

AXA Funds Management S.A.

Best execution policy (Public)

1) **INTRODUCTION**

AXA Funds Management S.A (“AFM or the Management Company”) and its Delegates must treat its clients with honesty, fairness and professionalism, acting in their best interests at all times.

AFM and AXA entities are taking all sufficient steps to obtain the best possible result for their clients when executing client orders or transmitting client orders to another party for execution.

The objectives of this policy are to:

- protect the interests of clients when transacting client orders, as well as AXA’s reputation and ongoing business operations;
- promote the delivery of best execution;
- obtain the best possible value when transacting client orders;
- develop relationships with counterparties who can support trade execution consistent with this policy;
- necessitate appropriate review and assessment of market place and opportunities for transacting client orders; and
- address conflicts of interest arising in the context of best execution.

Best Execution principles applies when AXA entities are:

- executing a client order (including executing a decision made by AXA entities to deal on behalf of one of its clients directly with an execution venue);
- transmitting a client order to another party for execution, where the decision to deal has been made by AXA entities on behalf of one of its clients; and
- receiving and transmitting a client order to another party for execution.

And in the course of:

- portfolio management;
- investment activities as an investment manager of an undertaking for collective investment in transferable securities (“UCITS”);
- investment activities as an alternative investment fund manager; and
- carrying out an order provided by a client.

2) **DETAILED DESCRIPTION**

a) **Execution factors**

To obtain the best possible result for its investors AXA entities takes into account the following factors when executing a client order which may include but are not limited to:

- Price of the financial instrument;
- Costs directly related to transacting the order (including any commission or charges levied by AXA entities and implicit costs);
- Speed of execution;
- Likelihood of execution and settlement;
- Size of the customer’s order;
- Nature of the customer’s order.

In the absence of a specific client instruction, it may also be necessary to take into consideration additional execution factors such as:

- the need for timely execution;
- the potential for price improvement;
- the potential price impact of a client order;
- the liquidity of the market (which may make it difficult to execute a client order);
- the nature of the transaction (including whether or not such transaction is executable on a regulated market or not);
- the quality and cost effectiveness of any available clearing and settlement facilities; and
- the need for counterparty diversification.

b) Execution criteria

AXA entities should consider the execution criteria when prioritising execution factors. These may include, but are not limited to:

- the characteristics of the client order, including where the order involves a securities financing transaction;
- the characteristics of financial instruments that are the subject of the client order;
- the characteristics of the execution venues or counterparties to which the client order can be directed;
- the market impact of the client order;
- the execution arrangements for the client order;
- any applicable specific client instruction and
- the characteristics of the client including categorisation of the client.

c) Primary execution venues and counterparties

AXA entities may use execution venues, counterparties or members of the AXA Group where it considers that it is appropriate to do so to achieve best execution for a client order.

In certain jurisdictions, clients must provide prior express consent to the execution of a client order outside a regulated market or multilateral trading facility (where the client order is in a financial instrument that is tradable on a regulated market or multilateral trading facility).

AXA entities should not structure its charges in such a way as to discriminate unfairly between execution venues or counterparties. Differences in costs associated with using different execution venues should reflect actual differences in cost to AXA entities for using each execution venue.

d) Monitoring, Control and Maintenance

To ensure Best execution:

- AXA entities only use counterparties or market makers that have been authorised in accordance with the principles set out in the Counterparty Authorisation and Monitoring Procedure. AXA entities will not enter into agreements with or direct business with counterparties or market makers that are not in line with our best execution obligations. The performance of each authorised counterparty is subject to ongoing review to assess whether the quality of the execution, the initial authorisation criteria and that the operational performance remains in line with expectations and contractual commitments. The level of activity of each approved counterparty or market maker is also reviewed. A counterparty or market maker that has not executed any client orders during a set interval is reviewed to determine if it should remain approved.

- If there is more than one order open on a trading desk to trade a particular security in the same direction, these may be aggregated by AXA entities for concurrent execution as though they were one order, provided they are comparable and there are no conflicting constraints applicable to the orders. Orders with portfolio manager comments and / or instructions must be assessed for conflicting constraints prior to aggregation.
- Allocations should be performed using automated tools wherever possible, involving Local and Global Compliance teams in decisions to upgrade or adopt these tools, including reviewing the associated allocation algorithms.
- AXA entities monitor, and review executed client orders in order to validate and analyse the delivery of best execution and the effectiveness of this policy with a view to appropriately addressing any deficiencies in achieving best execution.
- When providing investment services and activities and ancillary services, AXA entities must not pay, or accept from any third party, or person acting on behalf of a third party (other than its client or a person on behalf of its client) any fees, commissions, or any monetary or non-monetary benefits in connection with the provision of its investment services and activities and ancillary services to its clients, except when:
 - It is designed to enhance the quality of the relevant service to the client and does not impair compliance with AXA entities duty to act honestly, fairly and professionally in the best interests of its clients;
 - It is an acceptable minor non-monetary benefit as per local rules and regulation; or
 - It relates to externally produced investment research that is not considered an inducement in the jurisdiction the entity is based that consumes it, provided the entity has restricted its use accordingly to prevent it contributing to the management of any delegated portfolios whose delegator would consider it an inducement.

e) Review of the policy / Additional information

This policy is reviewed as needed to accommodate any changes in practices consistent with applicable regulatory requirements.

Investors may request free of charge from the Management Company additional information by writing to:

AXA Funds Management S.A.
Head of Compliance
25, Route d'Esch
L-1470 Luxembourg