

## FIXED INCOME

## AXA World Funds – Asian Short Duration Bonds

Issuer: AXA Funds Management S.A.

- This statement provides you with key information about this product.
- This statement is a part of the offering document.
- You should not invest in this product based on this statement alone.

## Quick Facts

<b>Fund Manager:</b>	AXA Funds Management S.A. (Luxembourg)
<b>Fund Manager by delegation:</b>	AXA Investment Managers Asia Limited (internal delegation, in Hong Kong)
<b>Depository:</b>	State Street Bank International GmbH, Luxembourg Branch
<b>Ongoing charges over a year*:</b>	Class A capitalisation (USD): 1.25% Class A capitalisation (EUR Hedged 95%**): 1.28% Class A distribution quarterly (HKD Hedged 95%***): 1.28% Class A distribution monthly (USD): 1.25% Class A distribution monthly (HKD Hedged 95%***): 1.28%
<b>Dealing frequency:</b>	Daily
<b>Base currency:</b>	USD
<b>Dividend policy:</b>	Capitalisation Shares: No dividend distribution Distribution Shares: Dividends will be discretionary and determined annually. "Quarterly distribution" share class and "monthly distribution" share class intend to distribute dividends quarterly and monthly respectively, subject to the discretion of the Board of Directors. Dividends (if any) may be distributed to the relevant Shareholders or reinvested into the Sub-Fund. Distribution may be paid out of capital or effectively out of capital and, if so, may reduce the Sub-Fund's net asset value.
<b>Financial year end of this fund:</b>	31 December
<b>Minimum investment:</b>	Class A: None (initial); None (subsequent)

\* Class A capitalisation (USD / EUR Hedged 95%), Class A distribution monthly (USD / HKD Hedged 95%): The ongoing charges figure is based on expenses for the twelve-month period ending 31 December 2020. This figure may vary from year to year.

Class A distribution quarterly (HKD Hedged 95%) has not been accepted as at the date of this document. This figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to this share class of the Sub-Fund expressed as an annualised percentage of this share class' estimated average net asset value. The actual figure may be different from this estimated figure and may vary from year to year.

\*\* EUR Hedged 95% refers to EUR share class that will be hedged at least 95% against the reference currency of the Sub-Fund, i.e. USD.

\*\*\* HKD Hedged 95% refers to HKD share class that will be hedged at least 95% against the reference currency of the Sub-Fund, i.e. USD.

## What is this product?

AXA World Funds – Asian Short Duration Bonds (the "Sub-Fund") is constituted in the form of an open-ended company. It is domiciled in Luxembourg and its home regulator is the "Commission de Surveillance du Secteur Financier" (CSSF).

## Investment Objective and Strategy

## Objective

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

but not limited to, USD, EUR, AUD, CAD, JPY, CHF, GBP).

## Investment Strategy

The Sub-Fund is actively managed without reference to any benchmark. 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 (hard currencies are globally traded major currencies, including

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 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.

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 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.

#### Use of derivatives

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's net asset value.

#### What are the key risks?

**Investment involves risks. Please refer to the offering document for details including the risk factors.**

- **General investment risk:** The Sub-Fund's investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.
- **Investments in specific countries or geographical zones risk:** As compared with a global investment strategy, the Sub-Fund concentrates its investment in the Asian fixed income market and therefore is subject to the risks associated with concentrating investments in the region and the value of the Sub-Fund may be more volatile. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asian market. This type of strategy may lead to adverse consequences and adversely impacting the net asset value of the Sub-Fund when target markets drop or encounter liquidity issues.

In the securities selection process, the Investment Manager bindingly applies at all times AXA Investment Managers' sectorial exclusion policies encompassing areas such as controversial weapons, climate risks, soft commodities and palm oil, and Environmental, Social and Governance ("ESG") standards policies with the exception of derivatives and underlying eligible UCIs (as defined in the Hong Kong Offering Memorandum), as described in the documents available on the website: <https://www.axa-im.com/responsible-investing/sector-investment-guidelines>. The ESG criteria contribute to, but are not a determining factor in, the Investment Manager's decision making.

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.

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

The Sub-Fund does not use total return swaps.

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.

