

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

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

16 December 2016

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 Sicav (the "Directors") have decided to introduce a number of changes to the prospectus and/or the appendices relating to certain sub-funds, which will enable it to look after your interests more effectively.

Please refer to the relevant sub-fund(s) as indicated below in order to find out whether there are any changes affecting the sub-funds in which you hold shares.

- I. Reshaping of sub-fund**
- II. Modification and clarification of the investment policy**
- III. Modification about the benchmark index**
- IV. Modification and clarification of the characteristics of share classes**
- V. Modification of denomination**
- VI. Modification of the management fees**
- VII. Appointment of sub-delegate to the management duties**
- VIII. Subscription and holding requirements**
- IX. Modification of the VaR computation**
- X. Modification of the investment horizon**
- XI. Other amendments of the prospectus**

I – Reshaping of sub-fund

The Directors have decided to entirely reshape the following sub-fund which will have the following investment objective and policy as well as the following characteristics.

The Directors have decided to draw shareholders' attention to the fact that despite the reshaping of its investment policy, the sub-fund will continue to invest in worldwide equities focusing on companies that generate high dividends in order to generate income. The investment philosophy and universe will thus remain similar. The main modification will be the change in the investment management team. Indeed, the sub-fund is currently managed by a team which focuses on qualitative data pursuant to a top-down and bottom-up approach. In the future, the new investment management team will use a model of investment based on quantitative data. The Directors are convinced that the selection of securities with high dividends is more suited to the sub-fund's objectives.

- **AXA World Funds – Global Equity Income (formerly AXA World Funds – Framlington Global High Income)**

Notwithstanding the decision to reshape the sub-fund, the investment manager of the sub-fund will remain AXA Investment Managers UK Limited (London) who will sub-delegate part of its management duties (i) to AXA Investment Managers Asia (Singapore) for the Asian securities and (ii) to AXA Rosenberg Investment Management LLC for all US, Canadian and Latin-American securities.

▪ Investment objective and investment policy

In order to better reflect the investment approach of the new investment management team, the investment objective and the investment policy of the sub-fund has been redrafted as follows:

“Investment objective:

The objective of the Sub-Fund is to generate income from a broad portfolio of global equities.

Typical investors would seek to achieve a high level of income from a portfolio of listed equity and equity-related securities.

Investment policy:

The Sub-Fund will seek to achieve its objectives by investing at all times at least two third of its total net assets in global equities and equity-related instruments issued by companies which, in the Investment Manager's opinion, have the highest level of risk-adjusted dividend yield. The Investment Manager will use proprietary models to find such equities and use a systematic investment process to build a diversified and risk-controlled portfolio.

There is no predetermined geographical asset allocation and the Sub-Fund may invest its net assets in either developed or emerging markets.

The Sub-Fund may invest up to one third of its net assets in Money Market Instruments.”

The Sub-Fund will invest not more than 10% of its net assets in units of UCITS and/or other UCIs.

For hedging and efficient portfolio management purposes, the Sub-Fund may use derivatives within the limits set forth in the section “Investment Restrictions”.

The Reference Currency of the Sub-Fund is USD.

As a result of the reshaping of the investment policy of the sub-fund, the Directors have decided to change its denomination from “AXA World Funds – Framlington Global High Income into “AXA World Funds – Global Equity Income”.

As a result of the reshaping of the investment policy of the sub-fund, the Directors have decided to insert new risk disclosures in the Prospectus related to (i) risk linked to method and model and (ii) risk

linked to investment in emerging markets. The Directors have further decided to delete the convertible securities risk disclosure which became irrelevant.

- **Modification of denomination**

In order to better reflect the new investment policy of the sub-fund, the Board hereby decides to modify the denomination of the sub-fund from “AXA World Funds – Framlington Global High Income” to “AXA World Funds – Global Equity Income”.

- **Creation of new share class**

The Directors have further decided to create a new share class “G” within the sub-fund and consequently decides to launch the following share class :

- Class G – Capitalisation in USD

This new share class, the characteristics of which are described in the Prospectus, will be available for subscription on 24 January 2017 or on the date of the first subscription in this share class at the initial price of USD 100.

- **Launching of new share classes**

The Directors have further decided to launch the following three new share classes within the sub-fund:

- Class A – Capitalisation in CHF hedged (95%)
- Class F – Distribution quarterly in GBP
- Class I – Distribution quarterly in GBP

These new share classes, the characteristics of which are described in the Prospectus, will be available for subscription on 24 January 2017 or on the date of the first subscription in these share classes at the initial price of CHF 100 or GBP 100 depending on the reference currency of the relevant share class.

