may suspend the voting rights of any Shareholder in breach of his or her obligations as described by this Prospectus, the Articles or any relevant contractual arrangement entered into by such Shareholder. A Shareholder may also individually decide not to exercise, temporarily or permanently, all or part of his or her voting rights. The waiving Shareholder is bound by such waiver and the waiver is mandatory for the SICAV upon notification of the latter. In case the voting rights of one or several shareholders are suspended or the exercise of the voting rights has been waived by one or several shareholders in accordance with the paragraphs above, such shareholders may attend any general meeting of the Company but the shares they hold are not taken into account for the determination of the conditions of quorum and majority to be complied with at the general meetings of the Company.

If the capital of the SICAV falls to less than two-thirds of the legal minimum, the Board must ask the annual general meeting whether the SICAV should be dissolved.

If the capital becomes less than one-quarter of the legal minimum, Shareholders representing one-quarter of the Shares present can vote on whether to dissolve the SICAV. Any such meeting must be convened within forty (40) days of the day on which it appears that the capital has fallen below two-thirds or one quarter of the minimum capital, as the case may be.

## MATERIAL CONTRACTS

The following contracts have been entered into by the SICAV and are, or may be, material or contain indemnities in favor of the other parties thereto other than in respect of negligence or willful default:

- Management Company Services Agreement dated 29th August 2006 between the SICAV and the management company (the "Management Company Services Agreement"). The Management Company Services Agreement may be terminated upon three months' written notice.
- Depositary agreement dated 18th March 2016 between the SICAV and the depositary (the "Depositary Agreement"). The Depositary Agreement may be terminated upon 180 calendar days' prior written notice.
- Administration Agency, Domiciliary, Paying Agency, Listing Agency and Registrar and Transfer Agency Agreement dated 31st March 2006, as amended, between the SICAV and the management company on the one part and State Street Bank International GmbH, Luxembourg Branch on the other part (the "Administration Agreement"). The Administration Agreement may be terminated upon 90 days' written notice.

## NOTICES AND PUBLICATIONS

### Publication of Notices

Notice of any material change to the SICAV or its Sub-Funds will be mailed to investors or their intermediary at the address of record as stated in the SICAV's register. If applicable, a revised Hong Kong Offering Memorandum and Product Key Facts Statements of the Sub-Funds applicable, will also be made available.

Notices of mergers or, as the case may be, liquidations will be distributed 30 days in advance, and will indicate the reasons for the mergers.

The dealing price per Share of each Sub-Fund (exclusive of the maximum entry charge) which will be the same price for issues and redemptions will be published each Business Day in the website [www.axa-im.com.hk](http://www.axa-im.com.hk).

Information on the past performance of the previous year appears in the Financial Reports. Annual audited accounts and un-audited half yearly accounts (available in English only) may be sent upon request to Shareholders who apply through the Hong Kong representative or otherwise from Hong Kong. Audited annual reports are issued within four months of the end of the financial year. Unaudited semi-annual reports are issued within two months of the end of the period they cover. The financial period of the SICAV is the calendar year. The audited annual reports will be prepared as at 31st December each year. The unaudited semi-annual reports will be prepared as at 30th June each year. As an alternative to the distribution of printed financial reports, electronic copies of the audited annual reports (in English) and un-audited half-yearly reports (in English) will be available on [www.axa-im.com](http://www.axa-im.com) and [www.axa-im.com.hk](http://www.axa-im.com.hk). Hong Kong investors will be notified as to where such accounts and reports are available in printed and electronic forms within the specified time periods. In addition, hardcopies of the relevant accounts and reports will be available for inspection and collection from the Hong Kong representative.

## Documents available for inspection

Investment Management Agreements have been entered into dated 3 June 2002 for AXA Investment Managers UK, 14 January 2003 for AXA Investment Managers Paris and 1 November 2006 for AXA Investment Managers Inc., 5 March 2015 for AXA Investment Managers Asia Limited, 7 February 2020 for AXA Real Estate Investment Managers SGP between the management company and the investment managers of the Sub-Funds as authorised in Hong Kong and managed by them. The Hong Kong representative has been appointed by an agreement dated 9 September 1999.

