SHINING A LIGHT ON THE……
AXA WF Global Strategic Bonds Fund

AT A GLANCE

Investment Objective
The objective of the Fund is to achieve a mix of income and capital growth by investing in fixed income securities. Typical investors would seek a mix of income and capital growth measured in USD.

Inception Date	10th May 2012
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000O9DX

Management	
Manager Name	**Start Date**
Nick Hayes	10th May 2012
Nicolas Trindale	10th May 2012

Investment Style Details	
Credit Quality	
Credit Quality Breakdown	**% of Equity**
AAA	8.74%
AA	28.65%
A	8.10%
BBB	20.19%
BB and below	34.32%

Top 10 Holdings		
Total number of holdings	229	
Assets in Top 10 Holdings	25.97%	
Name	**Sector**	**% of Assets**
372902881 Cds Eur R V 03mevent	-	5.05%
United States Treasury Notes 1.25% PI.	-	4.15%
United States Treasury Bonds 4.5% SNR	-	3.90%
318788638 Cds Eur R V 03mevent	-	3.45%
United Kingdom of Great Britain and N	-	3.34%
United States Treasury Bonds 3% PIDI	-	3.17%
United Kingdom of Great Britain and N	-	2.92%
PT Bank Mandiri (Persero) Tbk	-	3.16%
China Resources Land Ltd	-	3.05%
IndusInd Bank Ltd	-	2.85%

Volatility Measurements	
3-Yr Std Dev (volatility)	3.17%
3-Yr Mean Return (average)	2.06%

FUND PERFORMANCE

Performance from 1st January 2013 to 30th April 2018:

	2013	2014	2015	2016	2017	2018
AXA WF Global Strategic Bonds	2.36%	2.80%	-1.44%	7.39%	2.84%	-0.58%
Vanguard Global Bond Index	-0.13%	7.97%	1.25%	3.51%	2.00%	-0.93%

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

	1 year	3 years	5 years	Since launch
AXA WF Global Strategic Bonds	0.66%	6.15%	11.65%	24.40%
Vanguard Global Bond Index	0.18%	4.31%	12.30%	18.10%

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.

UPDATE….

Investing in fixed income now is like marmite! Nick has run and managed this fund at AXA since 2012 and he freely admits it is not an exciting strategy. He is not looking to take big risks but simply to deliver bond returns. He feels that everyone should have bonds in their portfolios as an insurance policy. We are ten years into a bull market in equities. At some point this cycle will reverse, and when equities fall bonds tend to do well. Therefore, to hold a strategy like this he believes provides downside protection.

He also explained that this is not an aggressive strategy, he is not trying to be clever. It is a simple strategy that provides geographic diversification, active asset allocation, flexibility by investing across the entire global fixed income universe, access to a well-established specialist team and a total return mindset.

Nick explained that he believes he uses a unique approach to allocation by using three different risk buckets:

1. Defensive (40%) – covering country allocation, term structure and inflation
2. Intermediate (30%) – covering country allocation and investment grade
3. Aggressive (305) – covering speculative high yield and emerging markets

By taking this approach Nick believes that, in a normal cycle, the fund can achieve a return of around 3 to 4% per annum. Duration is a key component of managing risk:- the fund will never go negative duration, but it will shorten duration when there is a likelihood of rising rates.

Expanding on this, Nick explained that by taking this approach it provides a better risk / return profile. Over a ten-year period using back testing the fund returned 6.2% with volatility of 4.3%. The best performing asset class was emerging market debt at 10.6% p.a. with 10% volatility, and worst was gilts with 4.9% p.a. returns with 5.7% volatility. Moving across the variables, the fund can deliver strong returns with reduced volatility and this is important in understanding the strategy.

The Defensive Bucket currently holds a mixture of cash, US Government Bonds, Core Europe Government Bonds and Inflation Linked Bonds. The Intermediate Bucket holds US Investment Grade, Europe and UK Investment Grade and a small amount of Periphery Governments. The Aggressive holds USD Emerging Market Debt, US High Yield and Europe High Yield.

It is the blend of these different buckets that delivers the returns for the fund.

In summary, this fund is not aggressive, and it will not set the world alight. It is a simple strategy looking to deliver positive returns across the different asset classes. It is there to act as a cushion or insurance policy and shouldn't be a provider of large upside to the investments. It will come to play when markets correct but as Nick says he doesn't know when that will be nor the trigger for making that happen. We would stress that bonds can (and do) deliver negative returns.

The source of information in this note has been provided by AXA and is correct as at April 2018. 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.