

**SHINING A LIGHT ON.....  
AXA FRAMLINGTON STERLING CREDIT  
SHORT DURATION BOND FUND**

**At a glance**

Over the past ten plus years bonds have enjoyed a bull market; this is likely coming to an end. Investors can no longer expect the same level of returns and potentially there could be greater volatility. Volatility is what investors hate - this is the swing in the value of their investments, either in a positive or negative direction and for bond investors it's definitely not what they are after!

However, investors continue to allocate assets to bond funds because of the perceived low volatility, capital preservation and income.

We were recently introduced to Nicolas Trindade who manages the AXA Framlington Sterling Credit Short Duration Bond Fund. In this review we will identify the key aspects of this proposition.

**Who are the team behind the fund?**

The lead fund manager is Nicolas Trindade, and the deputy manager is Nick Hayes. Nicolas joined AXA in 2006 and is also the Deputy Manager of the AXA Sterling Corporate Bond Fund. Nick joined in 2010 and is the lead manager on the Sterling Corporate Bond Fund, Sterling Strategic Bond Fund and Global Strategic Bond Fund.

Over a relatively short period Nicolas Trindade has underperformed his peer group although this is likely to be due to the style of the fund he manages.

**Fund highlights?**

Interest rates must at some point rise, we just don't know when. A rise in rates will have a negative impact on the value of fixed income investments.

Duration measures the sensitivity of a bond's price for a given change in interest rates; the shorter the duration, the smaller the impact. The fund is designed to be short duration to significantly reduce the risk of loss but aims to deliver a yield above cash (currently 2.4% p.a.)

The management team expect returns to be fairly flat and it will therefore appeal to investors seeking income and capital preservation. Volatility is low at 1.75%.

The fund invests in investment grade bonds with 20% having less than a year to maturity and 60% less than 3 years.

In summary for investors looking to invest in fixed income and seeking yield with low volatility this fund may appeal.

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## Fund performance

Performance since launch is shown below.

	<b>2010 (launch 12/11/10)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Since Launch</b>
<b>AXA Framlington Sterling Credit Short Duration Bond Fund</b>	-0.10%	2.90%	7.39%	2.54%	0.80%	4.10% p.a.
<b>iShares Global Inflation Linked Govt Bond</b>	0.81%	11.50%	2.55%	-7.57%	0.96%	2.40% p.a.

*You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation, but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced. Returns are based on the US share class.*

## Conclusion

This fund is designed for investors seeking fixed income investments, low volatility, capital preservation and income. Its performance has delivered as expected.

*The source of information in this note has been provided by AXA Framlington and is correct as at February 2014. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. You should note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well rise.*