

## CONSOLIDATED VERSION OF THE MANAGEMENT REGULATIONS

### 1) THE FUND

**AXA IM Fixed Income Investment Strategies** (the "Fund") has been created on the 12<sup>th</sup> of March, 2004 as an undertaking for collective investment in transferable securities in accordance with the UCITS Directive. The Fund is governed by the laws of the Grand Duchy of Luxembourg and has been organised under part I of the law of December 17, 2010 on undertakings for collective investment (the "Law of 2010") in the form of an open-ended mutual investment fund ("*fonds commun de placement*"), as an unincorporated co-ownership of securities and other assets permitted by law.

The Fund shall consist of different sub-funds (collectively "Sub-Funds" and individually "Sub-Fund") to be created pursuant to Article 4 hereof.

The assets of each Sub-Fund are solely and exclusively managed in the interest of the co-owners of the relevant Sub-Fund (the "Unitholders") by **AXA Funds Management S.A.** (the "Management Company"), a company incorporated under the laws of the Grand Duchy of Luxembourg and having its registered office in Luxembourg.

The assets of the Fund are held in custody by **State Street Bank Luxembourg S.A.**, (the "Depository"). The assets of the Fund are segregated from those of the Management Company.

By purchasing Units (the "Units") of one or more Sub-Fund(s) any Unitholder fully approves and accepts these Management Regulations which determine the contractual relationship between the Unitholders, the Management Company and the Depository. The Management Regulations and any future amendments thereto shall be filed with the District Court of Luxembourg and copies thereof shall be available from the Chancery of the District Court. Publication in the *Mémorial C, Recueil des Sociétés et Associations* (the "Mémorial") shall be made through a notice advising of the deposit of such document with the District Court of Luxembourg.

Unless the context otherwise requires, words and expressions contained in these Management Regulations bear the same meaning as in the prospectus of the Fund (the "Prospectus").

The board of directors of the Management Company acting in the best interest of the Fund, may decide, in the manner described in the Prospectus of the Fund that (i) all or part of the assets of the Fund or of any Sub-Fund be co-managed on a segregated basis with other assets held by other investors, including other undertakings for collective investment and/or their sub-funds, or that (ii) all or part of the assets of two or more Sub-Fund be co-managed amongst themselves on a segregated or on a pooled basis.

## **2) THE MANAGEMENT COMPANY**

AXA Funds Management S.A. is the Management Company of the Fund. The Management Company also manages currently the following funds: AXA Insurance Fund, AXA Active Protection, AXA IM Cash, AXA Invest Plus, AXA Luxembourg Fund, AXA IM Horizon, AXA World Funds, AXA World Funds II, AXA Nederland (Luxembourg), AXA IM NOVALTO, Bank Capital Opportunity Fund SICAV-SIF, AXA Framlington US Select Growth Fund, AXA IM Enhanced Japanese Equity Fund, AXA SPDB China Domestic Growth A-Shares SICAV-SIF and RACE ONE, as such list may be updated from time to time. The Management Company is organised in the form of a public limited company ("*société anonyme*") under the laws of the Grand Duchy of Luxembourg and has its registered office in Luxembourg City. Its share capital amounts to 925,345.84 Euro.

The Management Company was established on November 21, 1989 for an unlimited period of time. The articles of incorporation of the Management Company are published in the *Mémorial* of January 26, 1990. The articles of incorporation were last amended at the extraordinary general meeting of shareholders held on June 28, 2014 and published in the *Mémorial* on August 21, 2014. The Management Company manages the assets of the Fund in compliance with the Management Regulations in its own name, but for the sole benefit of the Unitholders of the Fund.

The Management Company shall determine the investment policy of the Sub-Funds within the objectives set forth in Article 3 and the restrictions set forth in Article 13 hereafter.

The board of directors of the Management Company shall have the broadest powers to administer and manage the Fund within the restrictions set forth in Article 13 hereof, including but not limited to the purchase, sale, subscription, exchange and receipt of securities and other assets permitted by law and the exercise of all rights attached directly or indirectly to the assets of the Fund.

The Management Company may enter into a written agreement with one or more persons to act as investment manager for one or several Sub-Funds of the Fund and to render such other services as may be agreed upon by the Management Company and such investment manager(s).

## **3) INVESTMENT OBJECTIVES AND POLICIES**

The investment objective of the Fund is to manage its assets for the benefit of the Unitholders. Its primary investment objective is to realize a high level of current income through investing in a portfolio of fixed income securities. The Fund will seek to achieve this objective, in accordance with the policies and guidelines established by the board of directors of the Management Company by investing primarily in fixed-income securities of companies domiciled in Europe and in the United States.

The Fund may also, on an ancillary basis, hold cash.

According to Section 14 hereafter, the Fund may, in each Sub-Fund, and unless further restricted, employ, for efficient portfolio management purposes, techniques and instruments relating to Transferable Securities and Money Market Instruments.

There can however be no assurance that the investment objective will be achieved.

The investment policy of the Fund shall comply with the rules and restrictions laid down hereafter under Article 13.

The specific investment policies and restrictions applicable to any particular Sub-Fund shall be determined by the Management Company and disclosed in the Prospectus.

#### **4) SUB-FUNDS AND CLASSES OF UNITS**

For each Sub-Fund, a separate portfolio of investments and assets will be maintained. The different portfolios will be separately invested in accordance with their specific features as described in the Prospectus of the Fund.

As regards third parties, each Sub-Fund is exclusively responsible for all liabilities attributable to it.

The board of directors of the Management Company may decide at any time to create new Sub-Funds or to liquidate any Sub-Fund in accordance with article 19 below.

The Management Company may also decide to issue, within each Sub-Fund, different classes of Units (the “Classes”) each Class having (i) a specific sales and redemption charge structure and/or (ii) a specific management or advisory fee structure and/or (iii) different distribution, Unitholders servicing or other fees and/or (iv) different types of targeted investors and/or (v) such other features as may be determined by the board of directors of the Management Company from time to time.

#### **5) THE UNITS**

##### **5.1. The Unitholders**

Each Unit is indivisible with respect of the rights conferred to it. In their dealings with the Management Company or the Depositary, the co-owners or disputants of Units must be represented by the same person. The exercise of rights attached to the Units may be suspended until these conditions are met.

The Unitholders may not request the liquidation or the sharing-out of the Fund or of any Sub-Fund and shall have no rights with respect to the representation and management of the Fund or of any Sub-Fund and their failure or insolvency shall have no effect on the existence of the Fund or of any Sub-Fund.

No general meetings of Unitholders shall be held and no voting rights shall be attached to the Units.

## **5.2. Reference Currency**

The Units in any Sub-Fund shall be issued without par value in such currency as determined by the Management Company and disclosed in the Prospectus (the currency in which the Units in a particular Sub-Fund are issued being the “Reference Currency”).

## **5.3. Form, Ownership and Transfer of Units**

Units of any Class in any Sub-Fund may be issued, upon decision of the Management Company as specified in the Prospectus, in registered or bearer form.

The inscription of the Unitholder's name in the Unit register evidences his or her right of ownership of such Units. The Unitholder shall receive a written confirmation of his or her unitholding; no certificates shall be issued.

Fractions of registered Units will be issued to one thousandth of a Unit, whether resulting from subscription or conversion of Units.