The documents available for inspection are as follows:

- the Articles of Incorporation;
- Depositary Agreement dated 18 March 2016 with State Street Bank International GmbH, Luxembourg Branch;
- Administration Agency, Domiciliary, Corporate and Paying Agency, Listing Agency and Registrar and Transfer Agency Agreement dated 29 August 2006 as amended concluded between the SICAV, the management company and State Street Bank International GmbH, Luxembourg Branch;
- Placement Agent Agreement as entered into by the SICAV;
- Investment Management Agreements entered into with the management company for the SICAV as mentioned above;
- Information regarding procedure on clients' complaints handling;
- the Management Company Services Agreement dated 29 August 2006 between the SICAV and the management company;
- the Hong Kong representative Agreement;
- the Hong Kong representative's Undertaking to the SFC dated 8 July 1999;
- the Undertaking of the SICAV to the SFC dated 12 April 1999;
- Investment restrictions under the Law of 2010 applicable to the SICAV; and
- the risk management policy on the use of financial derivative instruments as amended.

All the above documents with any supplements thereto and any summary thereof as well as the latest audited annual accounts and report of the SICAV and, if later, the semi-annual accounts are available for inspection at the office of the Hong Kong representative during its normal business hours.

As an alternative to the distribution of printed financial reports, electronic copies of the audited annual reports (in English) and un-audited half-yearly reports (in English) will be available on [www.axa-im.com](http://www.axa-im.com) and [www.axa-im.com.hk](http://www.axa-im.com.hk). These reports will also be made available for inspection at the registered office of the Hong Kong representative.

All of the documents may be purchased at a charge of HK\$125 per document except that any Shareholder may, at any time, request, free of charge, the annual and half yearly accounts and the Articles of Incorporation of the SICAV.

## LIQUIDATION OR MERGER

### Liquidation

The Board may decide to liquidate the SICAV, a Sub-Fund or a Share Class if either of the following is true:

- The total net assets of the SICAV or a Sub-Fund remain below EUR 840,000 (or the equivalent in another currency of denomination) for 30 consecutive days.
- The Board believes liquidation is appropriate because of changes in the economic or political situation affecting the SICAV or the relevant Sub-Fund or Share Class.

After giving prior notice to the relevant Shareholders, the Board may redeem all of the Shares in question on the first Valuation Day after the end of the notice period, at an NAV that reflects the anticipated liquidation costs but with no other redemption charge.

Should the SICAV need to liquidate, one or more liquidators appointed by the Shareholders' meeting will liquidate the SICAV's assets in the best interest of the Shareholders and will distribute the net proceeds (after deduction of any costs relating to the liquidation) to Shareholders in proportion to the Shares they are holding.

Amounts from any liquidations that are not claimed promptly by Shareholders will be deposited in escrow with the Caisse de Consignation. Amounts still unclaimed within the period of 30 years or such other period when the statute of limitations runs out will be forfeited according to Luxembourg law.

## **Merger**

The Board may decide to merge the SICAV with another UCITS or with a sub-fund of another UCITS. If the SICAV would cease to exist because of the merger, the Shareholders must approve the merger and its effective date by a majority of the votes cast at a general meeting, with no quorum required. If the SICAV will continue to exist after the merger, the Board may decide on the merger and its effective date. The Board may also decide to merge any Sub-Fund into another Sub-Fund, another UCITS, or a sub-fund of another UCITS.

As appropriate, the Shares of the SICAV will be redesignated as Shares of the other Sub-Fund, UCITS or sub-fund of the other UCITS.

The Shareholders will in any case be entitled to request, without any charge other than those retained by the SICAV or the Sub-Fund to meet disinvestment costs, the repurchase or redemption of their Shares, or, where possible, to convert them into units or shares of another UCITS pursuing a similar investment policy and managed by the management company or by any other company with which the management company is linked by common management or control, or by substantial direct or indirect holding, in accordance with the provisions of the 2010 Law.

Cost associated with the preparation and the completion of the merger shall neither be charged to the SICAV nor to its Shareholders.

A merger so decided by the Board or approved by the Shareholders of the relevant Sub-Fund will be binding on the holders of Shares of the relevant Sub-Fund upon 30 days' prior notice thereof given to them during which period Shareholders may redeem their Shares without redemption charge. The prior notice period given to Shareholders in Hong Kong as mentioned above will be subject to the requirements of the SFC.

# The Management Company

## OPERATIONS AND BUSINESS STRUCTURE

**Management company name** AXA Funds Management S.A., an AXA Group company and a subsidiary of AXA Investment Managers S.A.

**Registered office**

49, Avenue J.F. Kennedy  
L-1855 Luxembourg, LUXEMBOURG

**Other contact information**

<http://www.axa-im.lu>

**Legal form of company** *Société anonyme*.

**Incorporation** 21 November 1989 (as AXA Bonds (Conseil) S.A.).

**Articles of incorporation** Most recently modified on 30 January 2015 and published in the *Mémorial, Recueil des Sociétés et Associations* on 7 March 2015.