- **Interest rate risk:** The market value of financial instruments and, therefore, the net asset value of the Sub-Fund 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 net asset value of the Sub-Fund may be adversely affected. Long-term fixed-income securities will normally have more price volatility because of this risk than short-term securities.
- **Credit risk:** The ability of bond issuer to honour 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 bonds, leading to greater price volatility of the bonds. The Sub-Fund may be subject to the risk that the bond issuer not making payment on interest and principal of the bonds, causing the value of the investment to go down and the Sub-Fund may suffer substantial losses. In the event of the default of bond issuer, the Sub-Fund may experience both delays in liquidating the bonds and losses including a decline in value of the bonds during the period when the Sub-Fund seeks to enforce its rights.
- **Counterparty risk:** The Sub-Fund is exposed to counterparty risks associated to counterparties with which, or brokers, dealers and exchanges through which, they deal, whether they engage in exchange-traded or over-the-counter transactions. In the case of insolvency or failure of any such party, the 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.
- **Volatility and liquidity risk:** The debt securities in the Asian markets may be subject to higher volatility and lower liquidity 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-Fund may incur significant trading costs.
- **Rating downgrade risk:** Debt securities which the Sub-Fund acquired or their issuers may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Investment Manager may or may not be able to dispose of the debt securities that are being downgraded.
- **High yield debt securities risk:** The Sub-Fund may invest in high yield debt securities which are generally non-investment grade (or sub-investment grade) or unrated. Some of the high yield securities held in the portfolio may involve increased credit and market risk; such securities are subject to the risk of an issuer's inability to meet principal and interest payments on its obligations (credit risk) 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.
- **Sovereign debt risk:** The Sub-Fund may invest in sovereign debt securities. Investment in such sovereign debt issued or guaranteed by governments or governmental entities largely in-debt 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. Holders may be requested to participate in the rescheduling of such sovereign debt and to extend further loans to the issuers. The value of investments of the Sub-Fund may be adversely affected. In the event of a default of the sovereign issuer, the Sub-Fund may suffer significant loss.
- **Contingent convertible bonds (Cocos) risk:** The Sub-Fund may invest in CoCos, which are highly complex and are of high risk. 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.  
Interest payments on CoCos are discretionary. 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 at any point, for any reason, and for any length of time.
- **Valuation risk:** Valuation of the Sub-Fund's investments may involve uncertainties and judgmental determinations. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Sub-Fund.
- **Reliability of credit ratings:** Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.
- **Foreign exchange and currency risk:** The Sub-Fund may invest in foreign securities, i.e. securities denominated in currencies different from the base currency in which the Sub-Fund is denominated. Also, the Sub-Fund has share class(es) denominated in currency(ies) different from the Sub-Fund's base currency. The net asset value of the Sub-Fund may be affected unfavourably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.
- **Derivatives and leverage risk:** The Sub-Fund may use both listed and over-the-counter derivatives for efficient portfolio management, hedging and non-extensive investment purposes. Risks associated with derivatives include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of a derivative can result in a loss significantly greater than the amount invested in the derivative by the Sub-Fund. Exposure to derivatives may lead to a high risk of significant loss by the Sub-Fund.
- **Distribution out of / effectively out of capital risks:** For distribution shares, investors should be aware that dividends may be paid directly or effectively out of the Sub-Fund's capital at the Management Company's discretion. This may result in an immediate decrease in the net asset value per share of the distribution shares. Payment of distribution out of the Sub-Fund's capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains

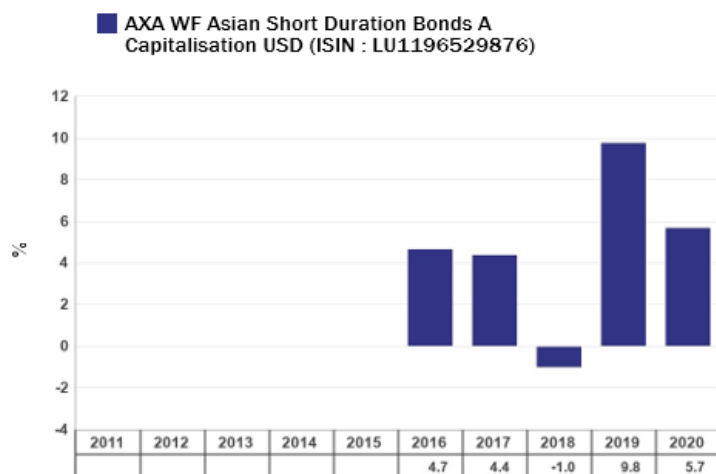
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attributable to that original investment, which may further decrease the net asset value per share and may also reduce the capital available for the Sub-Fund for future investment and capital growth.

