

AXA WF Global Strategic Bonds

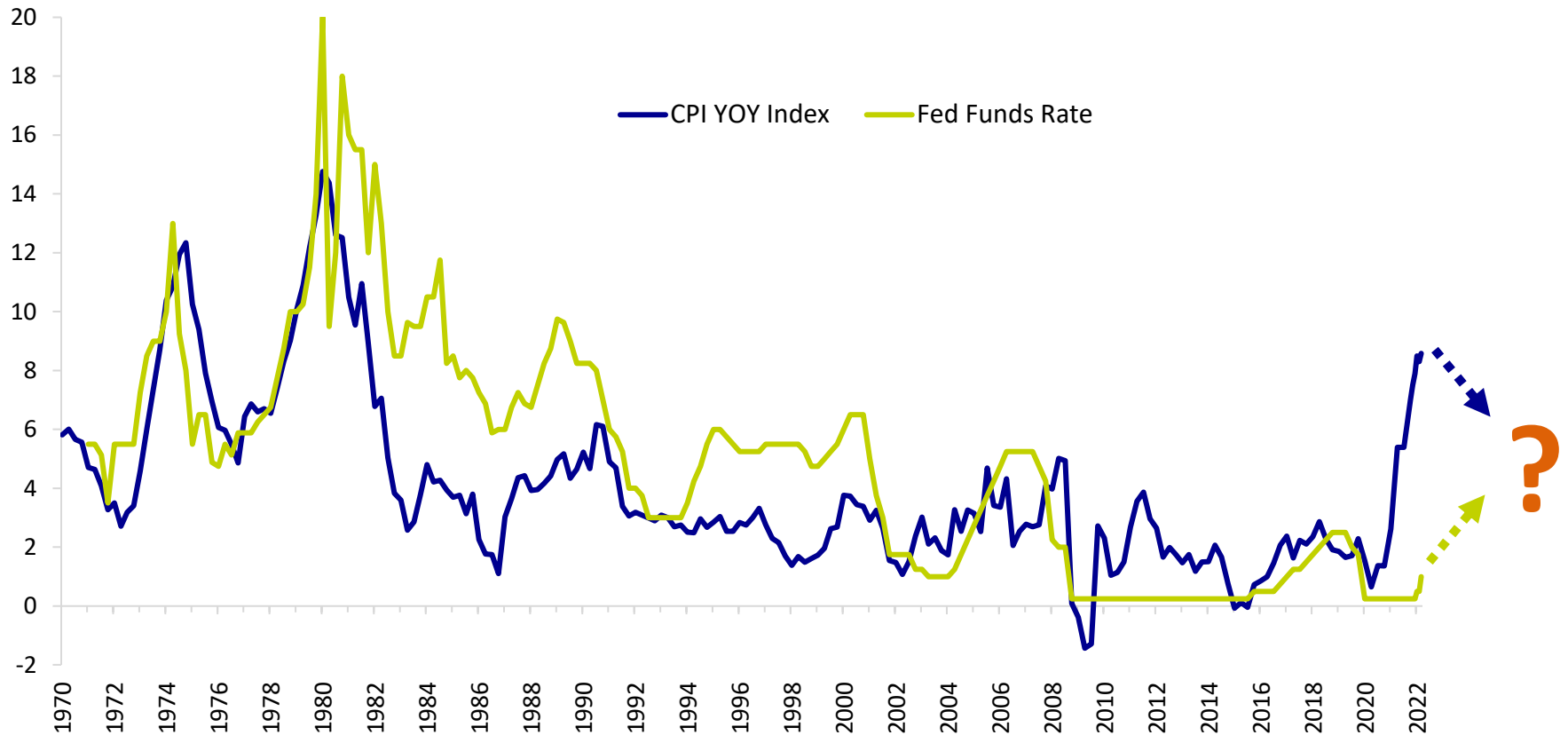
Italy webinar

Nick Hayes

June 2022

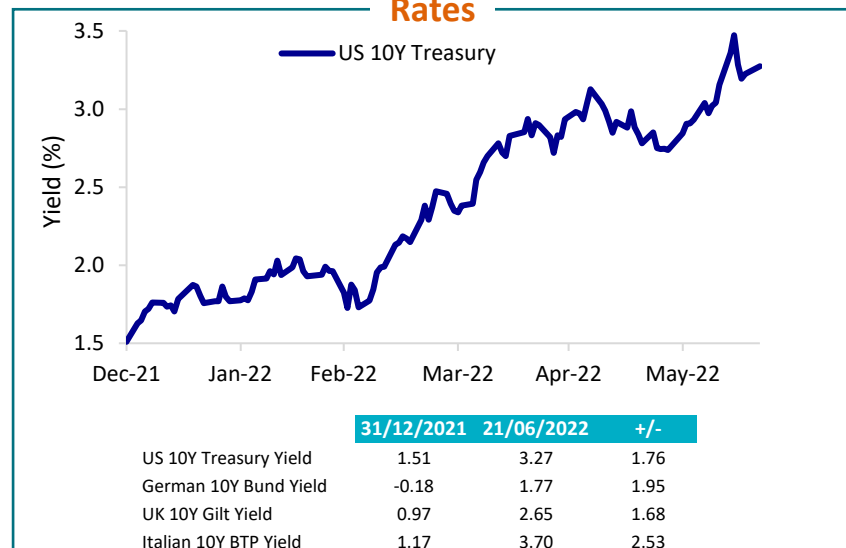
Inflation soaring and rates rising

US Consumer Price Index compared to Fed Funds Rate

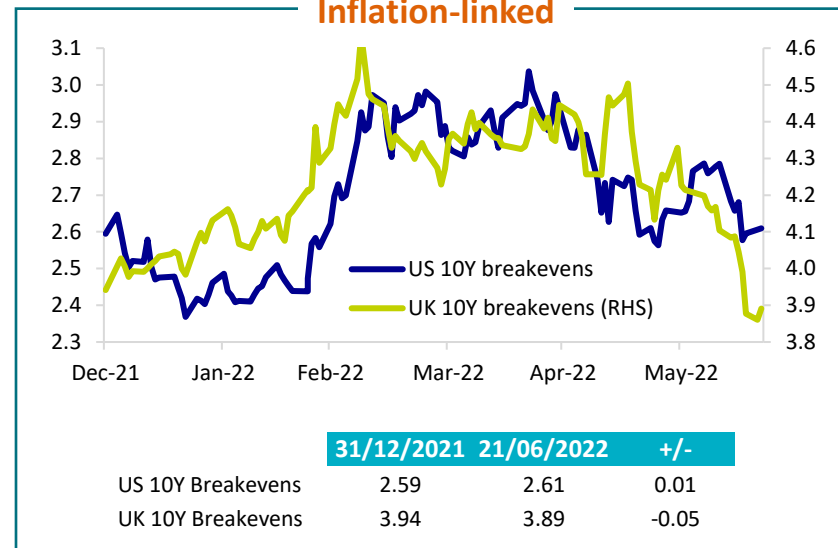


Market update

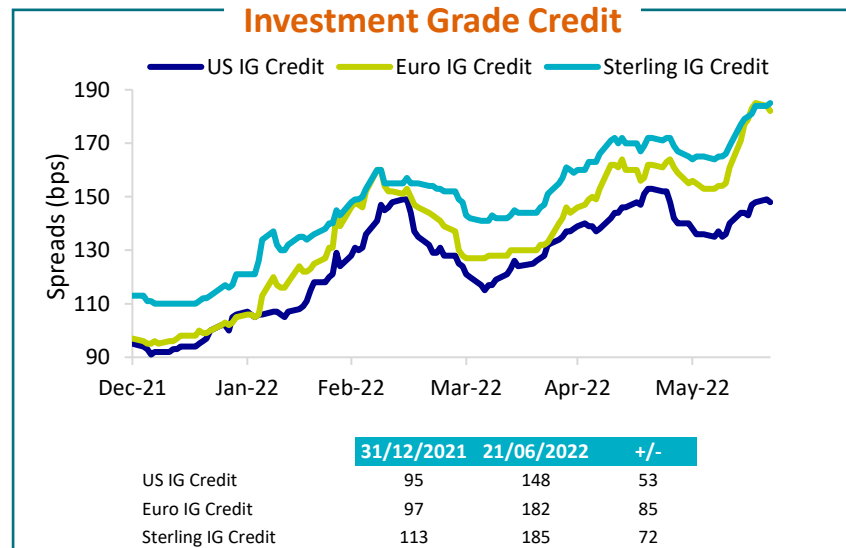
Rates



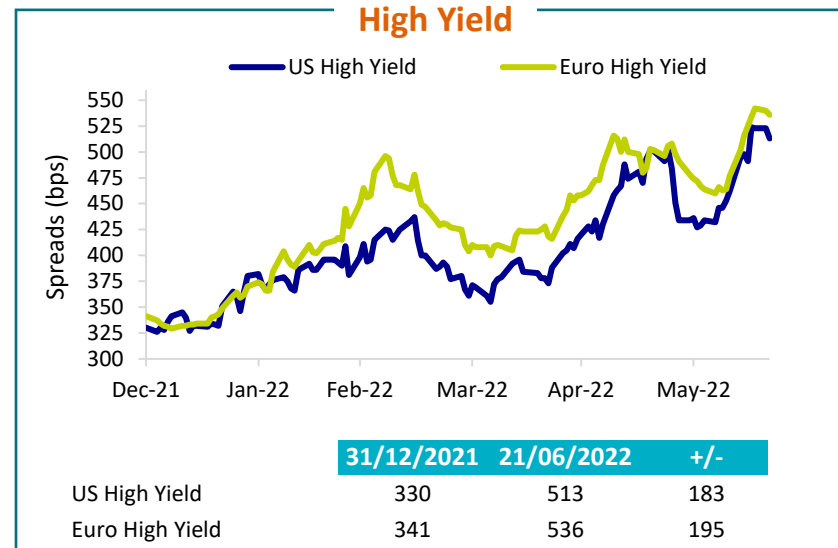
Inflation-linked



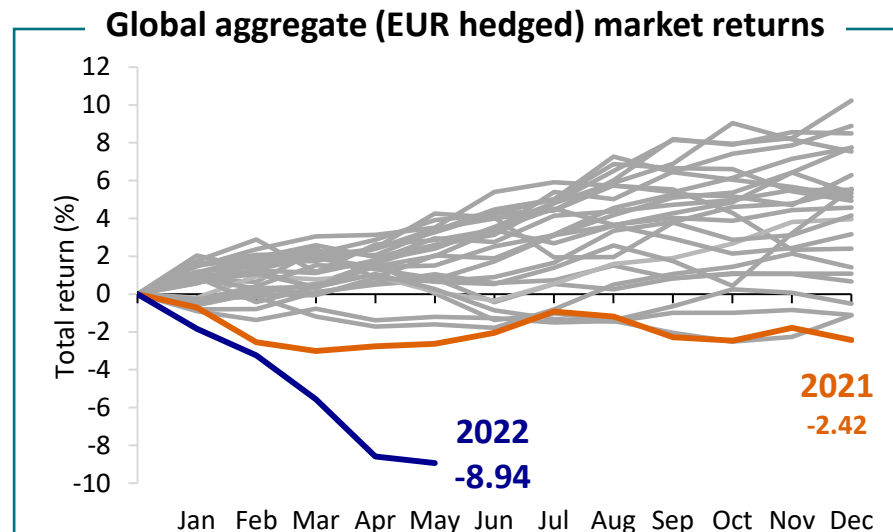
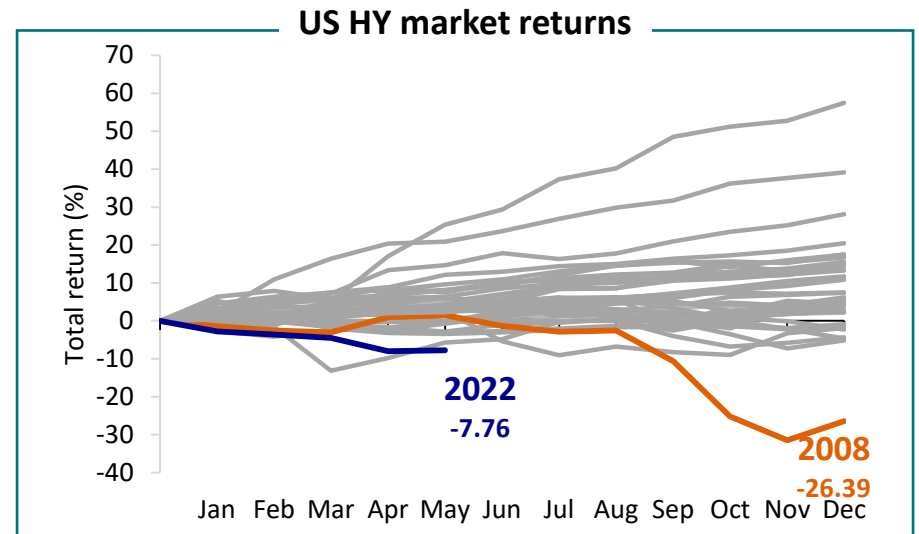
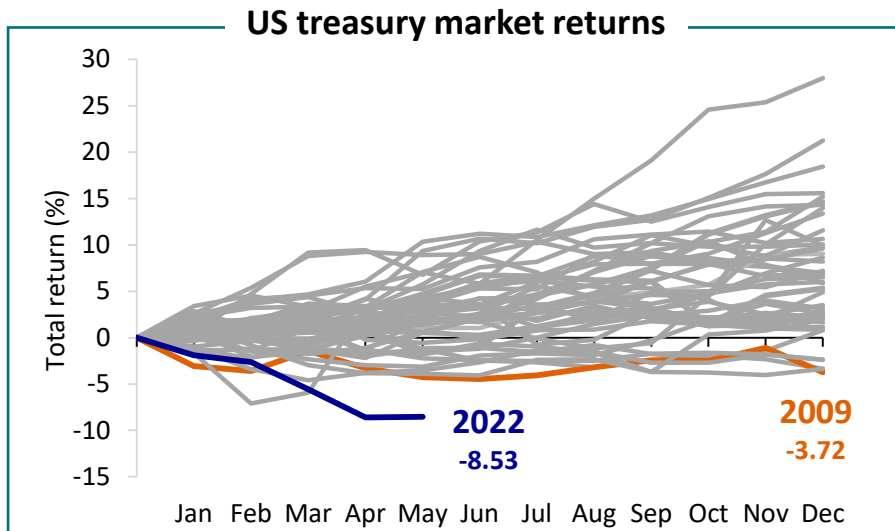
