FRAMLINGTON EQUITIES

AXA World Funds – Global Factors – Sustainable Equity

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)
Depositary:	State Street Bank International GmbH, Luxembourg Branch
Ongoing charges over a year*:	Class A capitalisation (USD): 0.66% Class A capitalisation (HKD): 0.66%
Dealing frequency:	Daily
Base currency:	USD
Dividend policy:	No dividend distribution
Financial year end of this fund:	31 December
Minimum investment:	Class A: None (initial); None (subsequent)

* Class A capitalisation (USD/HKD): As these share classes have not been incepted as at the date of this document, this figure is an estimate only and represents the sum of the estimated ongoing expenses chargeable to the respective share classes expressed as a percentage of their respective estimated average net asset value over a 12-month period. The actual figure may be different from this estimated figure and may vary from year to year.

What is this product?

AXA World Funds – Global Factors – Sustainable Equity (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 to achieve long-term growth above that of the MSCI World Total Return Net Index (the “Benchmark”), with lower volatility and a sustainable investment objective that seeks significantly improved environmental, governance and social (“ESG”) metrics and lower carbon intensity than the Benchmark, by using a socially responsible investment approach.

Investment Strategy

The Sub-Fund invests in equities and equity-related securities of companies of any capitalisation and in any market or sector, with a minimum of investment of 51% of net assets in equities, at all times. However, the current intention of the Investment Manager is for the Sub-fund to be fully invested (i.e. >95% of net assets) in equities at all times.

In selecting individual securities, the Investment Manager uses a quantitative process designed to identify fundamental drivers of risk and return while seeking to significantly improve the Sub-Fund’s ESG profile compared to that of the Benchmark. The Investment Manager uses quantitative models that incorporate both financial and non-financial data to select securities for the Sub-Fund. The Investment Manager’s approach to portfolio construction is largely systematic, and an optimiser is used to structure the portfolio in a way that is intended to meet the investment objective. The Investment Manager retains its discretion to take action to mitigate the risks of the portfolio in light of prevailing market condition, where appropriate, although this is expected that such action would be exceptional. The quantitative process consists of the following three components:

(a) Diversification - a weighting process is applied to the investment universe to mitigate concentration risk associated with investing in the largest stocks in the universe, while preserving the liquidity of the portfolio;

(b) Proprietary factor construction – application of the following four filters which measure and rank the investment universe according to individual stock’s characteristics:
   (i) Quality – which uses fundamental company data to assess the likelihood that a company will deliver increased recurring earnings growth, as well as changes to earnings quality;
   (ii) Volatility – which is the rate at which the price of a stock increases or decreases over a particular period compared to the market price movement. This filter is designed to identify the stocks with the highest level of absolute and relative volatility of share price;
   (iii) Speculative value – which seeks to identify stocks with speculative valuations based on a calculation of current book value divided by current share price and recurring trailing earnings divided by current share price; and
   (iv) Distress – which seeks to capture the evolving non-linear relationships between several variables in order to identify stocks at risk of extreme volatility due to changes in their earnings, profitability, share price momentum, likelihood of dividend cut and probability of non-coverage among

other inputs.

(c) Implementation - the optimiser is designed to consider the aforementioned four factors with respect to each stock alongside its ESG score and carbon footprint (measured in CO2 Tonnes/Million $ revenue).

The Investment Manager applies an ESG 'rating upgrade' approach, which requires the ESG score of the Sub-Fund to be higher than the score of the investment universe after omitting the worst 20% of the rated securities in terms of ESG score, excluding liquid assets held on an ancillary basis and solidarity assets.