**Legal jurisdiction** Grand Duchy of Luxembourg.

**Registration number** RCS Luxembourg B 32 223.

**Authorised and issued share capital** EUR 925,345.84.

## AGREEMENT AND GOVERNING LAW

The SICAV has appointed the management company pursuant to a management company services agreement dated as of 29 August 2006. The management company is registered pursuant to chapter 15 of the 2010 Law and the law of 12 July 2013 on alternative investment fund managers.

The management company is in charge of the day-to-day operations of the SICAV, with responsibility for investment management services, administrative services and marketing services subject to the overall supervision and control of the Board. The management company has the option of delegating to third parties some or all of its responsibilities, subject to the approval of the SICAV and the CSSF, and provided that the management company retains the responsibility and oversight over such delegates. The management company has delegated, with prior notification of the CSSF and provided that it complies with all the conditions provided for by the Law of 2010 and that it retains responsibility and oversight over such delegates, (i) transfer agency and administration to third parties, as detailed below and (ii) investment management, marketing, internal audit, to AXA IM entities. Risk management and compliance functions are carried out by the management company. The management company's liability towards the SICAV and its investors shall not be affected by the fact that it has delegated its functions and duties to third parties or by any further sub-delegation.

The management company also manages other funds.

## THE BOARD OF DIRECTORS

**Chairman: Jean-Louis Laforge**

Residing in France

*Deputy Chief Executive Officer*

AXA Investment Managers Paris

**Laurent Jaumotte**

Residing in Belgium

*Chief Financial Officer*

AXA CZ and SK entities

**Fabien Lequeue**

Residing in Belgium

Country Head, Conducting Officer and General Manager  
AXA Funds Management S.A.

## REMUNERATION POLICY

The management company has approved and adopted AXA IM's Global Remuneration Policy, in accordance with the applicable regulations, which is consistent with, and promotes, sound and effective risk management; does not encourage risk-taking which is inconsistent with the risk profiles of the SICAV or the Articles of Incorporation, and does not impair compliance of the management company's duty to act in the best interests of the SICAV.

AXA IM's Global Remuneration Policy, which has been approved by the AXA IM Remuneration Committee, sets out the principles relating to remuneration within all entities of AXA IM (including the management company) and takes into account AXA IM's business strategy, objectives, and risk tolerance, as well as the long-term interests of AXA IM's shareholders, employees and clients (including the SICAV). The AXA IM Remuneration Committee is responsible for determining and reviewing the AXA IM remuneration guidelines, including the AXA IM Global Remuneration Policy, as well as reviewing the annual remuneration of senior executives of the AXA IM Group and senior officers in control functions.

AXA IM provides both fixed and variable remuneration. An employee's fixed remuneration is structured to reward organisational responsibility, professional experience and the individual's capability to perform the duties of the role. Variable remuneration is based on performance and may be awarded annually on both a non-deferred and, for certain employees, a deferred basis. Non-deferred variable remuneration may be awarded in cash or, where appropriate and subject to local laws and regulation, in instruments linked to the performance of AXA IM funds. Deferred remuneration is awarded through various instruments structured to reward medium and long term value creation for clients and AXA IM and long term value creation for the AXA Group. AXA IM ensures appropriate balances between fixed and variable remuneration and deferred and non-deferred remuneration.

Details of the up-to-date AXA IM Global Remuneration Policy are published online at <https://www.axa-im.com/remuneration>. This includes the description of how remuneration and benefits are awarded for employees, and further information on the AXA IM Remuneration Committee. The management company and the Hong Kong representative shall provide a paper copy free of charge upon request.

### Dealings and Commissions

Neither the management company, the investment managers, the sub-investment managers nor their associates will receive cash rebates from any broker or dealer in respect of the transactions for account of any relevant Sub-Fund and they do not enter into soft dollar arrangements with brokers or dealers.

## BENCHMARK REGULATION

Framlington Europe Opportunities is actively managed in reference to a benchmark index (please refer to "Investment Strategy" sub-section in the "Sub-Fund Descriptions" section of



the Sub-Fund) as defined by the Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds ("BMR").

As required by article 28(2) of BMR, the management company has adopted a written plan setting out actions, which it will take with respect to the Sub-Funds using a benchmark in the event that the benchmark index materially changes or ceases to be provided (the "Contingency Plan"). You may access the Contingency Plan free of charge at the registered office of the management company. At the date of the latest update of this document, MSCI Limited (which administers the MSCI Europe Total Return Net Benchmark) is listed in the ESMA Register that you may consult at <https://www.esma.europa.eu/benchmarks-register>.

