



AXA WORLD FUNDS
(the "Company")
A Luxembourg Société d'Investissement à Capital Variable

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

7 June 2023

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

Dear Shareholders,

We are pleased to inform you that the directors of the Company (the "**Directors**" or together composing the board of directors of the Company, also referred to as the "**Board**") have decided to introduce a number of changes to the Hong Kong Offering Memorandum and/or the Product Key Facts Statements ("**KFS**") (collectively, the "**Hong Kong Offering Documents**"), which will enable it to look after your interests more effectively.

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

PART 1 – CHANGES RELATED TO THE SUB-FUNDS

1. **Reshaping of the Investment Objective and Strategy of "Framlington Emerging Markets" to be renamed "Emerging Markets Responsible Equity QI", replacement of Investment Manager and reduction in maximum management fee**
2. **Update of the Investment Strategy of "US High Yield Bonds" in light of certain Taiwan investment guidelines constraints**
3. **Update of the sustainability risks profile of "Global Real Estate"**
4. **Changes in the effective Applied Service Fee for certain Sub-Funds**

PART 2 – GENERAL CHANGES

5. **Changes in investment delegation arrangement of certain Sub-Funds**
6. **Update of the "Depositary" section**
7. **Miscellaneous**

PART 1 – CHANGES RELATED TO THE SUB-FUNDS

1. Reshaping of the Investment Objective and Strategy of “Framlington Emerging Markets” (the “Sub-Fund”) to be renamed “Emerging Markets Responsible Equity QI”, replacement of Investment Manager and reduction in maximum management fee

The Board has decided to proceed with the reshaping of the Sub-Fund in order to (i) increase the ESG approach of the Sub-Fund, (ii) use the Equity QI management process upon replacement of the Investment Manager, (iii) rename the Sub-Fund as “Emerging Markets Responsible Equity QI” and (iv) replace the Investment Manager following the restructuring of the Framlington and Rosenberg teams. For the avoidance of doubt, there is no change to the use of derivatives by the Sub-Fund.

At present, the Sub-Fund applies “extra-financial approach” based on AXA IM’ Sectorial Exclusion filters and AXA IM’ Environment, Social and Governance standards policy for ESG consideration in portfolio construction. Also, the Sub-Fund is required to outperform its benchmark in terms of weighted average ESG score. After reshaping, on top of the current ESG consideration, the Sub-Fund will increase ESG integration in the investment process with the adoption of “extra-financial indicator improvement” approach (as described in detail below), whereby an optimiser (i.e. an equity quantitative investment model managed by the AXA IM’s Equity Quant Investing team) is used to systematically structure the portfolio which tilts towards stocks with higher ESG scores and lower carbon intensity and/or water intensity, while maintaining the desired factor exposure.

The Hong Kong Offering Documents will be amended accordingly and the revised “Investment Objective and Strategy” section in the KFS of the Sub-Fund will read as follows, with amendments shown in bold and underlined:

“Objective

To seek long-term growthreturn of your investment, in USD, **above that of the MSCI Emerging Markets Total Return Net Index (the “Benchmark”)**, from an actively managed listed equity, equity-related securities and derivatives portfolio **and to apply an Environmental, Social and Governance (“ESG”) approach.**

Investment Strategy

The Sub-Fund is actively managed in order to capture opportunities in emerging market equities worldwide, by mainly investing in equities of companies that are part of the **MSCI Emerging Markets Total Return Net benchmark index (the “Benchmark”)**. **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.** As part of the investment process, the Investment Manager has broad discretion over the composition of the Sub-Fund’s portfolio and can take, based on its investment convictions, large overweight or underweight positions on the countries, sectors or companies compared to the Benchmark’s composition and/or take exposure to companies, countries or sectors not included in the Benchmark, even though the Benchmark constituents are generally representative of the Sub-Fund’s portfolio. Thus, the deviation from the Benchmark is likely to be significant. **For the sake of clarity, the Benchmark is a broad market index that does not necessarily consider in its composition or calculation methodology the ESG characteristics promoted by the Sub-Fund.**

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

Specifically, the Sub-Fund invests at least two-thirds of net assets in equities and equity-related securities of companies that are domiciled or do most of their business in **emerging countries. Emerging countries are generally considered low or middle income countries by the World Bank or countries included in any recognised emerging market index. Investment is made in developing countries in companies which in the**

~~**Investment Manager's opinion, show above average profitability, management quality and growth countries of the Benchmark.**~~ The Sub-Fund may invest in equity securities of any market capitalisation (including mid and small and micro-sized capitalisation companies).

