

# Remuneration for the distribution of Collective Investment Schemes and negotiated rebates to certain holders

## AXA Investment Managers Paris

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### 1. Introduction

This document is drawn up in application of MiFID 2014/65/EU. It aims to inform our clients or potential investors of possible remuneration that AXA Investment Managers Paris (AXA IM) may receive or pay in the context of its marketing activity of the undertaking collective investment (OPC) and the provision of investment advisory services.

This remuneration will under no circumstances be due or borne by the investor and is therefore not added to the management and administration costs of the OPC in question.

This document will also specify the applicable rules regarding negotiated management fee rebates that might be granted on a case-by-case basis to our fund holders.

This document is intended for our clients or potential investors, whether they are professional or non-professional investors within the meaning of MiFID.

AXA IM is a portfolio management company registered under the AMF under number GP 92008 to manage Undertakings for Collective Investment in Transferable Securities (UCITS), Alternative Investment Funds (AIF), discretionary portfolio management service and to provide investment advice and also to market third party funds, in particular or exclusively belong to the AXA Investment Managers group.

Commenté [NJ1]: Own by ?

As a preliminary point, we inform you that AXA IM provides advice that is considered to be non-independent within the meaning of MiFID regulations, therefore, AXA IM may receive remuneration from third parties due to its investment advice and fund distribution activities under the conditions described in this document.

This advice will be based on a broad analysis of different types of financial instruments, whether they are UCIs managed by entities of the AXA IM Group, but also, in particular for professional clients, any type of financial instrument or contract.

AXA IM does not receive any other remuneration from manufacturers, banks or other third parties for providing investment advice to its clients., than the one disclosed in this document i.e. the only remuneration that AXA IM may receive is from entities of the AXA IM group or from third parties for the distribution service provided by AXA IM.

It is not intended, except by special agreement with our clients, that AXA IM will provide clients with a periodic assessment of the suitability of financial instruments recommended to them in the course of its investment advisory business.

## 2. Managing conflicts of interest

### a. Reminder of applicable rules

In accordance with Article L. 533-10 of the French Monetary and Financial Code, AXA IM has established and implemented a conflict of interest management policy aimed at

- Prevent the occurrence of a conflict of interest that might undermine the interest of its clients in the course of providing an investment service;
- Define the process to follow and the measures to be taken in order to manage such conflicts

AXA IM's conflict of interest policy is available on its website at the following address  
<https://particuliers.axa-im.fr/nos-politiques-internes-et-autres-informations-importantes>

### b. Remuneration in the frame of distribution

In the context of its distribution activity, AXA IM may be remunerated by the management company concerned for the service provided.

This remuneration is defined and remain constant over time. It is not negotiated by our sales teams and their remuneration is not based on the amounts of remuneration negotiated by the management of the entities concerned. Furthermore, the level of remuneration of AXA IM is not linked to the type of UCI or the strategy of the UCIs offered for sale.

The potential risk of conflict of interest is therefore eliminated and allows AXA IM to guarantee, in the context of its advisory activity, appropriate advice to its clients that best meets their expectations and objectives.

## 3. Commissions received from third parties

The purpose of these fees is to ensure an optimal quality of service in order to best meet the client's needs. Our objective is to meet our clients' expectations by offering a wide range of investment products, diversified across many asset classes and geographical areas, meeting the client's specific needs with appropriate management objectives.

These fees allow AXA IM to maintain the best possible relationship with its clients, and to maintain its client relationship monitoring tool in order to provide the most personalised and relevant advisory service as possible.

This commission, received from third party management companies on a one-off or recurring basis, consists of a remuneration intended to create a sustainable improvement in the quality of service provided to the client. It may be calculated either on a flat-rate basis or as a proportion of the management fees received. Typically, AXA IM will be remunerated by the third party management company the equivalent of 35% to 42% of the amount of the financial and administrative management fees applied by the company. Some remunerations may be lower than these rates, in particular in the context of the distribution of UCIs reserved for, or to, professional clients. In this type of situation, a communication may be sent to potential investors as part of the investment advice provided by AXA IM.

