

Conflict of interest policy

AXA Funds Management S.A.
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1. Introduction and definitions

Given its international spread, the plurality of the investment services offered and the multiplicity of investment expertise, the AXA IM Group and its affiliated companies (portfolio managers and other investment firms), may encounter, in the normal course of their activities, situations that can potentially generate conflicts of interest.

By “conflict of interests” we mean a situation whereby the interests of AXA IM, its subsidiaries, its delegates or its employees, are directly or indirectly in competition with the interests of its clients. It can also pertain to inter-client conflicts.

More precisely, conflicts of interest could occur in:

- a situation involving clients and AXA Funds Management S.A., its service providers, sub-contractors or its affiliates;
- a situation in which the interests of AXA Funds Management S.A., the group it belongs to, delegates and collaborators are directly or indirectly in concurrence with the investors' interests;
- a situation in which the interests of several investors are directly in concurrence (preferences and no fair treatment).

2. Conflicts of interest identification

AXA Funds Management S.A. (hereinafter “AFM”) has implemented dedicated preventive procedures, including regular reviews of certain activities and transactions.

For this purpose, and as required under the prevailing regulations, AFM maintains a mapping of the various possible conflicts of interest situations that could arise in the conduct of its activities and that could enter in conflict with the interest of a client because the firm or other relevant person, entities of the same group or its collaborators:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the fund or its investors;
- has an interest in the outcome of a service or an activity provided to the fund or its investors or to a client or of a transaction carried out on behalf of the fund or a client, which is distinct from the fund's interest in that outcome;

- has a financial or other incentive to favor:
 - the interest of a fund, a client or group of clients over the interest of another fund;
 - the interest of one investor over the interest of another investor or group of investors in the same fund;
- carries out the same activities for the fund and for another fund or client;
- receives or will receive from a person other than the fund or its investors an inducement in relation to collective portfolio management activities provided to the fund, in the form of monies, goods or services other than the standard commission or fee for that service.

3. Scope and general framework

This policy is intended to regulate the general framework of the conflicts of interest linked to the activities of AFM, acting as Management Company part of the AXA IM Group, incorporated in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (the “CSSF”).

The goal of this framework is to ensure the protection of the investors by reasserting the principle of clients' interest pre-eminence, the will to treat each of them fairly as well as by reaffirming the communication to the investors with complete, adapted and transparent information.

The global framework of this policy consists in the identification of potential conflicts of interest encountered by AFM, delegates and or collaborators. This identification is made possible:

- through the mapping of risks of conflicts highlighting the types of services or activities for which a conflict of interest, deemed to pose an appreciable risk of damage to the interests of one or several clients, is likely to occur;
- through the appropriate management of the situation in order to avoid any significant impact on the interests of investors;
- through the intervention of the senior management in the most complex or sensitive cases;

- and, if such situations cannot be deterred and if the precautions undertaken can't sensibly guarantee that client interest damage will be avoided, then through upfront disclosure to concerned clients about the nature of the identified conflict.

In any case, AFM can refuse to intervene in circumstances where the risk of damage to client interests is judged unacceptable.

The current framework is focused on situations likely to occur in the due course of AFM carrying out its normal activities, whether those services are provided under the banner of main activities, ancillary activities or other activities.

This also takes into consideration circumstances likely to generate conflicts of interest within the AXA IM Group in general, be they conflicts in relation to its structure or to activities carried out by other entities of the group.

4. Prevention and management of the conflicts of interest

4.1 Prevention

AFM has developed local policies and mechanisms to prevent potential conflicts of interest. Both mechanisms and policies have been designed to be proportional to the size and organization of the Management Company and the nature, scale and complexity of its business. The activities of the Management Company are also supported by global policies set out by the AXA IM Group, which aim at ensuring that conflicts of interest have been properly addressed by its delegates, sub-delegates and collaborators. The mechanisms in place have also been designed to ensure that all the clients are treated fairly and in the same way. No distinction is made in terms of governance and level of care brought between different funds under AFM's management.