Investment Grade Credit



High Yield



Fixed income returns are at historic lows in 2022



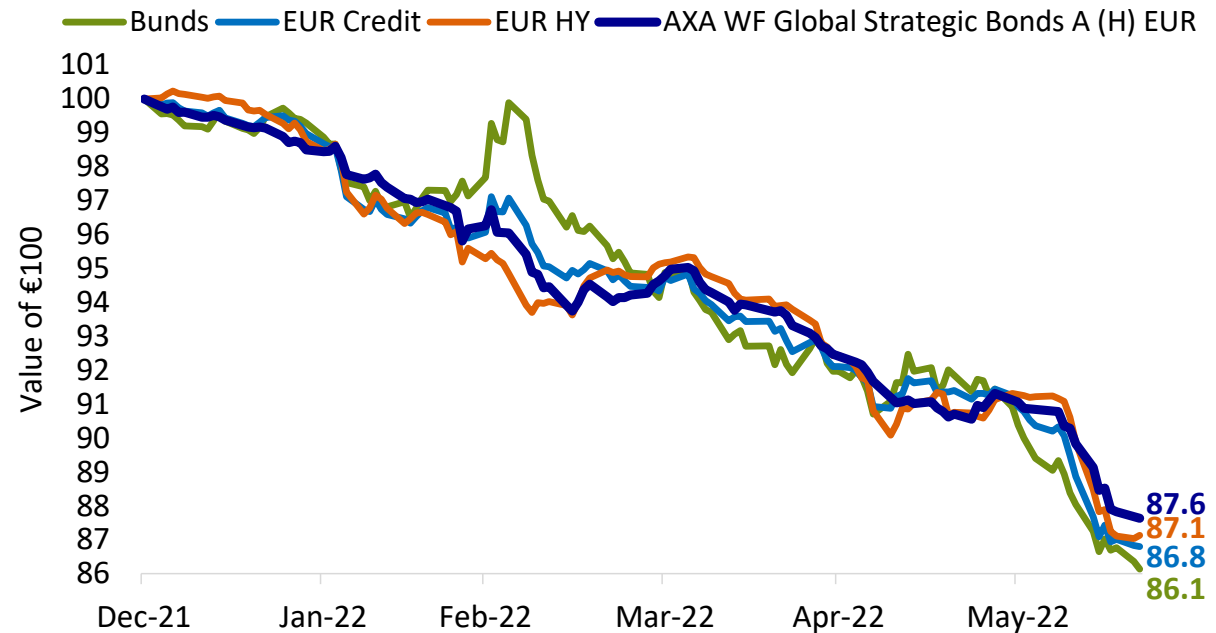
Source: AXA IM, Bloomberg, ICE BofA, as at 31/05/2022. Calendar year returns shown for US treasury market since 1978, US HY market returns since 1986 and global aggregate market since 1997.

2022: a very tough market environment

Market returns¹

EU INF	-8.3
US INF	-9.2
UST	-11.1
FUND	-12.4
US HY	-12.6
EU HY	-12.9
EU IG	-13.2
BUND	-13.9
US IG	-15.1
£ IG	-15.6
GILTS	-17.5
EMD	-19.4
£ INF	-25.0