## SERVICE PROVIDERS

### INVESTMENT MANAGERS

#### **AXA Investment Managers Paris**

Tour Majunga  
La Défense 9  
6, place de la Pyramide  
92800 Puteaux  
FRANCE

#### **AXA Real Estate Investment Managers SGP**

Tour Majunga  
La Défense 9  
6, place de la Pyramide  
92800 Puteaux  
FRANCE

#### **AXA Investment Managers UK Limited**

7 Newgate Street  
London EC1A 7NX  
UK

#### **AXA Investment Managers Inc.**

100 West Putnam Avenue, 4th Floor  
Greenwich, CT 06830  
USA

#### **AXA Investment Managers Asia Limited (Hong-Kong SAR)**

Suites 3603 – 06, 36/F,  
One Taikoo Place, Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong  
CHINA

### SUB-INVESTMENT MANAGERS

#### **AXA Investment Managers Inc.**

100 West Putnam Avenue, 4th Floor  
Greenwich, CT 06830  
USA

#### **AXA Investment Managers Asia Ltd. (Hong-Kong SAR)**

Suites 3603 – 06, 36/F  
One Taikoo Place, Taikoo Place  
979 King's Road  
Quarry Bay, Hong-Kong  
CHINA

Each Sub-Fund's investment manager handles the day-to-day management of that Sub-Fund.

An investment manager may appoint sub-delegates, at its own expense and responsibility, to manage all or part of the assets of

some Sub-Funds, or provide recommendations on any investment portfolio subject to the approval of the CSSF. The appointed entity will be disclosed in "Sub-Fund Descriptions".

For its services, the investment manager is entitled to receive the management fee described in "Sub-Fund Descriptions". The management company is responsible for the payment of these fees to investment managers.

The investment manager provides advice and/or recommendations on the implementation of the Sub-Fund's investment strategy.

Three months' prior notice (or such shorter period as the SFC may determine) will be given to Shareholders in the event of an increase in the current rate of annual management fees up to the maximum level. Shareholders' consent will be sought in the event of an increase beyond the maximum levels.

## DEPOSITARY

### **State Street Bank International GmbH, Luxembourg Branch**

49, Avenue J.F. Kennedy  
L - 1855 Luxembourg  
Grand Duchy of Luxembourg

The rights and duties of the depositary (the "**Depositary**") are governed by the Depositary Agreement dated 18 March 2016. In performing its obligations under the Depositary Agreement, the Depositary shall observe and comply with (i) Luxembourg laws, (ii) the Depositary Agreement and (iii) the terms of this document. Furthermore, in carrying out its role as depositary bank, the Depositary must act solely in the interest of the SICAV and of its Shareholders.

The SICAV had appointed State Street Bank International GmbH, Luxembourg Branch as its Depositary within the meaning of the 2010 Law pursuant to the Depositary Agreement.

State Street Bank International GmbH is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB), the German Federal Financial Services Supervisory Authority (BaFin) and the German Central Bank. State Street Bank International GmbH, Luxembourg Branch is authorized by the CSSF in Luxembourg to act as depositary and central administration agent for Luxembourg funds, which includes the SICAV and is specialized in depositary, fund administration, and related services. In this respect the CSSF supervises State Street Bank International GmbH, Luxembourg Branch. State Street Bank International GmbH, Luxembourg Branch is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186. State Street Bank International GmbH is a member of the State Street group of companies having as its ultimate parent State Street Corporation, a US publicly listed company.

### **Depositary's functions**

The relationship between the SICAV and the Depositary is subject to the terms of the Depositary Agreement. Under the terms of the Depositary Agreement, the Depositary is entrusted with following main functions:

- ensuring that the sale, issue, repurchase, redemption and cancellation of Shares are carried out in accordance with applicable law and the Articles of Incorporation.
- ensuring that the value of the Shares is calculated in accordance with applicable law and the Articles of Incorporation.



- carrying out the instructions of the SICAV unless they conflict with applicable law and the Articles of Incorporation.
- ensuring that in transactions involving the assets of the SICAV any consideration is remitted within the usual time limits.
- ensuring that the income of the UCITS is applied in accordance with applicable law and the Articles of Incorporation.
- monitoring of the SICAV's cash and cash flows.
- safe-keeping of the SICAV's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and record keeping in relation to other assets.