Title to Units is transferred by the inscription of the name of the transferee in the register of Unitholders upon delivery to the Management Company of a transfer document, duly completed and executed by the transferor and the transferee.

## **5.4. Restrictions on Subscription and Ownership**

The Management Company may, at any time and at its discretion, temporarily discontinue, terminate or limit the issue of Units to persons or corporate bodies resident or established in certain countries or territories. The Management Company may also prohibit certain persons or corporate bodies from directly or beneficially acquiring or holding Units if such a measure is necessary for the protection of the Fund or any Sub-Fund, the Management Company or the Unitholders of the Fund or any Sub-Fund.

In addition, the Management Company may direct the registrar agent of the Fund to:

- (a) reject any application for Units;
- (b) redeem at any time Units held by Unitholders who are excluded from purchasing or holding such Units.

In the event that the Management Company gives notice of a compulsory redemption for any of the reasons set forth above to a Unitholder, such Unitholder shall cease to be entitled to the Units specified in the redemption notice immediately after the close of business on the date specified therein.

## **6) ISSUE OF UNITS**

### **6.1. Issue of Units**

Units are made available through the Management Company on a continuous basis in each Sub-Fund.

The Management Company may conclude contractual arrangements with intermediaries, dealers and/or professional investors for the distribution of the Units and entrust them with such duties and pay them such fees as shall be disclosed in the Prospectus.

The Management Company may impose restrictions on the frequency at which Units shall be issued in any Sub-Fund.

In some Sub-Funds, Units shall be issued on a daily basis and in other Sub-Fund(s), Units shall be issued on a weekly or a monthly basis, the relevant business day (a "Business Day") having been designated by the Management Company to be a valuation day for the relevant Sub-Fund (the "Valuation Day"), subject to the right of the Management Company to discontinue temporarily such issue as provided in Article 16.3. Whenever used herein, the term "Business Day" shall mean a day which is a Sub-Fund Business Day as defined in each appendix of the Prospectus.

Unless otherwise specified in the prospectus, Units will be subscribed at the price calculated on a forward pricing basis by reference to the Net Asset Value, plus subscription fees, if any, as mentioned in the relevant appendix of the Prospectus. Subject to the laws, regulations, stock exchange rules or banking practices in a country where a subscription is made, taxes or costs may be charged additionally. The NAV per Unit of each Class will be available within the period of time determined by the Management Company and specified in the Prospectus.

Investors may be required to complete an Application Form for Units or other documentation satisfactory to the Management Company indicating that the purchaser or the beneficial owner is not a "U.S. Person" and, as the case may be, is an Institutional Investor. Subscription agreements containing such representations are available from the Management Company or the Fund's duly appointed agents. Applications may be made by facsimile to the registrar agent of the Fund or to any distributor indicated on the Application Form, but must contain all the information required by the Application Form. Subsequent applications for units may be made in writing by FTP, swift, post or facsimile.

Payments shall be made within the period of time determined by the Management Company and specified in the Prospectus by electronic bank transfer net of all bank charges (except where local banking practices do not allow electronic bank transfers) and in the relevant offering currency of the relevant Sub-Fund or in any other currency to the extent provided for in the Prospectus (in which case the currency conversion costs shall be borne by the investor) to the order of the Depositary. Failing this payment, applications will be considered as cancelled.

The payment may, upon approval of the Directors and subject to all applicable laws, namely with respect to a special audit report prepared by the auditor of the Fund confirming the value of any assets contributed in kind, be paid by contributing to the Fund securities acceptable to the Directors, consistent with the investment policy and investment restrictions of the Fund and the relevant Sub-Fund.

The Management Company will not issue Units as of a particular Valuation Day unless the application for subscription of such Units has been received by the registrar agent (on behalf of the Management Company or directly from the subscriber) by a time dictated by the Management Company which shall not exceed 15 Business Days before the Valuation Day as more fully described in the Prospectus; otherwise such application shall be deemed to have been received on the next following Business Day. Applications for subscription may also be made through the distributors, in such a case investors should note that different subscription procedures and time limits may apply. In such instances, each investor should obtain from the distributor information about the subscription procedure relevant to their application together with any time limit by which the subscription must be received. Investors should note that they may be unable to subscribe for Units through a distributor on days that such distributor is not open for business.

The Management Company reserves the right to reject any subscription in whole or in part, in which case subscription monies paid, or the balance thereof, as appropriate, will normally be returned to the applicant within five Business Days thereafter, provided such subscription monies have been cleared, or to suspend at any time and without prior notice the issue of Units.

Furthermore, if on any Valuation Day subscription requests relate to more than 10% of the Units in issue in a specific Sub-Fund, the Management Company may decide that part or all of such requests for subscription will be deferred for such period as the Management Company considers to be in the best interest of the relevant Sub-Fund, but normally not exceeding one Valuation Day. On the next Valuation Day following such period, these subscription requests will be met in priority to later requests.

No Units of any Class and Sub-Fund will be issued during any period when the calculation of the NAV per Unit in such Class or Sub-Fund is suspended by the Management Company, pursuant to the powers reserved to it by Article 16.3. of the Management Regulations.

In the case of suspension of dealings in Units, the subscription will be dealt with on the first Valuation Day following the end of such suspension period.

To the extent that a subscription does not result in the acquisition of a full number of Units, fractions of registered Units shall be issued to one thousandth of a Unit.

## **6.2. Minimum Investment and Holding**

Minimum amounts of initial and subsequent investments as well as of holding may be set by the Management Company and disclosed in the Prospectus of the Fund.

## **7) REDEMPTION AND CONVERSION OF UNITS**

Unless otherwise specified in the prospectus, Unitholders may give instructions to the registrar agent for the conversion of Units of one Class of Units of any Sub-Fund into Units of that same or a different Class in the same or another Sub-Fund, where available, or for the conversion of distribution Units into capitalisation Units, or for the redemption of Units, on any Business Day by FTP, swift, facsimile, or post quoting their Personal Account Number.

Unless otherwise specified in the prospectus, instructions to convert or redeem Units received by the registrar agent (on behalf of the Management Company or directly from the Unitholder) by a time dictated by the Management Company acting on behalf of the Fund, in Luxembourg which shall not exceed 15 Business Days before the Valuation Day, as more specifically described in the Prospectus will be processed at a price calculated on a forward pricing basis by reference to the Net Asset Value per Unit in the relevant Sub-Fund and Class less any redemption or conversion fees specified in the Prospectus. Applications received after that time will be deemed to have been received on the next following Business Day. Application for redemption and conversion may also be made through the distributors, in such a case investors should note that other redemption and conversion procedures and time limits may apply.

Furthermore, if on any Valuation Day repurchase requests and conversion requests relate to more than 10% of the Units in issue in a specific Class or Sub-Fund, the board of directors may decide that part or all of such requests for repurchase or conversion will be deferred for such period as the board of directors considers to be in the best interest of the relevant Sub-Fund, but normally not exceeding one Valuation Day. On the next Valuation Day following such period, these repurchase and conversion requests will be met in priority to later requests.

If, as a result of any request for repurchase or conversion, the aggregate NAV of all the Units held by any Unitholder in any Sub-Fund would fall below the minimum amount referred to in Article 6.2. hereof, the Management Company may treat such request as a request to redeem the entire unitholding of such Unitholder in the relevant Sub-Fund.