- **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 Sub-Fund, and the Sub-Fund's 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 AXA IM's proprietary ESG

scoring methodology or ban lists that rely partially on third party data which may be subjective, incomplete, inaccurate or unavailable. The selection of securities may involve the Investment Manager's subjective judgment and there is a lack of common or harmonised definitions and labels integrating ESG and sustainability criteria at the European Union level. As a result, there is a risk that the Investment Manager may incorrectly assess a security or issuer. Besides, the securities held by the Sub-Fund may be subject to style drift which no longer meets the sustainability criteria for investment. The Investment Manager may have to sell such security held by the Sub-Fund which could incur transaction costs within the Sub-Fund.

## How has the Sub-Fund performed?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividend reinvested.
- These figures show by how much the share class has increased or decreased in value during the calendar year being shown. Performance data has been calculated in USD including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance.
- The Investment Manager views Class A capitalisation (USD), being the retail share class offered in Hong Kong, as the most appropriate representative share class. Your attention is drawn to the fact that such share class is denominated in the Sub-Fund's base currency and if you were to invest in a share class denominated in a different currency, the performance of this latter share class might differ due to fluctuation of the currency exchange rate.
- Sub-Fund launch date: 2015
- Share Class A capitalisation (USD) launch date: 2015

## Is there any guarantee?

This Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

## What are the fees and charges?

## Charges which may be payable by you

You may have to pay the following fees when dealing in the shares of the Sub-Fund.

Fee	What you pay
<b>Subscription fee (Entry charge)</b>	Class A: Up to 3.00% of the amount you buy
<b>Switching fee (Switching charge)</b>	<p>None, except in the following circumstances:</p> <ul style="list-style-type: none"> <li>▪ the shareholder has already made 4 conversions in the last 12-month period; in such case the shareholder may be charged a total fee of a maximum of 1% of the net asset value of the shares converted for each additional conversion in that 12-month period; or</li> <li>▪ the shareholder converts his shares to a Sub-Fund with a higher entry charge within the first 12-month period following initial investment in the Sub-Fund; in such case the shareholder may have to pay the difference between the two entry charge levels.</li> </ul>
<b>Redemption fee</b>	None

**Ongoing fees payable by the Sub-Fund**

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

Fee	Annual rate (as a % of the Sub-Fund's/Share Class's value)
Management fee	Up to 1.00%
Custodian fee (Depository fee)	Included in Applied service fee
Performance fee	None
Administration fee	Included in Applied service fee
Applied service fee	All classes: Up to 0.50% Class A capitalisation (USD): Current rate being 0.23% Class A capitalisation (EUR Hedged 95%): Current rate being 0.26% Class A distribution quarterly (HKD Hedged 95%): Current rate being 0.26% Class A distribution monthly (USD): Current rate being 0.23% Class A distribution monthly (HKD Hedged 95%): Current rate being 0.26%

**Other fees**

You may have to pay other fees when dealing in the shares of the Sub-Fund. The Sub-Fund will also bear the costs which are directly attributable to it, as set out in the Hong Kong Offering Memorandum.

**Additional Information**

You generally buy and redeem shares at the Sub-Fund's next-determined net asset value (NAV) after the Registrar and Transfer Agent receives your request in good order on or before 3 pm Luxembourg time being the Luxembourg dealing cut-off time, or the Hong Kong representative receives your request in good order on or before 4 pm Hong Kong time being the Hong Kong dealing cut-off time. Distributors may impose different dealing deadlines for receiving requests from investors.

The net asset value of this Sub-Fund is calculated and the price of shares is published each "business day" on [www.axa-im.com.hk](http://www.axa-im.com.hk). For this Sub-Fund, a Business Day shall be understood as a day on which banks are open all the day for business in Luxembourg and in Hong Kong.

Investors may obtain the past performance information of other share classes offered to Hong Kong investors from [www.axa-im.com.hk](http://www.axa-im.com.hk).

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

Please note that the website as cited in this document has not been reviewed by the SFC.

**Important**

If you are in doubt, you should seek professional advice. The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.