In the context of its activity as distributor of the AXA IM Group's UCIs, AXA IM will not accept or retain for its benefit any fees, commissions or other monetary or non-monetary benefits not related to the provision of the service to clients, paid or provided by a third party or by a person acting on behalf of a third party, apart from the possible commissions mentioned here.

## 4. Commissions paid to third parties

As part of its business development policy, AXA IM can decide to develop contacts with various financial intermediaries who, are themselves in contact with client segments likely to be of interest to the Management Company for which AXA IM acts. AXA IM applies a strict selection policy for its partners and determines the terms of their one-off or recurring remuneration, calculated either on a flat-rate basis or as a proportion of the management fees received in order to preserve the long-term stability of the relationship. It may also remunerate its business introducers according to the nature, quality and scope of their introduction.

## 5. Negotiated rebates with clients

As part of commercial arrangements, negotiated rebates may be granted to certain investors on the management fee of an AXA IM Fund in which they are invested or wish to invest. The rebate will be calculated and payable usually on a quarterly basis. The amount of the rebate for each Fund for each period will be calculated according to the following formula.

$$\sum_{q=1}^j \left( \frac{Nq \times Vq \times F \times T}{365 \text{ ou } 366} \right)$$

Nq = number of units of the day in each fund  
 Nq = number of units in each fund on the day Vq = Net Asset Value of the day for each fund  
 d = number of holding days in the remuneration period  
 F = actual fixed management fee including tax applicable for each UCI  
 T = applicable retrocession rate for each UCI

We consider that the negotiated rebates granted by the management company to investors improve the quality of the collective management service provided to the fund holders within AXA IM. Indeed, only investments above a threshold defined in an internal policy may qualify for a negotiated rebate. This does not make prejudice to the investor community and allows the fund to benefit from larger assets under management and, for example, to reduce the fund's fixed costs. Furthermore, in order to ensure that the burden of the rebates granted does not fall on the community of holders. No increase in management fees may be carried out on a UCI of which at least one of the holders has benefited from a negotiated rebates in the previous 12 months. Beyond this period, an increase in fees may only be considered after justification that the proposed pricing is in line with a market standard for funds in this category and after validation by the AXA IM Product Committee. In order to control potential conflicts of interest, the AXA IM Group Rebate Policy defines the rules applicable within the Group.

## 6. Minor non-monetary benefits

Minor non-monetary benefits are by definition likely to improve the quality of service provided to a client and are benefits of such magnitude and nature that they cannot be considered to prevent AXA IM from acting in an honest, fair and professional manner in the best interests of its clients.

From a regulatory point of view, and therefore for AXA IM, the following benefits are considered acceptable minor non-pecuniary benefits only if they are

1. information or documents relating to a financial instrument or investment service that are generic in nature or tailored to the situation of a particular client;
2. written material from third parties commissioned and paid for by a firm to promote a new issue that the firm is making or intends to make, or from third parties contracted and remunerated by the issuer to produce such material on an

ongoing basis, provided that this relationship is clearly stated in the material and that the material is made available at the same time to all investment firms wishing to receive it or to the general public

3. participation in conferences, seminars and other events providing information on the benefits and characteristics of a particular financial instrument or investment service
4. small and reasonable hospitality expenses, such as those for meals and beverages at business meetings or conferences, seminars or informational events as referred to in point 3); and
5. other minor non-pecuniary benefits which the regulator considers may enhance the quality of service provided to a client and, having regard to the overall level of benefits provided by an entity or group of entities, are of such a magnitude and nature that they are unlikely to prevent the investment firm from complying with its obligation to act in the best interests of the client.

For example, AXA IM may receive from third parties and/or its business introducers information or materials relating to a financial instrument or investment service which are generic in nature or tailored to a particular client's circumstances; attendance at conferences, seminars and other informational events on the benefits and features of a particular financial instrument or investment service; and small and reasonable hospitality expenses such as meals and beverages during business meetings or conferences, seminars or other informational events.

In all cases, the management company's choice of partners (and any other business relationships) is made on the basis of objective criteria, both qualitative and quantitative, and does not take into account any minor non-monetary benefits. Furthermore, the choice of our partners is made in accordance with our policy of monitoring conflicts of interest.