### **Redemption on Proceeds**

Upon instruction received from the Management Company, payment of the redemption price will be made by wire and/or by other means as specified as the case may be in the prospectus within the period of time determined by the Management Company and specified in the prospectus. Payment for such Units will be made in the relevant offering currency of the relevant Sub-Fund or in any freely convertible currency specified by the Unitholder. In the last case, any conversion cost shall be borne by the Unitholder. Redemption proceeds will be rounded to the nearest whole currency Unit applying (normal rounding rules) or sub-unit of the relevant offering currency.



Applications for redemption should contain the following information (if applicable): the identity and address of the Unitholder requesting the redemption, the relevant Sub-Fund, the relevant Class, the number of Units or currency amount to be redeemed, the name in which such Units are registered and full payment details, including name of beneficiary, bank and account number. All necessary documents to fulfil the redemption should be enclosed with such application.

Redemption requests must be accompanied by a document evidencing authority to act on behalf of such Unitholder or power of attorney which is acceptable in form and substance to the Management Company. Redemption requests made in accordance with the foregoing procedure shall be irrevocable, except that a Unitholder may revoke such request in the event that it cannot be honoured for any of the reasons specified in Article 16.3. hereof.

The Management Company shall ensure that an appropriate level of liquidity is maintained in each Sub-Fund so that, under normal circumstances, repurchase of Units of a Sub-Fund may be made by the Valuation Day which is at least 5 Business Days after the date on which the application for repurchase has been made.

Units in any Sub-Fund will not be redeemed if the calculation of the NAV per Unit of such Sub-Fund is suspended by the Management Company in accordance with Article 16.3.

At the Unitholder's request, the Management Company may elect to pay redemption proceeds in kind, having due regard to all applicable laws and regulations and to all Unitholders' interest. In such case of payment in kind, the auditor of the Fund shall deliver, if applicable, an audit report in accordance with applicable laws. Any costs incurred in connection with a redemption in kind of securities shall be borne by the relevant Unitholder.

#### **Conversion proceeds**

A conversion of Units of one Class or Sub-Fund for Units of another Class or Sub-Fund will be treated as a redemption of Units and a simultaneous purchase of Units of the other Class or of the acquired Sub-Fund. A converting Unitholder may, therefore, realise a taxable gain or loss in connection with the conversion under the laws of the country of the Unitholder's citizenship, residence or domicile.

## **8) CHARGES OF THE FUND**

### **A. General**

The Fund shall pay out of the assets of the relevant Sub-Fund all expenses payable by the Sub-Fund which shall include but not be limited to:

- fees payable to and reasonable disbursements and out-of-pocket expenses incurred by its Management Company, Depositary, paying agent, registrar agent, administrator and if applicable the agent responsible for the carrying out of stock lending and repurchase agreements activities;



- all taxes which may be due on the assets and the income of the Sub-Fund;
- usual banking fees due on transactions involving securities held in the Sub-Fund;
- legal expenses incurred by the Management Company and the Depositary while acting in the interests of the Unitholders;
- the cost of any liability insurance or fidelity bonds covering any costs, expenses or losses arising out of any liability of, or claim for damage or other relief asserted against the Management Company and/or the Depositary or other agents of the Fund for violation of any law or failure to comply with their respective obligations under these Management Regulations or otherwise with respect to the Fund;
- the costs and expenses of the preparation and printing of written confirmations of Units; the costs and expenses of preparing and/or filing and printing of the Management Regulations and all other documents concerning the Fund, including registration statements and prospectuses and explanatory memoranda with all authorities (including local securities dealers' associations) having jurisdiction over the Fund or the offering of Units of the Fund; the costs and expenses of preparing, in such languages as are necessary for the benefit of the Unitholders, including the beneficial holders of the Units, and distributing annual and semi-annual reports and such other reports or documents as may be required under the applicable laws or regulations of the above-cited authorities; the cost of accounting, bookkeeping and calculating the NAV; the cost of preparing and distributing public notices to the Unitholders; lawyers' and auditor's fees; and all similar administrative charges, including all advertising expenses and other expenses directly incurred in offering or distributing the Units.

All recurring charges will be charged first against income, then against capital gains and then against assets. Other charges may be amortized over a period not exceeding 5 years.

In the event that the Fund invests in the units of other UCITS and/or other 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, the Management Company or that other company may not charge subscription or redemption fees on account of the Fund's investment in the units of such other UCITS and/or UCIs.

## **B. Formation and Launching Expenses of Additional Sub-Funds**

The costs and expenses incurred in connection with the creation of a new Sub-Fund shall be written off over a period not exceeding five years against the assets of such Sub-Fund only and in such amounts each year as determined by the Management Company on an equitable basis.

### **C. Fees of the Management Company**

The Management Company is entitled to a management fee for each Class of Units, payable out of the assets of each Sub-Fund. Such fee is described for each Sub-Fund in the Prospectus.

The Management Company pays to the Investment Manager a fee out of its management fee as from time to time agreed between themselves.

In addition, for specific Classes of Units, a distribution fee is calculated on top of the annual management fee, as a maximum percentage of the NAV of each Class of Units, as detailed in the Prospectus.

### **D. Fees of the Depositary, paying agent, registrar agent and administrator**

The paying agent, registrar agent as well as the administrator shall be entitled to receive out of the net assets of each Sub-Fund fees calculated in accordance with usual practice in Luxembourg and disclosed in the Prospectus.

The Depositary will be entitled to fees the maximum amount of which will be indicated in the Prospectus. In addition, the Depositary may receive customary banking fees for transactions.

Any reasonable disbursements and out-of-pocket expenses (including without limitation telephone, telex, cable and postage expenses) incurred by the Depositary, administrator, paying agent and registrar agent, and any custody charges of banks and financial institutions to whom custody of assets of a Sub-Fund is entrusted, will be borne by the relevant Sub-Fund.

### **E. Fees of the agent to carry out stock lending and repurchase agreement activities**

The agent to carry out stock lending and repurchase agreement activities will receive a remuneration of its services paid by the relevant Sub-Fund and whose details will figure out in the annual report of the Fund relative to the relevant Sub-Fund.

## **9) ACCOUNTING YEAR, AUDIT**

The accounts of the Fund are closed each year on 31 December. The first accounting year ended on December 31, 2004.

The combined accounts of the Fund shall be kept in US Dollars. The financial statements relating to the separate Sub-Funds shall also be expressed in the Reference Currency of the relevant Sub-Fund.

The accounts of the Management Company and of the Fund will be audited annually by an auditor appointed from time to time by the Management Company.

## 10) PUBLICATIONS

Audited annual reports and unaudited semi-annual reports will be made available to the Unitholders at no cost to them at the offices of the Management Company, the Depositary and any paying agent.

Any other financial information to be published concerning the Fund or the Management Company, including the NAV, the issue, conversion and repurchase price of the Units for each Sub-Fund and any suspension of such valuation, will be made available to the public at the offices of the Management Company, the Depositary and any paying agent.

All notices to Unitholders will be sent to them at their address indicated in the register of Unitholders and, to the extent required by Luxembourg law, will be published in the Mémorial.