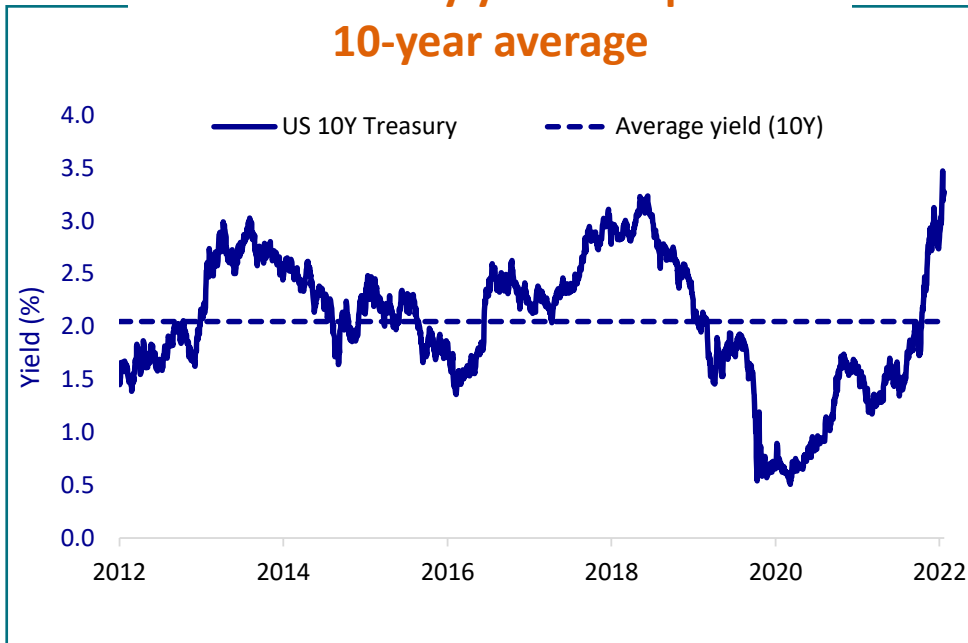
2022 performance versus market²



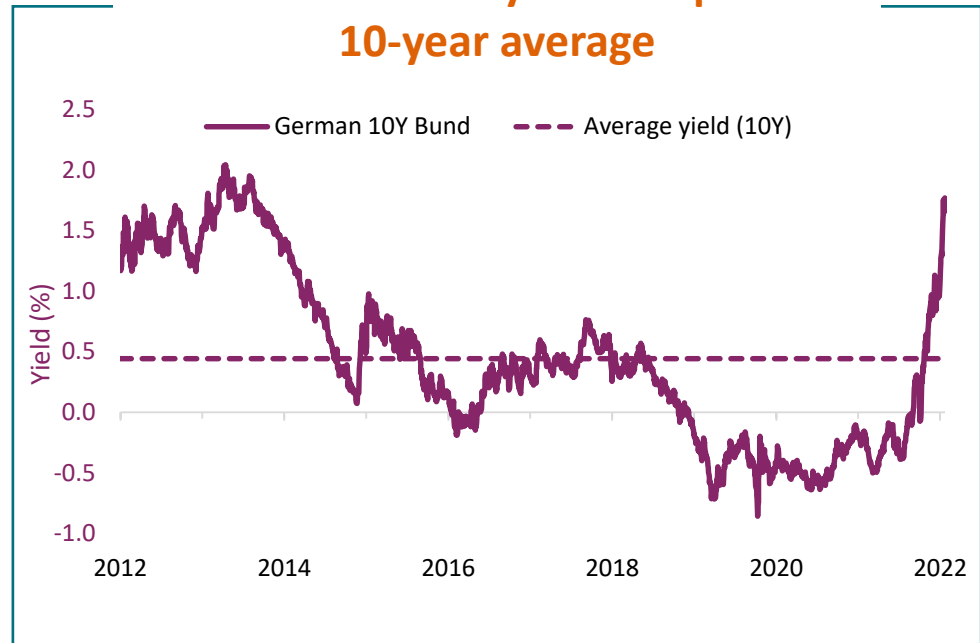
Source: AXA IM, Bloomberg as at 21/06/2022. (1) Risk/return data is given for the 12 asset classes in which AXA WF Global Strategic Bonds invests, based on the following underlying indices: UST (US Treasuries) = ICE BofAML US Treasury Index, BUND (German Government Bonds) = ICE BofAML German Government Index, GILTS (UK Government Bonds) = FTSE BRIT GOVT FIXED ALL STOCKS, US INF (US TIPS) = ICE BofAML US Inflation-Linked Treasury Index, EU INF (Euro Inflation Linked) = ICE BofAML Euro Inflation-Linked Government Index, £ INF (UK Inflation Linked Gilts) = ICE BofAML UK Inflation-Linked Gilt Index, US IG (US Investment Grade Corporate Bonds) = ICE BofAML US Corporate Index, EU IG (Euro Investment Grade Corporate Bonds) = ICE BofAML Euro Corporate Index, £ IG (Sterling Investment Grade Corporate Bonds) = ICE BofAML Sterling Corporate & Collateralized Index, US HY (US High Yield Bonds) = ICE BofAML US High Yield Index, EU HY (Euro High Yield Bonds) = ICE BofAML Euro High Yield Index and EMD (Emerging Market Debt) = JPM EMBI Global Diversified. (2) Performance is calculated on a cumulative basis, rebased to 100, for AXA WF Global Strategic Bonds A (H) EUR share class net of ongoing charges (127 bps) compared to market returns. Past performance is not a guide to future performance.

Higher yields, higher carry

US 10Y treasury yield compared to 10-year average

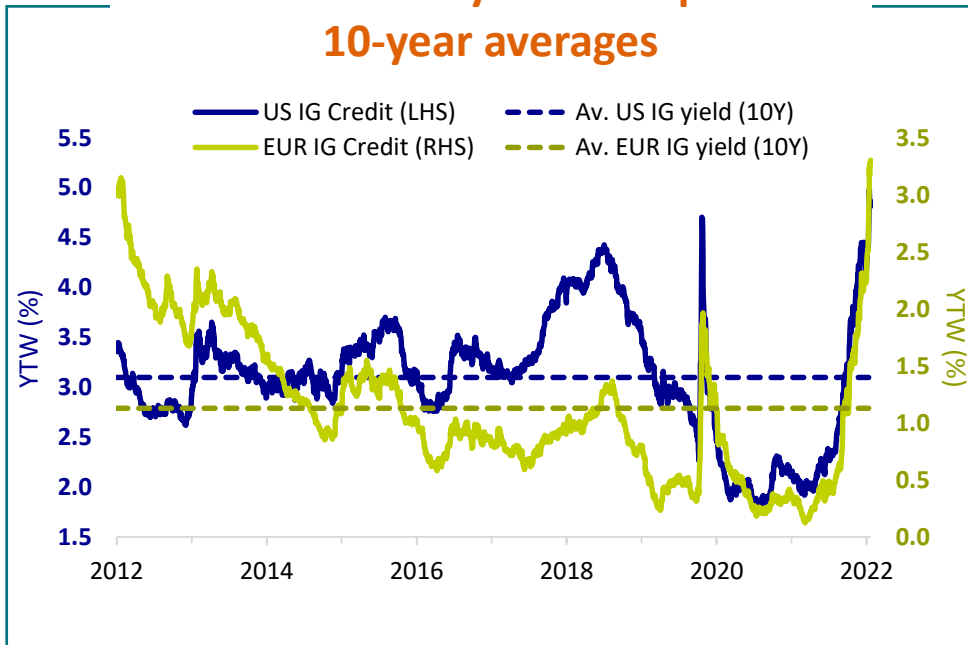


German 10Y bund yield compared to 10-year average



Higher yields, higher carry

IG credit market yields compared to 10-year averages

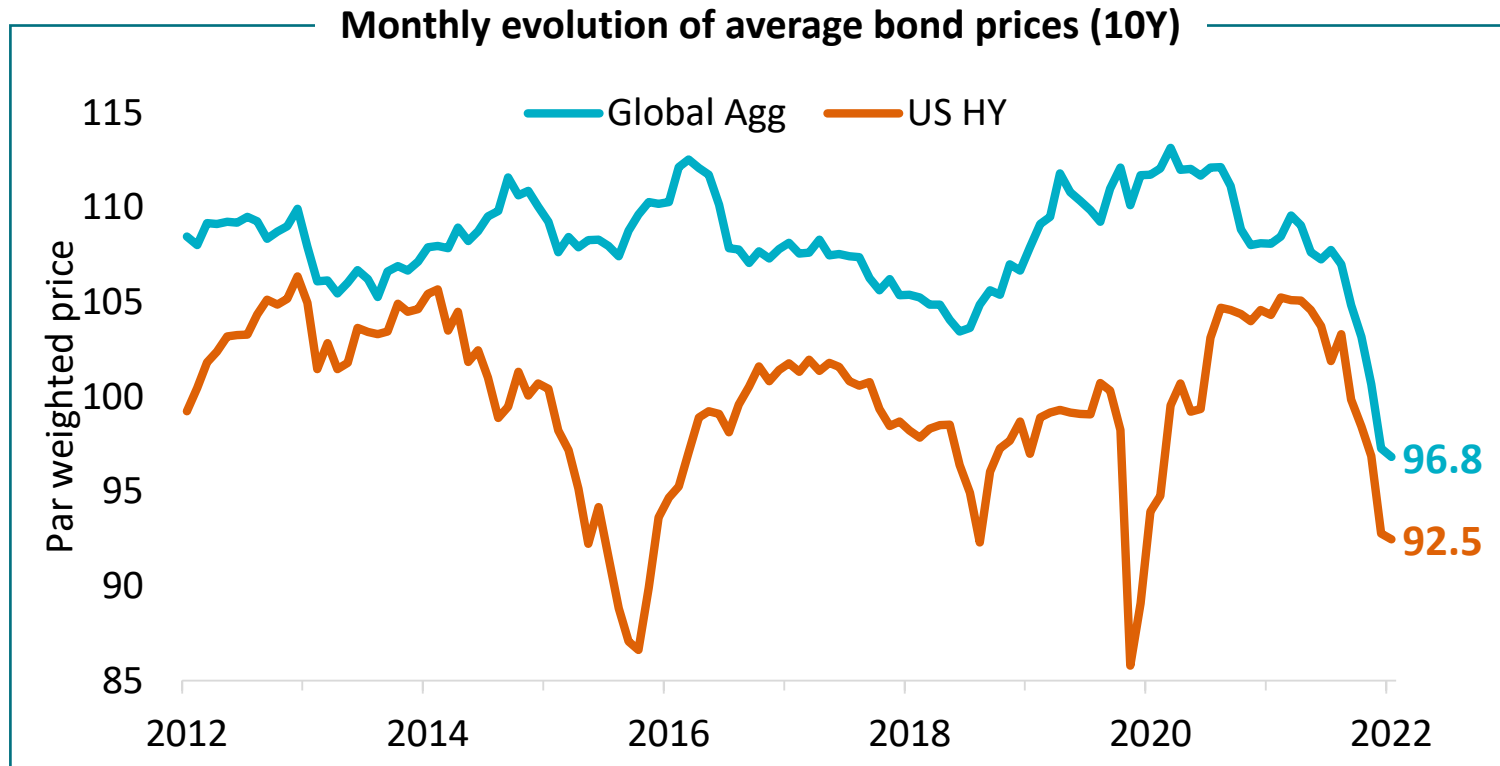


Evolution of effective yield since launch: AXA WF Global Strategic Bonds¹

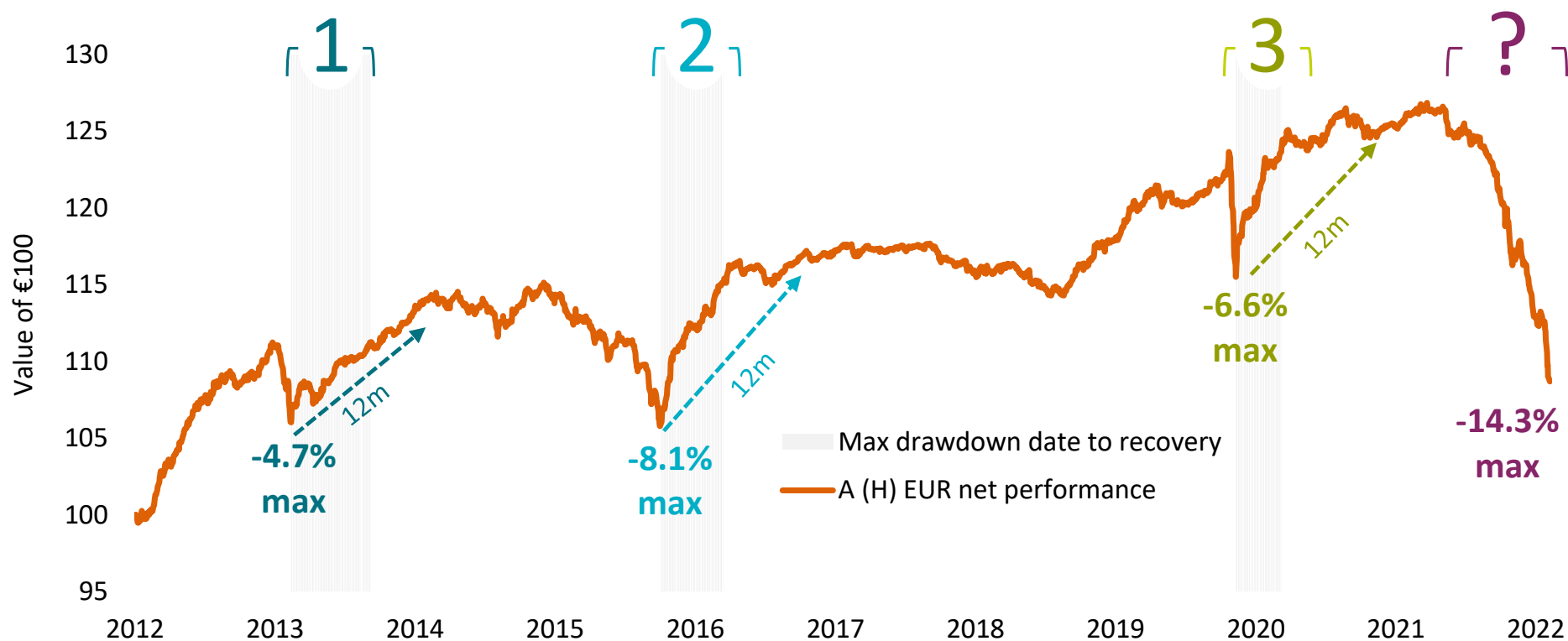


Source: AXA IM, Bloomberg, ICE BofA, as at 21/06/2022. (1) Please note that the yield calculations are based on the portfolio of assets in local currency terms and may not be representative of what clients invested in the fund may receive as a distribution yield. Yield figures are not guaranteed and will change in the future.