- **Modification of the dividend policy**

The Directors have decided that the sub-fund will be managed with the objective to deliver an annual dividend comprised between 2% and 6% which will be capitalized (for capitalization share class) and distributed (for distribution share class), subject to market conditions.

- **Modification of the management fees**

The Directors have decided to reduce the management fees applicable to the share classes “A”, “E”, “F” and “I” of the sub-fund as follows :

- Share class “A” from 1.50% to 1.20 %
- Share class “E” from 1.50 % to 1.20%
- Share class “F” from 0.75% to 0.60%
- Share class “I” from 0.60% to 0.50%

- **Subscription and holding requirements**

The Directors have decided to remove any minimum initial subscription and the minimum holding requirements applicable to the share class “A” of the sub-fund.

- **Modification of the definition of a Business Day**

The Directors have decided to delete United Kingdom from the list of countries in order to define a Business Day. As a result, a Business Day shall be understood as a day on which banks are open all

day for business only in Luxembourg and in the United States of America.

These changes mentioned above will take effect on 24 January 2017.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge up to 24 January 2017.

II – Modification and clarification of the investment policy

II.1. The Directors have decided with respect to the following sub-fund to extend the partial hedging against USD to the exposure of all the sub-fund's assets denominated in non-USD.

The Directors have further decided to draw the attention of the shareholders that this clarification has no impact on the investment policy of the sub-fund and does not trigger any additional costs for the shareholders.

- **AXA World Funds – Global Flexible Property**

This change mentioned above will take effect on the 22 December 2016.

II.2. The Directors have decided to redraft the description of the investment objective and policy of the following sub-fund to make them more clear and complete but this rewording will have no impact on the shareholders.

The Directors have further decided that the UCITS and/or UCIs in which the sub-fund may invest no more than 10% of its net assets will henceforth include exchange traded funds (ETF) which are linked to the performance of gold and/or platinum.

- **AXA World Funds – Framlington Europe Flexible**

This change mentioned above will take effect on 19 January 2017.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge up to 19 January 2017.

II.3. In order to comply with legal requirements applicable to the French PEA status the Directors have decided to remove the exclusion of Liechtenstein from the second paragraph of the description of the investment policy of the following sub-funds.

- **AXA World Funds – Framlington Europe Opportunities**
- **AXA World Funds – Framlington Europe Small Cap**

This change mentioned above will take effect on the 22 December 2016.

II.4. The Directors have decided to clarify that the UCITS and/or other UCIs in which the following sub-fund may invest no more than 10% of its net assets (i) must be managed only by the management company or any other AXA IM group entity and (ii) will themselves not invest in securities rated CCC+ or below by Standard & Poor's or equivalent rating by Moody's or Fitch (the lowest rating will be considered) or if unrated then deemed to be so by the investment manager of such UCITS and/or UCIs. This clarification is made in order to comply with the *Versicherungsaufsichtsgesetz – VAG* requirements.

- **AXA World Funds – Asian High Yield Bonds**

This change mentioned above will take effect on 22 December 2016.

II.5. The Directors have decided to delete reference to duration in the description of the investment policy of the following sub-funds to be in line with KIIDs disclosure. The Directors have further decided to be more precise in relation to the investment policy of the sub-funds by indicating that the sub-funds will invest across the entire yield curve in order to achieve the sensitivity target disclosed in the Prospectus which is what is done by the investment manager in practice.

The Directors have further decided to draw the attention of the shareholders that (i) this modification does not impact the investment policy of the sub-funds and (ii) the denominations of the sub-funds remain in line with the investment policies of the sub-funds

- **AXA World Funds – Euro 3-5**
- **AXA World Funds – Euro 5-7**
- **AXA World Funds – Euro 7-10**
- **AXA World Funds – Euro 10 + LT**

In addition to the above, the Directors have decided to adjust (i) the rate sensitivity of AXA World Funds – Euro 7-10 sub-fund which will range from 5 to 10 instead of from 4 to 9 and (ii) the rate sensitivity of AXA World Funds – Euro 10 + LT sub-fund which will range from 9 to 18 instead of from 8 to 15 in order to take into account the evolution of the market.

This change mentioned above will take effect on 22 December 2016.