## 11) THE DEPOSITARY, PAYING AGENT

As at the date of these Management Regulations, the Management Company has appointed **State Street Bank Luxembourg S.A.**, as Depositary of the Fund's assets.

The Depositary carries out the usual duties regarding custody, cash and securities deposits, without any restriction. In particular, and upon the instructions of the Management Company, it will execute all financial transactions and provide all banking facilities. The Depositary will further, in accordance with the Law of 2010 be entrusted with the custody of the assets of the Fund and shall carry out all operations concerning the day-to-day administration of the assets of the Fund. The Depositary must moreover:

- (a) ensure that the sale, issue, redemption, conversion and cancellation of Units effected on behalf of the Fund or by the Management Company are carried out in accordance with applicable law and these Management Regulations;
- (b) ensure that the value of Units is calculated in accordance with the law and the Management Regulations;
- (c) carry out the instructions of the Management Company, unless they conflict with applicable law or these Management Regulations;
- (d) ensure that in transactions involving the assets of the Fund any consideration is remitted to it within the customary settlement dates; and
- (e) ensure that the income attributable to the Fund is allocated in accordance with these Management Regulations.

The Depositary shall assume its functions and responsibilities in accordance with the Law of 2010.

Each of the Depositary or the Management Company may terminate the appointment of the Depositary at any time upon ninety (90) days' written notice delivered by either

to the other, provided, however, that any termination by the Management Company is subject to the condition that a successor depositary assumes within two months the responsibilities and the functions of the Depositary under these Management Regulations and provided, further, that the duties of the Depositary hereunder shall, in the event of a termination by the Management Company, continue thereafter for such period as may be necessary to allow for the transfer of all assets of the Fund to the successor depositary.

In the event of the Depositary's resignation, the Management Company shall as soon as possible and in any case not later than two months after the termination, appoint a successor depositary who shall assume the responsibilities and functions of the Depositary under these Management Regulations.

In the same agreement as the one which governs the rights and duties of the Depositary, the Management Company has further appointed State Street Bank Luxembourg S.A. as paying agent responsible for the payment of distributions, if any, and for the payment of the redemption price by the Fund.

## **12) THE REGISTRAR AGENT AND ADMINISTRATOR**

The Management Company has appointed State Street Bank Luxembourg S.A. as registrar agent. In such capacity, it will be responsible for handling the processing of subscriptions for Units, dealing with requests for repurchase and conversion and accepting transfers of funds, for the safe-keeping of the register of Unitholders of the Fund and providing and supervising the mailing of statements, reports, notices and other documents to the Unitholders.

The Management Company has also appointed State Street Bank Luxembourg S.A. as administrator. In such capacity, it will be responsible for all administrative duties required by Luxembourg law, and in particular for the book-keeping and calculation of the NAV of the Units.

## **13) INVESTMENT RESTRICTIONS**

The board of directors of the Management Company shall, based upon the principle of risk spreading, have power to determine the investment policy for the investments for each Sub-Fund, the Reference Currency of a Sub-Fund and the course of conduct of the management and business affairs of the Fund.

For the purposes of this section, each Sub-Fund should be regarded as a separate UCITS.

Except to the extent that more restrictive rules are provided for in the Prospectus in connection with a specific Sub-Fund, the investment policy of each Sub-Fund shall therefore comply with the rules and restrictions laid down hereafter:

Words and expressions contained in this Section bear the same meaning as in the relevant Section of the Prospectus.

**A. Investments in the Sub-Funds shall consist solely of:**

- (1) Transferable Securities and Money Market Instruments listed or dealt in on a Regulated Market;
- (2) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State;
- (3) Transferable Securities and Money Market Instruments admitted to official listing on a stock exchange in an Other State or dealt in on an Other Regulated Market in an Other State;
- (4) Recently issued Transferable Securities and Money Market Instruments, provided that:
  - the terms of issue include an undertaking that application will be made for admission to official listing on a Regulated Market, a stock exchange in an Other State or on an Other Regulated Market as described under (1)-(3) above;
  - such admission is secured within one year of the issue;
- (5) Units of UCITS and/or other UCIs within the meaning of Article 1 (2) of the UCITS Directive, whether situated in a Member State or in an Other State, up to 10% of its net assets unless otherwise specified for a specific Sub-Fund, provided that:
  - such other UCIs are authorized under laws which provide that they are subject to supervision considered by the Regulatory Authority to be equivalent to that laid down in EU law, and that cooperation between authorities is sufficiently ensured;
  - the level of protection for Unitholders in such other UCIs is equivalent to that provided for Unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
  - the business of the other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
  - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs;
- (6) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in an Other State, provided that it is subject to

prudential rules considered by the Regulatory Authority as equivalent to those laid down in EU law;

(7) financial derivative instruments, i.e. in particular options, futures, including equivalent cash-settled instruments, dealt in on a Regulated Market, stock exchange in an Other State or on an Other Regulated Market referred to in (1), (2) and (3) above, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

- the underlying consists of instruments covered by this Section A, financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Fund may invest according to its investment objectives;
- the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the Regulatory Authority; and
- the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

(8) Money Market Instruments other than those dealt in on a Regulated Market or on an Other Regulated Market, to the extent that the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:

- issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, an Other State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong; or
- issued by an undertaking any securities of which are dealt in on Regulated Markets or on Other Regulated Markets referred to in (1), (2) or (3) above; or
- issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the Regulatory Authority to be at least as stringent as those laid down by EU law; or
- issued by other bodies belonging to the categories approved by the Regulatory Authority provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent and provided that the issuer is a company whose capital and reserves amount to at least ten million euro (10,000,000 euro) and which presents and publishes its annual accounts in accordance with directive 78/660/EEC, is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the

financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line.

**B. Each Sub-Fund may however:**

- (1) Invest up to 10% of its net assets in Transferable Securities and Money Market Instruments other than those referred to above under A (1) through (4) and (8).
- (2) Hold cash and cash equivalents on an ancillary basis; such restriction may exceptionally and temporarily be exceeded if the board of directors of the Management Company considers this to be in the best interest of the Unitholders.
- (3) Borrow up to 10% of its net assets, provided that such borrowings are made only on a temporary basis. Collateral arrangements with respect to the writing of options or the purchase or sale of forward or futures contracts are not deemed to constitute "borrowings" for the purpose of this restriction.
- (4) Acquire foreign currency by means of a back-to-back loan.

**C. In addition, the Fund shall comply in respect of the net assets of each Sub-Fund with the following investment restrictions per issuer:**

**(a) Risk Diversification rules**

For the purpose of calculating the restrictions described in (1) to (5) and (8) hereunder, companies which are included in the same Group of Companies are regarded as a single issuer.

To the extent an issuer is a legal entity with multiple sub-funds where the assets of a sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation and liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules described under items (1) to (5), (7) to (9) and (12) to (14) hereunder.

• ***Transferable Securities and Money Market Instruments***

- (1) No Sub-Fund may purchase additional Transferable Securities and Money Market Instruments of any single issuer if:
  - (i) upon such purchase more than 10% of its net assets would consist of Transferable Securities and Money Market Instruments of one single issuer; or
  - (ii) the total value of all Transferable Securities and Money Market Instruments of issuers in which it invests more than 5% of its net assets would exceed 40% of the value of its net assets. This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.