### Depository's liability

In the event of a loss of a financial instrument held in custody, determined in accordance with the UCITS Directive, and in particular Article 18 of the UCITS Regulation 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositaries, the Depository shall return financial instruments of identical type or the corresponding amount to the SICAV acting on behalf of the SICAV without undue delay.

The Depository shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary pursuant to the UCITS Directive.

In case of a loss of financial instruments held in custody, the shareholders may invoke the liability of the Depository directly or indirectly through the Fund provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

The Depository will be liable to the SICAV for all other losses suffered by the SICAV as a result of the Depository's negligent or intentional failure to properly fulfil its obligations pursuant to the UCITS Directive.

The Depository shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depository of its duties and obligations.

### Delegation

The Depository has full power to delegate the whole or any part of its safe-keeping functions but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depository's liability shall not be affected by any delegation of its safe-keeping functions under the Depository Agreement.

The Depository has delegated those safekeeping duties set out in Article 22(5)(a) of the UCITS Directive to State Street Bank and Trust Company with registered office at Copley Place 100, Huntington Avenue, Boston, Massachusetts 02116, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the SICAV or at the following internet site:

<http://www.statestreet.com/about/office-locations/luxembourg/subcustodians.html>.

### Conflicts of interest

The Depository is part of an international group of companies and businesses that, in the ordinary course of their business, act

simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depository or its affiliates engage in activities under the depositary agreement or under separate contractual or other arrangements. Such activities may include:

(i) providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the SICAV;

(ii) engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the SICAV either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depository or its affiliates:

(i) will seek to profit from such activities and are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to the SICAV, the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;

(ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;

(iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the SICAV;

(iv) may provide the same or similar services to other clients including competitors of the SICAV;

(v) may be granted creditors' rights by the SICAV which it may exercise.

The SICAV may use an affiliate of the Depository to execute foreign exchange, spot or swap transactions for the account of the SICAV. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the SICAV. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the SICAV.

The affiliate shall enter into such transactions on the terms and conditions agreed with the SICAV.

Where cash belonging to the SICAV is deposited with an affiliate being a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The management company may also be a client or counterparty of the Depository or its affiliates.

Potential conflicts that may arise in the Depository's use of sub-custodians include four broad categories:

(1) conflicts from the sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depository may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;

(2) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

(3) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and look to the Depository as its counterparty, which might create incentive for the Depository to

act in its self-interest, or other clients' interests to the detriment of clients; and

(4) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the SICAV and its Shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest and the depositary issues to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to Shareholders on request.

#### **Termination**

Each of the SICAV or the Depositary may terminate the Depositary Agreement on 180 calendar days' prior written notice. The Depositary Agreement may also be terminated on shorter notice in certain circumstances. However, the Depositary shall continue to act as depositary for up to two months pending a replacement depositary being appointed and until such replacement, the Depositary shall take all necessary steps to ensure the good preservation of the interests of the Shareholders of the SICAV and allow the transfer of all assets of the SICAV to the succeeding depositary.

#### **Disclaimer**

The Depositary has no decision-making discretion relating to the SICAV's investments. The Depositary is a service provider to the SICAV and is not responsible for the preparation of this document, or the activities of the SICAV.

In accordance with the 2010 Law, the management company has entered into an operating memorandum with the Depositary to regulate the flow of information deemed necessary to allow the Depositary to perform its obligations under the Depositary Agreement and the 2010 Law.

### **ADMINISTRATIVE, DOMICILIARY, CORPORATE AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

**State Street Bank International GmbH, Luxembourg Branch,**  
49, Avenue J.F. Kennedy  
L - 1855 Luxembourg  
Grand Duchy of Luxembourg

With the consent of the SICAV, the Management Company had appointed State Street Bank International GmbH, Luxembourg Branch also as administrative, registrar and transfer agent and as

domiciliary and paying agent of the SICAV (the Administrator) pursuant to the Administration Agreement.

The relationship between the SICAV, the Management Company and the Administrator is subject to the terms of the Administration Agreement. Under the terms of the Administration Agreement, the Administrator will carry out all general administrative duties related to the administration of the SICAV required by Luxembourg law, calculate the Net Asset Value per Share, maintain the accounting records of the SICAV, as well as process all subscriptions, redemptions, conversions, and transfers of Shares, and register these transactions in the register of shareholders. In addition, as registrar and transfer agent of the SICAV, the Administrator is also responsible for collecting the required information and performing verifications on investors to comply with applicable anti-money laundering rules and regulations.

The Administrator is not responsible for any investment decisions of the SICAV or the effect of such investment decisions on the performance of the SICAV.

