FIXED INCOME

AXA World Funds – ACT Emerging Markets Short Duration Bonds Low Carbon

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

Fund Manager:	AXA Funds Management S.A. (Luxembourg)
Fund Manager by delegation:	Investment Manager: AXA Investment Managers UK Limited (internal delegation, in the UK) Sub-Investment Manager: AXA Investment Managers Asia Limited (internal delegation, in Hong Kong)
Depositary:	State Street Bank International GmbH, Luxembourg Branch
Ongoing charges over a year*:	Class A capitalisation (USD): 1.25% Class A capitalisation (EUR hedged 95%**): 1.28% Class A capitalisation (SGD hedged 95%***): 1.28% Class A distribution quarterly (USD): 1.25% Class A distribution quarterly (GBP hedged 95%****): 1.28% Class A distribution quarterly "fl" (SGD hedged 95%***): 1.28% Class A distribution monthly "st" (HKD hedged 95%*****): 1.28% Class A distribution monthly "st" (AUD hedged 95%******): 1.28%
Dealing frequency:	Daily
Base currency:	USD
Dividend policy:	Capitalisation Shares: No dividend distribution Distributing 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. Distributing share class without identifier aims to pay all income generated during the period after deduction of expenses from the net asset value of the relevant share class. Distributing share class with identifier "st" aims to pay a stable amount or rate (pro-rated according to the relevant distribution frequency) over the fiscal year without sustained and excessive erosion at the discretion of the Board of Directors. Distributing share class with identifier "fl" aims to pay a fixed amount or rate (pro-rated according to the relevant distribution frequency) over the fiscal year regardless of the actual level of income generated during the period. For Class A distribution quarterly "fl" (SGD hedged 95%), the dividend amount per share is calculated as follows: [(1 + 3.5%) ^ (1 ÷ 4) – 1] × NAV per Share on the last Valuation Day of the previous year. The same amount of dividend as determined by the above formula will be paid out on each dividend payment date over the year. Investors should not that a positive dividend yield does not imply a high or positive return.
Financial year end of this fund:	31 December
Minimum investment:	Class A: None (initial); None (subsequent)

* Class A capitalisation (USD/EUR hedged 95%/SGD hedged 95%), Class A distribution quarterly (USD/GBP hedged 95%), Class A distribution quarterly "fl" (SGD hedged 95%), Class A distribution monthly "st" (HKD hedged 95%/AUD hedged 95%): The ongoing charges figure is based on expenses for the twelve-month period ending 31 December 2021. This figure 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.

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

**** GBP hedged 95% refers to GBP 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.

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

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What is this product?

AXA World Funds – ACT Emerging Markets Short Duration Bonds Low Carbon (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, in USD, from an actively managed short duration emerging debt securities portfolio whose carbon footprint, measured as carbon intensity, is at least 30% lower than that of the index composed of 75% J. P. Morgan Corporate Emerging Market Bond Index Broad Diversified + 25% J. P. Morgan Emerging Market Bond Index Global Diversified (the "Benchmark"). As a secondary 'extra-financial objective', the water intensity of the portfolio aims also at being at least 30% lower than the Benchmark.

Investment Strategy

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

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

The Investment Manager uses an 'extra-financial indicator improvement' approach in relation to the investable universe, the weighted average of each extra-financial indicator - carbon intensity and water intensity - calculated at the Sub-Fund's level being at least 30% lower than that calculated for the Benchmark.

The Investment Manager selects investments by applying a 2-step approach: 1/ Analysing carbon intensity and water intensity data to ensure that the weighted average of key performance indicator of carbon intensity and water intensity calculated at the Sub-Fund's level is at least 30% lower than that calculated for the Benchmark, followed by the application of a second exclusion filter, described in AXA Investment Managers' sectorial exclusion and ESG standards policies; 2/ Evaluation of market views, economic, valuation, technical analysis of the markets 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 coverage rate for the carbon intensity and the ESG scoring within the portfolio are each at least 90% of the net assets of the Sub-Fund, while the coverage rate for the water intensity indicator within the portfolio will be at least 70% of the net assets of the Sub-Fund. These coverage rates exclude bonds and other debt securities issued by sovereign issuers, and cash or cash equivalent held on an ancillary basis. The carbon intensity and water intensity indicators will be obtained from an external provider. The ESG scoring methodology is described in the following link: https://www.axa-im.com/responsible-investing/framework-and-scoring-methodology.