(2) A Sub-Fund may invest on a cumulative basis up to 20% of its assets in Transferable Securities and Money Market Instruments issued by the same Group of Companies.

(3) The limit of 10% set forth above under (1)(i) is increased to 35% in respect of Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any Other State or by a public international body of which one or more Member State(s) are member(s).

(4) The limit of 10% set forth above under (1)(i) is increased up to 25% in respect of qualifying debt securities issued by a credit institution which has its registered office in a Member State and which, under applicable law, is submitted to specific public control in order to protect the holders of such qualifying debt securities. For the purposes hereof, "qualifying debt securities" are securities the proceeds of which are invested in accordance with applicable law in assets providing a return which will cover the debt service through to the maturity date of the securities and which will be applied on a priority basis to the payment of principal and interest in the event of a default by the issuer. To the extent that a relevant Sub-Fund invests more than 5% of its net assets in debt securities issued by such an issuer, the total value of such investments may not exceed 80% of the net assets of such Sub-Fund.

(5) The securities specified above under (3) and (4) are not to be included for purposes of computing the ceiling of 40% set forth above under (1)(ii).

**(6) Notwithstanding the ceilings set forth above, each Sub-Fund is authorized to invest, in accordance with the principle of risk spreading, up to 100% of its net assets in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities, by any other member state of the Organization for Economic Cooperation and Development ("OECD") such as the U.S. or by a public international body of which one or more Member State(s) are member(s), provided that (i) such securities are part of at least six different issues and (ii) the securities from any such issue do not account for more than 30% of the net assets of such Sub-Fund.**

(7) Without prejudice to the limits set forth hereafter under (b), the limits set forth in (1) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same body when the aim of the Sub-Fund's investment policy is to replicate the composition of a certain stock or bond index which is recognised by the Regulatory Authority, on the following basis:

- the composition of the index is sufficiently diversified,
- the index represents an adequate benchmark for the market to which it refers,
- it is published in an appropriate manner.

The limit of 20% is raised to 35% where that proves to be justified by exceptional market conditions in particular in Regulated Markets where certain Transferable

Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- ***Bank Deposits***

(8) A Sub-Fund may not invest more than 20% of its assets in deposits made with the same body.

- ***Derivative Instruments and efficient portfolio management techniques***

(9) The risk exposure to a counterparty in an OTC derivative transaction and efficient portfolio management techniques may not exceed 10% of the Sub-Fund's net assets when the counterparty is a credit institution referred to in A (6) above or 5% of its net assets in other cases.

(10) Investment in financial derivative instruments shall only be made provided that the exposure to the underlying assets does not exceed in aggregate the investment limits set forth in (1) to (5), (8), (9), (13) and (14). When the Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits set forth in (1) to (5), (8), (9), (13) and (14).

(11) When a Transferable Security or Money Market Instrument embeds a derivative, the latter must be taken into account when complying with the requirements of (A)(7)(ii) and (D)(1) as well as with the risk exposure and information requirements laid down in the present Prospectus.

- ***Units of Open-Ended Funds***

(12) No Sub-Fund may invest more than 20% of its net assets in the units of a single UCITS or other UCI. Investments made in units of other UCIs may not, in aggregate, exceed 30% of the net asset of a Sub-Fund. When a Sub-Fund has acquired units of UCITS and/or other UCIs, the underlying assets of the respective UCITS or other UCIs do not have to be combined for the purpose of the limits laid down in points (1), (2), (3), (4), (8), (9), (13) and (14).

- ***Combined limits***

(13) Notwithstanding the individual limits laid down in (1)(i), (8) and (9) above, a Sub-Fund may not combine:

- investments in Transferable Securities or Money Market Instruments issued by,
- deposits made with, and/or
- exposures arising from OTC derivative transactions and efficient portfolio management technique undertaken with

a single body in excess of 20% of its net assets.

(14) The limits set out in (1), (3), (4), (8), (9) and (13) above may not be combined, and thus investments in Transferable Securities or Money Market Instruments issued by the same body, in deposits, derivative instruments or efficient portfolio management techniques made with this body carried out in accordance with (1), (3), (4), (8), (9) and (13) above may not exceed a total of 35% of the net assets of the Fund.

**(b) Limitations on Control**

(15) The Management Company acting in connection with all common funds which it manages and falling under the UCITS Directive may not acquire such amount of shares carrying voting rights which would enable it to exercise a significant influence over the management of the issuer.

(16) No Sub-Fund may acquire (i) more than 10% of the outstanding non-voting shares of any one issuer; (ii) more than 10% of the outstanding debt securities of any one issuer; (iii) more than 10% of the Money Market Instruments of any one issuer; or (iv) more than 25% of the outstanding shares or units of any one UCITS and/or other UCI or a Sub-Fund thereof.

The limits set forth in (ii) to (iv) may be disregarded at the time of acquisition if at that time the gross amount of bonds or of the Money Market Instruments or the net amount of the instruments in issue cannot be calculated.

The ceilings set forth above under (15) and (16) do not apply in respect of:

- Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or by its local authorities;
- Transferable Securities and Money Market Instruments issued or guaranteed by any Other State;
- Transferable Securities and Money Market Instruments issued by a public international body of which one or more Member State(s) are member(s); and
- shares in the capital of a company which is incorporated under or organized pursuant to the laws of an Other State provided that (i) such company invests its assets principally in securities issued by issuers of that State, (ii) pursuant to the laws of that State a participation by the relevant Sub-Fund in the equity of such company constitutes the only possible way to purchase securities of issuers of that State, and (iii) such company observes in its investments policy the restrictions set forth under C, items (1) to (5), (8), (9) and (12) to (16).

**D. In addition, the Fund shall comply in respect of its net assets with the following investment restrictions per instrument:**

Each Sub-Fund shall ensure that its global exposure relating to derivative instruments does not exceed the total net value of its portfolio.

The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions.

**E. Finally, the Fund shall comply in respect of the assets of each Sub-Fund with the following investment restrictions:**

(1) No Sub-Fund may acquire commodities or precious metals or certificates representative thereof, provided that transactions in foreign currencies, financial instruments, indices or Transferable Securities as well as futures and forward contracts, options and swaps thereon are not considered to be transactions in commodities for the purposes of this restriction.

(2) No Sub-Fund may invest in real estate provided that investments may be made in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.

(3) No Sub-Fund may use its assets to underwrite any securities.

(4) No Sub-Fund may issue warrants or other rights to subscribe for Units in such Sub-Fund.

(5) A Sub-Fund may not grant loans or guarantees in favour of a third party, provided that such restriction shall not prevent each Sub-Fund from investing in non fully paid-up Transferable Securities, Money Market Instruments or other financial instruments, as mentioned under A, items (5), (7) and (8).

(6) A Sub-Fund may not enter into uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments as listed under A, items (5), (7) and (8).

**F. Notwithstanding anything to the contrary herein contained:**

(1) While ensuring observance of the principle of risk-spreading, each Sub-Fund may derogate from paragraph C, items (1) to (9) and (12) to (14) for a period of six months following the date of its authorization.

(2) The ceilings set forth above may be disregarded by each Sub-Fund when exercising subscription rights attaching to securities in such Sub-Fund's portfolio.

(3) 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 interests of its Unitholders.

The board of directors of the Management Company 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 Units of the Fund are offered or sold.