These policies also cover the concepts of integrity, equity, impartiality and respect of the professional secrecy which all the employees have to comply with. The strategy for the exercise of the voting rights is handled at AXA IM Group level, and is updated and available free of charge on the website of AXA IM Group.

The Risk Management, the Portfolio Management as well as the Internal Audit functions have been designed to operate efficiently with the appropriate levels of independence. The segregations of these operating units are covered by dedicated policies.

When the adoption of application of one or more measures and procedures does not ensure the requisite degree of independence, AFM should adopt such alternative and additional procedures.

To allow its operating staff to detect and prevent potential conflicts, AFM encourages and offers to its employees trainings in order to provide them with the appropriate background and professional skepticism to face and identify conflicts of interest.

AFM and AXA IM as a group have put in place policies and procedures to ensure independence of functions (Chinese walls), as well as policies with regards to the data protection.

The Management Company has put in place policies where, amongst others, employees must thus commit to:

- maintain their independence of judgment and liberty of decision in carrying out their functions;
- refrain from accepting any external function or remuneration before receiving prior authorization from their Management and from the Compliance department;
- refrain from personally negotiating or signing in the name of AXA IM or AFM, any transaction or service contract, sale or purchase of a company in which they possess direct or indirect holdings, without prior authorization from their Management and Compliance Department;
- refuse gifts or personal benefits, other than those authorized by the Company's own rules;
- refrain from undertaking any market operations in their own name outside of the restrictive rules and specific precautions laid down by the Company;
- disclose, at time of occurrence, all situations of conflicts of interests in which they may become involved, to their Management and Compliance Department who will take upon themselves, in association with the concerned people, the responsibility for resolving the difficulties.

The remunerations of AFM's employees are covered by AXA IM Group remuneration standards and will be updated to become compliant with Directive 2011/61/EU of the European Parliament and the Council of 8 June 2011 on Alternative Investment Fund Managers.

4.2 Management of conflicts

When it comes to handling conflicts, AFM will manage situations of conflicts of interests, potential or real, based on:

- a control mechanism established for each of the activities, designed for ensuring the prevention of conflicts of interests and the readiness of the corrective measures to be taken;

- the segregation of certain business lines or certain functions. Where permanent situations of potential conflicts of interests may arise, AFM will set-up measures for isolating teams and/or operations (Chinese walls):
 - aimed at restraining information flows between certain employees in order to protect client interests;
 - aimed at ensuring that these operations are carried out independently of any other operations likely to generate conflicts of interests;
- internal procedure which enforce the above.

Once a conflict of interest has been identified, all the appropriate and relevant mechanisms and procedures are implemented in order to ensure that the conflicts are properly managed and escalated to the correct persons (including senior management). Local and/or Global committees will be involved in the processes to address adequately the conflicts and also to make sure that the appropriate measures to prevent conflicts of interest are taken.

The conflicts of interest detected on activities or parties linked to AFM will be recorded and kept at the registered office of the Management Company.

The decisions taken during the committees will be archived and formally reported to the Board of Directors of the Management Company and of the funds when deemed necessary.

4.3 Disclosure to clients

Should the framework for managing conflicts of interest reveal itself to be insufficient for guaranteeing with reasonable confidence that risks of damaging client interests can be avoided, AFM will inform the concerned clients of the nature and/or the origin of conflicts before delivering the service to the clients.

Disclosure will:

- be made in a durable medium;
- include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises;
- be recorded on the client file;
- be reported to the Board of Directors.

Different communication channels (e.g. website publication, communication by sales team, notification letter sent by transfer agent) will be used to inform the investors of the funds where organizational or administrative arrangements are insufficient to manage the conflicts of interest (complex or sensitive cases).

In the case of disclosure of information via website, the investors will be notified of the address of the website and the place on the website where the information can be accessed.

5. Senior Management's review

The senior management set up the general rules for managing conflicts of interests.

As described previously, the senior management will be involved in the resolution of conflicts when those ones are complex and/or sensitive. The management will be informed by Global and Local committees in place within the AXA IM Group. The compliance officer of the Management Company will make sure that the conflicts have been properly escalated and reported to the proper persons and/or committees, including to senior management.