AXA Investment Managers' ESG scoring methodology for corporates as mentioned above relies on a three-pillar and several sub-factors that covers the main issues encountered by businesses in the E, S and G fields. The frame of reference draws on fundamental principles, such as the United Nations Global Compact, the OECD Guidelines, the International Labour Organisation conventions, and other international principles and conventions that guide companies' activities in the field of sustainable development and social responsibility. The analysis is based on the most material ESG risks and opportunities previously identified for each sector and company, with 10 factors: Climate Change, Natural Capital, Pollution and Waste, Environmental Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Corporate Governance and Corporate Behavior. The final ESG score also incorporates the concept of industry-dependent factors and deliberately differentiates between sectors, to overweight the most material factors for each industry. Materiality is not limited to impacts relating to a company's operations, it also includes the impacts on external stakeholders as well as the underlying reputational risk arising from a poor grasp of major ESG issues. In the corporate methodology, the severity of controversies are assessed and monitored on an ongoing basis to make sure that the most material risks are reflected in the final ESG score. The controversies with high severity will trigger large penalties on the sub-factor scores and ultimately on the ESG scores. These ESG scores provide a standardized and holistic view on the performance of issuers on ESG factors, and enable to further incorporate ESG risks in the investment decision.

The ESG analysis coverage rate within the portfolio is at least 90% of the net assets of the Sub-Fund, except for cash held on an ancillary basis and solidarity assets. The AXA Investment Managers' ESG scoring methodology is described in the following link: https://www.axa-im.com/responsible-investing/framework-and-scoring-methodology.

This process tilts the portfolio toward stocks with higher ESG scores and lower carbon intensity while maintaining the desired factor exposure (i.e. maximizing risk-adjusted portfolio returns and minimizing portfolio volatility). The decision to hold, buy or sell a security is based on both financial and non-financial data. The ESG approach in place for the Sub-Fund is described in detail in the transparency code of the Sub-Fund available at https://www.axa-im.com/fund-centre.

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 defined in the Hong Kong Offering Memorandum), encompassing areas such as Controversial Weapons, Climate Risks, Soft Commodities and Ecosystem Protection & Deforestation, as described in the documents available on the website: https://www.axa-im.com/responsible-investing/sector-investment-guidelines.

The Sub-Fund may invest up to 5% of its net assets in money market 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 reference to the Benchmark and seeks to achieve its financial goal by primarily investing in a well-diversified basket of equity securities of issuers that comprise the Benchmark. The investment universe of the Sub-Fund may extend to equity securities listed in countries of the Benchmark that are not constituents of the Benchmark.

The Investment Manager may take, based on its investment convictions, overweight or underweight positions compared to the Benchmark, meaning that deviation from the Benchmark is likely to be significant. However, in certain market conditions, the Sub-Fund's performance may be close to the Benchmark. This could occur, for example, when share performances are closely aligned to earnings growth, there is a low level of macroeconomic risk and the performance of the equity market aligns closely with the performance of the low volatility and quality factors targeted by the Investment Manager. 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 and hedging.

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, 0-20%; max, 90%

By entering into securities lending, the Sub-Fund seeks to enhance yield on daily basis.

Main types of assets in scope are equities.

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

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 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.

- **Method and model risk**: Allocation, selection and weighting of assets in the Sub-Fund are performed by systematic models managed by the the AXA Investment Managers' Equity Quant Investing team. It is possible that the design of the model may not result in the selection of the best performing assets under all circumstances and market conditions.

- **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 judgement, 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 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.

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

- **Global investments risk:** Investments in securities issued or listed in different countries may imply the application of different standards and regulations (including but not limited to accounting, auditing and financial reporting standards, clearance and settlement procedures, taxes on dividends). The value of investments of the Sub-Fund may be adversely affected by movements of foreign exchange rates, changes in laws or restrictions applicable to such investments, changes in exchange control regulations or price volatility.

- **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 over-the-counter derivatives for efficient portfolio management and hedging 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.

How has the Sub-Fund performed?

There is insufficient data to provide a useful indication of past performance to investors as none of the share classes available to Hong Kong have been launched for a full calendar year.

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
Subscription fee (Entry charge)	Class A: Up to 5.50% 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	Class A: Up to 0.45%
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 0.16% Class A capitalisation (HKD): Current rate being 0.16%

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 the 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 the United States of America.

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.