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

The Sub-Fund 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 ~~**Investment Manager uses a strategy that combines macro-economic, sector and companies' specific analysis. The securities selection process relies on a rigorous analysis of the companies' business model, management quality, growth prospects and risk/return profile.**~~ Sub-Fund promotes environmental and social characteristics by investing in securities of companies in consideration of their carbon intensity and water intensity. The Sub-Fund also promotes other specific environmental and social characteristics, mainly:

- Preservation of climate with exclusion policies on coal and oil sand activities;
- Protection of ecosystem and prevention of deforestation;
- Better health with exclusion on tobacco;
- Labor rights, society and human rights, business ethics, anti-corruption with exclusion on companies in violation of international norms and standards such as the United Nations Global Compact Principles, International Labor Organization's (ILO) Conventions or the OECD guidelines for Multinational Enterprises.

The Investment Manager bindingly applies at all times AXA Investment Managers' Sectorial Exclusion and ESG Standards Policies as a first exclusion filter which are (i) encompassing areas such as Controversial Weapons, Climate risks, Soft Commodities and Ecosystem Protection & Deforestation, and (ii) excluding specific sectors such as tobacco and white phosphorus weapons and excluding investments in securities issued by companies in violation of international norms and standards such as the United Nations Global Compact Principles or the OECD guidelines for Multinational Enterprises; as well as investments in companies which are involved in severe ESG-related incidents and investments in issuers with a low ESG quality. Instruments issued by countries where serious specific categories of violations of human rights are observed are also banned.

~~**In addition, the Sub-Fund always outperforms the Benchmark in terms of ESG scores calculated on a weighted average basis. ESG score is based on ESG scoring from external data provider as primary inputs assessing data points across ESG dimensions. AXA Investment Managers' ESG analysts can complement with a fundamental and documented ESG analysis in case of lack of coverage or disagreement on the ESG scoring provided that it is approved by AXA Investment Managers' dedicated internal governance body. The ESG analysis minimum coverage rate of the Sub-Fund's net assets is at 75%.**~~

The Sub-Fund uses an 'extra-financial indicator improvement' approach, whereby the weighted average of the extra-financial indicator - carbon intensity (provided by Trucost S&P, measured by the amount of greenhouse gas released into the atmosphere and expressed in CO₂ tons per millions \$ revenue) - calculated at the Sub-Fund's level being at least 30% lower than that calculated for the Benchmark.

The Sub-Fund also outperforms the Benchmark in terms of weighted average water intensity (for corporate securities, provided by Trucost S&P, measured by the amount

of water diverted for use by the organization from all sources, including but not limited to surface, ground, saltwater, and municipal, included cooling water, and expressed in cubic meters).

In addition, the Sub-Fund always outperforms the Benchmark in terms of ESG scores calculated on a weighted average basis. The AXA Investment Managers' corporate scoring methodologies rely on three pillars and several sub-factors that cover the most material risk factors encountered by issuers in the E, S and G fields. The frame of reference draws on fundamental principles, such as United Nations Global Compact, the OECD Guidelines, the International Labour Organization conventions, and other international principles and conventions that guide companies and governments 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 is 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 both promote Environmental and/or Social characteristics of the Sub-Fund.

The following minimum coverage rates apply with the Sub-Fund's portfolio (expressed as a percentage of the net assets, excluding bonds and other debt securities issued by public issuers, cash held on an ancillary basis and solidarity assets): i) 90% for the ESG analysis, ii) 90% for the carbon intensity indicator and iii) 70% for the water intensity indicator.

The Investment Manager uses a 2-step approach: 1/ defining eligible universe after application of a first exclusion filter, as described in AXA Investment Managers' Sectorial Exclusion and ESG Standards Policies; and 2/ proprietary 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 in terms of the non-financial sustainability indicators as described above.

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 optimiser is designed to consider each stock's factor exposure alongside its ESG scoring, carbon intensity and/or water intensity indicators. This process tilts the portfolio toward stocks with higher ESG scores and lower carbon intensity and/or water intensity while maintaining the desired factor exposure. The decision to hold, buy or sell a security is based on both financial and non-financial data.

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 (the assets on loan will generate an incremental return for the Sub-Fund).

Main types of assets in scope are ~~bonds and~~ equities.

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

As a result of the increased ESG integration in the investment process, ESG consideration will become one of the key investment focus of the Sub-Fund, and hence, the Sub-Fund will be classified as an ESG fund in Hong Kong pursuant to the SFC’s circular to management companies of SFC-authorized unit trusts and mutual funds – ESG funds.