II.6. The Directors have decided that the fixed income exposure denominated in non-EUR currency of the following sub-fund will be systematically partially hedged against EUR.

- **AXA World Funds – Global Income Generation**

This change mentioned above will take effect on 22 December 2016.

III – Modification about the benchmark index

The Directors have decided to clarify that the benchmark index used for comparison for the calculation of the performance fees for the non-hedged non-Euro denominated share classes of the following sub-fund is the Benchmark Fund as defined in the Prospectus converted in the currency of the relevant share class.

The Directors have further decided to clarify that for the hedged non-Euro denominated share classes, the benchmark index used for comparison for the calculation of the performance fees is (i) Fed Fund Overnight Cap +200 basis points gross for hedged share classes denominated in USD and (ii) CHF Libor Overnight Cap +200 basis points for hedged share classes denominated in CHF.

The Directors have finally decided to draw the attention of the shareholders that such clarifications have no impact on investors.

- **AXA World Funds – Framlington Europe Flexible**

This change mentioned above will take effect on 22 December 2016.

IV – Modification and clarification of the characteristics of share classes

- **AXA World Funds – Framlington Europe Flexible**

The Directors have decided that the existing share class “E” of the sub-fund should be aligned to the standards applicable to the share class “E” of the Company. The current share class “E Distribution

EUR” will then henceforth capitalise the dividend and will consequently be converted into “E Capitalisation EUR” share class.

This change mentioned above will take effect on 22 December 2016.

- **AXA World Funds – Global Income Generation**

The Directors have decided to clarify the partial hedging of the share classes of the sub-fund denominated in non-EUR and consequently to precise this in the denomination of the relevant current share classes.

V – Modification of denomination

Given the investment policy of the following sub-funds, the Directors have decided to modify their denomination as follows so as to better reflect their investment policies.

- **AXA World Funds – Euro SmartBeta Credit Bonds in AXA World Funds – Euro Buy and Maintain Credit**
- **AXA World Funds – Global SmartBeta Credit Bonds in AXA World Funds – Global Buy and Maintain Credit.**

The Directors draw the attention of the shareholders that such modification of denomination has no impact on the investment policy of the sub-funds.

This change mentioned above will take effect on 22 December 2016.

VI – Modification of the management fees

VI.1. The Directors have decided to reduce the management fees applicable to the share class “F” of the following sub-fund from 0.40% to 0.30%.

- **AXA World Funds – Global Inflation Short Duration Bonds**

This change mentioned above will take effect on 22 December 2016.

VII – Appointment of sub-delegate to the management duties

The Directors have acknowledged that the management duties of the following sub-funds will be sub-delegated by the investment manager of the sub-fund to AXA Rosenberg Investment Management LLC for all US, Canadian and Latin-America Securities.

The Directors have further decided to draw the attention of the shareholders that such modification does not impact the investment policy of the sub-funds and has no impact on the fees charged to the shareholders.

- **AXA World Funds – Global SmartBeta Equity**
- **AXA World Funds – Global SmartBeta Equity ESG**

This change mentioned above will take effect on 22 December 2016.

VIII – Subscription and holding requirements

The Directors have decided to remove any minimum initial subscription and the minimum holding

requirements applicable to the share class “E” of the following sub-funds.

- **AXA World Funds – Euro Credit Plus**
- **AXA World Funds – Global Emerging Markets Bonds**
- **AXA World Funds – Global High Yield Bonds**
- **AXA World Funds – Global Strategic Bonds**
- **AXA World Funds – Universal Inflation Bonds**
- **AXA World Funds – Emerging Markets Short Duration Bonds**

This change mentioned above will take effect on 22 December 2016.

The Directors have decided that such modification will also apply to the share class “A” of the following sub-funds.

- **AXA World Funds – Global Strategic Bonds**
- **AXA World Funds – Emerging Markets Short Duration Bonds**

This change mentioned above will take effect on 22 December 2016.

IX – Modification of the VaR computation

The Directors have decided to amend the VaR level of the following sub-funds from 5.25% to 3.40% of the respective sub-funds’ net asset values.

- **AXA World Funds – Global Optimal Income**
- **AXA World Funds – Optimal Income**

This change mentioned above will take effect on 22 December 2016.

X – Modification of the investment horizon

X.1. The Directors have considered that the following sub-fund is appropriate to investors who do not withdraw their money for six years instead of five years and have decided to amend the sub-section “Investment Horizon” of the relevant appendix accordingly.

