

# AXA IM FIIS US Corporate Bonds A USD

Fund manager's comment - 31/05/2013

## Fund manager's report

The AXA IM FIIS US Corporate Bonds Fund performed in-line with its benchmark, the Barclays Capital US Intermediate Corporate index during the month of May. Both security selection and sector allocation effects had a minimal impact on relative performance during the month. During the month of May yields increased sharply across the intermediate and longer end of the US Treasury yield curve due to a variety of macro factors including investor concern that the US Federal Reserve's quantitative easing program may be reduced over the intermediate term. The Corporate Intermediate index posted negative 138 bps of total return and positive 6 bps of excess return in May. The index average OAS tightened by 2 bps during May to end the month at 114 bps. During May, within the intermediate portion of the market, the Industrial (+9 bps excess return) and Financial Institutions (+5 bps) sectors out-performed the Utility sector (-10 bps).

The portfolio's sector allocation remains aligned with our strategic recommended positioning including a continued overweight to the Financial Institutions sector and an overweight to the Banking sector specifically. Within the broad Industrial sector, the portfolio remains overweight the Real Estate sector which trades at relatively wide spread levels, and underweight several of the more defensive sectors which trade at tighter spread levels including Consumer Non-Cyclical and Capital Goods. The portfolio remains underweight the more defensive Utility sector. The portfolio maintains a relative overweight to the lower rated triple-B portion of the market. Also, the portfolio's duration remains approximately in-line with the duration of the benchmark.

May's economic data was notable not so much for what it depicted, but rather for the debate it fostered. In as much as the Federal Reserve indicates that the magnitude and timing of its current round of quantitative easing is data dependent, an unforeseen acceleration in either employment or inflation tends to create heightened uncertainty with respect to forthcoming monetary policy. Thus with the release of a stronger than forecasted employment report for April (along with subsequent upward revisions to previous months) vocal opposition to the completion of the current program surfaced within some Federal Reserve district bank president's public utterances. Volatility ramped further as Chairman Bernanke seemingly acknowledged the degree to which future policy is indeed path dependent upon forthcoming economic information. Not that any of this is new ground, as the Federal Reserve's Open Market Committee delineated their possible exit strategies back in June 2011. Then again, it is only recently that consensus thought on the sustainability of economic growth appears to be gathering favor and along with it the belief that the continued need for Permanent Open Market Operations at the current level may in fact be less than optimal policy.

## Performance evolution (in USD)

### Annualized performance

	1 Y.	3 Y.	5 Y.	8 Y.	Launch
Portfolio*	5.31%	6.75%	9.13%	5.75%	6.02%
Benchmark**	4.92%	6.35%	8.67%	7.00%	6.99%

### Cumulative Performance

	1 M.	3 M.	YTD	1 Y.	3 Y.	5 Y.	8 Y.	Launch
Portfolio*	-1.41%	-0.08%	0.38%	5.31%	21.72%	54.84%	56.45%	69.69%
Benchmark**	-1.38%	-0.17%	0.19%	4.92%	20.37%	51.59%	71.86%	84.29%

*The figures provided relate to previous months or years and past performance is not a reliable indicator as to future performance.*

\* 1st NAV date : 17/05/04

On 12/01/2009, the investment objective and the benchmark of the sub-fund AXA IM FIIS US Core Investment Grade of the Luxembourg FCP AXA IM FIIS has changed and has become AXA IM FIIS US Corporate Bonds (benchmark Barclays Capital US Intermediate Corporate).

\*\* Benchmark : Please refer to the Indicator section in the characteristics/disclaimers part of the document.

Source(s) : AXA Investment Managers Paris to 31/05/13

Editor : AXA Investment Managers Paris

## Objective and investment strategy

The Sub-Fund seeks to achieve a mix of income and capital growth by investing mainly in investment grade corporate debt securities denominated in USD, over a medium term period.

## Benchmark

100% Barclays US Corporate Intermediate from 12/01/09

## Risk characteristics

**Recommended Investment Time Horizon :** This Sub-Fund may not be suitable for investors who plan to withdraw their contribution within 2 years.

Lower risk Higher risk

← Potentially lower reward Potentially higher reward →

1	2	3	4	5	6	7
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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.

Significant risks not taken account by the risk indicator Cf. KIID

## General characteristics

Legal form	FCP
Legal country	Luxembourg
Launch date	17/05/04
Fund Currency	USD
Shareclass currency	USD
Valuation	Daily
Share Type	Accumulation / Income
ISIN Code C / D	LU0192238508 / LU0192617867
Bloomberg Code C / D	- / -
MEX Code C / D	- / -
Maximum initial fees	-
Maximum exit fees	-
Maximum Fixed Management Fees*	0.3%
Maximum distribution fees	-
Initial min. subscrib.	5 000 000 USD
Following min. subscrib.	1 000 000 USD
Minimum holding requirement in the Company	-
Minimum holding requirement in each Sub-Fund	-

Management company	AXA Funds Management SA (Luxembourg)
(Sub.) Financial Delegation	AXA Investment Managers Incorporated
Delegation of account administration	State Street Bank Luxembourg SA
Custodian	State Street Bank Luxembourg
Guarantor	-

\*For Luxembourg fund, they include investment manager fees. The fund may incur other costs, charges and administrative expenses (cf. prospectus).

## Subscription / Redemption

The subscription, conversion or redemption orders must be received by the Registrar and Transfer Agent on any Valuation Day no later than 10 a.m. CET. Orders will be processed at the Net Asset Value calculated the next business day. The investor's attention is drawn to the existence of potential additional processing time due to the possible involvement of intermediaries such as Financial Advisers or distributors.

## Disclaimers

Performance calculations are net of management or distribution fees. Performance are shown as annual performance (365 days). Performance calculations are based on the reinvestment dividend.

Risk Ratios are calculated from gross performances. The ratings shown are those applicable at the time of publication of the document and not at the portfolio closing date. A change in rating between these two dates could therefore suggest that the rating conditions of the portfolio have not been complied with, even though the securities concerned could have been sold in the interim. If you have any questions on this subject, please contact your usual sales representative.

In the case where the currency of investment is different from the Fund's reference currency the gains are capable of varying considerably due to the fluctuations of the exchange rate.

The fund is registered for public distribution in Luxembourg. Please check the countries of registration with the asset manager, or on the web site [www.axa-im-international.com](http://www.axa-im-international.com), where a fund registration map is available.

The tax treatment relating to the holding, acquisition or disposal of shares or units in the fund depend on each investor's tax status or treatment and may be subject to change. Any potential investor is strongly encouraged to seek advice from its own tax advisors.

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Depending on the investment strategy used the information contained herein may be more detailed than the information disclosed in the prospectus. Any such information (i) does not constitute a representation or undertaking on the part of the investment manager; (ii) is subjective and (iii) may be modified at any time within the limits provided in the fund prospectus.

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## For your information

Regulatory documents (Simplified and full prospectus/ information notice and rules) are available on demand

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