The Sub-Fund adopts a sustainable investment approach according to which the Investment Manager bindingly applies at all times carbon intensity and water intensity assessments in the securities selection process. The Sub-Fund completely excludes from its investment universe the securities of (i) all issuers exceeding 800 CO2s tons/mn$ revenue; and (ii) non-green steel and oil sovereign owned entities. The Sub-Fund aims at excluding securities within the most carbon-intensive sectors such as utilities and basic industries (e.g. metals and protein producers). The Sub-Fund has the opportunity to invest in issuers who are transitioning to a more carbon sustainable path in sectors such as renewable energy and basic industry issuers who are focusing on de-carbonising their process and supply-chain.

In addition, in the securities selection process, the Investment Manager bindingly applies at all times AXA Investment Managers' sectorial exclusion and ESG standards policies with the exception of derivatives and underlying eligible UCIs, as described in the documents available on the website: https://www.axa-im.com/responsible-investing/sector-investment-guidelines.

The scope of the eligible securities is reviewed at least every 6 months, as described in the transparency code of the Sub-Fund available at https://www.axa-im.com/fund-centre.

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

The total assets of the Sub-Fund may be invested in or exposed to callable bonds without any specific limit.

The Sub-Fund may also, and up to 10% of net assets, hold distressed and defaulted securities as a result of holding bonds which rating would have been downgraded to be defaulting or distressing, if, in the opinion of the Investment Manager, such bonds are consistent with the Sub-Fund's investment objective. These securities are expected to be sold within 6 months unless specific events prevent the Investment Manager from sourcing their liquidity.

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

Typically, the Sub-Fund may invest up to one-third of net assets in money market instruments for cash flow management purposes.

In anticipation of or during unfavorable market conditions, the Sub-Fund may defensively hold up to 49% of net assets in money market instruments.

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

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

The Sub-Fund may invest up to 10% of net assets in collective investment schemes structured as UCITS and/or UCIs (as defined in the Hong Kong Offering Memorandum).

The Sub-Fund is actively managed in order to capture opportunities in emerging short duration bonds market, primarily investing in securities that are part of the Benchmark universe. As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund's portfolio and can take, based on its investment convictions, exposure to companies, countries or sectors not included in the Benchmark or take different positioning in terms of duration, geographical allocation and/or sector or issuer selection compared to the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund's portfolio. Thus, the deviation from the Benchmark is likely to be significant.

The Sub-Fund also references the Benchmark in order to achieve its extra-financial objectives. For the sake of clarity, the Sub-Fund's Benchmark is a broad market index that has neither an explicit investment nor sustainability objective but is used to measure the success of the Sub-Fund's investment and sustainability objectives.

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 uses, as part of its daily investment management activity, the following techniques (as a % of net assets):

- securities lending: expected, 0-30%; max, 90%
- repos/reverse repos: expected, 0-10%; max, 20%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis (the assets on loan will generate an incremental return for the Sub-Fund). When using repos/ reverse repos, the Sub-Fund seeks to optimize the collateral management by entering in collateral transformation (e.g. transfer or pledge of collateral in favour of the Sub-Fund, reinvestment of cash collateral, etc.) to manage liquidity and cash.

Main types of assets in scope are bonds.

The Sub-fund does not use securities borrowing.

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.

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.

- **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 relatable funds that do not use ESG or sustainability criteria. The selection of assets may in part rely on AXA Investment Managers' 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 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 ESG or 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.

- **Low carbon emission concentration risk:** The Sub-Fund focuses its investments in low carbon emission. This may lead to adverse consequences for the Sub-Fund when such companies, sectors, countries or ratings with low carbon emission focus become less valued. Therefore, the value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

- **Emerging markets risk:** Legal infrastructure, in certain countries in which investments may be made, may not provide the same degree of investors' protection or information to investors, as would generally apply to major securities markets. The value of the Sub-Fund's assets may be adversely affected by uncertainties such as social, political and economic instability, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations, different accounting, auditing and financial report practices and other developments in laws and regulations of emerging countries in which the Sub-Fund invests. Emerging markets securities may also be less liquid and more volatile than similar securities available in major markets, and there are higher risks associated with transactions settlement and custody, involving timing and pricing issues. The Sub-Fund may experience difficulties in purchasing or selling holdings of emerging markets securities and the value of the asset of the Sub- Fund may be adversely affected.