The Administration Agreement has no fixed duration and each party may, in principle, terminate the agreement on not less than ninety (90) calendar days' prior written notice. The Administration Agreement may also be terminated on shorter notice in certain circumstances, for instance where one party commits a material breach of a material clause of the Administration Agreement. The Administration Agreement may be terminated by the management company with immediate effect if this is deemed by the management company to be in the interest of the investors. The Administration Agreement contains provisions exempting the Administrator from liability and indemnifying the Administrator in certain circumstances. However, the liability of the Administrator towards the management company and the SICAV will not be affected by any delegation of functions by the Administrator.

### **STOCK LENDING AND REPURCHASE AGENT**

**AXA Investment Managers GS Limited**

7 Newgate Street  
London EC1A 7NX  
UK

The management company has appointed the stock lending and repurchase agent pursuant to a delegation agreement dated 15 February 2013 to carry out its stock lending and repurchase agreements activities and notably for the counterparties' selection and the management of the collateral.

AXA Investment Managers GS Limited and the management company are affiliates companies belonging to AXA IM group. In order to prevent any conflicts of interest, AXA IM group has put in place a conflicts of interest policy, details of which are available on <https://www.axa-im.lu/mifid>.

### **INTERMEDIARIES HANDLING TRANSACTIONS OF THE SHARES**

The management company may engage distributors to promote the Shares and handle transactions in Sub-Fund Shares in certain countries or markets.

Note that investors will only be able to fully exercise their investor's rights directly against the SICAV (in particular the right to participate in general Shareholders' meetings) if they are directly registered as the owner of the Shares in the SICAV's register of Shareholders. If investors invest through an intermediary, the ownership of Shares may be recorded in the intermediary's name, in which case investors may not be able to exercise all Shareholder's rights themselves. Investors are advised to seek advice on their rights (in particular the ability to provide the

intermediary with specific or general voting instructions in general Shareholder's meetings).

Nominees are banks and financial institutions appointed as distributors or the company responsible for arranging the distribution of the Shares of the SICAV which act as intermediaries between investors and the SICAV. Subject to local laws in countries where Shares are offered, the distributors and their agents, if any, may, on the request of the respective investor, act as nominee for such investors. In some countries, use of a nominee service is mandatory, either for legal or practical reasons. With a nominee service, a distributor or local paying agent purchases and holds the Shares as a nominee in its own name but for the account of the investor. In other countries, investors have the option of investing through the nominee services offered by the distributors or local paying agents, or directly with the SICAV.

Whenever the use of a nominee service is not mandatory, investors who use a nominee service may at any time submit an appropriate written request to the nominee that the Shares held for them be registered in their own name. Note that the minimum holding amounts of a particular Share Class described in "Investing in the Funds" will apply.

## **AUDITOR**

**PricewaterhouseCoopers, Société coopérative  
2, rue Gerhard Mercator**

L-2182 Luxembourg

LUXEMBOURG

The auditor provides independent review of the financial statements of the SICAV and all Sub-Funds.

## **LEGAL ADVISER**

**Arendt & Medernach S.A.**

41 A, avenue J-F Kennedy

L-2082 Luxembourg

LUXEMBOURG

The legal adviser provides independent legal advice on business, regulatory, tax, and other matters, as requested.

## **HONG KONG REPRESENTATIVE & PLACEMENT AGENT**

**AXA Investment Managers Asia Limited**

Suites 3603 – 06, 36/F,

One Taikoo Place, Taikoo Place

979 King's Road

Quarry Bay,

HONG KONG

The Hong Kong representative represents the SICAV in Hong Kong in relation to all matters involving Shareholders as well as receiving requests from Hong Kong investors for buying, switching, redeeming and transfer of Shares.

# Terms with Specific Meanings

The following terms have these specific meanings within this document:

**2010 Law** Luxembourg law of December 17, 2010 on Undertakings for Collective Investment in Transferable Securities, as amended from time to time.

**A Shares** Securities issued by companies incorporated in the PRC and listed on Shanghai or Shenzhen stock exchange.

**Application Form** The appropriate application form for the subscription, the redemption and the conversion of Shares of the SICAV available at the Hong Kong representative or distributors' registered office.

**Articles of Incorporation** The Articles of Incorporation of the SICAV, as amended from time to time.

**AXA Group** Any entity over which AXA has direct, indirect, or alternate control.

**Benefit Plan Investor** Any benefit plan investor as defined in regulations issued by the US Department of Labor, being any (a) "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to Title 1 of ERISA), (b) "plan" described in Section 4975(e)(1) of the US Internal Revenue Code that is subject to Section 4975 thereof, and (c) entity any of the assets of which include the assets of such "employee benefit plan" or "plan".