There is significant price upside potential in bond markets



Historical drawdown/recovery periods



Date		25/06/2013
Recovery days		136
12M return after max drawdown	Fund	+7.8%
	Global Aggregate	+5.7%

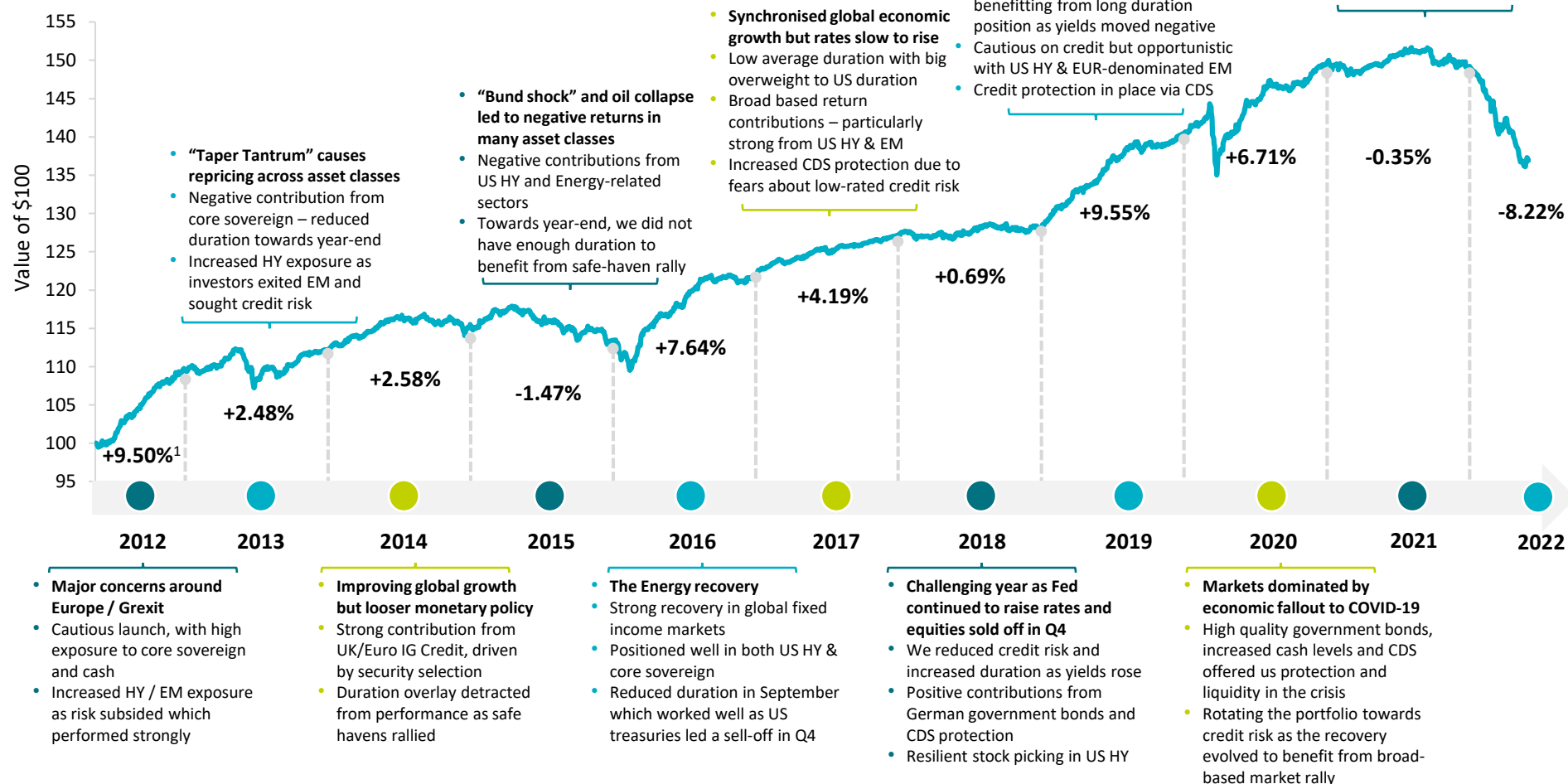
Date		12/02/2016
Recovery days		107
12M return after max drawdown	Fund	+10.4%
	Global Aggregate	+0.4%

Date		24/03/2020
Recovery days		75
12M return after max drawdown	Fund	+8.1%
	Global Aggregate	+2.0%

Source: AXA IM, Bloomberg. Performance data is for AXA WF Global Strategic Bonds A (H) EUR share class, net of ongoing charges, compared to the ICE BofA Global Broad Market Index (GBMI) – EUR hedged. Please note that the fund does not have an official benchmark and comparison is made for reference purposes only. Current drawdown still ongoing, as at 21/06/2022. Past performance is not a guide to future performance.

Performance commentary

Period	2022 YTD	1 Year	3 Years	5 Years	Since launch
Performance (%)	-8.22	-8.57	+1.43	+9.45	+36.94
Volatility (%)	3.86	3.05	4.07	3.37	3.44

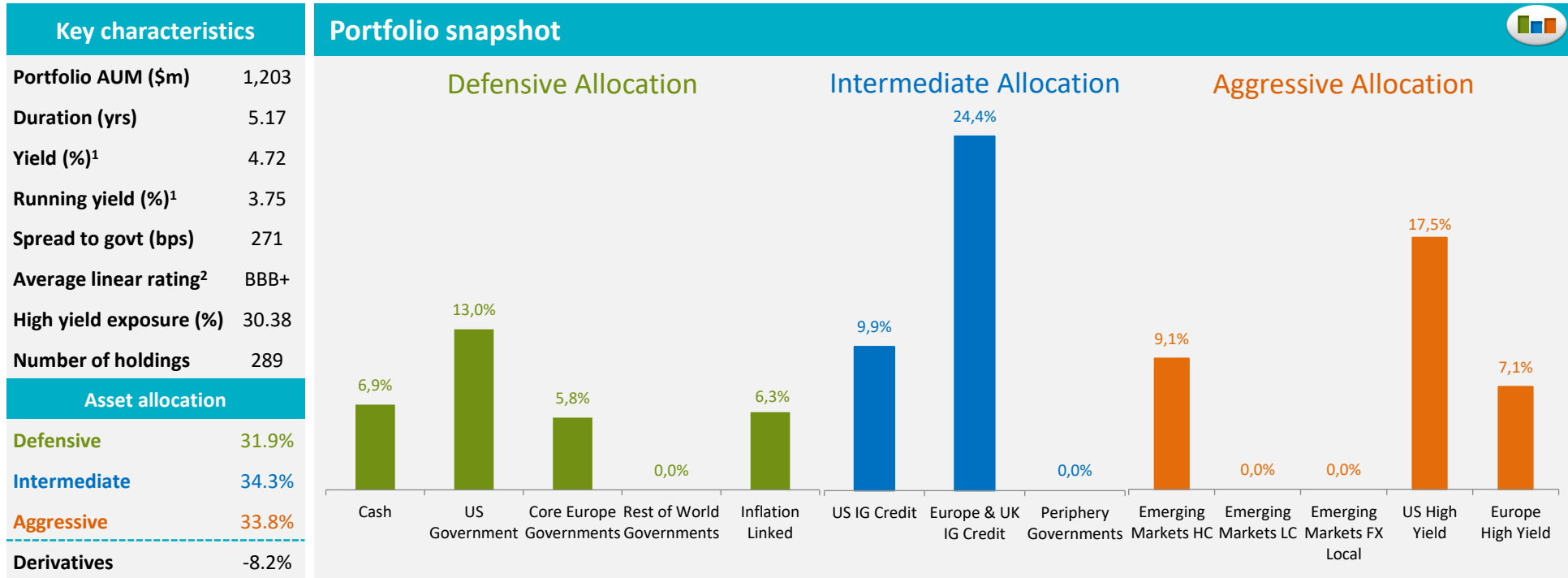


Source: AXA IM. Performance is shown for the AXA WF Global Strategic Bonds I USD share class, net of fees. (1) First NAV date for the fund was 15/05/2012. Past performance is not a guide to future performance.

Portfolio characteristics & performance

Portfolio positioning

Summary

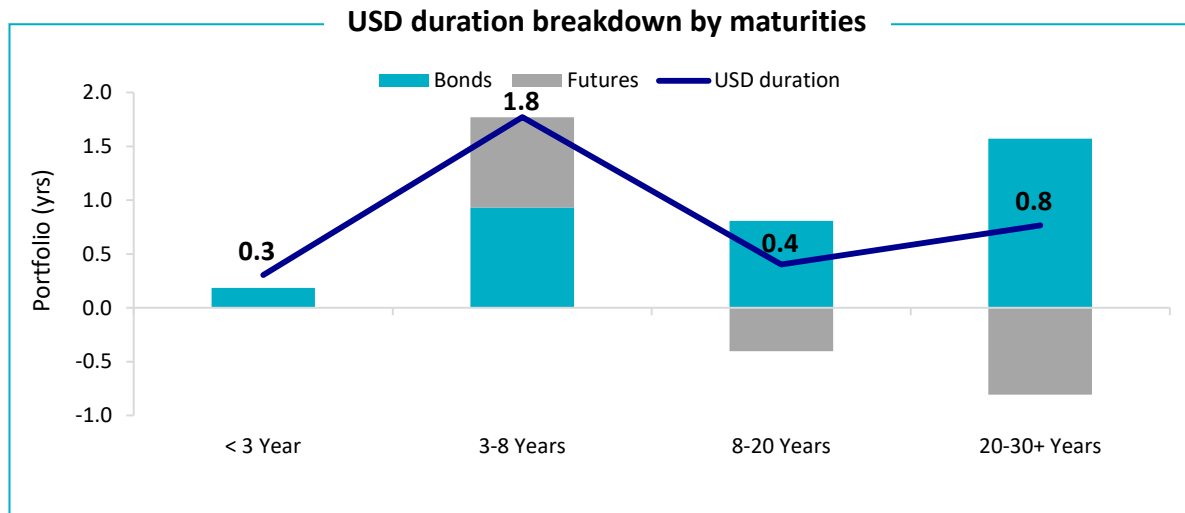
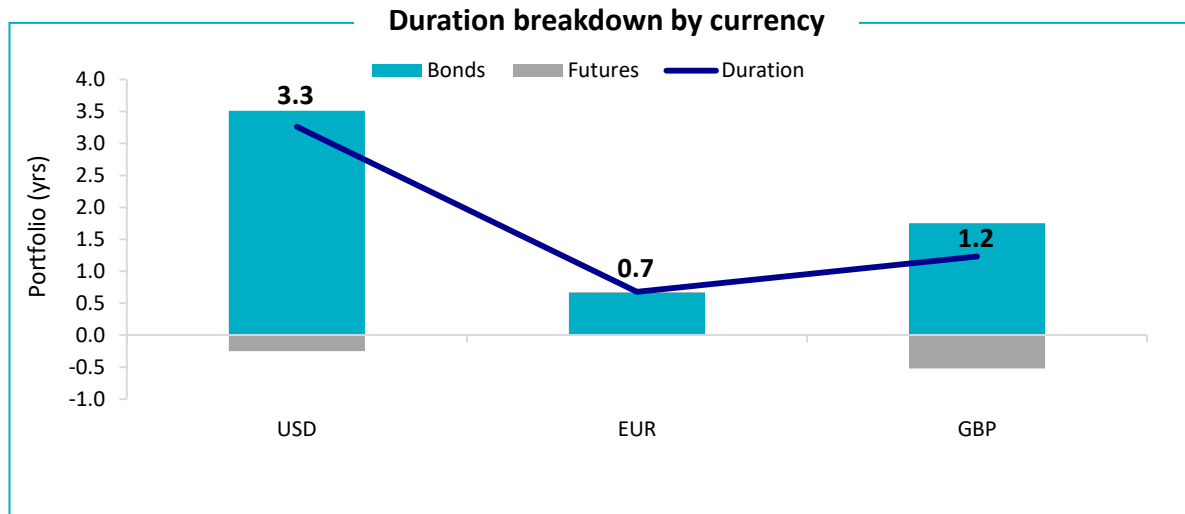