## **G. Master-Feeder structure**

Each Sub-Fund may act as a feeder fund (the “Feeder”) of a UCITS or of a compartment of such UCITS (the “Master”), which shall neither itself be a feeder fund nor hold units/shares of a feeder fund. In such a case the Feeder shall invest at least 85% of its assets in shares/units of the Master.

The Feeder may not invest more than 15% of its assets in one or more of the following:

- (a) ancillary liquid assets in accordance with Article 41 (2), second paragraph of the 2010 Law;
- (b) financial derivative instruments, which may be used only for hedging purposes, in accordance with Article 41 (1) g) and Article 42 (2) and (3) of the 2010 Law;
- (c) movable and immovable property which is essential for the direct pursuit of the Fund’s business.

When a Sub-Fund qualifying as a Feeder invests in the shares/units of a Master, the Master may not charge subscription or redemption fees on account of the Sub-Fund’s investment in the shares/units of the Master.

Should a Sub-Fund qualify as a Feeder, a description of all remuneration and reimbursement of costs payable by the Feeder by virtue of its investments in shares/units of the Master, as well as the aggregate charges of both the Feeder and the Master, shall be disclosed in the Sub-Fund’s Appendix. In its annual report, the Company shall include a statement on the aggregate charges of both the Feeder and the Master.

Should a Sub-Fund qualify as a Master fund of another UCITS (the “Feeder”), the Feeder fund will not be charged any subscription fees, redemption fees or contingent deferred sales charges, conversion fees, from the Master.

## **H. Investment by a Sub-Fund within one or more other Sub-Funds**

A Sub-Fund may subscribe, acquire and/or hold securities to be issued or issued by one or more Sub-Fund(s) (the “Target Sub-Fund”) under the following conditions:

- the Target Sub-Fund does not, in turn, invest in the Sub-Fund invested in this Target Sub-Fund; and
- no more than 10% of the assets of the Target Sub-Fund whose acquisition is contemplated may be invested in Units of other Target Sub-Funds;
- in any event, for as long as these securities are held by the Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purpose of verifying the minimum threshold of the net assets imposed by the Law of 2010.

## **14) EFFICIENT PORTFOLIO MANAGEMENT TECHNIQUES**

### **A. General**

Unless further restricted by the investment policies of a specific Sub-Fund as described in Appendices below, the Fund may employ techniques and instruments relating to Transferable Securities and Money Market Instruments provided that such techniques and instruments are used for efficient portfolio management within the meaning of and under the conditions set out in circulars issued by the Regulatory Authority from time to time.

All assets received by a Sub-Fund in the context of efficient portfolio management techniques with a view to reduce its counterparty risk shall be considered as collateral which is subject to the limits and conditions provided for in the relevant circulars issued by the Regulatory Authority and summarized here below under section “Collateral Management”.

In accordance with its investment objective and with the view to improve its performance, the Sub-Fund may enter into securities lending and repurchase agreements transactions under the conditions mentioned here below under sections “B. Securities Lending and Borrowing” and “C. Repurchase Agreement Transactions”.

The Management Company has appointed AXA Investment Managers GS Limited to carry out these transactions, and notably for the counterparties’ selection and the management of the collateral.

All revenues arising from efficient portfolio management techniques, net of direct or indirect operational costs and fees, will be returned to the Fund. In consideration for its services, AXA Investment Managers GS Limited will receive a remuneration borne by the respective Sub-Fund, details of which are provided in the Fund’s annual report. Such remuneration may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques.

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 [[www.axa-im.com](http://www.axa-im.com)].

Under no circumstances shall these operations cause a Sub-Fund to diverge from its investment objectives nor shall they entail any substantial supplementary risk.

### **B. Securities Lending and Borrowing**

Unless further restricted by the investment policies of a specific Sub-Fund as described in Appendices below, each Sub-Fund may enter into securities lending and borrowing transactions provided that it complies with the following rules and the relevant circulars issued by the Regulatory Authority:

**a) Securities Lending**

- (i) A Sub-Fund may only lend securities to a borrower either directly or through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those provided by EU law and specialising in this type of transaction.
- (ii) The counterparty to the securities lending agreement must be subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those prescribed by EU law.
- (iii) 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 transaction and (ii) that these transactions do not jeopardise the management of the Sub-Fund assets in accordance with its investment policy.
- (iv) 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 above under items 9 and 13 of sub-section (a) Risk Diversification Rules.

**b) Securities borrowing**

- (i) A Sub-Fund may only borrow securities through a standardised system organised by a recognised clearing institution or through a lending system organised by a financial institution subject to prudential supervision considered by the Regulatory Authority as equivalent to those provided by EU law and specialising in this type of transaction.
- (ii) The securities borrowed by the Fund may not be disposed of during the time they are held by the Fund, unless they are covered by sufficient financial instruments which enable the Fund to reconstitute the borrowed securities at the close of the transaction.
- (iii) Borrowing transactions may not exceed 50% of the global valuation of the securities portfolio of each Sub-Fund.
- (iv) The Fund may borrow securities under the following circumstances in connection with the settlement of a sale transaction: (a) during a period the securities have been sent out for re-registration; (b) when the securities have been loaned and not returned in time; (c) to avoid a failed settlement when the Depositary fails to make delivery.



### **C. Repurchase Agreement Transactions**

Unless further restricted by the investment policies of a specific Sub-Fund as described in Appendices below, a Sub-Fund may within the limit set out in the relevant circulars issued by the Regulatory Authority enter into repurchase agreement transactions which consist of the purchase or sale of securities with a clause reserving the counterparty or the Sub-Fund the right to repurchase the securities from respectively the Sub-Fund or the counterparty at a price and term specified by the two parties in their contractual arrangement (purchase or sale of securities with a repurchase option).

A Sub-Fund may further enter into repurchase or reverse repurchase agreement transaction which consists of a forward transaction at the maturity of which the Sub-Fund or the counterparty has the obligation to repurchase the asset sold and the counterparty respectively the Fund the obligation to return the asset received under the transaction. The Sub-Fund's involvement in such transactions is, however, subject to the following rules:

- (i) A Sub-Fund may not buy or sell securities using those transactions unless the counterparty in such transactions is subject to prudential supervision rules considered by the Regulatory Authority as equivalent to those prescribed by EU law.
- (ii) 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 circulars issued by the Regulatory Authority 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.
- (iii) Securities purchased with a repurchase option or through a reverse repurchase agreement transaction must be compliant with the relevant circulars issued by the Regulatory Authority 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; and
- (iv) 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 above under items 9 and 13 of sub-section "(a) Risk Diversification Rules".

### **D. REDEX (Reduction of Duration Exposure) Classes of Units**

To the extent applicable, the Fund is allowed, for the purposes of the REDEX Classes of Units, to invest in the following financial instruments traded on regulated or OTC markets:

- Listed or OTC futures,
- Repurchase agreements and
- Securities lending.

## **15) COLLATERAL MANAGEMENT**

### **General**

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

The purpose of this section is to set the collateral policy that will be applicable in such case.