**Board** The Board of directors of the SICAV.

**Business Day** Any day that is a full banking business day in the country of reference for a given Sub-Fund, as described in "Sub-Fund Descriptions".

**Canadian Prohibited Investor** means any natural person who is a resident of Canada (including its territories and possessions and any province of Canada) and any legal entity formed under the laws of Canada or any province or territory thereof, except where otherwise beforehand determined by the distributor as qualifying as in compliance with applicable local laws and regulations under "Permitted Clients" exemption.

**CSRC** *China Securities Regulatory Commission*, the main securities regulatory body in the PRC.

**CSSF** *Commission de Surveillance du Secteur Financier*, the Luxembourg financial supervisory authority.

**Dealing Price** The price at which Shares are subscribed, switched or redeemed. Dealing Prices are calculated on a policy as defined in "Sub-Fund Descriptions".

**ERISA** The US Employee Retirement Income Security Act of 1974, as amended, or any successor federal statute.

**EU** European Union.

**EEA** European economic area i.e. EU member states, Iceland, Liechtenstein and Norway.

**European State** A member state of the EU or the European Economic Area.

**Financial Reports** Annual and semi-annual reports of the SICAV.

**Forward Pricing Basis** A policy under which orders received and accepted by the registrar agent by 15:00 Luxembourg Time on a Business Day (D) are processed at the Dealing Price applicable to such Valuation Day (D).

**Forward-Forward Pricing Basis** A policy under which orders received and accepted by the registrar agent by 15:00

Luxembourg time on any Business Day (D) are processed at the Dealing Price applicable to the following Valuation Day (D+1).

**H** Hedged (in Share Class names).

**Hard Currency** Means globally traded major currencies including, but not limited to, USD, EUR, AUD, CAD, JPY, CHF, GBP.

**Hong Kong Business Day** Any day other than a Saturday or Sunday on which banks in Hong Kong are open for business.

**Institutional Investor** An institutional investor as defined by guidelines or recommendations issued by the Regulatory authority from time to time. With respect to investors that are incorporated in the European Union, Institutional Investor means Eligible Counterparty and Professional Investors according to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, amended by Directive (EU) 2016/1034 of 23 June 2016.

**Interest Rate Sensitivity** The sensitivity measure indicates the expected percentage decline in investment value for a 1% increase in interest rates.

**Investment Grade** Rated at least BBB- by Standard & Poor's or equivalent ratings by Moody's or Fitch or, if unrated, judged equivalent to those levels by the investment manager.

**NAV** Net asset value i.e. value of the assets of a Sub-Fund.

**Non-US Person** As defined under the Commodity Exchange Act, as amended from time to time:

- (i) a natural person who is not a resident of the United States;
- (ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a foreign jurisdiction and which has its principal place of business in a foreign jurisdiction;
- (iii) an estate or trust, the income of which is not subject to income tax regardless of source;
- (iv) an entity organised principally for passive investment such as a pool or an investment company provided that units of participation in the entity held by persons who do not qualify as Non-US Persons or otherwise as qualified eligible persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by persons who do not qualify as Non-US Persons in a pool with respect to which the operator is exempt from certain requirements of Part 4 of the CFTC's regulations by virtue of its participants being Non-US Persons; and
- (v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

**OECD** The Organization for Economic Co-operation and Development.

**OTC** Over-the-Counter.

**Other State** Any state that is not a member of the European Union, and any state of America, Africa, Asia and Oceania.

**Personal Account Number** The unique identification number issued to a Shareholder.



**PBOC** People's Bank of China.

**PRC** The People's of Republic of China.

**Hong Kong Offering Memorandum** This document, as amended from time to time.

**Reference Currency** The currency of a Sub-Fund.

**REITs** Real estate companies and Real Investment Trusts which are entities dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities. The legal structure of a REIT, its investment restrictions and the regulatory and taxation regimes to which it is subject will differ depending on the jurisdictions in which it is established.

**RQFII** A RMB qualified foreign institutional investor.

**RQFII Quota** The quota granted to the relevant investment manager through which the SICAV may invest directly in the Chinese domestic market.

**SAFE** The State Administration of Foreign Exchange of the PRC.

**SEHK** The Stock Exchange of Hong Kong.

**Settlement Day** The day on which monies are received (in respect of subscriptions) or dispatched (in respect of redemptions) by the depositary.