A diversified portfolio managed in a flexible and active manner

Source: AXA IM as at 31/05/2022. Data is unaudited and sourced from our front office portfolio management system. (1) Please note that the yield calculations are based on the portfolio of assets in local currency terms and may not be representative of what clients invested in the fund may receive as a distribution yield. Yield figures are not guaranteed and will change in the future. (2) Rating is the worst of S&P, Moody's and Fitch. In the rare case of an unrated issuer, we will assign an internal credit rating. Totals may not equal 100% due to rounding. Non-USD exposure is hedged back to the base currency USD (except for EMD local currency positions).

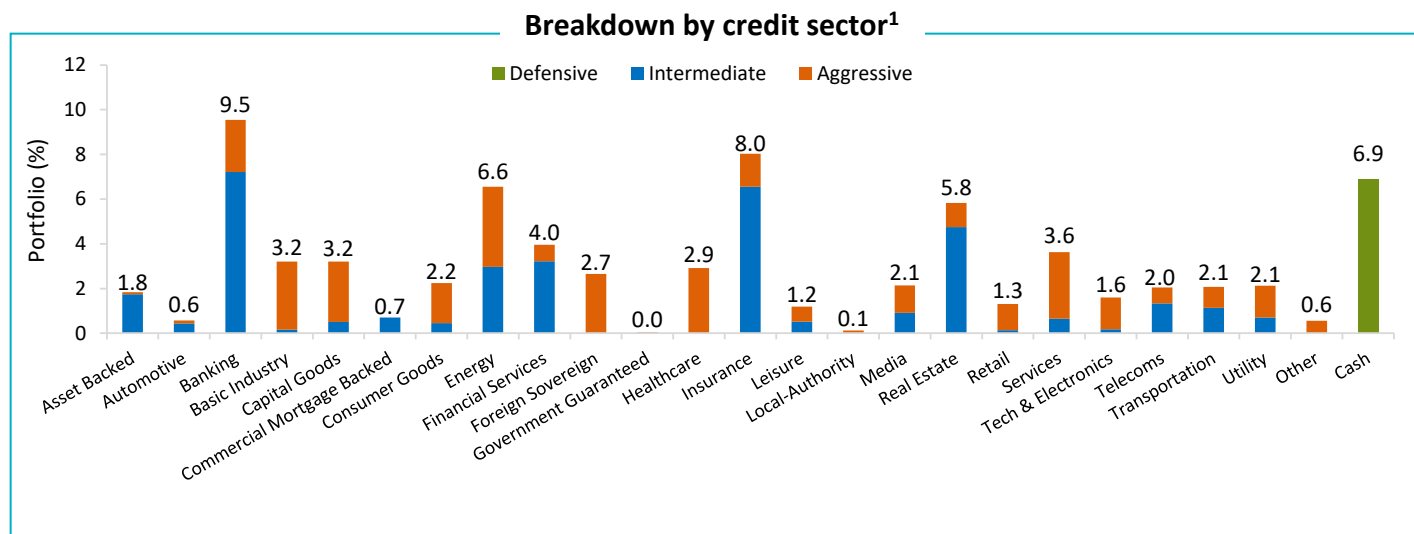
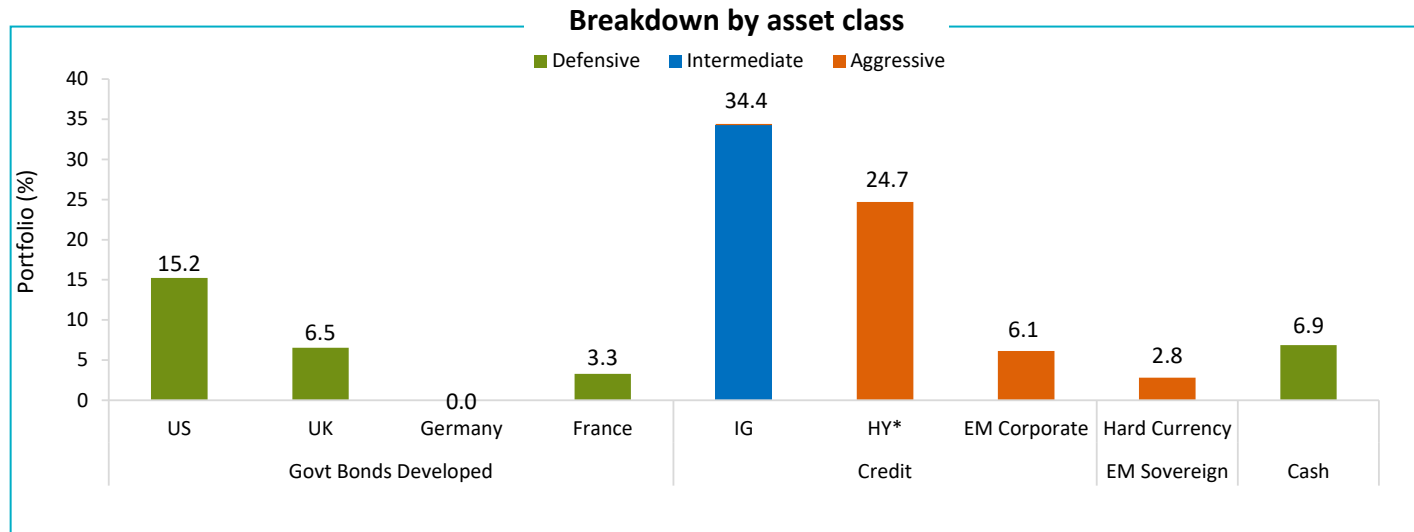
Portfolio positioning