- **AXA World Funds – Global Optimal Income**

This change mentioned above will take effect on 19 January 2017.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge up to 19 January 2017.

X.2. The Directors have considered that the following sub-fund is appropriate to investors who do not withdraw their money for three years instead of two years and have decided to amend the sub-section “Investment Horizon” of the relevant appendix accordingly.

- **AXA World Funds – US Corporate Bonds**

This change mentioned above will take effect on 19 January 2017.

Shareholders who do not agree with such changes may request the redemption of their shares free of charge up to 19 January 2017.

XI – Other amendments of the prospectus

- **Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions (UCITS V Directive)**

The Directors have decided to amend the Prospectus as per the requirements of the UCITS V Directive.

These amendments will include:

- I. reference to the “Custodian” of the Company updated to reference to the “Depositary”;
- II. updating of the sub-section “Management Company” of the section “I – General Information” of the Prospectus so as to insert an information regarding the remuneration policy put in place by the management company;
- III. updating of sub-section “Custodian” of the section “I – General Information” of the Prospectus so as to include the depositary’s duties and conflicts of interest that may arise; a description of the safe-keeping functions delegated by the Company, and information regarding its delegates and sub-delegates, as the case may be;
- IV. updating of section “General Risk Considerations” of the Prospectus by insertion of “Risk of cash” and “Central Securities Depositories” factors;

- **Creation of a new share class**

The Directors have decided to create a new share class denominated “IX” which will be only offered to institutional investors of AXA Group.

- **Haircut policy**

The Directors have decided to disclose separately in the section “Collateral Management” of the Prospectus the maximum haircuts applicable for OTC derivatives as well as repurchase agreements transactions and the maximum haircuts applicable for securities lending transactions. The Directors have further decided that any other type of collateral instrument and/or applicable haircut range shall be specifically authorized by AXA IM’s Global Risk Management.

- **Class G characteristic**

The Directors have decided that the threshold defined to close the share class “G” to subscriptions will be 100,000,000 at the level of the relevant share class G and in the currency of the relevant share class G instead of **GBP** 100,000,000.

In addition, the Directors have decided that the share class “G” will be closed to subscriptions the day after the threshold of 250,000,000 at the level of the relevant sub-fund and in the relevant sub-fund currency is reached or exceeded. The Directors have further decided to draw the attention to the shareholders of the share class G within the AXA World Funds – Framlington UK sub-fund that this latter resolution applies in addition to the soft closing already decided by the Directors on 14 June 2016.

- **Update of information**

The Directors have decided to update the following information in the Prospectus:

- the update of the glossary;
- the composition of the board of directors of the management company;

- the details and the information concerning the investment managers so as to add details about (i) sub-delegation of part of the investment duties of the investment manager for Asian securities and all US, Canadian and Latin-American securities with respect to AXA World Funds – Global Equity Income (formerly AXA World Funds – Global High Income) sub-fund; (ii) sub-delegation of the investment duties of the investment manager for all US, Canadian and Latin-American securities with respect of AXA World Funds – Global SmartBeta Equity sub-fund; (iii) sub-delegation of the investment duties of the investment manager for all US, Canadian and Latin-American securities with respect of AXA World Funds – Global SmartBeta Equity ESG sub-fund and (iv) sub-delegation of part of the investment duties of the investment manager for the transferable debt securities with respect to AXA World Funds – Defensive Optimal Income (formerly AXA World Funds – Global Flex 50) sub-fund;
- the information regarding the website on which the conflict of interest policy put in place by the management company is available;
- the date on which the annual general meeting of the shareholders is held;
- typos and editing issues.

* *

The Prospectus, taking into account the changes mentioned in this letter, is available at the registered office of the Sicav.

For the attention of the Belgian shareholders: when redemption is offered free of charge (except potential taxes) to the shareholders of the sub-fund concerned, such redemption request may be made to the financial service located in Belgium: AXA Bank Europe S.A., 25 Boulevard du Souverain, 1170 Bruxelles. The current prospectus taking into account the changes mentioned here above, the key investor information documents, the articles of incorporation as well as the annual and half year reports may also be freely obtained at the office of the financial service in Belgium. The Belgian shareholders should note that the class I shares is not open for subscription in Belgium.

For the attention of the Swiss shareholders: all information in regard to a local representative, paying agent, available documents and any proceed specific to Switzerland will be available in a separate document to the prospectus.

Yours faithfully,

The Board of Directors
AXA World Funds