

**SHINING A LIGHT ON THE.....  
AXA Global Strategic Bond Fund**

**AT A GLANCE**

<b>Investment Objective</b>
The objective of the Fund is to achieve a mix of income and capital growth by investing in fixed income securities.

<b>Inception Date</b>	10 <sup>th</sup> May 2012
<b>Fund Factsheet Link</b>	<a href="https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000009DX">https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000009DX</a>

<b>Management</b>	
<b>Manager Name</b>	<b>Start Date</b>
Nick Hayes	10 <sup>th</sup> May 2012
Nicolas Trindale	10 <sup>th</sup> May 2012

**FUND PERFORMANCE**

Performance from 1<sup>st</sup> January 2015 to 31<sup>st</sup> October 2020:

	2015	2016	2017	2018	2019	2020
<b>AXA Global Strategic Bond Fund</b>	-1.44%	7.39%	2.84%	-1.16%	7.52%	3.52%
<b>Vanguard Global Bond Index</b>	1.25%	3.51%	2.00%	-0.11%	6.63%	4.63%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
<b>AXA Global Strategic Bond Fund</b>	3.92%	10.19%	19.95%	37.66%
<b>Vanguard Global Bond Index</b>	4.25%	11.41%	17.30%	32.85%

*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.*

Tracking Error	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Credit Quality / Interest Rate Sensitivity
2.38	77.84	58.99	50.00	0.83	0.14	Low/Low

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Volatility Measurements	
3-Yr Std Dev (volatility)	3.33%
3-Yr Mean Return (average)	3.29%

Credit Quality	
AAA	3.00%
AA	33.88%
A	5.10%
BBB	18.09%
BB	11.76%
B	9.58%
Below B	5.27%
Not Rated	13.32%

Top 5 Holdings – 282 bond holdings		
Us Ultra Bond Cbt Dec20 Counter ...	-	10.19%
United States Treasury Notes 0.62%	-	3.29%
United States Treasury Bonds 4.5%	-	2.50%
United States Treasury Notes 0.25%	-	2.49%
United States Treasury Bonds 3%	-	2.25%

Fixed Income	
Effective Maturity	3.23
Effective Duration	3.11

## UPDATE....

**These updates have been written at the time of the Coronavirus Pandemic of 2020, which has impacted the global financial markets in a way that has never been seen before.**

The fund was launched offshore in 2012 and has recently been launched in the UK. They started by explaining the strategic bond sector is very difficult for investors to navigate as all the funds tend to be very different. There is also the natural bias of the manager which investors need to understand. For Nick, the strategy tends to focus more on quality and is aiming to be a core holding for investors. They are not looking to make aggressive bets and they believe setting expectations at the start as is transparency.

We talked about returns and Nick explained these returns will be challenged moving forward, but the advantage of active management is identifying the opportunities. Interest rates are unlikely to go up any time soon, so it makes the fixed income market difficult to navigate. They believe over a market cycle they should achieve 3 to 4% above libor. There will be periods when they deliver more or less than this, but they say the focus should be on the market cycle rather than performance over a short period.

They use three buckets – defensive (government bonds etc), intermediate (quality investment grade) and aggressive (high yield, EM etc) – to drive returns. They are looking to keep volatility within a band of 3% to 5% (but this is not a hard limit), to enable them to respond to different market environments.

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Conversations around holdings centre around four pillars:

Macro – bullish or bearish  
Valuations – cheap or expensive  
Sentiment – qualitative view  
Technical – supply and demand

Having these pillars breaks down any bias an individual might have. They also use teams across the globe in France, US and Asia to feed in ideas.

We talked about passive strategies and they explained that there isn't really a passive strategic bond and as yields and bond prices are squeezed it will naturally be harder for passive strategies to deliver returns because they just buy the market. This can mean they take on higher risk and have lower yields.

The comparison we use is Vanguard, a market weighted index of investment grade and government bonds. This holds 50% in treasuries but other government backed securities push this over 60%. The volatility is about the same as AXA. Although Vanguard has done well, if yields are squeezed then the question is whether this can continue and whether a core strategy like AXA would be a better alternative.

In summary, for those investors looking to hold bonds it is about understanding the expectations. If they are looking for a core holding to protect on the downside, provide a modest return and be a blend to equity holdings, then this is where this fund sits. If investors are looking for a more aggressive strategy which carries higher volatility and potentially higher returns, then there will be other options to consider.

*The source of information in this note has been provided by AXA and is correct as at November 2020. 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. We would also recommend that you receive advice before following up on any decision.*