Breakdown by duration



Portfolio positioning

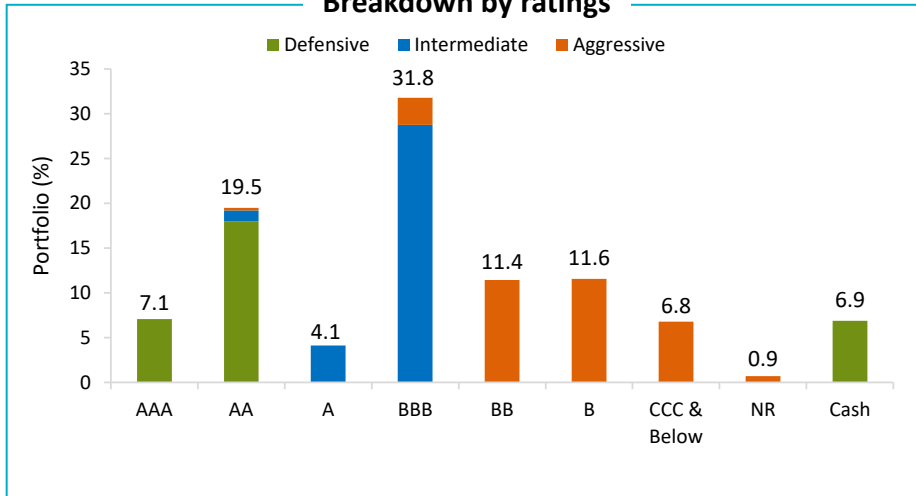
Breakdowns



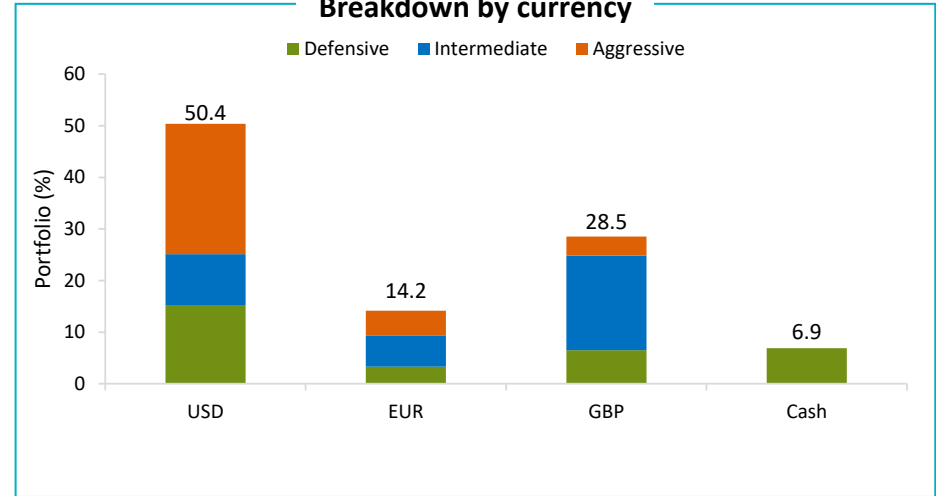
Portfolio positioning

Breakdowns

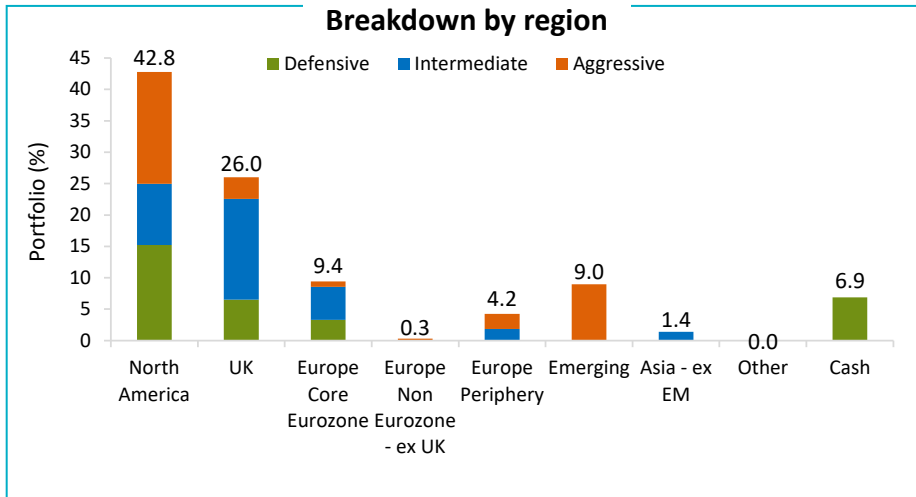
Breakdown by ratings



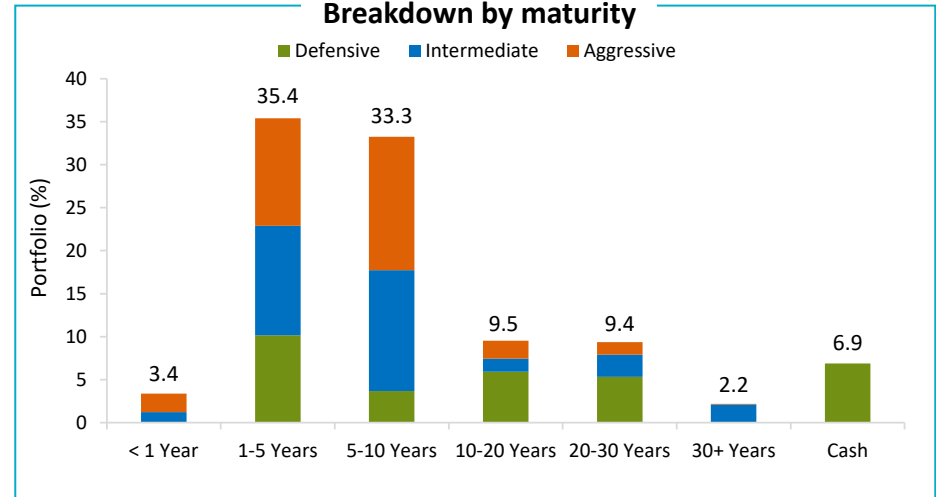
Breakdown by currency



Breakdown by region



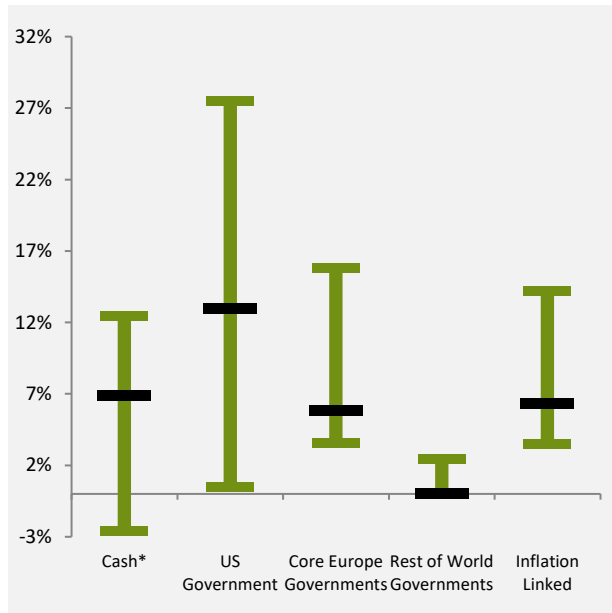
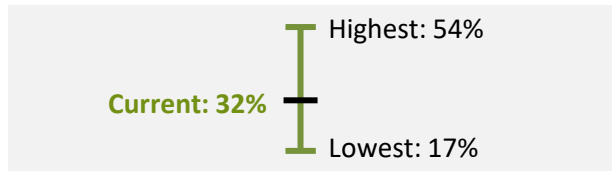
Breakdown by maturity



Portfolio positioning

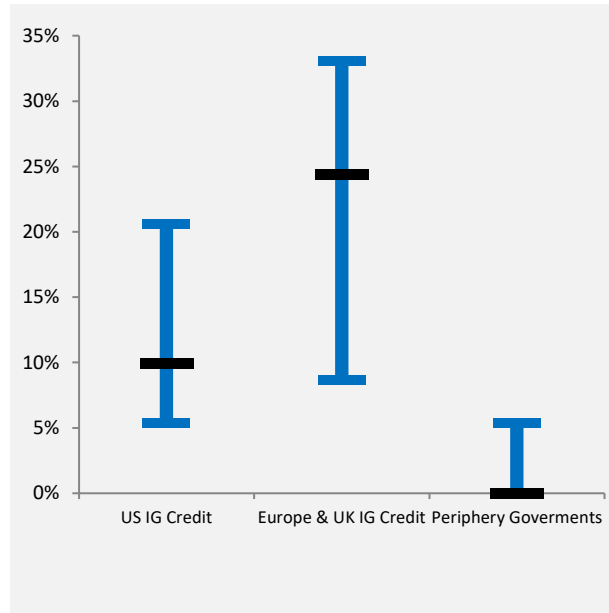
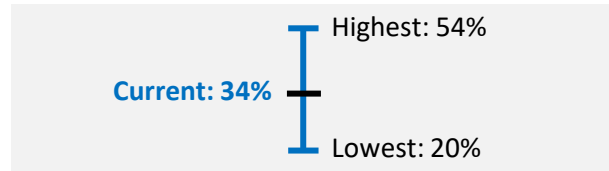
Historic high, low and current allocations

Defensive



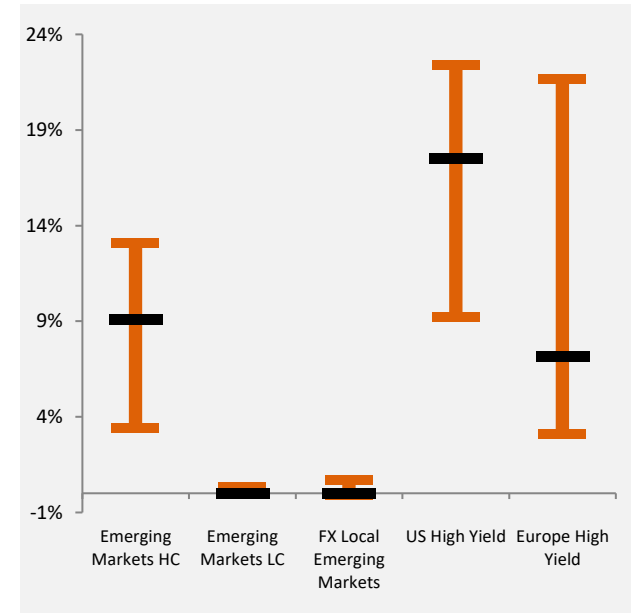
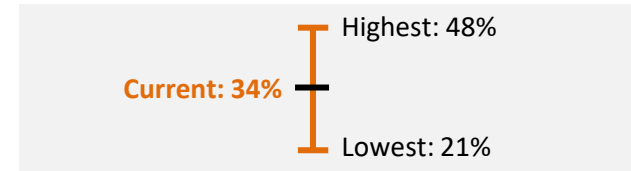
- Preference for **US** over **European** government bonds
- Reduced **inflation-linked** exposure

Intermediate



- Preference for **European & UK IG Credit**
- Sweet spot in lower quality **BBB-rated**

Aggressive

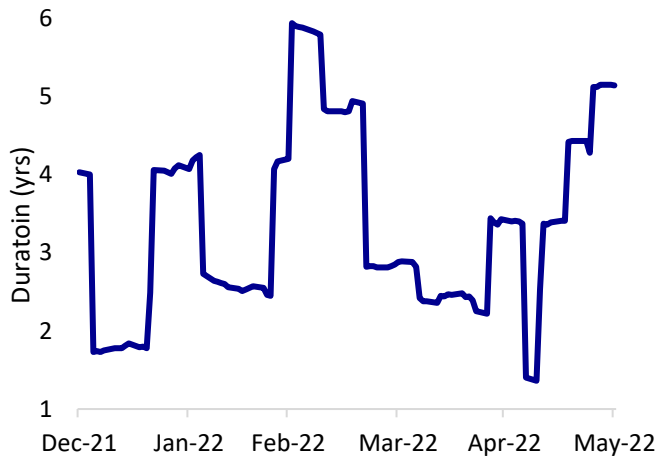


- Bullish **US High Yield** over Europe
- All emerging markets exposure is **hard currency**

Using our flexibility to navigate through difficult conditions

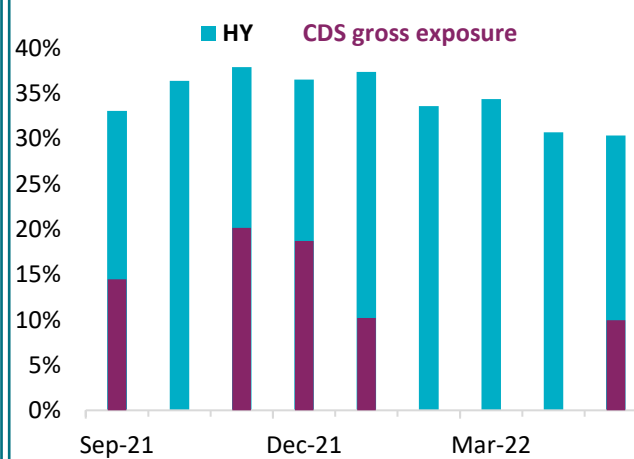
1

Active duration management



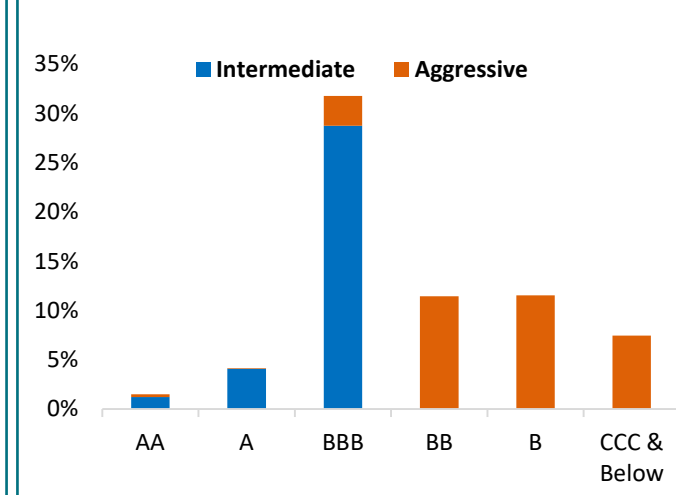
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Adjusting credit risk up and down