- **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 emerging 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.

- **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.

- **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.

- **Reinvestment risk:** Reinvestment risk is the risk that proceeds from bond coupons or redemptions may be reinvested at lower yields than that of the previous investment, due to the market conditions at the time that the proceeds are invested. The callability feature in corporate bonds, including perpetual bonds (bonds without maturity date), increases reinvestment risk as companies will call their bonds when they can issue bonds with a lower yield.

- **Extension risk:** An increase in interest rates could cause principal payments on a debt security, including perpetual bonds that have no maturity date, to be paid back slower than expected. For a callable security, an increase in interest rates may result that the security is not redeemed on its call date resulting in an extension of the expected maturity (increase of the effective duration), where the security may become more exposed and may face market value decrease.

- **Foreign exchange and currency risk:** The Sub-Fund may invest in foreign securities, i.e. securities denominated in currencies different from the base currencyin 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

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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.

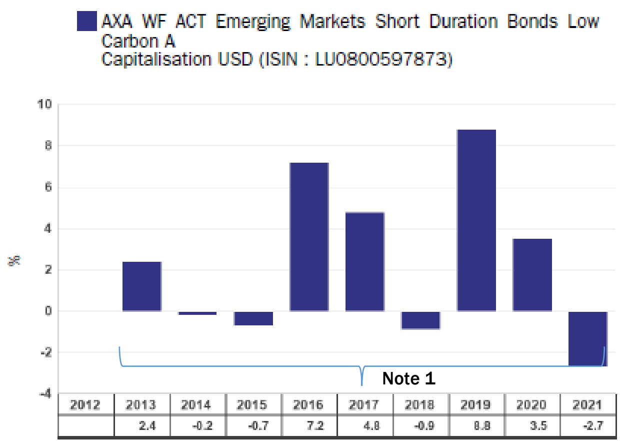
- **Distribution out of / effectively out of capital risks:** For distributing shares with share class identifier “fl” or “st”, investors should be aware that dividends may be paid directly or effectively out of the Sub-Fund's capital at the Board of Directors' discretion. This may result in an immediate decrease in the net asset value per share of the distributing 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 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. Distributing shares with share class identifier “fl” may have a significant risk of capital erosion.

- **Risk related to distributing shares with fixed dividend policy:** Investment in distributing shares with fixed dividend policy are not an alternative to a savings account or fixed interest paying investment. The fixed dividend amount or rate is unrelated to expected or past income or capital gains of the Sub-Fund. The dividend can thus be higher or lower than the income and capital gains that were effectively realised.

  Distributing shares with fixed dividend policy will continue to distribute in periods that the Sub-Fund has negative returns or is making losses, which further reduces the net asset value of the relevant distributing shares. Investors may not be able to get back the original investment amount.

  Investors should note that a positive dividend yield does not imply a high or positive return. Also, distributing shares with fixed dividend policy based on a fixed rate per annum do not distribute a fixed amount and the constant percentage of dividend results in higher absolute dividends when the net asset value of the relevant distributing shares is increasing, and lower absolute dividends when the net asset value of the relevant distributing shares is decreasing.

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.
- Note 1: The performance of these years were achieved under circumstances that no longer apply. The Investment Manager has reshaped the Sub-Fund with effect from 18 February 2022 to increase the integration of sustainability factors in managing the Sub-Fund.
- Sub-Fund launch date: 2012
- Share Class A capitalisation (USD) launch date: 2012

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.

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Fee	What you pay
Subscription fee (Entry charge)	Class A: Up to 3.00% of the amount you buy
Switching fee (Switching charge)	None, except in the following circumstances: ▪ 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 ▪ 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.
Redemption fee	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 (Depositary 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 capitalisation (SGD hedged 95%): Current rate being 0.26% Class A distribution quarterly (USD): Current rate being 0.23% Class A distribution quarterly (GBP hedged 95%): Current rate being 0.26% Class A distribution quarterly "fl" (SGD hedged 95%): Current rate being 0.26% Class A distribution monthly "st" (HKD hedged 95%): Current rate being 0.26% Class A distribution monthly "st" (AUD 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. 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 the United States of America.

Investors may obtain the past performance information of other share classes offered to Hong Kong investors from 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.

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.

AXA Investment Managers