### **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 Regulatory Authority 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 at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place;
- 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 Net Asset Value. By way of derogation, a Sub-Fund may be fully collateralized 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 set forth above under section "b) Limitations on Control";

- Where there is a title of transfer, the collateral received shall be held by the Depositary. For other types of collateral arrangements, the collateral can be held by a third party depositary which is subject to prudential supervision and which is unrelated to the provider of collateral;
- It should be capable of being fully enforced by the Management Company for the account of the Sub-Fund at any time without reference to or approval from the Management Company.

#### 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 European Union 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 derivatives 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 derivatives 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 to be at least equal to 90% of the global valuation of the securities lent.

#### Reinvestment of collateral

Only cash collateral may be reinvested within the limits and conditions of the relevant circulars issued by the Regulatory Authority. Non-cash collateral may therefore not be reinvested. It may also neither be sold nor pledged.

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 referred to above under item 6 of section “A. Investments in the Fund shall consist solely of”, (ii) invested in high-quality government bonds, (iii) used for the purpose of reverse repo transactions entered into with credit institutions subject prudential supervision or (iv) invested in short term money market funds.

## **Haircut policy**

A haircut applicable to the assets received as collateral will be applied in accordance with the Management Company's internal policy relating to the management of collateral. The haircut policy will be determined taking into account the asset characteristics such as the credit standing of the issuers, the maturity, the currency and the price volatility of the assets. No haircut will be applied to cash collateral.

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.

The following maximum haircuts are applied:

Collateral Instrument Type	Haircut
Cash	0%
Government Bonds	15%

## **16) DETERMINATION OF THE NET ASSET VALUE PER UNIT**

### **16.1. Frequency of Calculation**

The NAV per Unit for each Class within the relevant Sub-Fund will be calculated at least twice a month as more fully described in the Prospectus (a "Valuation Day"), in accordance with the provisions of Article 15.4. hereinafter. Such calculation will be done by the administrator under guidelines established by, and under the responsibility of, the Management Company.

### **16.2. Calculation**

The NAV per Unit for each Class within the relevant Sub-Fund shall be expressed in the Reference Currency of each relevant Sub-Fund and shall be determined as of any Valuation Day by dividing the net assets of the Fund attributable to the relevant Sub-Fund or Class, if any, being the value of the portion of assets less the portion of liabilities attributable to such Sub-Fund or Class, on any such Valuation Day, by the number of Units then outstanding, in accordance with the valuation rules set forth under Article 15.4.

The assets and liabilities of each Sub-Fund are valued in its Reference Currency.

The NAV per Unit may be rounded up or down to the nearest unit of the relevant currency as the Management Company shall determine.

### **16.3 Temporary Suspension of the Calculation**

The Management Company, acting on behalf of the Fund, may suspend the determination of the NAV per Unit of any Sub-Fund and the issue and redemption of

its Units from its Unitholders as well as the conversion from and to Units of each Sub-Fund:

- when one or more Regulated Market, stock exchanges in an Other State or Other Regulated Markets, which provide the basis for valuing a substantial portion of the assets of the Fund attributable to such Sub-Fund, or when one or more Regulated Markets, stock exchanges in an Other State and Other Regulated Markets in the currency in which a substantial portion of the assets of the Fund attributable to such Sub-Fund is denominated, are closed otherwise than for ordinary holidays or if dealings therein are restricted or suspended;
- when, as a result of political, economic, military or monetary events or any circumstances outside the responsibility and the control of the Management Company, disposal of the assets of the Fund attributable to such Sub-Fund is not reasonably or normally practicable without being seriously detrimental to the interests of the Unitholders;
- in the case of a breakdown in the normal means of communication used for the valuation of any investment of the Fund attributable to such Sub-Fund or if, for any exceptional circumstances, the value of any asset of the Fund attributable to such Sub-Fund may not be determined as rapidly and accurately as required;
- if, as a result of exchange restrictions or other restrictions affecting the transfer of funds, transactions on behalf of the Fund are rendered impracticable or if purchases and sales of the Fund's assets attributable to such Sub-Fund cannot be effected at normal rates of exchange.

Any such suspension shall be published, if appropriate, by the Management Company, acting on behalf of the Fund and shall be notified to Unitholders having made an application for subscription, redemption or conversion of Units for which the calculation of the NAV has been suspended.

Such suspension as to any Sub-Fund shall have no effect on the calculation of the NAV per Unit, the issue, redemption and conversion of Units of any other Sub-Fund.

Any request for subscription, redemption or conversion shall be irrevocable except in the event of a suspension of the calculation of the NAV.

#### **16.4. Valuation of the Assets**

The value of the assets of each Sub-Fund shall be determined as follows:

- a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof;

- b) securities listed or traded on any Regulated Market, stock exchange in an Other State or Other Regulated Market will be valued at the closing price on such markets. If a security is listed or traded on several markets, the closing price at the market which constitutes the main market for such securities, will be determining;
- c) securities not listed or traded on any Regulated Market, stock exchange in an Other State or Other Regulated Market will be valued at their last available market price;
- d) securities for which no price quotation is available or for which the price referred to in (b) and/or (c) is not representative of the fair market value, will be valued prudently, and in good faith on the basis of their reasonably foreseeable sales prices. As far as CDO are concerned and insofar the price quotation is not representative of the fair market value, CDO will be valued at their Net Asset Value as transmitted to the Investment Manager by the arranging bank of each CDO in which the Fund has invested;
- e) the value of Money Market Instruments not listed or dealt in on any Regulated Market, stock exchange in an Other State or any Other Regulated Market and with remaining maturity of less than 12 months and of more than 90 days is deemed to be the nominal value thereof, increased by any interest accrued thereon. Money Market Instruments with a remaining maturity of 90 days or less will be valued by the amortised cost method, which approximates market value;
- f) the liquidating value of futures, forward and options contracts not traded on Regulated Market, stock exchanges in an Other State or on Other Regulated Markets shall mean their net liquidating value determined, pursuant to the policies established in good faith by the Management Company, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward and options contracts traded on Regulated Markets, stock exchanges in an Other State or on Other Regulated Markets shall be based upon the last available settlement prices of these contracts on Regulated Markets, stock exchanges in an Other State and Other Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; 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 Management Company may deem fair and reasonable;
- g) values expressed in a currency other than the Reference Currency of a Sub-Fund shall be translated to the Reference Currency of a Sub-Fund at the average of the last available buying and selling price for such currency;
- h) swaps and all other securities assets will be valued at fair market value as determined prudently and in good faith by the Management Company according to the procedure approved by the auditors of the Fund;

- i) Shares or units of UCITS and/or other UCIs will be evaluated at their last available net asset value per share or unit as reported by such undertakings. If such net asset value is not ascertained or if the Management Company considers that some other method of valuation more accurately reflects the fair value of the relevant shares or units, the method of valuation of such shares or units will be such as the Management Company in its absolute discretion decides.

In the event that extraordinary circumstances render valuations as aforesaid impracticable or inadequate, the Management Company is authorized, prudently and in good faith, to follow other rules in order to achieve a fair valuation of the assets of the Fund.

Unless otherwise specified in the relevant Appendix, the NAV per Unit for each Sub-Fund with respect to any Valuation Day is determined by the administrator and is normally made available at the registered office of the Management Company on the first Business Day following such Valuation Day.

For the avoidance of doubt, as from the first Valuation Day of May 2015 onwards, the Net Asset Value calculated with reference to a given Valuation Day (D) will be dated as of such Valuation Day (D) and will be normally made available on the Valuation Day immediately following such Valuation Day (D + 1), unless otherwise specified with respect to any Sub-Fund in the relevant Appendix.