Following the combination of AXA’s two investment platforms, namely, Rosenberg and Framlington, on 1 January 2022, it has been decided to now use the equity quantitative investment approach (developed by the AXA IM Equity QI team, in the UK) for the Sub-Fund, and as a consequence to replace AXA Investment Manager Asia Ltd. (Hong Kong SAR) by AXA Investment Managers UK Ltd to act as the Investment Manager of the Sub-Fund. AXA Investment Managers UK Limited is currently managing SFC-authorized Sub-Funds of the Company. AXA Investment Managers UK Limited and the Management Company, AXA Investment Managers Paris, are fellow subsidiaries of AXA Investment Managers S.A.

Moreover, in the “Derivatives and Efficient Management Portfolio Techniques” sub-section in the “Sub-Fund Description” section of the Hong Kong Offering Memorandum, the Board has finally decided to delete the reference to “bonds” in the sentence “main types of assets in scope are bonds and equities” as all investments in the Sub-Fund are of an equity nature.

In addition, the Board has decided to decrease the maximum management fee of share class “A” from 1.70% p.a. to 0.60% p.a. of the share class’s net assets.

As a consequence of the above changes, ESG risk will remain to be a key risk of the Sub-Fund with greater extent, and also, method and model risk (as set out below) associated with the use of the systematic models developed by AXA IM Equity QI team) will become a key risk to the Sub-Fund.

“Method and model risk: Allocation, selection and weighting of assets in the Sub-Fund are performed by systematic models managed by 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. Besides, the use of systematic models by the Sub-Fund may result in periodic rebalancing of the portfolio which may incur greater transaction costs than funds that do not adopt systematic models.”

However, the overall risk profile of the Sub-Fund is not expected to be significantly modified following such changes. It is not anticipated that this change of investment platform or replacement of the Investment Manager will impact your investment, nor the services provided as the Investment Manager will provide substantially the same services. As mentioned above, the management fee charged to the Sub-Fund will be reduced and there will not be any material negative impact on the costs in managing the Sub-Fund following the above changes. Except for the above changes themselves, there are no other changes in the operation and/or manner in which the Sub-Fund is being managed. It is not expected that the shareholders of the Sub-Fund will be materially prejudiced as a result of the above changes.

Part of the costs incurred in connection with the above changes will be borne by the Management Company from the Applied Service Fee which is currently charged at a fixed rate based on the Sub-Fund’s net asset value. The above changes will furthermore require a partial rebalancing of the portfolio of the Sub-Fund, which would entail estimated costs of approximately 0.17% of the Sub-Fund’s net asset value, and will be charged to the assets of the Sub-Fund.

These changes will take effect on 7 July 2023, i.e. one month after the date of the present Notice.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge until 7 July 2023.

2. Update of the Investment Strategy of “US High Yield Bonds” (the “Sub-Fund”) in light of certain Taiwan investment guidelines constraints

The Sub-Fund is registered for distribution in Taiwan and in order to align its investment strategy with the relevant local investment limits requirements, the Board has decided to complete and clarify the “Investment Strategy” sub-section in the “Sub-Fund Description” section of the Hong Kong Offering Memorandum and the “Investment Strategy” section of the Sub-Fund’s KFS as follows, as shown in bold and underlined:

Name of the Sub-Fund	Amended wording
US High Yield Bonds	<p>The Sub-Fund may also invest in the following, up to the portion of net assets shown:</p> <ul style="list-style-type: none"> • money market instruments: one third • convertible securities: less than <u>210%</u> <u>(including contingent convertible bonds (CoCos))</u> • equities <u>and equity related securities</u>: one tenth <p><u>The Sub-Fund may invest up to 10% of net assets in contingent convertible bonds (CoCos).</u></p> <p><u>The Sub-Fund’s portfolio has a weighted average duration of no less than one year.</u></p>

For the avoidance of doubts, there is no change in the current investment objective, strategy and management process of the Sub-Fund in practice. It is not anticipated that these changes will have an impact on the portfolio composition of the Sub-Fund.

These changes will take effect on 7 July 2023, i.e. one month after the date of the present Notice.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge until 7 July 2023.

3. Update of the sustainability risks profile of “Global Real Estate”

As part of the ongoing review of the Sub-Funds sustainability risk profile, the Board has decided to update the “Risks” sub-section in the “Sub-Fund Descriptions” section in respect of “Global Real Estate” from “medium” to “low” in the Hong Kong Offering Memorandum.

These changes take effect immediately, i.e. at the date of the present Notice.