3

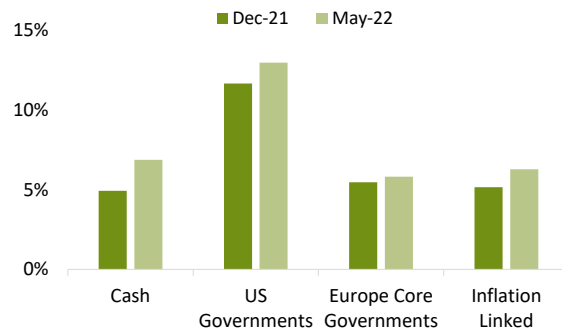
Preference for lower rated credit



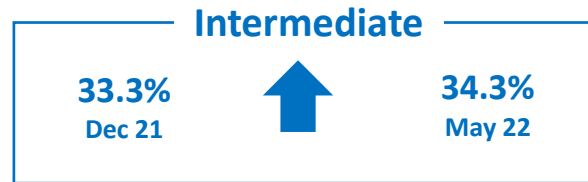
Portfolio activity: 2022



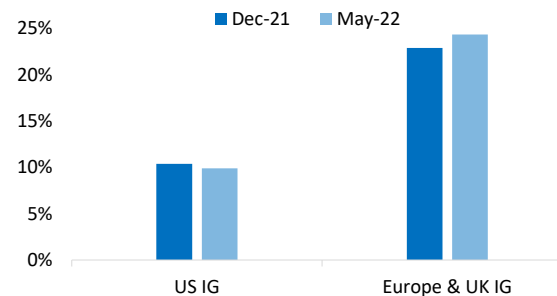
Government bonds



- **Increase** in government bonds, preferring US over European exposure
- Active on our **US curve** exposure



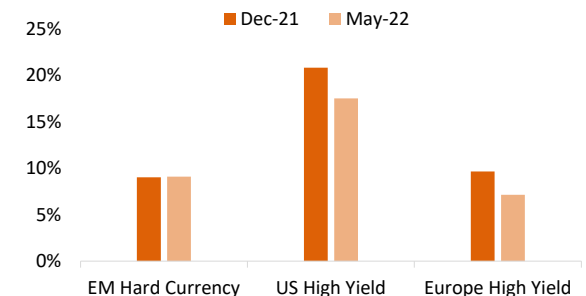
Investment grade credit



- Strong preference for **BBB-rated** credit
- Finding opportunities in **subordinated GBP / EUR financial debt**



High yield & emerging markets

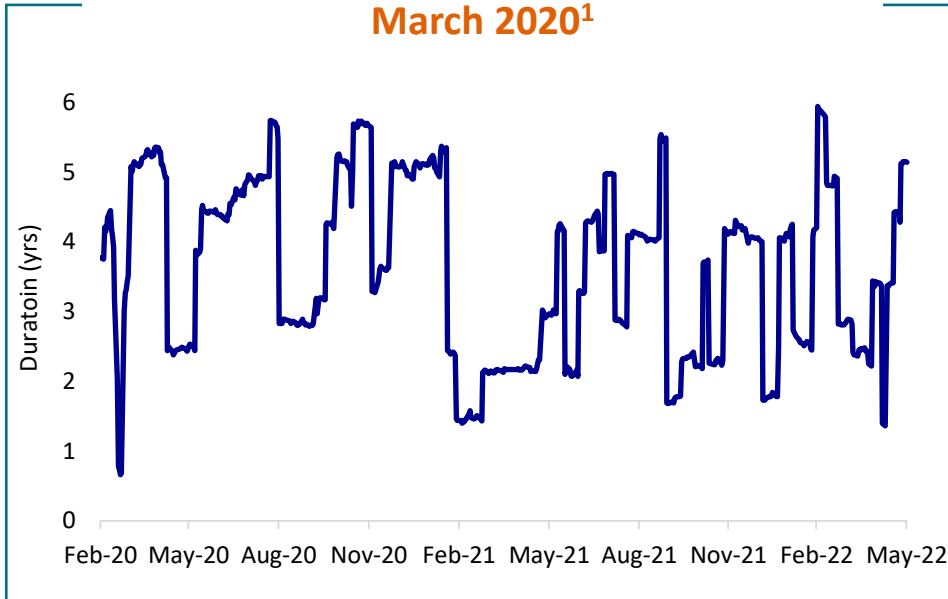


- **Reduction** in overall risk asset exposure
- Focus in EM corporates on **growing EM consumer market** (mainly e-commerce names in LatAm) and in EM sovereigns we like **crossover space** and specific reform stories

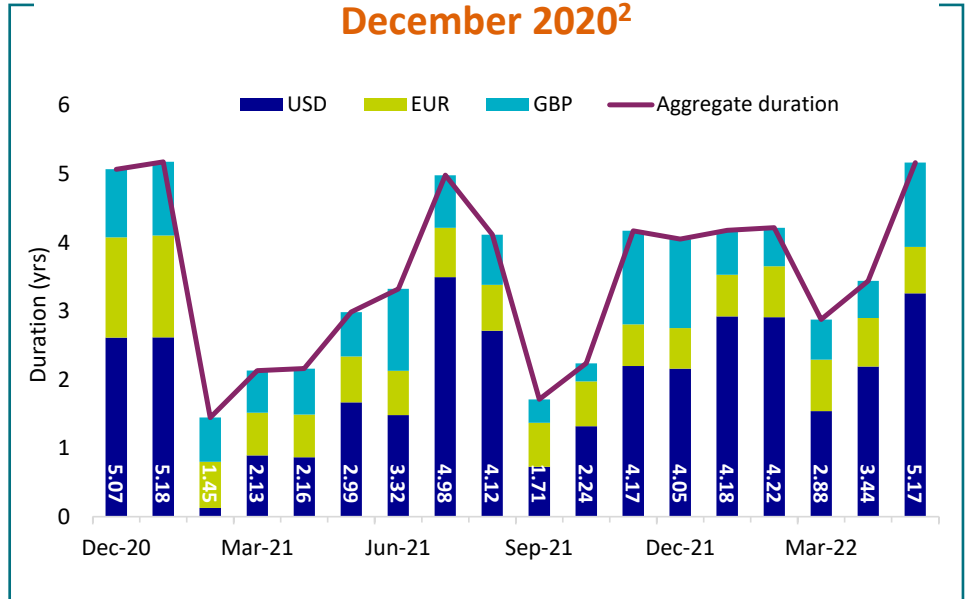
Source: AXA IM. Portfolio activity described for AXA WF Global Strategic Bonds in 2022. Defensive / Intermediate / Aggressive in the context of AXA WF Global Strategic Bonds are proprietary AXA IM terms and describe the way in which we broadly segregate the fund's investible bond universe. We view Defensive bonds as those where performance is predominantly driven by interest rate movements, such as government bonds. Intermediate bonds are those where performance is driven by a mixture of interest rates and credit spread, such as investment grade corporate bonds. Aggressive bonds are those where performance is driven predominantly by credit spread. The descriptions above represent our strategic approach only and do not equate to the stated investment objectives as per the prospectus.

Tactical use of duration in response to market events

Evolution of daily aggregate duration since March 2020¹

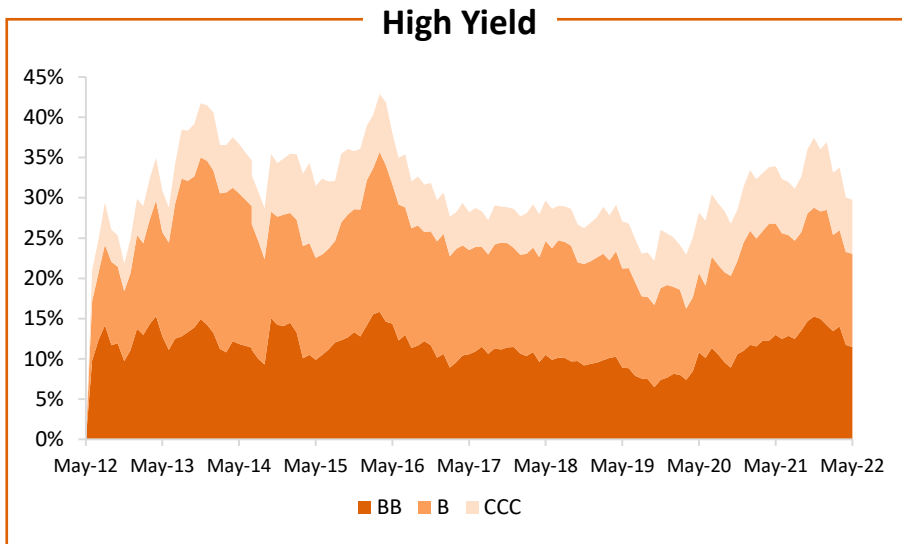


Evolution of monthly duration by currency since December 2020²

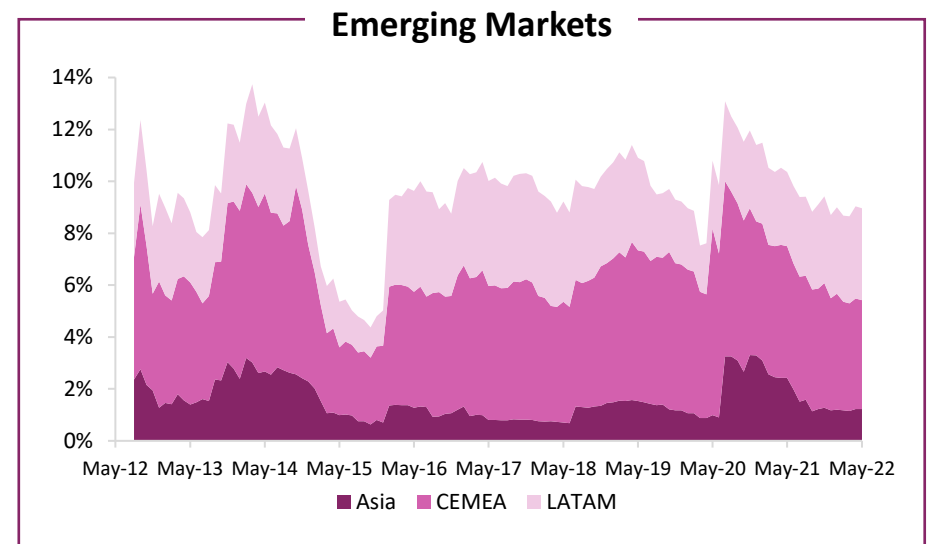


Tactically flexible, reacting to market developments

Zoom on Aggressive risk bucket



- Concentrated exposure to reflect the “best ideas”
- Sufficient diversification by sector and maturity
- Historical exposure to CCCs has ranged from 3-10%



- Diversified and relatively high conviction portfolio
- Broadly split 60% corporates and 40% sovereigns
- Mainly hard currency with minimal local currency and FX local

Zoom on US High Yield

In a nutshell...