**SFC** Securities and Futures Commission in Hong Kong

**Share** Share of any Sub-Fund (fully paid and of no par value).

**Share Class** Any class of Shares. A Share Class may have its own cost and fee structure, investment minimums, investor eligibility requirements, tax characteristics, and other features.

**Shareholder** Any person or entity owning Shares of any Sub-Fund.

**SICAV (Société d'investissement à capital variable)** AXA World Funds (or AXA WF).

**SFTs** Securities and financing transactions.

**Stock Connect** The securities trading and clearing linked program with an aim to achieve mutual access between China's and Hong Kong's stock exchanges.

**Sub-Fund** Any sub-fund of the SICAV i.e. a portfolio of assets invested according to the investment objective of the Sub-Fund.

**Sub-Investment Grade** Rated below BBB- by Standard & Poor's or equivalent ratings by Moody's or Fitch or, if unrated (i.e. neither the security itself nor its issuer has a credit rating), judged equivalent to those levels by the investment manager, unless specified otherwise in "Sub-Fund Descriptions".

**UCI** An undertaking for collective investment as defined by Luxembourg law.

**UCITS Directive** Directive 2009/65/EC of the European Parliament and Council of 13 July 2009 on the coordination of laws, regulations and administrative positions relating to undertakings for collective investment in transferable securities (UCITS), as may be amended by the Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 as regards depositary remuneration policies and sanctions as amended from time to time.

**US** The United States of America, including its territories and possessions.

**US Person** As defined under Regulation S promulgated under the 1933 US Securities Act, as amended from time to time:

- (i) (a) any natural person resident in the United States;
- (b) any partnership or corporation organized or incorporated under the laws of the United States;
- (c) any estate of which any executor or administrator is a US Person;
- (d) any trust of which any trustee is a US Person;
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US Person;
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership or corporation if:
  - organized or incorporated under the laws of any foreign jurisdiction; and
  - formed by a US Person principally for the purpose of investing in securities not registered under the 1933 US Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a) under the 1933 US Securities Act) who are not natural persons, estates or trusts;
- (ii) notwithstanding (i) above, any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-US Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States shall not be deemed a "US Person";
- (iii) notwithstanding (i) above, any estate of which any professional fiduciary acting as executor or administrator is a US Person shall not be deemed a "US Person" if:
  - (a) an executor or administrator of the estate who is not a US Person has sole or shared investment discretion with respect to the assets of the estate; and
  - (b) the estate is governed by foreign law;
- (iv) notwithstanding (i) above, any trust of which any professional fiduciary acting as trustee is a US Person shall not be deemed a US Person if a trustee who is not a US Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a "US Person";
- (v) notwithstanding (i) above, an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country shall not be deemed a "US Person";
- (vi) notwithstanding (i) above, any agency or branch of a US Person located outside the United States shall not be deemed a "US Person" if:
  - (a) the agency or branch operates for valid business reasons; and
  - (b) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
- (vii) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American

Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans shall not be deemed "US Persons".

**Valuation Day** A Business Day on which a NAV is calculated for a Sub-Fund and on which orders to subscribe for, redeem or convert Shares are accepted and traded at the Dealing Price applicable to such Business Day. Unless stated otherwise in the

description of a specific Sub-Fund, or unless a suspension of trading in Shares is in effect, every day that is a Business Day for a Sub-Fund is also a Valuation Day.

*Words and expressions that are not defined in this document but are defined in the 2010 Law have the same meaning as in the 2010 Law.*



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## Currency Abbreviations

ARS	Argentine peso
AUD	Australian dollar
BRL	Brazilian real
CAD	Canadian dollar
CHF	Swiss franc
CLP	Chilean peso
CNH	Chinese renminbi referencing the exchange rate of RMB outside of China
CNY	Chinese renminbi referencing the exchange rate of RMB in China
CZK	Czech koruna
DKK	Danish krone
EUR	Euro
GBP	British pound sterling
HKD	Hong Kong dollar
HUF	Hungarian forint
IDR	Indonesian rupiah
INR	Indian rupee
JPY	Japanese yen
KRW	South Korean won
MXN	Mexican peso
MYR	Malaysian ringgit
NZD	New Zealand dollar
NOK	Norwegian krone
PEN	Peruvian nuevo sol
PHP	Philippine peso
PLN	Polish zloty
RMB	Chinese renminbi
RUB	Russian ruble
SEK	Swedish krona
SGD	Singapore dollar
THB	Thai baht
TRY	Turkish new lira
TWD	New Taiwan dollar
USD	United States dollar
ZAR	South African rand



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