4. Changes in the effective Applied Service Fee for certain Sub-Funds

The Hong Kong Offering Memorandum and Products Key Facts Statements of the following Sub-Funds have been updated to reflect the changes in the levels of effective Applied Service Fee (“ASF”) applicable to the share classes as shown in the table below.

Sub-Fund / affected share class	Previous effective ASF rate (% p.a. of net assets)	New effective ASF rate (% p.a. of net assets)
AXA World Funds – Evolving Trends - Class A capitalisation (HKD Hedged 95%)	0.29%	0.28%

This change has already taken effect on 1 January 2023.

PART 2 – GENERAL CHANGES

5. Changes in investment delegation arrangement of certain Sub-Funds

Due to an internal re-allocation of resources within the AXA IM Group, it has been decided to transfer the investment management activities of AXA Investment Managers Asia Ltd (Hong-Kong SAR) (“**AXA IM HK**”), acting as delegated investment manager of certain Sub-Funds, to other entities within the AXA Group.

As a consequence of this transfer of activities, AXA IM HK will be replaced in its functions as Investment Manager of the Sub-Funds listed below by AXA Investment Managers UK Limited:

- Asian High Yield Bonds; and
- Asian Short Duration Bonds.

It is not anticipated that this replacement of AXA IM HK will impact the investments of the above-mentioned Sub-Funds nor the services provided as the newly appointed investment manager will provide substantially the same services as AXA IM HK. This change will have no negative impact on fees either.

Furthermore, also due to an internal re-allocation of resources within the AXA IM Group, AXA IM HK will not act anymore as sub-investment manager of the following Sub-Funds:

- Global Strategic Bonds; and
- ACT Emerging Markets Short Duration Bonds Low Carbon.

The changes to the investment delegation arrangement of the relevant Sub-Funds as mentioned above will not have a material impact on (i) the investment objectives and policies of the relevant Sub-Funds; (ii) the manner in which the relevant Sub-Funds are being managed; (iii) the overall risk profiles of the Sub-Funds; and (iv) the level of fees payable by the relevant Sub-Funds and the Shareholders or costs in managing the relevant Sub-Funds. It is not expected that the Shareholders will be materially prejudiced as a result of these changes.

The costs incurred in connection with the above changes will be borne by the Management Company.

These changes will take effect on 7 July 2023, i.e. one month after the date of the present Notice.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge until 7 July 2023.

6. Update of the “Depositary” section

Following comments received on the Hong Kong Offering Memorandum from State Street Bank International GmbH, Luxembourg Branch, as Depositary of the Company, it has been decided to slightly adapt the depositary clause of the main part of the Hong Kong Offering Memorandum, notably the section on conflicts of interests, with a limited number of non-material changes.

This change takes effect immediately, i.e. at the date of the publication of the revised Hong Kong Offering Memorandum.

7. Miscellaneous

The Board has finally decided to implement in the Hong Kong Offering Memorandum a limited number of other clerical changes, amendments, clarifications, corrections, adjustments and/or updates, including reference updates and adjustments of defined terms, including the following:

- Removal of the reference to the former names of previously renamed Sub-Funds.
- Update of the Emerging markets risk disclaimer to reflect market evolutions of the past few years.
- Amendment of the RQFII and QFII risk sections following the merger of these two regimes and subsequent renaming of the relevant risk.
- Addition of AXA Investment Managers IF as securities lending and repurchase agent and insertion of its contact details in the "Service Providers" section.
- Update of the "General Investment Rules for UCITS" section in order to complete and clarify certain eligible investments as follows: "*Sub-Funds may, within the limits set out in the 2010 Law, invest in other UCIs, including exchange traded funds (including, but not limited to, REITs, commodities funds, exchange-traded funds, hedged funds). In addition, Sub-Funds may take exposure to alternative assets through the investment in units or shares of special purpose acquisition companies, listed closed-ended funds, including REITs of any legal form, having exposure to commodities, infrastructure, private equity and hedge funds strategies and/or real estate assets, provided that such units or shares qualify as eligible transferable securities under applicable Luxembourg laws and regulations*".
- Minor updates of the description of the function of certain members of its board of directors.
- Update regarding (i) the order of the Sub-Funds, and (ii) the table of contents.

These changes take effect immediately, i.e. at the date of the publication of the revised Hong Kong Offering Memorandum.

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

Shareholders in Hong Kong may contact the Hong Kong Representative, AXA Investment Managers Asia Limited, at Suites 3603 – 05, 36/F, One Taikoo Place, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong (Tel: (852) 2285 2000) should you have any questions.

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

Yours faithfully,

The Board of Directors
AXA World Fund