17.5%
of the portfolio



77
holdings

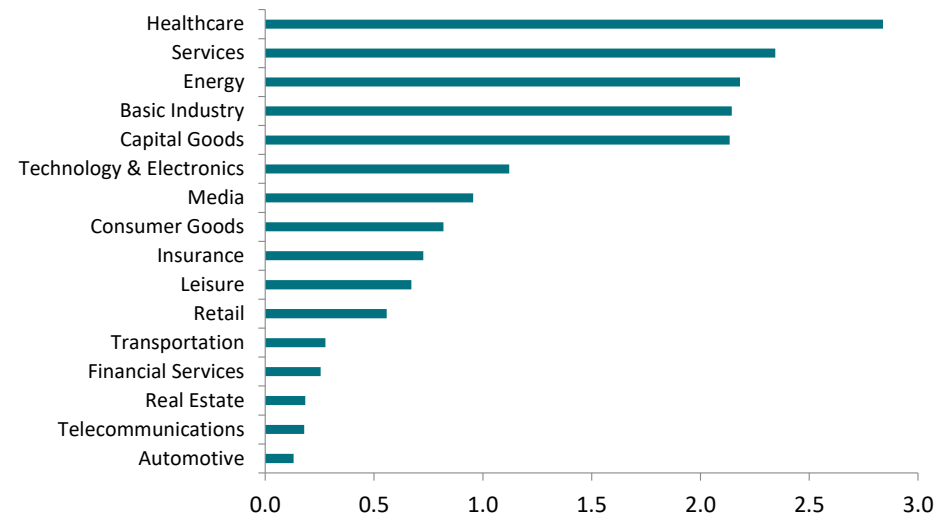


6.1%
CCC & below-rated

Current themes¹

- **Defensive tilt** vs US high yield market but adding some duration and yield on recent weakness
- Retain preference for **higher carry short duration** opportunities
- Much **less energy exposure** than the US high yield market – particularly in exploration and production (E&P) companies
- Growing exposure to certain names affected by **Omicron-related weakness** which now look attractive

Sectors²



Source: AXA IM as at 31/05/2022. (1) References to US high yield market are made in relation to the ICE BofA Merrill Lynch US High Yield Index. Please note that AXA WF Global Strategic Bonds is not managed with reference to any market index for portfolio construction or performance purposes. (2) Sector breakdown shown for the portfolio's US high yield exposure only, according to Merrill Lynch Level 3 sector classification.

Zoom on Emerging Markets

In a nutshell...



9.1%
of the portfolio



83
holdings

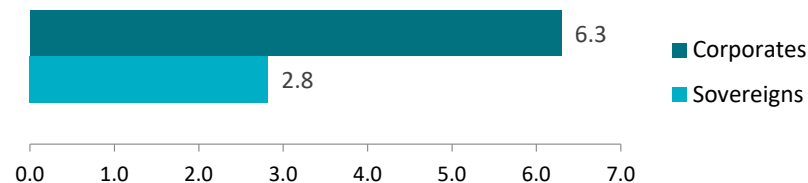


5.9%
in high yield bonds¹

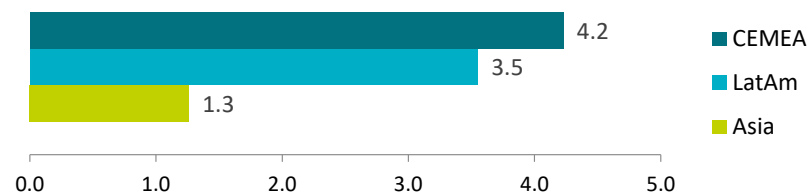
Current themes

- Bias towards EM corporates, specifically the growing **EM consumer** and **rising middle class**
- Preference for BBB / BB-rated corporates: names with the strongest fundamentals which may be **weighed down by sovereign rating** (e.g. Turkey, Brazil, Mexico)
- Within EM sovereigns, we see very little value in IG, so prefer HY sovereigns with **reform stories** and **IMF support** (e.g. Egypt, Ivory Coast, Senegal)
- Increasing exposure to **renewable energy** names
- **EUR-denominated** EM bonds, largely for spread pick-up

EM corporates vs sovereigns

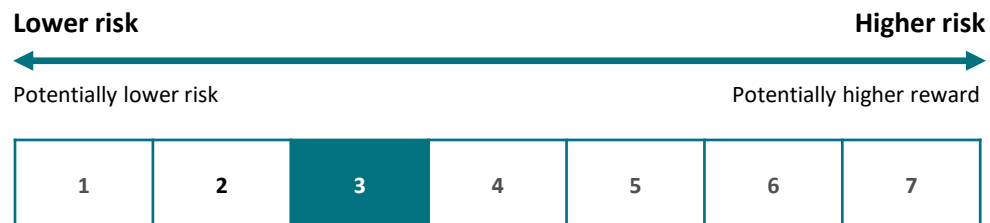


EM regions



Risk and reward profile

AXA WF Global Strategic Bonds



Shown for the I USD share class. The risk category is calculated using historical performance data and may not be a reliable indicator of the Sub-Fund's future risk profile. The risk category shown is not guaranteed and may shift over time. The lowest category does not mean risk free.

Why is this Sub-Fund in this category?

The capital of the Sub-Fund is not guaranteed. The Sub-Fund is invested in financial markets and uses techniques and instruments which are subject to some levels of variation, which may result in gains or losses.

Additional Risks

Counterparty Risk: risk of bankruptcy, insolvency, or payment or delivery failure of any of the Sub-Fund's counterparties, leading to a payment or delivery default.

Credit Risk: risk that issuers of debt securities held in the Sub-Fund may default on their obligations or have their credit rating downgraded, resulting in a decrease in the Net Asset Value.

Operational Risk: risk that operational processes, including those related to the safekeeping of assets may fail, resulting in losses.

Liquidity Risk: risk of low liquidity level in certain market conditions that might lead the Sub-Fund to face difficulties valuing, purchasing or selling all/part of its assets and resulting in potential impact on its net asset value.

Impact of any techniques such as derivatives: certain management strategies involve specific risks, such as liquidity risk, credit risk, counterparty risk, legal risk, valuation risk, operational risk and risks related to the underlying assets. The use of such strategies may also involve leverage, which may increase the effect of market movements on the Sub-Fund and may result in significant risk of losses.

Further explanation of the risks associated with an investment in this Fund can be found in the prospectus.

Investment guidelines

AXA WF Global Strategic Bonds

Investment guidelines ¹	
Investment universe	Bonds of any type, credit quality and currency from issuers anywhere in the world, including emerging markets and money market instruments, with full use of derivatives
Duration range	0-8 years
Minimum number of holdings	100 (no maximum)
Issuer limit	Maximum exposure per issuer: 3% (excluding G10 government debt)
Sector exposure	Maximum of 15% in any sector ² (excluding financials which is 50%)
Regional exposure	Peripherals: 0-25%, Emerging Markets: 0-25%, Frontier Markets: 0-10%
Currency exposure	No active currency exposure (hedged back to USD)
Cash	Maximum of 10% per the prospectus; in practice however we aim to be fully invested, with a cash buffer of around 3%
Investment in other funds	Maximum of 10% permitted
Volatility / tracking error limit	Not applicable
High yield exposure	Maximum of 60% of sub-investment grade (no minimum)
Corporate bond exposure	Maximum of 60% (no minimum)
Derivatives exposure	Maximum 100% of the net assets in the fund as per UCITS rules

Investment objective and strategy

AXA WF Global Strategic Bonds

Investment objective and strategy	
Objective	To seek both income and growth of your investment from an actively managed bond portfolio
Investment universe	Bonds of any type, credit quality and currency from issuers anywhere in the world, including emerging markets, and in money market instruments. Specifically, the fund invests in investment grade and sub-investment grade transferable debt securities, including inflation-linked bonds, issued by governments, public institutions and companies.
Investment horizon	5 years
Investment zone	Global
Inception date	11 May 2012
Reference currency	USD (non-USD exposure hedged back to base currency, with the exception of EMD local currency positions)
Additional features	
Legal form	Sub-fund of AXA World Funds, a Luxembourg-based SICAV (UCITS IV)
Share classes available	Institutional and retail share classes in USD, EUR, GBP, HKD, SGD and CHF
Subscription/redemption	Forward-Forward pricing, daily (D) before 3:00 pm (CET)
Settlement	D+3 working days
Management company	AXA Funds Management S.A. (Luxembourg)
Investment manager	AXA Investment Managers UK Limited (London)
Custodian	State Street Bank Luxembourg S.A.
Countries of registration	UK, France, Italy, Spain, Belgium, Netherlands, Austria, Switzerland and Germany. This list is not exhaustive.

Source: AXA IM. For more details, please refer to the complete Prospectus of the Fund. (1) Subscriptions in USD or equivalent in the relevant currency of the relevant share class. Not all share classes are available in all jurisdictions. Investors should check availability with their Investment Adviser. Please refer to KIID and Prospectus for full fund characteristics, risks, investment objective and strategy.

Investment information

AXA WF Global Strategic Bonds

	A share class	E share class	I share class
ISIN USD	LU0746604528		LU0746606069
ISIN EUR HDG	LU0746604288	LU0746605178	LU0746605848
ISIN EUR HDG DIST Q		LU0746605251	
Initial charge	3.00%	None	None
Annual Management Charge	1.00%	1.00%	0.50%
Ongoing Charge¹	1.24%	1.77%	0.62%
Distribution Charge	None	0.50%	None
Minimum initial investment²	None	None	5,000,000
Minimum subsequent investment²	None	None	1,000,000

Source: AXA IM. For more details, please refer to the complete Prospectus of the Fund. (1) Currency hedged share classes may differ in terms of ongoing charges. (2) Subscriptions in USD or equivalent in the relevant currency of the relevant share class. Not all share classes are available in all jurisdictions. Investors should check availability with their Investment Adviser. Please refer to KIID and Prospectus for full fund characteristics, risks, investment objective and strategy.

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