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.

## **17) DISTRIBUTION POLICY**

Unless otherwise specified in the Prospectus for specific Classes of Units, the Management Company may declare annual or other interim distributions out from the investment income gains and realized capital gains and, if considered necessary to maintain a reasonable level of dividends, out of any other funds available for distribution.

No distribution may be made as a result of which the total net assets of the Fund would fall below the equivalent in the Reference Currency of the minimum amount of the net assets of undertakings for collective investment, as required by Luxembourg law.

Distributions made and not claimed within five years from their due date will lapse and revert to the relevant Sub-Fund.

## **18) AMENDMENTS TO THE MANAGEMENT REGULATIONS**

The Management Company may, by mutual agreement with the Depositary and in accordance with Luxembourg law, make such amendments to these Management Regulations as it may deem necessary in the interest of the Unitholders. These amendments shall be effective as per the date of their signature by the Management Company and the Depositary.



## **19) DURATION, LIQUIDATION AND AMALGAMATION OF THE FUND OR OF ANY SUB-FUND**

The Fund and each of the Sub-Funds have been established for an unlimited period of time. However, the Fund or any of the Sub-Funds may be terminated at any time by mutual agreement between the Management Company and the Depositary, subject to prior notice. The Management Company may, in particular decide such dissolution where the value of the net assets of the Fund or of any Sub-Fund has decreased to an amount determined by the Management Company to be the minimum level for the Fund or for such Sub-Fund to be operated in an economically efficient manner, or in case of a significant change of the economic or political situation.

The liquidation of the Fund or of a Sub-Fund cannot be requested by a Unitholder.

The event leading to dissolution of the Fund must be announced by a notice published in the *Mémorial*. In addition, the event leading to dissolution of the Fund must be announced in at least two newspapers with appropriate distribution, at least one of which must be a Luxembourg newspaper. Such event will also be notified to the Unitholders in such other manner as may be deemed appropriate by the Management Company.

The Management Company or, as the case may be, the liquidator it has appointed, will realise the assets of the Fund or of the relevant Sub-Fund(s) in the best interest of the Unitholders thereof, and upon instructions given by the Management Company, the Depositary will distribute the net proceeds from such liquidation, after deducting all liquidation expenses relating thereto, amongst the Unitholders of the relevant Sub-Fund(s) in proportion to the number of Units held by them. The Management Company may distribute the assets of the Fund or of the relevant Sub-Funds wholly or partly in kind to any Unitholder who agrees in compliance with the conditions set forth by the Management Company (including, without limitation, delivery of independent valuation report issued by the auditors of the Fund) and the principle of equal treatment of Unitholders.

At the close of liquidation of the Fund, the proceeds thereof corresponding to Units not surrendered will be kept in safe custody with the Luxembourg *Caisse de Consignation* until the prescription period has elapsed. As far as the liquidation of any Sub-Fund is concerned, the proceeds thereof corresponding to Units not surrendered for repayment at the close of liquidation will be kept in safe custody with the Depositary during a period not exceeding 9 months as from the date when the decision to liquidate the Fund has been taken; after this delay, these proceeds shall be kept in safe custody at the *Caisse de Consignation*.

Units may be redeemed, provided that Unitholders are treated equally.

The Management Company may decide to proceed with a merger (within the meaning of the Law of 2010) of the assets and liabilities of the Fund or any Sub-Fund, being either a merging or a receiving UCITS with those of (i) another existing Sub-Fund within the Fund or another sub-fund within such other Luxembourg or foreign UCITS (the “new sub-fund”), or with those of (ii) another Luxembourg or foreign UCITS (the

“new UCITS”), and to redesignate the Units of the Fund or of the Sub-Fund concerned as Units of the new UCITS or the new sub-fund, as applicable.

Such merger shall be subject to the (i) prior authorisation of the Regulatory Authority in case the Fund or its Sub-Funds is /are the merging UCITS and (ii) the conditions and procedures imposed by the Law of 2010 in particular concerning the merger project and the information on the proposed merger to be provided to the Unitholders at least thirty (30) days before the last date for requesting repurchase or redemption or as the case may be conversion as explained under the paragraph below.

As from the moment Unitholders have been informed of the proposed merger, they shall have the right to request, without any charge other than those retained by the Fund to meet disinvestment costs, the repurchase or redemption of their Units or, where possible, to convert them into units in another UCITS with 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 a substantial direct or indirect holding. Such right shall cease to exist five (5) working days before the date for calculating the exchange ratio of the units of the merging UCITS into those of the receiving UCITS referred to in Article 75 of the Law of 2010.

Any cost associated with the preparation and the completion of the merger shall not be charged neither to the Fund nor to its Unitholders.

## **20) CLOSURE OF UNITS OR AMENDMENT TO UNITS RIGHTS**

In the event that for any reason the value of the net assets of any Class within a Sub-Fund has decreased to, or has not reached, an amount determined by the Management Company to be the minimum level for such Class, to be operated in an economically efficient manner or as a matter of economic rationalisation, the Management Company may further decide in its entire discretion to redeem all the Units of the relevant Class or Classes at the net asset value per Unit (taking into account actual realisation prices of investments and realisation expenses) calculated on the valuation day at which such decision shall take effect. The Management Company shall serve a notice to the holders of the relevant Class or Classes prior to the effective date for the compulsory redemption, which will indicate the reasons and the procedure for the redemption operations.

Under the same circumstances, the Management Company may also decide to amend the rights attached to any Class so as to include them in any other existing Class and redesignate the Units of the Class or Classes concerned as Units of another Class. Such decision will be subject to the right of the relevant Unitholders to request, without any charge, and where possible the redemption of their Units on the conversion of those Units into Units of other Classes within the same Sub-Fund or into Units of same or other Classes within another Sub-Fund.

## **21) APPLICABLE LAW; JURISDICTION; LANGUAGE**

Any claim arising between the Unitholders, the Management Company and the Depositary shall be settled according to the laws of the Grand Duchy of Luxembourg and subject to the jurisdiction of the District Court of Luxembourg, provided,

however, that the Management Company and the Depositary may subject themselves and the Fund (i) to the jurisdiction of courts of the countries in which the Units are offered or sold, with respect to claims by investors resident in such countries and, (ii) with respect to matters relating to subscriptions, redemptions and conversions by Unitholders resident in such countries, to the laws of such countries. English shall be the governing language of these Management Regulations.

The claims of the Unitholders against the Management Company or the Depositary will lapse five years after the date of the event which gave rise to such claims.

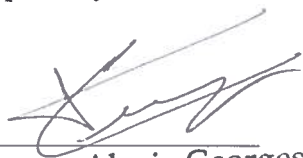
This version of the consolidated management regulations has been executed on 5 January 2015 and replaces the previous version dated 6 May 2013.

The Management Company:

  
\_\_\_\_\_  
Michael REINHARD  
Director

  
\_\_\_\_\_  
Jean-Louis LAFORGE  
Director

The Depositary:

  
\_\_\_\_\_  
Name: Alexis Georges  
Vice President  
State Street Bank Luxembourg S.A.

  
\_\_\_\_\_  
Name: Pierre Mignolet  
Vice President